

By: Flores

H.B. No. 1156

Substitute the following for H.B. No. 1156:

By: Miles

C.S.H.B. No. 1156

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the operation and regulation of charitable bingo and
3 the use of bingo proceeds.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2001.002, Occupations Code, is amended
6 by adding Subdivisions (4-a), (8-a), (23-a), and (25-a) and
7 amending Subdivision (11) to read as follows:

8 (4-a) "Bingo chairperson" means an officer of a
9 licensed authorized organization who is designated in writing by
10 the organization as responsible for overseeing the organization's
11 bingo activities and reporting to the membership relating to those
12 activities.

13 (8-a) "Crime of moral turpitude" means:

14 (A) a felony;

15 (B) a gambling offense;

16 (C) criminal fraud;

17 (D) forgery;

18 (E) theft;

19 (F) an offense that involves filing false
20 information with a governmental agency; or

21 (G) any offense that:

22 (i) is classified in this state as a Class A
23 misdemeanor; and

24 (ii) puts the honesty and integrity of the

1 individual who committed the offense in question.

2 (11) "Fraternal organization" means any of the
3 following other than an organization whose members are
4 predominantly veterans or dependents of veterans of the armed
5 services of the United States:

6 (A) a nonprofit organization organized to
7 perform and engaged primarily in performing charitable,
8 benevolent, patriotic, employment-related, or educational
9 functions that meet the other requirements of this chapter; ~~or~~

10 (B) a nonprofit National Historical District
11 Association representing the owners and lessees of a majority of
12 the real property located in a National Historical District
13 designated for not less than five years by the National Register of
14 Historic Places, Heritage Conservation and Recreation Service of
15 the United States Department of the Interior, if the association's
16 net proceeds are used for restoration, construction, maintenance,
17 and security in the district; or

18 (C) an organization that is exempt from federal
19 income taxes under Section 501(a), Internal Revenue Code of 1986,
20 by being listed as an exempt organization under Section 501(c)(2),
21 (3), (4), (5), (6), (7), (8), (9), (10), or (13), Internal Revenue
22 Code of 1986. [~~The term "fraternal organization" does not include~~
23 an organization whose members are predominantly veterans or
24 dependents of veterans of the armed services of the United States.]

25 (23-a) "Proprietary, equitable, or credit interest"
26 means ownership or control of, or the ability to exercise control
27 of, the business, premises, land, buildings, equipment, fixtures,

1 permits, assets, stock, stock options, convertible debentures,
2 accounts payable or receivable, or any other tangible good owned or
3 used by any organization or other person that conducts, promotes,
4 or administers bingo, or that is produced by the conduct,
5 promotion, or administration of bingo.

6 (25-a) "Regular license" means a license to conduct
7 bingo that is issued by the commission and that expires on the first
8 or second anniversary of the date of issuance unless revoked or
9 suspended before that date by the commission. The term includes an
10 annual license.

11 SECTION 2. Section 2001.059, Occupations Code, is amended
12 by amending Subsection (a) and adding Subsection (g) to read as
13 follows:

14 (a) An officer, primary operator, or business
15 representative of a license holder or an attorney, accountant, or
16 bookkeeper employed or retained by a license holder [~~A person~~] may
17 request from the commission an advisory opinion regarding
18 compliance with this chapter and the rules of the commission.

19 (g) The commission may refuse to issue an advisory opinion
20 under this section on a matter that the commission knows to be in
21 active litigation.

22 SECTION 3. Subchapter B, Chapter 2001, Occupations Code, is
23 amended by adding Section 2001.060 to read as follows:

24 Sec. 2001.060. REPORTING. (a) On or before June 1 of each
25 even-numbered year, the commission shall prepare and deliver to the
26 governor, the lieutenant governor, the speaker of the house of
27 representatives, and the chairs of the standing committees of the

1 senate and house of representatives with primary jurisdiction over
2 charitable bingo a report stating for each of the preceding two
3 calendar years:

4 (1) the total amount of adjusted gross receipts
5 reported by licensed authorized organizations from their bingo
6 operations;

7 (2) the total amount of net proceeds reported by
8 licensed authorized organizations from their bingo operations; and

9 (3) a comparison of the amounts reported under
10 Subdivisions (1) and (2), including the percentage that the net
11 proceeds represents of the adjusted gross receipts.

12 (b) For purposes of Subsection (a), "adjusted gross
13 receipts" means the amount remaining after deducting prizes paid,
14 excluding prize fees collected from bingo players.

15 (c) For purposes of Subsection (a), the commission shall
16 determine the total amount of net proceeds in a manner that does not
17 reduce gross receipts by the amount of rent paid for the rental of
18 bingo premises by a licensed authorized organization to another
19 licensed authorized organization if the other organization pays
20 rent for the premises to a licensed commercial lessor.

21 SECTION 4. Section 2001.101(a), Occupations Code, is
22 amended to read as follows:

23 (a) The commission may license a person who is an authorized
24 organization eligible for a license to conduct bingo if the person
25 is:

26 (1) a religious society that has existed in this state
27 for at least eight years;

1 (2) a nonprofit organization:

2 (A) whose predominant activities are for the
3 support of medical research or treatment programs; and

4 (B) that for at least three years:

5 (i) must have had a governing body or
6 officers elected by a vote of members or by a vote of delegates
7 elected by the members; or

8 (ii) must have been affiliated with a state
9 or national organization organized to perform the same purposes as
10 the nonprofit organization;

11 (3) a fraternal organization;

12 (4) a veterans organization; ~~[or]~~

13 (5) a volunteer fire department; or

14 (6) a volunteer emergency medical services provider.

15 SECTION 5. Sections 2001.102(a) and (b), Occupations Code,
16 are amended to read as follows:

17 (a) An applicant for a license to conduct bingo must file
18 with the commission an ~~[a written, executed, and verified]~~
19 application on a form prescribed by the commission.

20 (b) The application must include:

21 (1) the name and address of the applicant;

22 (2) the names and addresses of the applicant's
23 officers and directors;

24 (3) the address of the premises where and the time when
25 the applicant intends to conduct bingo under the license sought;

26 (4) the name and address of the licensed commercial
27 lessor of the premises, if the applicant intends to lease premises

1 to conduct bingo from a person other than an authorized
2 organization;

3 ~~(5) [the capacity or potential capacity for public
4 assembly in any premises owned or occupied by the applicant];~~

5 ~~[(6) the amount of rent to be paid or other
6 consideration to be given, directly or indirectly, for each
7 occasion for use of the premises of another licensed authorized
8 organization or for use of the premises of a licensed commercial
9 lessor];~~

10 ~~[(7) all other items of expense intended to be
11 incurred or paid in connection with conducting, promoting, and
12 administering bingo and the names and addresses of the persons to
13 whom, and the purposes for which, the expenses are to be paid];~~

14 ~~[(8) the specific purposes to and the manner in which
15 the net proceeds of bingo are to be devoted];~~

16 ~~[(9)]~~ a statement that the net proceeds of bingo will
17 go to one or more of the authorized charitable purposes under this
18 chapter;

19 (6) ~~[(10)]~~ a designation of one or more active members
20 of the applicant organization under whom bingo will be conducted
21 accompanied by a statement signed by each designated member stating
22 that the member will be responsible for the conduct of bingo under
23 the terms of the license and this chapter;

24 (7) ~~[(11) a statement that a copy of the application
25 has been sent to the appropriate governing body];~~

26 ~~[(12) the name and address of each person who will work
27 at the proposed bingo occasion, the nature of the work to be~~

1 ~~performed, and a statement as to whether the person has been~~
2 ~~convicted of a felony, a gambling offense, criminal fraud, or a~~
3 ~~crime of moral turpitude; and~~

4 ~~[(13)]~~ sufficient facts relating to the applicant's
5 incorporation and organization to enable the commission to
6 determine whether the applicant is an authorized organization;

7 (8) a copy of the applicant organization's most
8 recently filed Internal Revenue Service Form 990, if applicable;

9 (9) a letter of good standing from the applicant
10 organization's parent organization, if the organization receives
11 an exemption from federal income taxes as a member of a group of
12 organizations;

13 (10) copies of the applicant organization's organizing
14 instruments, including any bylaws, constitution, charter, and
15 articles of incorporation;

16 (11) verification of the applicant organization's good
17 standing with the secretary of state if the organization is
18 organized under the law of this state; and

19 (12) information necessary to conduct criminal
20 background checks on the applicant organization's officers,
21 operators, and directors.

22 SECTION 6. Section 2001.103(e), Occupations Code, is
23 amended to read as follows:

24 (e) Notwithstanding Subsection (c), an authorized
25 organization that holds a regular license to conduct bingo may
26 receive not more than 24 ~~[12]~~ temporary licenses during the
27 12-month period following the issuance or renewal of the license.

1 SECTION 7. Sections 2001.104(b) and (d), Occupations Code,
2 are amended to read as follows:

3 (b) The commission by rule shall establish procedures to
4 determine if the appropriate license fee [~~At the end of the license~~
5 ~~period the license holder and the commission shall compute the~~
6 ~~amount of gross receipts actually recorded during the license~~
7 ~~period to determine if the appropriate fee amount~~] was paid.

8 (d) An applicant shall pay the fees established under
9 Subsection (a) annually. An applicant for a license or renewal of a
10 license may obtain a license that is effective for two years by
11 paying an amount equal to two times the amount of the annual license
12 fee, or by paying the license fee for the first year at the time the
13 applicant submits the application and the fee for the second year
14 not later than the first anniversary of the date the license becomes
15 effective [~~plus \$25~~].

16 SECTION 8. Section 2001.105, Occupations Code, is amended
17 by amending Subsection (b) and adding Subsections (d) and (e) to
18 read as follows:

19 (b) The commission may not issue a license to an authorized
20 organization to conduct bingo if an officer or director of the
21 organization has been convicted of a felony, criminal fraud, a
22 gambling or gambling-related offense, or a crime of moral turpitude
23 if less than 10 years has elapsed since the termination of a
24 sentence, parole, mandatory supervision, or community supervision
25 served for the offense.

26 (d) A license holder who fails to renew the license holder's
27 license before the date the license expires may renew the license

1 after the expiration date if:

2 (1) the license holder files a complete license
3 renewal application with the commission not later than the 10th day
4 after the date the license expired, pays the annual renewal fee, and
5 pays a late renewal fee equal to 10 percent of the annual renewal
6 fee; or

7 (2) the license holder files a renewal application
8 with the commission not later than the 60th day after the date the
9 license expired, pays the annual renewal fee, and pays a late
10 renewal fee equal to 10 percent of the annual renewal fee for each
11 10-day period occurring after the date the license expired and
12 before the date the renewal application is filed with the
13 commission.

14 (e) If a license holder applies for a renewal of a license
15 after the 60th day after the date the license expired, the license
16 holder must file an application for an original license and cease
17 all bingo activities as of the 61st day after the date the license
18 expired until the new license is issued.

19 SECTION 9. Section 2001.106, Occupations Code, is amended
20 to read as follows:

21 Sec. 2001.106. FORM AND CONTENTS OF LICENSE. A license to
22 conduct bingo must include:

23 (1) the name and address of the license holder;
24 (2) the names and addresses of the member or members of
25 the license holder under whom the bingo will be conducted; and

26 (3) the address [~~an indication~~] of the premises where
27 and the time when bingo is to be conducted[+]

1 ~~[(4) the specific purposes to which the net proceeds~~
2 ~~of bingo are to be devoted; and~~

3 ~~[(5) a statement of whether a prize is to be offered~~
4 ~~and the amount of any authorized prize].~~

5 SECTION 10. Section 2001.107(a), Occupations Code, is
6 amended to read as follows:

7 (a) Unless the organization is a member of a unit that
8 designates a unit manager under Section 2001.437, the bingo
9 chairperson for a licensed authorized organization ~~[The person~~
10 ~~designated under Section 2001.102(b)(10)]~~ shall complete the
11 ~~[eight hours of]~~ training required ~~[as provided]~~ by commission
12 rule. For a unit operating under Subchapter I-1, the unit manager
13 shall complete the training if the unit designates a unit manager
14 under Section 2001.437.

15 SECTION 11. Section 2001.154(a), Occupations Code, is
16 amended to read as follows:

17 (a) The commission may not issue a commercial lessor license
18 to or renew a commercial lessor license of:

19 (1) a person convicted of a felony, criminal fraud, a
20 gambling or gambling-related offense, or a crime of moral turpitude
21 if less than 10 years has elapsed since termination of a sentence,
22 parole, mandatory supervision, or community supervision served for
23 the offense;

24 (2) a public officer who receives any consideration,
25 direct or indirect, as owner or lessor of premises offered for
26 conducting bingo;

27 (3) a person who ~~[extends credit to,]~~ loans money

1 to~~[7]~~ or pays or provides for the payment of license fees for an
2 authorized organization;

3 (4) a distributor or manufacturer; or

4 (5) a person who:

5 (A) has a proprietary, equitable, or credit
6 interest of greater than 10 percent in ~~[which]~~ a person covered by
7 Subdivision (1), (2), (3), or (4);

8 (B) is ~~[or a person]~~ married or related in the
9 first degree by consanguinity or affinity, as determined under
10 Chapter 573, Government Code, to a person who ~~[one of those persons]~~
11 has greater than a 10 percent proprietary, equitable, or credit
12 interest in a person covered by Subdivision (1), (2), (3), or (4);

13 or

14 (C) [in which one of those persons] is active in
15 or employed by a person who has a proprietary, equitable, or credit
16 interest of greater than 10 percent in a person covered by
17 Subdivision (1), (2), (3), or (4) ~~[+]~~

18 ~~[(6) a foreign corporation or other foreign legal~~
19 ~~entity,~~

20 ~~[(7) an individual who is not a resident of this state,~~

21 ~~[(8) a corporation or other legal entity owned or~~
22 ~~controlled by:~~

23 ~~[(A) a foreign corporation, or~~

24 ~~[(B) an individual who is not a resident of this~~
25 ~~state, or~~

26 ~~[(9) a corporation or other legal entity:~~

27 ~~[(A) whose shares are publicly traded, or~~

1 ~~[(B) owned or controlled by a corporation whose~~
2 ~~shares are publicly traded].~~

3 SECTION 12. Section 2001.156, Occupations Code, is amended
4 to read as follows:

5 Sec. 2001.156. LICENSE APPLICATION. (a) An applicant for a
6 commercial lessor license must file with the commission an ~~a~~
7 ~~written verified~~ application on a form prescribed by the
8 commission.

9 (b) The license application must include:

10 (1) the name and address of the applicant and each
11 other person who has a financial interest in ~~[or who is in any~~
12 ~~capacity a real party in interest in]~~ the applicant's business as it
13 pertains to this chapter or who is described by Section
14 2001.154(a)(5) in relation to the applicant;

15 (2) a designation and address of the premises
16 ~~[intended to be]~~ covered by the license; and

17 (3) ~~[the lawful capacity of the premises for public~~
18 ~~assembly purposes;~~

19 ~~[(4) a statement that a copy of the application has~~
20 ~~been sent to the appropriate governing body; and~~

21 ~~[(5)]~~ a statement that the applicant complies with the
22 conditions for eligibility for the license.

23 SECTION 13. Sections 2001.158(b) and (d), Occupations Code,
24 are amended to read as follows:

25 (b) The commission by rule shall establish procedures for
26 determining if the appropriate license fee ~~[At the end of the~~
27 ~~license period, the license holder and the commission shall compute~~

1 ~~the amount of the gross rentals actually recorded during the~~
2 ~~license period to determine if the appropriate fee amount]~~ was
3 paid.

4 (d) An applicant for a commercial lessor license shall pay
5 the fees established under Subsection (a) annually. An applicant
6 for a license or renewal of a license may obtain a license that is
7 effective for two years by paying an amount equal to two times the
8 amount of the annual license fee, or by paying the license fee for
9 the first year at the time the applicant submits the application and
10 the fee for the second year not later than the first anniversary of
11 the date the license becomes effective [~~plus \$25~~].

12 SECTION 14. The heading to Section 2001.159, Occupations
13 Code, is amended to read as follows:

14 Sec. 2001.159. LICENSE ISSUANCE OR RENEWAL.

15 SECTION 15. Section 2001.159(a), Occupations Code, is
16 amended to read as follows:

17 (a) The commission shall issue or renew a commercial lessor
18 license if the commission determines that:

19 (1) the applicant has paid the license fee as provided
20 by Section 2001.158;

21 (2) the applicant qualifies to be licensed under this
22 chapter;

23 (3) [~~the applicant satisfies the requirements for a~~
24 ~~commercial lessor under this subchapter,~~

25 [~~4~~] the rent to be charged is fair and reasonable
26 [~~and will be charged and collected in compliance with Section~~
27 ~~2001.406~~];

1 (4) [~~(5)~~] ~~there is no diversion of the funds of the~~
2 ~~proposed lessee from the lawful purposes under this chapter;~~

3 [~~(6)~~] the person whose signature or name appears in
4 the application is in all respects the real party in interest and is
5 not an undisclosed agent or trustee for the real party in interest;
6 and

7 (5) [~~(7)~~] the applicant will lease the premises for
8 the conduct of bingo in accordance with this chapter.

9 SECTION 16. Section 2001.202, Occupations Code, is amended
10 to read as follows:

11 Sec. 2001.202. ELIGIBILITY FOR MANUFACTURER'S LICENSE. The
12 following persons are not eligible for a manufacturer's license:

13 (1) a person convicted of a felony, criminal fraud, a
14 gambling or gambling-related offense, or a crime of moral turpitude
15 if less than 10 years has elapsed since the termination of a
16 sentence, parole, mandatory supervision, or community supervision
17 served for the offense;

18 (2) a person who is or has been a professional gambler
19 or gambling promoter;

20 (3) an elected or appointed public officer or a public
21 employee;

22 (4) an owner, officer, director, shareholder, agent,
23 or employee of a licensed commercial lessor;

24 (5) a person who conducts, promotes, or administers,
25 or assists in conducting, promoting, or administering, bingo for
26 which a license is required by this chapter;

27 (6) a distributor required to be licensed under this

1 chapter;

2 (7) a person who has had a license to manufacture,
3 distribute, or supply bingo equipment or supplies revoked within
4 the preceding year by another state;

5 (8) an owner, officer, director, or shareholder of, or
6 a person holding an equitable or credit interest in, another
7 manufacturer or distributor licensed or required to be licensed
8 under this chapter; or

9 (9) a person:

10 (A) who has a greater than 10 percent
11 proprietary, equitable, or credit interest in [which] a person
12 described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8);

13 (B) who is [or in which a person] married or
14 related in the first degree by consanguinity or affinity, as
15 determined by Subchapter B, Chapter 573, Government Code, to a
16 person:

17 (i) described by Subdivision (1), (2), (3),
18 (4), (5), (6), (7), or (8); or

19 (ii) who [one of those persons] has greater
20 than a 10 percent proprietary, equitable, or credit interest ~~[or]~~
21 in a person described by Subdivision (1), (2), (3), (4), (5), (6),
22 (7), or (8);

23 (C) who [which one of those persons] is active in
24 or employed by a person:

25 (i) described by Subdivision (1), (2), (3),
26 (4), (5), (6), (7), or (8); or

27 (ii) who has greater than a 10 percent

1 proprietary, equitable, or credit interest in a person described by
2 Subdivision (1), (2), (3), (4), (5), (6), (7), or (8); or

3 (D) [~~(B)~~] in whose application for a
4 manufacturer's license a person described by Subdivision (1), (2),
5 (3), (4), (5), (6), (7), or (8) is required to be named.

6 SECTION 17. Sections 2001.203(a) and (b), Occupations Code,
7 are amended to read as follows:

8 (a) An applicant for a manufacturer's license must file with
9 the commission an [~~a written verified~~] application on a form
10 prescribed by the commission.

11 (b) The application must include:

12 (1) the name and address of the applicant and the name
13 and address of each of its locations where bingo supplies or
14 equipment are manufactured;

15 (2) a full description of each type of bingo supply or
16 equipment that the applicant intends to manufacture or market in
17 this state and the brand name, if any, under which each item will be
18 sold;

19 (3) [~~the name and address of the applicant and~~] if the
20 applicant:

21 (A) is not a corporation, the name and home
22 address of each owner; or

23 (B) is a corporation, the name and home address
24 of each officer and director and each person owning more than 10
25 percent [~~or more~~] of a class of stock in the corporation;

26 (4) if the applicant is a foreign corporation or other
27 legal entity, the name, business name and address, and [~~home~~]

1 address of its registered agent for service in this state;

2 (5) the name and address of each manufacturer,
3 supplier, and distributor in which the applicant has a financial
4 interest and the details of that financial interest, including any
5 indebtedness between the applicant and the manufacturer, supplier,
6 or distributor of \$5,000 [~~\$500~~] or more;

7 (6) information regarding whether the applicant or a
8 person required to be named in the application has been convicted in
9 this state or another state of a felony, criminal fraud, a gambling
10 or gambling-related offense, or a crime of moral turpitude;

11 (7) information regarding whether the applicant or a
12 person required to be named in the application is an owner, officer,
13 director, shareholder, agent, or employee of a licensed commercial
14 lessor or conducts, promotes, administers, or assists in
15 conducting, promoting, or administering bingo for which a license
16 is required by this chapter;

17 (8) information regarding whether the applicant or a
18 person required to be named in the application is a public officer
19 or public employee in this state;

20 (9) the name of each state in which the applicant is or
21 has been licensed to manufacture, distribute, or supply bingo
22 equipment or supplies, each license number, the period of time
23 licensed under each license, and whether a license has been
24 revoked, suspended, withdrawn, canceled, or surrendered and, if so,
25 the reasons for the action taken;

26 (10) information regarding whether the applicant or a
27 person required to be named in the application is or has been a

1 professional gambler or gambling promoter;

2 (11) the names and addresses of each manufacturer,
3 supplier, or distributor of bingo equipment or supplies in which
4 the applicant or a person required to be named in the application is
5 an owner, officer, shareholder, director, agent, or employee; and

6 (12) any other information the commission requests.

7 SECTION 18. Section 2001.207, Occupations Code, is amended
8 to read as follows:

9 Sec. 2001.207. ELIGIBILITY FOR DISTRIBUTOR'S LICENSE. The
10 following persons are not eligible for a distributor's license:

11 (1) a person convicted of a felony, criminal fraud, a
12 gambling or gambling-related offense, or a crime of moral turpitude
13 if less than 10 years has elapsed since the termination of a
14 sentence, parole, community supervision, or mandatory supervision
15 served for the offense;

16 (2) a person who is or has been a professional gambler
17 or gambling promoter;

18 (3) an elected or appointed public officer or a public
19 employee;

20 (4) an owner, officer, director, shareholder, agent,
21 or employee of a licensed commercial lessor;

22 (5) a person who conducts, promotes, or administers,
23 or assists in conducting, promoting, or administering bingo for
24 which a license is required by this chapter;

25 (6) a manufacturer required to be licensed under this
26 chapter;

27 (7) a person who has had a license to manufacture,

1 distribute, or supply bingo equipment or supplies revoked within
2 the preceding year by another state;

3 (8) an owner, officer, director, or shareholder of, or
4 a person having an equitable or credit interest in, another
5 manufacturer or distributor licensed or required to be licensed
6 under this chapter; or

7 (9) a person:

8 (A) who has a greater than 10 percent
9 proprietary, equitable, or credit interest in ~~[which]~~ a person
10 described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8);i

11 (B) who is ~~[or in which a person]~~ married or
12 related in the first degree by consanguinity or affinity, as
13 determined under Subchapter B, Chapter 573, Government Code, to a
14 person:

15 (i) described by Subdivision (1), (2), (3),
16 (4), (5), (6), (7), or (8); or

17 (ii) who ~~[one of those persons]~~ has greater
18 than a 10 percent proprietary, equitable, or credit interest ~~[or]~~
19 in a person described by Subdivision (1), (2), (3), (4), (5), (6),
20 (7), or (8);

21 (C) who ~~[which one of those persons]~~ is active in
22 or employed by a person:

23 (i) described by Subdivision (1), (2), (3),
24 (4), (5), (6), (7), or (8); or

25 (ii) who has greater than a 10 percent
26 proprietary, equitable, or credit interest in a person described by
27 Subdivision (1), (2), (3), (4), (5), (6), (7), or (8); or

1 (D) [~~(B)~~] in whose application for a manufacturer's
2 license a person described by Subdivision (1), (2), (3), (4), (5),
3 (6), (7), or (8) is required to be named.

4 SECTION 19. Section 2001.208(b), Occupations Code, is
5 amended to read as follows:

6 (b) The application must include:

7 (1) the full name and address of the applicant;

8 (2) the name and address of each location operated by
9 the distributor from which bingo supplies or equipment are
10 distributed or at which bingo supplies or equipment are stored;

11 (3) if a noncorporate distributor, the name and home
12 address of each owner;

13 (4) if a corporate distributor, the name and home
14 address of each officer or director and of each person owning more
15 than [~~at least~~] 10 percent of a class of stock in the corporation;

16 (5) if a foreign corporation or other legal entity,
17 the name, business name and address, and [~~home~~] address of its
18 registered agent for service in this state;

19 (6) a full description of the type of bingo supply or
20 equipment that the applicant intends to store or distribute in this
21 state and the name of the manufacturer of each item and the brand
22 name, if any, under which the item will be sold or marketed;

23 (7) the name and address of a manufacturer, supplier,
24 or distributor in which the applicant has a financial interest and
25 the details of that financial interest, including an indebtedness
26 between the applicant and the manufacturer, supplier, or
27 distributor of \$5,000 [~~\$500~~] or more;

1 (8) information regarding whether the applicant or a
2 person required to be named in the application has been convicted in
3 this state or another state of a felony, criminal fraud, a gambling
4 or gambling-related offense, or a crime of moral turpitude;

5 (9) information regarding whether the applicant or a
6 person required to be named in the application is an owner, officer,
7 director, shareholder, agent, or employee of a licensed commercial
8 lessor or conducts, promotes, administers, or assists in
9 conducting, promoting, or administering bingo for which a license
10 is required under this chapter;

11 (10) information regarding whether the applicant or a
12 person required to be named in the application is a public officer
13 or public employee in this state;

14 (11) the name of each state in which the applicant is
15 or has been licensed to manufacture, distribute, or supply bingo
16 equipment or supplies, each license number, the period of time
17 licensed under each license, and whether a license was revoked,
18 suspended, withdrawn, canceled, or surrendered and, if so, the
19 reasons for the action taken;

20 (12) information regarding whether the applicant or a
21 person required to be named in the application is or has been a
22 professional gambler or gambling promoter;

23 (13) the name and address of each manufacturer,
24 supplier, or distributor of bingo equipment or supplies in which
25 the applicant or a person required to be named in the application is
26 an owner, officer, shareholder, director, agent, or employee; and

27 (14) any other information the commission requests.

1 SECTION 20. Sections 2001.211(b), (c), and (d), Occupations
2 Code, are amended to read as follows:

3 (b) If a change occurs after issuance of a manufacturer's or
4 distributor's license, the license holder shall report the change
5 to the commission not later than the 10th business day after the
6 date of the change.

7 (c) Not later than the 10th business day after the date of
8 the change, a license holder shall notify the commission of a change
9 in:

10 (1) the license holder's organization, structure, or
11 mode of operation;

12 (2) the identity of persons named or required to be
13 named in the application and the nature or extent of those persons'
14 interest; or

15 (3) any other facts stated in the application.

16 (d) Failure to give a notice required under this section is
17 cause for :

18 (1) denial, suspension, or revocation of a license; or

19 (2) imposition of an administrative penalty or other
20 administrative action.

21 SECTION 21. Section 2001.306(c), Occupations Code, is
22 amended to read as follows:

23 (c) The holder of a license to conduct bingo may not change
24 the location at which it conducts bingo until it has:

25 (1) returned [~~surrendered~~] its original license if
26 available, or certified that the license is not available; and

27 (2) received an amended license for the new location.

1 SECTION 22. Section 2001.313, Occupations Code, is amended
2 by adding Subsections (b-1), (h), and (i) and amending Subsections
3 (d) and (e) to read as follows:

4 (b-1) A person's listing on the registry expires on the
5 third anniversary of the date the person was initially included on
6 the registry. The person may renew the listing before the
7 expiration date. If the person fails to renew the listing, the
8 commission shall remove the person's name from the registry. A
9 person whose name is removed from the registry may reapply for
10 listing on the registry.

11 (d) A person who is not listed on the registry established
12 by this section may not act, and a licensed authorized organization
13 may not allow the person to act, as an operator, manager, cashier,
14 usher, caller, bingo chairperson, bookkeeper, or salesperson for
15 the [a] licensed authorized organization.

16 (e) The commission may refuse to add a person's name to, or
17 remove a person's name from, the registry established by this
18 section if, after notice and, if requested by the person, a hearing,
19 the person is finally determined to have:

20 (1) been convicted of an offense listed under Section
21 2001.105(b);

22 (2) converted bingo equipment in a premises to an
23 improper use;

24 (3) converted funds that are in, or that should have
25 been in, the bingo account of any licensed authorized organization;

26 (4) taken any action, individually or in concert with
27 another person, that affects the integrity of any bingo game to

1 which this chapter applies; ~~or~~

2 (5) acted as an operator, manager, cashier, usher,
3 caller, bingo chairperson, bookkeeper, or salesperson for a
4 licensed authorized organization without being listed on the
5 registry established under this section;

6 (6) failed to provide a complete application; or

7 (7) participated in any violation of this chapter or
8 rules adopted by the commission for the administration of this
9 chapter.

10 (h) A licensed authorized organization may employ a person
11 who is not on the registry established by this section as an
12 operator, manager, cashier, usher, caller, or salesperson on a
13 provisional basis if the person is awaiting the results of a
14 background check by the commission:

15 (1) for a period not to exceed 14 days if the person is
16 a resident of this state; or

17 (2) for a period to be established by commission rule
18 if the person is not a resident of this state.

19 (i) A person who has been removed from the registry under
20 Subsection (e) and has not subsequently been listed on the registry
21 under Subsection (g) may not be employed under Subsection (h).

22 SECTION 23. Section 2001.404, Occupations Code, is amended
23 to read as follows:

24 Sec. 2001.404. PRINCIPAL LOCATION. A licensed authorized
25 organization may conduct bingo only in:

26 (1) the county where the organization has its primary
27 business office or another county contiguous to that county; or

1 (2) if the organization has no business office, in the
2 county of the principal residence of its chief executive officer,
3 or an adjacent county.

4 SECTION 24. Section 2001.407(a), Occupations Code, is
5 amended to read as follows:

6 (a) A licensed manufacturer may furnish, by sale or
7 otherwise, bingo equipment or supplies to a licensed distributor.
8 A [~~Except as provided by Section 2001.257(b), a~~] licensed
9 manufacturer may not furnish, by sale or otherwise, bingo equipment
10 or supplies to a person other than a licensed distributor.

11 SECTION 25. Section 2001.411, Occupations Code, is amended
12 by adding Subsection (c-1) to read as follows:

13 (c-1) An organization may designate as members of the
14 organization one or more individuals who elect to become members,
15 including all of the organization's directors, and the designated
16 members are bona fide members of the organization for purposes of
17 this section and other law.

18 SECTION 26. Section 2001.451, Occupations Code, is amended
19 by amending Subsections (a), (c), (d), and (e) and adding
20 Subsections (g), (h), (i), and (j) to read as follows:

21 (a) A licensed authorized organization shall establish and
22 maintain one regular checking account designated as the
23 organization's "bingo account." [~~The organization may also~~
24 ~~maintain an interest-bearing savings account designated as the~~
25 ~~"bingo savings account."~~]

26 (c) A licensed authorized organization may transfer [~~lend~~]
27 money from its general fund or other account to the organization's

1 ~~[its]~~ bingo account or to the bingo account of a unit of which the
2 organization is a member under Subchapter I-1, if applicable, if:

3 (1) the balance in the bingo account to which the funds
4 are transferred is less than the maximum amount permitted by this
5 section; and

6 (2) the organization notifies ~~[requests and receives~~
7 ~~the prior approval of]~~ the commission of the transfer not later than
8 the 10th working day after the date of the transfer. ~~[Except as~~
9 ~~provided by this section, no other funds may be deposited in the~~
10 ~~bingo account.]~~

11 (d) Except as permitted by Subsection (c), a [A] licensed
12 authorized organization may not commingle gross receipts derived
13 from the conduct of bingo with other funds of the organization.

14 (e) Except as permitted by Subsection (c) of this section
15 and by Section 2001.453(2), a ~~[Sections 2001.453(a)(2) and (3),~~
16 ~~the]~~ licensed authorized organization may not transfer gross
17 receipts derived from the conduct of bingo to another account
18 maintained by the organization.

19 (g) The bingo operations of a licensed authorized
20 organization must:

21 (1) result in net proceeds over the organization's
22 license period; or

23 (2) if the organization has a two-year license, result
24 in net proceeds over each 12-month period that ends on an
25 anniversary of the date the two-year license was issued.

26 (h) Except as provided by Subsection (i), a licensed
27 authorized organization or a unit of licensed authorized

1 organizations may retain operating capital in the organization's or
2 unit's bingo account in an amount that:

3 (1) is equal to the organization's or unit's actual
4 average bingo expenses per quarter based on the preceding license
5 period, excluding prizes paid; and

6 (2) does not exceed a total of \$50,000 for a single
7 organization or \$50,000 for each member of a unit.

8 (i) The commission shall adopt rules allowing a licensed
9 authorized organization to retain a maximum amount of operating
10 capital in the bingo account in excess of the amount provided by
11 Subsection (h) if the organization:

12 (1) has conducted bingo for less than one year;

13 (2) experiences circumstances beyond the control of
14 the organization, including force majeure, that necessitate an
15 increase in operating capital; or

16 (3) provides to the commission a credible business
17 plan for the conduct of bingo or for the organization's existing or
18 planned charitable purposes that an increase in operating capital
19 will reasonably further.

20 (j) A licensed authorized organization may apply to the
21 commission for a waiver of the requirements of this section and
22 Section 2001.457. The commission may grant the waiver on a showing
23 of good cause by the organization that compliance with this section
24 and Section 2001.457 is detrimental to the organization's existing
25 or planned charitable purposes. An organization applying for a
26 waiver establishes good cause by providing to the commission:

27 (1) credible evidence of circumstances beyond the

1 control of the organization, including force majeure; or

2 (2) a credible business plan for the organization's
3 conduct of bingo or the organization's existing or planned
4 charitable purposes.

5 SECTION 27. Section 2001.452(c), Occupations Code, is
6 amended to read as follows:

7 (c) A licensed authorized organization shall ~~[keep and]~~
8 account for all checks and withdrawal slips, including voided
9 checks and withdrawal slips.

10 SECTION 28. Section 2001.453, Occupations Code, is amended
11 to read as follows:

12 Sec. 2001.453. AUTHORIZED USES OF BINGO ACCOUNT. ~~[(a)]~~ A
13 licensed authorized organization may draw a check on its bingo
14 account only for:

15 (1) the payment of necessary or ~~[and]~~ reasonable bona
16 fide expenses, including compensation of personnel, as permitted
17 under Section 2001.458 incurred and paid in connection with the
18 conduct of bingo; or

19 (2) the disbursement of net proceeds derived from the
20 conduct of bingo as provided by this subchapter ~~[to charitable~~
21 ~~purposes; or~~

22 ~~[(3) the transfer of net proceeds derived from the~~
23 ~~conduct of bingo to the organization's bingo savings account~~
24 ~~pending a disbursement to a charitable purpose.~~

25 ~~[(b) A licensed authorized organization must make the~~
26 ~~disbursement of net proceeds on deposit in the bingo savings~~
27 ~~account to a charitable purpose by transferring the intended~~

1 ~~disbursement back into the organization's bingo account and then~~
2 ~~withdrawing an amount by a check drawn on the bingo account].~~

3 SECTION 29. Sections 2001.457(a), (b), and (c), Occupations
4 Code, are amended to read as follows:

5 (a) Before the end of each quarter, a licensed authorized
6 organization shall disburse all ~~[for charitable purposes an amount~~
7 ~~not less than 35 percent]~~ of the organization's net proceeds
8 ~~[adjusted gross receipts]~~ from the preceding quarter, other than
9 amounts retained under Section 2001.451, as provided by this
10 subchapter ~~[less the amount of authorized expenses not to exceed~~
11 ~~six percent of the gross receipts].~~

12 (b) If a licensed authorized organization fails to meet the
13 requirements of Subsection (a) ~~[this section]~~ for a quarter, the
14 commission in applying appropriate sanctions shall ~~[may]~~ consider
15 whether, taking into account the amount required to be disbursed
16 ~~[distributed]~~ during that quarter and the three preceding quarters
17 ~~[and the charitable distributions for each of those quarters]~~, the
18 organization has disbursed ~~[distributed]~~ a total amount sufficient
19 to have met the disbursement ~~[35 percent]~~ requirement for that
20 quarter and the three preceding quarters combined.

21 (c) A licensed authorized organization that has ceased to
22 conduct bingo for any reason and that has unexpended bingo funds
23 shall disburse those funds as provided by this subchapter ~~[to~~
24 ~~charitable purposes]~~ before the end of the next calendar quarter
25 after the calendar quarter in which the organization ceases to
26 conduct bingo.

27 SECTION 30. Section 2001.459(a), Occupations Code, is

1 amended to read as follows:

2 (a) The following items of expense incurred or paid in
3 connection with the conduct of bingo must be paid from an
4 organization's bingo account:

5 (1) advertising, including the cost of printing bingo
6 gift certificates;

7 (2) security during a bingo occasion;

8 (3) the purchase or repair of bingo supplies and
9 equipment;

10 (4) prizes, other than authorized cash prizes;

11 (5) stated rental expenses;

12 (6) bookkeeping, legal, or accounting services;

13 (7) fees for callers, cashiers, and ushers;

14 (8) janitorial services; and

15 (9) license fees[~~, and~~

16 [~~(10) payment for services provided by a system~~
17 ~~service provider]~~.

18 SECTION 31. Section 2001.502, Occupations Code, is amended
19 to read as follows:

20 Sec. 2001.502. PRIZE FEE. A licensed authorized
21 organization shall:

22 (1) collect from a person who wins a bingo prize of
23 more than \$5 a fee in the amount of five percent of the amount or
24 value of the prize; and

25 (2) remit to the commission a fee in the amount of five
26 percent of the amount or value of all bingo prizes awarded.

27 SECTION 32. Sections 2001.505(a) and (b), Occupations Code,

1 are amended to read as follows:

2 (a) A licensed authorized organization conducting bingo
3 shall submit quarterly to the commission [~~and to the comptroller~~] a
4 report under oath stating:

5 (1) the amount of the gross receipts derived from
6 bingo;

7 (2) each item of expense incurred or paid;

8 (3) each item of expenditure made or to be made, the
9 name and address of each person to whom each item has been paid or is
10 to be paid, and a detailed description of the merchandise purchased
11 or the services rendered;

12 (4) the net proceeds derived from bingo;

13 (5) the use to which the proceeds have been or are to
14 be applied; and

15 (6) a list of prizes offered and given, with their
16 respective values.

17 (b) A license holder shall[+]

18 [~~(1)~~] maintain records to substantiate the contents of
19 each report[+ ~~and~~

20 [~~(2)~~ ~~furnish a copy of each report to the appropriate~~
21 ~~governing body~~].

22 SECTION 33. Section 2001.514(b), Occupations Code, is
23 amended to read as follows:

24 (b) The commission shall set the amount of the bond or other
25 security, taking into consideration the amount of money that has or
26 is expected to become due from the license holder. The amount
27 required by the commission may not exceed [~~three times~~] the amount

1 due according to the license holder's average quarterly reports.

2 SECTION 34. Section 2001.551(b), Occupations Code, is
3 amended to read as follows:

4 (b) A person conducting, promoting, or administering bingo
5 commits an offense if the person conducts, promotes, or administers
6 bingo other than:

7 (1) under a license issued under this chapter;

8 (2) [~~within the confines of a home~~] for purposes of
9 amusement or recreation when:

10 (A) no player or other person furnishes anything
11 of [~~more than nominal~~] value as defined by rule [~~for the~~
12 ~~opportunity~~] to participate;

13 [~~(B) participation in the game does not exceed 15~~
14 ~~players,~~] and

15 (B) [~~(C)~~] the prizes awarded or to be awarded are
16 nominal as defined by rule;

17 (3) on behalf of an organization of individuals 60
18 years of age or over, a senior citizens' association, a senior
19 citizens' community center program operated or funded by a
20 governmental entity, the patients in a hospital or nursing home,
21 residents of a retirement home, or the patients in a Veteran's
22 Administration medical center or a military hospital, solely for
23 the purpose of amusement and recreation of its members, residents,
24 or patients, when:

25 (A) no player or other person furnishes anything
26 of more than nominal value for the opportunity to participate; and

27 (B) the prizes awarded or to be awarded are

1 nominal; or

2 (4) on behalf of a business conducting the game for
3 promotional or advertising purposes if:

4 (A) the game is conducted by or through a
5 newspaper or a radio or television station;

6 (B) participation in the game is open to the
7 general public and is not limited to customers of the business;

8 (C) playing materials are furnished without
9 charge to a person on request; and

10 (D) no player is required to furnish anything of
11 value for the opportunity to participate.

12 SECTION 35. The following provisions of the Occupations
13 Code are repealed:

14 (1) Sections 2001.002(3) and (10);

15 (2) Section 2001.057(b);

16 (3) Section 2001.160(c);

17 (4) Section 2001.161(a);

18 (5) Section 2001.204;

19 (6) Section 2001.305;

20 (7) Section 2001.406(c);

21 (8) Sections 2001.410(b) and (d);

22 (9) Section 2001.417;

23 (10) Section 2001.457(d);

24 (11) Section 2001.505(c);

25 (12) Section 2001.553(b); and

26 (13) Subchapter F, Chapter 2001.

27 SECTION 36. The Texas Lottery Commission shall adopt the

1 rules required by Chapter 2001, Occupations Code, as amended by
2 this Act, not later than April 1, 2008.

3 SECTION 37. (a) If on or after the effective date of this
4 Act a licensed authorized organization has a balance in its bingo
5 account of more than the maximum amount of operating capital
6 allowed by Chapter 2001, Occupations Code, as amended by this Act,
7 the organization shall distribute the funds in excess of the
8 organization's maximum operating capital allowed by Chapter 2001,
9 Occupations Code, as amended by this Act, not later than:

10 (1) the first anniversary of the effective date of
11 this Act if the excess amount is less than 200 percent of the
12 maximum amount of operating capital;

13 (2) the second anniversary of the effective date of
14 this Act if the excess amount is 200 percent or more but less than
15 300 percent of the maximum amount of operating capital; or

16 (3) the third anniversary of the effective date of
17 this Act if the excess amount is 300 percent or more of the maximum
18 amount of operating capital.

19 (b) The Texas Lottery Commission may waive the requirements
20 of Subsection (a) of this section on application and a showing of
21 good cause by a licensed authorized organization.

22 (c) This section expires January 1, 2011.

23 SECTION 38. This Act takes effect October 1, 2007.