

## **BILL ANALYSIS**

Senate Research Center  
81R4137 YDB-F

S.B. 1084  
By: Ellis et al.  
State Affairs  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law, there is no legislation in place for the creation and operation of casino destination resorts in the State of Texas. Statutory change providing for the creation of these resorts may bring significant economic development to Texas and protect Texas' tradition of thoroughbred and quarter horse racing.

This legislation creates the Texas Gaming Commission, authorizes the creation of 12 destination resort casinos based on certain criteria, establishes license and application fees for those casinos, and provides a tax on gross gaming revenue and prescribes the allocation of that revenue. This bill also authorizes the operation of slot machines at licensed horse and greyhound racetracks and for casino gaming on the tribal lands of the three federally recognized Indian tribes in Texas.

As proposed, S.B. 1084 relates to the authorization and regulation of casino and slot gaming in this state, the creation, powers, and duties of the Texas Gaming Commission, and the powers and duties of the Texas Racing Commission, and provides penalties.

### **RULEMAKING AUTHORITY**

Rulemaking authority by the Texas Gaming Commission (commission) is prohibited in SECTION 1 (Section 2021.108, Occupations Code) of this bill.

Rulemaking authority is expressly granted to the commission in SECTION 1 (Sections 2021.102, 2021.109, 2021.152, 2021.154, 2022.005, 2022.011, 2022.013, 2022.016, 2022.052, 2022.055, 2022.057, 2022.151, 2022.152, 2022.204, 2022.302, 2022.307, 2022.351, 2022.354, 2022.362, 2022.364, 2022.365, 2022.367, and 2202.554, Occupations Code) of this bill.

Rulemaking authority is expressly granted to Texas Racing Commission and the comptroller of public accounts in SECTION 2 (Section 4.09, Texas Racing Act (Article 179e, V.T.C.S.)) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Title 13, Occupations Code, by adding Subtitle A-1, as follows:

#### **SUBTITLE A-1. CASINO, SLOT, AND OTHER GAMING REGULATED BY TEXAS GAMING COMMISSION**

#### **CHAPTER 2021. GENERAL PROVISIONS; TEXAS GAMING COMMISSION**

#### **SUBCHAPTER A. GENERAL PROVISIONS**

Sec. 2021. DEFINITIONS. Defines "affiliate," "applicant," "associated equipment," "casino," "casino operator," "casino operator's license," "casino owner's license," "casino service," "casino service license," "casino service license holder," "commission," "commission member," "company," "creditor interest," "director," "equity interest," "executive director," "game" or "gambling game," "gaming" or "gambling," "gaming agreement," "gaming device," "gaming employee," "gross gaming revenue," "hearing examiner," "Indian lands," "institutional investor," "key executive," "license," "license holder," "manufacturer license holder," "manufacturer's license," "negotiable instrument," "net slot income," "occupational license," "occupational license holder," "operator's

license," "operator license holder," "owner's license," "owner's license holder," "pari-mutuel license holder," "player," "principal manager," "race book," "racetrack," "slot establishment," "slot establishment operator's license," "slot establishment operator's license holder," "slot establishment owner's license," "slot establishment owner's license holder," and "slot machine."

Sec. 2021.002. APPLICATION OF SUNSET ACT. (a) Provides that the Texas Gaming Commission (commission) is subject to Chapter 325 (Sunset Law), Government Code. Provides that the commission is abolished September 1, 2021, unless continued in existence as provided by that chapter.

(b) Provides that on the date the commission is abolished under Subsection (a), this chapter, Chapters 2022-2023, Government Code, and the Texas Racing Act (Article 179e, V.T.C.S.) are repealed.

Sec. 2021.003. REFERENCES TO LICENSE INCLUDE CERTIFICATE OF REGISTRATION OR OTHER APPROVAL. Provides that a reference in this subtitle to a license applies to a certificate of registration, finding of suitability, or other affirmative regulatory approval under this subtitle, other law, or commission rule, except as expressly provided by this subtitle, other law, or commission rule.

Sec. 2021.004. EXEMPTION FROM TAXATION. Prohibits a political subdivision of this state from imposing a tax on the payment of a prize under Chapter 2023; a tax, fee, or other assessment on consideration paid to play a gambling game authorized by this subtitle; or a tax or fee on attendance at or admission to a casino or slot establishment authorized by this subtitle unless specifically authorized by statute.

[Reserves Sections 2021.005-2021.050 for expansion.]

#### SUBCHAPTER B. TEXAS GAMING COMMISSION

Sec. 2021.051. COMMISSION; MEMBERSHIP. (a) Provides that the commission is composed of five members appointed by the governor with the advice and consent of the senate.

(b) Requires that appointments to the commission be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointee.

Sec. 2021.052. QUALIFICATIONS OF COMMISSION MEMBERS. (a) Sets forth the qualifications for a person to be eligible for appointment to the commission.

(b) Provides that a person holding an elective office or an officer or official of a political party is not eligible for appointment to the commission.

Sec. 2021.053. MEMBERSHIP AND EMPLOYEE RESTRICTIONS. (a) Defines "Texas trade association" in this section.

(b) Prohibits a person from being a member of the commission or an employee of the commission employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.) if the person is an officer, employee, manager, or paid consultant of a Texas trade association in the field of gaming or the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of gaming.

(c) Prohibits a person from being a member of the commission or acting as general counsel to the commission if the person is required to register as a lobbyist under Chapter 305 (Registration of Lobbyists), Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the commission.

Sec. 2021.054. TERMS; VACANCIES. (a) Provides that the members of the commission serve staggered six-year terms, with the term or terms of one or two members expiring February 1 of each odd-numbered year.

(b) Requires the governor to fill a vacancy in a position on the commission for the remainder of the unexpired term.

Sec. 2021.055. PRESIDING OFFICER. Requires the governor to designate a member of the commission as presiding officer of the commission to serve in that capacity at the pleasure of the governor.

Sec. 2021.056. MEETINGS; OFFICIAL RECORD. (a) Requires the commission to meet not less than six times each year.

(b) Authorizes the commission to meet at other times at the call of the presiding officer or as provided by commission rule.

(c) Requires the commission to keep an official record of all commission meetings and proceedings.

Sec. 2021.057. GROUNDS FOR REMOVAL. (a) Sets forth certain circumstances that are grounds for removal of a member from the commission.

(b) Provides that the validity of an action of the commission is not affected by the fact that it is taken when a ground for removal of a commission member exists.

(c) Requires the executive director of the commission (executive director), if the executive director has knowledge that a potential ground for removal of a commission member exists, to notify the presiding officer of the commission of the potential ground. Requires the presiding officer to then notify the governor and the attorney general that a potential ground for removal exists. Requires the executive director, if the potential ground for removal involves the presiding officer, to notify the next highest officer of the commission, who is required to notify the governor and the attorney general that a potential ground for removal exists.

Sec. 2021.058. TRAINING. (a) Prohibits a person who is appointed to and qualifies for office as a member of the commission from voting, deliberating, or being counted as a member in attendance at a meeting of the commission until the person completes a training program that complies with this section.

(b) Sets forth the required content of the training program.

(c) Entitles a person appointed to the commission to reimbursement, as provided by the General Appropriations Act, for travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

Sec. 2021.059. QUALIFICATIONS AND STANDARDS OF CONDUCT INFORMATION. Requires the executive director or the executive director's designee to provide to members of the commission, as often as necessary, information regarding their qualifications for office under this chapter and responsibilities under applicable laws relating to standards of conduct for state officers.

Sec. 2021.060. BOND. (a) Requires a member of the commission, before assuming the duties of office, to execute a bond in the amount of \$25,000 payable to the state and conditioned on the member's faithful performance of the member's duties of office.

(b) Requires that the bond be approved by the governor.

(c) Requires that the cost of the bond be paid by the commission.

Sec. 2021.061. PROHIBITION OF CERTAIN ACTIVITIES. (a) Prohibits a member of the commission from using the member's official authority to affect the result of an election or nomination for public office or from directly or indirectly coercing, attempting to coerce, commanding, or advising a person to pay, lend, or contribute anything of value to another person for political purposes.

(b) Prohibits a commission member or the spouse of a commission member from soliciting or accepting employment from a license, certificate of registration, finding of suitability, or approval holder under a law administered by the commission or from an applicant for a license, certificate, finding of suitability, or approval before the second anniversary of the date the commission member's service on the commission ends.

Sec. 2021.062. APPLICATION OF FINANCIAL DISCLOSURE LAW. Provides that a member of the commission, the executive director, and the division directors are appointed officers of a major state agency for purposes of Chapter 572 (Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest), Government Code.

Sec. 2021.063. PER DIEM; EXPENSES. (a) Entitles a member of the commission to a per diem in an amount prescribed by appropriation for each day spent in performing the duties of the member and reimbursement for actual and necessary expenses incurred in performing those duties.

(b) Provides that reimbursement for expenses under this section is subject to any applicable limitation in the General Appropriations Act.

Sec. 2021.064. EXECUTIVE DIRECTOR. (a) Requires the commission to appoint an executive director, who serves at the pleasure of the commission.

(b) Provides that a person holding an elective office or an officer or official of a political party is not eligible for appointment as executive director.

(c) Requires the executive director to have five or more years of responsible administrative experience in public or business administration or possess broad management skills.

(d) Prohibits the executive director from pursuing any other business or occupation or hold any other office for profit.

(e) Requires the executive director to meet all eligibility requirements relating to members of the commission, except the requirement for prior residency in this state.

(f) Entitles the executive director to an annual salary and other compensation specified by the commission.

(g) Prohibits the executive director from acquiring a direct or indirect interest in or being employed by a person licensed or registered by the commission in connection with the conduct of gaming or the provision of casino services in this state before the second anniversary of the date the director's service to the commission ends.

Sec. 2021.065. OFFICES. Requires the commission to maintain its primary office in Travis County and authorizes the commission to maintain other offices determined to be necessary by the commission.

Sec. 2021.066. AUTHORITY TO SUE OR BE SUED. (a) Authorizes the commission to sue and be sued.

(b) Authorizes service of process in a suit against the commission to be secured by serving the executive director.

(c) Requires that a suit against the commission be brought in Travis County.

Sec. 2021.067. AUDIT. Provides that the transactions of the commission are subject to audit by the state auditor under Chapter 321 (State Auditor), Government Code.

[Reserves Sections 2021.068-2021.100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION

Sec. 2021.101. GENERAL POWERS. (a) Provides that the commission has broad authority and is required to exercise strict control and close supervision over all activities authorized and conducted in this state under a law administered by the commission, including this subtitle and the Texas Racing Act (Article 179e, V.T.C.S.).

(b) Requires the commission to ensure that all casino games, slot machine gaming, and other gaming activities subject to the oversight or regulatory authority of the commission are conducted fairly and in compliance with the law.

(c) Provides that the commission has the powers and duties granted under Chapters 2022 and 2023, and the Texas Racing Act (Article 179e, V.T.C.S.).

(d) Requires that all aspects of this subtitle and the other laws administered by the commission, including those relating to licensing, qualification, execution, and enforcement, be administered by the executive director and the commission for the protection of the public and in the public interest.

(e) Provides that the commission and the executive director have full power and authority to hold hearings and, in connection with the hearings, to issue subpoenas, to compel the attendance of witnesses at any place in this state, to administer oaths, and to require testimony under oath. Authorizes any process or notice relating to a hearing to be served in the manner provided for service of process and notices in civil actions. Authorizes the commission and executive director to pay transportation and other expenses of witnesses as they consider reasonable.

(f) Authorizes the executive director and the executive director's authorized employees (authorized employees) to inspect and examine a premises where gaming is conducted or equipment or supplies, including an electronic or other gaming device, or associated equipment is manufactured, assembled, produced, programmed, sold, leased, marketed, distributed, repaired, or modified for use in gaming; for good cause, seize and remove from a premises and impound equipment or supplies for the purpose of examination and inspection; and demand access to, inspect, examine, photocopy, or audit papers, books, and records of applicants and license and certificate holders, on their premises or elsewhere as practicable, in the presence of the license or certificate holder or the license or certificate holder's agent, reporting the gross income produced by a gaming business, verification of the gross income, and other matters affecting the enforcement of this subtitle or other law administered by the commission.

(g) Requires a former license holder, for the purpose of conducting audits after the cessation of gaming by a license or certificate holder, to furnish, on demand of the executive director or the executive's authorized employees, books, papers, and records as necessary to conduct the audits. Requires the former license or certificate holder to maintain all books, papers, and records necessary for audits for three years after the date of the surrender or revocation of the license or certificate and provides that the former license or certificate holder is responsible for the costs incurred by the commission in the conduct of an audit under this section. Requires the former license or certificate holder, if the former license or

certificate holder seeks judicial review of a deficiency determination or files a petition for a redetermination, to maintain all books, papers, and records until a final order is entered on the determination.

(h) Requires the commission to contract with an independent testing laboratory to scientifically test and technically evaluate casino games, slot machine games, and associated equipment for compliance with the subtitle. Requires the independent testing laboratory to have a national reputation of being demonstrably competent and to be qualified to scientifically test and evaluate all components of casino games, slot machine games, and associated equipment for compliance with this subtitle and to perform the functions assigned to it under this subtitle. Prohibits an independent testing laboratory from being owned or controlled by a person licensed to conduct casino or slot games or to manufacture gaming equipment. Requires that the use of an independent testing laboratory for purposes related to the conduct of gaming under this subtitle be made from a list of one or more laboratories approved by the commission.

Sec. 2021.102. RULEMAKING AUTHORITY. (a) Requires the commission to adopt rules the commission considers necessary or desirable for the public interest in carrying out the policy and provisions of this subtitle and the other laws administered by the commission.

(b) Sets forth the required content of the rules.

Sec. 2021.103. AUTHORITY OF EXECUTIVE DIRECTOR. (a) Authorizes the executive director, with commission approval, to create executive positions as the director considers necessary to implement the provisions of this chapter, Chapters 2022 and 2023, and any other law administered by the commission.

(b) Requires the executive director to employ directors in the areas of audit, investigation, and enforcement. Requires the audit director to be a certified public accountant, have five or more years of progressively responsible experience in general accounting, and have a comprehensive knowledge of the principles and practices of corporate finance or possess qualifications of an expert in the field of corporate finance and auditing, general finance, gaming, and economics. Requires other directors to possess five or more years of training and experience in the fields of investigation, law enforcement, law, or gaming.

(c) Authorizes the executive director to investigate, for the purpose of prosecution, a suspended criminal violation of this subtitle or another law administered by the commission. Authorizes the executive director and employees designated by the executive director, for the purpose of the administration and enforcement of this subtitle or another law administered by the commission, to be commissioned as peace officers.

(d) Authorizes the executive director to take certain administrative and legal actions that the director considers necessary to further the objectives and purposes of this subtitle or another law administered by the commission.

(e) Requires that the costs of administration incurred by the executive director, except as otherwise provided in this subtitle, be paid in the same manner as other claims against the state are paid.

Sec. 2021.104. OFFICE OF HEARING EXAMINERS. (a) Requires the commission to create an office of hearing examiners to assist the commission in carrying out its powers and duties.

(b) Requires the office of hearing examiners to hold hearings under the authority of the commission on matters relating to the commission's administration of this subtitle or another law administered by the commission as the commission orders and report after hearing in the manner prescribed by the commission.

(c) Requires the commission to refer any contested case arising under this subtitle or another law administered by the commission to the office of hearing examiners.

(d) Provides that the office of hearing examiners is independent of the executive director and is under the exclusive control of the commission.

(e) Provides that the office of hearing examiners is under the direction of a chief hearing examiner appointed by the commission.

(f) Authorizes the commission to authorize the chief hearing examiner to delegate to one or more hearing examiners the authority to hold any hearing called by the chief hearing examiner.

(g) Requires the chief hearing examiner and all assistant hearing examiners employed by the office of hearing examiners to be attorneys licensed to practice law in this state.

(h) Authorizes the chief hearing examiner and all assistant hearing examiners to administer oaths, receive evidence, and issue subpoenas to compel the attendance of witnesses and the production of papers and documents in all matters delegated by the commission.

(i) Entitles the chief hearing examiner and all assistant hearing examiners to an annual salary and other compensation specified by the commission.

(j) Authorizes the office of hearing examiners to contract for additional services it considers necessary to carry out its powers.

Sec. 2021.105. JUDICIAL REVIEW IN CONTESTED CASES. Provides that a final ruling of the commission in a contested case is subject to judicial review under Chapter 2001 (Administrative Procedure), Government Code. Provides that judicial review is under the substantial evidence rule.

Sec. 2021.106. RECORDS; CONFIDENTIAL INFORMATION. (a) Requires the executive director to maintain a file of all applications for licenses, certificates of registration, findings of suitability, or approvals under this subtitle or another law administered by the commission, together with a record of all action taken with respect to the applications.

(b) Authorizes the commission and executive director to maintain other records they consider desirable.

(c) Authorizes the information made confidential by this subsection to be disclosed, wholly or partly, only in the course of the necessary administration of this subtitle or other law administered by the commission, under Section 2022.402, or on the order of a court of competent jurisdiction, except that the executive director or the commission is authorized to disclose the information to an authorized agent of any agency of the United States, another state, or a political subdivision of this state authorized under commission rules. Authorizes notice of the content of any information furnished or released under this subsection to be given to any affected applicant or license, certificate of registration, finding of suitability, or approval holder as prescribed by commission rule. Sets forth certain confidential information.

Sec. 2021.107. REPRESENTATION BY ATTORNEY GENERAL. (a) Requires the attorney general to represent the commission and the executive director in any proceeding to which the commission or the executive director is a party under this subtitle of another law administered by the commission or in any suit filed against the commission or executive director.

(b) Requires the office of the attorney general, on request, to advise the commission and the executive director in all other matters, including representing the commission when the commission acts in its official capacity.

Sec. 2021.108. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING. (a) Prohibits the commission from adopting rules restricting advertising or competitive bidding by a person regulated by the commission except to prohibit false, misleading, or deceptive practices by that person.

(b) Prohibits the commission from including in its rules to prohibit false, misleading, or deceptive practices by a person regulated by the commission a rule that restricts the use of any advertising medium, restricts the person's personal appearance or the use of the person's voice in advertisement, relates to the size or duration of an advertisement by the person, or restricts the use of a trade name in advertising by the person.

Sec. 2021.109. RULES ON CONSEQUENCES OF CRIMINAL CONVICTION. (a) Requires the commission to adopt rules necessary to comply with Chapter 53 (Consequences of Criminal Conviction).

(b) Requires the commission, in its rules under this section, to list the specific offenses for which a conviction would constitute grounds for the commission to take action under Section 53.021 (Authority to Revoke, Suspend, or Deny License).

Sec. 2021.110. SUBPOENA. (a) Authorizes the commission to request and, if necessary, compel by subpoena the attendance of a witness for examination under oath and the production for inspection and copying of records and other evidence relevant to the investigation of an alleged violation of this subtitle or another law administered by the commission.

(b) Authorizes the commission, acting through the attorney general, to file suit to enforce the subpoena in a district court in Travis County or in the county in which a hearing conducted by the commission is authorized to be held if a person fails to comply with a subpoena issued under this section.

(c) Requires the court to order a person to comply with the subpoena if the court determines that good cause exists for issuing the subpoena.

Sec. 2021.111. DIVISION OF RESPONSIBILITIES. Requires the commission to develop and implement policies that clearly separate the policymaking responsibilities of the commission and the management responsibilities of the executive director and the staff of the commission.

Sec. 2021.112. USE OF TECHNOLOGY. Requires the commission to implement a policy requiring the commission to use appropriate technological solutions to improve the commission's ability to perform its functions. Requires that the policy ensures that the public is able to interact with the commission on the Internet.

Sec. 2021.113. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION POLICY. (a) Requires the commission to develop and implement a policy to encourage the use of negotiated rulemaking procedures under Chapter 2008 (Negotiated Rulemaking), Government Code, for the adoption of commission rules and appropriate alternative dispute resolution procedures under Chapter 2009 (Alternative Dispute Resolution for Use by Governmental Bodies), Government Code, to assist in the resolution of internal and external disputes under the commission's jurisdiction.

(b) Requires that the commission's procedures relating to alternative dispute resolution conform, to the extent possible, to any model guidelines issued by the



State Office of Administrative Hearings (SOAH) for the use of alternative dispute resolution by state agencies.

(c) Requires the commission to designate a trained person to coordinate the implementation of the of the policy adopted under Subsection (a), serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution, and collect data concerning the effectiveness of those procedures as implemented by the commission.

Sec. 2021.114. COMMITTEES. Authorizes the commission to appoint committees that it considers necessary to carry out its duties.

Sec. 2021.115. DIVISIONS. (a) Requires the commission to establish separate divisions to oversee and regulate casino gaming and slot machine gaming conducted under Chapters 2022 and 2023, and pari-mutuel racing.

(b) Authorizes the commission or executive director to delegate to a division or a division director a specific power or duty given to the commission or executive director under this subtitle or other law to facilitate the operations of the commission or a division of the commission.

(c) Requires a division director, at the request of the executive commissioner, to assist in the development of rules and policies for the operation and provision of a division of the commission. Provides that the division director acts on behalf of the executive director in performing the delegated function and reports to the executive director regarding the delegated function and any matter affecting commission programs and operations.

(d) Requires the commission to delegate responsibilities in the administration of Chapter 2022 or 2023 to the executive director, the director of the appropriate division, and the division's staff, but prohibits delegation of certain actions.

Sec. 2021.116. CONTRACT AUTHORITY. (a) Provides that the commission and executive director have broad authority and requires them to exercise strict control and close supervision over gambling games played in this state to promote and ensure integrity, security, honesty, and fairness in the operation and administration of gaming under this subtitle.

(b) Authorizes the executive director to contract with or employ a person to perform a function, activity, or service in connection with the operation of gaming under this subtitle or another law administered by the commission as prescribed by the executive director. Requires that a contract relating to the operation of gaming be consistent with this subtitle.

(c) Authorizes the executive director to award a contract for gaming supplies, equipment, or services, including a contract under Subsection (b), pending the completion of any investigation and license, certificate of registration, finding of suitability, or other affirmative regulatory approval authorized or required by this subtitle. Requires that a contract awarded under this subsection include a provision permitting the executive director to terminate the contract without penalty if the investigation reveals that he person to whom the contract is awarded does not satisfy the applicable requirements for a license, certificate of registration, finding of suitability, or other affirmative regulatory approval under this subtitle.

(d) Requires the commission to comply with procurement procedures prescribed under Subtitle D (State Purchasing and General Services), Title 10 (General Government), Government Code, in the acquisition or provision of facilities, supplies, equipment, materials, or services related to the implementation of gaming under Chapter 2022 or 2023.

Sec. 2021.117. INVESTIGATIONS AND ENFORCEMENT. (a) Authorizes the attorney general, the district attorney for Travis County, or the district attorney, criminal district attorney, or county attorney for the county in which the violation or alleged violation occurred to investigate a violation or alleged violation of this subtitle or of the penal laws of this state by the commission, its employees, or a person regulated under this subtitle.

(b) Authorizes the commission to investigate violations of this subtitle and rules adopted under this subtitle or another law administered by the commission and is authorized to file a complaint requesting that an investigation be conducted as provided by Subsection (a).

Sec. 2021.118. SECURITY. (a) Requires the executive director to maintain a department of security in the commission. Requires the executive director to appoint a deputy to administer the department. Requires the deputy to be qualified by training and experience in law enforcement or security to supervise, direct, and administer the activities of the department.

(b) Authorizes the executive director to employ security officers or investigators as the executive director considers necessary and to commission security officers or investigators as peace officers. Requires the deputy and all investigators employed by the department of security as peace officers to meet the requirements under Chapter 415 [this chapter does not exist in statute and is not added by this Act], Government Code, for employment and commission as peace officers.

(c) Authorizes a security officer or investigator employed by the department of security or a peace officer who is working in conjunction with the commission or the Department of Public Safety (DPS) in the enforcement of this subtitle to search and seize a gaming device or other gaming equipment, without a search warrant, that is located on premises for which a person holds a license issued under this subtitle or seize a gaming device or other gaming equipment that is being used or is in the possession of any person in violation of this subtitle or another law administered by the commission.

(d) Requires DPS or any other state or local law enforcement agency in this state, at the commission's request and in accordance with an interagency agreement, to perform a full criminal background investigation of a prospective deputy or investigator of the department of security. Requires the commission to reimburse the agency for the actual costs of an investigation.

(e) Requires the executive director to employ an independent firm that is experienced in security at least once every two years, including computer security and systems security, to conduct a comprehensive study of all aspects of gaming security.

Sec. 2021.119. DEMOGRAPHIC STUDIES. (a) Requires the executive director to employ an independent firm experienced in demographic analysis every two years to conduct a demographic study of players of gambling games. Requires that the study include the income, age, sex, race, education, and frequency of participation of players of the games.

(b) Requires the executive director to report the results of the demographic study to the commission, the governor, and the legislature before January 1 of each odd-numbered year.

Sec. 2021.120. PROHIBITED GAMES. (a) Prohibits the executive director or any other person, except as provided by this subtitle or other law, from establishing or operating a gambling game in which the winner is chosen on the basis of the outcome of a sports event.

(b) Provides that, except as provided by Chapter 2001 (Bingo) or this subtitle, the operation of any game using a slot machine or other gambling device that is not authorized under this subtitle is prohibited.

(c) Defines "sports event."

Sec. 2021.121. REPORTS OF NET SLOT INCOME. Requires the executive director to prepare a monthly report of the total net slot income for all slot establishments for the preceding month.

Sec. 2021.122. DEPARTMENT OF PUBLIC SAFETY RECORDS. (a) Provides that all files, records, information, compilations, documents, photographs, reports, summaries, and reviews of information and related matters collected, retained, or compiled by DPS in the discharge of its duties under this subtitle, except as otherwise provided by this subtitle, are confidential and are not subject to public disclosure. Provides that each of those items is subject to discovery by a person that is the subject of the item.

(b) Provides that an investigation report or other document submitted by DPS to the commission becomes part of the investigative files of the commission and is subject to discovery by a person that is the subject of the investigation report or other document.

(c) Provide that information that is in the form available to the public is not privileged or confidential under this section and is subject to public disclosure.

Sec. 2021.123. CRIMINAL HISTORY INVESTIGATION FOR GAMING. (a) Entitles the commission to conduct an investigation of and obtain criminal history record information maintained by DPS, the Federal Bureau of Investigation Identification Division, or another law enforcement agency to assist in the investigation of any person directly involved with gaming regulated under this subtitle.

(b) Provides that a criminal history investigation, except as otherwise provided by this subtitle, is governed by commission rules adopted under this chapter. Requires the commission, as applicable, to consider information obtained through a criminal history investigation conducted under the Texas Racing Act (Article 179e, V.T.C.S.).

(c) Requires DPS or a state or local law enforcement agency in this state, in accordance with an interagency agreement with the commission, to provide any assistance requested by the commission in the administration and enforcement of this subtitle, including conducting background investigations of a person seeking a license, certificate of registration, finding of suitability, or other affirmative regulatory approval required under this subtitle or of any person required to be named in an application for a license, certificate of registration, finding of suitability, or other affirmative regulatory approval under this subtitle.

(d) Provides that this section does not limit the commission's right to obtain criminal history record information from any other local, state, or federal agency. Authorizes the commission to enter into a confidentiality agreement with the agency as necessary and proper.

(e) Authorizes criminal history record information obtained by the commission under this section, except as otherwise provided by this subtitle or other law, to be disclosed only to another law enforcement agency to assist in or further an investigation related to the commission's operation and oversight of gaming or under a court order.

Sec. 2021.124. PLAYER AGREEMENT TO ABIDE BY RULES AND INSTRUCTIONS. Provides that by participating as a player in a gambling game, a player agrees to abide by and be bound by the commission's rules and instructions, including the rules or instructions applicable to the particular gambling game involved.

Provides that the player also acknowledges that the determination of whether the player is a valid winner is subject to the commission's rules, instructions, and claims procedures, including those developed for the particular gambling game involved; any validation tests established by the commission for the particular gambling game involved; and the limitations and other provisions prescribed by this subtitle.

Sec. 2021.125. VENUE. Provides that venue is proper in Travis County or any county in which venue is proper under Chapter 13 (Venue), Code of Criminal Procedure, for certain offenses.

[Reserves Sections 2021.126-2021.150 for expansion.]

#### SUBCHAPTER D. PUBLIC PARTICIPATION AND COMPLAINT PROCEDURES

Sec. 2021.151. PUBLIC INTEREST INFORMATION. (a) Requires the commission to prepare and disseminate consumer information that describes the regulatory functions of the commission and the procedures by which consumer complaints are filed with and resolved by the commission.

(b) Requires the commission to make the information available to the public and appropriate state agencies.

Sec. 2021.152. COMPLAINTS. (a) Requires the commission by rule to establish methods by which consumers and service recipients are notified of the name, mailing address, and telephone number of the commission for the purpose of directing complaints to the commission. Authorizes the commission to provide for that notice on each form, application, or written contract for services of a person regulated under a law administered by the commission; on a sign prominently displayed in the place of business of each person regulated under a law administered by the commission; or in a bill for service provided by a person regulated under a law administered by the commission.

(b) Requires the commission to list with its regular telephone number any toll-free telephone number established under other state law that may be called to present a complaint about a person regulated under a law administered by the commission.

Sec. 2021.153. RECORDS OF COMPLAINTS. (a) Requires the commission to maintain a system to promptly and efficiently act on complaints filed with the commission. Requires the commission to maintain information about the parties to the complaint and the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and information about the disposition of the complaint.

(b) Requires the commission to make information available describing its procedures for complaint investigation and resolution.

(c) Requires the commission to periodically notify the parties of the status of the complaint until final disposition of the complaint.

Sec. 2021.154. GENERAL RULES REGARDING COMPLAINT INVESTIGATION AND DISPOSITION. Requires the commission to adopt rules concerning the investigation of a complaint filed with the commission. Sets forth required content of the rules.

Sec. 2021.155. DISPOSITION OF COMPLAINT. (a) Requires the commission to dispose of each complaint in a timely manner and establish a schedule for conducting each phase of a complaint that is under the control of the commission not later than the 30th day after the date the commission receives the complaint.

(b) Requires each party to be notified of the projected time requirements for pursuing the complaint. Requires the commission to notify each party to the complaint of any change in the schedule established under Subsection (a)(2)

(relating to requiring the commissioner to establish a schedule for conducting each phase of a complaint that is under control of the commissioner) not later than the seventh day after the date the change is made.

(c) Requires the executive director to notify the commissioner of a complaint that is not resolved within the time prescribed by the commission for resolving the complaint.

Sec. 2021.156. PUBLIC PARTICIPATION. (a) Requires the commission to develop and implement policies that provide the public with a reasonable opportunity to appear before the commission and to speak on any issue under the commission's jurisdiction.

(b) Requires the commission to prepare and maintain a written plan that describes how a person who does not speak English may be provided reasonable access to the commission's programs.

Sec. 2021.157. INFORMAL SETTLEMENT CONFERENCE. Requires the commission to establish guidelines for an informal settlement conference related to a complaint filed with the commission.

## CHAPTER 2022. CASINO AND SLOT GAMING

### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2022.001. PUBLIC POLICY. (a) Requires that all casino gaming that is conducted in this state and that is authorized by law be regulated and licensed under this chapter, unless federal law or another state law specifically provides otherwise.

(b) Sets forth legislative findings and certain public policy declarations.

Sec. 2022.002. EXEMPTION FROM FEDERAL STATUTES. (a) Provides that under Section 2, 64 Stat. 1134 (15 U.S.C. Section 1172), this state declares that this state is exempt from that section.

(b) Provides that all shipments of gaming devices into this state, including slot machines, conducted in compliance with the applicable provisions of 15 U.S.C. Sections 1173 and 1174 are legal shipments of the devices into this state.

Sec. 2022.003. CONSTRUCTION; APPLICABILITY OF OTHER LAWS. (a) Provides that nothing in this chapter may be construed to implicitly repeal or modify existing state laws with respect to gambling, except that gaming devices or slot machines are not prohibited by another law if conducted as authorized under this chapter.

(b) Provides that this chapter or the commission rule controls in all matters related to gaming devices, including hearings before SOAH, to the extent of any inconsistency between Chapter 2003 (State Office of Administrative Hearings), Government Code, and this chapter or a commission rule governing the gaming devices.

Sec. 2022.004. AUTHORITY TO IMPLEMENT GAMING. (a) Authorizes the commission to implement gaming in accordance with this subtitle and, for a slot establishment at a racetrack, the Texas Racing Act (Article 179e, V.T.C.S.). Provides that this chapter supersedes any conflicting or inconsistent provision of the Texas Racing Act.

(b) Requires the commission to allow the operation of gaming pursuant to this subtitle at locations on Indian lands in accordance with an effective gaming agreement and in compliance with applicable federal law.

Sec. 2022.005. RULES FOR ADDITIONAL QUALIFICATIONS. Authorizes the commission by rule to establish other license, certificate of registration, finding of

suitability, or approval qualifications under this chapter that the commission determines are in the public interest and consistent with the declared policy of this state.

Sec. 2022.006. IMMUNITY FOR STATEMENT MADE IN PROCEEDING OR INVESTIGATION. Provides that any written or oral statement made in the course of an official commission proceeding or investigative activities related to an application for commission licensing, certificate of registration, finding of suitability, or other affirmative regulatory approval under this chapter, by any member or agent of the commission or any witness testifying under oath, that is relevant to the purpose of the proceeding is absolutely privileged and does not impose liability for defamation or constitute a ground for recovery in any civil action.

Sec. 2022.007. FINDING OF SUITABILITY. Authorizes the commission in its discretion, to promote the integrity and security of gaming under this subtitle, to require a finding of suitability for any person doing business with or in relation to the operation of gaming who is not otherwise required to obtain a license, certificate of registration, or other affirmative regulatory approval from the commission for the person's gaming-related operations.

Sec. 2022.008. CONSENT TO COMMISSION DETERMINATION. (a) Provides that an application for a license, certificate of registration, finding of suitability, or other affirmative regulatory approval under this chapter constitutes a request to the commission for a decision on the applicant's general suitability, character, integrity, and ability to participate or engage in or be associated with gaming under this chapter in the manner or position sought.

(b) Provides that by filing an application with the commission, the applicant specifically consents to the commission's decision at the commission's election when the application, after filing, becomes moot for any reason other than death.

Sec. 2022.009. ABSOLUTE AUTHORITY OF COMMISSION. Provides that the commission, to protect the integrity of gaming under this subtitle or the public health, welfare, or safety, or to prevent financial loss to this state, has full and absolute power and authority to deny any application or limit, condition, restrict, revoke, or suspend any license, certificate of registration, finding of suitability, or other affirmative regulatory approval and fine any person licensed, registered, found suitable, or approved for any cause considered reasonable by the commission.

Sec. 2022.010. LICENSING, REGISTRATION, SUITABILITY, AND REGULATORY APPROVAL AS REVOCABLE PERSONAL PRIVILEGES. (a) Provides that an applicant for a license, certificate of registration, finding of suitability, or other affirmative regulatory approval under this chapter does not have any right to the license, certificate of registration, finding of suitability, or approval sought.

(b) Provides that any license, certificate of registration, finding of suitability, or other affirmative regulatory approval granted under this chapter is a revocable privilege, and a holder of the privilege does not acquire any vested right in or under the privilege.

(c) Provides that the courts of this state do not have jurisdiction to review a decision to deny, limit, or condition the license, certificate of registration, finding of suitability, or approval unless the judicial review is sought on the ground that the denial, limitation, or condition is based on a suspect classification, such as race, color, religion, sex, or national origin, in violation of the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution. Requires the state court to affirm the commission's action unless the violation is proven by clear and convincing evidence. Provides that if a state court has jurisdiction over a claim under this section, then this state's sovereign immunity is waived only to the extent expressly provided by Section 2022.410.

(d) Prohibits a license, certificate of registration, finding of suitability, or other affirmative regulatory approval granted or renewed under this chapter from being transferred or assigned to another person unless approved in advance by the commission, and prohibits a license, certificate, finding, of suitability, or approval from being pledged as collateral. Requires the purchaser or successor of a person who has been granted a license, certificate, finding of suitability, or approval to independently qualify for a license, certificate, finding of suitability, or approval required by this chapter.

(e) Sets forth certain acts that void the license, certificate, finding of suitability, or other affirmative regulatory approval of the holder unless approved in advance by the commission.

Sec. 2022.011. PRIZE RULES, PAYMENT, AND REDEMPTION. (a) Requires the commission to adopt rules governing the amount a player is authorized to be charged to play a gambling game and the prizes and credits that are authorized to be awarded to the player of a gambling game.

(b) Provides that payment of prizes is the sole and exclusive responsibility of the casino or slot establishment, as applicable. Prohibits a prize from being paid by the commission or this state except as otherwise authorized.

(c) Provides that nothing in this chapter limits the ability of a casino or slot establishment to provide promotional prizes, including wide area progressive networks, in addition to prize payouts regulated by the commission.

(d) Requires the commission to enact rules consistent with this section governing the use and redemption of prizes and credits recorded on player account records, such as players' club cards and smart cards.

Sec. 2022.012. REPORT ON LITIGATION. (a) Requires a casino or slot machine establishment to report to the commission any litigation relating to the casino or slot establishment, including a criminal proceeding, a proceeding involving an issue related to racing activities that impact slot machine operations, or a matter related to character or reputation relevant to a person's suitability under this chapter.

(b) Requires that the report required under Subsection (a) be filed not later than the fifth day after the date the owner or operator acquires knowledge of the litigation.

Sec. 2022.013. COMMISSION APPROVAL REQUIRED FOR PROCEDURES AND ADMINISTRATIVE ACCOUNTING CONTROLS. (a) Requires the commission's approval for all internal procedures and administrative and accounting controls of a casino owner or operator or a slot establishment owner or operator.

(b) Requires the commission by rule to establish general accounting and auditing requirements and internal control standards for casinos and slot establishments.

Sec. 2022.014. EMPLOYEE REPORTING. (a) Requires a casino owner or operator or slot establishment owner or operator, on or before the 15th day of each month, to submit to the commission an employee report for the casino or slot establishment operated by the owner or operator. Requires that the report provide, for each employee of the casino or establishment, the employee's name, job title, date of birth, and social security number.

(b) Provides that the employee report is confidential and is not authorized to be disclosed except under commission order or in accordance with this subtitle.

(c) Authorizes the commission to conduct criminal history investigations for employees of casinos or slot establishments.

(d) Authorizes the commission to prohibit an employee from performing any act relating to gaming if the commission finds that an employee has committed certain acts.

(e) Authorizes the commission to prohibit an employee from performing any act relating to gaming based on a revocation or suspension of any gaming or wagering license, certificate of registration, finding of suitability, or other affirmative regulatory approval or for any reason the commission finds appropriate, including a refusal by a regulatory authority to issue a license, certificate of registration, finding of suitability, or other approval for the employee to engage in or be involved with gaming or with regulated gaming or pari-mutuel wagering in any jurisdiction.

(f) Defines "employee."

Sec. 2022.015. REPORT OF VIOLATIONS. Requires a person who holds a license, certificate of registration, finding of suitability, or other affirmative regulatory approval under this chapter to immediately report a violation or suspected violation of this chapter or a rule adopted under this chapter by any license, certificate, suitability, or approval holder, by an employee of a license, certificate, suitability, or approval holder, or by any person on the premises of a casino or slot establishment, whether or not associated with the license, certificate, suitability, or approval holder.

Sec. 2022.016. INDEMNIFICATION, INSURANCE, AND BONDING REQUIREMENTS. (a) Requires a license, certificate, suitability, or approval holder to indemnify and hold harmless this state, the commission, and all officers and employees of this state and the commission from any and all claims which are authorized to be asserted against a holder of a license, certificate, suitability, or approval, the commission, this state, and the members, officers, employees, and authorized agents of this state of the commission arising from the license, certificate, suitability, or approval holder's participation in gaming authorized under this subtitle.

(b) Requires that surety and insurance required under this chapter be issued by companies of financial institutions financially rated "A" or better as rated by A.M. Best Company or other rating organization designated by the commission and duly licensed, admitted, and authorized to conduct business in this state, or by other surety approved by the commission.

(c) Requires the commission to be named as the obligee in each required surety and as an additional insured in each required insurance contract.

(d) Prohibits a casino owner or operator or a slot establishment owner or operator from being self-insured with regard to gaming operations under this section.

(e) Requires the commission by rule to establish certain minimum insurance coverage requirements for license holders under this chapter.

Sec. 2022.017. LIABILITY FOR CREDIT AWARDED OR DENIED; PLAYER DISPUTE. Provides that this state and the commission are not liable for any gaming device malfunction or error by a casino or slot establishment that causes credit to be wrongfully awarded or denied to players.

[Reserves Sections 2022.018-2022.050 for expansion.]

#### SUBCHAPTER B. CASINO OWNER'S LICENSE

Sec. 2022.051. CASINO OWNER'S LICENSE. (a) Authorizes gaming to be lawfully conducted in a casino operating under a casino owner's license.



(b) Provides that it is unlawful for a person to own an equity interest in a casino that conducts gaming in this state for which a casino owner's license is not in effect.

(c) Requires that a separate casino owner's license be obtained for each casino conducting gaming.

Sec. 2022.052. ALLOCATION AND ISSUANCE OF CASINO OWNER'S LICENSES; TEMPORARY LICENSE. (a) Requires the commission to award nine casino owner's licenses to applicants for certain casino-anchored destination attraction development projects.

(b) Authorizes the commissioner to issue three additional casino owner's licenses to applicants based on evidence that demonstrates that the issuance of the license to the applicant would have a significant positive economic impact in the area in which the casino would be operated and on this state in addition to the casino owner's license issued under the other provisions of this casino.

(c) Authorizes the commission to issue a casino owner's license to a federally recognized Indian tribe that had land in this state held in trust by the United State on January 1, 1998 in addition to the casino owner's license issued under the other provisions of this section. Provides that a license under this subsection authorizes the tribe to operate only one casino on tribal lands held in trust by the United States on January 1, 1998.

(d) Provides that a casino owner's license issued by the commission under Subsection (c) to an Indian tribe constitutes an agreement between this state and the tribe for purposes of the Indian Gaming Regulatory Act (18 U.S.C. Section 1166 et seq. and 25 U.S.C. Section 2701 et seq.).

(e) Requires the casino operations and financial records of a casino owner's license holder under Subsection (b) who also holds a pari-mutuel license under the Texas Racing Act (Article 179e, V.T.C.S.) to be kept separate from the racing operations and records of the license holder, except as to simulcast common pool wagering conducted in a casino and except as otherwise authorized by the commission.

(f) Authorizes an Indian tribe to which Subsection (c) applies, in lieu of a casino owner's license, to operate a casino on Indian land described by Subsection (c) under an agreement with this state. Provide that the agreement is governed by this chapter and Chapter 2023, except that the commission by rule is authorized to modify the provisions of this chapter and Chapter 2023 if necessary to make those provisions applicable to casino gaming.

(g) Provides that, notwithstanding Subsections (a)-(c), a license may not be issued in a county unless a majority of the voters of the county voting in the 2009 constitutional amendment election to authorize casino gaming voted in favor of the proposition to authorize casino gaming or the voters of the county have approved a proposition legalizing casino gaming at a local option election held under this chapter; not more than three casino owner's licenses may be issued for casinos to be located in the same county; and a casino owner's license may not be issued for a location within an area in which casino gaming or slot gaming is prohibited under a gaming agreement.

(h) Authorizes the commission, in allocating licenses under this section and in addition to the other suitability criteria described in this chapter, to favorably consider whether a substantial percentage of the owners of a proposed casino facility are residents of this state who have maintained their residency in this state for not less than two years preceding the application date.

(i) Provides that a casino is considered to be located in the county in which the main public entrance to the casino is located for the purposes of determining the location of a casino.

(j) Authorizes the commission to issue a temporary license for one year or less to authorize the casino owner's license holder to temporarily conduct casino gaming in accordance with commission rules at a location within 1,000 feet of the site for which the casino license was granted.

(k) Prohibits a person from beneficially owning, directly or indirectly, an equity interest of more than five percent of the total equity interest in more than three casino owner's license holders.

(l) Prohibits a person from operating either under a casino owner's license or under a casino operator's license more than three casinos.

Sec. 2022.053. APPLICATION. (a) Requires that an application for a casino owner's license be made according to the rules of the commission and to contain information the commission finds necessary to determine the suitability and eligibility of the applicant, the eligibility of the proposed location, and the economic impact of the overall casino project.

(b) Requires the an application include certain information concerning feasibility of the overall casino project in addition to any other information the commission may require.

(c) Authorizes an applicant to apply for more than one casino owner's license relating to more than once casino but is required to submit a separate application for each casino for which a casino owner's license is sought.

(d) Requires that an application for a casino owner's license be accompanied by the nonrefundable application fee set out in Section 2022.252.

Sec. 2022.054. MANDATORY REQUIREMENTS. (a) Provides that a company is eligible to apply for and hold a casino owner's license only if the company is incorporated or organized and in good standing in this state, or organized under the laws of another state of the United States and qualified to do business in this state and the company complies with all the laws of this state.

(b) Requires an applicant to submit an application to the commission by the date established by the commission to be eligible to receive a casino owner's license to own a casino.

(c) Prohibits an application from being considered filed for purposes of this chapter that does not include the information prescribed by Section 2022.053(b) or that is not accompanied by the prescribed application fee.

Sec. 2022.055. CASINO LICENSE AWARD CONSIDERATIONS. (a) Requires the commission to determine the initial and continuing suitability of each applicant for or holder of a casino owner's license based on suitability criteria the commission adopts to ensure that all casino owner's license holders are of good character, honesty, integrity, and financial stability, that a casino owner's license holder has sufficient business probity, competence, and experience in gaming, and that a casino owner's license holder is otherwise qualified to be licensed.

(b) Requires the commission to give due to consideration to the protection of the public health, safety, morals, and general welfare of the people of this state and for the reputation of the state's gaming industry.

(c) Provides that the burden of proving suitability to receive or hold a casino owner's license is on the applicant or license holder.

(d) Authorizes the commission to consider the suitability of each person holding an equity interest or creditor interest in the applicant or holder; each person holding, or proposed to receive, a casino operator's license, occupational license, or manufacturer's license employed by or doing business with the applicant or holder; and each affiliate of the applicant or holder.

(e) Sets forth certain conditions under which an applicant for or a holder of casino owner's license is prohibited from receiving or holding a casino owner's license.

(f) Authorizes the commission to adopt rules providing for a person's reciprocal determination of suitability to hold a casino owner's license based on a determination of suitability to own and operate a casino in any other jurisdiction the commission considers reasonable in light of the purpose of this chapter.

Sec. 2022.056. ECONOMIC IMPACT ANALYSIS. (a) Requires the commission to consider certain factors in determining whether or, in the case of multiple applicants competing for a limited number of casino owner's licenses within a county, to whom to grant a casino owner's license.

(b) Requires the commission to require an applicant, as a condition to receiving and holding a casino owner's license, to commit to building a casino project that meets the requirements for a casino-anchored destination attraction development project established under Section 47a(g), Article III, Texas Constitution, to ensure that a requisite level of economic development benefitting the people of this state accompanies each casino for which a casino owner's license is granted.

Sec. 2022.057. REVIEW OF APPLICATION. (a) Requires the commission to issue an order approving or denying an application for a casino owner's license not more than six months after the date of the filing of the application.

(b) Authorizes the commission to adopt rules for awarding temporary or interim licensing the commission finds necessary to administer this chapter.

Sec. 2022.058. TRANSFERABILITY. Provides that a casino owner's license is not transferable and applies only to the specific site identified in the license.

Sec. 2022.059. DENIAL AND REVOCATION. (a) Authorizes the commission to deny an application or revoke a casino owner's license for a reasonable cause.

(b) Requires the commission to conduct an investigation and hearing under Section 2022.401 and is authorized, based on its determination, to suspend, limit, or revoke the license if the commission determines it has reasonable grounds to believe that a casino owner's license holder may be unsuitable to continue to hold a casino owner's license. Requires the license holder to immediately cease all gaming on suspension or revocation of a casino owner's license.

(c) Provides that a casino owner's license is forfeited, unless the commission, for good cause, has previously granted an appropriate extension of time if the holder of the casino owner's license fails to begin construction of a casino within 18 months after the receipt of the casino owner's license, or fails to begin gaming operations within the three years after the receipt of the license.

(d) Provides that the right to receive and hold a casino owner's license is a revocable privilege, and not a right or property under the United States Constitution or the Texas Constitution. Provides that an applicant for or holder of a casino owner's license does not have a vested interest or right in a license granted under this chapter.

Sec. 2022.060. REGISTRATION OF INTEREST IN LICENSE. (a) Requires a person who directly or indirectly owns an equity or creditor interest in an applicant for or holder of a casino owner's license, except as provided by Subsection (b), to register and qualify with the commission under commission rules and to provide information the commission finds necessary to determine the suitability and eligibility of the person to retain the interest.

(b) Sets forth certain persons who are not required to register or qualify under this section.

(c) Requires a casino owner's license holder to provide to the commission the name, address, and interest in the casino owner's license holder of each person who is exempt from registration or qualification under Subsection (b).

(d) Requires that a registration filed under this section be accompanied by the application fee set out in Section 2022.252.

Sec. 2022.061. TRANSFERABILITY OF INTEREST. (a) Prohibits a casino owner's license holder from issuing an equity or creditor interest to a person without the commission's determination of the qualification of the proposed subscriber or purchaser to hold the interest. Authorizes a casino owner's license holder, that is a publicly held company, to issue equity or creditor interests of five percent or less of its equity or creditor interest to any person without the consent of the commission.

(b) Prohibits a person beneficially owning more than five percent of equity or creditor interest of a casino owner's license holder from transferring any portion of the interest in the license holder to any person without the commission's determination of the qualification of the proposed transferee to hold the interest.

(c) Requires a subscriber or proposed transferee of an interest by a casino owner's license holder to provide the commission with information the commission considers necessary to determine the qualification of the person. Requires the commission, not later than 60 days after the date of the application, to determine the qualification of a subscriber or proposed transferee and approve or deny the issuance or transfer.

Sec. 2022.062. DETERMINATION OF QUALIFICATION. (a) Requires the commission to determine the qualification of a person to acquire or continue to hold an equity or creditor interest in an applicant for or holder of a casino owner's license based on the qualification requirements the commission adopts for the protection of the public interest to ensure that the persons holding securities issued by license holders are of good character, honesty, integrity, and financial stability, and are otherwise qualified to hold the interest.

(b) Provides that the burden of proving qualification to acquire or hold an equity or creditor interest in a license holder is on the person acquiring or holding the interest.

(c) Provides that a person is unsuitable to acquire or retain an equity or creditor interest in an applicant for or holder of a casino owner's license if the person would be unsuitable to receive a casino owner's license under Section 2022.055(e).

(d) Requires the commission to conduct an investigation and hearing under Section 2022.401 and authorized the commission, based on its determination, issue an unsuitability finding and divestiture order to the holder of the interest and the issuer of the interest if the commission has reasonable grounds to believe that a person holding an equity or creditor interest in an applicant for or holder of a casino owner's license may be unqualified to retain the person's interest.

(e) Prohibits the person subject to the order from receiving, directly or indirectly, a dividend, interest payment, or distribution of any kind relating to the security that is the subject of the order or exercising, directly or indirectly, any voting power or other right with respect to the security to which the order relates.

(f) Authorizes a person subject to an order to receive payment for the sale of the person's interest on terms the commission approves.

Sec. 2022.063. TEXAS ENTERPRISE FUND GRANT. Provides that a casino owner is eligible to apply for and receive a grant from the Texas Enterprise Fund under Section 481.078 (Texas Enterprise Fund), Government Code.

[Reserves Sections 2022.064-2022.100 for expansion.]

#### SUBCHAPTER C. CASINO OPERATOR'S LICENSE AND OCCUPATIONAL LICENSE

Sec. 2022.101. CASINO OPERATOR'S LICENSE. (a) Prohibits a person from providing services as a casino operator without holding a casino operator's license.

(b) Requires a casino operator to hold a separate casino operator's license for each casino that the casino operates unless the operator is also the owner of the premises and holds a casino owner's license for the premises.

Sec. 2022.102. OCCUPATIONAL LICENSE. (a) Prohibits a person from being employed as a gaming employee without holding an occupational license.

(b) Provides that the holder of an owner's license or operator's license is not required to obtain an occupational license to provide services as a gaming employee in the casino or slot establishment to which the license relates.

(c) Requires a casino or slot establishment owner to at all times have not less than one occupational license holder designated as a key employee having responsibility over all gaming activities who is required to be available at the casino or slot establishment at all times when gaming is conducted on the owner's license holder's premises.

(d) Requires a gaming employee designated or determined to be a key employee by the commission to be issued an occupational license designated as a key employee occupational license. Provides that the commission, in determining whether an employee is a key employee, is not restricted by the title of the job performed by the employee, but may consider the functions and responsibilities of an employee in making decisions.

(e) Requires a person employed in the field of gaming as a gaming employee to obtain an occupational license designated as a support occupational license. Prohibits a person required to hold a support occupational license from being a gaming employee of or assist the casino owner's or operator's license holder until the employee obtain a support occupational license. Provides that a person licensed as a key employee is not required to obtain a support occupational license.

Sec. 2022.103. APPLICATION. (a) Requires that an application for a casino operator's license or an occupational license be made in compliance with commission rules and is required to contain information the commission finds necessary to determine the suitability and eligibility of the applicant to function as a casino operator or to be employed or retain as a gaming employee.

(b) Requires that an application for a casino operator's license or an occupational license be accompanied by the required application fee.

(c) Authorizes the commission to issue a temporary casino operator's license and a temporary occupational license.

Sec. 2022.104. RESIDENCY. Provides that a person is eligible to apply for and hold a casino operator's license or occupational license without regard to the residency of the applicant.

Sec. 2022.105. DETERMINATION OF SUITABILITY. (a) Requires the commission to determine the suitability of an applicant for or holder of a casino operator's license or occupational license based on suitability criteria the commission adopts in order to ensure that a license holder is of good character, honesty, and integrity; has sufficient business probity, competence, and training or experience in the gaming industry to perform the function contemplated; and is otherwise qualified to be licensed.

(b) Provides that the burden of proving suitability to receive and hold a casino operator's license or occupational license is on the applicant or license holder.

(c) Requires the commission, in considering the suitability of a company applying for or holding a casino operator's license or occupational license to receive and continue to hold the license, to consider the suitability of each principal manager and each holder of an equity interest and creditor interest of the company to individually receive and hold an occupational license based on the suitability standards that apply to the applicants for the license generally.

(d) Prohibits a person from being found suitable to receive or hold a casino operator's license or occupational license if that person would be found unsuitable to hold a casino owner's license under Section 2022.055(e), except that an applicant for a casino operator's license or occupational license who has been convicted of a felony may be found suitable if the person is found to be adequately rehabilitated under the rehabilitation requirements adopted by the commission, and the applicant or license holder is otherwise suitable for licensing.

Sec. 2022.106. DENIAL OR REVOCATION OF LICENSE. (a) Authorizes the commission to deny an application for or revoke a casino operator's license or occupational license for any reasonable cause.

(b) Requires the commission to conduct an investigation and hearing provided in Section 2022.102 and is authorized, based on its determination, to suspend, limit, or revoke any license if the commission determines that it has reasonable grounds to believe that a license holder may be unsuitable to continue to hold the license, giving due consideration to the protection of the health, safety, morals, and general welfare of this state and to the reputation of the state's gaming industry.

(c) Requires the license holder, on suspension or revocation of a license, to cease the provision of all services in any capacity requiring a license under Section 2022.101 or 2022.102.

(d) Prohibits a holder of an occupational license that has been revoked or suspended from receiving, directly or indirectly, any compensation, consideration, or payment of any kind relating to the conduct of gaming in any capacity requiring a license under Section 2022.101 or 2022.102, other than the payment for services rendered before the suspension or revocation or serving or functioning in a capacity that would require a license under Section 2022.101 or 2022.102.

(e) Provides that the receipt and holding of a license is a privilege and is not a right or property under the United State Constitution or the Texas Constitution. Provides that an applicant for or holder of a casino operator's license or occupational license does not have a vested interest or right in a license granted under this chapter.

[Reserves Sections 2022.107-2022.150 for expansion.]

#### SUBCHAPTER D. MANUFACTURER'S AND OTHER SERVICE PROVIDERS' LICENSES

Sec. 2022.151. MANUFACTURER'S LICENSE. (a) Prohibits a person from engaging in any segment of the slot machine manufacturing industry in this state for which a manufacturer's license is required under this section without obtaining a manufacturer's license covering that segment of the industry.

(b) Requires the commission to adopt rules identifying segments of the manufacturing industry directly involved in the design, manufacture, assembly, production, programming, sale, lease, marketing, distribution, repair, or modification of slot machines or component parts of slot machines that the commission finds appropriate for licensing under this section.

(c) Provides that a manufacturer's license is personal to the license holder and allows the license holder to conduct business with any casino or slot establishment.

Sec. 2022.152. CASINO SERVICE LICENSE. (a) Prohibits a person from engaging in any segment of the casino service industry that requires a license without obtaining a casino service license.

(b) Requires the commission to adopt rules identifying segments of the casino service industry directly involved with providing gaming-related services, equipment, and supplies that the commission finds appropriate for licensing.

(c) Requires a person to obtain a casino service license if the person operates, conducts, or maintains a gaming-related business in a casino or slot establishment or furnishes goods, property, or services to a casino or slot establishment in exchange for a certain payment.

(d) Provides that a utility company, a municipality, or another political subdivision is not required to obtain a casino service license under this section.

(e) Provides that a casino service license is personal to the license holder and allows the license holder to conduct business with any casino or slot establishment.

Sec. 2022.153. APPLICATION. (a) Requires that an application for a manufacturer's license or casino service license be made in compliance with commission rules and to contain information the commission finds necessary to determine the suitability and eligibility of the applicant.

(b) Requires that an application for a manufacturer's license or casino service license be accompanied by the required application fee.

Sec. 2022.154. DETERMINATION OF SUITABILITY. (a) Requires the commission, in considering the suitability of a company applying for or holding a manufacturer's license or casino service license to receive and continue to hold the license, to consider the suitability of each principal manager and each holder of an equity interest and creditor interest in the company applicant to individually receive and hold a manufacturer's license or casino service license based on the suitability standards that apply to the company applicant. Prohibits a person from being found suitable to receive or hold a manufacturer's license or casino service license if that person would be found unsuitable to hold a casino owner's license under Section 2022.055(e).

(b) Requires the commission, if the commission determines that it has reasonable grounds to believe that a license holder is unsuitable to hold a manufacturer's license or casino service license, to conduct an investigation and hearing under

Section 2022.401 and is authorized, based on its determination, to suspend, limit, or revoke a license.

(c) Requires a license holder, on suspension or revocation of the license, to cease the performance of manufacturing activity or casino service requiring a license under this chapter. Prohibits the affected license holder, after the revocation or suspension of the license, from receiving, directly or indirectly, compensation, consideration, or payment of any kind relating to manufacturing activity or provision of casino services in any capacity requiring a license under this chapter, other than the payment for goods or services provided before the suspension or revocation.

(d) Authorizes an owner or casino operator who has entered into a lease with a manufacturer license holder or casino services license holder whose license has been revoked or suspended to continue to make payments on the lease based upon its original terms and conditions without modification or is authorized to accelerate the lease and pay it off, at the sole option of the owner or operator.

(e) Provides that the burden of proving suitability to receive and hold a manufacturer's license or casino service license is on the license holder.

[Reserves Sections 2022.155-2022.200 for expansion.]

#### SUBCHAPTER E. SLOT ESTABLISHMENT LICENSES

Sec. 2022.201. SLOT ESTABLISHMENT OWNER'S OR OPERATOR'S LICENSE REQUIRED. Prohibits a person, except as otherwise provided by this chapter, Chapter 2023, or a gaming agreement, from owning or operating a slot machine if the person does not satisfy the requirements of this chapter and is not licensed by the commission to act as a slot establishment owner or operator. Provides that this section does not prohibit the operation of slot machines by the owner or operator of a casino licensed under this chapter.

Sec. 2022.202. APPLICATION AND QUALIFICATION. (a) Requires an applicant for a slot establishment owner's or operator's license to apply to the commission under rules adopted by the commission, provide the information necessary to determine the applicant's eligibility for a license, and provide other information considered necessary by the commission.

(b) Requires an applicant for a slot establishment owner's license, except as provided by other law, to hold a pari-mutuel license granted under the Texas Racing Act (Article 179e, V.T.C.S.) and operate a racetrack.

(c) Requires an applicant for a slot establishment operator's license to have a valid and executed contract with a racetrack that satisfies the requirements of Subsection (b) to act as a slot establishment operator for the racetrack subject to licensing under this chapter.

(d) Requires each officer, partner, director, key employee, equity interest holder, and gaming employee of slot establishment operations to be eligible and maintain eligibility in accordance with this chapter to be involved in gaming in this state under this subchapter.

(e) Provides that an applicant for a slot establishment owner's or operator's license has the burden of proving qualification for a license by clear and convincing evidence. Requires an applicant for a slot establishment owner's or operator's license, in addition to satisfying minimum requirements established by commission rules, to meet and provide certain criteria.

(f) Requires that an application or disclosure form and any other document submitted to the commission by or on behalf of the applicant for purposes of



determining qualification for a slot establishment owner's or operator's license be sworn to or affirmed before an officer qualified to administer oaths.

(g) Provides that an applicant who knowingly fails to reveal any fact material to qualification for a license, finding of suitability, or other approval or who knowingly submits false or misleading material information is ineligible for a slot establishment owner's or operator's license.

(h) Requires an applicant for a license or renewal of a license as a slot establishment owner or operator to notify the commission of any change in the application information for a license or renewal of a license not later than the 10th day after the date of the change, except that a publicly traded corporation or other business association or entity applicant is not required to notify the commission of a transfer by which any person directly or indirectly becomes the beneficial owner of less than 10 percent of the stock of the corporation or association.

Sec. 2022.203. SLOT ESTABLISHMENT OWNER OR OPERATOR: EMPLOYEE INFORMATION. (a) Requires a slot establishment owner or operator to provide to the commission the name and address of the providers of surety and insurance required under this chapter.

(b) Requires a license holder, not later than the 10th day following the date of the change, to report to the commission any change in an officer, partner, director, key employee, equity interest holder, gaming employee, or owner and any change in a surety or insurance provider.

Sec. 2022.204. SLOT ESTABLISHMENT: REQUIREMENTS; LOCATION. (a) Prohibits a slot establishment owner or operator from operating slot machines at any place that is not licensed as a slot establishment.

(b) Requires the commission by rule to establish standards for slot establishments to ensure that establishments are accessible, safe, comfortable, durable, and of sufficiently high-quality construction to promote investments in establishments and related facilities that foster lasting economic development and continuity in producing state revenue, and that protect the health and welfare of employees, patrons, and all state residents. Requires that the standards include or incorporate high-quality commercial building standards, including safety, air-conditioning, heating, and electrical standards.

(c) Requires an applicant for a slot establishment to consent to the application of state laws with exclusive venue in Travis County, Texas related to any action arising out of the operation of slot machines, provide office space for at least one commission employee as required by commission rule, and provide free and unrestricted access to the establishment by the commission.

(d) Requires an applicant for a slot establishment license to provide the maps, surveys, site plans, architectural plans, and financial statements required by the commission and update the information at least annually if required by the commission.

(e) Prohibits the commission from denying, suspending, or revoking a license under this chapter based on the fact that a slot establishment or a proposed slot establishment is a location for which a person holds a wine and beer retailer's permit, mixed beverage permit, or mixed beverage late hours permit, private club registration permit, or private club late hours permit, issued under Chapter 25 (Wine and Beer Retailer's Permit), 28 (Mixed Beverage Permit), 29 (Mixed Beverage Late Hours Permit), 32 (Private Club Registration Permit), or 33 (Other Private Club Permits), Alcoholic Beverage Code.

(f) Prohibits the commission from issuing a slot establishment license to a certain racetrack.

(g) Provides that a slot establishment license is valid only on the premises of the location for which the license is issued. Prohibits the location for a licensed slot establishment from being moved or transferred under the license issued, and prohibits the license from being amended to provide a different location for the slot establishment even if the racetrack location is moved or transferred to a different location. Provides that a slot establishment is void if the location of the racetrack to which the slot establishment owner's pari-mutuel license applies is moved.

Sec. 2022.205. SUMMARY SUSPENSION OF SLOT ESTABLISHMENT OWNER'S OR OPERATOR'S LICENSE. Authorizes the commission to summarily suspend the license of a slot establishment owner or operator without notice or hearing of the commission finds the action is necessary to maintain the integrity, security, honesty, or fairness of the operation or administration of gaming or to prevent financial loss to this state and the license holder fails to deposit money received from slot machine operations as required by this chapter or commission rule, an event occurs that would render the license holder ineligible for a license under this chapter, the license holder refuses to allow the commission, the commission's agents, or the state auditor, or their designees, to examine the license holder's books, records, papers, or other objects, or the executive director learns the license holder failed to disclose information that would, if disclosed, render the owner or operator ineligible for a license under this chapter.

Sec. 2022.206. CAPITAL INVESTMENTS AND IMPROVEMENT REQUIREMENTS FOR SLOT ESTABLISHMENT. (a) Requires a slot establishment owner or operator to provide all necessary capital investments and required improvements at a slot establishment owned or operated by the owner or operator.

(b) Prohibits the commission from issuing a license for the operation of a slot establishment at a class 2 racetrack that has not made at least \$40 million in capital investments or improvements to new or existing facilities at the racetrack.

[Reserves Sections 2022.207-2022.250 for expansion.]

#### SUBCHAPTER F. LICENSE RENEWAL AND FEES

Sec. 2022.051. TERMS; RENEWAL. (a) Provides that an original or renewal license expires on the first anniversary of the date it is issued.

(b) Provides that the fee for an owner's license, operator's license, occupational license, manufacturer's license, or casino service license is in the amount established by Section 2022.253 and is required to be paid annually. Authorizes a license holder to renew an unexpired license annually by meeting the licensing requirements of the commission and by paying the annual fee.

Sec. 2022.052. APPLICATION FEES. (a) Requires an application fee received under this section to be deposited in the Texas casino and slot gaming fund and used for the operation of the commission.

(b) Requires an applicant for a casino owner's license to pay an application fee of \$100,000.

(c) Requires an applicant for a slot establishment owner's license to pay an application fee of \$50,000.

(d) Requires an applicant for a manufacturer's license to pay an application fee of \$200,000.

(e) Requires an application for an operator's license to pay an application fee of \$50,000.

- (f) Requires an applicant for a casino service license to pay an application fee of \$100.
- (g) Requires a person registering and applying to qualify to hold an equity interest or creditor interest in a license holder to pay an application fee of \$100.
- (h) Requires an individual applying for an occupational license to pay an application fee of \$100.
- (i) Requires that all application fees be in the form of a money order or cashier's check and be payable to the commission, except that the commission is authorized to provide for the payment of the fees by electronic funds transfer or similar method. Provides that application fees are nonrefundable.
- (j) Requires that all application fees be applied toward the cost of investigating applicants' suitability for licensing or qualification under this chapter. Requires that any costs of investigation incurred in excess of the application fee be paid by the applicant.

Sec. 2022.253. LICENSE FEES. (a) Requires a holder of a casino owner's license to pay an annual license fee of \$100,000.

- (b) Requires a holder of a slot establishment owner's license to pay an annual fee of \$50,000.
- (c) Requires a holder of a manufacturer's license to pay an annual license fee of \$100,000.
- (d) Requires a holder of an operator's license to pay an annual license fee of \$50,000.
- (e) Requires a holder of a casino service license to pay an annual license fee of \$100.
- (f) Requires a holder of an equity interest of creditor interest in any license holder that is required to qualify with the commission to pay an annual fee of \$100.
- (g) Requires a holder of an occupational license to pay an annual license fee of \$100.

[Reserves Sections 2022.254-2022.300 for expansion.]

#### SUBCHAPTER G. CASINO AND SLOT GAMING FUND; TAXES ON GROSS GAMING REVENUE AND NET SLOT INCOME

Sec. 2022.301. TEXAS CASINO AND SLOT GAMING FUND. (a) Provides that the Texas casino and slot gaming fund is a special fund in the state treasury.

- (b) Requires that all application fees, investigation fees, and license fees collected by the commission or on the commission's behalf related to casino and slot gaming be deposited to the credit of the Texas casino and slot gaming fund.
- (c) Authorizes the Texas casino and slot gaming fund to be used only for the operation of the commission and the administration of this chapter. Authorizes the legislature to transfer any excess amount to a dedicated account to be known as the higher education trust account in the general revenue fund to be used solely to provide additional financial aid to assist in the payment of tuition and fees for resident students of institutions of higher education in this state if the money in the fund exceeds the amount necessary for the operation of the commission and the administration of this chapter.

(d) Requires that the operation of the commission and the administration of this chapter be supported by fees generated under this chapter and by a portion of the taxes imposed by Section 2022.302.

Sec. 2022.302. CASINO AND SLOT GAMING TAX; ALLOCATION OF TAX. (a) Provides that there is imposed on each holder of a casino owner's license a gaming tax in an amount equal to 15 percent of the gross gaming revenue of the casino operated under the license. Requires the tax to be computed and paid on a monthly basis in accordance with the procedures established by commission rule.

(b) Provides that there is imposed on each holder of a slot establishment owner's license a slot gaming tax in an amount equal to 35 percent of the net slot income of the slot establishment operated under the license. Requires the tax to be computed and paid on a monthly basis in accordance with the procedures established by commission rule.

(c) Provides that the revenue from the taxes imposed by this section, except as provided by Subsections (d), (e), and (f), is allocated to the higher education trust account in the general revenue fund.

(d) Provides that of the revenue from the tax imposed by Subsection (a), one-thirtieth of the revenue is allocated to the municipality in which the casino to which the license relates is located or one-fifteenth of the revenue is allocated to the county in which the casino to which the license relates is located if the casino is located in an unincorporated area.

(e) Requires the comptroller of public accounts (comptroller) to transfer the appropriate amount allocated under Subsection (d) to the appropriate municipalities and counties not less than monthly in the manner the comptroller considers appropriate.

(f) Requires that of the revenue from the taxes imposed by this section one-tenth of one percent is allocated to the general revenue fund and may be appropriated only to fund a compulsive gambling program established under Subchapter L and \$200,000 may be appropriated in each state fiscal biennium to DPS to be used to provide grants to prosecuting attorneys for the investigation and prosecution of offenses related to the possession of gambling devices.

(g) Provides that the taxes imposed by this section are due and payable on or before the 20th day of the month following the month in which the taxes are imposed.

(h) Requires the commission to assess and collect the additional gaming taxes determined to be due with interest until paid or refund any overpayment, with interest, to the license holder if the amount of gaming taxes required to be reported and paid under this section is later determined to be greater or less than the amount actually reported and paid by the license holder.

(i) Requires that interest be computed, until paid, at the rate of one percent per month from the first day of the first month following either the due date of the additional gaming taxes or the date of overpayment.

Sec. 2022.303. DETERMINATION OF GROSS GAMING REVENUE. (a) Prohibits a prize, premium, drawing, benefit, or ticket that is redeemable for money, merchandise, or other promotional allowance except money or tokens paid at face value directly to a patron as the result of a specific wager and the amount of cash paid to purchase an annuity to fund winnings, in calculating gross gaming revenue, from being deducted from gross gaming revenue as a loss at any game except a slot machine.

(b) Authorizes that the actual cost to the license holder of any personal property distributed to a patron as the result of a legitimate wager be deducted as a loss, in

calculating gross gaming revenue from slot machines at a casino, but prohibits travel expenses, food, refreshments, lodging, or services at the license holder's facility from being deducted. Defines "as a result of a legitimate wager."

(c) Provides that cash or the value of noncash prizes awarded to patrons in a contest or tournament are not losses for purposes of determining gross gaming revenue.

Sec. 2022.304. REFUND OF OVERPAYMENT. (a) Authorizes that taxes imposed under this chapter that are erroneously collected be refunded, on approval of the commission, as other claims against the state are paid.

(b) Authorizes the claimant to bring an action against the commission on the grounds stated in the claim in any court of competent jurisdiction for the recovery of any part of the amount of the claim that has been disallowed, not later than the 90th day after the date of the mailing of the notice of the commission's action on a claim for refund filed under this chapter.

(c) Provides that failure to bring an action within the time specified by Subsection (b) constitutes a waiver of any demand against the state on account of alleged overpayments.

(d) Authorizes the claimant, if the commission fails to mail its notice of action on a claim within six months after the date the claim is filed, to consider the claim disallowed and bring an action against the commission on the grounds set forth in the claim for the recovery of any part of the amount claimed as an overpayment.

(e) Provides that interest is allowed at the at the rates provided in Section 111.064 (Interest on Refund or Credit), Tax Code in a case where a refund is granted.

(f) Requires that a claim for refund of taxes imposed under this subchapter that are paid in excess of the amount required to be reported and paid be filed not later than two years after the date of overpayment.

Sec. 2022.305. DETERMINATION OF DEFICIENCY. (a) Authorizes the executive director to compute and determine the amount required to be paid on a certain basis if an owner's license holder fails to make a report of the taxes imposed under this subchapter as required by this chapter or if the executive director is not satisfied with the owner's license holder's report of the taxes.

(b) Authorizes the commission to offset overpayments and interest due against underpayments and interest or penalties due for the period of the audit in making a determination.

(c) Requires the executive director to give prompt written notice of a determination of a deficiency under this section to the owner's license holder. Requires that a notice of a determination of deficiency, except in the case of fraud or intent to evade the payment of the tax, be mailed not later than two years after the last day of the calendar month following the applicable reporting period in which the deficiency occurred or not later than two years after the report is filed by the owner's license holder, whichever is later.

(d) Requires the executive director to include an explanation of those reasons in the notice of a determination of a deficiency if the reasons for the deficiency are not apparent.

(e) Requires that the excess amount, if overpayments and interest exceed underpayments, be refunded to the owner's license holder.

Sec. 2022.306. PETITION FOR REVIEW. (a) Authorizes an owner's license holder against whom a determination is made under Section 2022.305 to petition the

commission for a redetermination not later than the 30th day after the date of the service of notice of the determination. Provides that the determination becomes final if a petition for redetermination satisfying the requirements of Subsection (c) is not filed within the 30-day period.

(b) Requires the commission, if a petition for redetermination satisfying the requirements of Subsection (c) is filed within the 30-day period, to reconsider the determination and grant a hearing if the petitioner requests.

(c) Requires that a petition for redetermination specifies the contested portions of the determination of deficiency, specifies the grounds for redetermination, states whether a hearing is requested, and be accompanied by payment in full of the uncontested portion of the determination, including any interest and penalties.

(d) Provides that an order or decision of the commission on a petition for redetermination is final 10 days after the date of service on the petitioner.

(e) Authorizes a petitioner against whom an order of decision of the commission becomes final to petition for judicial review in the manner provided by Chapter 2001 (Administrative Procedure), Government Code, not later than the 60th day after the date the decision is final. Prohibits the executive director from petitioning for judicial review.

Sec. 2022.307. TAX ADMINISTRATION. (a) Requires the commission to perform all functions incident to the administration, collection, enforcement, and operation of a fee or tax imposed under this subchapter. Authorizes the commission to adopt rules and prescribe forms for the administration, collection, and enforcement of a fee or tax and for the reporting of a fee or tax.

(b) Provides that Subtitle B (Enforcement and Collection), Title 2, Tax Code, except as modified by this chapter, applies to the administration, collection, and enforcement of tax imposed under this subchapter. Provides that, for the purpose of the application of Subtitle B, Title 2, Tax Code, to a tax imposed under this subchapter the powers and duties assigned to the comptroller under that subtitle are assigned to the commission.

Sec. 2022.308. TAXES DEPOSITED IN STATE HIGHWAY FUND. (a) Requires the comptroller quarterly, notwithstanding any other law, quarterly to determine the net amount of receipts collected from a casino or slot establishment from the taxes imposed under Chapters 151 (Limited Sales, Excise, and Use Tax), 152 (Taxes on Sale, Rental, and Use of Motor Vehicles), 156 (Hotel Occupancy Tax), 171 (Franchise Tax), and 183 (Mixed Beverage Tax), Tax Code, and requires that amount to be deposited in the state highway fund.

(b) Authorizes that money deposited in the state highway fund under this section be used only for transportation in this state.

[Reserves Sections 2022.309-2022.350 for expansion.]

#### SUBCHAPTER H. REGULATION OF CASINO AND SLOT ESTABLISHMENT OPERATIONS

Sec. 2022.351. REGULATION OF CASINO AND SLOT ESTABLISHMENT OPERATIONS. (a) Requires the commission to adopt rules applicable to the operation of casinos and slot establishments as the commission finds necessary for the protection of the health, safety, morals, and general welfare of this state and for the reputation of the state's gaming industry.

(b) Authorizes casinos and slot establishments to operate 24 hours a day, seven days a week. Authorizes a license holder to elect other hours of operation.

(c) Prohibits the commission from authorizing a casino or slot establishment to conduct wagering on the outcome of a sports event or sports activity other than greyhound or horse racing.

Sec. 2022.352. USE OF CHIPS OR TOKENS. Requires that all gaming be conducted with chips or tokens approved by the commission or with the legal tender of the United States.

Sec. 2022.353. REPORTING REQUIREMENTS. (a) Requires an owner's license holder to keep the license holder's books and records in a manner that clearly shows the total amount of gross gaming revenue or net slot income, as applicable, and other revenues received.

(b) Provides that the books and records kept by an owner's license holder relating to gaming operations are not public records and the publication and dissemination of the materials by the commission is prohibited. Authorizes the commission to publish and disseminate gaming revenues and incomes of each owner's license holder at a frequency and in the level of detail as it considers appropriate.

(c) Requires an owner's license holder to file a report of each change of the corporate officers and directors with the commission. Requires the commission, not later than the 90th day after the date of the change, to approve or disapprove the change. Entitles the officer or director to exercise the powers of the office to which the officer or director was elected or appointed during the 90-day period.

(d) Requires an owner's license holder to report to the executive director in writing a change in company employees who have been designated as key employees.

(e) Authorizes the commission to require that a company furnish the commission with a copy of its federal income tax return not later than the 30th day after the date the return is filed with the federal government.

Sec. 2022.354. EXCLUSION OF PERSONS. (a) Requires the commission by rule to provide for the establishment of a list of persons who are to be excluded or ejected from a casino or slot establishment. Authorizes the list to include a person whose presence in the casino or establishment is determined by the commission to pose a threat to the interests of this state, to licensed gaming, or to both interests.

(b) Authorizes the commission, in making a determination under this section, to consider any prior conviction of a crime that is a felony in this state or under the laws of the United States or a crime involving moral turpitude or a violation of the gaming laws of a state or violation of or conspiracy to violate certain provisions of this chapter.

Sec. 2022.355. INTERNAL AUDIT AND CONTROL SYSTEMS. (a) Requires an owner's license holder to adopt an internal control system that provides for the safeguarding of its assets and revenues, especially the recording of cash and evidence of indebtedness and the provision of reliable records, accounts, and reports of transactions, operations, and events, including reports to the executive director and the commission.

(b) Requires that the internal control system be designed to reasonably ensure the completion of certain tasks. Sets forth those certain tasks.

(c) Requires an owner's license holder and an applicant for an owner's license to describe, in a manner approved or required by the executive director, the license holder's or applicant's administrative and accounting procedures in detail in a written system of internal control. Requires an owner's license holder and applicant for an owner's license to submit a copy of the license holder's or applicant's written system to the executive director. Sets forth required content of the written system.

(d) Requires the commission to adopt minimum standards for internal control procedures.

Sec. 2022.356. AGE REQUIREMENTS. Prohibits a person under the age of 21 years from playing, being allowed to play, placing wagers, or collecting winnings, personally or through an agent, from any gaming authorized under this chapter or being employed as a gaming employee.

Sec. 2022.357. ACCEPTANCE OF NEGOTIABLE INSTRUMENTS. (a) Authorizes a negotiable instrument evidencing a gaming transaction to be enforced by legal process.

(b) Authorizes a license holder to accept an incomplete negotiable instrument that is signed by a patron and states the amount of the debt. Authorizes the license holder to complete the instrument as is necessary for the instrument to be presented for payment.

(c) Prohibits a license holder from accepting a negotiable instrument that is incomplete, except as authorized by Subsection (b), authorizes the license holder to accept a negotiable instrument that is payable to an affiliate or to complete a negotiable instrument in the name of an affiliate as payee if the negotiable instrument otherwise complies with this section and the records of the affiliate pertaining to the negotiable instrument are made available to the executive director on request.

(d) Provides that this section does not prohibit the establishment of an account by a deposit of cash, recognized traveler's check, or any other instrument that is equivalent to cash.

(e) Provides that any person, license holder, or the agents or employees of the person or license holder who violate this section are subject only to the penalties provided in this chapter relating to disciplinary actions. Provides that the failure of a person to comply with this section or commission rules does not invalidate a negotiable instrument or affect the ability to enforce the negotiable instrument or the transaction that the negotiable instrument represents.

Sec. 2022.358. GAMING DEBTS. (a) Provides that gaming debts not evidenced by a negotiable instrument are void and unenforceable and do not give rise to any administrative or civil cause of action, except as otherwise provided by this chapter.

(b) Authorizes a claim by a patron of a license holder for payment of a gaming debt not evidenced by a negotiable instrument to be resolved by the executive director under commission rules.

(c) Requires the executive director to send a copy of the director's ruling by first class mail to the attorneys of record and to keep an appropriate copy of the mailing. Requires the executive director, if a party is not represented by an attorney of record, to send a copy of the ruling by first class mail to the party and to keep an appropriate record of the mailing.

(d) Provides that a party or attorney of record notified by mail under this section is presumed to have been notified on the date on which the notice is mailed.

(e) Entitles a party aggrieved by the executive director's ruling to have the claim resolved by the commission in a contested case if the party files a written complaint with the commission challenging the executive director's decision not later than the 20th day after the date on which the party or the party's attorney of record is notified by mail.

Sec. 2022.359. QUESTIONING AND DETENTION OF PERSONS. (a) Authorizes an owner's license holder or the license holder's officer, employee, or agent to question any



person on the license holder's premises suspected of violating this chapter. Provides the owner's license holder or the license holder's officer, employee, or agent is not criminally or civilly liable as a result of the questioning or for reporting the person suspected of the violation to the executive director or law enforcement authorities.

(b) Authorizes an owner's license holder or the license holder's officer, employee, or agent who has reasonable cause to believe that there has been a violation of this chapter in the license holder's casino or slot establishment by a person to take that person into custody and detain the person in the casino or slot establishment in a reasonable manner and for a reasonable length of time. Provides that the taking into custody and detention does not render the license holder or the license holder's officer, employee, or agent criminally or civilly liable unless it is established by clear and convincing evidence that the taking into custody and detention are unreasonable under all the circumstances.

(c) Provides that an owner's license holder or the license holder's officer, employee, or agent is not entitled to the immunity from liability provided by Subsection (a) or (b) unless there is displayed in a conspicuous place in the license holder's establishment a notice in bold-faced type and clearly legible. Sets forth the required content of this notice.

Sec. 2022.360. **SLOT MACHINE DISABLED.** (a) Authorizes the commission to disable a slot machine operated by a license holder under this chapter at a certain time.

(b) Requires the commission to immediately disable a slot machine if necessary to protect the public health, welfare, or safety.

Sec. 2022.361. **SLOT MACHINE: DISTRIBUTION AND COMMISSION APPROVAL.** (a) Prohibits a slot machine provider from distributing a slot machine or other gaming or associated equipment for placement at a casino or slot establishment in this state unless the machine or equipment has been approved by the commission.

(b) Authorizes only a person that holds a manufacturer's license issued under this chapter to apply for approval of a slot machine or other gaming or associated equipment.

Sec. 2022.362. **TECHNICAL STANDARDS FOR GAMING EQUIPMENT.** Requires the commission by rule to establish minimum technical standards for gaming equipment that is authorized to be operated in this state.

Sec. 2022.363. **INCIDENT REPORTS.** (a) Requires the owner or operator of a casino or slot establishment to record all unusual occurrences related to gaming activity in the casino or slot establishment operated by the owner or operator.

(b) Requires the owner or operator of a casino or slot establishment to assign each incident, without regard to materiality, a sequential number and, at a minimum, provide certain information in a permanent record prepared in accordance with commission rules to endure the integrity of the record.

Sec. 2022.364. **SLOT MACHINE EVENTS.** Requires the owner or operator of a casino or slot establishment to keep a database of slot machine events. Requires the commission by rule to determine what constitutes a lost machine event for purposes of this section.

Sec. 2022.365. **SECURITY.** (a) Requires the owner or operator of a casino or slot establishment to continuously monitor all slot machines through the use of a closed-circuit television system that records activity for a continuous 24-hour period, retain all videotapes or other media used to store video images for at least 30 days, and make the tapes or media available to the commission on request; submit for commission approval a security plan and a floor plan of the area where slot machines are operated showing slot machine locations and security camera mount locations, and employ at least the minimum number of private security personnel the commission determines is necessary

to provide for safe and approved operation of the casino or slot establishment and the safety and well-being of the players.

(b) Requires private security personnel to be present during all hours of operation at each casino or slot establishment.

(c) Authorizes an agent or employee of the commission or DPS or other law enforcement personnel to be present at a casino or slot establishment at any time.

(d) Authorizes the commission to adopt rules to impose additional surveillance and security requirements related to casinos or slot establishments and the operation of slot machines.

Sec. 2022.366. COMMISSION RIGHT TO ENTER. Provides that the commission or the commission's representative, after displaying appropriate identification and credentials, has the free and unrestricted right to enter the premises of a casino or slot establishment, enter at all times any other locations involved in operation or support of slot machines, and inspect and copy the records of the owner or operator of a casino or slot establishment pertaining to the operation of slot machines.

Sec. 2022.367. APPOINTMENT OF SUPERVISOR. (a) Authorizes the commission by rule to provide for the appointment of a supervisor to manage and operate a casino or slot establishment at the direction of the commission and perform any act that a casino or slot establishment owner or operator is entitled to perform in a certain event.

(b) Authorizes that the rules allow the commission to take any action or adopt any procedure necessary to operate a casino or slot establishment pending the licensing of an owner or operator or a successor on the transfer of sale of the casino, establishment, or property and if necessary to continue the operation of the casino or slot establishment, sell the casino or establishment to a person that holds or has applied for the licenses required to operate the casino or establishment under this chapter and make appropriate distributions of the proceeds of the sale.

Sec. 2022.368. OFFENSE: CONVEYANCE OF CASINO OR SLOT ESTABLISHMENT PROPERTY. (a) Provides that a person commits an offense if during the pendency of any proceeding before the commission that may result in the appointment of a supervisor or during the period of supervision the person sells, leases, or otherwise conveys for less than full market value or pledges as security and property of a casino or slot establishment or removes from this state or secretes from the commission or the supervisor any property, money, books, or records of the casino or slot establishment, including evidences of debts owed to the casino or establishment.

(b) Provides that an offense under Subsection (a) is a felony of the third degree.

[Reserves Sections 2022.369-2022.400 for expansion.]

#### SUBCHAPTER I. ENFORCEMENT

Sec. 2022.401. ENFORCEMENT. (a) Sets forth certain actions and conditions for which the executive director is required to conduct an appropriate investigation.

(b) Requires the executive director to initiate a hearing under Section 2022.406 if after an investigation the executive director is satisfied that a license should be limited, conditioned, suspended, or revoked, or that a fine should be levied.

Sec. 2022.402. PRIVILEGED DOCUMENTS. (a) Provides that a communication or document of an applicant or license holder that is required by law or commission rule or by a subpoena issued by the commission and that is to be made or transmitted to the commission or the executive director is privileged and does not impose liability for defamation or constitute a ground for recovery in a civil action by a person other than the commission.

(b) Provides that the privilege is not waived or lost because the document or communication is disclosed to the commission or the executive director if a document or communication contains information that is privileged.

(c) Provides that certain requirements and prohibitions stand notwithstanding the powers granted to the commission and the executive director by this chapter. Prohibits the commission and the executive director from releasing or disclosing privileged information, documents, or communications provided by an applicant and required by a lawful court order after timely notice of the proceedings has been given to the applicant or license holder without the prior written consent of the applicant or license holder. Requires the commission and the executive director shall maintain all privileged information, documents, and communications in a secure place accessible only to members of the commission and the executive director. Requires the commission to adopt procedures to protect the privileged nature of information, documents, and communications provided by an applicant or license holder.

Sec. 2022.403. **RELEASE OF CONFIDENTIAL INFORMATION.** Requires that an application to a court for an order requiring the commission or the executive director to release any information declared by law to be confidential be made only on a motion in writing delivered not later than the 10th day before the date of application to the commission, the attorney general, and all persons who may be affected by the entry of the order. Requires that copies of the motion and all papers filed in support of it be served with the notice by delivering a copy in person or by certified mail to the last known address of the person to be served.

Sec. 2022.404. **EMERGENCY ORDERS.** (a) Authorizes the commission to issue an emergency order for suspension, limitation, or conditioning of a license or work permit or issue an emergency order requiring a casino or slot establishment to keep an individual license holder from the premises of the licensed establishment or to not pay the license holder any remuneration for services or any profits, income, or accruals on the license holder's investment in the casino or slot establishment.

(b) Sets forth certain conditions under which the commission is authorized to issue an emergency order.

(c) Requires the emergency order to state the grounds on which it is issued, including a statement of facts constituting the alleged emergency necessitating the action.

(d) Authorizes an emergency order to be issued only with the approval of and under the signature of four or more members of the commission.

(e) Provides that an emergency order is effective immediately on issuance and service on the license holder or resident agent of the license holder, gaming employee, or, in case involving registration, on issuance and service on the person or entity involved or resident agent of the entity involved. Authorizes an emergency order to suspend, limit, condition, or take other action in relation to the license of one or more persons in an operation without affecting other individual license holders or the casino or slot establishment. Provides that an emergency order remains effective until further order of the commission or final disposition of the case.

(f) Requires the executive director to file a complaint and serve it on the person or entity involved not later than the fifth day after the date of issuance of an emergency order. Entitles the person or entity against whom the emergency order has been issued to a hearing before the commission and to judicial review of the decision and order of the commission under Chapter 2001, Government Code. Provides that judicial review is under the substantial evidence rule.

Sec. 2022.405. REVOCATION OF LICENSE, CERTIFICATE OF REGISTRATION, FINDING OF SUITABILITY, OR OTHER APPROVAL. (a) Requires the commission to revoke or suspend a license, certificate of registration, finding of suitability, or other affirmative regulatory approval issued under this chapter if the holder of the license, certificate, suitability, or approval at any time fails to meet the eligibility requirements set forth in this chapter.

(b) Authorizes failure to timely remit gaming revenue generated by slot machines to the commission or any tax or other fee owed to this state as demonstrated by report from the applicable taxing authority or to timely file any report or information required under this chapter as a condition of any license, certificate, finding of suitability, or other approval issued under this chapter to be grounds for suspension or revocation, or both, of a license, certificate, finding of suitability, or other approval issued under this chapter.

Sec. 2022.406. DISCIPLINARY HEARING. (a) Requires the commission to provide written notification to a license, certificate, finding of suitability, or approval holder of the revocation, the period of suspension, or the monetary penalty before the commission revokes or suspends a license, certificate of registration, finding of suitability, or approval or imposes monetary penalties for a violation of this chapter. Sets forth certain required criteria of the notice.

(b) Requires that the notice under Subsection (a) be made by personal delivery or by mail to the person's mailing address as it appears on the commission's records.

(c) Requires a person to submit a written request for a hearing to the commission not later than the 20th day after the date notice is delivered personally or is mailed to obtain an administrative hearing on a suspension.

(d) Requires the commission to provide the person with an opportunity for a hearing as soon as practicable if the commission receives a timely request under Subsection (c). Authorizes the commission to impose the penalty, revoke or suspend a license, certificate, finding of suitability, or approval, or sustain the revocation or suspension without a hearing if the commission does not receive a timely request under Subsection (c).

(e) Requires that the hearing be held not earlier than the 11th day after the date the written request is submitted to the commission, except as provided by Subsection (f).

(f) Authorizes the commission to provide that a revocation or suspension takes effect on receipt of notice under Subsection (a) if the commission finds that the action is necessary to prevent or remedy a threat to public health, safety, or welfare. Requires the commission by rule to establish a nonexclusive list of violations that present a threat to the public health, safety, or welfare.

(g) Requires that a hearing on a revocation or suspension that takes effect on receipt of notice be held not later than the 14th day after the date the commission receives the request for hearing under this section. Provides that the revocation or suspension continues in effect until the hearing is completed. Requires that the revocation or suspension, if the hearing is continued, continue in effect beyond the 14-day period at the request of the license, certificate, finding of suitability, or approval holder or on a finding of good cause by the commission or administrative law judge.

(h) Requires that the license, certificate, finding of suitability, or approval holder demonstrate by clear and convincing evidence that the deprivation or imposition of a penalty was unwarranted or otherwise unlawful to prevail in a post-deprivation administrative hearing under this section. Authorizes the post-deprivation hearing to be conducted by the commission or referred to SOAH.

(i) Requires that the administrative record created by the hearing conducted by SOAH be provided to the commission for review and determination on the revocation or suspension.

(j) Requires the administrative law judge to include in the proposal a finding of the costs, fees, expenses, and reasonable and necessary attorney's fees this state incurred in bringing the proceeding if an administrative law judge of SOAH conducts a hearing under this section and the proposal for decision supports the commission's position.

(k) Prohibits the commission from adopting the findings for costs, fees, and expenses and make the finding a part of the final order entered in the proceeding. Requires that proceeds collected from a finding made under this section be paid to the commission.

Sec. 2022.407. JUDICIAL REVIEW OF REVOCATION, SUSPENSION, OR PENALTY IMPOSITION. (a) Authorizes a person aggrieved by a final decision of the commission to revoke or suspend a license, certificate of registration, finding of suitability, or approval or to impose any monetary penalty to obtain judicial review before a district court in Travis County.

(b) Requires that the judicial review be instituted by serving on the commission and filing a petition not later than the 20th day after the effective date of the final decision and identify the order appealed from and the grounds or reason why the petitioner contends the decision of the commission should be reversed or modified.

(c) Requires that the review be conducted by the court sitting without jury, and not be a trial de novo but is confined to the record on review. Authorizes the reviewing court to only affirm the decision, remand the case for further proceedings, or reverse the decision if the substantial rights of the petitioner have been violated.

(d) Provides that the sole remedy available, if any court of competent jurisdiction concludes on judicial review limited to the administrative record before the commission and subject to the substantial evidence standard that the deprivation or penalty was unwarranted or otherwise unlawful, is invalidation of the penalty or reinstatement of the license, certificate of registration, finding of suitability, or approval and the continues distribution, manufacture, or operation of slot machines.

(e) Provides that the commission, this state, or the members, officers, employees, and authorized agents of either are not under any circumstances subject to monetary damages, attorney's fees, or court costs resulting from the penalty or license, certificate, finding of suitability, or approval revocation.

Sec. 2022.408. EFFECT OF DENIAL OF LICENSE, REGISTRATION, FINDING OF SUITABILITY, OR APPROVAL. (a) Prohibits a person whose application for a license, certificate of registration, finding of suitability, or other affirmative regulatory approval has been denied from having any interest in or association with a slot establishment owner or operator or any other business conducted in connection with slot machines under this chapter without prior approval of the commission.

(b) Requires that any contract related to the operation of slot machines in this state between a person holding a license, certificate of registration, finding of suitability, other affirmative regulatory approval and a person denied a license, certificate of registration, finding of suitability, or other affirmative regulatory approval be terminated immediately. Provides that a temporary license, certificate, finding or suitability, or approval expires immediately on denial of the permanent license, certificate, finding of suitability, or approval if the person denied has previously been granted a temporary.

(c) Prohibits a person denied a license, certificate of registration, finding of suitability, or other affirmative regulatory approval, except as otherwise authorized by the commission, from reapplying for any license, certificate, finding of suitability, or approval before the second anniversary of the date of the denial.

Sec. 2022.409. AGREEMENT TO WAIVE ENFORCEABILITY. Provides that by virtue of accepting, a license, certificate, finding of suitability, or approval holder agrees that the privilege of holding a license, certificate, finding of suitability, or approval under this chapter is conditioned on the holder's agreement to Sections 2022.405-2022.407 and waives any right to challenge or otherwise appeal the enforceability of those sections.

Sec. 2022.410. LIMITED WAIVER OF SOVEREIGN IMMUNITY; NO LIABILITY OF STATE FOR ENFORCEMENT. (a) Provides that this state does not waive its sovereign immunity by negotiating gaming agreements with Indian tribes or other persons for the operation of gaming or gambling games under this subtitle. Prohibits an actor or agent for this state from waiving this state's sovereign immunity absent an express legislative grant of the authority. Provides that the only waiver of sovereign immunity relative to gaming operation is that expressly provided for in this section.

(b) Provides that this state, with regard to gaming operations on Indian lands, consents to the jurisdiction of the District Court of the United States with jurisdiction in the county where the Indian lands are located, or if the federal court lacks jurisdiction, to the jurisdiction of a district court in Travis County, solely for the purpose of resolving disputes arising from a gaming agreement authorized under this chapter or Chapter 2023 for declaratory or injunctive relief or contract damages of \$100,000 or more. Requires that any disputes relating to damages or other awards valued at less than \$100,000 be arbitrated under the rules of the American Arbitration Association, provided, however, that application of the rules may not be construed as a waiver of sovereign immunity.

(c) Provides that all financial obligations of the commission are payable solely out of the income, revenues, and receipts of the commission and are subject to statutory restrictions and appropriations.

(d) Provides that this state and the commission are not liable if performance by the commission is compromised or terminated by acts or omissions of the legislature or the state or federal judiciary.

(e) Provides that this state and the commission are not liable related to enforcement of this chapter.

Sec. 2022.411. ABSOLUTE PRIVILEGE OF REQUIRED COMMUNICATIONS AND DOCUMENTS. (a) Provides that any communication, document, or record of an applicant for or holder of a license, certificate, finding or suitability, or regulatory approval that is made or transmitted to the commission or any of its employees to comply with any law, including a rule of the commission to comply with a subpoena issued by the commission, or to assist the commission or its designee in the performance of their respective duties is absolutely privileged, does not impose liability for defamation, and is not a ground for recovery in any civil action.

(b) Provides that privilege is not waived or lost if communication, document, or record provided under Subsection (a), contains any information that is privileged under state law, because the communication, document, or record is disclosed to the commission or any commission employees.

(c) Requires the commission to maintain all privileged information, communications, documents, and records in a secure place as determined in the commission's sole discretion that is accessible only to commission members and authorized commission employees.

[Reserves Chapters 2022.412-2022.450 for expansion.]

## SUBCHAPTER J. PENALTIES AND OFFENSES

Sec. 2022.451. FAILURE TO PAY FEES. (a) Requires that license fees and other fees required by this chapter be paid to the commission on or before the dates provided by law for each fee.

(b) Requires a person failing to timely pay a fee or tax when due to pay in addition a penalty of not less than \$50 or 25 percent of the amount due, whichever is the greater. Prohibits the penalty from exceeding \$1,000 if the fee or tax is less than 10 days late and exceeding \$5,000 under any circumstances. Requires that the penalty be collected as are other charges, license fees, and penalties under this chapter.

Sec. 2022.452. FAILURE TO REPORT, PAY, OR ACCOUNT FOR FEE OR TAX. (a) Provides that a person commits an offense if the person willfully fails to report, pay, or truthfully account for a fee or tax imposed under this chapter or willfully attempts in any manner to evade or defeat a fee or tax.

(b) Provides that an offense under this section is a Class A misdemeanor.

Sec. 2022.453. GAMING FRAUD. (a) Sets forth certain actions by which a person commits an offense by knowingly taking such actions.

(b) Provides that an offense under this section is a felony of the third degree.

Sec. 2022.454. USE OF PROHIBITED DEVICES. (a) Provides that a person commits an offense by using or possessing, in certain ways with the intent to use a device, other than those customarily used in the conduct of gaming for certain activities that constitute cheating.

(b) Provides that a felony under this section is a felony of the third degree.

Sec. 2022.455. USE OF COUNTERFEIT OR UNAUTHORIZED TOKEN, CHIP, OR COIN. (a) Provide that a person commits an offense if the person knowingly uses counterfeit chips or tokens in a gambling game.

(b) Provides that a person commits an offense by knowingly using a chip, token, or coin approved by appropriate entities, using a coin that is not of the same denomination as the coin intended to be used in that gambling game or using any device or means to violate the provisions of this chapter, while playing any gambling game designed to otherwise require said chips, tokens, or coins.

(c) Provides that a person, other than the authorized employee of an owner's license holder acting in the employee's provided capacity, commits an offense if the person knowingly possess in certain ways a device intended to be used to violate the provisions of this chapter.

(d) Provides that a person, other than the authorized employee of a license holder acting in the employee's provided capacity, commits an offense if the person knowingly possess a key or device known to have been designed to affect the operation of or for removing money or other contents from certain gaming objects.

(e) Provides that a person commits an offense if the person possesses paraphernalia for manufacturing slugs. Defines "paraphernalia for manufacturing slugs."

(f) Provides that possessions of more than one of certain items described in this section permits a rebuttable inference that the possessor intended to use them for cheating.

(g) Provides that an offense under this section is a felony of the third degree.

Sec. 2022.456. CHEATING. (a) Defines "cheat."

(b) Provides that a person commits an offense if the person knowingly cheats at any gambling game.

(c) Provides that an offense under this section is a state jail felony.

Sec. 2022.457. POSSESSION OF UNLAWFUL DEVICES. (a) Provides that a person commits an offense if the person knowingly possesses any slot machine or other gaming device that has been manufactured, sold, or distributed in violation of this chapter.

(b) Provides that an offense under this section is a Class A misdemeanor.

Sec. 2022.458. UNLAWFUL MANUFACTURE, SALE, OR DISTRIBUTION OF GAMING EQUIPMENT. (a) Provides that "cheat" has the same meaning assigned by Section 2022.456.

(b) Provides that a person commits an offense if the person manufactures, sells, or distributes cards, chips, dice, a game, or a device intended to be used to violate this chapter.

(c) Provides that a person commits an offense by modifying any associated equipment or gaming device in a manner that affects the result of a wager by determining win or loss or alters the normal criteria of random selection that affect the operation of a game or determine the outcome of a game.

(d) Provides that a person commits an offense if the person instructs another person in cheating or in the use of a device for cheating at any game authorized to be conducted at a casino or slot establishment, with the knowledge or intent that the information or use may be employed to violate this chapter.

(e) Provides that an offense under this section is a felony of the third degree.

Sec. 2022.459. REPORTING PENALTIES. (a) Provides that a person commits an offense if the person, in a certain record required to be maintained by this chapter or a rule adopted under this chapter, makes a statement or entry that the person knows to be false or misleading or knowingly fails to maintain or make an entry the person knows is required to be maintained or made.

(b) Provides that a person commits an offense if the person knowingly refuses to produce for inspection by the executive director a certain document required to be maintained or made by this chapter or a rule adopted under this chapter.

(c) Provides that an offense under this section is a Class A misdemeanor.

Sec. 2022.460. GENERAL PENALTY. (a) Provides that a person commits an offense if the person knowingly or willfully violates, attempts to violate, or conspires to violate a provision of this chapter specifying a prohibited act.

(b) Provides that an offense under this section is a Class A misdemeanor unless another penalty is specified for the violation.

Sec. 2022.461. UNAUTHORIZED OPERATION, USE, OR POSSESSION OF GAMING DEVICE. (a) Prohibits a person from operating, using, or possessing a



gaming device unless the operation, use, or possession is expressly authorized by this chapter or other law.

(b) Provides that a person commits an offense, except for transport to or from a casino or slot establishment and as provided by this chapter, by operating, using, or possessing a gaming device that is not authorized under this chapter or other law. Provides that an offense under this section is a felony of the third degree.

(c) Authorizes a casino owner or operator, slot establishment owner or operator, or a manufacturer, notwithstanding Subsection (b), to store a gaming device as authorized by the commission for a period not to exceed 120 consecutive days, and authorizes the commission to possess gaming devices for study and evaluation.

(d) Requires that nothing in this section be construed to prohibit the operation, use, or possession of equipment, machines, technological aids, or other devices allowed in connection with the pay of bingo under Chapter 2001.

Sec. 2022.462. **PLAY OF GAME ON CREDIT.** (a) Provides that a person licensed under this chapter or an employee of a person licensed under this chapter commits an offense by intentionally or knowingly allowing a person to play or conduct a game on a gaming device by extending credit or lending money to the person to enable the person to play the game.

(b) Provides that an offense under this section is a Class C misdemeanor.

Sec. 2022.463. **SALE OF GAMBLING GAME TO OR PURCHASE OF GAMBLING GAME BY PERSON YOUNGER THAN 21 YEARS OF AGE.** (a) Provides that a person licensed under this chapter or an employee of the person commits an offense by intentionally or knowingly allowing a person younger than 21 years of age to play a gambling game.

(b) Provides that an individual who is younger than 21 years of age commits an offense by playing a gambling game or falsely representing the individual to be 21 years of age or older by displaying evidence of age that is false or fraudulent or misrepresents in any way the individual's age in order to play a gambling game.

(c) Provides that it is a defense to prosecution under Subsection (b) that the individual younger than 21 years of age is participating in an inspection or investigation on behalf of the commission or other appropriate governmental entity regarding compliance with this section.

(d) Provides that an offense under Subsection (a) is a Class C misdemeanor.

(e) Provides that an offense under Subsection (b) is a misdemeanor punishable by a fine not to exceed \$250.

Sec. 2022.464. **PURCHASE OF GAMBLING GAME WITH PROCEEDS OF AFDC CHECK OR FOOD STAMPS.** (a) Provides that a person commits an offense by intentionally or knowingly playing a gambling game with the proceeds of a check issued as a payment under the Aid to Families with Dependant Children program administered under Chapter 31 (Financial Assistance and Service Programs), Human Resources Code or a food stamp coupon issued under the food stamp program administered under Chapter 33 (Nutritional Assistance Programs), Human Resources Code.

(b) Provides that an offense under this section is a Class C misdemeanor.

Sec. 2022.465. **TAMPERING WITH GAMING OR ASSOCIATED EQUIPMENT.** (a) A person commits an offense by intentionally or knowingly tampering with, damaging, defacing, or rendering inoperable any vending machine, electronic computer terminal, gaming device or other gaming or associated equipment, or other mechanical device used in a gambling game.

(b) Provides that an offense under this section is a felony of the third degree.

[Reserves Sections 2022.466-2022.500 for expansion.]

#### SUBCHAPTER K. LOCAL OPTION ELECTIONS

Sec. 2022.501. ORDERING LOCAL OPTION ELECTION. Authorizes the commissioners court of a county to at any time order an election to legalize casino gaming under this chapter in that county. Requires the commissioners court to order and hold an election to legalize gaming under this chapter in the county if the commissioners court is presented with a petition that meets the requirements of Section 2022.502 and is certified as valid under Section 2022.503.

Sec. 2022.502. PETITION REQUIREMENTS. (a) Requires that a petition for a legalization election include a certain statement before the space reserved for signatures on each page.

(b) Provides that a petition is valid only if it is signed by registered voters of the county in a number that is not less than three percent of the total number of votes cast for governor by qualified voters of the county in the most recent gubernatorial general election.

(c) Requires each voter to enter beside the voter's signature the date the voter signs the petition. Prohibits a signature from being counted as valid if the date of signing is earlier than the 90th day before the date the petition is submitted to the commissioners court.

(d) Requires each voter to provide on the petition the voter's current voter registration number, printed name, and residence address, including zip code.

Sec. 2022.503. VERIFICATION. (a) Requires the commissioners court to submit the petition for verification to the county clerk not later than the fifth day after the date a petition for an election under this chapter is received in the office of the commissioners court.

(b) Requires the county clerk to determine whether the petition is signed by the required number of registered voters of the county. Requires the clerk to certify in writing to the commissioners court whether the petition is valid or invalid not later than the 30th day after the date the petition is submitted to the clerk for verification. Requires the clerk, if the clerk determines that the petition is invalid, to state the reasons for that determination.

Sec. 2022.504. ORDERING ELECTION. Requires the commissioners court, not later than the 30th day after the date of certification, to order that an election be held in the county on the next uniform election date under Section 41.001 (Uniform Election Dates), Election Code, that allows sufficient time to comply with applicable provisions of law, including Section 3.005 (Time For Ordering Election), Election Code if the county clerk certifies that a petition is valid. Requires the commissioner court to state in the order the issue to be voted on. Requires the county clerk to notify the commission by certified mail, return receipt request, that an election has been ordered.

Sec. 2022.505. BALLOT PROPOSITION. Requires that the ballot in a legalization election contain certain language providing for voting for or against the proposition.

Sec. 2022.506. ELECTION RESULTS. (a) Provides that casino gaming authorized under this chapter is permitted within the county holding the election effective on the 10th day after the date of the election if the majority of the votes cast in a legalization election favor the legalization of casino gaming.

(b) Requires the commissioner court of a county in which a legalization election has been held to give written notice of the results of the election to the commission not later than the third day after the date the election is canvassed.

(c) Provides that casino is not permitted in a county if less than a majority of the votes cast in a legalization election in any county are cast in favor of the legalization of casino gaming, and prohibits a subsequent election on the issue from being held in the county before the corresponding uniform election date one year after the date of the second election.

(d) Provides that casino is not permitted in a county if less than a majority of the votes cast in two consecutive legalization elections within any county are cast in favor of the legalization of casino gaming, and prohibits a subsequent election on the issue from being held in the county before the corresponding uniform election date five years after the date of the second election.

[Reserves Sections 2022.507-2022.550 for expansion.]

#### SUBCHAPTER L. PROBLEM GAMBLING AND ADDICTION

Sec. 2022.551. PROBLEM GAMBLING AND ADDICTION GRANT FUND. (a) Provides that the problem gambling and addiction grant fund is an account in the general revenue fund.

(b) Authorizes money credited to the fund to be used only for awarding grants under this subchapter. Requires the fund to be administered in accordance with this subchapter.

(c) Requires that an expenditure from the problem gambling and addiction grant fund be made in accordance with the General Appropriations Act on warrants of the comptroller.

(d) Authorize that grants from money in the fund be used only to provide treatment for problem gambling addiction, alcoholism, drug abuse, and other addictive behaviors and provide funding for research related to the impact of gambling on state residents.

Sec. 2022.552. GRANT PROGRAM. (a) Requires the commission to administer a grant program to provide assistance for the direct treatment of persons diagnosed as suffering from pathological gambling and other addictive behaviors and to provide funding for research regarding the impact of gambling on residents of this state.

(b) Authorizes research grants under this section to include grants for determining the effectiveness of education and prevention efforts on the prevalence or pathological gambling in this state.

(c) Authorizes a grant to be made only after open solicitation of proposals and evaluation of proposals against criteria established by commission rule.

(d) Provide that public and private entities are eligible to apply for and receive grants under this section.

(e) Requires that a grant made in accordance with this section be made from the problem gambling and addiction grant fund.

Sec. 2022.553. GIFTS AND DONATIONS. Authorizes the commission to solicit and accept grants, gifts, contributions, or bequests made for the purpose of funding grants under this subchapter and expend the money for the purpose for which it was received.

Sec. 2022.554. RULES. (a) Requires the commission to administer this subchapter and adopt rules establishing criteria for qualification to receive grants and other matters considered necessary by the commission for the administration of this subchapter.

(b) Requires the rules adopted by the commission to require that each recipient of grant report at least annually to the commission the grantee's measureable achievement of specific outcome goals.

#### CHAPTER 2023. TRIBAL GAMING AGREEMENTS

Sec. 2023.001. DUTY OF GOVERNOR. Requires the governor to execute, on behalf of this state, with a federally recognized Indian tribe with Indian lands in this state a gaming agreement containing the terms set forth in Section 2023.002, as a ministerial act, without preconditions, not later than the 30th day after the date the governor receives a request from the tribe, accompanied by or in the form of a duly enacted resolution of the tribe's governing body, to enter into the agreement.

Sec. 2023.002. MODEL TRIBAL GAMING AGREEMENT. (a) Requires that a gaming agreement executed under Section 2023.001 be in a certain form and contain certain provisions.

(b) Prohibits a gaming agreement under Subsection (a) between this state and a federally recognized Indian Tribe that is not subject to the Restoration Acts (pub. L. No. 100-89) from including the provision related to the Restoration Acts.

Sec. 2023.003. NEGOTIATION FOR DIFFERENT TRIBAL GAMING AGREEMENT TERMS. (a) Prohibits anything in this subchapter from being construed to limit the ability of a federally recognized Indian tribe to request that a gaming agreement be negotiated with this state on terms that are different from those set forth in the gaming agreement under Section 2023.002, or the ability of this state to engage in negotiations and to reach agreement under any applicable federal law.

(b) Prohibits anything in this chapter, in offering to enter into a gaming agreement with Indian tribes in this state under Section 2023.002, and, except for assessments by this state as provided in that section of the amounts necessary to defray state costs of regulating activities as provided under the gaming agreement, from being construed to mean that this state is imposing any tax, fee, charge, or other assessment on an Indian tribe or on any other person or entity authorized by an Indian tribe as a condition to engaging in a Class III activity or this state is refusing to enter into gaming agreement negotiations based on the lack of authority of this state or a political subdivision of this state to impose the tax, fee, charge, or other assessment in.

(c) Requires the governor to enter into those negotiations under the federal law applicable to the tribe and without preconditions and is authorized to reach agreement and execute the agreement on behalf of this state if any federally recognized tribe with jurisdiction over Indian lands in this state requests that the governor enter into negotiations for a gaming agreement under federal law applicable to the tribe, including the Indian Gaming Regulatory Act (18 U.S.C. Section 1166 and 25 U.S.C. Section 2701 et seq.), on terms different than those prescribed in the gaming agreement set forth in Section 2023.002.

Sec. 2023.004. IMPLEMENTATION OF GAMING AGREEMENT. Requires the governor to execute any documents necessary to implement a gaming agreement authorized under this subchapter.

Sec. 2023.005. INCORPORATION INTO STATE LAW. Provides that the model gaming agreement set out in Section 2023.002 is hereby incorporated into state law, and the operation of gaming is authorized under this agreement is expressly authorized as a matter of state law for any Indian tribe entering into the gaming agreement in accordance with this subchapter.

Sec. 2023.006. REGULATORY MONEY RECEIVED UNDER GAMING AGREEMENT. Authorizes all money received by the commission under a gaming agreement for regulatory costs incurred relative to tribal gaming operations to be used only to defray expenses of the commission incurred in the oversight, compliance with, and enforcement of gaming operations conducted pursuant to a gaming agreement.

Sec. 2023.007. INJUNCTION; CIVIL PENALTY. (a) Authorizes the attorney general to petition a court for appropriate injunctive relief to restrain the violation if the commission, the appropriate governing body for an Indian tribe, or the attorney general has reason to believe that this chapter has been or is about to be violated.

(b) Provides that venue for an action by this state seeking injunctive relief is in a district court in Travis County.

(c) Requires the court to order all proceeds from any illegal gambling to be forfeited to the appropriate governing body as a civil penalty if the court finds that his chapter has been knowingly violated.

(d) Provides that the remedies provided by this section are not exclusive. Authorizes the commission to suspend or revoke a license, registration, finding of suitability, or other affirmative regulatory approval, impose an administrative penalty, or seek injunctive or civil penalties or both, depending on the severity of the violation.

SECTION 2. Amends Article 4, Texas Racing Act (Article 179e, V.T.C.S.), by adding Sections 4.07-4.09, as follows:

Sec. 4.07. NATIONAL LEADERSHIP IN EQUINE PURSES. (a) Defines "equine industry development fund," "equine racing purse trust fund," "optimal Texas purse amount," "target balance," and "total purse funds."

(b) Provides that the equine racing purse trust fund is established outside the state treasury and is held in trust by the comptroller for administration of this Act. Authorizes money in the trust fund to be disbursed by the comptroller without appropriation as directed by the Texas Racing Commission (TRC) to carry out this Act.

(c) Requires each pari-mutuel license holder authorized to operate slot machines under Chapter 2022, Occupations Code, to remit 15 percent of the gross gaming revenues from the license holder's slot machines to the equine racing purse trust fund. Requires that payment made pursuant to this subsection occur as directed by TRC but not less than twice per month. Requires that a person pay a penalty at the rate of 25 percent of the amount due per day for each day after the deadline until the payment is received if a person makes a payment under this subsection more than two days after the deadline set by TRC.

(d) Requires TRC to determine the optimal Texas purse amount in accordance with this section. Requires TRC to determine the annual total purse amount for all thoroughbred races in each of the three states that allow pari-mutuel racing, other than Texas, with the highest annual total purse amounts. Requires TRC, in evaluating the purse amounts of other states, to include all breed development programs and all other supplemental purse payments. Requires TRC, in determining the amounts of thoroughbred purses in other states, to use special care not to omit, undervalue, or unnecessarily discount any portion of the purse funds in those states. Requires TRC to take the average of the annual total purse amounts for the three states and multiply that amount by 1.05 to calculate the optimal Texas Purse amount. Requires TRC to update the optimal purse amount at least quarterly. Requires TRC to publish the list of the three states used to determine the optimal Texas purse amount, the total purse amounts for each of those states, and the optimal Texas purse amount.

(e) Requires TRC to establish a target balance of total purse funds for each calendar month based on the current projected optimal Texas purse amount. Requires that the target balance vary from month to month in order to fully support the seasonal nature of horse racing.

Sec. 4.08. DEDUCTIONS FROM SLOT MACHINE INCOME AT GREYHOUND RACETRACKS. (a) Provides that the greyhound racing purse trust fund is established outside the state treasury and is held in trust by the comptroller for the administration of this Act. Authorizes money in the trust fund to be disbursed by the comptroller without appropriation as directed by the commission to carry out this Act.

(b) Requires a pari-mutuel license holder that owns or operates a greyhound racetrack at which slot machines games are conducted under Chapter 2022, Occupations Code, to allocate 15 percent of the net slot income generated from the operation of slot machines at the slot establishment at the racetrack to purses.

(c) Authorizes a state breed registry that receives a disbursement under this section to allocate up to 50 percent of the amount received for Texas breeder awards.

Sec. 4.09. ADMINISTRATION OF SLOT MACHINE ALLOCATIONS FOR PURSES. Requires the comptroller and TRC to jointly adopt rules to administer Sections 4.07 and 4.08 of this Act. Provides that a matter considered by the comptroller or TRC under either section is a contested case under Chapter 2001, Government Code, and requires a public hearing.

SECTION 3. Amends Section 47.02(c), Penal Code, to provide that it is a defense to prosecution under this section that the actor reasonably believed that the conduct consisted entirely of participation in authorized games in a casino or slot establishment licensed or authorized under Chapter 2022 or 2023, Occupations Code. Makes nonsubstantive changes.

SECTION 4. Amends Section 47.06(f), Penal Code, to provide that it is a defense to prosecution under Subsection (a) or (c) that the person owned, manufactured, transferred, or possessed the gambling device, equipment, or paraphernalia for the sole purpose of shipping it to a casino or slot establishment licensed or authorized under Chapter 2022 or 2023, Occupations Code, for gaming. Makes nonsubstantive changes.

SECTION 5. Amends Section 47.09(a), Penal Code, to provide that it is a defense to prosecution under this chapter that the conduct was authorized under Chapter 2022 or 2023, Occupations Code.

SECTION 6. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.356, as follows:

Sec. 151.356. GAMING DEVICES. Provides that the sale or use of a gaming device permitted under Chapter 2022 or 2023, Occupations Code, is exempt from the tax imposed by this chapter and from the other provisions of this chapter.

SECTION 7. Amends Sections 1.03(3) and (5), Texas Racing Act (Article 179e, V.T.C.S.), to redefine "commission" and "executive secretary."

SECTION 8. Amends the heading to Article 2, Texas Racing Act (Article 179e, V.T.C.S.), to read as follows:

## ARTICLE 2. ADMINISTRATION BY TEXAS GAMING COMMISSION

SECTION 9. Amends Section 3.09(b), Texas Racing Act (Article 179e, V.T.C.S.), to delete existing text relating to the Texas Racing Commission. Makes conforming changes.

SECTION 10. Repealer: Sections 2.01 (Creation), 2.02 (Membership), 2.03 (Term of Office), 2.04 (Residence Requirement), 2.05 (Eligibility), 2.073 (Grounds for Removal), 2.074 (Member Training), 2.08 (Expenses), 2.09 (Offices), 2.10 (Presiding Officer), 2.11 (Meetings of Commission), Texas Racing Act (Article 179e, V.T.C.S.).

Repealer: Section 6.093(a) (relating to certain amounts set aside for the state by a horse racing association and a greyhound racing association), Texas Racing Act (Article 179e, V.T.C.S.).

Repealer: Section 18.01(a) (relating to TRC abolishing and the Texas Sunset Act expiring September 1, 2009), Texas Racing Act (Article 179e, V.T.C.S.).

SECTION 11. (a) Provides that all funds in the Texas casino and slot gaming fund are appropriated to the commission for the operation of the commission and the administration of Subtitle A-1 , Title 13, Occupations Code, as added by this Act, for the biennium ending August 31, 2011.

(b) Requires the initial members of the commission, not later than January 1, 2010, to be appointed in accordance with Chapter 2021, Occupations Code, as added by this Act. Requires the governor, in making the initial appointments, to designate one member to a term expiring February 1, 2012, two members to terms expiring February 1, 2014, and two members to terms expiring February 1, 2016.

(c) Provides that on September 1, 2010, or an earlier date specified in the transition plan required under Section 13 of this Act, certain activities related to certain administrative support services of a state agency or entity abolished by Section 16 of this Act are transferred to the commission.

(d) Transfers certain obligations, contracts, property, records, and pending complaints, investigations, or contested cases to the commission by September 1, 2010.

(e) Provides that a rule or form adopted by a state agency or entity that relates to a power, duty, function, program, or activity transferred from the agency or entity under Subsection (c) of this section is a rule or form of the commission and remains in effect until altered by the commission.

(f) Provides that a reference in law to a state agency or entity abolished by Section 16 of this Act, or to the governing body of the agency or entity, that relates to a power, duty, function, program, or activity transferred under Subsection (c) of this section means the commission.

(g) Provides that a license, permit, or certification in effect, that was issued by a state agency or entity abolished by Section 16 of this Act and that relates to a power, duty, function, program, or activity transferred under Subsection (c) of this section is continued in effect as a license, permit, or certification of the commission.

SECTION 12. (a) Provides that the Texas Gaming Commission Transition Legislative Oversight Committee (committee) is created to facilitate the transfer of powers, duties, functions, programs, and activities between the agency abolished by Section 16 of this Act and the commission as provided by this Act with a minimal negative effect on the operation of those regulated activities in this state.

(b) Sets forth the composition of the committee's seven members.

(c) Provides that once the other members of the committee have been appointed, the executive director of the commission serves as an ex officio member of the committee.

(d) Provides that a member of the committee serves at the pleasure of the appointing official.

(e) Requires the lieutenant governor and the speaker of the house of representatives to alternate designating a presiding officer from among their respective appointments. Requires the speaker of the house of representatives to make the first appointment after the effective date of this section.

(f) Prohibits a member of the committee from receiving compensation for serving on the committee but is entitled to reimbursement for travel expenses incurred by the member while conducting the business of the committee as provided by the General Appropriations Act.

(g) Sets forth certain requirements of the committee.

(h) Authorizes the committee to request reports and other information from the commission, other state agencies, and the attorney general relating to gaming in this state and other appropriate issues.

(i) Requires the committee to use existing staff of the senate, the house of representatives, and the Texas Legislative Council to assist the committee in performing its duties under this section.

(j) Provides that Chapter 551 (Open Meetings), Government Code, applies to the committee.

(k) Requires the committee to report to the governor, lieutenant governor, and speaker of the house of representatives not later than November 15 of each even-numbered year. Sets forth requirement of the report.

SECTION 13. (a) Requires that the transfer of powers, duties, functions, programs, and activities under Section 11 of this Act to the commission be accomplished in accordance with a schedule included in a transition plan developed by the executive commissioner of the commission and submitted to the governor and Legislative Budget Board (LBB) not later than September 1, 2010. Requires the executive commissioner to provide the governor and LBB transition plan status reports and updates on at least quarterly basis following submission of the initial transition plan. Requires that the transition plan be made available to the public.

(b) Requires the commission to hold a public hearing and accept public comment regarding the transition plan not later than March 1, 2010.

(c) Requires the executive commissioner of the commission, in developing the transition plan, to hold public hearings in various geographic areas in this state before submitting the plan to the governor and LBB as required by this section.

SECTION 14. Provides that an action brought or proceeding commenced before the date of a transfer prescribed by this Act in accordance with the transition plan required under Section 13 of this Act, including a contested case or a remand of an action or proceeding by a reviewing court, is governed by the laws and rules applicable to the action or proceeding before the transfer.

SECTION 15. (a) Requires the commission to implement the powers, duties, functions, programs, and activities assigned to the commission under this Act in accordance with a work plan designed by the commission to ensure that the transfer of gaming regulation under this Act is accomplished in a careful and deliberative manner.

(b) Sets forth the phases required by a work plan designed by the commission under this section.

SECTION 16. (a) Provides that TRC is abolished on the date on which the powers, duties, functions, programs, and activities are transferred under Section 11 of this Act, and after that date a reference in any law to TRC means the commission.



(b) Provides that the abolition of a state agency or entity under Subsection (a) of this section and the transfer of its powers, duties, functions, programs, activities, obligations, rights, contracts, records, property, funds, and employees as provided by this Act do not affect or impair an act done, any obligation, right, order, permit, certificate, rule, criterion, standard, or requirement existing, or any penalty accrued under former law, and that law remains in effect for any action concerning those matters.

SECTION 17. Requires the commission to adopt rules necessary to implement that gaming in accordance with Chapter 2022, Occupations Code, as added by this Act, as soon as practicable after the constitutional amendment to authorize casino gaming and slot machine gaming in this state proposed by the 81st Legislature, Regular Session, 2009.

SECTION 18. (a) Provides that Sections 7-10 of this Act take effect on the date TRC is abolished under Section 16 of this Act.

(b) Provides that Sections 1-6 and 11-17 of the Act, and this section take effect on the date the amendment adding Section 47-a, Article III, Texas Constitution, authorizing and regulating slot machines and casino games by licensed operator and certain Indian tribes to provide additional money to fund transportation in this state and to provide additional financial aid for higher education students proposed by the 81 Legislature, Regular Session, 2009, becomes effective. Provides that if that amendment is not approved by the voters, this Act has no effect.