

By: Ellis, Carona

S.B. No. 1084

A BILL TO BE ENTITLED

AN ACT

relating 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; providing penalties.

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

SECTION 1. Title 13, Occupations Code, is amended by adding Subtitle A-1 to read 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. 2021.001. DEFINITIONS. In this subtitle:

(1) "Affiliate" means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another person. A person is considered to control a company if the person beneficially owns more than a five percent equity interest in the company under the beneficial ownership rules adopted by the commission.

(2) "Applicant" means a person who has applied for a casino owner's license, a casino operator's license, a slot establishment owner's license, a slot establishment operator's license, an occupational license, a manufacturer's license, a slot

1 machine provider license, a casino service license, or a
2 qualification to hold an equity interest or creditor interest in a
3 casino owner's license holder or slot establishment owner's license
4 holder or who has applied for the approval of any act or transaction
5 for which approval is required or allowed under this subtitle.

6 (3) "Associated equipment" means any equipment,
7 including a mechanical, electromechanical, or electronic
8 contrivance, component, or machine, used in connection with gaming
9 or with any game that would not otherwise be classified as a gaming
10 device. The term includes dice, playing cards, links connecting
11 progressive slot machines, equipment affecting the proper
12 reporting of gross gaming revenue, computerized systems or software
13 for monitoring slot machines, and devices for weighing or counting
14 money.

15 (4) "Casino" means a facility at which gambling games
16 are conducted for profit that are not authorized by a law other than
17 Chapter 2022. The term does not include a slot establishment.

18 (5) "Casino operator" means a person other than the
19 casino owner's license holder who contractually agrees to provide
20 operational and managerial services for the operation of a casino
21 on behalf of the casino owner's license holder in return for
22 receiving a payment based wholly or partly on profits or receipts
23 from the casino.

24 (6) "Casino operator's license" means a license issued
25 under Section 2022.101.

26 (7) "Casino owner's license" means a license issued
27 under Section 2022.052.

1 (8) "Casino service" means the provision of goods or
2 services, including security service and gaming schools, to a
3 person holding a casino owner's or operator's license under this
4 subtitle, other than a service requiring a manufacturer's license.

5 (9) "Casino service license" means a license issued
6 under Section 2022.152.

7 (10) "Casino service license holder" means a person
8 who holds a casino service license.

9 (11) "Commission" means the Texas Gaming Commission.

10 (12) "Commission member" means a member of the
11 commission.

12 (13) "Company" means a corporation, partnership,
13 limited partnership, trust, association, joint stock company,
14 joint venture, limited liability company, or other form of business
15 organization. The term does not include a sole proprietorship or
16 natural person.

17 (14) "Creditor interest" means a right or claim of any
18 character against a person for the payment of money borrowed,
19 whether secured or unsecured, matured or unmatured, liquidated or
20 absolute, or fixed or contingent. The term includes an obligation
21 based on the person's profits or receipts.

22 (15) "Director" means a member of the board of
23 directors of a corporation and a person performing similar
24 functions with respect to a company other than a corporation.

25 (16) "Equity interest" means a proprietary interest,
26 right, or claim allowing the holder either to vote with respect to
27 matters of organizational governance or to participate in the

1 profits and residual assets of a company, including common and
2 preferred stock in a corporation, a general or limited partnership
3 interest in a partnership, a similar interest in any other form of
4 business organization, and a warrant, right, or similar interest
5 convertible into, or to subscribe for, a proprietary right or
6 claim, with or without the payment of additional consideration.

7 (17) "Executive director" means the executive
8 director of the commission.

9 (18) "Game" or "gambling game":

10 (A) means any game or similar activity that
11 involves the making of a bet, as defined by Section 47.01, Penal
12 Code, for consideration, and includes:

13 (i) a banking or percentage game played
14 with cards, dice, or a mechanical, electromechanical, or electronic
15 device or machine for money, property, checks, credit, or a
16 representative of value, including roulette, keno, twenty-one,
17 blackjack, craps, poker, chuck-a-luck (dai shu), wheel of fortune,
18 chemin de fer, baccarat, pai gow, slot machine, any other
19 electronic game of chance, and any other game or device approved by
20 the commission;

21 (ii) simulcast wagering on pari-mutuel
22 greyhound or horse racing;

23 (iii) the maintenance of a race book; and

24 (iv) any other method of effecting a wager
25 approved by the commission; and

26 (B) does not include:

27 (i) bingo authorized by Chapter 2001;

1 (ii) charitable raffles authorized by
2 Chapter 2002; or

3 (iii) the state lottery conducted under
4 Chapter 466, Government Code.

5 (19) "Gaming" or "gambling" means to deal, operate,
6 carry on, conduct, maintain, or expose for play a game in a casino
7 or slot establishment.

8 (20) "Gaming agreement" means an agreement authorized
9 under Chapter 2022 or 2023 between this state and a federally
10 recognized Indian tribe with Indian lands in this state under which
11 this state allows the tribe to conduct limited gaming activities
12 authorized under Chapter 2022 or 2023 or applicable federal law.

13 (21) "Gaming device" means a mechanical,
14 electromechanical, or electronic contrivance, component, or
15 machine used in connection with gaming or a game that affects the
16 result of a wager by determining win or loss. The term includes a
17 system for processing information that can alter the normal
18 criteria of random selection, affect the operation of a game, or
19 determine the outcome of a game.

20 (22) "Gaming employee":

21 (A) means an individual directly involved in the
22 operation or conduct of gaming in a casino or slot establishment
23 performing a service in a capacity that the commission finds
24 appropriate for occupational licensing under Section 2022.102 and
25 includes:

26 (i) a boxman, a cashier, change personnel,
27 counting room personnel, a dealer, a floor person, a host empowered

1 to extend credit or complimentary services, a keno runner, a keno
2 writer, a machine mechanic, or security personnel;

3 (ii) a shift or pit boss or a supervisor or
4 manager involved in gaming activities;

5 (iii) accounting or internal auditing
6 personnel directly involved in recordkeeping or the examination of
7 records generated from gaming activities; and

8 (iv) a junketeer or other independent agent
9 whose compensation is based on how much a patron wagers or loses or
10 who is paid per patron more than the price of admission; and

11 (B) does not include bartenders, cocktail
12 waitresses, or other individuals engaged exclusively in preparing
13 or serving food or beverages or individuals providing nominal,
14 complimentary, or maintenance services.

15 (23) "Gross gaming revenue":

16 (A) means the total of the following, less the
17 total of all cash paid out as losses to patrons and the amounts paid
18 to purchase annuities to fund losses paid to patrons by independent
19 financial institutions and items made deductible as losses under
20 Section 2022.303:

21 (i) money received by an owner's license
22 holder from players of casino games;

23 (ii) money received by an owner's license
24 holder in payment for credit extended by the owner's license holder
25 to a patron for the purposes of casino gaming; and

26 (iii) compensation received by an owner's
27 license holder for conducting any game in which the owner's license

1 holder is not a party to a wager; and

2 (B) does not include:

3 (i) counterfeit money or tokens;

4 (ii) coins of other countries that are
5 received in slot machines or gaming devices;

6 (iii) cash taken in fraudulent acts
7 perpetrated against an owner's license holder for which the holder
8 is not reimbursed; or

9 (iv) cash received as entry fees for
10 contests or tournaments in which the patrons compete for prizes.

11 (24) "Hearing examiner" means a person authorized by
12 the commission to conduct hearings.

13 (25) "Indian lands" means land that was held in trust
14 by the United States on January 1, 1998, for the benefit of the
15 Indian tribe pursuant to the Restoration Acts (Pub. L. No. 100-89)
16 or on which gaming is permitted under the Indian Gaming Regulatory
17 Act (18 U.S.C. Section 1166 et seq. and 25 U.S.C. Section 2701 et
18 seq.).

19 (26) "Institutional investor" means a person, other
20 than a state or federal pension plan, that meets the requirements of
21 a "qualified institutional buyer" as defined in 17 C.F.R. Section
22 230.144A and is:

23 (A) a bank as defined in Section 3(a)(6),
24 Securities Exchange Act of 1934 (15 U.S.C. Section 78c);

25 (B) an insurance company as defined in Section
26 2(a)(17), Investment Company Act of 1940 (15 U.S.C. Section 80a-2);

27 (C) an investment company registered under

1 Section 8, Investment Company Act of 1940 (15 U.S.C. Section
2 80a-8);

3 (D) an investment adviser registered under
4 Section 203, Investment Advisers Act of 1940 (15 U.S.C. Section
5 80b-3);

6 (E) a collective trust fund as defined by Section
7 3(c)(11), Investment Company Act of 1940 (15 U.S.C. Section 80a-3);

8 (F) an employee benefit plan or pension fund that
9 is subject to the Employee Retirement Income Security Act of 1974
10 (29 U.S.C. Section 1001 et seq.), excluding an employee benefit
11 plan or pension fund sponsored by a publicly traded corporation
12 registered with the commission;

13 (G) a state or federal government pension plan;

14 (H) a group composed entirely of persons
15 specified in Paragraphs (A)-(F); or

16 (I) such other persons as the commission may
17 determine for reasons consistent with the policies expressed in
18 Section 2022.001.

19 (27) "Key executive" means a corporation's directors
20 and executive officers, a partnership's general partners, a trust's
21 trustee, a joint venture's managing venturers, and each person
22 possessing similar responsibilities and authorities in any other
23 form of business organization.

24 (28) "License" means a license issued under this
25 subtitle, including a casino owner's license, a casino operator's
26 license, a slot establishment owner's license, a slot establishment
27 operator's license, an occupational license, a casino service

1 license, a manufacturer's license, a slot machine provider license,
2 or a qualification to hold an equity interest or creditor interest
3 in a casino owner's or slot establishment owner's license.

4 (29) "License holder" means a person holding a license
5 issued under this subtitle.

6 (30) "Manufacturer license holder" means the holder of
7 a manufacturer's license.

8 (31) "Manufacturer's license" means a license issued
9 under Section 2022.151.

10 (32) "Negotiable instrument" means a writing that
11 evidences a transaction between an individual and a casino or slot
12 establishment owner's license holder at the time of the transaction
13 whose gaming chips, tokens, or currency are exchanged for the
14 instrument and includes a writing taken in consolidation,
15 redemption, or payment of a prior instrument.

16 (33) "Net slot income" means the total amount of money
17 paid to play slot machines at a slot establishment less the value of
18 all credits redeemed for money, including any progressive prizes
19 and bonuses, by the players of the slot games. The following
20 provisions apply to the calculation of net slot income:

21 (A) the costs associated with progressive prizes
22 may not be deducted from the total amount of money paid to play the
23 games for purposes of determining net slot income; and

24 (B) promotional prizes offered by a slot
25 establishment may not be deducted or otherwise considered credits
26 redeemed for money by players.

27 (34) "Occupational license" means a license issued

1 under Section 2022.102.

2 (35) "Occupational license holder" means the holder of
3 an occupational license.

4 (36) "Operator's license" means a casino operator's
5 license issued under Section 2022.101 or a slot establishment
6 operator's license issued under Section 2022.202.

7 (37) "Operator license holder" means the holder of an
8 operator's license.

9 (38) "Owner's license" means a casino owner's license
10 issued under Section 2022.052 or a slot establishment owner's
11 license issued under Section 2022.202.

12 (39) "Owner's license holder" means a person holding
13 an owner's license.

14 (40) "Pari-mutuel license holder" means a person
15 licensed to conduct wagering on a greyhound race or a horse race
16 under the Texas Racing Act (Article 179e, Vernon's Texas Civil
17 Statutes).

18 (41) "Player" means a person who contributes any part
19 of the consideration to play a gambling game.

20 (42) "Principal manager" means a person who, as
21 determined under the rules of the commission, holds or exercises
22 managerial, supervisory, or policy-making authority over the
23 management or operation of a gaming activity or casino service that
24 in the judgment of the commission warrants the occupational
25 licensing as a principal manager for the protection of the public
26 interest. The term includes a key executive of a license holder
27 that is a company and each person controlling a license holder that

1 is a company.

2 (43) "Race book" means wagers accepted on the outcome
3 of an event held at a greyhound or horse racetrack that uses the
4 pari-mutuel system of wagering.

5 (44) "Racetrack" means a racetrack as defined by
6 Section 1.03, Texas Racing Act (Article 179e, Vernon's Texas Civil
7 Statutes), that is conducting live racing or simulcasting under an
8 active pari-mutuel license.

9 (45) "Slot establishment" means premises at which the
10 operation of slot machines is authorized by the commission under
11 this subtitle in accordance with a license or gaming agreement.

12 (46) "Slot establishment operator's license" means a
13 license issued under Section 2022.202.

14 (47) "Slot establishment operator's license holder"
15 means a person holding a slot establishment operator's license.

16 (48) "Slot establishment owner's license" means a
17 license issued under Section 2022.202.

18 (49) "Slot establishment owner's license holder" means
19 a person holding a slot establishment owner's license.

20 (50) "Slot machine" means a mechanical, electrical, or
21 other device or machine that, on insertion of a coin, token, or
22 similar object or on payment of consideration, is available to play
23 or operate, the play or operation of which, wholly or partly by the
24 element of chance, may deliver or entitle the person playing or
25 operating the machine to receive cash, premiums, merchandise,
26 tokens, or any other thing of value, whether the payoff is made
27 automatically from the machine or is made in another manner.

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

5 (b) On the date the commission is abolished under Subsection
6 (a), the following statutes are repealed:

7 (1) this chapter;

8 (2) Chapter 2022;

9 (3) Chapter 2023; and

10 (4) the Texas Racing Act (Article 179e, Vernon's Texas
11 Civil Statutes).

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

18 Sec. 2021.004. EXEMPTION FROM TAXATION. A political
19 subdivision of this state may not impose:

20 (1) a tax on the payment of a prize under Chapter 2023;

21 (2) a tax, fee, or other assessment on consideration
22 paid to play a gambling game authorized by this subtitle; or

23 (3) a tax or fee on attendance at or admission to a
24 casino or slot establishment authorized by this subtitle unless
25 specifically authorized by statute.

26 [Sections 2021.005-2021.050 reserved for expansion]

1 SUBCHAPTER B. TEXAS GAMING COMMISSION

2 Sec. 2021.051. COMMISSION; MEMBERSHIP. (a) The Texas
3 Gaming Commission is composed of five members appointed by the
4 governor with the advice and consent of the senate.

5 (b) Appointments to the commission shall be made without
6 regard to the race, color, disability, sex, religion, age, or
7 national origin of the appointee.

8 Sec. 2021.052. QUALIFICATIONS OF COMMISSION MEMBERS. (a)
9 To be eligible for appointment to the commission, a person:

10 (1) must be a citizen of the United States;

11 (2) must have resided in this state for the two years
12 preceding the date of the person's appointment;

13 (3) must submit a financial statement that contains
14 the information required by Chapter 572, Government Code;

15 (4) may not own a financial or other interest in a
16 person engaged in the conduct of gaming or the provision of casino
17 services, or in a security issued by that person, or be related
18 within the second degree by affinity or the third degree by
19 consanguinity, as determined under Chapter 573, Government Code, to
20 an individual who owns such a financial or other interest or
21 security;

22 (5) may not be an applicant for or holder of a license,
23 certificate of registration, finding of suitability, or other
24 affirmative regulatory approval under a law administered by the
25 commission or hold an equity interest or creditor interest in an
26 owner's license holder requiring qualification under Section
27 2022.060; and

1 (6) may not be a member of the governing body of a
2 political subdivision of this state.

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

6 Sec. 2021.053. MEMBERSHIP AND EMPLOYEE RESTRICTIONS. (a)
7 In this section, "Texas trade association" means a cooperative and
8 voluntarily joined association of business or professional
9 competitors in this state designed to assist its members and its
10 industry or profession in dealing with mutual business or
11 professional problems and in promoting their common interest.

12 (b) A person may not be a member of the commission or an
13 employee of the commission employed in a "bona fide executive,
14 administrative, or professional capacity," as that phrase is used
15 for purposes of establishing an exemption to the overtime
16 provisions of the federal Fair Labor Standards Act of 1938 (29
17 U.S.C. Section 201 et seq.) if:

18 (1) the person is an officer, employee, manager, or
19 paid consultant of a Texas trade association in the field of gaming;
20 or

21 (2) the person's spouse is an officer, manager, or paid
22 consultant of a Texas trade association in the field of gaming.

23 (c) A person may not be a member of the commission or act as
24 general counsel to the commission if the person is required to
25 register as a lobbyist under Chapter 305, Government Code, because
26 of the person's activities for compensation on behalf of a
27 profession related to the operation of the commission.

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

4 (b) The governor shall fill a vacancy in a position on the
5 commission for the remainder of the unexpired term.

6 Sec. 2021.055. PRESIDING OFFICER. The governor shall
7 designate a member of the commission as presiding officer of the
8 commission to serve in that capacity at the pleasure of the
9 governor.

10 Sec. 2021.056. MEETINGS; OFFICIAL RECORD. (a) The
11 commission shall meet not less than six times each year.

12 (b) The commission may meet at other times at the call of the
13 presiding officer or as provided by commission rule.

14 (c) The commission shall keep an official record of all
15 commission meetings and proceedings.

16 Sec. 2021.057. GROUNDS FOR REMOVAL. (a) It is a ground for
17 removal from the commission that a member:

18 (1) does not have at the time of taking office the
19 qualifications required by Section 2021.052;

20 (2) does not maintain during service on the commission
21 the qualifications required by Section 2021.052;

22 (3) is ineligible for membership under Section
23 2021.053;

24 (4) cannot, because of illness or disability,
25 discharge the member's duties for a substantial part of the member's
26 term; or

27 (5) is absent from more than half of the regularly

1 scheduled commission meetings that the member is eligible to attend
2 during a calendar year without an excuse approved by a majority vote
3 of the commission.

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

7 (c) If the executive director has knowledge that a potential
8 ground for removal of a commission member exists, the executive
9 director shall notify the presiding officer of the commission of
10 the potential ground. The presiding officer shall then notify the
11 governor and the attorney general that a potential ground for
12 removal exists. If the potential ground for removal involves the
13 presiding officer, the executive director shall notify the next
14 highest officer of the commission, who shall notify the governor
15 and the attorney general that a potential ground for removal
16 exists.

17 Sec. 2021.058. TRAINING. (a) A person who is appointed to
18 and qualifies for office as a member of the commission may not vote,
19 deliberate, or be counted as a member in attendance at a meeting of
20 the commission until the person completes a training program that
21 complies with this section.

22 (b) The training program must provide the person with
23 information regarding:

24 (1) this subtitle and the other laws administered by
25 the commission;

26 (2) the commission's programs, functions, rules, and
27 budget;

1 (3) the results of the most recent formal audit of the
2 commission;

3 (4) the requirements of laws relating to open
4 meetings, public information, administrative procedure, and
5 conflict of interest; and

6 (5) any applicable ethics policies adopted by the
7 commission or the Texas Ethics Commission.

8 (c) A person appointed to the commission is entitled to
9 reimbursement, as provided by the General Appropriations Act, for
10 travel expenses incurred in attending the training program
11 regardless of whether the attendance at the program occurs before
12 or after the person qualifies for office.

13 Sec. 2021.059. QUALIFICATIONS AND STANDARDS OF CONDUCT
14 INFORMATION. The executive director or the executive director's
15 designee shall provide to members of the commission, as often as
16 necessary, information regarding their:

17 (1) qualifications for office under this chapter; and

18 (2) responsibilities under applicable laws relating
19 to standards of conduct for state officers.

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

24 (b) The bond must be approved by the governor.

25 (c) The cost of the bond shall be paid by the commission.

26 Sec. 2021.061. PROHIBITION OF CERTAIN ACTIVITIES. (a) A
27 member of the commission may not:

1 (1) use the member's official authority to affect the
2 result of an election or nomination for public office; or

3 (2) directly or indirectly coerce, attempt to coerce,
4 command, or advise a person to pay, lend, or contribute anything of
5 value to another person for political purposes.

6 (b) A commission member or the spouse of a commission member
7 may not solicit or accept employment from a license, certificate of
8 registration, finding of suitability, or approval holder under a
9 law administered by the commission or from an applicant for a
10 license, certificate, finding of suitability, or approval before
11 the second anniversary of the date the commission member's service
12 on the commission ends.

13 Sec. 2021.062. APPLICATION OF FINANCIAL DISCLOSURE LAW.
14 For purposes of Chapter 572, Government Code, a member of the
15 commission, the executive director, and the division directors are
16 appointed officers of a major state agency.

17 Sec. 2021.063. PER DIEM; EXPENSES. (a) A member of the
18 commission is entitled to:

19 (1) a per diem in an amount prescribed by
20 appropriation for each day spent in performing the duties of the
21 member; and

22 (2) reimbursement for actual and necessary expenses
23 incurred in performing those duties.

24 (b) Reimbursement for expenses under this section is
25 subject to any applicable limitation in the General Appropriations
26 Act.

27 Sec. 2021.064. EXECUTIVE DIRECTOR. (a) The commission

1 shall appoint an executive director, who serves at the pleasure of
2 the commission.

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

6 (c) The executive director must have five or more years of
7 responsible administrative experience in public or business
8 administration or possess broad management skills.

9 (d) The executive director may not pursue any other business
10 or occupation or hold any other office for profit.

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

14 (f) The executive director is entitled to an annual salary
15 and other compensation specified by the commission.

16 (g) The executive director may not, before the second
17 anniversary of the date the director's service to the commission
18 ends, acquire a direct or indirect interest in or be employed by a
19 person licensed or registered by the commission in connection with
20 the conduct of gaming or the provision of casino services in this
21 state.

22 Sec. 2021.065. OFFICES. The commission shall maintain its
23 primary office in Travis County and may maintain other offices
24 determined to be necessary by the commission.

25 Sec. 2021.066. AUTHORITY TO SUE OR BE SUED. (a) The
26 commission may sue and be sued.

27 (b) Service of process in a suit against the commission may

1 be secured by serving the executive director.

2 (c) A suit against the commission must be brought in Travis
3 County.

4 Sec. 2021.067. AUDIT. The transactions of the commission
5 are subject to audit by the state auditor under Chapter 321,
6 Government Code.

7 [Sections 2021.068-2021.100 reserved for expansion]

8 SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION

9 Sec. 2021.101. GENERAL POWERS. (a) The commission has
10 broad authority and shall exercise strict control and close
11 supervision over all activities authorized and conducted in this
12 state under a law administered by the commission, including:

13 (1) this subtitle; and

14 (2) the Texas Racing Act (Article 179e, Vernon's Texas
15 Civil Statutes).

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

20 (c) The commission also has the powers and duties granted
21 under:

22 (1) Chapter 2022;

23 (2) Chapter 2023; and

24 (3) the Texas Racing Act (Article 179e, Vernon's Texas
25 Civil Statutes).

26 (d) All aspects of this subtitle and the other laws
27 administered by the commission, including those relating to

1 licensing, qualification, execution, and enforcement, shall be
2 administered by the executive director and the commission for the
3 protection of the public and in the public interest.

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

13 (f) The executive director and the executive director's
14 authorized employees may:

15 (1) inspect and examine a premises where gaming is
16 conducted or equipment or supplies, including an electronic or
17 other gaming device, or associated equipment is manufactured,
18 assembled, produced, programmed, sold, leased, marketed,
19 distributed, repaired, or modified for use in gaming;

20 (2) for good cause, seize and remove from a premises
21 and impound equipment or supplies for the purpose of examination
22 and inspection; and

23 (3) demand access to, inspect, examine, photocopy, or
24 audit papers, books, and records of applicants and license and
25 certificate holders, on their premises or elsewhere as practicable,
26 in the presence of the license or certificate holder or the license
27 or certificate holder's agent, reporting the gross income produced

1 by a gaming business, verification of the gross income, and other
2 matters affecting the enforcement of this subtitle or other law
3 administered by the commission.

4 (g) For the purpose of conducting audits after the cessation
5 of gaming by a license or certificate holder, a former license
6 holder shall furnish, on demand of the executive director or the
7 executive director's authorized employees, books, papers, and
8 records as necessary to conduct the audits. The former license or
9 certificate holder shall maintain all books, papers, and records
10 necessary for audits for three years after the date of the surrender
11 or revocation of the license or certificate and is responsible for
12 the costs incurred by the commission in the conduct of an audit
13 under this section. If the former license or certificate holder
14 seeks judicial review of a deficiency determination or files a
15 petition for a redetermination, the former license or certificate
16 holder must maintain all books, papers, and records until a final
17 order is entered on the determination.

18 (h) The commission shall contract with an independent
19 testing laboratory to scientifically test and technically evaluate
20 casino games, slot machine games, and associated equipment for
21 compliance with this subtitle. The independent testing laboratory
22 must have a national reputation of being demonstrably competent and
23 must be qualified to scientifically test and evaluate all
24 components of casino games, slot machine games, and associated
25 equipment for compliance with this subtitle and to perform the
26 functions assigned to it under this subtitle. An independent
27 testing laboratory may not be owned or controlled by a person

1 licensed to conduct casino or slot games or to manufacture gaming
2 equipment. The use of an independent testing laboratory for
3 purposes related to the conduct of gaming under this subtitle must
4 be made from a list of one or more laboratories approved by the
5 commission.

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

10 (b) The rules shall set out:

11 (1) the method and form of application that an
12 applicant for a license or certificate of registration under this
13 subtitle must follow and complete before consideration of an
14 application by the commission;

15 (2) the information to be furnished by an applicant or
16 license or certificate holder under Chapter 2022 concerning
17 antecedents, habits, character, associates, criminal record,
18 business activities, and financial affairs;

19 (3) the criteria to be used in the award, revocation,
20 and suspension of licenses or certificates under Chapter 2022;

21 (4) the information to be furnished by a license or
22 certificate holder under Chapter 2022 relating to the holder's
23 employees;

24 (5) the manner and procedure of hearings conducted by
25 the commission or a hearing examiner of the commission;

26 (6) the payment of fees or costs an applicant or
27 license or certificate holder under Chapter 2022 must pay;

1 (7) the procedures for the issuance of temporary
2 licenses and certificates and temporary qualification to hold
3 equity interests and creditor interests in owner's license and
4 certificate holders under Chapter 2022;

5 (8) the manner and method of collection and payment of
6 fees and the issuance of licenses and certificates;

7 (9) the definition of "unsuitable method of
8 operation";

9 (10) the conditions under which the nonpayment of a
10 gambling debt by a license or certificate holder constitutes
11 grounds for disciplinary action;

12 (11) the manner of approval of gambling games, slot
13 machines, and other electronic gaming devices;

14 (12) access to confidential information obtained
15 under this chapter, Chapter 2022, Chapter 2023, or other law and
16 means to ensure that the confidentiality of the information is
17 maintained and protected;

18 (13) financial reporting and internal control
19 requirements for license or certificate holders;

20 (14) the manner in which money awarded to players of
21 casino games, compensation from casino games and slot machines,
22 gross gaming revenue, and net slot income must be computed and
23 reported under Chapter 2022;

24 (15) requirements for the annual audit of the
25 financial statements of a license or certificate holder;

26 (16) requirements for periodic financial reports from
27 each license or certificate holder consistent with standards and

1 intervals prescribed by the commission;

2 (17) the procedures to be followed by a license or
3 certificate holder for excluding a person from a casino or slot
4 establishment; and

5 (18) the procedures for exempting or waiving
6 institutional investors from the licensing or registration
7 requirements for shareholders of publicly traded corporations.

8 Sec. 2021.103. AUTHORITY OF EXECUTIVE DIRECTOR. (a) With
9 commission approval, the executive director may create executive
10 positions as the director considers necessary to implement the
11 provisions of this chapter, Chapter 2022, Chapter 2023, and any
12 other law administered by the commission.

13 (b) The executive director shall employ directors in the
14 areas of audit, investigation, and enforcement. The audit director
15 must be a certified public accountant, have five or more years of
16 progressively responsible experience in general accounting, and
17 have a comprehensive knowledge of the principles and practices of
18 corporate finance or must possess qualifications of an expert in
19 the field of corporate finance and auditing, general finance,
20 gaming, and economics. Other directors must possess five or more
21 years of training and experience in the fields of investigation,
22 law enforcement, law, or gaming.

23 (c) The executive director may investigate, for the purpose
24 of prosecution, a suspected criminal violation of this subtitle or
25 another law administered by the commission. For the purpose of the
26 administration and enforcement of this subtitle or another law
27 administered by the commission, the executive director and

1 employees designated by the executive director may be commissioned
2 as peace officers.

3 (d) The executive director, to further the objectives and
4 purposes of this subtitle or another law administered by the
5 commission, may:

6 (1) direct and supervise all administrative actions of
7 the commission;

8 (2) bring legal action in the name and on behalf of the
9 commission;

10 (3) make, execute, and effect an agreement or contract
11 authorized by the commission;

12 (4) employ the services of persons considered
13 necessary for consultation or investigation and set the salaries of
14 or contract for the services of legal, professional, technical, and
15 operational personnel and consultants, except that outside legal
16 assistance may be retained only with the approval of the attorney
17 general;

18 (5) acquire furnishings, equipment, supplies,
19 stationery, books, and all other things the executive director
20 considers necessary or desirable in carrying out the executive
21 director's functions; and

22 (6) perform other duties the executive director may
23 consider necessary to effect the purposes of this subtitle or
24 another law administered by the commission.

25 (e) Except as otherwise provided in this subtitle, the costs
26 of administration incurred by the executive director shall be paid
27 in the same manner as other claims against the state are paid.

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

4 (b) The office of hearing examiners shall:

5 (1) hold hearings under the authority of the
6 commission on matters relating to the commission's administration
7 of this subtitle or another law administered by the commission as
8 the commission orders; and

9 (2) report after hearing in the manner prescribed by
10 the commission.

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

14 (d) The office of hearing examiners is independent of the
15 executive director and is under the exclusive control of the
16 commission.

17 (e) The office of hearing examiners is under the direction
18 of a chief hearing examiner appointed by the commission.

19 (f) The commission may authorize the chief hearing examiner
20 to delegate to one or more hearing examiners the authority to hold
21 any hearing called by the chief hearing examiner.

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

25 (h) The chief hearing examiner and all assistant hearing
26 examiners may administer oaths, receive evidence, and issue
27 subpoenas to compel the attendance of witnesses and the production

1 of papers and documents in all matters delegated by the commission.

2 (i) The chief hearing examiner and all assistant hearing
3 examiners are entitled to an annual salary and other compensation
4 specified by the commission.

5 (j) The office of hearing examiners may contract for
6 additional services it considers necessary to carry out its powers.

7 Sec. 2021.105. JUDICIAL REVIEW IN CONTESTED CASES. A final
8 ruling of the commission in a contested case is subject to judicial
9 review under Chapter 2001, Government Code. Judicial review is
10 under the substantial evidence rule.

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

17 (b) The commission and the executive director may maintain
18 other records they consider desirable.

19 (c) The information made confidential by this subsection
20 may be disclosed, wholly or partly, only in the course of the
21 necessary administration of this subtitle or other law administered
22 by the commission, under Section 2022.402, or on the order of a
23 court of competent jurisdiction, except that the executive director
24 or the commission may disclose the information to an authorized
25 agent of any agency of the United States, another state, or a
26 political subdivision of this state authorized under commission
27 rules. Notice of the content of any information furnished or

1 released under this subsection may be given to any affected
2 applicant or license, certificate of registration, finding of
3 suitability, or approval holder as prescribed by commission rule.

4 The following information is confidential:

5 (1) information requested by the commission or the
6 executive director to be furnished to either of them under this
7 subtitle or another law administered by the commission or that may
8 otherwise be obtained relating to the finances, earnings, or
9 revenue of an applicant or license, certificate, finding of
10 suitability, or approval holder;

11 (2) information pertaining to an applicant's criminal
12 record, antecedents, and background that has been furnished to or
13 obtained by the commission or the executive director from any
14 source;

15 (3) information provided to the commission or the
16 executive director or a commission employee by a governmental
17 agency or an informer or on the assurance that the information will
18 be held in confidence and treated as confidential;

19 (4) information obtained by the executive director or
20 the commission from a license, certificate, finding of suitability,
21 or approval holder, including a casino service license holder,
22 relating to the manufacturing, modification, or repair of gaming
23 devices;

24 (5) security plans and procedures of the commission
25 designed to ensure the integrity and security of the regulation and
26 operation of gaming;

27 (6) the street address and telephone number of a prize

1 winner, if the prize winner has not consented to the release of the
2 information; and

3 (7) information relating to all system operations of
4 gambling games, including security related to gambling games, and
5 commission plans and procedures intended to ensure the integrity
6 and security of the operation of gambling games.

7 Sec. 2021.107. REPRESENTATION BY ATTORNEY GENERAL. (a)
8 The attorney general shall represent the commission and the
9 executive director in any proceeding to which the commission or the
10 executive director is a party under this subtitle or another law
11 administered by the commission or in any suit filed against the
12 commission or executive director.

13 (b) The office of the attorney general on request shall
14 advise the commission and the executive director in all other
15 matters, including representing the commission when the commission
16 acts in its official capacity.

17 Sec. 2021.108. RULES RESTRICTING ADVERTISING OR
18 COMPETITIVE BIDDING. (a) The commission may not adopt rules
19 restricting advertising or competitive bidding by a person
20 regulated by the commission except to prohibit false, misleading,
21 or deceptive practices by that person.

22 (b) The commission may not include in its rules to prohibit
23 false, misleading, or deceptive practices by a person regulated by
24 the commission a rule that:

25 (1) restricts the use of any advertising medium;

26 (2) restricts the person's personal appearance or the
27 use of the person's voice in an advertisement;

1 (3) relates to the size or duration of an
2 advertisement by the person; or

3 (4) restricts the use of a trade name in advertising by
4 the person.

5 Sec. 2021.109. RULES ON CONSEQUENCES OF CRIMINAL
6 CONVICTION. (a) The commission shall adopt rules necessary to
7 comply with Chapter 53.

8 (b) In its rules under this section, the commission shall
9 list the specific offenses for which a conviction would constitute
10 grounds for the commission to take action under Section 53.021.

11 Sec. 2021.110. SUBPOENA. (a) The commission may request
12 and, if necessary, compel by subpoena:

13 (1) the attendance of a witness for examination under
14 oath; and

15 (2) the production for inspection and copying of
16 records and other evidence relevant to the investigation of an
17 alleged violation of this subtitle or another law administered by
18 the commission.

19 (b) If a person fails to comply with a subpoena issued under
20 this section, the commission, acting through the attorney general,
21 may file suit to enforce the subpoena in a district court in Travis
22 County or in the county in which a hearing conducted by the
23 commission may be held.

24 (c) The court shall order a person to comply with the
25 subpoena if the court determines that good cause exists for issuing
26 the subpoena.

27 Sec. 2021.111. DIVISION OF RESPONSIBILITIES. The

1 commission shall develop and implement policies that clearly
2 separate the policymaking responsibilities of the commission and
3 the management responsibilities of the executive director and the
4 staff of the commission.

5 Sec. 2021.112. USE OF TECHNOLOGY. The commission shall
6 implement a policy requiring the commission to use appropriate
7 technological solutions to improve the commission's ability to
8 perform its functions. The policy must ensure that the public is
9 able to interact with the commission on the Internet.

10 Sec. 2021.113. NEGOTIATED RULEMAKING AND ALTERNATIVE
11 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
12 implement a policy to encourage the use of:

13 (1) negotiated rulemaking procedures under Chapter
14 2008, Government Code, for the adoption of commission rules; and

15 (2) appropriate alternative dispute resolution
16 procedures under Chapter 2009, Government Code, to assist in the
17 resolution of internal and external disputes under the commission's
18 jurisdiction.

19 (b) The commission's procedures relating to alternative
20 dispute resolution must conform, to the extent possible, to any
21 model guidelines issued by the State Office of Administrative
22 Hearings for the use of alternative dispute resolution by state
23 agencies.

24 (c) The commission shall designate a trained person to:

25 (1) coordinate the implementation of the policy
26 adopted under Subsection (a);

27 (2) serve as a resource for any training needed to

1 implement the procedures for negotiated rulemaking or alternative
2 dispute resolution; and

3 (3) collect data concerning the effectiveness of those
4 procedures, as implemented by the commission.

5 Sec. 2021.114. COMMITTEES. The commission may appoint
6 committees that it considers necessary to carry out its duties.

7 Sec. 2021.115. DIVISIONS. (a) The commission shall
8 establish separate divisions to oversee and regulate:

9 (1) casino gaming and slot machine gaming conducted
10 under Chapters 2022 and 2023; and

11 (2) pari-mutuel racing.

12 (b) To facilitate the operations of the commission or a
13 division of the commission, the commission or executive director
14 may delegate to a division or a division director a specific power
15 or duty given to the commission or executive director under this
16 subtitle or other law.

17 (c) A division director shall, at the request of the
18 executive commissioner, assist in the development of rules and
19 policies for the operation and provision of a division of the
20 commission. The division director:

21 (1) acts on behalf of the executive director in
22 performing the delegated function; and

23 (2) reports to the executive director regarding the
24 delegated function and any matter affecting commission programs and
25 operations.

26 (d) The commission shall delegate responsibilities in the
27 administration of Chapter 2022 or 2023 to the executive director,

1 the director of the appropriate division, and the division's staff,
2 but may not delegate the following actions:

3 (1) a final determination in any application or
4 request for licensing, registration, finding of suitability, or
5 other affirmative regulatory approval;

6 (2) a final determination in any proceeding involving
7 the suspension or revocation of a license, certificate of
8 registration, finding of suitability, or other affirmative
9 regulatory approval;

10 (3) a final determination that Chapter 2022 or 2023
11 has been violated; or

12 (4) a final determination or imposition of an
13 assessment of fines or penalties.

14 Sec. 2021.116. CONTRACT AUTHORITY. (a) The commission and
15 executive director have broad authority and shall exercise strict
16 control and close supervision over gambling games played in this
17 state to promote and ensure integrity, security, honesty, and
18 fairness in the operation and administration of gaming under this
19 subtitle.

20 (b) The executive director may contract with or employ a
21 person to perform a function, activity, or service in connection
22 with the operation of gaming under this subtitle or another law
23 administered by the commission as prescribed by the executive
24 director. A contract relating to the operation of gaming must be
25 consistent with this subtitle.

26 (c) The executive director may award a contract for gaming
27 supplies, equipment, or services, including a contract under

1 Subsection (b), pending the completion of any investigation and
2 license, certificate of registration, finding of suitability, or
3 other affirmative regulatory approval authorized or required by
4 this subtitle. A contract awarded under this subsection must
5 include a provision permitting the executive director to terminate
6 the contract without penalty if the investigation reveals that the
7 person to whom the contract is awarded does not satisfy the
8 applicable requirements for a license, certificate of
9 registration, finding of suitability, or other affirmative
10 regulatory approval under this subtitle.

11 (d) In the acquisition or provision of facilities,
12 supplies, equipment, materials, or services related to the
13 implementation of gaming under Chapter 2022 or 2023, the commission
14 must comply with procurement procedures prescribed under Subtitle
15 D, Title 10, Government Code.

16 Sec. 2021.117. INVESTIGATIONS AND ENFORCEMENT. (a) The
17 attorney general, the district attorney for Travis County, or the
18 district attorney, criminal district attorney, or county attorney
19 for the county in which the violation or alleged violation occurred
20 may investigate a violation or alleged violation of this subtitle
21 or of the penal laws of this state by the commission, its employees,
22 or a person regulated under this subtitle.

23 (b) The commission may investigate violations of this
24 subtitle and rules adopted under this subtitle or another law
25 administered by the commission and may file a complaint requesting
26 that an investigation be conducted as provided by Subsection (a).

27 Sec. 2021.118. SECURITY. (a) The executive director shall

1 maintain a department of security in the commission. The executive
2 director shall appoint a deputy to administer the department. The
3 deputy must be qualified by training and experience in law
4 enforcement or security to supervise, direct, and administer the
5 activities of the department.

6 (b) The executive director may employ security officers or
7 investigators as the executive director considers necessary and may
8 commission security officers or investigators as peace officers.
9 The deputy and all investigators employed by the department of
10 security as peace officers must meet the requirements under Chapter
11 415, Government Code, for employment and commission as peace
12 officers.

13 (c) A security officer or investigator employed by the
14 department of security or a peace officer who is working in
15 conjunction with the commission or the Department of Public Safety
16 in the enforcement of this subtitle may:

17 (1) without a search warrant, search and seize a
18 gaming device or other gaming equipment that is located on premises
19 for which a person holds a license issued under this subtitle; or

20 (2) seize a gaming device or other gaming equipment
21 that is being used or is in the possession of any person in
22 violation of this subtitle or another law administered by the
23 commission.

24 (d) The Department of Public Safety or any other state or
25 local law enforcement agency in this state, at the commission's
26 request and in accordance with an interagency agreement, shall
27 perform a full criminal background investigation of a prospective

1 deputy or investigator of the department of security. The
2 commission shall reimburse the agency for the actual costs of an
3 investigation.

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

8 Sec. 2021.119. DEMOGRAPHIC STUDIES. (a) The executive
9 director shall, every two years, employ an independent firm
10 experienced in demographic analysis to conduct a demographic study
11 of players of gambling games. The study must include the income,
12 age, sex, race, education, and frequency of participation of
13 players of the games.

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

17 Sec. 2021.120. PROHIBITED GAMES. (a) Except as provided by
18 this subtitle or other law, the executive director or any other
19 person may not establish or operate a gambling game in which the
20 winner is chosen on the basis of the outcome of a sports event.

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

24 (c) In this section, "sports event" means a football,
25 basketball, baseball, or similar game, a boxing or martial arts
26 match, or a horse or dog race on which pari-mutuel wagering is
27 allowed.

1 Sec. 2021.121. REPORTS OF NET SLOT INCOME. The executive
2 director shall prepare a monthly report of the total net slot income
3 for all slot establishments for the preceding month.

4 Sec. 2021.122. DEPARTMENT OF PUBLIC SAFETY RECORDS. (a)
5 Except as otherwise provided by this subtitle, all files, records,
6 information, compilations, documents, photographs, reports,
7 summaries, and reviews of information and related matters
8 collected, retained, or compiled by the Department of Public Safety
9 in the discharge of its duties under this subtitle are confidential
10 and are not subject to public disclosure. Each of those items is
11 subject to discovery by a person that is the subject of the item.

12 (b) An investigation report or other document submitted by
13 the Department of Public Safety to the commission becomes part of
14 the investigative files of the commission and is subject to
15 discovery by a person that is the subject of the investigation
16 report or other document.

17 (c) Information that is in the form available to the public
18 is not privileged or confidential under this section and is subject
19 to public disclosure.

20 Sec. 2021.123. CRIMINAL HISTORY INVESTIGATION FOR GAMING.

21 (a) The commission is entitled to conduct an investigation of and
22 is entitled to obtain criminal history record information
23 maintained by the Department of Public Safety, the Federal Bureau
24 of Investigation Identification Division, or another law
25 enforcement agency to assist in the investigation of any person
26 directly involved with gaming regulated under this subtitle.

27 (b) Except as otherwise provided by this subtitle, a

1 criminal history investigation is governed by commission rules
2 adopted under this chapter. As applicable, the commission shall
3 consider information obtained through a criminal history
4 investigation conducted under the Texas Racing Act (Article 179e,
5 Vernon's Texas Civil Statutes).

6 (c) The Department of Public Safety or a state or local law
7 enforcement agency in this state, in accordance with an interagency
8 agreement with the commission, shall provide any assistance
9 requested by the commission in the administration and enforcement
10 of this subtitle, including conducting background investigations
11 of a person seeking a license, certificate of registration, finding
12 of suitability, or other affirmative regulatory approval required
13 under this subtitle or of any person required to be named in an
14 application for a license, certificate of registration, finding of
15 suitability, or other affirmative regulatory approval under this
16 subtitle.

17 (d) This section does not limit the commission's right to
18 obtain criminal history record information from any other local,
19 state, or federal agency. The commission may enter into a
20 confidentiality agreement with the agency as necessary and proper.

21 (e) Except as otherwise provided by this subtitle or other
22 law, criminal history record information obtained by the commission
23 under this section may be disclosed only:

24 (1) to another law enforcement agency to assist in or
25 further an investigation related to the commission's operation and
26 oversight of gaming; or

27 (2) under a court order.

1 Sec. 2021.124. PLAYER AGREEMENT TO ABIDE BY RULES AND
2 INSTRUCTIONS. By participating as a player in a gambling game, a
3 player agrees to abide by and be bound by the commission's rules and
4 instructions, including the rules or instructions applicable to the
5 particular gambling game involved. The player also acknowledges
6 that the determination of whether the player is a valid winner is
7 subject to:

8 (1) the commission's rules, instructions, and claims
9 procedures, including those developed for the particular gambling
10 game involved;

11 (2) any validation tests established by the commission
12 for the particular gambling game involved; and

13 (3) the limitations and other provisions prescribed by
14 this subtitle.

15 Sec. 2021.125. VENUE. Venue is proper in Travis County or
16 any county in which venue is proper under Chapter 13, Code of
17 Criminal Procedure, for:

18 (1) an offense under this subtitle;

19 (2) an offense under the Penal Code, if the accused:

20 (A) is regulated under this subtitle; and

21 (B) is alleged to have committed the offense
22 while engaged in gaming activities; or

23 (3) an offense under Title 7 or 11, Penal Code, that
24 involves property consisting of or including a gaming device or
25 gambling game prize.

26 [Sections 2021.126-2021.150 reserved for expansion]

1 SUBCHAPTER D. PUBLIC PARTICIPATION AND COMPLAINT PROCEDURES

2 Sec. 2021.151. PUBLIC INTEREST INFORMATION. (a) The
3 commission shall prepare and disseminate consumer information that
4 describes the regulatory functions of the commission and the
5 procedures by which consumer complaints are filed with and resolved
6 by the commission.

7 (b) The commission shall make the information available to
8 the public and appropriate state agencies.

9 Sec. 2021.152. COMPLAINTS. (a) The commission by rule
10 shall establish methods by which consumers and service recipients
11 are notified of the name, mailing address, and telephone number of
12 the commission for the purpose of directing complaints to the
13 commission. The commission may provide for that notice:

14 (1) on each form, application, or written contract for
15 services of a person regulated under a law administered by the
16 commission;

17 (2) on a sign prominently displayed in the place of
18 business of each person regulated under a law administered by the
19 commission; or

20 (3) in a bill for service provided by a person
21 regulated under a law administered by the commission.

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

26 Sec. 2021.153. RECORDS OF COMPLAINTS. (a) The commission
27 shall maintain a system to promptly and efficiently act on

1 complaints filed with the commission. The commission shall
2 maintain:

3 (1) information about the parties to the complaint and
4 the subject matter of the complaint;

5 (2) a summary of the results of the review or
6 investigation of the complaint; and

7 (3) information about the disposition of the
8 complaint.

9 (b) The commission shall make information available
10 describing its procedures for complaint investigation and
11 resolution.

12 (c) The commission shall periodically notify the parties of
13 the status of the complaint until final disposition of the
14 complaint.

15 Sec. 2021.154. GENERAL RULES REGARDING COMPLAINT
16 INVESTIGATION AND DISPOSITION. The commission shall adopt rules
17 concerning the investigation of a complaint filed with the
18 commission. The rules must:

19 (1) distinguish between categories of complaints;

20 (2) ensure that complaints are not dismissed without
21 appropriate consideration;

22 (3) require that the commission be advised of a
23 complaint that is dismissed and that a letter be sent to the person
24 who filed the complaint explaining the action taken on the
25 dismissed complaint;

26 (4) ensure that the person who files a complaint has an
27 opportunity to explain the allegations made in the complaint; and

1 (5) prescribe guidelines concerning the categories of
2 complaints that require the use of a private investigator and the
3 procedures for the commission to obtain the services of a private
4 investigator.

5 Sec. 2021.155. DISPOSITION OF COMPLAINT. (a) The
6 commission shall:

7 (1) dispose of each complaint in a timely manner; and
8 (2) establish a schedule for conducting each phase of
9 a complaint that is under the control of the commission not later
10 than the 30th day after the date the commission receives the
11 complaint.

12 (b) Each party shall be notified of the projected time
13 requirements for pursuing the complaint. The commission shall
14 notify each party to the complaint of any change in the schedule
15 established under Subsection (a)(2) not later than the seventh day
16 after the date the change is made.

17 (c) The executive director shall notify the commission of a
18 complaint that is not resolved within the time prescribed by the
19 commission for resolving the complaint.

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

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

27 Sec. 2021.157. INFORMAL SETTLEMENT CONFERENCE. The

1 commission shall establish guidelines for an informal settlement
2 conference related to a complaint filed with the commission.

3 CHAPTER 2022. CASINO AND SLOT GAMING

4 SUBCHAPTER A. GENERAL PROVISIONS

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

9 (b) The legislature hereby finds, and declares it to be the
10 public policy of this state, that:

11 (1) the development of regulated limited casino gaming
12 in the state will benefit the general welfare of the people of this
13 state by enhancing investment, development, and tourism in this
14 state, resulting in new jobs and additional revenues to the state;

15 (2) the conduct of regulated casino gaming in a
16 limited number of casinos and slot establishments will not harm the
17 people of this state;

18 (3) the regulation of gaming in this state is
19 important to ensure that gaming is:

20 (A) conducted honestly and competitively; and

21 (B) free from criminal and corruptive elements;

22 (4) public confidence and trust can be maintained only
23 by strict regulation of all persons, locations, practices,
24 associations, and activities related to the conduct of gaming and
25 the casino service industry;

26 (5) persons owning any direct or indirect material
27 interest in a casino should be licensed and controlled to protect

1 the public health, safety, morals, good order, and general welfare
2 of the people of this state;

3 (6) certain operators and employees of casinos and
4 slot establishments should be regulated, licensed, and controlled
5 to accomplish and promote these public policies while protecting
6 the public health, safety, morals, good order, and general welfare
7 of the people of this state;

8 (7) certain persons engaging in the casino service
9 industry should be regulated, licensed, and controlled to
10 accomplish and promote these public policies while protecting the
11 public health, safety, morals, good order, and general welfare of
12 the people of this state; and

13 (8) it is the intent of this chapter, where possible,
14 to use the resources, goods, labor, and services of the people of
15 this state in the ownership, operation, and construction of casinos
16 and slot establishments and related amenities to the extent
17 allowable by law.

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

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

25 Sec. 2022.003. CONSTRUCTION; APPLICABILITY OF OTHER LAWS.

26 (a) Nothing in this chapter may be construed to implicitly repeal
27 or modify existing state laws with respect to gambling, except that

1 gaming devices or slot machines are not prohibited by another law if
2 conducted as authorized under this chapter.

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

8 Sec. 2022.004. AUTHORITY TO IMPLEMENT GAMING. (a) The
9 commission may implement gaming in accordance with this subtitle
10 and, for a slot establishment at a racetrack, the Texas Racing Act
11 (Article 179e, Vernon's Texas Civil Statutes). This chapter
12 supersedes any conflicting or inconsistent provision of the Texas
13 Racing Act.

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

18 Sec. 2022.005. RULES FOR ADDITIONAL QUALIFICATIONS. The
19 commission by rule may establish other license, certificate of
20 registration, finding of suitability, or approval qualifications
21 under this chapter that the commission determines are in the public
22 interest and consistent with the declared policy of this state.

23 Sec. 2022.006. IMMUNITY FOR STATEMENT MADE IN PROCEEDING OR
24 INVESTIGATION. Any written or oral statement made in the course of
25 an official commission proceeding or investigative activities
26 related to an application for commission licensing, certificate of
27 registration, finding of suitability, or other affirmative

1 regulatory approval under this chapter, by any member or agent of
2 the commission or any witness testifying under oath, that is
3 relevant to the purpose of the proceeding is absolutely privileged
4 and does not impose liability for defamation or constitute a ground
5 for recovery in any civil action.

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

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

21 (b) By filing an application with the commission, the
22 applicant specifically consents to the commission's decision at the
23 commission's election when the application, after filing, becomes
24 moot for any reason other than death.

25 Sec. 2022.009. ABSOLUTE AUTHORITY OF COMMISSION. To
26 protect the integrity of gaming under this subtitle or the public
27 health, welfare, or safety, or to prevent financial loss to this

1 state, the commission has full and absolute power and authority to:

2 (1) deny any application or limit, condition,
3 restrict, revoke, or suspend any license, certificate of
4 registration, finding of suitability, or other affirmative
5 regulatory approval; and

6 (2) fine any person licensed, registered, found
7 suitable, or approved for any cause considered reasonable by the
8 commission.

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

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

20 (c) The courts of this state do not have jurisdiction to
21 review a decision to deny, limit, or condition the license,
22 certificate of registration, finding of suitability, or approval
23 unless the judicial review is sought on the ground that the denial,
24 limitation, or condition is based on a suspect classification, such
25 as race, color, religion, sex, or national origin, in violation of
26 the Equal Protection Clause of the Fourteenth Amendment to the
27 United States Constitution. The state court must affirm the

1 commission's action unless the violation is proven by clear and
2 convincing evidence. If a state court has jurisdiction over a claim
3 under this section, then this state's sovereign immunity is waived
4 only to the extent expressly provided by Section 2022.410.

5 (d) A license, certificate of registration, finding of
6 suitability, or other affirmative regulatory approval granted or
7 renewed under this chapter may not be transferred or assigned to
8 another person unless approved in advance by the commission, and a
9 license, certificate, finding of suitability, or approval may not
10 be pledged as collateral. The purchaser or successor of a person
11 who has been granted a license, certificate, finding of
12 suitability, or approval must independently qualify for a license,
13 certificate, finding of suitability, or approval required by this
14 chapter.

15 (e) The following acts void the license, certificate,
16 finding of suitability, or other affirmative regulatory approval of
17 the holder unless approved in advance by the commission:

18 (1) the transfer, sale, or other disposition of an
19 interest in the holder that results in a change in the identity of
20 an equity or creditor interest holder; or

21 (2) the sale of the assets of the holder, other than
22 assets bought and sold in the ordinary course of business, or any
23 interest in the assets, to any person not already determined to have
24 met the applicable qualifications of this chapter.

25 Sec. 2022.011. PRIZE RULES, PAYMENT, AND REDEMPTION. (a)
26 The commission shall adopt rules governing:

27 (1) the amount a player may be charged to play a

1 gambling game; and

2 (2) the prizes and credits that may be awarded to the
3 player of a gambling game.

4 (b) Payment of prizes is the sole and exclusive
5 responsibility of the casino or slot establishment, as applicable.
6 A prize may not be paid by the commission or this state except as
7 otherwise authorized.

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

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

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

23 (b) The report required under Subsection (a) must be filed
24 not later than the fifth day after the date the owner or operator
25 acquires knowledge of the litigation.

26 Sec. 2022.013. COMMISSION APPROVAL REQUIRED FOR PROCEDURES
27 AND ADMINISTRATIVE AND ACCOUNTING CONTROLS. (a) The commission's

1 approval is required for all internal procedures and administrative
2 and accounting controls of a casino owner or operator or a slot
3 establishment owner or operator.

4 (b) The commission by rule shall establish general
5 accounting and auditing requirements and internal control
6 standards for casinos and slot establishments.

7 Sec. 2022.014. EMPLOYEE REPORTING. (a) On or before the
8 15th day of each month, a casino owner or operator or slot
9 establishment owner or operator shall submit to the commission an
10 employee report for the casino or slot establishment operated by
11 the owner or operator. For each employee of the casino or
12 establishment, the report must provide the employee's name, job
13 title, date of birth, and social security number.

14 (b) The employee report is confidential and may not be
15 disclosed except under commission order or in accordance with this
16 subtitle.

17 (c) The commission may conduct criminal history
18 investigations for employees of casinos or slot establishments.

19 (d) The commission may prohibit an employee from performing
20 any act relating to gaming if the commission finds that an employee
21 has:

22 (1) committed, attempted, or conspired to commit any
23 act prohibited by this chapter;

24 (2) concealed or refused to disclose any material fact
25 in any commission investigation;

26 (3) committed, attempted, or conspired to commit
27 larceny or embezzlement;

1 (4) been convicted in any jurisdiction of an offense
2 involving or relating to gambling;

3 (5) accepted employment in a position for which
4 commission approval is required after commission approval was
5 denied for a reason involving personal unsuitability or after
6 failing to apply for approval on commission request;

7 (6) been prohibited under color of governmental
8 authority from being present on the premises of any casino or slot
9 establishment or any establishment where pari-mutuel wagering is
10 conducted for any reason relating to improper gambling activity or
11 for any illegal act;

12 (7) willfully defied any legislative investigative
13 committee or other officially constituted body acting on behalf of
14 the United States or any state, county, or municipality that sought
15 to investigate alleged or potential crimes relating to gaming,
16 corruption of public officials, or any organized criminal
17 activities; or

18 (8) been convicted of any felony or any crime
19 involving moral turpitude.

20 (e) The commission may prohibit an employee from performing
21 any act relating to gaming based on a revocation or suspension of
22 any gaming or wagering license, certificate of registration,
23 finding of suitability, or other affirmative regulatory approval or
24 for any other reason the commission finds appropriate, including a
25 refusal by a regulatory authority to issue a license, certificate
26 of registration, finding of suitability, or other approval for the
27 employee to engage in or be involved with gaming or with regulated

1 gaming or pari-mutuel wagering in any jurisdiction.

2 (f) In this section, "employee" includes any person
3 connected directly with or compensated by an applicant or license
4 holder as an agent, personal representative, consultant,
5 independent contractor, or lobbyist for the advocacy of the
6 adoption or amendment of a law related to gaming activities or the
7 furtherance of gaming activities in any jurisdiction or as
8 otherwise specified by commission rule.

9 Sec. 2022.015. REPORT OF VIOLATIONS. A person who holds a
10 license, certificate of registration, finding of suitability, or
11 other affirmative regulatory approval under this chapter shall
12 immediately report a violation or suspected violation of this
13 chapter or a rule adopted under this chapter by any license,
14 certificate, suitability, or approval holder, by an employee of a
15 license, certificate, suitability, or approval holder, or by any
16 person on the premises of a casino or slot establishment, whether or
17 not associated with the license, certificate, suitability, or
18 approval holder.

19 Sec. 2022.016. INDEMNIFICATION, INSURANCE, AND BONDING
20 REQUIREMENTS. (a) A license, certificate, suitability, or
21 approval holder shall indemnify and hold harmless this state, the
22 commission, and all officers and employees of this state and the
23 commission from any and all claims which may be asserted against a
24 holder of a license, certificate, suitability, or approval, the
25 commission, this state, and the members, officers, employees, and
26 authorized agents of this state or the commission arising from the
27 license, certificate, suitability, or approval holder's

1 participation in gaming authorized under this subtitle.

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

8 (c) The commission shall be named as the obligee in each
9 required surety and as an additional insured in each required
10 insurance contract.

11 (d) A casino owner or operator or a slot establishment owner
12 or operator may not be self-insured with regard to gaming
13 operations under this section.

14 (e) The commission by rule shall establish minimum
15 insurance coverage requirements for license holders under this
16 chapter, including:

17 (1) insurance for performance;

18 (2) insurance against losses caused by fraudulent or
19 dishonest acts by an officer or employee of the license holder;

20 (3) general liability insurance;

21 (4) property insurance;

22 (5) liability insurance for vehicles used and drivers
23 employed by a license holder; and

24 (6) crime insurance for the location.

25 Sec. 2022.017. LIABILITY FOR CREDIT AWARDED OR DENIED;
26 PLAYER DISPUTE. This state and the commission are not liable for
27 any gaming device malfunction or error by a casino or slot

1 establishment that causes credit to be wrongfully awarded or denied
2 to players.

3 [Sections 2022.018-2022.050 reserved for expansion]

4 SUBCHAPTER B. CASINO OWNER'S LICENSE

5 Sec. 2022.051. CASINO OWNER'S LICENSE. (a) Gaming may
6 lawfully be conducted in a casino operating under a casino owner's
7 license.

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

11 (c) A separate casino owner's license must be obtained for
12 each casino conducting gaming.

13 Sec. 2022.052. ALLOCATION AND ISSUANCE OF CASINO OWNER'S
14 LICENSES; TEMPORARY LICENSE. (a) The commission shall award nine
15 casino owner's licenses to applicants for casino-anchored
16 destination attraction development projects as follows:

17 (1) seven casino owner's licenses in urban areas,
18 allocated by population; and

19 (2) two casino owner's licenses on islands in the Gulf
20 of Mexico that are tourist destinations with at least 1,000 guest
21 rooms available for visitors in hotels, motels, or condominiums
22 existing on January 1, 2009.

23 (b) In addition to the casino owner's licenses issued under
24 the other provisions of this section, the commission may issue
25 three additional casino owner's licenses to applicants based on
26 evidence that demonstrates that the issuance of the license to the
27 applicant would have a significant positive economic impact in the

1 area in which the casino would be operated and on this state.

2 (c) In addition to the casino owner's licenses issued under
3 the other provisions of this section, the commission may issue a
4 casino owner's license to a federally recognized Indian tribe that
5 had land in this state held in trust by the United States on January
6 1, 1998. A license under this subsection authorizes the tribe to
7 operate only one casino on tribal lands held in trust by the United
8 States on January 1, 1998.

9 (d) A casino owner's license issued by the commission under
10 Subsection (c) to an Indian tribe constitutes an agreement between
11 this state and the tribe for purposes of the Indian Gaming
12 Regulatory Act (18 U.S.C. Section 1166 et seq. and 25 U.S.C. Section
13 2701 et seq.).

14 (e) Except as to simulcast common pool wagering conducted in
15 a casino and except as otherwise authorized by the commission, the
16 casino operations and financial records of a casino owner's license
17 holder under Subsection (b) who also holds a pari-mutuel license
18 under the Texas Racing Act (Article 179e, Vernon's Texas Civil
19 Statutes) shall be kept separate from the racing operations and
20 records of the license holder.

21 (f) An Indian tribe to which Subsection (c) applies may, in
22 lieu of a casino owner's license, operate a casino on Indian land
23 described by Subsection (c) under an agreement with this state. The
24 agreement is governed by this chapter and Chapter 2023, except that
25 the commission by rule may modify the provisions of this chapter and
26 Chapter 2023 if necessary to make those provisions applicable to
27 casino gaming.

1 (g) Notwithstanding Subsections (a), (b), and (c):

2 (1) a license may not be issued in a county unless:

3 (A) a majority of the voters of the county voting
4 in the 2009 constitutional amendment election to authorize casino
5 gaming voted in favor of the proposition to authorize casino
6 gaming; or

7 (B) the voters of the county have approved a
8 proposition legalizing casino gaming at a local option election
9 held under this chapter;

10 (2) not more than three casino owner's licenses may be
11 issued for casinos to be located in the same county; and

12 (3) a casino owner's license may not be issued for a
13 location within an area in which casino gaming or slot gaming is
14 prohibited under a gaming agreement.

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

22 (i) For purposes of determining the location of a casino, a
23 casino is considered to be located in the county in which the main
24 public entrance to the casino is located.

25 (j) The commission may issue a temporary license for one
26 year or less to authorize the casino owner's license holder to
27 temporarily conduct casino gaming in accordance with commission

1 rules at a location within 1,000 feet of the site for which the
2 casino license was granted.

3 (k) A person may not beneficially own, directly or
4 indirectly, an equity interest of more than five percent of the
5 total equity interest in more than three casino owner's license
6 holders.

7 (l) A person may not operate, either under a casino owner's
8 license or under a casino operator's license, more than three
9 casinos.

10 Sec. 2022.053. APPLICATION. (a) Application for a casino
11 owner's license shall be made according to the rules of the
12 commission and shall contain information the commission finds
13 necessary to determine the suitability and eligibility of the
14 applicant, the eligibility of the proposed location, and the
15 economic impact of the overall casino project.

16 (b) In addition to any other information the commission may
17 require, an application must include the following information
18 concerning the feasibility of the overall casino project:

19 (1) proof that gaming was approved under the 2009
20 constitutional amendment or has been approved through a local
21 option election under this chapter by the voters of the county where
22 the casino is to be located;

23 (2) evidence that the applicant possesses, or has the
24 right to acquire, sufficient real property on which the proposed
25 casino will be located in order to allow the applicant's
26 construction and operation of the casino project substantially as
27 proposed;

1 (3) evidence that the applicant possesses, or
2 reasonably expects to obtain, all state, county, and municipal
3 permits and approvals necessary for the construction and operation
4 of the proposed casino within the time periods prescribed in this
5 chapter; and

6 (4) evidence that the applicant is prepared to begin
7 construction of its proposed casino within 18 months of receiving a
8 casino owner's license and to proceed with the construction of the
9 casino without unnecessary delay.

10 (c) An applicant may apply for more than one casino owner's
11 license relating to more than one casino but must submit a separate
12 application for each casino for which a casino owner's license is
13 sought.

14 (d) An application for a casino owner's license must be
15 accompanied by the nonrefundable application fee set out in Section
16 2022.252.

17 Sec. 2022.054. MANDATORY REQUIREMENTS. (a) A company is
18 eligible to apply for and hold a casino owner's license only if:

19 (1) the company is incorporated or organized and in
20 good standing in this state or organized under the laws of another
21 state of the United States and qualified to do business in this
22 state; and

23 (2) the company complies with all the laws of this
24 state.

25 (b) To be eligible to receive a casino owner's license to
26 own a casino, an applicant must submit an application to the
27 commission by the date established by the commission.

1 (c) An application may not be considered filed for purposes
2 of this chapter that does not include the information prescribed by
3 Section 2022.053(b) or that is not accompanied by the prescribed
4 application fee.

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

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

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

20 (d) In considering the initial and continuing suitability
21 of an applicant for or holder of a casino owner's license, the
22 commission may consider the suitability of:

23 (1) each person holding an equity interest or creditor
24 interest in the applicant or holder;

25 (2) each person holding, or proposed to receive, a
26 casino operator's license, occupational license, or manufacturer's
27 license employed by or doing business with the applicant or holder;

1 and

2 (3) each affiliate of the applicant or holder.

3 (e) An applicant for or holder of a casino owner's license
4 may not receive or hold a casino owner's license if the person:

5 (1) has been convicted of a felony in the past 20 years
6 under the laws of this state, any other state, or the United States;

7 (2) has ever been convicted of a gambling or gaming
8 violation under the laws of this state or any other state;

9 (3) has ever knowingly or intentionally submitted an
10 application for a license under this chapter that contained false
11 information;

12 (4) served as a principal manager for a person
13 described by Subdivision (1), (2), or (3);

14 (5) retains or employs another person described by
15 Subdivision (2) or (3);

16 (6) beneficially owns any material equity interest or
17 creditor interest in the applicant or holder and is a person
18 described by Subdivision (1), (2), or (3);

19 (7) holds a manufacturer's license or casino service
20 license;

21 (8) is a member of the commission; or

22 (9) is a member of the judiciary or an elected official
23 of this state.

24 (f) The commission may adopt rules providing for a person's
25 reciprocal determination of suitability to hold a casino owner's
26 license based on a determination of suitability to own and operate a
27 casino in any other jurisdiction the commission considers

1 reasonable in light of the purpose of this chapter.

2 Sec. 2022.056. ECONOMIC IMPACT ANALYSIS. (a) In
3 determining whether or, in the case of multiple applicants
4 competing for a limited number of casino owner's licenses within a
5 county, to whom to grant a casino owner's license, the commission
6 shall consider the following factors:

7 (1) the relative prospective revenues to be collected
8 by the state from the conduct of gaming at the casino and the
9 overall economic impact of each competing applicant's proposed
10 casino and associated facilities;

11 (2) the relative number of residents of this state who
12 would be employed in an applicant's proposed casino and any
13 proposed associated hotel and nongaming businesses and the relative
14 extent of the applicant's good faith plan to recruit, train, and
15 promote a workforce that reflects the diverse populations of this
16 state in all employment classifications;

17 (3) the relative extent to which an applicant's
18 proposed casino and any proposed associated hotel and nongaming
19 businesses could be reasonably expected to encourage interstate
20 tourism to this state;

21 (4) the relative extent to which the scope, design,
22 location, and construction of the applicant's casino and any
23 associated hotel and nongaming businesses could be reasonably
24 expected to contribute to developing a first-class gaming industry
25 in this state;

26 (5) the applicant's experience in conducting licensed
27 gaming operations and the applicant's financial ability to promptly

1 construct and adequately maintain the casino sought to be licensed,
2 including the experience of partners of the applicant, of
3 affiliated companies of the applicant or its partners, of key
4 personnel of the applicant or its partners, and of operating
5 companies under contract with the applicant; and

6 (6) the percentage of equity interest in the applicant
7 owned or to be owned by residents of this state.

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

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

20 (b) The commission may adopt rules for awarding temporary or
21 interim licensing the commission finds necessary to administer this
22 chapter.

23 Sec. 2022.058. TRANSFERABILITY. A casino owner's license
24 is not transferable and applies only to the specific site
25 identified in the license.

26 Sec. 2022.059. DENIAL AND REVOCATION. (a) The commission
27 may deny an application or revoke a casino owner's license for a

1 reasonable cause.

2 (b) If the commission determines it has reasonable grounds
3 to believe that a casino owner's license holder may be unsuitable to
4 continue to hold a casino owner's license, the commission shall
5 conduct an investigation and hearing under Section 2022.401 and
6 may, based on its determination, suspend, limit, or revoke the
7 license. On suspension or revocation of a casino owner's license,
8 the license holder must immediately cease all gaming.

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

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

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

27 (b) The following persons are not required to register or

1 qualify under this section:

2 (1) a key employee of the casino owner's license holder
3 that is required to apply for an occupational license under Section
4 2022.102;

5 (2) an institutional investor;

6 (3) a person that beneficially owns 10 percent or less
7 of the total equity or creditor interest of the casino owner's
8 license holder; and

9 (4) any other group or class of persons that the
10 commission by rule exempts from registration or qualification.

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

15 (d) A registration filed under this section must be
16 accompanied by the application fee set out in Section 2022.252.

17 Sec. 2022.061. TRANSFERABILITY OF INTEREST. (a) Except as
18 provided by this subsection, a casino owner's license holder may
19 not issue an equity or creditor interest to a person without the
20 commission's determination of the qualification of the proposed
21 subscriber or purchaser to hold the interest. A casino owner's
22 license holder that is a publicly held company may issue equity or
23 creditor interests of five percent or less of its equity or creditor
24 interest to any person without the consent of the commission.

25 (b) A person beneficially owning more than five percent of
26 the equity or creditor interest of a casino owner's license holder
27 may not transfer any portion of the interest in the license holder

1 to any person without the commission's determination of the
2 qualification of the proposed transferee to hold the interest.

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

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

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

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

26 (d) If the commission has reasonable grounds to believe that
27 a person holding an equity or creditor interest in an applicant for

1 or holder of a casino owner's license may be unqualified to retain
2 the person's interest, the commission shall conduct an
3 investigation and hearing under Section 2022.401 and may, based on
4 its determination, issue an unsuitability finding and divestiture
5 order to the holder of the interest and the issuer of the interest.
6 On receipt of a divestiture order, the person holding the interest
7 shall tender its entire interest for purchase to the issuer or a
8 third party on terms the commission approves.

9 (e) If the commission issues an unsuitability finding and
10 divestiture order to a holder of an equity interest or creditor
11 interest, the person subject to the order may not:

12 (1) receive, directly or indirectly, a dividend,
13 interest, payment, or distribution of any kind relating to the
14 security that is the subject of the order; or

15 (2) exercise, directly or indirectly, any voting power
16 or other right with respect to the security to which the order
17 relates.

18 (f) A person subject to an order may receive payment for the
19 sale of the person's interest on terms the commission approves.

20 Sec. 2022.063. TEXAS ENTERPRISE FUND GRANT. A casino owner
21 is eligible to apply for and receive a grant from the Texas
22 Enterprise Fund under Section 481.078, Government Code.

23 [Sections 2022.064-2022.100 reserved for expansion]

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

25 Sec. 2022.101. CASINO OPERATOR'S LICENSE. (a) A person may
26 not provide services as a casino operator without holding a casino
27 operator's license.

1 (b) A casino operator must hold a separate casino operator's
2 license for each casino that the casino operator operates unless
3 the operator is also the owner of the premises and holds a casino
4 owner's license for the premises.

5 Sec. 2022.102. OCCUPATIONAL LICENSE. (a) A person may not
6 be employed as a gaming employee without holding an occupational
7 license.

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

12 (c) A casino or slot establishment owner must at all times
13 have not less than one occupational license holder designated as a
14 key employee having responsibility over all gaming activities who
15 shall be available at the casino or slot establishment at all times
16 when gaming is conducted on the owner's license holder's premises.

17 (d) A gaming employee designated or determined to be a key
18 employee by the commission shall be issued an occupational license
19 designated as a key employee occupational license. In determining
20 whether an employee is a key employee, the commission is not
21 restricted by the title of the job performed by the employee but may
22 consider the functions and responsibilities of the employee in
23 making decisions.

24 (e) A person employed in the field of gaming as a gaming
25 employee shall obtain an occupational license designated as a
26 support occupational license. A person required to hold a support
27 occupational license may not be a gaming employee of or assist the

1 casino owner's or operator's license holder until the employee
2 obtains a support occupational license. A person licensed as a key
3 employee is not required to obtain a support occupational license.

4 Sec. 2022.103. APPLICATION. (a) An application for a
5 casino operator's license or an occupational license shall be made
6 in compliance with commission rules and must contain information
7 the commission finds necessary to determine the suitability and
8 eligibility of the applicant to function as a casino operator or to
9 be employed or retained as a gaming employee.

10 (b) An application for a casino operator's license or an
11 occupational license must be accompanied by the required
12 application fee.

13 (c) The commission may issue a temporary casino operator's
14 license and a temporary occupational license.

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

18 Sec. 2022.105. DETERMINATION OF SUITABILITY. (a) The
19 commission shall determine the suitability of an applicant for or
20 holder of a casino operator's license or occupational license based
21 on suitability criteria the commission adopts in order to ensure
22 that a license holder:

23 (1) is of good character, honesty, and integrity;
24 (2) has sufficient business probity, competence, and
25 training or experience in the gaming industry to perform the
26 function contemplated; and

27 (3) is otherwise qualified to be licensed.

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

4 (c) In considering the suitability of a company applying for
5 or holding a casino operator's license or occupational license to
6 receive and continue to hold the license, the commission shall
7 consider the suitability of each principal manager and each holder
8 of an equity interest and creditor interest of the company to
9 individually receive and hold an occupational license based on the
10 suitability standards that apply to the applicants for the license
11 generally.

12 (d) A person may not be found suitable to receive or hold a
13 casino operator's license or occupational license if that person
14 would be found unsuitable to hold a casino owner's license under
15 Section 2022.055(e), except that an applicant for a casino
16 operator's license or occupational license who has been convicted
17 of a felony may be found suitable if the person is found to be
18 adequately rehabilitated under the rehabilitation requirements
19 adopted by the commission, and the applicant or license holder is
20 otherwise suitable for licensing.

21 Sec. 2022.106. DENIAL OR REVOCATION OF LICENSE. (a) The
22 commission may deny an application for or revoke a casino
23 operator's license or occupational license for any reasonable
24 cause.

25 (b) If the commission determines that it has reasonable
26 grounds to believe that a license holder may be unsuitable to
27 continue to hold the license, giving due consideration to the

1 protection of the health, safety, morals, and general welfare of
2 this state and to the reputation of the state's gaming industry, the
3 commission shall conduct an investigation and hearing provided in
4 Section 2022.401 and may, based on its determination, suspend,
5 limit, or revoke any license.

6 (c) On the suspension or revocation of a license, the
7 license holder shall cease the provision of all services in any
8 capacity requiring a license under Section 2022.101 or 2022.102.

9 (d) A holder of an occupational license that has been
10 revoked or suspended may not:

11 (1) receive, directly or indirectly, any
12 compensation, consideration, or payment of any kind relating to the
13 conduct of gaming in any capacity requiring a license under Section
14 2022.101 or 2022.102, other than the payment for services rendered
15 before the suspension or revocation; or

16 (2) serve or function in a capacity that would require
17 a license under Section 2022.101 or 2022.102.

18 (e) The receipt and holding of a license is a privilege and
19 is not a right or property under the United States Constitution or
20 the Texas Constitution. An applicant for or holder of a casino
21 operator's license or occupational license does not have a vested
22 interest or right in a license granted under this chapter.

23 [Sections 2022.107-2022.150 reserved for expansion]

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

25 Sec. 2022.151. MANUFACTURER'S LICENSE. (a) A person may
26 not engage in any segment of the slot machine manufacturing
27 industry in this state for which a manufacturer's license is

1 required under this section without obtaining a manufacturer's
2 license covering that segment of the industry.

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

9 (c) A manufacturer's license is personal to the license
10 holder and allows the license holder to conduct business with any
11 casino or slot establishment.

12 Sec. 2022.152. CASINO SERVICE LICENSE. (a) A person may
13 not engage in any segment of the casino service industry that
14 requires a license without obtaining a casino service license.

15 (b) The commission shall adopt rules identifying segments
16 of the casino service industry directly involved with providing
17 gaming-related services, equipment, and supplies that the
18 commission finds appropriate for licensing.

19 (c) A person is required to obtain a casino service license
20 if the person:

21 (1) operates, conducts, or maintains a gaming-related
22 business in a casino or slot establishment; or

23 (2) furnishes goods, property, or services to a casino
24 or slot establishment in exchange for:

25 (A) a payment based on a percentage of the
26 earnings, profits, or receipts from the casino or slot
27 establishment; or

1 (B) a payment the commission finds to be grossly
2 disproportionate to the value of the goods, property, or service
3 provided.

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

7 (e) A casino service license is personal to the license
8 holder and allows the license holder to conduct business with any
9 casino or slot establishment.

10 Sec. 2022.153. APPLICATION. (a) Application for a
11 manufacturer's license or casino service license shall be made in
12 compliance with commission rules and shall contain information the
13 commission finds necessary to determine the suitability and
14 eligibility of the applicant.

15 (b) An application for a manufacturer's license or casino
16 service license must be accompanied by the required application
17 fee.

18 Sec. 2022.154. DETERMINATION OF SUITABILITY. (a) In
19 considering the suitability of a company applying for or holding a
20 manufacturer's license or casino service license to receive and
21 continue to hold the license, the commission shall consider the
22 suitability of each principal manager and each holder of an equity
23 interest and creditor interest in the company applicant to
24 individually receive and hold a manufacturer's license or casino
25 service license based on the suitability standards that apply to
26 the company applicant. A person may not be found suitable to
27 receive or hold a manufacturer's license or casino service license

1 if that person would be found unsuitable to hold a casino owner's
2 license under Section 2022.055(e).

3 (b) If the commission determines that it has reasonable
4 grounds to believe that a license holder is unsuitable to hold a
5 manufacturer's license or casino service license, the commission
6 shall conduct an investigation and hearing under Section 2022.401
7 and may, based on its determination, suspend, limit, or revoke a
8 license.

9 (c) On suspension or revocation of a license, the license
10 holder must cease the performance of manufacturing activity or
11 casino service requiring a license under this chapter. After the
12 revocation or suspension of the license, the affected license
13 holder may not receive, directly or indirectly, compensation,
14 consideration, or payment of any kind relating to manufacturing
15 activity or provision of casino services in any capacity requiring
16 a license under this chapter, other than the payment for goods or
17 services provided before the suspension or revocation.

18 (d) An owner or casino operator who has entered into a lease
19 with a manufacturer license holder or casino services license
20 holder whose license has been revoked or suspended may continue to
21 make payments on the lease based upon its original terms and
22 conditions without modification or may accelerate the lease and pay
23 it off, at the sole option of the owner or operator.

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

27 [Sections 2022.155-2022.200 reserved for expansion]

1 SUBCHAPTER E. SLOT ESTABLISHMENT LICENSES

2 Sec. 2022.201. SLOT ESTABLISHMENT OWNER'S OR OPERATOR'S
3 LICENSE REQUIRED. Except as otherwise provided by this chapter,
4 Chapter 2023, or a gaming agreement, a person may not own or operate
5 a slot machine if the person does not satisfy the requirements of
6 this chapter and is not licensed by the commission to act as a slot
7 establishment owner or operator. This section does not prohibit
8 the operation of slot machines by the owner or operator of a casino
9 licensed under this chapter.

10 Sec. 2022.202. APPLICATION AND QUALIFICATION. (a) An
11 applicant for a slot establishment owner's or operator's license
12 must apply to the commission under rules adopted by the commission,
13 provide the information necessary to determine the applicant's
14 eligibility for a license, and provide other information considered
15 necessary by the commission.

16 (b) Except as provided by other law, an applicant for a slot
17 establishment owner's license must hold a pari-mutuel license
18 granted under the Texas Racing Act (Article 179e, Vernon's Texas
19 Civil Statutes) and operate a racetrack.

20 (c) An applicant for a slot establishment operator's
21 license must have a valid and executed contract with a racetrack
22 that satisfies the requirements of Subsection (b) to act as a slot
23 establishment operator for the racetrack subject to licensing under
24 this chapter.

25 (d) Each officer, partner, director, key employee, equity
26 interest holder, and gaming employee of slot establishment
27 operations must be eligible and maintain eligibility in accordance

1 with this chapter to be involved in gaming in this state under this
2 subchapter.

3 (e) An applicant for a slot establishment owner's or
4 operator's license has the burden of proving qualification for a
5 license by clear and convincing evidence. In addition to
6 satisfying minimum requirements established by commission rules,
7 an applicant for a slot establishment owner's or operator's license
8 must:

9 (1) be a person of good character, honesty, and
10 integrity;

11 (2) be a person whose background and prior activities,
12 including criminal record, reputation, habits, and associations,
13 do not pose a threat to the security and integrity of gaming or to
14 the public interest of this state or to the effective operation and
15 control of gaming, or do not create or enhance the dangers of
16 unsuitable, unfair, or illegal practices, methods, and activities
17 in the conduct of gaming or in the carrying on of the business and
18 financial arrangements incidental to gaming;

19 (3) if applying for a new license, provide
20 fingerprints for a criminal records evaluation by the Department of
21 Public Safety or other law enforcement agency, including
22 fingerprints for each person required to be named in an
23 application, accompanied by a signed authorization for the release
24 of information to the commission by the department and the Federal
25 Bureau of Investigation;

26 (4) not have been convicted of an offense under this
27 chapter or of any crime related to theft, bribery, gambling, or

1 involving moral turpitude;

2 (5) demonstrate adequate financing for the operation
3 of the facility at which the slot machines will be operated from a
4 source that meets the requirements of this chapter and is adequate
5 to support the successful performance of the duties and
6 responsibilities of the license holder and disclose all financing
7 or refinancing arrangements for the purchase, lease, or other
8 acquisition of gaming equipment in the degree of detail requested
9 by the commission;

10 (6) when applying for a new license or renewing a
11 license under this chapter, present evidence to the commission of
12 the existence and terms of any agreement regarding the proceeds
13 from the operation of slot machines;

14 (7) demonstrate that each equity interest holder in
15 the applicant meets all applicable qualifications under this
16 chapter;

17 (8) provide all information, including financial data
18 and documents, consents, waivers, and any other materials,
19 requested by the commission for purposes of determining
20 qualifications for a license; and

21 (9) as part of its application, expressly waive any
22 and all claims against the commission, this state, and a member,
23 officer, employee, or authorized agent of the commission or this
24 state for damages resulting from any background investigation,
25 disclosure, or publication relating to an application for a slot
26 establishment owner's or operator's license.

27 (f) An application or disclosure form and any other document

1 submitted to the commission by or on behalf of the applicant for
2 purposes of determining qualification for a slot establishment
3 owner's or operator's license must be sworn to or affirmed before an
4 officer qualified to administer oaths.

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

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

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

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

1 Sec. 2022.204. SLOT ESTABLISHMENT: REQUIREMENTS; LOCATION.

2 (a) A slot establishment owner or operator may not operate slot
3 machines at any place that is not licensed as a slot establishment.

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

14 (c) An applicant for a slot establishment license must:

15 (1) consent to the application of state laws with
16 exclusive venue in Travis County, Texas, related to any action
17 arising out of the operation of slot machines;

18 (2) provide office space for at least one commission
19 employee as required by commission rule; and

20 (3) provide free and unrestricted access to the
21 establishment by the commission.

22 (d) An applicant for a slot establishment license must
23 provide the maps, surveys, site plans, architectural plans, and
24 financial statements required by the commission and update the
25 information at least annually if required by the commission.

26 (e) The commission may not deny, suspend, or revoke a
27 license under this chapter based on the fact that a slot

1 establishment or a proposed slot establishment is a location for
2 which a person holds a wine and beer retailer's permit, mixed
3 beverage permit, mixed beverage late hours permit, private club
4 registration permit, or private club late hours permit, issued
5 under Chapter 25, 28, 29, 32, or 33, Alcoholic Beverage Code.

6 (f) The commission may not issue a slot establishment
7 license to a racetrack if:

8 (1) as of January 1, 2009, any part of the real
9 property on which the licensed premises of the racetrack is located
10 is less than one-half mile from any part of the real property on
11 which a public school is located; or

12 (2) the racetrack has held an inactive racing license
13 for at least two of the three years preceding the date the
14 application is submitted.

15 (g) A slot establishment license is valid only on the
16 premises of the location for which the license is issued. The
17 location for a licensed slot establishment may not be moved or
18 transferred under the license issued, and the license may not be
19 amended to provide a different location for the slot establishment
20 even if the racetrack location is moved or transferred to a
21 different location. A slot establishment license is void if the
22 location of the racetrack to which the slot establishment owner's
23 pari-mutuel license applies is moved.

24 Sec. 2022.205. SUMMARY SUSPENSION OF SLOT ESTABLISHMENT
25 OWNER'S OR OPERATOR'S LICENSE. The commission may summarily
26 suspend the license of a slot establishment owner or operator
27 without notice or hearing if the commission finds the action is

1 necessary to maintain the integrity, security, honesty, or fairness
2 of the operation or administration of gaming or to prevent
3 financial loss to this state and:

4 (1) the license holder fails to deposit money received
5 from slot machine operations as required by this chapter or
6 commission rule;

7 (2) an event occurs that would render the license
8 holder ineligible for a license under this chapter;

9 (3) the license holder refuses to allow the
10 commission, the commission's agents, or the state auditor, or their
11 designees, to examine the license holder's books, records, papers,
12 or other objects; or

13 (4) the executive director learns the license holder
14 failed to disclose information that would, if disclosed, render the
15 owner or operator ineligible for a license under this chapter.

16 Sec. 2022.206. CAPITAL INVESTMENTS AND IMPROVEMENT
17 REQUIREMENTS FOR SLOT ESTABLISHMENT. (a) A slot establishment
18 owner or operator shall provide all necessary capital investments
19 and required improvements at a slot establishment owned or operated
20 by the owner or operator.

21 (b) The commission may not issue a license for the operation
22 of a slot establishment at a class 2 racetrack that has not made at
23 least \$40 million in capital investments or improvements to new or
24 existing facilities at the racetrack.

25 [Sections 2022.207-2022.250 reserved for expansion]

26 SUBCHAPTER F. LICENSE RENEWAL AND FEES

27 Sec. 2022.251. TERMS; RENEWAL. (a) An original or renewal

1 license expires on the first anniversary of the date it is issued.

2 (b) The fee for an owner's license, operator's license,
3 occupational license, manufacturer's license, or casino service
4 license is in the amount established by Section 2022.253 and must be
5 paid annually. A license holder may renew an unexpired license
6 annually by meeting the licensing requirements of the commission
7 and by paying the annual fee.

8 Sec. 2022.252. APPLICATION FEES. (a) An application fee
9 received under this section shall be:

10 (1) deposited in the Texas casino and slot gaming
11 fund; and

12 (2) used for the operation of the commission.

13 (b) An applicant for a casino owner's license must pay an
14 application fee of \$100,000.

15 (c) An applicant for a slot establishment owner's license
16 must pay an application fee of \$50,000.

17 (d) An applicant for a manufacturer's license must pay an
18 application fee of \$200,000.

19 (e) An applicant for an operator's license must pay an
20 application fee of \$50,000.

21 (f) An applicant for a casino service license must pay an
22 application fee of \$100.

23 (g) A person registering and applying to qualify to hold an
24 equity interest or creditor interest in a license holder must pay an
25 application fee of \$100.

26 (h) An individual applying for an occupational license must
27 pay an application fee of \$100.

1 (i) All application fees must be in the form of a money order
2 or cashier's check and be payable to the Texas Gaming Commission,
3 except that the commission may provide for the payment of the fees
4 by electronic funds transfer or similar method. Application fees
5 are nonrefundable.

6 (j) Application fees shall be applied toward the cost of
7 investigating applicants' suitability for licensing or
8 qualification under this chapter. Any costs of investigation
9 incurred in excess of the application fee shall be paid by the
10 applicant.

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

13 (b) A holder of a slot establishment owner's license must
14 pay an annual fee of \$50,000.

15 (c) A holder of a manufacturer's license must pay an annual
16 license fee of \$100,000.

17 (d) A holder of an operator's license must pay an annual
18 license fee of \$50,000.

19 (e) A holder of a casino service license must pay an annual
20 license fee of \$100.

21 (f) A holder of an equity interest or creditor interest in
22 any license holder that is required to qualify with the commission
23 must pay an annual fee of \$100.

24 (g) A holder of an occupational license must pay an annual
25 license fee of \$100.

26 [Sections 2022.254-2022.300 reserved for expansion]

1 SUBCHAPTER G. CASINO AND SLOT GAMING FUND; TAXES ON GROSS GAMING

2 REVENUE AND NET SLOT INCOME

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

6 (b) All application fees, investigation fees, and license
7 fees collected by the commission or on the commission's behalf
8 related to casino and slot gaming shall be deposited to the credit
9 of the Texas casino and slot gaming fund.

10 (c) The Texas casino and slot gaming fund may be used only
11 for the operation of the commission and the administration of this
12 chapter. If the money in the fund exceeds the amount necessary for
13 the operation of the commission and the administration of this
14 chapter, the legislature may transfer any excess amount to a
15 dedicated account to be known as the higher education trust account
16 in the general revenue fund to be used solely to provide additional
17 financial aid to assist in the payment of tuition and fees for
18 resident students of institutions of higher education in this
19 state.

20 (d) The operation of the commission and the administration
21 of this chapter shall be supported by fees generated under this
22 chapter and by a portion of the taxes imposed by Section 2022.302.

23 Sec. 2022.302. CASINO AND SLOT GAMING TAX; ALLOCATION OF
24 TAX. (a) There is imposed on each holder of a casino owner's
25 license a gaming tax in an amount equal to 15 percent of the gross
26 gaming revenue of the casino operated under the license. The tax
27 shall be computed and paid on a monthly basis in accordance with the

1 procedures established by commission rule.

2 (b) There is imposed on each holder of a slot establishment
3 owner's license a slot gaming tax in an amount equal to 35 percent
4 of the net slot income of the slot establishment operated under the
5 license. The tax shall be computed and paid on a monthly basis in
6 accordance with the procedures established by commission rule.

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

10 (d) Of the revenue from the tax imposed by Subsection (a):

11 (1) one-thirtieth of the revenue is allocated to the
12 municipality in which the casino to which the license relates is
13 located, and one-thirtieth of the revenue is allocated to the
14 county in which the casino to which the license relates is located;
15 or

16 (2) if the casino is located in an unincorporated
17 area, one-fifteenth of the revenue is allocated to the county in
18 which the casino to which the license relates is located.

19 (e) The comptroller shall transfer the appropriate amount
20 allocated under Subsection (d) to the appropriate municipalities
21 and counties not less than monthly in the manner the comptroller
22 considers appropriate.

23 (f) Of the revenue from the taxes imposed by this section:

24 (1) one-tenth of one percent shall be allocated to the
25 general revenue fund and may be appropriated only to fund a
26 compulsive gambling program established under Subchapter L; and

27 (2) \$200,000 may be appropriated in each state fiscal

1 biennium to the Department of Public Safety to be used to provide
2 grants to prosecuting attorneys for the investigation and
3 prosecution of offenses related to the possession of gambling
4 devices.

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

8 (h) If the amount of gaming taxes required to be reported
9 and paid under this section is later determined to be greater or
10 less than the amount actually reported and paid by the license
11 holder, the commission shall:

12 (1) assess and collect the additional gaming taxes
13 determined to be due with interest until paid; or

14 (2) refund any overpayment, with interest, to the
15 license holder.

16 (i) Interest must be computed, until paid, at the rate of
17 one percent per month from the first day of the first month
18 following either the due date of the additional gaming taxes or the
19 date of overpayment.

20 Sec. 2022.303. DETERMINATION OF GROSS GAMING REVENUE. (a)
21 In calculating gross gaming revenue, a prize, premium, drawing,
22 benefit, or ticket that is redeemable for money, merchandise, or
23 other promotional allowance, except money or tokens paid at face
24 value directly to a patron as the result of a specific wager and the
25 amount of cash paid to purchase an annuity to fund winnings, may not
26 be deducted from gross gaming revenue as a loss at any game except a
27 slot machine.

1 (b) In calculating gross gaming revenue from slot machines
2 at a casino, the actual cost to the license holder of any personal
3 property distributed to a patron as the result of a legitimate wager
4 may be deducted as a loss, but travel expenses, food, refreshments,
5 lodging, or services at the license holder's facility may not be
6 deducted. For the purposes of this subsection, "as the result of a
7 legitimate wager" means that the patron must make a wager before
8 receiving the personal property, regardless of whether the receipt
9 of the personal property is dependent on the outcome of the wager.

10 (c) Cash or the value of noncash prizes awarded to patrons
11 in a contest or tournament are not losses for purposes of
12 determining gross gaming revenue.

13 Sec. 2022.304. REFUND OF OVERPAYMENT. (a) Taxes imposed
14 under this subchapter that are erroneously collected may be
15 refunded, on approval of the commission, as other claims against
16 the state are paid.

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

23 (c) Failure to bring an action within the time specified by
24 Subsection (b) constitutes a waiver of any demand against the state
25 on account of alleged overpayments.

26 (d) If the commission fails to mail its notice of action on a
27 claim within six months after the date the claim is filed, the

1 claimant may consider the claim disallowed and bring an action
2 against the commission on the grounds set forth in the claim for the
3 recovery of any part of the amount claimed as an overpayment.

4 (e) In a case where a refund is granted, interest is allowed
5 at the rates provided in Section 111.064, Tax Code.

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

10 Sec. 2022.305. DETERMINATION OF DEFICIENCY. (a) If an
11 owner's license holder fails to make a report of the taxes imposed
12 under this subchapter as required by this chapter, or if the
13 executive director is not satisfied with the owner's license
14 holder's report of the taxes, the executive director may compute
15 and determine the amount required to be paid on the basis of:

16 (1) the facts contained in the report, if any;
17 (2) an audit conducted by the executive director;
18 (3) an estimate of the amount of taxes due;
19 (4) any information in the commission's possession or
20 that may come in the executive director's possession; or

21 (5) any combination of the methods described by
22 Subdivisions (1)-(4).

23 (b) In making a determination, the commission may offset
24 overpayments and interest due against underpayments and interest or
25 penalties due for the period of the audit.

26 (c) The executive director shall give prompt written notice
27 of a determination of a deficiency under this section to the owner's

1 license holder. Except in the case of fraud or intent to evade the
2 payment of the tax, a notice of a determination of a deficiency must
3 be mailed not later than two years after the last day of the
4 calendar month following the applicable reporting period in which
5 the deficiency occurred or not later than two years after the report
6 is filed by the owner's license holder, whichever is later.

7 (d) If the reasons for the deficiency are not apparent, the
8 executive director shall include an explanation of those reasons in
9 the notice of a determination of a deficiency.

10 (e) If overpayments and interest exceed underpayments,
11 penalties, and interest, the excess amount shall be refunded to the
12 owner's license holder.

13 Sec. 2022.306. PETITION FOR REVIEW. (a) An owner's license
14 holder against whom a determination is made under Section 2022.305
15 may petition the commission for a redetermination not later than
16 the 30th day after the date of the service of notice of the
17 determination. If a petition for redetermination satisfying the
18 requirements of Subsection (c) is not filed within the 30-day
19 period, the determination becomes final.

20 (b) If a petition for redetermination satisfying the
21 requirements of Subsection (c) is filed within the 30-day period,
22 the commission shall reconsider the determination and, if the
23 petitioner requests, shall grant a hearing.

24 (c) A petition for redetermination must:

25 (1) specify the contested portions of the
26 determination of deficiency;

27 (2) specify the grounds for redetermination;

1 (3) state whether a hearing is requested; and

2 (4) be accompanied by payment in full of the
3 uncontested portion of the determination, including any interest
4 and penalties.

5 (d) An order or decision of the commission on a petition for
6 redetermination is final 10 days after the date of service on the
7 petitioner.

8 (e) A petitioner against whom an order or decision of the
9 commission becomes final may, not later than the 60th day after the
10 date the decision is final, petition for judicial review in the
11 manner provided by Chapter 2001, Government Code. The executive
12 director may not petition for judicial review.

13 Sec. 2022.307. TAX ADMINISTRATION. (a) The commission
14 shall perform all functions incident to the administration,
15 collection, enforcement, and operation of a fee or tax imposed
16 under this subchapter. The commission may adopt rules and prescribe
17 forms for the administration, collection, and enforcement of a fee
18 or tax and for the reporting of a fee or tax.

19 (b) Except as modified by this chapter, Subtitle B, Title 2,
20 Tax Code, applies to the administration, collection, and
21 enforcement of a tax imposed under this subchapter. For purposes of
22 the application of Subtitle B, Title 2, Tax Code, to a tax imposed
23 under this subchapter, the powers and duties assigned to the
24 comptroller under that subtitle are assigned to the commission.

25 Sec. 2022.308. TAXES DEPOSITED IN STATE HIGHWAY FUND. (a)
26 Notwithstanding any other law, the comptroller quarterly shall
27 determine the net amount of receipts collected from a casino or slot

1 establishment from the taxes imposed under Chapters 151, 152, 156,
2 171, and 183, Tax Code, and shall deposit that amount in the state
3 highway fund.

4 (b) Money deposited in the state highway fund under this
5 section may be used only for transportation in this state.

6 [Sections 2022.309-2022.350 reserved for expansion]

7 SUBCHAPTER H. REGULATION OF CASINO AND SLOT ESTABLISHMENT

8 OPERATIONS

9 Sec. 2022.351. REGULATION OF CASINO AND SLOT ESTABLISHMENT

10 OPERATIONS. (a) The commission shall adopt rules applicable to the
11 operation of casinos and slot establishments as the commission
12 finds necessary for the protection of the health, safety, morals,
13 and general welfare of this state and for the reputation of the
14 state's gaming industry.

15 (b) Casinos and slot establishments may operate 24 hours a
16 day, seven days a week. A license holder may elect other hours of
17 operation.

18 (c) The commission may not authorize a casino or slot
19 establishment to conduct wagering on the outcome of a sports event
20 or sports activity other than greyhound or horse racing.

21 Sec. 2022.352. USE OF CHIPS OR TOKENS. All gaming must be
22 conducted with chips or tokens approved by the commission or with
23 the legal tender of the United States.

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

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

7 (c) An owner's license holder shall file a report of each
8 change of the corporate officers and directors with the commission.
9 The commission shall, not later than the 90th day after the date of
10 the change, approve or disapprove the change. During the 90-day
11 period, the officer or director is entitled to exercise the powers
12 of the office to which the officer or director was elected or
13 appointed.

14 (d) An owner's license holder shall report to the executive
15 director in writing a change in company employees who have been
16 designated as key employees.

17 (e) The commission may require that a company furnish the
18 commission with a copy of its federal income tax return not later
19 than the 30th day after the date the return is filed with the
20 federal government.

21 Sec. 2022.354. EXCLUSION OF PERSONS. (a) The commission by
22 rule shall provide for the establishment of a list of persons who
23 are to be excluded or ejected from a casino or slot establishment.
24 The list may include a person whose presence in the casino or
25 establishment is determined by the commission to pose a threat to
26 the interests of this state, to licensed gaming, or to both
27 interests.

1 (b) In making a determination under this section, the
2 commission may consider any:

3 (1) prior conviction of a crime that is a felony in
4 this state or under the laws of the United States or a crime
5 involving moral turpitude or a violation of the gaming laws of a
6 state; or

7 (2) violation of or conspiracy to violate the
8 provisions of this chapter relating to:

9 (A) the failure to disclose an interest in a
10 casino or slot establishment for which the person must obtain a
11 license;

12 (B) willful evasion of a fee or a tax;

13 (C) notorious or unsavory reputation that would
14 adversely affect public confidence and trust that the gaming
15 industry is free from criminal or corruptive elements; or

16 (D) a written order of a governmental agency that
17 authorizes the exclusion or ejection of the person from a casino or
18 slot establishment where gaming or pari-mutuel wagering is
19 conducted.

20 Sec. 2022.355. INTERNAL AUDIT AND CONTROL SYSTEMS. (a) An
21 owner's license holder shall adopt an internal control system that
22 provides for:

23 (1) the safeguarding of its assets and revenues,
24 especially the recording of cash and evidences of indebtedness; and

25 (2) the provision of reliable records, accounts, and
26 reports of transactions, operations, and events, including reports
27 to the executive director and the commission.

1 (b) The internal control system must be designed to
2 reasonably ensure that:

3 (1) assets are safeguarded;

4 (2) financial records are accurate and reliable;

5 (3) transactions are performed only in accordance with
6 management's general or specific authorization;

7 (4) transactions are recorded adequately to allow
8 proper reporting of gaming revenue and of fees and taxes and to
9 maintain accountability for assets;

10 (5) access to assets is allowed only in accordance
11 with management's specific authorization;

12 (6) recorded accountability for assets is compared
13 with actual assets at reasonable intervals and appropriate action
14 is taken with respect to any discrepancies; and

15 (7) functions, duties, and responsibilities are
16 appropriately segregated and performed in accordance with sound
17 practices by competent, qualified personnel.

18 (c) An owner's license holder and an applicant for an
19 owner's license shall describe, in a manner approved or required by
20 the executive director, the license holder's or applicant's
21 administrative and accounting procedures in detail in a written
22 system of internal control. An owner's license holder and
23 applicant for an owner's license shall submit a copy of the license
24 holder's or applicant's written system to the executive director. A
25 written system must include:

26 (1) an organizational chart depicting appropriate
27 segregation of functions and responsibilities;

1 (2) a description of the duties and responsibilities
2 of each position shown on the organizational chart;

3 (3) a detailed, narrative description of the
4 administrative and accounting procedures designed to satisfy the
5 requirements of Section 2022.353(a);

6 (4) a written statement signed by the license holder's
7 chief financial officer and either the license holder's chief
8 executive officer or an owner's license holder attesting that the
9 system satisfies the requirements of this section;

10 (5) if the written system is submitted by an
11 applicant, a letter from an independent certified public accountant
12 stating that the applicant's written system has been reviewed by
13 the certified public accountant and complies with the requirements
14 of this section; and

15 (6) other items the executive director may require.

16 (d) The commission shall adopt minimum standards for
17 internal control procedures.

18 Sec. 2022.356. AGE REQUIREMENTS. A person under the age of
19 21 years may not:

20 (1) play, be allowed to play, place wagers, or collect
21 winnings, personally or through an agent, from any gaming
22 authorized under this chapter; or

23 (2) be employed as a gaming employee.

24 Sec. 2022.357. ACCEPTANCE OF NEGOTIABLE INSTRUMENTS. (a)
25 A negotiable instrument evidencing a gaming transaction may be
26 enforced by legal process.

27 (b) A license holder may accept an incomplete negotiable

1 instrument that is signed by a patron and states the amount of the
2 debt. The license holder may complete the instrument as is
3 necessary for the instrument to be presented for payment.

4 (c) A license holder:

5 (1) may not accept a negotiable instrument that is
6 incomplete, except as authorized by Subsection (b); and

7 (2) may accept a negotiable instrument that is payable
8 to an affiliate or may complete a negotiable instrument in the name
9 of an affiliate as payee if the negotiable instrument otherwise
10 complies with this section and the records of the affiliate
11 pertaining to the negotiable instrument are made available to the
12 executive director on request.

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

16 (e) Any person, license holder, or the agents or employees
17 of the person or license holder who violate this section are subject
18 only to the penalties provided in this chapter relating to
19 disciplinary actions. The failure of a person to comply with this
20 section or commission rules does not invalidate a negotiable
21 instrument or affect the ability to enforce the negotiable
22 instrument or the transaction that the negotiable instrument
23 represents.

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

1 (b) A claim by a patron of a license holder for payment of a
2 gaming debt not evidenced by a negotiable instrument may be
3 resolved by the executive director under commission rules.

4 (c) The executive director shall send a copy of the
5 director's ruling by first class mail to the attorneys of record and
6 shall keep an appropriate copy of the mailing. If a party is not
7 represented by an attorney of record, the executive director shall
8 send a copy of the ruling by first class mail to the party and shall
9 keep an appropriate record of the mailing.

10 (d) A party or attorney of record notified by mail under
11 this section is presumed to have been notified on the date on which
12 the notice is mailed.

13 (e) A party aggrieved by the executive director's ruling is
14 entitled to have the claim resolved by the commission in a contested
15 case if the party files a written complaint with the commission
16 challenging the executive director's decision not later than the
17 20th day after the date on which the party or the party's attorney
18 of record is notified by mail.

19 Sec. 2022.359. QUESTIONING AND DETENTION OF PERSONS. (a)
20 An owner's license holder or the license holder's officer,
21 employee, or agent may question any person on the license holder's
22 premises suspected of violating this chapter. The owner's license
23 holder or the license holder's officer, employee, or agent is not
24 criminally or civilly liable:

25 (1) as a result of the questioning; or
26 (2) for reporting the person suspected of the
27 violation to the executive director or law enforcement authorities.

1 (b) An owner's license holder or the license holder's
2 officer, employee, or agent who has reasonable cause to believe
3 that there has been a violation of this chapter in the license
4 holder's casino or slot establishment by a person may take that
5 person into custody and detain the person in the casino or slot
6 establishment in a reasonable manner and for a reasonable length of
7 time. The taking into custody and detention does not render the
8 license holder or the license holder's officer, employee, or agent
9 criminally or civilly liable unless it is established by clear and
10 convincing evidence that the taking into custody and detention are
11 unreasonable under all the circumstances.

12 (c) An owner's license holder or the license holder's
13 officer, employee, or agent is not entitled to the immunity from
14 liability provided by Subsection (a) or (b) unless there is
15 displayed in a conspicuous place in the license holder's
16 establishment a notice in bold-faced type, clearly legible, and in
17 substantially this form:

18 AN OWNER'S LICENSE HOLDER OR AN OWNER'S LICENSE
19 HOLDER'S OFFICER, EMPLOYEE, OR AGENT WHO HAS A
20 REASONABLE CAUSE TO BELIEVE THAT A PERSON HAS VIOLATED
21 A PROVISION OF CHAPTER 2005, OCCUPATIONS CODE, MAY
22 QUESTION OR DETAIN THAT PERSON IN THE ESTABLISHMENT.

23 Sec. 2022.360. SLOT MACHINE DISABLED. (a) The commission
24 may disable a slot machine operated by a license holder under this
25 chapter at the time:

26 (1) a proceeding to summarily suspend the license is
27 initiated;

1 (2) the commission discovers the license holder failed
2 to deposit money received from slot machine operation as required
3 if the license is being summarily suspended under this section; or

4 (3) an act or omission occurs that, under commission
5 rules, justifies the termination of slot machine operations to:

6 (A) protect the integrity of gaming or the public
7 health, welfare, or safety; or

8 (B) prevent financial loss to this state.

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

11 Sec. 2022.361. SLOT MACHINE: DISTRIBUTION AND COMMISSION
12 APPROVAL. (a) A slot machine provider may not distribute a slot
13 machine or other gaming or associated equipment for placement at a
14 casino or slot establishment in this state unless the machine or
15 equipment has been approved by the commission.

16 (b) Only a person that holds a manufacturer's license issued
17 under this chapter may apply for approval of a slot machine or other
18 gaming or associated equipment.

19 Sec. 2022.362. TECHNICAL STANDARDS FOR GAMING EQUIPMENT.
20 The commission by rule shall establish minimum technical standards
21 for gaming equipment that may be operated in this state.

22 Sec. 2022.363. INCIDENT REPORTS. (a) The owner or operator
23 of a casino or slot establishment shall record all unusual
24 occurrences related to gaming activity in the casino or slot
25 establishment operated by the owner or operator.

26 (b) The owner or operator of a casino or slot establishment
27 shall assign each incident, without regard to materiality, a

1 sequential number and, at a minimum, provide the following
2 information in a permanent record prepared in accordance with
3 commission rules to ensure the integrity of the record:

- 4 (1) the number assigned to the incident;
- 5 (2) the date and time of the incident;
- 6 (3) the nature of the incident;
- 7 (4) each person involved in the incident; and
- 8 (5) the name of the employee or other agent of the
9 owner or operator who investigated the incident.

10 Sec. 2022.364. SLOT MACHINE EVENTS. The owner or operator
11 of a casino or slot establishment shall keep a database of slot
12 machine events. The commission by rule shall determine what
13 constitutes a slot machine event for purposes of this section.

14 Sec. 2022.365. SECURITY. (a) The owner or operator of a
15 casino or slot establishment shall:

16 (1) continuously monitor all slot machines through the
17 use of a closed-circuit television system that records activity for
18 a continuous 24-hour period, retain all videotapes or other media
19 used to store video images for at least 30 days, and make the tapes
20 or media available to the commission on request;

21 (2) submit for commission approval a security plan and
22 a floor plan of the area where slot machines are operated showing
23 slot machine locations and security camera mount locations; and

24 (3) employ at least the minimum number of private
25 security personnel the commission determines is necessary to
26 provide for safe and approved operation of the casino or slot
27 establishment and the safety and well-being of the players.

1 (b) Private security personnel must be present during all
2 hours of operation at each casino or slot establishment.

3 (c) An agent or employee of the commission or the Department
4 of Public Safety or other law enforcement personnel may be present
5 at a casino or slot establishment at any time.

6 (d) The commission may adopt rules to impose additional
7 surveillance and security requirements related to casinos or slot
8 establishments and the operation of slot machines.

9 Sec. 2022.366. COMMISSION RIGHT TO ENTER. The commission
10 or the commission's representative, after displaying appropriate
11 identification and credentials, has the free and unrestricted right
12 to:

13 (1) enter the premises of a casino or slot
14 establishment;

15 (2) enter at all times any other locations involved in
16 operation or support of slot machines; and

17 (3) inspect and copy the records of the owner or
18 operator of a casino or slot establishment pertaining to the
19 operation of slot machines.

20 Sec. 2022.367. APPOINTMENT OF SUPERVISOR. (a) The
21 commission by rule may provide for the appointment of a supervisor
22 to manage and operate a casino or slot establishment at the
23 direction of the commission and perform any act that a casino or
24 slot establishment owner or operator is entitled to perform in the
25 event that:

26 (1) an owner's or operator's license or other license
27 required for operation of the casino or slot establishment is

1 revoked or suspended, lapses, or is surrendered;

2 (2) a casino or slot establishment has been conveyed
3 or transferred to a secured party receiver or trustee who does not
4 hold the licenses necessary to operate the casino or establishment;
5 or

6 (3) any other event occurs that causes the casino or
7 establishment to cease the operation of slot machines.

8 (b) The rules may allow the commission to:

9 (1) take any action or adopt any procedure necessary
10 to operate a casino or slot establishment pending the licensing of
11 an owner or operator or a successor on the transfer or sale of the
12 casino, establishment, or property; and

13 (2) if necessary to continue the operation of the
14 casino or slot establishment, sell the casino or establishment to a
15 person that holds or has applied for the licenses required to
16 operate the casino or establishment under this chapter and make
17 appropriate distributions of the proceeds of the sale.

18 Sec. 2022.368. OFFENSE: CONVEYANCE OF CASINO OR SLOT
19 ESTABLISHMENT PROPERTY. (a) A person commits an offense if during
20 the pendency of any proceeding before the commission that may
21 result in the appointment of a supervisor or during the period of
22 supervision the person:

23 (1) sells, leases, or otherwise conveys for less than
24 full market value or pledges as security any property of a casino or
25 slot establishment; or

26 (2) removes from this state or secretes from the
27 commission or the supervisor any property, money, books, or records

1 of the casino or slot establishment, including evidences of debts
2 owed to the casino or establishment.

3 (b) An offense under Subsection (a) is a felony of the third
4 degree.

5 [Sections 2022.369-2022.400 reserved for expansion]

6 SUBCHAPTER I. ENFORCEMENT

7 Sec. 2022.401. ENFORCEMENT. (a) The executive director
8 shall conduct an appropriate investigation to:

9 (1) determine whether there has been a violation of
10 this chapter or of a commission rule;

11 (2) determine facts, conditions, practices, or
12 matters that the director considers necessary or proper to aid in
13 the enforcement of a law or rule;

14 (3) aid in adopting rules;

15 (4) secure information as a basis for recommending
16 legislation relating to this chapter; and

17 (5) determine whether a license holder is able to meet
18 the license holder's financial obligations, including all
19 financial obligations imposed by this chapter, as they become due.

20 (b) If after an investigation the executive director is
21 satisfied that a license should be limited, conditioned, suspended,
22 or revoked, or that a fine should be levied, the executive director
23 shall initiate a hearing under Section 2022.406.

24 Sec. 2022.402. PRIVILEGED DOCUMENTS. (a) A communication
25 or document of an applicant or license holder that is required by
26 law or commission rule or by a subpoena issued by the commission and
27 that is to be made or transmitted to the commission or the executive

1 director is privileged and does not impose liability for defamation
2 or constitute a ground for recovery in a civil action by a person
3 other than the commission.

4 (b) If a document or communication contains information
5 that is privileged, the privilege is not waived or lost because the
6 document or communication is disclosed to the commission or the
7 executive director.

8 (c) Notwithstanding the powers granted to the commission
9 and the executive director by this chapter:

10 (1) the commission and the executive director may not
11 release or disclose privileged information, documents, or
12 communications provided by an applicant and required by a lawful
13 court order after timely notice of the proceedings has been given to
14 the applicant or license holder without the prior written consent
15 of the applicant or license holder;

16 (2) the commission and the executive director shall
17 maintain all privileged information, documents, and communications
18 in a secure place accessible only to members of the commission and
19 the executive director; and

20 (3) the commission shall adopt procedures to protect
21 the privileged nature of information, documents, and
22 communications provided by an applicant or license holder.

23 Sec. 2022.403. RELEASE OF CONFIDENTIAL INFORMATION. An
24 application to a court for an order requiring the commission or the
25 executive director to release any information declared by law to be
26 confidential shall be made only on a motion in writing delivered not
27 later than the 10th day before the date of application to the

1 commission, the attorney general, and all persons who may be
2 affected by the entry of the order. Copies of the motion and all
3 papers filed in support of it shall be served with the notice by
4 delivering a copy in person or by certified mail to the last known
5 address of the person to be served.

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

14 (b) An emergency order may be issued only if the commission
15 determines that:

16 (1) a license holder has willfully failed to report,
17 pay, or truthfully account for a fee imposed under this chapter or
18 willfully attempted in any manner to evade or defeat a fee or
19 payment;

20 (2) a license holder or gaming employee has cheated at
21 a gambling game; or

22 (3) the action is necessary for the immediate
23 preservation of the public peace, health, safety, morals, good
24 order, or general welfare.

25 (c) The emergency order must state the grounds on which it
26 is issued, including a statement of facts constituting the alleged
27 emergency necessitating the action.

1 (d) An emergency order may be issued only with the approval
2 of and under the signature of four or more members of the
3 commission.

4 (e) An emergency order is effective immediately on issuance
5 and service on the license holder or resident agent of the license
6 holder, gaming employee, or, in cases involving registration, on
7 issuance and service on the person or entity involved or resident
8 agent of the entity involved. An emergency order may suspend,
9 limit, condition, or take other action in relation to the license of
10 one or more persons in an operation without affecting other
11 individual license holders or the casino or slot establishment. An
12 emergency order remains effective until further order of the
13 commission or final disposition of the case.

14 (f) Not later than the fifth day after the date of issuance
15 of an emergency order, the executive director shall file a
16 complaint and serve it on the person or entity involved. The person
17 or entity against whom the emergency order has been issued and
18 served is entitled to a hearing before the commission and to
19 judicial review of the decision and order of the commission under
20 Chapter 2001, Government Code. Judicial review is under the
21 substantial evidence rule.

22 Sec. 2022.405. REVOCATION OF LICENSE, CERTIFICATE OF
23 REGISTRATION, FINDING OF SUITABILITY, OR OTHER APPROVAL. (a) The
24 commission shall revoke or suspend a license, certificate of
25 registration, finding of suitability, or other affirmative
26 regulatory approval issued under this chapter if the holder of the
27 license, certificate, suitability, or approval at any time fails to

1 meet the eligibility requirements set forth in this chapter.

2 (b) Failure to timely remit gaming revenue generated by slot
3 machines to the commission or any tax or other fee owed to this
4 state as demonstrated by report from the applicable taxing
5 authority or to timely file any report or information required
6 under this chapter as a condition of any license, certificate,
7 finding of suitability, or other approval issued under this chapter
8 may be grounds for suspension or revocation, or both, of a license,
9 certificate, finding of suitability, or other approval issued under
10 this chapter.

11 Sec. 2022.406. DISCIPLINARY HEARING. (a) Before the
12 commission revokes or suspends a license, certificate of
13 registration, finding of suitability, or approval or imposes
14 monetary penalties for a violation of this chapter, the commission
15 shall provide written notification to the license, certificate,
16 finding of suitability, or approval holder of the revocation, the
17 period of suspension, or the monetary penalty. The notice shall
18 include:

19 (1) the effective date of the revocation or the period
20 of suspension or the amount of the monetary penalty, as applicable;

21 (2) each reason for the revocation, suspension, or
22 penalty;

23 (3) an explanation of the evidence supporting the
24 reasons;

25 (4) an opportunity to present the license,
26 certificate, finding of suitability, or approval holder's position
27 in response on or before the 15th day after the effective date of

1 the revocation; and

2 (5) a statement explaining the person's right to an
3 administrative hearing to determine whether the revocation,
4 suspension, or penalty is warranted.

5 (b) The notice required under Subsection (a) must be made by
6 personal delivery or by mail to the person's mailing address as it
7 appears on the commission's records.

8 (c) To obtain an administrative hearing on a suspension,
9 revocation, or penalty under this section, a person must submit a
10 written request for a hearing to the commission not later than the
11 20th day after the date notice is delivered personally or is mailed.

12 (d) If the commission receives a timely request under
13 Subsection (c), the commission shall provide the person with an
14 opportunity for a hearing as soon as practicable. If the commission
15 does not receive a timely request under Subsection (c), the
16 commission may impose the penalty, revoke or suspend a license,
17 certificate, finding of suitability, or approval, or sustain the
18 revocation or suspension without a hearing.

19 (e) Except as provided by Subsection (f), the hearing must
20 be held not earlier than the 11th day after the date the written
21 request is submitted to the commission.

22 (f) The commission may provide that a revocation or
23 suspension takes effect on receipt of notice under Subsection (a)
24 if the commission finds that the action is necessary to prevent or
25 remedy a threat to public health, safety, or welfare. The
26 commission by rule shall establish a nonexclusive list of
27 violations that present a threat to the public health, safety, or

1 welfare.

2 (g) A hearing on a revocation or suspension that takes
3 effect on receipt of notice must be held not later than the 14th day
4 after the date the commission receives the request for hearing
5 under this section. The revocation or suspension continues in
6 effect until the hearing is completed. If the hearing is continued,
7 the revocation or suspension shall continue in effect beyond the
8 14-day period at the request of the license, certificate, finding
9 of suitability, or approval holder or on a finding of good cause by
10 the commission or administrative law judge.

11 (h) To prevail in a post-deprivation administrative hearing
12 under this section, the license, certificate, finding of
13 suitability, or approval holder must demonstrate by clear and
14 convincing evidence that the deprivation or imposition of a penalty
15 was unwarranted or otherwise unlawful. The post-deprivation
16 hearing may be conducted by the commission or referred to the State
17 Office of Administrative Hearings.

18 (i) The administrative record created by the hearing
19 conducted by the State Office of Administrative Hearings shall be
20 provided to the commission for review and determination on the
21 revocation or suspension.

22 (j) If an administrative law judge of the State Office of
23 Administrative Hearings conducts a hearing under this section and
24 the proposal for decision supports the commission's position, the
25 administrative law judge shall include in the proposal a finding of
26 the costs, fees, expenses, and reasonable and necessary attorney's
27 fees this state incurred in bringing the proceeding.

1 (k) The commission may adopt the findings for costs, fees,
2 and expenses and make the finding a part of the final order entered
3 in the proceeding. Proceeds collected from a finding made under
4 this section shall be paid to the commission.

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

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

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

21 (d) If any court of competent jurisdiction concludes on
22 judicial review limited to the administrative record before the
23 commission and subject to the substantial evidence standard that
24 the deprivation or penalty was unwarranted or otherwise unlawful,
25 the sole remedy available is invalidation of the penalty or
26 reinstatement of the license, certificate of registration, finding
27 of suitability, or approval and the continued distribution,

1 manufacture, or operation of slot machines.

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

7 Sec. 2022.408. EFFECT OF DENIAL OF LICENSE, REGISTRATION,
8 FINDING OF SUITABILITY, OR APPROVAL. (a) A person whose
9 application for a license, certificate of registration, finding of
10 suitability, or other affirmative regulatory approval has been
11 denied may not have any interest in or association with a slot
12 establishment owner or operator or any other business conducted in
13 connection with slot machines under this chapter without prior
14 approval of the commission.

15 (b) Any contract related to the operation of slot machines
16 in this state between a person holding a license, certificate of
17 registration, finding of suitability, or other affirmative
18 regulatory approval and a person denied a license, certificate of
19 registration, finding of suitability, or other affirmative
20 regulatory approval must be terminated immediately. If the person
21 denied a license, certificate, finding of suitability, or approval
22 has previously been granted a temporary license, certificate,
23 finding of suitability, or approval, the temporary license,
24 certificate, finding of suitability, or approval expires
25 immediately on denial of the permanent license, certificate,
26 finding of suitability, or approval.

27 (c) Except as otherwise authorized by the commission, a

1 person denied a license, certificate of registration, finding of
2 suitability, or other affirmative regulatory approval may not
3 reapply for any license, certificate, finding of suitability, or
4 approval before the second anniversary of the date of the denial.

5 Sec. 2022.409. AGREEMENT TO WAIVE ENFORCEABILITY. A
6 license, certificate, finding of suitability, or approval holder by
7 virtue of accepting the license, certificate, finding of
8 suitability, or approval agrees that the privilege of holding a
9 license, certificate, finding of suitability, or approval under
10 this chapter is conditioned on the holder's agreement to Sections
11 2022.405-2022.407 and waives any right to challenge or otherwise
12 appeal the enforceability of those sections.

13 Sec. 2022.410. LIMITED WAIVER OF SOVEREIGN IMMUNITY; NO
14 LIABILITY OF STATE FOR ENFORCEMENT. (a) This state does not waive
15 its sovereign immunity by negotiating gaming agreements with Indian
16 tribes or other persons for the operation of gaming or gambling
17 games under this subtitle. An actor or agent for this state may not
18 wave this state's sovereign immunity absent an express legislative
19 grant of the authority. The only waiver of sovereign immunity
20 relative to gaming operations is that expressly provided for in
21 this section.

22 (b) With regard to gaming operations on Indian lands, this
23 state consents to the jurisdiction of the District Court of the
24 United States with jurisdiction in the county where the Indian
25 lands are located, or if the federal court lacks jurisdiction, to
26 the jurisdiction of a district court in Travis County, solely for
27 the purpose of resolving disputes arising from a gaming agreement

1 authorized under this chapter or Chapter 2023 for declaratory or
2 injunctive relief or contract damages of \$100,000 or more. Any
3 disputes relating to damages or other awards valued at less than
4 \$100,000 shall be arbitrated under the rules of the American
5 Arbitration Association, provided, however, that application of
6 the rules may not be construed as a waiver of sovereign immunity.

7 (c) All financial obligations of the commission are payable
8 solely out of the income, revenues, and receipts of the commission
9 and are subject to statutory restrictions and appropriations.

10 (d) This state and the commission are not liable if
11 performance by the commission is compromised or terminated by acts
12 or omissions of the legislature or the state or federal judiciary.

13 (e) This state and the commission are not liable related to
14 enforcement of this chapter.

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

25 (b) If a communication, document, or record provided under
26 Subsection (a) contains any information that is privileged under
27 state law, that privilege is not waived or lost because the

1 communication, document, or record is disclosed to the commission
2 or any commission employees.

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

8 [Sections 2022.412-2022.450 reserved for expansion]

9 SUBCHAPTER J. PENALTIES AND OFFENSES

10 Sec. 2022.451. FAILURE TO PAY FEES. (a) License fees and
11 other fees required by this chapter must be paid to the commission
12 on or before the dates provided by law for each fee.

13 (b) A person failing to timely pay a fee or tax when due
14 shall pay in addition a penalty of not less than \$50 or 25 percent of
15 the amount due, whichever is the greater. The penalty may not
16 exceed \$1,000 if the fee or tax is less than 10 days late and may not
17 exceed \$5,000 under any circumstances. The penalty shall be
18 collected as are other charges, license fees, and penalties under
19 this chapter.

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

25 (b) An offense under this section is a Class A misdemeanor.

26 Sec. 2022.453. GAMING FRAUD. (a) A person commits an
27 offense if the person knowingly:

1 (1) alters or misrepresents the outcome of a game or
2 other event on which wagers have been made after the outcome is made
3 sure but before it is revealed to the players;

4 (2) places, increases, or decreases a bet or
5 determines the course of play after acquiring knowledge, not
6 available to all players, of the outcome of the game or an event
7 that affects the outcome of the game or that is the subject of the
8 bet or aids anyone in acquiring such knowledge for the purpose of
9 placing, increasing, or decreasing a bet or determining the course
10 of play contingent on that event or outcome;

11 (3) claims, collects, or takes, or attempts to claim,
12 collect, or take, money or anything of value in or from a gambling
13 game, with intent to defraud, without having made a wager
14 contingent on the game, or claims, collects, or takes an amount
15 greater than the amount won;

16 (4) entices or induces another to go to a place where a
17 gambling game is being conducted or operated in violation of this
18 subtitle, with the intent that the other person play or participate
19 in that gambling game;

20 (5) places or increases a bet after acquiring
21 knowledge of the outcome of the game or other event that is the
22 subject of the bet, including past posting and pressing bets;

23 (6) reduces the amount wagered or cancels the bet
24 after acquiring knowledge of the outcome of the game or other event
25 that is the subject of the bet, including pinching bets; or

26 (7) manipulates, with the intent to cheat, a component
27 of a gaming device in a manner contrary to the designed and normal

1 operational purpose for the component, including varying the pull
2 of the handle of a slot machine, with knowledge that the
3 manipulation affects the outcome of the game or with knowledge of an
4 event that affects the outcome of the game.

5 (b) An offense under this section is a felony of the third
6 degree.

7 Sec. 2022.454. USE OF PROHIBITED DEVICES. (a) A person
8 commits an offense if the person, at a casino or slot establishment,
9 uses or possesses with the intent to use a device, other than those
10 customarily used in the conduct of gaming to assist in:

11 (1) projecting the outcome of the game;
12 (2) keeping track of the cards played;
13 (3) analyzing the probability of the occurrence of an
14 event relating to the game; or

15 (4) analyzing the strategy for playing or betting to
16 be used in the game.

17 (b) An offense under this section is a felony of the third
18 degree.

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

22 (b) A person commits an offense if the person, in playing
23 any gambling game designed to receive, be played with, or be
24 operated by chips or tokens approved by the executive director or by
25 lawful coin of the United States of America:

26 (1) knowingly uses a chip, token, or coin other than
27 chips or tokens approved by the commission or lawful coin of the

1 United States of America, or uses a coin not of the same
2 denomination as the coin intended to be used in that gambling game;
3 or

4 (2) uses any device or means to violate the provisions
5 of this chapter.

6 (c) A person, other than an authorized employee of an
7 owner's license holder acting in furtherance of the person's
8 employment within an establishment, commits an offense if the
9 person knowingly has on the person's body or in the person's
10 possession on or off the premises of a casino a device intended to
11 be used to violate the provisions of this chapter.

12 (d) A person, other than an authorized employee of a license
13 holder acting in furtherance of the person's employment within a
14 casino or slot establishment, commits an offense if the person
15 knowingly has on the person's body or in the person's possession on
16 or off the premises of a casino or slot establishment a key or
17 device known to have been designed for the purpose of and suitable
18 for opening, entering, or affecting the operation of a gambling
19 game, a drop box, or an electronic or mechanical device connected to
20 the game or box or for removing money or other contents from the
21 game or box.

22 (e) A person commits an offense if the person, with the
23 intent to manufacture slugs for unauthorized use in gaming devices
24 located at a casino or slot establishment, knowingly has on the
25 person's body or in the person's possession paraphernalia for
26 manufacturing slugs. In this subsection, "paraphernalia for
27 manufacturing slugs" means the equipment, products, and materials

1 that are intended for use or designed for use in manufacturing,
2 producing, fabricating, preparing, testing, analyzing, packaging,
3 storing, or concealing a counterfeit facsimile of the chips or
4 tokens approved by the executive director or a lawful coin of the
5 United States, the use of which is an offense under Subsection (b).

6 The term includes:

7 (1) lead or lead alloys;

8 (2) molds, forms, or similar equipment capable of
9 producing a likeness of a gaming token or United States coin;

10 (3) melting pots or other receptacles;

11 (4) torches; and

12 (5) tongs, trimming tools, or other similar equipment.

13 (f) Possession of more than one of the devices, equipment,
14 products, or materials described in this section permits a
15 rebuttable inference that the possessor intended to use them for
16 cheating.

17 (g) An offense under this section is a felony of the third
18 degree.

19 Sec. 2022.456. CHEATING. (a) In this section, "cheat"
20 means to alter the elements of chance, method of selection, or
21 criteria that determine the result of a game or the amount or
22 frequency of payment in a game.

23 (b) A person commits an offense if the person knowingly
24 cheats at any gambling game.

25 (c) An offense under this section is a state jail felony.

26 Sec. 2022.457. POSSESSION OF UNLAWFUL DEVICES. (a) A
27 person commits an offense if the person knowingly possesses any

1 slot machine or other gaming device that has been manufactured,
2 sold, or distributed in violation of this chapter.

3 (b) An offense under this section is a Class A misdemeanor.

4 Sec. 2022.458. UNLAWFUL MANUFACTURE, SALE, OR DISTRIBUTION
5 OF GAMING EQUIPMENT. (a) In this section, "cheat" has the meaning
6 assigned by Section 2022.456.

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

10 (c) A person commits an offense if the person marks, alters,
11 or otherwise modifies any associated equipment or gaming device in
12 a manner that:

13 (1) affects the result of a wager by determining win or
14 loss; or

15 (2) alters the normal criteria of random selection
16 that affect the operation of a game or determine the outcome of a
17 game.

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

23 (e) An offense under this section is a felony of the third
24 degree.

25 Sec. 2022.459. REPORTING PENALTIES. (a) A person commits
26 an offense if the person, in a license application, in a book or
27 record required to be maintained by this chapter or a rule adopted

1 under this chapter, or in a report required to be submitted by this
2 chapter or a rule adopted under this chapter:

3 (1) makes a statement or entry that the person knows to
4 be false or misleading; or

5 (2) knowingly fails to maintain or make an entry the
6 person knows is required to be maintained or made.

7 (b) A person commits an offense if the person knowingly
8 refuses to produce for inspection by the executive director a book,
9 record, or document required to be maintained or made by this
10 chapter or a rule adopted under this chapter.

11 (c) An offense under this section is a Class A misdemeanor.

12 Sec. 2022.460. GENERAL PENALTY. (a) A person commits an
13 offense if the person knowingly or wilfully violates, attempts to
14 violate, or conspires to violate a provision of this chapter
15 specifying a prohibited act.

16 (b) Unless another penalty is specified for the violation,
17 an offense under this section is a Class A misdemeanor.

18 Sec. 2022.461. UNAUTHORIZED OPERATION, USE, OR POSSESSION
19 OF GAMING DEVICE. (a) A person may not operate, use, or possess a
20 gaming device unless the operation, use, or possession is expressly
21 authorized by this chapter or other law.

22 (b) Except for transport to or from a casino or slot
23 establishment and as provided by this chapter, a person commits an
24 offense if the person operates, uses, or possesses a gaming device
25 that is not authorized under this chapter or other law. An offense
26 under this subsection is a felony of the third degree.

27 (c) Notwithstanding Subsection (b), a casino owner or

1 operator, slot establishment owner or operator, or a manufacturer
2 may store a gaming device as authorized by the commission for a
3 period not to exceed 120 consecutive days, and the commission may
4 possess gaming devices for study and evaluation.

5 (d) Nothing in this section shall be construed to prohibit
6 the operation, use, or possession of equipment, machines,
7 technological aids, or other devices allowed in connection with the
8 play of bingo under Chapter 2001.

9 Sec. 2022.462. PLAY OF GAME ON CREDIT. (a) A person
10 licensed under this chapter or an employee of a person licensed
11 under this chapter commits an offense if the person intentionally
12 or knowingly allows a person to play or conduct a game on a gaming
13 device by extending credit or lending money to the person to enable
14 the person to play the game.

15 (b) An offense under this section is a Class C misdemeanor.

16 Sec. 2022.463. SALE OF GAMBLING GAME TO OR PURCHASE OF
17 GAMBLING GAME BY PERSON YOUNGER THAN 21 YEARS OF AGE. (a) A person
18 licensed under this chapter or an employee of the person commits an
19 offense if the person intentionally or knowingly allows a person
20 younger than 21 years of age to play a gambling game.

21 (b) An individual who is younger than 21 years of age
22 commits an offense if the individual:

23 (1) plays a gambling game; or

24 (2) falsely represents the individual to be 21 years
25 of age or older by displaying evidence of age that is false or
26 fraudulent or misrepresents in any way the individual's age in
27 order to play a gambling game.

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

6 (d) An offense under Subsection (a) is a Class C
7 misdemeanor.

8 (e) An offense under Subsection (b) is a misdemeanor
9 punishable by a fine not to exceed \$250.

10 Sec. 2022.464. PURCHASE OF GAMBLING GAME WITH PROCEEDS OF
11 AFDC CHECK OR FOOD STAMPS. (a) A person commits an offense if the
12 person intentionally or knowingly plays a gambling game with:

13 (1) the proceeds of a check issued as a payment under
14 the Aid to Families with Dependent Children program administered
15 under Chapter 31, Human Resources Code; or

16 (2) a food stamp coupon issued under the food stamp
17 program administered under Chapter 33, Human Resources Code.

18 (b) An offense under this section is a Class C misdemeanor.

19 Sec. 2022.465. TAMPERING WITH GAMING OR ASSOCIATED
20 EQUIPMENT. (a) A person commits an offense if the person
21 intentionally or knowingly tampers with, damages, defaces, or
22 renders inoperable any vending machine, electronic computer
23 terminal, gaming device or other gaming or associated equipment, or
24 other mechanical device used in a gambling game.

25 (b) An offense under this section is a felony of the third
26 degree.

27 [Sections 2022.466-2022.500 reserved for expansion]

SUBCHAPTER K. LOCAL OPTION ELECTIONS

Sec. 2022.501. ORDERING LOCAL OPTION ELECTION. The commissioners court of a county may at any time order an election to legalize casino gaming under this chapter in that county. The commissioners court shall 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) A petition for a legalization election must include a statement substantially as follows before the space reserved for signatures on each page: "This petition is to require that an election be held in (name of county) to legalize casino gaming in (name of county)."

(b) 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) Each voter must enter beside the voter's signature the date the voter signs the petition. A signature may not be 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) Each voter must provide on the petition the voter's current voter registration number, printed name, and residence address, including zip code.

Sec. 2022.503. VERIFICATION. (a) 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, the

1 commissioners court shall submit the petition for verification to
2 the county clerk.

3 (b) The county clerk shall determine whether the petition is
4 signed by the required number of registered voters of the county.
5 Not later than the 30th day after the date the petition is submitted
6 to the clerk for verification, the clerk shall certify in writing to
7 the commissioners court whether the petition is valid or invalid.
8 If the clerk determines that the petition is invalid, the clerk
9 shall state the reasons for that determination.

10 Sec. 2022.504. ORDERING ELECTION. If the county clerk
11 certifies that a petition is valid, not later than the 30th day
12 after the date of certification, the commissioners court shall
13 order that an election be held in the county on the next uniform
14 election date under Section 41.001, Election Code, that allows
15 sufficient time to comply with applicable provisions of law,
16 including Section 3.005, Election Code. The commissioners court
17 shall state in the order the issue to be voted on. The county clerk
18 shall notify the commission by certified mail, return receipt
19 requested, that an election has been ordered.

20 Sec. 2022.505. BALLOT PROPOSITION. The ballot in a
21 legalization election shall be printed to provide for voting for or
22 against the proposition: "Legalizing casino gaming within (name of
23 county)."

24 Sec. 2022.506. ELECTION RESULTS. (a) If the majority of
25 the votes cast in a legalization election favor the legalization of
26 casino gaming, casino gaming authorized under this chapter is
27 permitted within the county holding the election effective on the

1 10th day after the date of the election.

2 (b) The commissioners court of a county in which a
3 legalization election has been held shall give written notice of
4 the results of the election to the commission not later than the
5 third day after the date the election is canvassed.

6 (c) If less than a majority of the votes cast in a
7 legalization election in any county are cast in favor of the
8 legalization of casino gaming, casino gaming is not permitted in
9 the county, and a subsequent election on the issue may not be held
10 in the county before the corresponding uniform election date one
11 year after the date of the election.

12 (d) If less than a majority of the votes cast in two
13 consecutive legalization elections within any county are cast in
14 favor of the legalization of casino gaming, casino gaming is not
15 permitted in the county, and a subsequent election on the issue may
16 not be held in the county before the corresponding uniform election
17 date five years after the date of the second election.

18 [Sections 2022.507-2022.550 reserved for expansion]

19 SUBCHAPTER L. PROBLEM GAMBLING AND ADDICTION

20 Sec. 2022.551. PROBLEM GAMBLING AND ADDICTION GRANT FUND.

21 (a) The problem gambling and addiction grant fund is an account in
22 the general revenue fund.

23 (b) Money credited to the fund may be used only for awarding
24 grants under this subchapter. The fund shall be administered in
25 accordance with this subchapter.

26 (c) An expenditure from the problem gambling and addiction
27 grant fund shall be made in accordance with the General

1 Appropriations Act on warrants of the comptroller.

2 (d) Grants from money in the fund may be used only to:

3 (1) provide treatment for problem gaming and gambling
4 addiction, alcoholism, drug abuse, and other addictive behaviors;
5 and

6 (2) provide funding for research related to the impact
7 of gambling on state residents.

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

14 (b) Research grants awarded under this section may include
15 grants for determining the effectiveness of education and
16 prevention efforts on the prevalence of pathological gambling in
17 this state.

18 (c) A grant may be made only after open solicitation of
19 proposals and evaluation of proposals against criteria established
20 by commission rule.

21 (d) Public and private entities are eligible to apply for
22 and receive grants under this section.

23 (e) A grant made in accordance with this section shall be
24 made from the problem gambling and addiction grant fund.

25 Sec. 2022.553. GIFTS AND DONATIONS. The commission may
26 solicit and accept grants, gifts, contributions, or bequests made
27 for the purpose of funding grants under this subchapter and expend

1 the money for the purpose for which it was received.

2 Sec. 2022.554. RULES. (a) The commission shall administer
3 this subchapter and adopt rules establishing criteria for
4 qualification to receive grants and other matters considered
5 necessary by the commission for the administration of this
6 subchapter.

7 (b) The rules adopted by the commission must require that
8 each recipient of a grant report at least annually to the commission
9 the grantee's measurable achievement of specific outcome goals.

10 CHAPTER 2023. TRIBAL GAMING AGREEMENTS

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

19 Sec. 2023.002. MODEL TRIBAL GAMING AGREEMENT. (a) A gaming
20 agreement executed under Section 2023.001 must be in the form and
21 contain the provisions as follows:

22 GAMING AGREEMENT GOVERNING GAMING OPERATIONS Between the [Name of
23 Tribe] and the STATE OF TEXAS

24 This agreement is made and entered into by and between the
25 [Name of Tribe], a federally recognized Indian Tribe ("Tribe"), and
26 the State of Texas ("State"), with respect to gaming on the Tribe's
27 Indian lands (as defined by Chapter 2022, Texas Occupations Code).

1 This agreement governs gambling on Indian lands held in trust
2 by the United States on January 1, 1998, for the Tribe.

3 Pursuant to express provisions of the Restoration Acts (Pub.
4 L. No. 100-89) addressing jurisdiction, the Tribe may engage in any
5 gaming activities that another person may be authorized to engage
6 in under Subtitle A-1, Title 13, Occupations Code.

7 The Tribe shall regulate the gaming activities authorized
8 under this agreement on the Tribe's Indian lands.

9 The Tribe shall adopt rules and procedures substantially
10 similar to the requirements of Subtitle A-1, Title 13, Occupations
11 Code, except that any regulatory oversight established under
12 Subtitle A-1 for gaming conducted under a license shall be
13 exercised by the Tribe for gaming conducted under this agreement.
14 The Tribe may adopt the rules and procedures by reference to any
15 provisions of Subtitle A-1, Title 13, Occupations Code.

16 (b) A gaming agreement under Subsection (a) between this
17 state and a federally recognized Indian Tribe that is not subject to
18 the Restoration Acts (Pub. L. No. 100-89) may not include the
19 provision related to the Restoration Acts.

20 Sec. 2023.003. NEGOTIATION FOR DIFFERENT TRIBAL GAMING
21 AGREEMENT TERMS. (a) Nothing in this subchapter may be construed
22 to limit the ability of a federally recognized Indian tribe to
23 request that a gaming agreement be negotiated with this state on
24 terms that are different from those set forth in the gaming
25 agreement under Section 2023.002, or the ability of this state to
26 engage in negotiations and to reach agreement under any applicable
27 federal law.

1 (b) In offering to enter into a gaming agreement with Indian
2 tribes in this state under Section 2023.002, and, except for
3 assessments by this state as provided in that section of the amounts
4 necessary to defray state costs of regulating activities as
5 provided under the gaming agreement, nothing in this chapter may be
6 construed to mean that:

7 (1) this state is imposing any tax, fee, charge, or
8 other assessment on an Indian tribe or on any other person or entity
9 authorized by an Indian tribe as a condition to engaging in a Class
10 III activity; or

11 (2) this state is refusing to enter into gaming
12 agreement negotiations based on the lack of authority of this state
13 or a political subdivision of this state to impose the tax, fee,
14 charge, or other assessment.

15 (c) If any federally recognized tribe with jurisdiction
16 over Indian lands in this state requests that the governor enter
17 into negotiations for a gaming agreement under federal law
18 applicable to the tribe, including the Indian Gaming Regulatory Act
19 (18 U.S.C. Section 1166 and 25 U.S.C. Section 2701 et seq.), on
20 terms different than those prescribed in the gaming agreement set
21 forth in Section 2023.002, the governor shall enter into those
22 negotiations under the federal law applicable to the tribe and
23 without preconditions and is authorized to reach agreement and
24 execute the agreement on behalf of this state.

25 Sec. 2023.004. IMPLEMENTATION OF GAMING AGREEMENT. The
26 governor shall execute any documents necessary to implement a
27 gaming agreement authorized under this subchapter.

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

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

13 Sec. 2023.007. INJUNCTION; CIVIL PENALTY. (a) If the
14 commission, the appropriate governing body for an Indian tribe, or
15 the attorney general has reason to believe that this chapter has
16 been or is about to be violated, the attorney general may petition a
17 court for appropriate injunctive relief to restrain the violation.
18 Filing of the petition does not waive applicable sovereign
19 immunity.

20 (b) Venue for an action by this state seeking injunctive
21 relief is in a district court in Travis County.

22 (c) If the court finds that this chapter has been knowingly
23 violated, the court shall order all proceeds from any illegal
24 gambling to be forfeited to the appropriate governing body as a
25 civil penalty.

26 (d) The remedies provided by this section are not exclusive.
27 The commission may suspend or revoke a license, registration,

1 finding of suitability, or other affirmative regulatory approval,
2 impose an administrative penalty, or seek injunctive or civil
3 penalties or both, depending on the severity of the violation.

4 SECTION 2. Article 4, Texas Racing Act (Article 179e,
5 Vernon's Texas Civil Statutes), is amended by adding Sections 4.07,
6 4.08, and 4.09 to read as follows:

7 Sec. 4.07. NATIONAL LEADERSHIP IN EQUINE PURSES. (a) In
8 this section:

9 (1) "Equine industry development fund" means a fund
10 dedicated to any nonpurse expenditures that support or promote the
11 industry of breeding, training, racing, riding, and competing with
12 horses in this state.

13 (2) "Equine racing purse trust fund" means the trust
14 fund established by Subsection (b) of this section.

15 (3) "Optimal Texas purse amount" means the annual
16 amount of purse money determined by the comptroller under
17 Subsection (d) of this section.

18 (4) "Target balance" means the amount of money needed
19 in total purse funds for a particular calendar month that will be
20 sufficient to aggregate, when combined with all other monthly
21 target balances for the calendar year, to the optimal Texas purse
22 amount for that calendar year.

23 (5) "Total purse funds" means the sum of the
24 unallocated cash balance of pari-mutuel purse funds and the
25 unallocated cash balance of the equine racing purse trust fund.

26 (b) The equine racing purse trust fund is established
27 outside the state treasury and is held in trust by the comptroller

1 for administration of this Act. Money in the trust fund may be
2 disbursed by the comptroller without appropriation as directed by
3 the commission to carry out this Act.

4 (c) Each pari-mutuel license holder authorized to operate
5 slot machines under Chapter 2022, Occupations Code, shall remit 15
6 percent of the gross gaming revenues from the license holder's slot
7 machines to the equine racing purse trust fund. Payments made
8 pursuant to this subsection shall occur as directed by the
9 commission but not less than twice per month. If a person makes a
10 payment under this subsection more than two days after the deadline
11 set by the commission, the person shall pay a penalty at the rate of
12 25 percent of the amount due per day for each day after the deadline
13 until the payment is received.

14 (d) The commission shall determine the optimal Texas purse
15 amount in accordance with this section. The commission shall
16 determine the annual total purse amount for all thoroughbred races
17 in each of the three states that allow pari-mutuel racing, other
18 than Texas, with the highest annual total purse amounts. In
19 evaluating the purse amounts of other states, the commission shall
20 include all breed development programs and all other supplemental
21 purse payments. In determining the amounts of thoroughbred purses
22 in other states, the commission shall use special care not to omit,
23 undervalue, or unnecessarily discount any portion of the purse
24 funds in those states. To calculate the optimal Texas purse amount,
25 the commission shall take the average of the annual total purse
26 amounts for the three states and multiply that amount by 1.05. The
27 commission shall update the optimal Texas purse amount at least

1 quarterly. The commission shall publish the list of the three
2 states used to determine the optimal Texas purse amount, the total
3 purse amounts for each of those states, and the optimal Texas purse
4 amount.

5 (e) Based on the current projected optimal Texas purse
6 amount, the commission shall establish a target balance of total
7 purse funds for each calendar month. The target balance shall vary
8 from month to month in order to fully support the seasonal nature of
9 horse racing.

10 Sec. 4.08. DEDUCTIONS FROM SLOT MACHINE INCOME AT GREYHOUND
11 RACETRACKS. (a) The greyhound racing purse trust fund is
12 established outside the state treasury and is held in trust by the
13 comptroller for the administration of this Act. Money in the trust
14 fund may be disbursed by the comptroller without appropriation as
15 directed by the commission to carry out this Act.

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

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

24 Sec. 4.09. ADMINISTRATION OF SLOT MACHINE ALLOCATIONS FOR
25 PURSES. The comptroller and commission shall jointly adopt rules
26 to administer Sections 4.07 and 4.08 of this Act. A matter
27 considered by the comptroller or commission under either section is

1 a contested case under Chapter 2001, Government Code, and requires
2 a public hearing.

3 SECTION 3. Section 47.02(c), Penal Code, is amended to read
4 as follows:

5 (c) It is a defense to prosecution under this section that
6 the actor reasonably believed that the conduct:

7 (1) was permitted under Chapter 2001, Occupations
8 Code;

9 (2) was permitted under Chapter 2002, Occupations
10 Code;

11 (3) consisted entirely of participation in the state
12 lottery authorized by the State Lottery Act (Chapter 466,
13 Government Code);

14 (4) was permitted under the Texas Racing Act (Article
15 179e, Vernon's Texas Civil Statutes); ~~or~~

16 (5) consisted entirely of participation in a drawing
17 for the opportunity to participate in a hunting, fishing, or other
18 recreational event conducted by the Parks and Wildlife Department;
19 or

20 (6) consisted entirely of participation in authorized
21 games in a casino or slot establishment licensed or authorized
22 under Chapter 2022 or 2023, Occupations Code.

23 SECTION 4. Section 47.06(f), Penal Code, is amended to read
24 as follows:

25 (f) It is a defense to prosecution under Subsection (a) or
26 (c) that the person owned, manufactured, transferred, or possessed
27 the gambling device, equipment, or paraphernalia for the sole

1 purpose of shipping it:

2 (1) to a casino or slot establishment licensed or
3 authorized under Chapter 2022 or 2023, Occupations Code, for
4 gaming; or

5 (2) to another jurisdiction where the possession or
6 use of the device, equipment, or paraphernalia was legal.

7 SECTION 5. Section 47.09(a), Penal Code, is amended to read
8 as follows:

9 (a) It is a defense to prosecution under this chapter that
10 the conduct:

11 (1) was authorized under:

12 (A) Chapter 2001, Occupations Code;

13 (B) Chapter 2002, Occupations Code; ~~[or]~~

14 (C) the Texas Racing Act (Article 179e, Vernon's
15 Texas Civil Statutes);

16 (D) Chapter 2022, Occupations Code; or

17 (E) Chapter 2023, Occupations Code;

18 (2) consisted entirely of participation in the state
19 lottery authorized by Chapter 466, Government Code; or

20 (3) was a necessary incident to the operation of the
21 state lottery and was directly or indirectly authorized by:

22 (A) Chapter 466, Government Code;

23 (B) the lottery division of the Texas Lottery
24 Commission;

25 (C) the Texas Lottery Commission; or

26 (D) the director of the lottery division of the
27 Texas Lottery Commission.

1 SECTION 6. Subchapter H, Chapter 151, Tax Code, is amended
2 by adding Section 151.356 to read as follows:

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

7 SECTION 7. Sections 1.03(3) and (5), Texas Racing Act
8 (Article 179e, Vernon's Texas Civil Statutes), are amended to read
9 as follows:

10 (3) "Commission" means the Texas Gaming [~~Racing~~]
11 Commission.

12 (5) "Executive secretary" means the executive
13 director [~~secretary~~] of the Texas Gaming [~~Racing~~] Commission.

14 SECTION 8. The heading to Article 2, Texas Racing Act
15 (Article 179e, Vernon's Texas Civil Statutes), is amended to read
16 as follows:

17 ARTICLE 2. ADMINISTRATION BY TEXAS GAMING [~~RACING~~] COMMISSION

18 SECTION 9. Section 3.09(b), Texas Racing Act (Article 179e,
19 Vernon's Texas Civil Statutes), is amended to read as follows:

20 (b) The commission shall deposit the money it collects under
21 this Act in the State Treasury to the credit of a special fund to be
22 known as the Texas Racing [~~Commission~~] fund. The Texas Racing
23 [~~Commission~~] fund may be appropriated only for the administration
24 and enforcement of this Act. Any unappropriated money remaining in
25 that special fund at the close of each fiscal biennium shall be
26 transferred to the General Revenue Fund and may be appropriated for
27 any legal purpose. The legislature may also appropriate money from

1 the General Revenue Fund for the administration and enforcement of
2 this Act. Any amount of general revenue appropriated for the
3 administration and enforcement of this Act in excess of the
4 cumulative amount deposited in the Texas Racing [~~Commission~~] fund
5 shall be reimbursed from the Texas Racing [~~Commission~~] fund not
6 later than one year after the date on which the general revenue
7 funds are appropriated, with 12 percent interest per year until
8 August 31, 1993, and 6-3/4 percent interest thereafter with all
9 payments first attributable to interest.

10 SECTION 10. The following laws are repealed:

11 (1) Sections 2.01, 2.02, 2.03, 2.04, and 2.05, Texas
12 Racing Act (Article 179e, Vernon's Texas Civil Statutes);

13 (2) Sections 2.073, 2.074, 2.08, 2.09, 2.10, and 2.11,
14 Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes); and

15 (3) Sections 6.093(a) and 18.01(a), Texas Racing Act
16 (Article 179e, Vernon's Texas Civil Statutes).

17 SECTION 11. (a) All funds in the Texas casino and slot
18 gaming fund are appropriated to the Texas Gaming Commission for the
19 operation of the commission and the administration of Subtitle A-1,
20 Title 13, Occupations Code, as added by this Act, for the biennium
21 ending August 31, 2011.

22 (b) Not later than January 1, 2010, the initial members of
23 the Texas Gaming Commission shall be appointed in accordance with
24 Chapter 2021, Occupations Code, as added by this Act. In making the
25 initial appointments, the governor shall designate one member to a
26 term expiring February 1, 2012, two members to terms expiring
27 February 1, 2014, and two members to terms expiring February 1,

1 2016.

2 (c) On September 1, 2010, or an earlier date specified in
3 the transition plan required under Section 13 of this Act, all
4 powers, duties, functions, programs, and activities related to
5 administrative support services, such as strategic planning and
6 evaluation, audit, legal, human resources, information resources,
7 accounting, purchasing, financial management, and contract
8 management services, of a state agency or entity abolished by
9 Section 16 of this Act are transferred to the Texas Gaming
10 Commission.

11 (d) On the date specified by Subsection (c) of this section
12 for the transfer described by that subsection:

13 (1) all obligations and contracts of a state agency or
14 entity that are related to a power, duty, function, program, or
15 activity transferred from the agency or entity under Subsection (c)
16 of this section are transferred to the Texas Gaming Commission;

17 (2) all property and records in the custody of a state
18 agency or entity that are related to a power, duty, function,
19 program, or activity transferred from the agency or entity under
20 Subsection (c) of this section and all funds appropriated by the
21 legislature for the power, duty, function, program, or activity
22 shall be transferred to the Texas Gaming Commission; and

23 (3) all complaints, investigations, or contested
24 cases that are pending before a state agency or entity or the
25 governing body of the agency or entity and that are related to a
26 power, duty, function, program, or activity transferred from the
27 agency or entity under Subsection (c) of this section are

1 transferred without change in status to the Texas Gaming
2 Commission.

3 (e) A rule or form adopted by a state agency or entity that
4 relates to a power, duty, function, program, or activity
5 transferred from the agency or entity under Subsection (c) of this
6 section is a rule or form of the Texas Gaming Commission and remains
7 in effect until altered by the commission.

8 (f) A reference in law to a state agency or entity abolished
9 by Section 16 of this Act, or to the governing body of the agency or
10 entity, that relates to a power, duty, function, program, or
11 activity transferred under Subsection (c) of this section means the
12 Texas Gaming Commission.

13 (g) A license, permit, or certification in effect that was
14 issued by a state agency or entity abolished by Section 16 of this
15 Act and that relates to a power, duty, function, program, or
16 activity transferred under Subsection (c) of this section is
17 continued in effect as a license, permit, or certification of the
18 Texas Gaming Commission.

19 SECTION 12. (a) The Texas Gaming Commission Transition
20 Legislative Oversight Committee is created to facilitate the
21 transfer of powers, duties, functions, programs, and activities
22 between the agency abolished by Section 16 of this Act and the Texas
23 Gaming Commission as provided by this Act with a minimal negative
24 effect on the operation of those regulated activities in this
25 state.

26 (b) The committee is composed of seven members as follows:

27 (1) two members of the senate, appointed by the

1 lieutenant governor not later than December 1, 2009;

2 (2) two members of the house of representatives,
3 appointed by the speaker of the house of representatives not later
4 than December 1, 2009; and

5 (3) three members of the public, appointed by the
6 governor not later than December 1, 2009.

7 (c) Once the other members of the committee have been
8 appointed, the executive director of the Texas Gaming Commission
9 serves as an ex officio member of the committee.

10 (d) A member of the committee serves at the pleasure of the
11 appointing official.

12 (e) The lieutenant governor and the speaker of the house of
13 representatives shall alternate designating a presiding officer
14 from among their respective appointments. The speaker of the house
15 of representatives shall make the first appointment after the
16 effective date of this section.

17 (f) A member of the committee may not receive compensation
18 for serving on the committee but is entitled to reimbursement for
19 travel expenses incurred by the member while conducting the
20 business of the committee as provided by the General Appropriations
21 Act.

22 (g) The committee shall:

23 (1) facilitate the transfer of powers, duties,
24 functions, programs, and activities between the agencies abolished
25 by Section 16 of this Act and the Texas Gaming Commission as
26 provided by this Act with a minimal negative effect on the gaming
27 activities regulated in this state;

1 (2) with assistance from the Texas Gaming Commission
2 and the agency abolished by Section 16 of this Act, advise the
3 executive commissioner of the Texas Gaming Commission concerning:

4 (A) the powers, duties, functions, programs, and
5 activities transferred under this Act and the funds and obligations
6 that are related to the powers, duties, functions, programs, or
7 activities; and

8 (B) the transfer of the powers, duties,
9 functions, programs, activities, records, property, funds,
10 obligations, and employees by the entities as required by Section
11 11 of this Act;

12 (3) meet at the call of the presiding officer;

13 (4) research, take public testimony, and issue reports
14 on other appropriate issues or specific issues requested by the
15 lieutenant governor, speaker, or governor; and

16 (5) review specific recommendations for legislation
17 proposed by the Texas Gaming Commission or the other agencies.

18 (h) The committee may request reports and other information
19 from the Texas Gaming Commission, other state agencies, and the
20 attorney general relating to gaming in this state and other
21 appropriate issues.

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

25 (j) Chapter 551, Government Code, applies to the committee.

26 (k) The committee shall report to the governor, lieutenant
27 governor, and speaker of the house of representatives not later

1 than November 15 of each even-numbered year. The report must
2 include:

3 (1) identification of significant issues within
4 gaming regulation, with recommendations for action;

5 (2) an analysis of the effectiveness and efficiency of
6 gaming regulation, with recommendations for any necessary
7 research; and

8 (3) recommendations for legislative action.

9 SECTION 13. (a) The transfer of powers, duties, functions,
10 programs, and activities under Section 11 of this Act to the Texas
11 Gaming Commission must be accomplished in accordance with a
12 schedule included in a transition plan developed by the executive
13 commissioner of the Texas Gaming Commission and submitted to the
14 governor and the Legislative Budget Board not later than September
15 1, 2010. The executive commissioner shall provide to the governor
16 and the Legislative Budget Board transition plan status reports and
17 updates on at least a quarterly basis following submission of the
18 initial transition plan. The transition plan must be made
19 available to the public.

20 (b) Not later than March 1, 2010, the Texas Gaming
21 Commission shall hold a public hearing and accept public comment
22 regarding the transition plan required to be developed by the
23 executive commissioner of the Texas Gaming Commission under this
24 section.

25 (c) In developing the transition plan, the executive
26 commissioner of the Texas Gaming Commission shall hold public
27 hearings in various geographic areas in this state before

1 submitting the plan to the governor and the Legislative Budget
2 Board as required by this section.

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

9 SECTION 15. (a) The Texas Gaming Commission shall
10 implement the powers, duties, functions, programs, and activities
11 assigned to the commission under this Act in accordance with a work
12 plan designed by the commission to ensure that the transfer of
13 gaming regulation under this Act is accomplished in a careful and
14 deliberative manner.

15 (b) A work plan designed by the commission under this
16 section must include the following phases:

17 (1) a planning phase, during which the commission will
18 focus on and stabilize the organization of the agency's powers,
19 duties, functions, programs, and activities, and which must
20 include:

21 (A) initiation of recommendations made by the
22 Texas Gaming Commission Transition Legislative Oversight
23 Committee;

24 (B) creation of interagency and intra-agency
25 steering committees;

26 (C) development of global visions, goals, and
27 organizational strategies; and

1 (D) development of communications and risk
2 management plans;

3 (2) an integration phase, during which the commission
4 will identify opportunities and problems and design customized
5 solutions for those problems, and which must include:

6 (A) identification of key issues related to costs
7 or legal requirements for other commission activities;

8 (B) planning for daily operations; and

9 (C) validation of fiscal and program synergies;

10 (3) an optimization phase, during which the commission
11 will complete and expand on the initial transitions, and which must
12 include:

13 (A) optimization of initial implementation
14 initiatives;

15 (B) use of enterprise teaming operations;

16 (C) building infrastructures to support and
17 facilitate changes in gaming regulation and oversight; and

18 (D) identification and use of beneficial assets
19 management and facilities approaches; and

20 (4) a transformation phase, during which the
21 commission will continue implementing initial and additional
22 changes in gaming regulation and oversight, and which must include
23 implementation of changes in agency management activities.

24 SECTION 16. (a) The Texas Racing Commission is abolished on
25 the date on which the powers, duties, functions, programs, and
26 activities are transferred under Section 11 of this Act, and after
27 that date a reference in any law to the Texas Racing Commission

1 means the Texas Gaming Commission.

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

10 SECTION 17. As soon as practicable after the constitutional
11 amendment to authorize casino gaming and slot machine gaming in
12 this state proposed by the 81st Legislature, Regular Session, 2009,
13 is approved by the voters and becomes effective, the Texas Gaming
14 Commission shall adopt the rules necessary to implement that gaming
15 in accordance with Chapter 2022, Occupations Code, as added by this
16 Act.

17 SECTION 18. (a) Sections 7 through 10 of this Act take
18 effect on the date the Texas Racing Commission is abolished under
19 Section 16 of this Act.

20 (b) Sections 1 through 6 and 11 through 17 of this Act and
21 this section take effect on the date the amendment adding Section
22 47-a, Article III, Texas Constitution, authorizing and regulating
23 slot machines and casino games by licensed operators and certain
24 Indian tribes to provide additional money to fund transportation in
25 this state and to provide additional financial aid for higher
26 education students proposed by the 81st Legislature, Regular
27 Session, 2009, becomes effective. If that amendment is not

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1 approved by the voters, this Act has no effect.