

SENATE AMENDMENTS

2nd Printing

By: Haggerty

H.B. No. 2265

A BILL TO BE ENTITLED

AN ACT

relating to the award of prizes in, and the conduct of, a progressive bingo game.

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

SECTION 1. Section 2001.002, Occupations Code, is amended by adding Subdivisions (8-a), (13-a), and (23-a) to read as follows:

(8-a) "Consolation prize" means a prize offered or awarded by a licensed authorized organization to a player in a progressive bingo game at a bingo occasion during which no player wins the jackpot prize for the progressive bingo game.

(13-a) "Jackpot prize" means a prize offered or awarded by a licensed authorized organization to the winner of a progressive bingo game.

(23-a) "Progressive bingo game" means a bingo game in which the prize amount may be increased over successive bingo occasions of the same licensed authorized organization until a player completes the winning pattern for the game specified by the organization.

SECTION 2. Section 2001.420, Occupations Code, is amended by amending Subsections (a) and (b) and adding Subsections (d), (e), and (f) to read as follows:

(a) Except as provided by Subsection (d), a [A] bingo prize may not have a value of more than \$750 for a single game.

1 (b) For bingo games other than pull-tab bingo or progressive
2 bingo games, a person may not offer or award on a single bingo
3 occasion prizes with an aggregate value of more than \$2,500. A
4 jackpot prize or consolation prize offered or awarded in a
5 progressive bingo game during a bingo occasion is not included in
6 the aggregated value of prizes awarded at a single bingo occasion
7 for purposes of this subsection.

8 (d) A jackpot prize or consolation prize may not have a
9 value of more than \$2,500 for a single progressive bingo game.

10 (e) A licensed authorized organization may offer only one
11 progressive bingo game during each bingo occasion.

12 (f) A consolation prize in a progressive bingo game
13 described by Subsection (b):

14 (1) may not exceed \$250; and

15 (2) may be offered only once during each bingo
16 occasion.

17 SECTION 3. As soon as practicable after the effective date
18 of this Act, the Texas Lottery Commission shall adopt the rules
19 necessary to implement the changes in law made by this Act to
20 Chapter 2001, Occupations Code.

21 SECTION 4. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2007.


ADOPTED

FLOOR AMENDMENT NO. 1

MAY 23 2007

BY:

Lotay Spaw
Secretary of the Senate



1 Amend H.B. No. 2265 by adding the following appropriately
2 numbered SECTION to the bill and renumbering existing SECTIONS
3 accordingly:

4 SECTION ____ . Section 466.015, Government Code, is amended
5 by adding Subsection (e) to read as follows:


6 (e) The commission shall adopt rules governing instant
7 games that:

8 (1) close instant games after all top prizes in the
9 game have been claimed or on an earlier date as determined by
10 the executive director; and

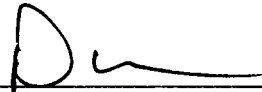
11 (2) provide procedures for the timely closing of an
12 instant game that end the sale of instant game tickets beyond
13 the 46th day after a game has been closed.

ADOPTED

MAY 23 2007


Secretary of the Senate

COMMITTEE AMENDMENT NO. 1

BY: 

1 Amend H.B. No. 2265 as follows:

2 (1) In SECTION 2 of the bill (page 1, lines 20 through 22),
3 strike the recital and substitute the following:

4 Section 2001.420, Occupations Code, is amended by adding
5 Subsections (b-1), (d), (e), (f), and (g) to read as follows:

6 (2) In SECTION 2 of the bill, strike amended Subsections (a)
7 and (b), Section 2001.420, Occupations Code (page 1, line 23
8 through page 2, line 7), and substitute the following:

9 (b-1) Notwithstanding Subsection (b), a person may offer or
10 award on a single bingo occasion prizes for progressive bingo games
11 with an aggregate value of more than the maximum amount prescribed
12 by Subsection (b). A jackpot prize or consolation prize offered or
13 awarded in a progressive bingo game during a bingo occasion is not
14 included in the aggregated value of prizes awarded at a single bingo
15 occasion for purposes of Subsection (b).

16 (3) In SECTION 2 of the bill, strike added Subsection (d),
17 Section 2001.420, Occupations Code (page 2, lines 8 and 9), and
18 substitute the following:

19 (d) Notwithstanding Subsection (a), a jackpot prize for a
20 single progressive bingo game may not have a value of more than
21 \$2,500.

22 (4) In SECTION 2 of the bill, following added Subsection
23 (f), Section 2001.420, Occupations Code (page 2, between lines 16
24 and 17), insert the following:

25 (g) Subsections (b-1), (d), (e), and (f) and this subsection
26 expire September 1, 2011.

27 (5) Add the following appropriately numbered SECTIONS to
28 the bill and renumber subsequent SECTIONS of the bill accordingly:

29 SECTION __. Effective September 1, 2011, Sections

1 2001.002(8-a), (13-a), and (23-a), Occupations Code, are repealed.

2 SECTION __. Not later than January 1, 2011, the Texas
3 Lottery Commission shall prepare and submit to the governor, the
4 lieutenant governor, the speaker of the house of representatives,
5 and the members of the legislature a report on:

6 (1) the implementation of progressive bingo by
7 licensed authorized organizations as authorized by the changes in
8 law made by this Act; and

9 (2) the effect of the implementation on net bingo
10 proceeds available for charitable purposes.

ADOPTED

BY:

Kandi Rutt

MAY 23 2007

Lacey Spaul
Secretary of the Senate

1 Amend H.B. No. 2265 as follows:
2 (1) In the recital to SECTION 1 of the bill, between "by"
3 and "adding" (House engrossment, page 1, line 6), insert
4 "amending Subdivisions (11) and (19) and".

5 (2) In SECTION 1 of the bill, in proposed Subdivision (8-
6 a), Section 2001.002, Occupations Code, between "organization"
7 and "to" (House engrossment, page 1, line 9), insert "or tribal
8 fraternal organization".

9 (3) In SECTION 1 of the bill, in proposed Subdivision (13-
10 a), Section 2001.002, Occupations Code, between "organization"
11 and "to" (House engrossment, page 1, line 13), insert "or tribal
12 fraternal organization".

13 (4) In SECTION 1 of the bill, in amended Section 2001.002,
14 Occupations Code (House engrossment, page 1, between lines 14
15 and 15), insert the following:

16 (11) "Fraternal organization" means any of the
17 following other than an organization whose members are
18 predominantly veterans or dependents of veterans of the armed
19 services of the United States:

20 (A) a nonprofit organization organized to
21 perform and engaged primarily in performing charitable,
22 benevolent, patriotic, employment-related, or educational
23 functions that meet the other requirements of this chapter; ~~[or]~~

24 (B) a nonprofit National Historical District
25 Association representing the owners and lessees of a majority of
26 the real property located in a National Historical District
27 designated for not less than five years by the National Register
28 of Historic Places, Heritage Conservation and Recreation Service

1 of the United States Department of the Interior, if the
2 association's net proceeds are used for restoration,
3 construction, maintenance, and security in the district; or

4 (C) a nonprofit organization that:

5 (i) is organized under tribal law by a
6 federally recognized Indian tribe that is not subject to the
7 Indian Gaming Regulatory Act (18 U.S.C. Section 1166 et seq. and
8 25 U.S.C. Section 2701 et seq.) and that exercises tribal
9 authority over a reservation, as defined by 25 U.S.C. Section
10 731 or 1300g; and

11 (ii) is organized to perform and is engaged
12 primarily in performing charitable, benevolent, patriotic,
13 employment-related, or educational functions. [The term
14 "fraternal organization" does not include an organization whose
15 members are predominantly veterans or dependents of veterans of
16 the armed services of the United States.]

17 (19) "Nonprofit organization" means:

18 (A) an unincorporated association or a
19 corporation that is incorporated or holds a certificate of
20 authority under the Texas Non-Profit Corporation Act (Article
21 1396-1.01 et seq., Vernon's Texas Civil Statutes), that [. The
22 organization]:

23 (i) does [-(A)-may] not distribute any of
24 its income to its members, officers, or governing body, other
25 than as reasonable compensation for services; and

26 (ii) has [-(B)-must have obtained] tax
27 exempt status under Section 501(c), Internal Revenue Code of
28 1986; or

29 (B) a tribal organization formed by a federally
30 recognized Indian tribe that exercises tribal authority over a

1 reservation, as defined by 25 U.S.C. Section 731 or 1300g, to
2 engage primarily in performing charitable, benevolent,
3 patriotic, employment-related, or educational functions.

4 (5) In SECTION 1 of the bill, in proposed Subdivision (23-
5 a), Section 2001.002, Occupations Code, between "organization"
6 and "until" (House engrossment, page 1, line 17), insert "or
7 tribal fraternal organization".

8 (6) In SECTION 2 of the bill, in proposed Subsection (e),
9 Section 2001.420, Occupations Code, between "organization" and
10 "may" (House engrossment, page 2, line 10), insert "or tribal
11 fraternal organization".

12 (7) Insert the following appropriately numbered SECTION and
13 renumber subsequent SECTIONS accordingly:

14 SECTION __. Subchapter C, Chapter 2001, Occupations Code,
15 is amended by adding Section 2001.1015 to read as follows:

16 Sec. 2001.1015. CHARITABLE BINGO BY TRIBAL FRATERNAL
17 ORGANIZATION. (a) A nonprofit organization in existence for at
18 least 180 days that qualifies as a fraternal organization under
19 Section 2001.002(11)(C) may conduct bingo on the reservation of
20 the Indian tribe under whose tribal law the organization is
21 organized on adoption by the tribe of rules governing the
22 conduct of bingo by the organization that conform to the
23 substantive provisions of this chapter and of Sections 47(b) and
24 (c), Article III, Texas Constitution.

25 (b) In accordance with Sections 107(b) and 207(b), Ysleta
26 del Sur Pueblo and Alabama-Coushatta Indian Tribes of Texas
27 Restoration Act (25 U.S.C. Sections 1300g-6(b) and 737(b)), an
28 organization described by Subsection (a) may conduct bingo
29 activities in accordance with the tribe's rules adopted under
30 Subsection (a) without submitting to the regulatory

8

1 jurisdiction, including licensing requirements, of this state.

2 (c) A nonprofit organization may not conduct bingo under
3 this section unless:

4 (1) the organization transfers to this state on a
5 monthly basis an amount equal to five percent of the
6 organization's adjusted gross receipts from bingo in the manner
7 prescribed by the comptroller;

8 (2) all other proceeds are spent in Texas for
9 charitable purposes;

10 (3) the games are limited to one location as defined
11 by law on property owned or leased by the organization; and

12 (4) the games are conducted, promoted, and
13 administered by members of the organization.

14 (d) A nonprofit organization may not conduct bingo under
15 this section unless the organization reports quarterly to the
16 comptroller the amount of revenue that the organization collects
17 from the games and the purposes for which the revenue is spent.
18 The commission may impose an administrative civil penalty
19 against the organization for a violation of the quarterly
20 reporting requirement. The amount of the administrative penalty
21 may not exceed \$1,000 for each violation.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 22, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2265 by Haggerty (Relating to the award of prizes in, and the conduct of, a progressive bingo game), **Committee Report 2nd House, As Amended**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2265, Committee Report 2nd House, As Amended: a positive impact of \$1,589,000 relating to the provisions of the entire bill, with the exception of the language regarding charitable bingo on certain Indian reservations.

As an illustrative example, the second table below reflects a possible positive impact of \$28,414,000 provided by the Comptroller of Public Accounts that could be realized to the State from charitable bingo operations on certain Indian reservations.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The table below addresses the entire bill, with the exception of the impact of authorizing charitable bingo by certain nonprofit organizations on the reservation of certain Indian tribes. The table below addresses the entire bill, with the exception of the impact of authorizing charitable bingo by certain nonprofit organizations on the reservation of certain Indian tribes.

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from GENERAL REVENUE FUND 1	Probable Revenue Gain from Cities	Probable Revenue Gain from Counties
2008	\$749,000	\$322,000	\$347,000
2009	\$840,000	\$362,000	\$389,000
2010	\$886,000	\$382,000	\$411,000
2011	\$932,000	\$401,000	\$432,000
2012	\$975,000	\$420,000	\$452,000

The table below, which contains revenue estimates from the Comptroller of Public Accounts relating to impact of authorizing charitable bingo by certain nonprofit organizations on the reservation of certain Indian tribes, is for illustrative purposes only.

Fiscal Year	Probable Revenue (Loss) from FOUNDATION SCHOOL FUND 193	Probable Revenue Gain from GENERAL REVENUE FUND 1
2008	(\$8,725,000)	\$19,386,000
2009	(\$14,420,000)	\$32,173,000
2010	(\$16,246,000)	\$60,172,000
2011	(\$17,098,000)	\$62,090,000
2012	(\$17,991,000)	\$64,004,112

Fiscal Analysis

The bill would amend the Occupations Code relating to the prizes awarded in a progressive bingo game by authorizing a person to offer or award on a single bingo occasion prizes for certain progressive bingo games with an aggregate value of more than a certain maximum amount. The bill would prohibit certain bingo games from having a value of more than \$2,500.

The Texas Lottery Commission (TLC) would be required to adopt rules necessary to implement the provisions of the bill. The bill requires TLC to prepare and submit a report relating to the provisions of the bill.

The bill would also authorize charitable bingo by certain nonprofit organizations on the reservation of certain Indian tribes. Organizations would be required to transfer 5 percent of the organization's adjusted gross receipts from bingo to the state on a monthly basis. TLC would be authorized to impose an administrative penalty, not to exceed \$1,000, against certain organizations that do not provide quarterly bingo revenue reports to the Comptroller of Public Accounts.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or would otherwise take effect on September 1, 2007.

Methodology

Based on the analysis of the Comptroller of Public Accounts (CPA), the bill would result in a revenue gain to the General Revenue Account of \$749,000 in fiscal year 2008; \$840,000 in fiscal year 2009; \$886,000 in fiscal year 2010; \$932,000 in fiscal year 2011; and \$975,000 in fiscal year 2012. The revenue gain identified by the CPA is based on the assumption that rolling jackpots and the increased maximum prize for progressive bingo games would increase total prize payouts and increase the number of bingo occasions around the state, thereby increasing the total amount prize fee revenue generated.

According to information provided by the CPA, the revenue implications of authorizing certain charitable bingo games, would be dependent upon the average play per gaming machine and per gaming table. Based on the analysis of the CPA, this analysis assumes that the bill would have a negative effect on current lottery and bingo revenues due to increased gaming competition in the state.

This analysis further assumes that Texas Indian tribes would enter into an agreement with the state in accordance with the terms of this bill in exchange for the right to conduct casino gaming. Given that the nature of such compacts cannot be known at this time, the fiscal impact table, which contains CPA revenue estimates, is for illustrative purposes only.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Impact to local jurisdictions is reflected in the table above.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

LBB Staff: JOB, KJG, JRO, MW, TGI

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 8, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2265 by Haggerty (Relating to the award of prizes in, and the conduct of, a progressive bingo game.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2265, As Engrossed: a positive impact of \$1,589,000 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$749,000
2009	\$840,000
2010	\$886,000
2011	\$932,000
2012	\$975,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain from <i>Cities</i>	Probable Revenue Gain from <i>Counties</i>
2008	\$749,000	\$322,000	\$347,000
2009	\$840,000	\$362,000	\$389,000
2010	\$886,000	\$382,000	\$411,000
2011	\$932,000	\$401,000	\$432,000
2012	\$975,000	\$420,000	\$452,000

Fiscal Analysis

The bill would amend the Occupations Code relating to the prizes awarded in a progressive bingo game by prohibiting a jackpot or consolation prize from having a value greater than \$2,500 for a single progressive bingo game. The bill also provides that an organization may only offer one progressive bingo game during each bingo occasion and prohibits a consolation prize in certain progressive bingo games from exceeding \$250. The Texas Lottery Commission (TLC) would be required to adopt rules necessary to implement the provisions of the bill.

This bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or would otherwise take effect on September 1, 2007.

Methodology

Based on the analysis of the Comptroller of Public Accounts (CPA), the bill would result in a revenue gain to the General Revenue Account of \$749,000 in fiscal year 2008; \$840,000 in fiscal year 2009; \$886,000 in fiscal year 2010; \$932,000 in fiscal year 2011; and \$975,000 in fiscal year 2012. The revenue gain identified by the CPA is based on the assumption that rolling jackpots and the increased maximum prize for progressive bingo games would increase total prize payouts and increase the number of bingo occasions around the state, thereby increasing the total amount prize fee revenue generated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Impact to local jurisdictions is reflected in the table above.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

LBB Staff: JOB, KJG, JRO, MW, TGI

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 3, 2007

TO: Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2265 by Haggerty (Relating to the prizes awarded in a progressive bingo game.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2265, As Introduced: a positive impact of \$3,074,000 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$1,322,000
2009	\$1,752,000
2010	\$1,771,000
2011	\$1,790,000
2012	\$1,807,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain from <i>Cities</i>	Probable Revenue Gain from <i>Counties</i>
2008	\$1,322,000	\$558,000	\$613,000
2009	\$1,752,000	\$740,000	\$813,000
2010	\$1,771,000	\$748,000	\$822,000
2011	\$1,790,000	\$756,000	\$830,000
2012	\$1,807,000	\$763,000	\$838,000

Fiscal Analysis

The bill would amend the Occupations Code relating to the prizes awarded in a progressive bingo game by increasing the maximum prize for a single progressive bingo game to \$50,000 and requiring the Texas Lottery Commission (TLC) to adopt rules necessary to implement the provisions of the bill.

This bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or would otherwise take effect on September 1, 2007.

Methodology

Based on the analysis of the Comptroller of Public Accounts (CPA), the bill would result in a revenue gain to the General Revenue Account of \$1,322,000 in fiscal year 2008; \$1,752,000 in fiscal year 2009; \$1,771,000 in fiscal year 2010; \$1,790,000 in fiscal year 2011; and \$1,807,000 in fiscal year 2012. The revenue gain identified by the CPA is based on the assumption that rolling jackpots and the increased maximum prize for progressive bingo games would increase total prize payouts and increase the number of bingo occasions around the state, thereby increasing the total amount prize fee revenue generated.

Based on the analysis of TLC, it is assumed that any duties and responsibilities associated with implementing the provision of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Impact to local jurisdictions is reflected in the table above.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

LBB Staff: JOB, JRO, MW, TGI