

By: Geren

H.B. No. 1474

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

(6) "Bingo occasion" means a single gathering or session at which a bingo game or ~~[all activities incident to the conduct of]~~ a series of bingo games, including selling and redeeming pull-tab bingo tickets, are conducted on the day and at the times listed on the license issued to ~~[by]~~ a licensed authorized organization~~[, including the organization's licensed times and any preparatory or concluding activities incident to the conduct of bingo].~~

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

(A) a felony;

(B) a gambling offense;

(C) criminal fraud;

1 (D) forgery;

2 (E) theft;

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

5 (G) any offense that:

6 (i) is classified in this state as a Class A
7 misdemeanor; and

8 (ii) puts the honesty and integrity of the
9 individual who committed the offense in question.

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

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

18 (a) An officer, bingo chairperson, or authorized
19 representative of a license holder or an attorney, accountant, or
20 bookkeeper employed or retained by a license holder ~~[A person]~~ may
21 request from the commission an advisory opinion regarding
22 compliance with this chapter and the rules of the commission.

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

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

1 Sec. 2001.060. REPORTING. (a) On or before June 1 of each
2 even-numbered year, the commission shall prepare and deliver to the
3 governor, the lieutenant governor, the speaker of the house of
4 representatives, and the chairs of the standing committees of the
5 senate and house of representatives with primary jurisdiction over
6 charitable bingo a report stating for each of the preceding two
7 calendar years:

8 (1) the total amount of adjusted gross receipts
9 reported by licensed authorized organizations from their bingo
10 operations;

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

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

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

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

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

27 (a) The commission may license a person who is an authorized

1 organization eligible for a license to conduct bingo if the person
2 is:

3 (1) a religious society that has existed in this state
4 for at least three [~~eight~~] years;

5 (2) a nonprofit organization:

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

8 (B) that for at least three years:

9 (i) must have had a governing body or
10 officers elected by a vote of members or by a vote of delegates
11 elected by the members; or

12 (ii) must have been affiliated with a state
13 or national organization organized to perform the same purposes as
14 the nonprofit organization;

15 (3) a fraternal organization;

16 (4) a veterans organization that has existed in this
17 state for at least three years; [~~or~~]

18 (5) a volunteer fire department that has existed in
19 this state for at least three years; or

20 (6) a volunteer emergency medical services provider
21 that has existed in this state for at least three years.

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

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

27 (b) The application must include:

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

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

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

6 (4) the name and address of the licensed commercial
7 lessor of the premises, if the applicant intends to lease premises
8 to conduct bingo from a person other than an authorized
9 organization;

10 (5) [~~the capacity or potential capacity for public~~
11 ~~assembly in any premises owned or occupied by the applicant,~~

12 [~~(6) the amount of rent to be paid or other~~
13 ~~consideration to be given, directly or indirectly, for each~~
14 ~~occasion for use of the premises of another licensed authorized~~
15 ~~organization or for use of the premises of a licensed commercial~~
16 ~~lessor,~~

17 [~~(7) all other items of expense intended to be~~
18 ~~incurred or paid in connection with conducting, promoting, and~~
19 ~~administering bingo and the names and addresses of the persons to~~
20 ~~whom, and the purposes for which, the expenses are to be paid,~~

21 [~~(8) the specific purposes to and the manner in which~~
22 ~~the net proceeds of bingo are to be devoted,~~

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

26 (6) [~~(10)~~] a designation of the applicant
27 organization's bingo chairperson [~~one or more active members of the~~

1 ~~applicant organization]~~ under whom bingo will be conducted
2 accompanied by a statement signed by the chairperson [~~each~~
3 ~~designated member]~~ stating that the chairperson [~~member]~~ will be
4 responsible for the conduct of bingo under the terms of the license
5 and this chapter;

6 (7) [(11) a statement that a copy of the application
7 has been sent to the appropriate governing body;

8 [(12) the name and address of each person who will work
9 at the proposed bingo occasion, the nature of the work to be
10 performed, and a statement as to whether the person has been
11 convicted of a felony, a gambling offense, criminal fraud, or a
12 crime of moral turpitude; and

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

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

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

22 (10) copies of the applicant organization's organizing
23 instruments, including any bylaws, constitution, charter, and
24 articles of incorporation;

25 (11) verification of the applicant organization's good
26 standing with the secretary of state if the organization is
27 organized under the law of this state; and

1 (12) information necessary to conduct criminal
2 background checks on the applicant organization's officers and
3 directors.

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

6 (e) Notwithstanding Subsection (c), an authorized
7 organization that holds an annual [~~a regular~~] license to conduct
8 bingo may receive not more than 24 [~~12~~] temporary licenses during
9 the 12-month period following the issuance or renewal of the
10 license. The holder of a license that is effective for two years
11 may receive not more than 24 temporary licenses for each 12-month
12 period that ends on an anniversary of the date the license was
13 issued or renewed.

14 SECTION 7. Section 2001.104, Occupations Code, is amended
15 by amending Subsections (b) and (d) and adding Subsection (e) to
16 read as follows:

17 (b) The commission by rule shall establish procedures to
18 determine if the appropriate license fee [~~At the end of the license~~
19 ~~period the license holder and the commission shall compute the~~
20 ~~amount of gross receipts actually recorded during the license~~
21 ~~period to determine if the appropriate fee amount]~~ was paid.

22 (d) An applicant shall pay the fees established under
23 Subsection (a) annually. An applicant for a license or renewal of a
24 license may obtain a license that is effective for two years by
25 paying an amount equal to two times the amount of the annual license
26 fee, or by paying the license fee for the first year at the time the
27 applicant submits the application and the fee for the second year

1 not later than the first anniversary of the date the license becomes
2 effective [plus \$25].

3 (e) A licensed authorized organization may pay in advance,
4 or establish an escrow account with the commission to cover, fees
5 assessed under this chapter for the amendment of a license or
6 issuance of a temporary license.

7 SECTION 8. Section 2001.105(b), Occupations Code, is
8 amended to read as follows:

9 (b) The commission may not issue a license to an authorized
10 organization to conduct bingo if an officer or member of the board
11 of directors of the organization has been convicted of a felony,
12 criminal fraud, a gambling or gambling-related offense, or a crime
13 of moral turpitude if less than 10 years has elapsed since the
14 termination of a sentence, parole, mandatory supervision, or
15 community supervision served for the offense.

16 SECTION 9. Section 2001.106, Occupations Code, is amended
17 to read as follows:

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

20 (1) the name and address of the license holder;

21 (2) the name and address of the bingo chairperson
22 [~~names and addresses of the member or members~~] of the license holder
23 under whom the bingo will be conducted; and

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

26 [~~(4) the specific purposes to which the net proceeds~~
27 ~~of bingo are to be devoted, and~~

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

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

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

13 SECTION 11. Sections 2001.108(b) and (c), Occupations Code,
14 are amended to read as follows:

15 (b) If the other organization ceased or will cease
16 conducting bingo for the reason stated in Subsection (a)(1), the
17 commission must act on the joint application filed under Subsection
18 (a) not later than the 14th ~~[10th]~~ day after the date the
19 application is filed with the commission.

20 (c) If the other organization ceased or will cease
21 conducting bingo for the reason stated in Subsection (a)(2), the
22 commission must act on the joint application filed under Subsection
23 (a) not later than the 14th ~~[10th]~~ day after the date the
24 application is filed with the commission or the date on which the
25 termination takes effect, whichever is later.

26 SECTION 12. Sections 2001.158(b) and (d), Occupations Code,
27 are amended to read as follows:

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

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

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

17 Sec. 2001.159. LICENSE ISSUANCE OR RENEWAL.

18 SECTION 14. Section 2001.159(a), Occupations Code, is
19 amended to read as follows:

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

22 (1) the applicant has paid the license fee as provided
23 by Section 2001.158;

24 (2) the applicant qualifies to be licensed under this
25 chapter;

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

1 ~~[(4)]~~ the rent to be charged is fair and reasonable
2 ~~[and will be charged and collected in compliance with Section~~
3 ~~2001.406]~~;

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

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

10 (6) ~~[(7)]~~ the applicant will lease the premises for
11 the conduct of bingo in accordance with this chapter.

12 SECTION 15. Section 2001.203, Occupations Code, is amended
13 to read as follows:

14 Sec. 2001.203. MANUFACTURER'S LICENSE APPLICATION. (a) An
15 applicant for a manufacturer's license must file with the
16 commission an ~~[a written verified]~~ application on a form prescribed
17 by the commission.

18 (b) The application must include:

19 (1) the name and address of the applicant and the name
20 and address of each of its locations where bingo supplies or
21 equipment are manufactured;

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

26 (3) ~~[the name and address of the applicant and]~~ if the
27 applicant:

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

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

6 (4) if the applicant is a foreign corporation or other
7 foreign legal entity, the name, business name and address, and
8 [~~home~~] address of its registered agent for service in this state;

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

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

18 (7) information regarding whether the applicant or a
19 person required to be named in the application is an owner, officer,
20 director, shareholder, agent, or employee of a licensed commercial
21 lessor or conducts, promotes, administers, or assists in
22 conducting, promoting, or administering bingo for which a license
23 is required by this chapter;

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

27 (9) the name of each state in which the applicant is or

1 has been licensed to manufacture, distribute, or supply bingo
2 equipment or supplies, each license number, the period of time
3 licensed under each license, and whether a license has been
4 revoked, suspended, withdrawn, canceled, or surrendered and, if so,
5 the reasons for the action taken;

6 (10) information regarding whether the applicant or a
7 person required to be named in the application is or has been a
8 professional gambler or gambling promoter;

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

13 (12) any other information the commission requests.

14 SECTION 16. Section 2001.208(b), Occupations Code, is
15 amended to read as follows:

16 (b) The application must include:

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

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

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

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

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

1 its registered agent for service in this state;

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

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

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

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

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

24 (11) the name of each state in which the applicant is
25 or has been licensed to manufacture, distribute, or supply bingo
26 equipment or supplies, each license number, the period of time
27 licensed under each license, and whether a license was revoked,

1 suspended, withdrawn, canceled, or surrendered and, if so, the
2 reasons for the action taken;

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

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

10 (14) any other information the commission requests.

11 SECTION 17. Sections 2001.211(b), (c), and (d), Occupations
12 Code, are amended to read as follows:

13 (b) If a change occurs after issuance of a manufacturer's or
14 distributor's license, the license holder shall report the change
15 to the commission not later than the 14th [~~10th~~] day after the date
16 of the change.

17 (c) Not later than the 14th [~~10th~~] day after the date of the
18 change, a license holder shall notify the commission of a change in:

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

21 (2) the identity of persons named or required to be
22 named in the application and the nature or extent of those persons'
23 interest; or

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

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

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

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

3 SECTION 18. Subchapter G, Chapter 2001, Occupations Code,
4 is amended by adding Section 2001.3025 to read as follows:

5 Sec. 2001.3025. ACCESS TO CRIMINAL HISTORY RECORD
6 INFORMATION. The commission is entitled to conduct an
7 investigation of and is entitled to obtain criminal history record
8 information maintained by the Department of Public Safety, the
9 Federal Bureau of Investigation identification division, or
10 another law enforcement agency to assist in the investigation of:

11 (1) an applicant for or holder of a license issued
12 under this chapter;

13 (2) a person required to be named in a license
14 application; or

15 (3) an employee or other person who works or will work
16 for a license holder and who is required by another provision of
17 this chapter to undergo a criminal background check.

18 SECTION 19. Section 2001.306(c), Occupations Code, is
19 amended to read as follows:

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

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

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

25 SECTION 20. Section 2001.313, Occupations Code, is amended
26 by amending Subsections (a), (b), (d), (e), (f), and (g) and adding
27 Subsections (b-1), (h), and (i) to read as follows:

1 (a) To minimize duplicate criminal history background
2 checks by the commission and the costs incurred by organizations
3 and individuals, the commission shall maintain a registry of
4 individuals [~~persons~~] on whom the commission has conducted a
5 criminal history background check and who are approved to be
6 involved in the conduct of bingo or to act as a bingo operator.

7 (b) An individual [~~A person~~] listed in the registry may be
8 involved in the conduct of bingo or act as an operator at any
9 location at which bingo is lawfully conducted.

10 (b-1) An individual's listing on the registry expires on the
11 third anniversary of the date the individual was initially included
12 on the registry. The individual may renew the listing before the
13 expiration date. If the individual fails to renew the listing, the
14 commission shall remove the individual's name from the registry.
15 An individual whose name is removed from the registry may reapply
16 for listing on the registry.

17 (d) An individual [~~A person~~] who is not listed on the
18 registry established by this section may not act, and a licensed
19 authorized organization may not allow the individual to act, as an
20 operator, manager, cashier, usher, caller, bingo chairperson,
21 bookkeeper, or salesperson for the [~~a~~] licensed authorized
22 organization.

23 (e) The commission may refuse to add an individual's [~~a~~
24 ~~person's~~] name to, or remove an individual's [~~a person's~~] name from,
25 the registry established by this section if, after notice and, if
26 requested by the individual, a hearing, the individual [~~person~~] is
27 finally determined to have:

1 (1) been convicted of an offense listed under Section
2 2001.105(b);

3 (2) converted bingo equipment in a premises to an
4 improper use;

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

7 (4) taken any action, individually or in concert with
8 another person, that affects the integrity of any bingo game to
9 which this chapter applies; ~~or~~

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

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

15 (7) participated in any violation of this chapter or
16 rules adopted by the commission for the administration of this
17 chapter.

18 (f) A licensed authorized organization shall report to the
19 commission or its designee the discovery of any conduct on the part
20 of an individual [~~a person~~] registered or required to be registered
21 under this section where there is substantial basis for believing
22 that the conduct would constitute grounds for removal of the
23 individual's [~~person's~~] name from, or refusal to add the
24 individual's [~~person's~~] name to, the registry established by this
25 section. A statement made in good faith to the commission or to an
26 adjudicative body in connection with any such report may not be the
27 basis for an action for defamation of character.

1 (g) An individual [~~A person~~] who has been finally determined
2 to have taken action prohibited by Subsection (e)(2), (3), (4),
3 [~~or~~] (5), (6), or (7) cannot be listed on the registry of approved
4 bingo workers and cannot work as a bingo worker for one year from
5 the date of such determination. Upon expiration of the one-year
6 period, the individual [~~person~~] is eligible for listing on the
7 registry provided a licensee subject to this chapter makes
8 application to list the individual [~~person~~]. In such event, the
9 commission shall take into consideration the facts and
10 circumstances that occurred that led to the applicable action under
11 Subsections (e)(2)-(7) [~~(e)(2)-(5)~~] in deciding whether to list the
12 individual [~~person~~] on the registry.

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

18 (1) for a period not to exceed 14 days if the
19 individual is a resident of this state; or

20 (2) for a period to be established by commission rule
21 if the individual is not a resident of this state.

22 (i) An individual who has been removed from the registry
23 under Subsection (e) and has not subsequently been listed on the
24 registry under Subsection (g) may not be employed under Subsection
25 (h).

26 SECTION 21. Section 2001.314, Occupations Code, is amended
27 to read as follows:

1 Sec. 2001.314. IDENTIFICATION CARD FOR APPROVED BINGO
2 WORKER. (a) The commission may require an individual [~~a person~~]
3 listed in the registry maintained under Section 2001.313 to wear an
4 identification card to identify the individual [~~person~~] to license
5 holders, bingo players, and commission staff while the individual
6 [~~person~~] is on duty during the conduct of bingo. The commission by
7 rule shall prescribe the form and content of the card.

8 (b) The commission shall provide the identification card
9 and shall provide a form to be completed by an individual [~~a person~~]
10 that allows the individual [~~person~~] to prepare the identification
11 card. The commission may [~~shall~~] collect a reasonable charge to
12 cover the cost of providing the card or form.

13 (c) An identification card required by the commission under
14 this section to be worn by an individual [~~a person~~] while on duty
15 during the conduct of bingo must be in substantial compliance with
16 the form and content requirements prescribed by the commission
17 under this section.

18 (d) The commission may not require any other individual
19 [~~person~~] licensed under this chapter, or an individual [~~a person~~]
20 acting on the license holder's behalf, to wear an identification
21 card, whether or not the individual [~~person~~] is present or
22 performing the individual's [~~person's~~] duties during the conduct of
23 bingo.

24 SECTION 22. Subchapter G, Occupations Code, is amended by
25 adding Sections 2001.315 and 2001.316 to read as follows:

26 Sec. 2001.315. LATE LICENSE RENEWAL. (a) A person who
27 fails to renew the person's license under this chapter before the

1 date the license expires may renew the license after the expiration
2 date by:

3 (1) filing a license renewal application with the
4 commission not later than the 14th day after the date the license
5 expires, paying the applicable annual license fee, and paying a
6 late license renewal fee equal to 10 percent of the annual license
7 fee; or

8 (2) filing a license renewal application with the
9 commission not later than the 60th day after the date the license
10 expires, paying the applicable annual license fee, and paying a
11 late license renewal fee equal to 10 percent of the annual license
12 fee for each 14-day period occurring after the date the license
13 expires and before the date the renewal application is filed with
14 the commission.

15 (b) A person who files a renewal application with the
16 commission under Subsection (a) may continue to perform the bingo
17 activities authorized under the license as if the license has not
18 expired until the license is renewed or renewal of the license is
19 denied.

20 (c) To renew a license after the 60th day after the date the
21 license expires, the person must file an application for an
22 original license and cease all bingo activities for which the
23 license is required as of the 61st day after the date the license
24 expires until a new license is issued.

25 Sec. 2001.316. DELIVERY OF COMMISSION NOTICE. If notice
26 under this chapter is required to be given to an authorized
27 organization, the commission shall send the notice to the bingo

1 chairperson of the authorized organization and to the appropriate
2 commercial lessor, if applicable.

3 SECTION 23. Section 2001.356(c), Occupations Code, is
4 amended to read as follows:

5 (c) If a notice of temporary suspension is served on a
6 license holder, the director of bingo operations shall
7 simultaneously serve notice of a hearing, to be held not later than
8 the 14th [~~10th~~] day after the date the notice is served, at which
9 the license holder must show cause why the license should not be
10 temporarily suspended on the 14th [~~10th~~] day after the date the
11 notice is served. If the license holder does not show cause, the
12 license is suspended.

13 SECTION 24. Section 2001.404, Occupations Code, is amended
14 to read as follows:

15 Sec. 2001.404. PRINCIPAL LOCATION. A licensed authorized
16 organization may conduct bingo only in:

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

19 (2) if the organization does not have a [~~has no~~]
20 business office, in the county of the principal residence of its
21 chief executive officer, or a contiguous county of this state.

22 SECTION 25. Section 2001.406(b), Occupations Code, is
23 amended to read as follows:

24 (b) Rent for premises used for the conduct of bingo must be
25 paid in a lump sum. Except as otherwise provided by this section,
26 the [~~The~~] lump sum must include all expenses authorized by Section
27 2001.458 that are paid by the licensed authorized organization to

1 the lessor in connection with the use of the premises. A licensed
2 authorized organization or unit may pay as a separate expense,
3 based on the percentage of the total area of the lessor's facility
4 that the organization or unit uses as the bingo premises for the
5 conduct of bingo, the organization's or unit's pro rata share of:

6 (1) property taxes on the facility that are paid by the
7 lessor, excluding any penalties and interest on the taxes;

8 (2) water, electric, and gas utility expenses for the
9 facility that are paid by the lessor, excluding any late fees or
10 other penalties; and

11 (3) property and casualty insurance premiums for the
12 facility that are paid by the lessor, excluding any late fees or
13 other penalties.

14 SECTION 26. Section 2001.407(a), Occupations Code, is
15 amended to read as follows:

16 (a) A licensed manufacturer may furnish, by sale or
17 otherwise, bingo equipment or supplies to a licensed distributor.
18 A ~~[Except as provided by Section 2001.257(b), a]~~ licensed
19 manufacturer may not furnish, by sale or otherwise, bingo equipment
20 or supplies to a person other than a licensed distributor.

21 SECTION 27. Section 2001.411, Occupations Code, is amended
22 by adding Subsection (c-1) to read as follows:

23 (c-1) An organization may designate as members of the
24 organization one or more individuals who elect to become members,
25 including all of the organization's directors, and the designated
26 members are bona fide members of the organization for purposes of
27 this section and other law.

1 SECTION 28. Section 2001.419, Occupations Code, is amended
2 to read as follows:

3 Sec. 2001.419. BINGO OCCASIONS. (a) ~~[A bingo occasion~~
4 ~~begins when the premises are opened to the public.~~

5 ~~[(b)]~~ A licensed authorized organization may not conduct
6 more than three [a] bingo occasions ~~[occasion more often than three~~
7 ~~days]~~ during a calendar week under an annual license ~~[and not to~~
8 ~~exceed more than four hours during a 24-hour period].~~

9 (b) A bingo occasion may not exceed four hours.

10 (c) ~~[A licensed authorized organization may conduct two~~
11 ~~bingo occasions during a 24-hour period.]~~ No more than two bingo
12 occasions may be conducted at the same premises during one day
13 except that a third bingo occasion may be conducted under a
14 temporary license held by a licensed authorized organization at
15 that premises.

16 (d) ~~[No more than two licensed authorized organizations may~~
17 ~~conduct bingo at the same premises during a 24-hour period.]~~ If
18 more than one bingo occasion is conducted ~~[two organizations~~
19 ~~conduct bingo]~~ at the same premises on the same day:

20 (1) [during a 24-hour period, the bingo occasions
21 must be announced separately;

22 (2) the licensed times may not overlap; and

23 (3) bingo cards may be sold during a bingo occasion for
24 play during a subsequent bingo occasion that is scheduled to begin
25 at the same premises in not more than eight hours after the sale of
26 cards for the subsequent occasion begins ~~[, and an intermission of~~
27 ~~at least 10 minutes must occur between the bingo occasions].~~

1 (e) Bingo paper for a bingo occasion may be sold at the
2 licensed premises before the bingo occasion begins. [~~If two~~
3 ~~licensed authorized organizations are authorized to conduct bingo~~
4 ~~at the same premises on the same day, the bingo occasion of one~~
5 ~~organization may overlap with the bingo occasion of the other~~
6 ~~organization, but their games must be separated by the intermission~~
7 ~~required under Subsection (d). In that event, the intermission is~~
8 ~~considered part of each organization's bingo occasion.~~]

9 SECTION 29. Subchapter I-1, Chapter 2001, Occupations Code,
10 is amended by adding Section 2001.4335 to read as follows:

11 Sec. 2001.4335. EXEMPTION FROM FRANCHISE TAX. A unit
12 formed under this subchapter is exempt from the tax imposed under
13 Chapter 171, Tax Code.

14 SECTION 30. Section 2001.435(b), Occupations Code, is
15 amended to read as follows:

16 (b) Each member of a unit shall deposit into the unit's
17 bingo account all funds derived from the conduct of bingo, less the
18 amount awarded as cash prizes under Sections 2001.420(a) and (b).
19 The deposit shall be made not later than the second [~~next~~] business
20 day after the day of the bingo occasion on which the receipts were
21 obtained.

22 SECTION 31. Section 2001.451, Occupations Code, is amended
23 by amending Subsections (a), (b), (c), (d), and (e) and adding
24 Subsections (g), (h), (i), (j), and (k) to read as follows:

25 (a) A licensed authorized organization shall establish and
26 maintain one regular checking account designated as the
27 organization's "bingo account." The organization may [~~also~~]

1 maintain a separate [~~an~~] interest-bearing savings account
2 designated as the "bingo savings account."

3 (b) A licensed authorized organization shall deposit in the
4 bingo account all funds derived from the conduct of bingo, less the
5 amount awarded as cash prizes under Sections 2001.420(a) and (b).
6 Except as provided by Subsection (b-1), a deposit must be made not
7 later than the second [~~next~~] business day after the day of the bingo
8 occasion on which the receipts were obtained.

9 (c) A licensed authorized organization may transfer [~~lend~~]
10 money from its general fund or other account to the organization's
11 [~~its~~] bingo account or to the bingo account of a unit of which the
12 organization is a member under Subchapter I-1, if applicable, if:

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

16 (2) the organization notifies [~~requests and receives~~
17 ~~the prior approval of~~] the commission of the transfer not later than
18 the 14th day after the date of the transfer. [~~Except as provided by~~
19 ~~this section, no other funds may be deposited in the bingo account.~~]

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

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

1 (g) The bingo operations of a licensed authorized
2 organization must:

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

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

8 (h) Except as provided by Subsection (j), a licensed
9 authorized organization or a unit of licensed authorized
10 organizations may retain operating capital in the organization's or
11 unit's bingo account in an amount that:

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

15 (2) does not exceed a total of \$50,000 for a single
16 organization or \$50,000 for each member of a unit unless:

17 (A) the commission by rule establishes a higher
18 amount for all organizations or units or one or more classes of
19 organizations or units; or

20 (B) the bingo operations director, on request,
21 raises the operating capital limit for one organization or unit as
22 necessary to facilitate the operation of the organization or unit.

23 (i) Prize fees held in escrow for remittance to the
24 commission are not included in the calculation of operating capital
25 under Subsection (h).

26 (j) The commission shall adopt rules allowing a licensed
27 authorized organization to retain a maximum amount of operating

1 capital in the bingo account in excess of the amount provided by
2 Subsection (h) if the organization:

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

4 (2) experiences circumstances beyond the control of
5 the organization, including force majeure, that necessitate an
6 increase in operating capital; or

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

11 (k) A licensed authorized organization may apply to the
12 commission for a waiver of the requirements of this section and
13 Section 2001.457. The commission may grant the waiver on a showing
14 of good cause by the organization that compliance with this section
15 and Section 2001.457 is detrimental to the organization's existing
16 or planned charitable purposes. An organization applying for a
17 waiver establishes good cause by providing to the commission:

18 (1) credible evidence of circumstances beyond the
19 control of the organization, including force majeure; or

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

23 SECTION 32. Sections 2001.452(a) and (c), Occupations Code,
24 are amended to read as follows:

25 (a) Funds from the bingo account must be withdrawn by
26 electronic funds transfer or by preprinted, consecutively numbered
27 checks or withdrawal slips, signed by an authorized representative

1 of the licensed authorized organization and made payable to a
2 person. A check or withdrawal slip may not be made payable to
3 "cash," "bearer," or a fictitious payee. The nature of the payment
4 made must also be noted on the face of the check or withdrawal slip.
5 The purpose, amount, and payee for each electronic funds transfer
6 must be recorded in accordance with rules adopted by the
7 commission.

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

11 SECTION 33. Section 2001.453, Occupations Code, is amended
12 to read as follows:

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

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

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

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

26 ~~[(b) A licensed authorized organization must make the~~
27 ~~disbursement of net proceeds on deposit in the bingo savings~~

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

4 SECTION 34. Sections 2001.457(a), (b), and (c), Occupations
5 Code, are amended to read as follows:

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

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

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

1 SECTION 35. Section 2001.458(a), Occupations Code, is
2 amended to read as follows:

3 (a) An item of expense may not be incurred or paid in
4 connection with the conduct of bingo except an expense that is
5 reasonable or necessary to conduct bingo, including an expense for:

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

8 (2) security;

9 (3) repairs to premises and equipment;

10 (4) bingo supplies and equipment;

11 (5) prizes;

12 (6) stated rental or mortgage and insurance expenses;

13 (7) bookkeeping, legal, or accounting services
14 related to bingo;

15 (8) fees for callers, cashiers, ushers, janitorial
16 services, and utility supplies and services;

17 (9) license fees;

18 (10) attending a bingo seminar or convention required
19 under Section 2001.107; and

20 (11) debit card transaction fees and electronic funds
21 transfer fees.

22 SECTION 36. Section 2001.459(a), Occupations Code, is
23 amended to read as follows:

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

27 (1) advertising, including the cost of printing bingo

1 gift certificates;

2 (2) security during a bingo occasion;

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

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

6 (5) stated rental expenses;

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

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

9 (8) janitorial services; and

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

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

13 SECTION 37. Section 2001.502, Occupations Code, is amended
14 to read as follows:

15 Sec. 2001.502. PRIZE FEE. A licensed authorized
16 organization shall:

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

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

22 SECTION 38. Sections 2001.505(a) and (b), Occupations Code,
23 are amended to read as follows:

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

27 (1) the amount of the gross receipts derived from

1 bingo;

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

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

7 (4) the net proceeds derived from bingo;

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

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

12 (b) A license holder shall ~~+~~

13 ~~[(1)]~~ maintain records to substantiate the contents of
14 each report ~~+, and~~

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

17 SECTION 39. Section 2001.603(b), Occupations Code, is
18 amended to read as follows:

19 (b) Not later than the 21st ~~[14th]~~ day after the date on
20 which the report is issued, the director shall give written notice
21 of the report to the person alleged to have committed the violation.

22 SECTION 40. Sections 2001.656(a), (b), and (d), Occupations
23 Code, are amended to read as follows:

24 (a) If a majority of the qualified voters voting on the
25 question in a legalization election vote in favor of legalization,
26 bingo is legalized throughout the political subdivision beginning
27 on the 14th ~~[10th]~~ day after the date the result of the election is

1 officially declared, except as otherwise provided as to a part of
2 the political subdivision for which Section 2001.657 requires a
3 contrary status.

4 (b) If a majority of the qualified voters voting on the
5 question in a prohibitory election vote in favor of prohibition,
6 bingo is prohibited throughout the political subdivision beginning
7 on the 14th [~~10th~~] day after the date the result of the election is
8 officially declared, except as otherwise provided as to a part of
9 the political subdivision for which Section 2001.657 requires a
10 contrary status.

11 (d) The governing body of a political subdivision in which a
12 bingo election has been held shall not later than the 14th [~~10th~~]
13 day after the date of the election give written notification to the
14 commission of the results of the election. If as a result of the
15 election bingo is legalized in the political subdivision, the
16 governing body shall furnish the commission with a map prepared by
17 the governing body indicating the boundaries of the political
18 subdivision in which bingo may be conducted.

19 SECTION 41. Section 411.108, Government Code, is amended by
20 adding Subsection (a-1) and amending Subsection (b) to read as
21 follows:

22 (a-1) The Texas Lottery Commission is entitled to obtain
23 from the department criminal history record information maintained
24 by the department that relates to a person licensed under Chapter
25 2001, Occupations Code, or described by Section 2001.3025,
26 Occupations Code.

27 (b) Criminal history record information obtained by the

1 commission under Subsection (a) or (a-1) may not be released or
2 disclosed to any person except on court order or as provided by
3 Subsection (c).

4 SECTION 42. The following provisions of the Occupations
5 Code are repealed:

- 6 (1) Sections 2001.002(3) and (10);
- 7 (2) Section 2001.057(b);
- 8 (3) Section 2001.160(c);
- 9 (4) Section 2001.161(a);
- 10 (5) Section 2001.303;
- 11 (6) Section 2001.402(b);
- 12 (7) Section 2001.406(c);
- 13 (8) Section 2001.417;
- 14 (9) Section 2001.457(d);
- 15 (10) Section 2001.505(c);
- 16 (11) Section 2001.553(b); and
- 17 (12) Subchapter F, Chapter 2001.

18 SECTION 43. The Texas Lottery Commission shall adopt the
19 rules required by Chapter 2001, Occupations Code, as amended by
20 this Act, not later than April 1, 2010.

21 SECTION 44. (a) If on or after the effective date of this
22 Act a licensed authorized organization has a balance in its bingo
23 account of more than the maximum amount of operating capital
24 allowed by Chapter 2001, Occupations Code, as amended by this Act,
25 the organization shall distribute the funds in excess of the
26 organization's maximum operating capital allowed by Chapter 2001,
27 Occupations Code, as amended by this Act, not later than:

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

4 (2) the second anniversary of the effective date of
5 this Act if the excess amount is 200 percent or more but less than
6 300 percent of the maximum amount of operating capital; or

7 (3) the third anniversary of the effective date of
8 this Act if the excess amount is 300 percent or more of the maximum
9 amount of operating capital.

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

13 (c) This section expires January 1, 2013.

14 SECTION 45. This Act takes effect October 1, 2009.