

By: Uresti

S.B. No. 2104

A BILL TO BE ENTITLED

AN ACT

relating to the operation of video lottery games by licensed operators for certain veterans organizations; providing penalties.

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

SECTION 1. Subtitle A, Title 13, Occupations Code, is amended by adding Chapter 2004 to read as follows:

CHAPTER 2004. VIDEO LOTTERY TO SUPPORT VETERANS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2004.001. DEFINITIONS. In this chapter:

(1) "Commission" means the Texas Lottery Commission.

(2) "Qualified veterans organization" means:

(A) the organization chartered by Congress known as the Veterans of Foreign Wars; and

(B) the organization chartered by Congress known as the American Legion.

(3) "Video lottery" means the conduct of video lottery games as authorized under this chapter.

(4) "Video lottery distributor" means a person licensed under this chapter to provide video lottery equipment and services to a video lottery vendor or a qualified veterans organization.

(5) "Video lottery game" means any game of chance, including a game of chance in which the outcome may be partially determined by skill or ability, that for consideration may be

1 played by an individual on an electronic machine or video display.

2 (6) "Video lottery vendor" means a person licensed  
3 under this chapter to conduct video lottery games for a qualified  
4 veterans organization.

5 Sec. 2004.002. APPLICABILITY OF OTHER LAW. All shipments of  
6 video lottery machines or other gaming devices into, out of, or  
7 within this state authorized under this chapter are legal shipments  
8 of the devices and are exempt from the provisions of 15 U.S.C.  
9 Sections 1171-1178 prohibiting the transportation of gambling  
10 devices.

11 [Sections 2004.003-2004.050 reserved for expansion]

12 SUBCHAPTER B. ADMINISTRATION

13 Sec. 2004.051. POWERS AND DUTIES OF COMMISSION AND  
14 EXECUTIVE DIRECTOR. (a) The commission and the executive director  
15 of the commission have broad authority and shall exercise strict  
16 control and close supervision over video lottery games operated in  
17 this state to promote and ensure the integrity, security, honesty,  
18 and fairness of video lottery.

19 (b) The executive director may contract with or employ a  
20 person to perform a function, activity, or service in connection  
21 with video lottery as prescribed by the executive director.

22 Sec. 2004.052. RULES. The commission shall adopt the rules  
23 necessary to administer this chapter.

24 Sec. 2004.053. ANNUAL REPORT. The commission shall file an  
25 annual report with the governor, the comptroller, and the  
26 legislature regarding the collection and disposition of video  
27 lottery revenue for the state fiscal year preceding the report. The

1 report must be in the form and reported in the time provided by the  
2 General Appropriations Act.

3 Sec. 2004.054. INVESTIGATIONS. In addition to other state  
4 or local officials, the attorney general may investigate a  
5 violation or alleged violation of:

6 (1) this chapter by any person; or

7 (2) the penal laws of this state in connection with the  
8 regulation of video lottery by the commission or its personnel or  
9 the conduct of video lottery or related activity by a qualified  
10 veterans organization, video lottery vendor, or video lottery  
11 distributor.

12 [Sections 2004.055-2004.100 reserved for expansion]

13 SUBCHAPTER C. LICENSE AND CONTRACT REQUIREMENTS

14 Sec. 2004.101. LICENSE REQUIREMENTS. (a) A person may not  
15 conduct video lottery in this state unless the person is a video  
16 lottery vendor that conducts video lottery games on the premises of  
17 a qualified veterans organization.

18 (b) A person may not provide video lottery equipment or  
19 services for use in this state unless the person holds a license as  
20 a video lottery distributor.

21 (c) A person may not display a video lottery machine for  
22 operation in this state unless the machine is registered as  
23 required by this chapter.

24 Sec. 2004.102. VIDEO LOTTERY VENDOR LICENSE. (a) On  
25 application, the commission shall issue a video lottery vendor  
26 license to a person who is not ineligible to hold the license under  
27 another provision of this chapter or a commission rule.

1       (b) The commission by rule shall establish the minimum  
2 qualifications for a video lottery vendor license to promote a  
3 competitive market for video lottery games, consistent with the  
4 health and safety of the public.

5       Sec. 2004.103. VIDEO LOTTERY DISTRIBUTOR LICENSE. (a) The  
6 commission shall issue a video lottery distributor license to an  
7 eligible person with the resources and experience required to  
8 provide video lottery equipment and services to video lottery  
9 vendors conducting video lottery under this chapter.

10       (b) The commission by rule shall establish the minimum  
11 qualifications for a video lottery distributor license to promote a  
12 competitive market for video lottery goods and services and the  
13 availability of reliable video lottery equipment and services,  
14 consistent with the health and safety of the public.

15       Sec. 2004.104. VIDEO LOTTERY MACHINE REGISTRATION. The  
16 commission by rule shall establish procedures for a qualified  
17 veterans organization or a video lottery vendor to register each  
18 video lottery machine that the organization or vendor displays for  
19 operation in this state.

20       Sec. 2004.105. DISCIPLINARY ACTION. (a) The commission  
21 may refuse to issue a license or may revoke, suspend, or refuse to  
22 renew a license or may reprimand a license holder for a violation of  
23 this chapter, other state law, or a rule of the commission.

24       (b) If the commission proposes to take action against a  
25 license holder or applicant under Subsection (a), the license  
26 holder or applicant is entitled to notice and a hearing.

27       (c) The commission may place on probation subject to

1 reasonable conditions a person whose license is suspended.

2 (d) The commission may summarily suspend a license issued  
3 under this chapter in the manner prescribed by Section 466.160,  
4 Government Code, if the commission determines that the action is  
5 necessary to maintain the integrity, security, or fairness of video  
6 lottery.

7 (e) The commission by rule shall develop a system for  
8 monitoring a license holder's compliance with this chapter.

9 [Sections 2004.106-2004.150 reserved for expansion]

10 SUBCHAPTER D. REVENUE

11 Sec. 2004.151. STATE SHARE OF REVENUE FROM VIDEO LOTTERY.

12 (a) At the times and in the manner prescribed by commission rule, a  
13 qualified veterans organization shall pay to the commission a  
14 percentage determined by the commission of the net terminal income  
15 derived from video lottery games operated by a video lottery vendor  
16 for the organization.

17 (b) The remainder of the net terminal income is the property  
18 of the qualified veterans organization. The organization may use  
19 that income:

20 (1) to support the organization, its programs, and any  
21 auxiliary organizations; or

22 (2) to cover costs associated with the conduct of  
23 video lottery, including salaries for employees of the organization  
24 who conduct video lottery, and costs for equipment and services  
25 provided by a video lottery vendor or video lottery distributor.

26 Sec. 2004.152. STATE VIDEO LOTTERY ACCOUNT; VETERANS MENTAL  
27 HEALTH ASSISTANCE ACCOUNT. (a) The state video lottery account is

1 a special account in the general revenue fund. The account consists  
2 of all revenue received by the commission from video lottery, fees  
3 received under this chapter, and all money credited to the account  
4 from any other fund or source under law.

5 (b) Money in the state video lottery account may be used to  
6 pay the costs incurred by the commission in the operation and  
7 administration of video lottery. The remainder of the account  
8 shall be deposited to the credit of the veterans mental health  
9 assistance account, a special account in the general revenue fund.  
10 Money in the account may only be used to provide mental health  
11 services or other assistance for veterans identified by the Texas  
12 Veterans Commission, in consultation with the advisory committee  
13 created under Section 434.020, Government Code, and other agencies  
14 as required under that section.

15 [Sections 2004.153-2004.200 reserved for expansion]

16 SUBCHAPTER E. OFFENSES; PENALTIES

17 Sec. 2004.201. MANIPULATION OR TAMPERING. (a) A person  
18 commits an offense if the person intentionally or knowingly  
19 manipulates the outcome of a video lottery game, the amount of a  
20 video lottery game prize, or the operation of a video lottery  
21 machine by physical, electronic, or other means, other than in  
22 accordance with commission rules.

23 (b) An offense under this section is a felony of the third  
24 degree.

25 Sec. 2004.202. SALE OF VIDEO LOTTERY GAME TO PERSON YOUNGER  
26 THAN 18 YEARS OF AGE. (a) A person commits an offense if the person  
27 intentionally or knowingly:

1           (1) sells or offers to sell a play of a video lottery  
2 game to an individual the person knows is younger than 18 years of  
3 age or permits the individual to purchase a play of a video lottery  
4 game; or

5           (2) pays money or issues a video credit slip or other  
6 winnings for a play of a video lottery game to an individual the  
7 person knows is younger than 18 years of age.

8           (b) An individual who is younger than 18 years of age  
9 commits an offense if the individual:

10           (1) purchases a play of a video lottery game;

11           (2) accepts money, a video credit slip, or other  
12 payment of winnings for a play of a video lottery game; or

13           (3) falsely represents the individual to be 18 years  
14 of age or older by displaying evidence of age that is false or  
15 fraudulent or misrepresents in any way the individual's age in  
16 order to purchase a play of a video lottery game.

17           (c) An offense under Subsection (a) is a Class B  
18 misdemeanor.

19           (d) An offense under Subsection (b) is a misdemeanor  
20 punishable by a fine not to exceed \$250.

21           Sec. 2004.203. ADMINISTRATIVE PENALTY. The commission may  
22 impose an administrative penalty against a person licensed under  
23 this chapter who violates this chapter or a rule or order adopted  
24 under this chapter.

25           Sec. 2004.204. CIVIL PENALTY. (a) A person who violates  
26 this chapter or a rule adopted by the commission under this chapter  
27 is liable to the state for a civil penalty not to exceed \$5,000 for

1 each day of violation.

2 (b) At the request of the commission, the attorney general  
3 shall bring an action to recover a civil penalty authorized by this  
4 section. The attorney general may recover reasonable expenses,  
5 including attorney's fees, incurred in recovering the civil  
6 penalty.

7 SECTION 2. Subchapter A, Chapter 434, Government Code, is  
8 amended by adding Section 434.020 to read as follows:

9 Sec. 434.020. VETERANS ASSISTANCE ADVISORY COMMITTEE;  
10 IDENTIFICATION OF VETERANS REQUIRING ASSISTANCE. (a) The Texas  
11 Veterans Commission shall establish a veterans assistance advisory  
12 committee. The advisory committee, in consultation with the  
13 Department of State Health Services and local mental health  
14 authorities, shall assist the commission in identifying veterans in  
15 this state who require mental health services and other assistance.

16 (b) Chapter 2110 does not apply to the advisory committee  
17 created under this section.

18 SECTION 3. Section 466.024(b), Government Code, is amended  
19 to read as follows:

20 (b) The commission shall adopt rules prohibiting the  
21 operation of any game using a video lottery machine or machine,  
22 except in accordance with Chapter 2004, Occupations Code.

23 SECTION 4. Section 47.02(c), Penal Code, is amended to read  
24 as follows:

25 (c) It is a defense to prosecution under this section that  
26 the actor reasonably believed that the conduct:

27 (1) was permitted under Chapter 2001, Occupations



1 Code;

2 (2) was permitted under Chapter 2002, Occupations  
3 Code;

4 (3) was permitted under Chapter 2004, Occupations  
5 Code;

6 (4) consisted entirely of participation in the state  
7 lottery authorized by [~~the State Lottery Act~~] Chapter 466,  
8 Government Code[+];

9 (5) [~~(4)~~] was permitted under the Texas Racing Act  
10 (Article 179e, Vernon's Texas Civil Statutes); or

11 (6) [~~(5)~~] consisted entirely of participation in a  
12 drawing for the opportunity to participate in a hunting, fishing,  
13 or other recreational event conducted by the Parks and Wildlife  
14 Department.

15 SECTION 5. Section 47.09, Penal Code, is amended by  
16 amending Subsection (a) and adding Subsection (c) to read as  
17 follows:

18 (a) It is a defense to prosecution under this chapter that  
19 the conduct:

20 (1) was authorized under:

21 (A) Chapter 2001, Occupations Code;

22 (B) Chapter 2002, Occupations Code; [~~or~~]

23 (C) Chapter 2004, Occupations Code; or

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

26 (2) consisted entirely of participation in the state  
27 lottery authorized by Chapter 466, Government Code; or

1           (3) was a necessary incident to the operation of the  
2 state lottery and was directly or indirectly authorized by:

3                   (A) Chapter 466, Government Code;

4                   (B) the lottery division of the Texas Lottery  
5 Commission;

6                   (C) the Texas Lottery Commission; or

7                   (D) the director of the lottery division of the  
8 Texas Lottery Commission.

9           (c) Subsection (a)(1)(C) applies to a person manufacturing,  
10 possessing, or operating a gambling device under a license or other  
11 authorization of the Texas Lottery Commission under Chapter 2004,  
12 Occupations Code.

13           SECTION 6. Chapter 47, Penal Code, is amended by adding  
14 Section 47.095 to read as follows:

15           Sec. 47.095. INTERSTATE OR FOREIGN COMMERCE DEFENSE. It is  
16 a defense to prosecution under this chapter that a person sells,  
17 leases, transports, possesses, stores, or manufactures a gambling  
18 device with the authorization of the Texas Lottery Commission under  
19 Chapter 2004, Occupations Code, for transportation in interstate or  
20 foreign commerce.

21           SECTION 7. As soon as practicable after the effective date  
22 of this Act, the Texas Lottery Commission shall adopt the rules  
23 necessary to implement Chapter 2004, Occupations Code, as added by  
24 this Act.

25           SECTION 8. The change in law made by this Act applies only  
26 to an offense committed on or after the effective date of this Act.  
27 An offense committed before the effective date of this Act is

1 covered by the law in effect when the offense was committed, and the  
2 former law is continued in effect for that purpose. For purposes of  
3 this section, an offense was committed before the effective date of  
4 this Act if any element of the offense was committed before that  
5 date.

6 SECTION 9. This Act takes effect immediately if it receives  
7 a vote of two-thirds of all the members elected to each house, as  
8 provided by Section 39, Article III, Texas Constitution. If this  
9 Act does not receive the vote necessary for immediate effect, this  
10 Act takes effect September 1, 2009.