

By: Van de Putte

S.B. No. 1212

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the operation of video gaming by authorized
3 organizations and commercial operators that are licensed to conduct
4 bingo or lease bingo premises; providing penalties.

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

6 SECTION 1. The legislature finds and declares that:

7 (1) the purpose and intent of this Act is to carry out
8 the intent of the voters as established by the approval of Section
9 47a, Article III, Texas Constitution, to expand the
10 revenue-generating ability of this state by authorizing the
11 operation of video gaming consistent with public policy strictly
12 limiting the expansion of gambling in this state;

13 (2) except as expressly authorized under other law,
14 the people of this state intend to allow only state-regulated video
15 gaming games to be conducted in this state and only in locations at
16 which bingo is conducted by authorized charitable organizations;

17 (3) the video gaming games operated under this Act are
18 regulated by this state in a manner that allows this state to
19 monitor, both routinely and randomly, all video gaming terminals
20 and to direct the disabling of any video gaming terminal for the
21 protection of the public and this state;

22 (4) through network operating centers or a video
23 gaming system, this state will monitor video gaming terminals to
24 ensure maximum security unique to state-regulated gambling. Except

1 as may otherwise be provided by state or federal law governing
2 gaming on Indian lands, each operating video gaming terminal in
3 this state will be connected to a network operating center or a
4 state-regulated video gaming system;

5 (5) in authorizing only state-regulated video gaming
6 terminals in limited locations and continuing the general
7 prohibition on gambling in this state as a matter of public policy,
8 this state is protecting the state's legitimate interests by
9 restricting such activity. By limiting the operation of video
10 gaming terminals to those connected to a network operating center
11 or a state-regulated video gaming system on certain land with
12 certain types of games, the legislature seeks to foster this
13 state's legitimate sovereign interest in regulating the growth of
14 gambling activities in this state;

15 (6) this Act is game-specific and may not be construed
16 to allow the operation of any other form of gambling unless
17 specifically allowed by Chapter 2001A, Occupations Code, as added
18 by this Act. This Act does not allow the operation of dice games,
19 roulette wheels, house-banked games, including house-banked card
20 games, or games in which winners are determined by the outcome of a
21 live sports contest that are expressly prohibited under other state
22 law;

23 (7) in light of the financial crisis facing this
24 state, the Texas Lottery Commission is authorized to commence
25 implementation and authorization of video gaming in accordance with
26 Chapter 2001A, Occupations Code, as added by this Act, at the
27 earliest possible date, consistent with legislative directive; and

1 (8) the financial crisis facing this state constitutes
2 an imminent peril to public welfare, requiring the rapid adoption
3 of rules and authorization for the Texas Lottery Commission to
4 conduct certain pre-implementation activities related to
5 regulating video gaming to ensure:

6 (A) that the increase in state revenue from the
7 portion of gross gaming income transferred to the state is realized
8 as soon as possible to lessen the financial crisis faced by this
9 state;

10 (B) that video gaming is fairly conducted and the
11 charitable proceeds derived from it are used for an authorized
12 purpose; and

13 (C) the integrity, security, and fairness of
14 video gaming.

15 SECTION 2. Subtitle A, Title 13, Occupations Code, is
16 amended by adding Chapter 2001A to read as follows:

17 CHAPTER 2001A. VIDEO GAMING BY LICENSED AUTHORIZED ORGANIZATIONS

18 AND LICENSED COMMERCIAL LESSORS

19 SUBCHAPTER A. GENERAL PROVISIONS

20 Sec. 2001A.001. DEFINITIONS. In this chapter:

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

22 (2) "Crime of moral turpitude" has the meaning
23 assigned by Section 2001.002.

24 (3) "Director" means the director of charitable bingo
25 operations of the commission.

26 (4) "Disable," with respect to video gaming terminals,
27 means the process that causes a video gaming terminal to cease

1 functioning on issuance of a shutdown command from a network
2 operating center or site controller.

3 (5) "Distribute," with respect to video gaming
4 terminals, means the sale, lease, marketing, offer, or other
5 disposition of a video gaming terminal, an electronic computer
6 component of a video gaming terminal, the cabinet in which a video
7 gaming terminal is housed, video gaming equipment, or video gaming
8 game software intended for use or play in this state.

9 (6) "Gross gaming income" means the total amount of
10 money paid to play video gaming games less the value of all credits
11 redeemed, including any progressive prizes and bonuses, by the
12 players of the video gaming games. Promotional prizes unrelated to
13 video gaming game wagers that are offered by a video gaming retailer
14 may not be deducted or otherwise considered credits redeemed for
15 money by players for the purpose of determining gross gaming
16 income.

17 (7) "Independent testing laboratory" means a
18 nationally recognized laboratory facility that is demonstrably
19 competent and qualified to scientifically test and evaluate video
20 gaming equipment for compliance with this chapter.

21 (8) "Licensed authorized organization" has the
22 meaning assigned by Section 2001.002.

23 (9) "Licensed commercial lessor" has the meaning
24 assigned by Section 2001.002.

25 (10) "Major component or part" means a component or
26 part that comprises the inner workings and peripherals of a video
27 gaming terminal, site controller, or network operating center,

1 including the device's hardware, software, human interface
2 devices, interface ports, power supply, ticket payout system, bill
3 validator, and printer, and any component that affects or could
4 affect the result of a game played on the device.

5 (11) "Manufacture," with respect to video gaming
6 terminals, means to design, assemble, fabricate, produce, program,
7 or make modifications to a video gaming terminal, an electronic
8 computer component of a video gaming terminal, a major component or
9 part of video gaming equipment, the cabinet in which a video gaming
10 terminal is housed, video gaming equipment, or video gaming game
11 software intended for use or play in this state.

12 (12) "Network operating center" means a computer
13 server that is connected directly or indirectly to a video gaming
14 manufacturer's video gaming terminals operated in this state.

15 (13) "Player account card" means a plastic magnetic
16 strip, paper, or smart card that may be used to:

17 (A) enable or track the play of video gaming
18 games;

19 (B) track and record customer account data,
20 including electronic credits purchased, played, won, or otherwise
21 available for participating in a video gaming game; or

22 (C) redeem credits purchased, played, or won
23 through a cashier or other point-of-sale station or redemption
24 system.

25 (14) "Site controller" means computer hardware and
26 software located on the premises of a video gaming retailer that:

27 (A) stores and distributes video gaming games for

1 display on video gaming terminals;

2 (B) networks and communicates with a video gaming
3 manufacturer's video gaming terminals at the premises; and

4 (C) communicates with the manufacturer's network
5 operating center.

6 (15) "Video gaming" means the conduct of video gaming
7 games on video gaming terminals.

8 (16) "Video gaming distributor" means a person
9 licensed under this chapter to provide video gaming equipment,
10 major components and parts of video gaming equipment, installation,
11 and technical services to a licensed video gaming retailer.

12 (17) "Video gaming equipment" means:

13 (A) a video gaming terminal;

14 (B) equipment, a component, or a contrivance used
15 remotely or directly in connection with a video gaming terminal to:

16 (i) affect the reporting of gross revenue
17 and other accounting information, including a device for weighing
18 and counting money;

19 (ii) provide accounting, player tracking,
20 bonuses, and in-house or wide-area prizes;

21 (iii) monitor video gaming terminal
22 operations; and

23 (iv) provide for the connection of video
24 gaming terminals to the network operating center or site
25 controller; or

26 (C) any other communications technology or
27 equipment necessary for the operation of a video gaming terminal or

1 the video gaming system.

2 (18) "Video gaming game" means any game of chance,
3 including a game of chance in which the outcome may be partially
4 determined by skill or ability, that for consideration may be
5 played by an individual on a video gaming terminal.

6 (19) "Video gaming manufacturer" means a person who
7 holds a license under this chapter to manufacture video gaming
8 equipment and major components or parts of video gaming equipment.

9 (20) "Video gaming premises" means the area subject to
10 direct control of and actual use by a licensed authorized
11 organization, a group of licensed authorized organizations, or a
12 licensed commercial lessor to conduct video gaming.

13 (21) "Video gaming retailer" means a licensed
14 authorized organization or a licensed commercial lessor that holds
15 a license to conduct video gaming under this chapter.

16 (22) "Video gaming system" means the system
17 established as authorized by the commission to allow the commission
18 or person contracting with the commission to monitor the operation
19 of video gaming in this state.

20 (23) "Video gaming terminal" means a mechanical,
21 electrical, or other type of device, contrivance, or machine that
22 plays or operates on insertion of a coin, currency, a token, or a
23 similar object or on payment of any other consideration, and the
24 play or operation of which, through the skill of the operator, by
25 chance, or both, may deliver to the person playing or operating the
26 machine or entitle the person to receive premiums, merchandise,
27 tokens, or any other thing of value, whether the payoff is made

1 automatically from the machine or in any other manner. The term
2 does not include any equipment, machine, technological aid, or
3 other device used or authorized in connection with the play of bingo
4 under Chapter 2001 or authorized under other law.

5 Sec. 2001A.002. APPLICABILITY OF OTHER LAW. (a) All
6 shipments into, out of, or within this state of video gaming
7 terminals or other gaming devices authorized under this chapter are
8 legal shipments of the devices and are exempt from the provisions of
9 15 U.S.C. Sections 1171-1178 prohibiting the transportation of
10 gambling devices.

11 (b) To the extent of any conflict, this chapter controls
12 over any local zoning law that impedes the implementation of video
13 gaming at a location where bingo was conducted on January 1, 2011,
14 and where a video gaming retailer is authorized to conduct video
15 gaming under this chapter.

16 Sec. 2001A.003. EXEMPTION FROM TAXATION. A political
17 subdivision of this state may not impose a tax or fee for attendance
18 or admission to a video gaming premises unless specifically
19 authorized by statute.

20 [Sections 2001A.004-2001A.050 reserved for expansion]

21 SUBCHAPTER B. ADMINISTRATION

22 Sec. 2001A.051. POWERS AND DUTIES OF COMMISSION AND
23 DIRECTOR. (a) The commission and the director have broad authority
24 and shall exercise strict control and close supervision over video
25 gaming operated in this state to promote and ensure the integrity,
26 security, honesty, and fairness of video gaming.

27 (b) The commission may contract with or employ a person to

1 perform a function, activity, or service in connection with the
2 regulation of video gaming as prescribed by the commission.

3 (c) The commission shall, as necessary to protect the public
4 health and safety:

5 (1) monitor and regulate video gaming operations on a
6 routine and random basis;

7 (2) establish standards for:

8 (A) the operation of video gaming;

9 (B) the provision of video gaming equipment and
10 services; and

11 (C) video gaming premises; and

12 (3) inspect and examine all video gaming premises and
13 all video gaming equipment, services, records, and operations to
14 ensure compliance with the standards established by the commission.

15 (d) The commission may demand access to and inspect,
16 examine, and audit all records regarding gross gaming income of a
17 video gaming retailer.

18 Sec. 2001A.052. RULES; PROCEDURES. (a) The commission
19 shall adopt all rules necessary to supervise and regulate video
20 gaming in this state, administer this chapter, and ensure the
21 security of video gaming operations in this state.

22 (b) The commission shall establish procedures for the
23 approval, monitoring, and inspection of video gaming operations as
24 necessary to protect the public health, welfare, and safety and the
25 integrity of this state and to prevent financial loss to this state.

26 (c) In adopting rules and procedures under this chapter, the
27 commission shall examine the laws of other jurisdictions and

1 incorporate best practices from established responsible gaming
2 systems.

3 Sec. 2001A.053. RULES FOR ADDITIONAL QUALIFICATIONS. The
4 commission by rule may establish other license qualifications the
5 commission determines are in the public interest and consistent
6 with the declared policy of this state.

7 Sec. 2001A.054. LICENSE FEES; TERMINAL FEE. (a) An
8 applicant for a license under this chapter shall submit with the
9 application the annual license fee required for the type of license
10 sought. The fee is nonrefundable.

11 (b) The annual license fee is:

12 (1) for a video gaming manufacturer license, \$10,000;

13 (2) for a video gaming distributor license, \$10,000;

14 (3) for a video gaming retailer holding:

15 (A) a class 1 license, \$1,250;

16 (B) a class 2 license, \$2,500; or

17 (C) a class 3 license, \$5,000;

18 (4) for a video gaming manager, \$2,500;

19 (5) for key video gaming personnel, \$100;

20 (6) for a video gaming technician, \$100; and

21 (7) for a video gaming employee, \$50.

22 (c) The annual fee for each video gaming terminal operated
23 by the video gaming retailer at a video gaming premises is \$250.

24 Sec. 2001A.055. ESTABLISHMENT OF VIDEO GAMING SYSTEM. (a)
25 In accordance with Section 47a, Article III, Texas Constitution,
26 the commission shall establish a video gaming system that allows
27 the commission to monitor and regulate video gaming and direct the

1 disabling of video gaming terminals for the public safety, health,
2 and welfare or the preservation of the integrity of video gaming and
3 to prevent any financial loss to this state. The system must provide
4 video gaming auditing, security, and other information required by
5 the commission.

6 (b) This section does not affect or restrict the ability of
7 a video gaming retailer to monitor activity of video gaming
8 terminals and to disable video gaming terminals in accordance with
9 commission rules.

10 (c) The commission may direct the disabling of a video
11 gaming terminal if a video gaming retailer's license is revoked,
12 surrendered, or summarily suspended under this chapter and as
13 necessary to prevent any financial loss to this state.

14 Sec. 2001A.056. ANNUAL REPORT. The commission shall file
15 an annual report with the governor, the comptroller, and the
16 legislature regarding the collection and disposition of video
17 gaming revenue for the state fiscal year preceding the report. The
18 report must be in the form and reported in the time provided by the
19 General Appropriations Act.

20 [Sections 2001A.057-2001A.100 reserved for expansion]

21 SUBCHAPTER C. LICENSE AND CONTRACT REQUIREMENTS

22 Sec. 2001A.101. RETAILER LICENSE REQUIRED; ELIGIBILITY
23 REQUIREMENTS. (a) A person may not conduct video gaming in this
24 state unless the person holds a video gaming retailer license
25 issued under this chapter.

26 (b) A person is eligible for issuance of a video gaming
27 retailer license under this chapter only if the person:

1 (1) is a licensed authorized organization that:

2 (A) on January 1, 2011, held a license to conduct
3 bingo at a bingo premises;

4 (B) except as provided by Subsection (e),
5 conducts video gaming only at the bingo premises where the
6 organization is the only licensed authorized organization
7 conducting bingo at that premises; and

8 (C) does not lease the premises from a licensed
9 commercial lessor; or

10 (2) is a licensed commercial lessor who:

11 (A) on January 1, 2011, held a license to lease
12 bingo premises; and

13 (B) except as provided by Subsection (e),
14 conducts video gaming only at the premises the lessor leases to
15 licensed authorized organizations for the conduct of bingo.

16 (c) On application and payment of required fees, the
17 commission shall issue a video gaming retailer license to a person
18 described by Subsection (b) unless the person is ineligible to hold
19 the license under another provision of this chapter or commission
20 rule.

21 (d) The commission shall establish the following
22 classifications of video gaming retailer licenses:

23 (1) class 1 license for a premises where:

24 (A) a licensed authorized organization that does
25 not lease bingo premises from a licensed commercial lessor conducts
26 bingo on the premises under Chapter 2001; or

27 (B) a licensed commercial lessor who held a Class

1 A, B, or C commercial lessor license under Chapter 2001 on January
2 1, 2011, leases the premises to one or more licensed authorized
3 organizations that conduct bingo on the premises;

4 (2) class 2 license for a licensed commercial lessor
5 who held a Class D, E, F, or G commercial lessor license under
6 Chapter 2001 on January 1, 2011; or

7 (3) class 3 license for a licensed commercial lessor
8 who held a Class H, I, or J commercial lessor license under Chapter
9 2001 on January 1, 2011.

10 (e) A video gaming retailer may conduct video gaming at a
11 premises other than the premises described by Subsection (b) if:

12 (1) the county, justice precinct, or municipality in
13 which those premises are located holds an election in which the
14 majority of the voters of the jurisdiction favor prohibiting bingo
15 games in the jurisdiction; and

16 (2) the other premises are located in a jurisdiction
17 in which a majority of the voters voting in an election held before
18 January 1, 2011, voted in favor of legalizing bingo games.

19 Sec. 2001A.102. DISTRIBUTOR OR MANUFACTURER LICENSE
20 REQUIRED. (a) A person may not sell, lease, distribute, or provide
21 video gaming equipment or a major component or part of video gaming
22 equipment or provide technical services to a video gaming retailer
23 for use in this state unless the person holds a video gaming
24 distributor license issued under this chapter.

25 (b) A person may not manufacture video gaming equipment or a
26 major component or part of video gaming equipment for use in this
27 state or buy, sell, lease, or distribute to a distributor video

1 gaming equipment or a major component or part of video gaming
2 equipment for use in this state unless the person holds a video
3 gaming manufacturer license issued under this chapter.

4 (c) The commission shall issue a video gaming distributor
5 license or a video gaming manufacturer license, as applicable, to
6 an eligible person who has the resources and experience required to
7 manufacture or provide video gaming equipment or a major component
8 or part of video gaming equipment and technical services to video
9 gaming retailers conducting video gaming under this chapter and who
10 is not ineligible to hold the license under this chapter or
11 commission rule.

12 (d) A video gaming manufacturer may not directly provide
13 video gaming equipment or a major component or part of video gaming
14 equipment to a video gaming retailer.

15 Sec. 2001A.103. LICENSE REQUIRED FOR VIDEO GAMING
16 EMPLOYEES, MANAGERS, TECHNICIANS, AND KEY PERSONNEL. (a) To protect
17 the public health and safety and prevent financial loss to this
18 state, the commission by rule shall establish categories and
19 eligibility requirements for employees required to hold a license
20 issued under this chapter to operate in the licensed capacity at a
21 video gaming premises under this chapter. The license holder must
22 maintain eligibility to continue to hold the license. The
23 commission shall require the following persons to be licensed:

24 (1) key video gaming personnel, including executive
25 personnel critical to the operation of video gaming;

26 (2) video gaming employees, including gaming floor
27 workers and accounting personnel;

1 (3) video gaming technicians who install, maintain,
2 and repair video gaming equipment; and

3 (4) video gaming managers who contract with a video
4 gaming retailer to oversee video gaming operations at premises
5 authorized to operate video gaming under this chapter.

6 (b) A video gaming distributor that holds a video gaming
7 manager's license under this section may serve as the manager for a
8 premises.

9 Sec. 2001A.104. INELIGIBILITY FOR LICENSE. (a) A person is
10 not eligible to hold a license issued under this chapter if the
11 person would be ineligible under Section 2001.154, 2001.202, or
12 2001.207 to hold a license issued under Chapter 2001.

13 (b) The commission shall adopt any rules necessary to
14 implement this section.

15 Sec. 2001A.105. LICENSE APPLICATION; TERM. (a) An
16 applicant for a license under this chapter must file with the
17 commission an application on the form prescribed by the commission.

18 (b) The license application must include:

19 (1) the name and address of the applicant and each
20 other person who has a greater than 10 percent proprietary,
21 equitable, or credit interest in or who is in any capacity a real
22 party in interest in the applicant's business as it pertains to this
23 chapter;

24 (2) a designation and address of the video gaming
25 premises or location intended to be covered by the license;

26 (3) a statement that the applicant complies with the
27 conditions for eligibility for the license; and

1 (4) any other information required by commission rule.

2 (c) A license issued under this chapter expires on the first
3 anniversary of the date of issuance.

4 Sec. 2001A.106. BACKGROUND INVESTIGATIONS. (a) Before
5 issuing a license to a person under this chapter, the commission
6 shall conduct a background investigation that includes obtaining
7 criminal history record information as permitted by law of:

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

10 (2) a person required to be named in a license
11 application; and

12 (3) an employee or other person who works or will work
13 for a license holder and is required to hold a license under this
14 chapter or commission rule.

15 (b) The commission is not required to conduct a background
16 investigation under Subsection (a) for a person who has undergone
17 an investigation authorized by Section 2001.3025 that is sufficient
18 for the person to continue to hold a license under Chapter 2001.

19 Sec. 2001A.107. LICENSE RENEWAL. The commission shall
20 renew a license issued under this chapter to a license holder who is
21 not ineligible to hold the license on payment of the license renewal
22 fee and on the license holder's compliance with any additional
23 requirements established by commission rule.

24 [Sections 2001A.108-2001A.150 reserved for expansion]

25 SUBCHAPTER D. REGULATION OF VIDEO GAMING

26 Sec. 2001A.151. LIMITATION ON NUMBER OF VIDEO GAMING
27 TERMINALS. A video gaming retailer may operate video gaming

1 terminals at a premises as follows:

2 (1) a person who holds a class 1 video gaming retailer
3 license may operate not more than 30 video gaming terminals at the
4 premises;

5 (2) a person who holds a class 2 video gaming retailer
6 license may operate not more than 60 video gaming terminals at the
7 premises; and

8 (3) a person who holds a class 3 video gaming retailer
9 license may operate not more than 120 video gaming terminals at the
10 premises.

11 Sec. 2001A.152. EMPLOYEES. An employee who works in a video
12 gaming premises must be at least 18 years of age.

13 Sec. 2001A.153. CREDIT PROHIBITED. (a) A video gaming
14 retailer may not knowingly accept as payment for play of a video
15 gaming game any type of consideration borrowed from a person
16 licensed under this chapter or obtained through a credit card
17 transaction or similar credit transaction.

18 (b) This section does not prohibit a video gaming retailer
19 from:

20 (1) offering for play a video gaming game on a video
21 gaming terminal that tallies game credits; or

22 (2) accepting a player account card for play of a video
23 gaming game.

24 Sec. 2001A.154. VIDEO GAMING SYSTEM; INDEPENDENT
25 LABORATORY TESTING. (a) The commission by rule shall establish
26 standards and specifications for video gaming systems, network
27 operating centers, and site controllers in this state as necessary

1 to protect the public health and safety and to prevent financial
2 loss to this state. The standards must require a video gaming
3 manufacturer's video gaming system to:

4 (1) meet the industry security standards adopted by
5 commission rule; and

6 (2) be certified as meeting the standard adopted under
7 Subdivision (1) by an independent testing laboratory approved by
8 the commission.

9 (b) The commission shall monitor and direct any disabling of
10 video gaming systems or video gaming terminals in this state.

11 (c) The commission may contract with or otherwise authorize
12 a video gaming manufacturer or other person to provide monitoring
13 and reporting information required under this chapter.

14 (d) A video gaming retailer may operate video gaming
15 terminals of more than one manufacturer on the retailer's video
16 gaming premises.

17 Sec. 2001A.155. NETWORK OPERATING CENTER REQUIREMENTS. (a)
18 Each video gaming manufacturer that has any of the manufacturer's
19 video gaming terminals in operation at the video gaming premises of
20 a video gaming retailer in this state shall provide at the
21 manufacturer's expense at least one network operating center for
22 the manufacturer's terminals at the commission's office or another
23 location authorized by the commission. The manufacturer is not
24 required to have a separate network operating center for each video
25 gaming premises at which the manufacturer has video gaming
26 terminals in operation.

27 (b) The manufacturer shall allow the commission complete

1 access to the manufacturer's network operating center at all times.

2 (c) Each network operating center must provide monitoring,
3 auditing, reporting, and command and control capabilities for each
4 video gaming terminal connected to the center, regardless of the
5 location of the terminal in this state.

6 Sec. 2001A.156. SITE CONTROLLER REQUIREMENTS. (a) The
7 video gaming distributor shall provide at each video gaming
8 premises where the distributor's video gaming terminals are in
9 operation a site controller to network the distributor's terminals
10 at the premises and to communicate with the video gaming
11 manufacturer's network operating center.

12 (b) The commission by rule may authorize a video gaming
13 distributor that has in operation at any premises less than the
14 number of video gaming terminals established by commission rule to
15 connect the terminals at the premises directly to the
16 manufacturer's network operating center without the use of a site
17 controller.

18 (c) A site controller may be used to:

19 (1) create, shuffle, store, and configure video gaming
20 games;

21 (2) distribute video gaming games to video gaming
22 terminals;

23 (3) account for electronic credits purchased, played,
24 or won playing a video gaming game, including through the use of a
25 player account card;

26 (4) exchange credits described by Subdivision (3) for
27 additional video gaming games; or

1 (5) allow the play of video gaming authorized by this
2 chapter.

3 (d) A site controller must:

4 (1) at a minimum monitor, track, account for, and
5 retain data on:

6 (A) all transactions that occur on the
7 controller;

8 (B) amounts paid to play video gaming games;

9 (C) the amount of consideration paid for play on
10 each video gaming terminal;

11 (D) the amount paid out in prizes;

12 (E) the number of video gaming games played;

13 (F) for video gaming games that use tickets, an
14 inventory of current, out-of-stock, and excess game tickets and the
15 name of the game, serial number of the terminal, time stamp, and
16 terminal location when a player wins the video gaming game;

17 (G) out-of-service time periods for any video
18 gaming equipment;

19 (H) the time of entry and exit when any
20 compartment of the terminal is accessed, including main door
21 access, cash box access, and logic compartment access;

22 (I) software signature failures and unauthorized
23 communications with a manufacturer's network operating center,
24 site controller, or terminal;

25 (J) payment vouchers dispensed and game payout
26 percentage; and

27 (K) any outage of a communications system between

1 a network operating center and site controller;

2 (2) cease operation when a main or cash door is opened;

3 (3) produce reports for the commission as required by
4 the commission;

5 (4) prevent an unauthorized person from accessing data
6 or downloading games to the location level; and

7 (5) provide a physical and electronic method, through
8 the use of a password or other method specified by commission rule,
9 to secure:

10 (A) video gaming games created, shuffled,
11 stored, and configured by the site controller; and

12 (B) accounting system data.

13 (e) This section does not require the use of a site
14 controller for the play of a video gaming game and does not prohibit
15 the use of other methods to create, shuffle, store, configure, or
16 distribute video gaming games.

17 (f) The commission may not require a preapproved site
18 controller to be retested on the basis that the site controller is
19 used by a video gaming retailer to create or distribute video gaming
20 games.

21 Sec. 2001A.157. CENTRAL MONITORING AND CONTROL. (a)
22 Notwithstanding any other provision of this chapter, the commission
23 may develop and implement a secure, web-based central reporting
24 system to gather data from a video gaming manufacturer's video
25 gaming systems. The cost of the reporting system shall be divided
26 proportionately between the manufacturers providing video gaming
27 equipment in this state.

1 (b) The central system may not limit or preclude potential
2 video gaming manufacturers or distributors from providing
3 state-of-the-art industry standard video gaming terminals and
4 video gaming equipment, such as player tracking systems, accounting
5 systems, progressive systems, and bonus systems.

6 Sec. 2001A.158. VIDEO GAMING TERMINAL SPECIFICATIONS. (a)
7 The commission shall adopt rules for approval of video gaming
8 terminals, including requirements for video gaming games.

9 (b) A commission-approved video gaming terminal must meet
10 the following minimum specifications:

11 (1) the terminal must:

12 (A) operate through a player's insertion of a
13 chip, ticket, voucher, token, or player account card or another
14 instrument of value that may only be used to purchase a play of a
15 video gaming game into the video gaming terminal that causes the
16 video gaming terminal to display credits that entitle the player to
17 select one or more symbols or numbers or causes the video gaming
18 terminal to select symbols or numbers;

19 (B) allow the player to win additional game play
20 credits, chips, tickets, or tokens based on game rules that
21 establish the selection of winning combinations of symbols or
22 numbers and the number of free play credits or tokens to be awarded
23 for each winning combination;

24 (C) account for credits purchased, played, or won
25 playing a video gaming game; and

26 (D) allow the player at any time to clear all game
27 play credits and receive a video gaming ticket or other

1 representation of credits entitling the player to receive the cash
2 value of those credits;

3 (2) a surge protector must be installed on the
4 electrical power supply line to each video gaming terminal, a
5 battery or equivalent power backup for the electronic meters must
6 be capable of maintaining the accuracy of all accounting records
7 and video gaming terminal status reports for a period of 180 days
8 after power is disconnected from the video gaming terminal, and the
9 power backup device must be in the compartment specified in
10 Subdivision (4);

11 (3) the operation of each video gaming terminal may
12 not be adversely affected by any static discharge or other
13 electromagnetic interference;

14 (4) the main logic boards of all electronic storage
15 mediums must be located in a separate compartment in or from the
16 video gaming terminal that is locked and sealed in accordance with
17 commission rule;

18 (5) the instructions for play of each game must be
19 displayed on the video gaming terminal face or screen, including a
20 display detailing the credits awarded for the occurrence of each
21 possible winning combination of numbers or symbols;

22 (6) communication equipment and devices must be
23 installed to enable each video gaming terminal to communicate with
24 the site controller or network operating center through the use of a
25 communications protocol provided by each video gaming manufacturer
26 and each video gaming distributor, which must include information
27 retrieval and programs to activate and disable the terminal;

1 (7) a video gaming terminal may be operated only if
2 connected to a site controller or network operating center unless
3 otherwise authorized by this chapter or commission rule, and play
4 on the terminal may not be conducted unless the terminal is
5 connected to the site controller or network operating center; and

6 (8) a video gaming game may not be purchased with and a
7 video gaming terminal may not be operated through the insertion of
8 money or negotiable currency.

9 (c) Nothing in this chapter prohibits a video gaming
10 terminal from generating or creating graphics and animation to
11 correspond to, display, or represent, in an entertaining manner,
12 the outcome of a video gaming game.

13 Sec. 2001A.159. VIDEO GAMING TERMINAL: TESTING; REPORT.

14 (a) A video gaming manufacturer shall submit two copies of terminal
15 illustrations, schematics, block diagrams, circuit analysis,
16 technical and operation manuals, and any other information
17 requested by the commission for the purpose of analyzing the video
18 gaming terminal or other video gaming equipment.

19 (b) The commission may require a working model of a video
20 gaming terminal to be provided to the commission for testing unless
21 the video gaming manufacturer provides a certification from a
22 commission-approved independent testing laboratory that the video
23 gaming terminal meets the requirements of this chapter and
24 commission rule.

25 (c) The commission may not require a preapproved video
26 gaming terminal to be retested on the basis that the terminal
27 creates graphics and animation.

1 Sec. 2001A.160. VIDEO GAMING TERMINAL REMOVAL. (a) If any
2 video gaming terminal that has not been approved by the commission
3 is distributed by a video gaming distributor or operated by a video
4 gaming retailer or if an approved video gaming terminal
5 malfunctions, the commission shall require the terminal to be
6 removed from use and play.

7 (b) The commission may order that an unapproved video gaming
8 terminal be seized and destroyed.

9 (c) The commission may suspend or revoke the license of a
10 video gaming retailer or of a video gaming distributor for the
11 distribution, possession, or operation of an unauthorized video
12 gaming terminal.

13 (d) A video gaming retailer may retain on the premises of a
14 video gaming establishment a number of video gaming terminals that
15 the retailer determines is necessary for spare parts or repair
16 purposes or as replacements. The retailer must provide to the
17 commission each month a list of the terminals retained under this
18 subsection.

19 Sec. 2001A.161. PRACTICE BY VIDEO GAMING RETAILER. (a) A
20 video gaming retailer must:

21 (1) comply with state alcoholic beverage control laws;
22 (2) at all times maintain sufficient tokens, chips,
23 tickets, or other representations of value accepted by video gaming
24 terminals;

25 (3) promptly report all video gaming terminal
26 malfunctions and downtime;

27 (4) prohibit illegal gambling and any related

1 paraphernalia;

2 (5) except as otherwise provided by this chapter, at
3 all times prohibit money lending or other extensions of credit at
4 the video gaming premises;

5 (6) supervise employees and activities to ensure
6 compliance with all commission rules and this chapter; and

7 (7) maintain an entry log for each video gaming
8 terminal on the premises and maintain and submit complete records
9 on receipt of each video gaming terminal on the premises as
10 determined by the commission.

11 (b) A video gaming retailer must use secure bill acceptors
12 that detect and reject counterfeit money.

13 (c) A video gaming manufacturer must ensure the
14 communication method used to transmit data from the video gaming
15 terminals or site controller to the network operating center is
16 secure by using cellular, DSL, cable, or Internet encryption that
17 is secure or another method approved by the commission.

18 Sec. 2001A.162. RESPONSIBILITY FOR VIDEO GAMING
19 OPERATIONS. (a) A video gaming retailer is responsible for the
20 management of video gaming game operations, including:

21 (1) the validation and payment of prizes,
22 determination of game themes, prizes, bonuses, progressives,
23 number and placement of video gaming terminals, and individual
24 payout percentage settings; and

25 (2) the management of cashiers, food and beverage
26 workers, floor workers, security personnel, the security system,
27 building completion, janitorial services, landscape design, and

1 maintenance.

2 (b) Nothing in Subsection (a) limits the authority of the
3 commission, the Department of Public Safety, or another law
4 enforcement agency to administer and enforce this chapter as
5 related to video gaming.

6 (c) In addition to other requirements under this chapter
7 relating to video gaming, a video gaming retailer at all times
8 shall:

9 (1) operate only video gaming terminals that are
10 distributed by a video gaming distributor and provide a secure
11 location for the placement, operation, and play of the video gaming
12 terminals;

13 (2) prevent any person from tampering with or
14 interfering with the operation of a video gaming terminal;

15 (3) ensure that communication technology from the
16 network operating center to the site controller and video gaming
17 terminals is connected at all times and prevent any person from
18 tampering or interfering with the operation of the connection;

19 (4) ensure that video gaming terminals are in the
20 sight and control of designated employees of the video gaming
21 retailer;

22 (5) monitor video gaming terminals to prevent access
23 to or play by persons who are younger than 21 years of age or who are
24 visibly intoxicated;

25 (6) pay all credits won by a player on presentment of a
26 valid winning video gaming game ticket;

27 (7) install, post, and display prominently at the

1 licensed location redemption information and other informational
2 or promotional materials as required by the commission;

3 (8) maintain general liability insurance coverage for
4 the video gaming terminal establishment and all video gaming
5 terminals in the amounts required by the commission;

6 (9) assume liability for money lost or stolen from any
7 video gaming terminal; and

8 (10) annually submit an audited financial statement to
9 the commission in accordance with generally accepted accounting
10 principles.

11 Sec. 2001A.163. TECHNICAL STANDARDS FOR VIDEO GAMING
12 EQUIPMENT. The commission by rule shall establish minimum
13 technical standards for video gaming equipment that may be operated
14 in this state.

15 Sec. 2001A.164. INCIDENT REPORTS. (a) A video gaming
16 retailer shall record in accordance with commission rules all
17 unusual occurrences related to gaming activity on the video gaming
18 premises operated by the retailer.

19 (b) A video gaming retailer shall assign each incident,
20 without regard to materiality, a sequential number and, at a
21 minimum, provide the following information in a permanent record
22 prepared in accordance with commission rules to ensure the
23 integrity of the record:

24 (1) the number assigned to the incident;

25 (2) the date and time of the incident;

26 (3) the nature of the incident;

27 (4) each person involved in the incident; and

1 (5) the name of the employee or other agent of the
2 video gaming retailer who investigated the incident.

3 Sec. 2001A.165. COMMISSION APPROVAL REQUIRED FOR
4 PROCEDURES AND ACCOUNTING CONTROLS. (a) The commission's approval
5 is required for all internal procedures and accounting controls of
6 a video gaming retailer.

7 (b) The commission by rule shall establish general
8 accounting and auditing requirements and internal control
9 standards for video gaming retailers.

10 Sec. 2001A.166. EMPLOYEE REGISTRY. (a) The commission
11 shall maintain a registry of individuals on whom the commission has
12 conducted a criminal history background check and who are approved
13 to be involved in the conduct of video gaming. An individual listed
14 in the registry may be involved in the conduct of video gaming at
15 any location at which video gaming is authorized. The commission
16 shall maintain the registry in the same manner as the commission
17 maintains the registry of approved bingo employees under Section
18 2001.313.

19 (b) The commission may prohibit an employee from performing
20 any act relating to video gaming terminals if the commission finds
21 that the employee 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 a license or approval on commission request;

7 (6) been prohibited under color of governmental
8 authority from being present on the premises of any gaming
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) wilfully 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 (c) The commission may prohibit an employee from performing
21 any act relating to video gaming terminals based on a revocation or
22 suspension of any gaming or wagering license or other affirmative
23 regulatory approval or for any other reason the commission finds
24 appropriate, including a refusal by a regulatory authority to issue
25 a license or other affirmative regulatory approval for the employee
26 to engage in or be involved with the lottery or with regulated
27 gaming or pari-mutuel wagering in any jurisdiction.

1 (d) In this section, "employee" includes any person
2 connected directly with or compensated by a license applicant or
3 the holder of a license under this chapter as an agent, personal
4 representative, consultant, or independent contractor for
5 activities directly related to video gaming operations in this
6 state.

7 Sec. 2001A.167. REPORT OF VIOLATIONS. A person who holds a
8 license under this chapter shall immediately report to the
9 commission a violation or suspected violation of this chapter or a
10 rule adopted under this chapter by any license holder, an employee
11 of the holder, or any person on the retailer's video gaming
12 premises.

13 Sec. 2001A.168. SECURITY. (a) A video gaming retailer
14 shall comply with the following security procedures:

15 (1) except for a video gaming retailer whose gross
16 gaming income is less than the minimum amount specified by
17 commission rule, all video gaming terminals must be continuously
18 monitored through the use of a closed-circuit television system
19 that records activity for a continuous 24-hour period and all
20 videotapes or other media used to store video images shall be
21 retained for at least 30 days and made available to the commission
22 on request;

23 (2) the video gaming retailer must provide to the
24 commission a security plan for the retailer's video gaming
25 operations that includes a floor plan of the area where video gaming
26 terminals are to be operated showing video gaming terminal
27 locations and security camera mount locations; and

1 (3) each license holder shall employ at least the
2 minimum number of private security personnel the commission
3 determines is necessary to provide for safe and approved operation
4 of the video gaming premises and the safety and well-being of the
5 players.

6 (b) Private security personnel must be present during all
7 hours of video gaming operations at each retailer's video gaming
8 premises.

9 (c) An agent or employee of the commission or the Department
10 of Public Safety or other law enforcement personnel may be present
11 at a retailer's video gaming premises at any time.

12 (d) The commission may adopt rules to impose additional
13 surveillance and security requirements related to video gaming
14 premises and the operation of video gaming terminals.

15 Sec. 2001A.169. COMMISSION RIGHT TO ENTER. The commission
16 or the commission's representative, after displaying appropriate
17 identification and credentials, has the free and unrestricted right
18 to enter the premises involved in operation or support of video
19 gaming of a person licensed under this chapter and to enter any
20 other locations involved in operation or support of video gaming at
21 all times to examine the systems and to inspect and copy the records
22 of the person pertaining to the operation of video gaming.

23 Sec. 2001A.170. INDEPENDENT LABORATORY TESTING. (a) The
24 commission may not approve an independent testing laboratory to
25 certify a video gaming system under Section 2001A.154 or a video
26 gaming terminal under Section 2001A.159 if the laboratory is owned
27 or controlled by a person licensed under this chapter.

1 (b) This section does not prohibit an applicant or license
2 holder from paying an independent testing laboratory for testing
3 that is requested.

4 [Sections 2001A.171-2001A.200 reserved for expansion]

5 SUBCHAPTER E. REVENUE

6 Sec. 2001A.201. DISTRIBUTION OF VIDEO GAMING REVENUE. (a)

7 At the times and in the manner prescribed by commission rule, a
8 video gaming retailer shall:

9 (1) remit to the commission 20 percent of the gross
10 gaming income derived from video gaming games operated by the video
11 gaming retailer; and

12 (2) distribute 10 percent of the gross gaming income
13 derived from the video gaming games operated by the video gaming
14 retailer to:

15 (A) the licensed authorized organization that
16 conducts bingo on the premises; or

17 (B) if more than one licensed authorized
18 organization is conducting bingo on the premises, the organizations
19 in equal amounts.

20 (b) The remainder of the gross gaming income may be retained
21 by the video gaming retailer.

22 (c) Except for a video gaming retailer whose gross gaming
23 income is less than the minimum amount specified by commission
24 rule, the commission shall require a video gaming retailer to
25 establish a separate electronic funds transfer account for
26 depositing money from video gaming operations and making payments
27 to the commission.

1 (d) The commission by rule shall establish the procedures
2 for:

3 (1) depositing money from video gaming terminal
4 operations into electronic funds transfer accounts; and

5 (2) handling money from video gaming terminal
6 operations.

7 (e) Unless otherwise directed by the commission, a video
8 gaming retailer shall maintain in its account this state's share of
9 the gross gaming income, to be electronically transferred on dates
10 established by the commission. On a retailer's failure to maintain
11 this balance, the commission may direct the disabling of all of a
12 retailer's video gaming terminals until full payment of all amounts
13 due is made. Interest shall accrue on any unpaid balance at a rate
14 consistent with the amount charged under Section 111.060, Tax Code.
15 The interest shall begin to accrue on the date payment is due to the
16 commission.

17 (f) In the commission's sole discretion, rather than
18 directing the disabling of a video gaming retailer's video gaming
19 terminals under Subsection (e), the commission may elect to impose
20 an administrative penalty on a retailer in an amount determined by
21 the commission not to exceed \$5,000 for each violation of that
22 subsection. If the retailer fails to remedy the violation,
23 including payment of any amounts assessed by or due to this state,
24 on or before the 30th day after the date the retailer is notified of
25 the violation, the commission may direct the disabling of the
26 retailer's video gaming terminals or use any other means for
27 collection as provided by the penalty chart established by the

1 commission.

2 (g) A video gaming retailer is solely responsible for
3 resolving any income discrepancies between actual money collected
4 and the gross gaming income reported by the network operating
5 center or central reporting system established by the commission.
6 Unless an accounting discrepancy is resolved in favor of the video
7 gaming retailer, the commission may not make any credit
8 adjustments. Any accounting discrepancies which cannot otherwise
9 be resolved shall be resolved in favor of the commission.

10 (h) A video gaming retailer shall remit payment as directed
11 by the commission if the electronic transfer of money is not
12 operational or the commission notifies the retailer that other
13 remittance is required. The retailer shall report this state's
14 share of gross gaming income and remit the amount generated from the
15 terminals during the reporting period.

16 (i) A licensed authorized organization may only use the
17 money distributed to the organization under Subsection (a)(2) for
18 the charitable purposes of the organization that are authorized
19 under Chapter 2001.

20 Sec. 2001A.202. COMMISSION EXAMINATION OF FINANCIAL
21 RECORDS. The commission may examine all accounts, bank accounts,
22 financial statements, and records in the possession or control of a
23 person licensed under this chapter or in which the license holder
24 has an interest. The license holder must authorize and direct all
25 third parties in possession or control of the accounts or records to
26 allow examination of any of those accounts or records by the
27 commission.

1 Sec. 2001A.203. FINANCIAL INFORMATION REQUIRED. (a) A
2 video gaming retailer shall furnish to the commission all
3 information and bank authorizations required to facilitate the
4 timely transfer of money to the commission.

5 (b) A video gaming retailer must provide the commission
6 advance notice of any proposed account changes in information and
7 bank authorizations to assure the uninterrupted electronic
8 transfer of money.

9 (c) The commission is not responsible for any interruption
10 or delays in the transfer of money. The video gaming retailer is
11 responsible for any interruption or delay in the transfer of money.

12 Sec. 2001A.204. STATE VIDEO GAMING ACCOUNT. (a) The state
13 video gaming account is a special account in the general revenue
14 fund. The account consists of all revenue received by the
15 commission from video gaming, fees received under this chapter, and
16 all money credited to the account from any other fund or source
17 under law.

18 (b) Money in the state video gaming account may be used to
19 pay the costs incurred by the commission in the operation and
20 administration of video gaming. The remainder of the account shall
21 be deposited to the credit of the general revenue fund.

22 [Sections 2001A.205-2001A.250 reserved for expansion]

23 SUBCHAPTER F. OFFENSES; PENALTIES

24 Sec. 2001A.251. MANIPULATION OR TAMPERING. (a) A person
25 commits an offense if the person intentionally or knowingly:

26 (1) manipulates the outcome of a video gaming game or
27 the amount of a video gaming prize; or

1 (2) tampers with, damages, defaces, renders
2 inoperable, or manipulates the operation of a video gaming terminal
3 or other device by physical, electronic, or other means, other than
4 in accordance with commission rules.

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

7 Sec. 2001A.252. VIDEO GAMING BY INDIVIDUAL YOUNGER THAN 21
8 YEARS OF AGE. (a) A person commits an offense if the person
9 intentionally or knowingly:

10 (1) sells or offers to sell a play of a video gaming
11 game to an individual the person knows is younger than 21 years of
12 age or permits the individual to purchase a play of a video gaming
13 game; or

14 (2) pays money or issues a credit slip or other
15 winnings for a play of a video gaming game to an individual the
16 person knows is younger than 21 years of age.

17 (b) An individual who is younger than 21 years of age
18 commits an offense if the individual:

19 (1) purchases a play of a video gaming game; or

20 (2) falsely represents the individual to be 21 years
21 of age or older by displaying evidence of age that is false or
22 fraudulent or misrepresents in any way the individual's age in
23 order to purchase a play of a video gaming game.

24 (c) An offense under Subsection (a) is a Class B
25 misdemeanor.

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

1 (e) It is a defense to the application of Subsection (b)
2 that the individual younger than 21 years of age is participating in
3 an inspection or investigation on behalf of the commission or other
4 appropriate governmental entity regarding compliance with this
5 section.

6 Sec. 2001A.253. UNAUTHORIZED OPERATION, USE, OR POSSESSION
7 OF VIDEO GAMING TERMINAL. (a) A person may not operate, use, or
8 possess a video gaming terminal unless the operation, use, or
9 possession is expressly authorized by this chapter or other law.

10 (b) Except for transport to or from licensed video gaming
11 premises and as provided by this chapter or other law, a person
12 commits an offense if the person operates, uses, or possesses any
13 video gaming terminal that is not connected to a site controller or
14 network operating center as required by this chapter or commission
15 rule. An offense under this subsection is a felony of the third
16 degree.

17 (c) It is an exception to the application of Subsection (b)
18 that the commission possesses video gaming terminals for study and
19 evaluation or that a video gaming retailer, video gaming
20 distributor, or video gaming manufacturer stores or possesses a
21 video gaming terminal as authorized by the commission.

22 Sec. 2001A.254. OTHER OFFENSES; REVOCATION OF LICENSE. (a)
23 A person commits an offense and the person's license is subject to
24 revocation under this chapter if the person knowingly:

25 (1) makes a false statement or material omission in an
26 application for a license under this chapter;

27 (2) fails to maintain records that fully and

1 accurately record each transaction connected with the video gaming
2 operations, the leasing of premises to be used for video gaming, or
3 the manufacture, sale, or distribution of video gaming equipment;

4 (3) falsifies or makes a false entry in a book or
5 record if the entry relates to video gaming, the disposition of
6 video gaming proceeds, or the gross receipts from the manufacture,
7 sale, or distribution of video gaming equipment;

8 (4) diverts or pays a portion of the gross gaming
9 income to a person except in furtherance of one or more of the
10 lawful purposes provided by this chapter; or

11 (5) violates this chapter or a term of a license issued
12 under this chapter.

13 (b) An offense under Subsection (a)(2), (3), or (5) is a
14 Class A misdemeanor, unless it is shown on the trial of the offense
15 that the person has been convicted previously under this section,
16 in which event the offense is a state jail felony. An offense under
17 Subsection (a)(1) or (4) is a Class A misdemeanor.

18 (c) A person whose license is revoked under this section may
19 not apply for another license under this chapter before the first
20 anniversary of the date of revocation.

21 Sec. 2001A.255. DISCIPLINARY ACTION. (a) The commission
22 may refuse to issue a license, may revoke, suspend, or refuse to
23 renew a license, or may reprimand a license holder for a violation
24 of this chapter, other state law, or a rule of the commission.

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

1 (c) The commission may place on license probation subject to
2 reasonable conditions a person whose license is suspended under
3 this section.

4 (d) The commission by rule shall develop a system for
5 monitoring a license holder's compliance with this chapter.

6 Sec. 2001A.256. EFFECT OF DENIAL OF LICENSE. (a) A person
7 whose application for a license has been denied may not have any
8 interest in or association with a video gaming retailer or any other
9 business conducted in connection with video gaming without prior
10 approval of the commission.

11 (b) Any contract between a person holding a license and a
12 person denied a license must be terminated immediately on receipt
13 of notice from the commission. If the person denied a license has
14 previously been granted a temporary license, the temporary license
15 expires immediately on denial of the permanent license.

16 (c) Except as otherwise authorized by the commission, a
17 person denied a license may not reapply for any license before the
18 second anniversary of the date of the denial.

19 Sec. 2001A.257. SUMMARY SUSPENSION OF VIDEO GAMING
20 RETAILER; TERMINAL DISABLED. (a) The commission may summarily
21 suspend the license of a video gaming retailer without notice or a
22 hearing if the commission finds the action is necessary to maintain
23 the integrity, security, honesty, or fairness of the operation or
24 administration of video gaming or to prevent financial loss to this
25 state and:

26 (1) the retailer fails to deposit money received from
27 video gaming terminal operations as required by this chapter or

1 commission rule;

2 (2) an event occurs that would render the retailer
3 ineligible for a license under this subchapter;

4 (3) the retailer refuses to allow the commission, the
5 commission's agents, or the state auditor, or their designees, to
6 examine the retailer's books, records, papers, or other objects as
7 required under this chapter or commission rule; or

8 (4) the director learns the retailer failed to
9 disclose information that would, if disclosed, render the retailer
10 ineligible for a license under this chapter.

11 (b) A summary suspension under this section must comply with
12 the notice and procedure requirements provided by Section 466.160,
13 Government Code.

14 (c) The commission may direct the disabling of a video
15 gaming terminal operated by a video lottery retailer under this
16 chapter at the time:

17 (1) a proceeding to summarily suspend the retailer's
18 license is initiated;

19 (2) the commission discovers the retailer failed to
20 deposit money received from video gaming terminal operations as
21 required if the license is being summarily suspended under this
22 section; or

23 (3) an act or omission occurs that, under commission
24 rule, justifies the termination of video gaming operations to:

25 (A) protect the integrity of the video gaming or
26 the public health, welfare, or safety; or

27 (B) prevent financial loss to this state.

1 (d) The commission shall immediately direct the disabling
2 of a video gaming terminal if necessary to protect the public
3 health, welfare, or safety.

4 Sec. 2001A.258. INSPECTION OF PREMISES. The commission,
5 its officers or agents, or a state, municipal, or county peace
6 officer may enter and inspect the contents of premises where:

7 (1) video gaming is being conducted or is intended to
8 be conducted; or

9 (2) video gaming equipment is found.

10 Sec. 2001A.259. INJUNCTION. (a) If the commission has
11 reason to believe that this chapter has been or is about to be
12 violated, the commission may petition a court for injunctive relief
13 to restrain the violation.

14 (b) Venue for an action seeking injunctive relief is in a
15 district court in Travis County.

16 (c) If the court finds that this chapter has been violated
17 or is about to be violated, the court shall issue a temporary
18 restraining order and, after due notice and hearing, a temporary
19 injunction, and after a final trial, a permanent injunction to
20 restrain the violation.

21 (d) If the court finds that this chapter has been knowingly
22 violated, the court shall order all proceeds from the illegal video
23 gaming to be forfeited to the commission as a civil penalty.

24 Sec. 2001A.260. ADMINISTRATIVE PENALTY. (a) The
25 commission may impose an administrative penalty against a person
26 who violates this chapter or a rule or order adopted by the
27 commission under this chapter in the same manner as the commission

1 imposes an administrative penalty under Subchapter M, Chapter 2001.

2 (b) Except as otherwise provided by this chapter, the amount
3 of the administrative penalty may not exceed \$1,000 for each
4 violation. Each day a violation continues or occurs may be
5 considered a separate violation for purposes of imposing a penalty.

6 (c) In determining the amount of the penalty, the director
7 shall consider:

8 (1) the seriousness of the violation, including the
9 nature, circumstances, extent, and gravity of the violation;

10 (2) the history of previous violations;

11 (3) the amount necessary to deter future violations;

12 (4) efforts to correct the violation; and

13 (5) any other matter that justice may require.

14 (d) The notice, hearing, and appeal for an administrative
15 penalty assessed under this section shall be provided or conducted
16 in the same manner as notice, hearing, and appeals are provided or
17 conducted under Subchapter M, Chapter 2001, specifically Sections
18 2001.603 through 2001.610.

19 Sec. 2001A.261. CIVIL PENALTY. (a) A person who violates
20 this chapter or a rule adopted by the commission under this chapter
21 is liable to the state for a civil penalty not to exceed \$5,000 for
22 each day of violation.

23 (b) At the request of the commission, the attorney general
24 shall bring an action to recover a civil penalty authorized by this
25 section. The attorney general may recover reasonable expenses,
26 including attorney's fees, incurred in recovering the civil
27 penalty.

1 Sec. 2001A.262. REMEDIES NOT EXCLUSIVE. The commission may
2 suspend or revoke a license under this subchapter, impose an
3 administrative or civil penalty under this subchapter, or both,
4 depending on the severity of the violation.

5 [Sections 2001A.263-2001A.300 reserved for expansion]

6 SUBCHAPTER G. RESPONSIBLE GAMING

7 Sec. 2001A.301. DEFINITIONS. In this subchapter:

8 (1) "Fully executed gaming transaction" means an
9 activity involving a video gaming terminal or video gaming
10 equipment that occurs on the gaming floor of a video gaming premises
11 and that results in an individual obtaining any money or thing of
12 value from, or being owed any money or thing of value by, a video
13 gaming retailer.

14 (2) "Gaming activity" means an activity involving or
15 related to the play of video gaming terminals, including player
16 club memberships or promotional activities.

17 (3) "Self-excluded person" means a person whose name
18 and identifying information is included, at the person's own
19 request, on the self-exclusion list.

20 (4) "Self-exclusion list" means a list maintained by
21 the commission of names and identifying information of persons who,
22 under this subchapter, have voluntarily agreed to be excluded from
23 a video gaming premises and all gaming activities at a video gaming
24 premises and to be prohibited from collecting any winnings,
25 recovering any losses, or accepting complimentary gifts or services
26 or any other thing of value at a video gaming premises.

27 (5) "Winnings" means any money or thing of value

1 received from or owed by a video gaming retailer as a result of a
2 fully executed gaming transaction.

3 Sec. 2001A.302. UNDERAGE PERSONS EXCLUDED. (a) An
4 individual younger than 18 years of age may not enter or be on the
5 gaming floor of a video gaming premises.

6 (b) An individual younger than 21 years of age may not:

7 (1) whether personally or through an agent, operate,
8 use, play, or place a wager on a video gaming game at a video gaming
9 premises;

10 (2) receive check cashing privileges, be rated as a
11 player, or receive any complimentary service, item, or discount as
12 a result of, or in anticipation of, video gaming activity; or

13 (3) in any manner or in any proceeding, whether
14 personally or through an agent, collect winnings or recover losses
15 arising as a result of any video gaming activity.

16 (c) Winnings incurred by an individual younger than 21 years
17 of age shall be remitted to the commission. For the purposes of
18 this subsection, winnings issued to, found on or about, or redeemed
19 by an individual younger than 21 years of age shall be presumed to
20 constitute winnings subject to remittance to the commission.

21 (d) A person holding a license issued by the commission may
22 not permit or enable an individual to engage in conduct that
23 violates Subsection (a), (b), or (c).

24 (e) A video gaming retailer shall establish procedures that
25 are designed to prevent violations of this section and shall submit
26 a copy of the procedures to the commission not later than the 30th
27 day before the date the retailer begins video gaming operations at

1 the video gaming premises. The commission shall provide to a video
2 gaming retailer written notification of any deficiencies in the
3 plan, and the retailer may submit revisions of the plan to the
4 commission. The video gaming retailer may not begin video gaming
5 operations until the commission approves the retailer's
6 procedures. Amendments to these procedures must be submitted to and
7 approved by the commission before implementation.

8 (f) A video gaming retailer may be subject to administrative
9 sanctions if a person engages in conduct that violates Subsection
10 (a), (b), or (c) at its video gaming premises.

11 (g) A video gaming retailer who violates this subchapter may
12 be held jointly and severally liable for the violation.

13 (h) A video gaming retailer shall post signs that include a
14 statement substantially similar to the following: "It is unlawful
15 for any person under 21 years of age to engage in any gaming
16 activities. Individuals violating this prohibition will be removed
17 and may be subject to arrest for criminal trespass." The complete
18 text of the sign shall be submitted to and approved by the
19 commission as part of the procedures required under this section.
20 The signs shall be prominently posted within 50 feet of each
21 entrance and exit of the gaming floor.

22 (i) It is an affirmative defense to administrative
23 penalties imposed for violations of this section if it is shown by a
24 preponderance of the evidence that:

25 (1) the video gaming retailer or the retailer's agent
26 verified the underage person's age using identification supplied by
27 the person;

1 (2) the identification supplied by the person included
2 a driver's license or identification card issued by this state,
3 another state, or an agency of the United States;

4 (3) the driver's license or identification card
5 included a photograph of the person; and

6 (4) the driver's license or identification card
7 reasonably appeared on its face to be valid.

8 Sec. 2001A.303. COMMISSION EXCLUSION OR EJECTION FROM VIDEO
9 GAMING PREMISES; EXCLUSION LIST. (a) The legislature finds that
10 the exclusion or ejection of certain persons from video gaming
11 premises is necessary to maintain strict and effective regulation
12 of video gaming. The commission by rule shall provide for a list of
13 persons who are to be excluded or ejected from a video gaming
14 premises. Persons included on the exclusion list shall be
15 identified by name and physical description. The commission shall
16 publish the exclusion list on its website, and shall transmit a copy
17 of the exclusion list periodically to video gaming retailers, as
18 the list is initially issued and as it is revised. A video gaming
19 retailer shall take steps necessary to ensure that all its key video
20 gaming personnel and video gaming employees are aware of and
21 understand the exclusion list and its function, and that all its key
22 video gaming personnel and video gaming employees are kept aware of
23 the content of the exclusion list.

24 (b) The exclusion list may include any person whose presence
25 at a video gaming premises the commission determines poses a threat
26 to the interests of this state, to achieving the intents and
27 purposes of this chapter, or to the strict and effective regulation

1 of video gaming. In determining whether to include a person on the
2 exclusion list, the commission may consider:

3 (1) any prior conviction of the person of:

4 (A) a crime that is a felony under the laws of
5 this state, another state, or the United States;

6 (B) a crime involving moral turpitude; or

7 (C) a violation of the gaming laws of this state,
8 another state, or the United States;

9 (2) a violation or a conspiracy to violate by the
10 person of any provision of this chapter, including:

11 (A) a failure to disclose an interest in a gaming
12 facility for which the person must obtain a license;

13 (B) purposeful evasion of taxes or fees; or

14 (C) a violation of an order of the commission or
15 of any other governmental agency that warrants exclusion or
16 ejection of the person from a video gaming premises;

17 (3) whether the person has pending charges or
18 indictments for a gaming or gambling crime or a crime related to the
19 integrity of gaming operations in any state;

20 (4) whether the person's conduct or reputation is such
21 that the person's presence at a video gaming premises may call into
22 question the honesty and integrity of the video gaming operations,
23 interfere with the orderly conduct of the video gaming operations,
24 or adversely affect public confidence and trust that video gaming
25 is free from criminal or corruptive elements;

26 (5) whether the person is a career or professional
27 offender whose presence at a video gaming premises would be adverse

1 to the interest of licensed gaming in this state;

2 (6) whether the person has a known relationship or
3 connection with a career or professional offender whose presence at
4 a video gaming premises would be adverse to the interest of licensed
5 gaming in this state;

6 (7) whether the commission has suspended the person's
7 gaming privileges;

8 (8) whether the commission has revoked the person's
9 licenses related to video gaming;

10 (9) whether the commission determines that the person
11 poses a threat to the safety of patrons or employees of a video
12 gaming premises; and

13 (10) whether the person has a history of conduct
14 involving the disruption of gaming operations at a video gaming
15 premises.

16 Sec. 2001A.304. NOTIFICATION OF EXCLUSION. (a) The
17 commission shall notify a person of the commission's intent to
18 include the person on the exclusion list created under Section
19 2001A.303. The notice shall be provided by personal service, by
20 certified mail to the person's last known address, or, if service
21 cannot be accomplished by personal service or certified mail, by
22 daily publication for two weeks in a newspaper of general
23 circulation in the county in which the person's last known address
24 is located and in a newspaper of general circulation in each county
25 in which a video gaming premises is located.

26 (b) A person who receives notice of the commission's intent
27 to include the person on the exclusion list is entitled to an

1 adjudication hearing under Chapter 2001, Government Code, except as
2 provided by this section, in which the person may demonstrate why
3 the person should not be included on the exclusion list. The person
4 shall request the adjudication hearing not later than the 30th day
5 after:

6 (1) the date the person receives the notice by
7 personal service or certified mail; or

8 (2) the date of the last newspaper publication of the
9 notice.

10 (c) If the adjudication hearing or any appeal under Chapter
11 2001, Government Code, results in an order that the person should
12 not be included on the exclusion list, the commission shall:

13 (1) publish a revised exclusion list that does not
14 include the person; and

15 (2) notify video gaming retailers that the person has
16 been removed from the exclusion list.

17 (d) A video gaming retailer shall take all steps necessary
18 to ensure its key video gaming personnel and video gaming employees
19 are made aware that the person has been removed from the exclusion
20 list.

21 (e) This section does not apply to the self-exclusion list.

22 Sec. 2001A.305. REQUEST FOR SELF-EXCLUSION. (a) A person
23 requesting placement on the self-exclusion list shall submit, in
24 person or as provided by commission rule, a completed written
25 request to the commission on a form prescribed by the commission.

26 (b) A request for self-exclusion must include the person's:

27 (1) name, including any aliases or nicknames;

1 (2) date of birth;

2 (3) address of current residence;

3 (4) telephone number;

4 (5) social security number, if voluntarily provided in
5 accordance with any applicable federal law;

6 (6) physical description, including height, weight,
7 gender, hair color, eye color, and any other physical
8 characteristic that may assist in the identification of the person;

9 and

10 (7) any other information required by commission rule.

11 (c) Not later than the 30th day after any change in the
12 information provided in Subsection (b), the self-excluded person
13 must update the changed information using a form prescribed by the
14 commission.

15 (d) A person may request self-exclusion until:

16 (1) the first anniversary of the date the person is
17 placed on the self-exclusion list;

18 (2) the fifth anniversary of the date the person is
19 placed on the self-exclusion list; or

20 (3) the person's death.

21 (e) A request for self-exclusion must include a signed
22 release statement that:

23 (1) acknowledges that the request for self-exclusion
24 has been made voluntarily;

25 (2) certifies that the information provided in the
26 request for self-exclusion is true and accurate;

27 (3) acknowledges that the person requesting

1 self-exclusion is a problem gambler;

2 (4) acknowledges that:

3 (A) a person requesting a lifetime exclusion may
4 not request removal from the self-exclusion list; and

5 (B) a person requesting a one-year or five-year
6 exclusion:

7 (i) will remain on the self-exclusion list
8 until a request for removal is approved; and

9 (ii) may not request removal from the
10 self-exclusion list until the requested exclusion period ends;

11 (5) acknowledges that a person on the self-exclusion
12 list who is discovered on the gaming floor or engaging in gaming
13 activities at any video gaming premises is subject to removal and to
14 arrest for criminal trespass; and

15 (6) releases, indemnifies, holds harmless, and
16 forever discharges this state, the commission, and all video gaming
17 retailers from any claims, damages, losses, expenses, or liability
18 arising out of, by reason of, or relating to the self-excluded
19 person or to any other party for any harm, monetary or otherwise,
20 that may be proximately caused by:

21 (A) the failure of a video gaming retailer to
22 withhold gaming privileges from or restore gaming privileges to a
23 person who is on the self-exclusion list at the time of the failure;

24 or

25 (B) a video gaming retailer otherwise permitting
26 or not permitting a self-excluded person to engage in gaming
27 activity at a video gaming premises while on the self-exclusion

1 list.

2 (f) The exclusion of a person who requests self-exclusion
3 for one year or five years remains in effect unless, after the end
4 of the self-exclusion period, the self-excluded person requests
5 removal from the commission's self-exclusion list as provided by
6 Section 2001A.308. The exclusion terminates on the date the
7 commission removes the person's name from the self-exclusion list.

8 (g) A person submitting a self-exclusion request must
9 present a government-issued identification containing the person's
10 signature and photograph when the person submits the request.

11 (h) The commission may require a person requesting
12 self-exclusion under this subchapter to have the person's
13 photograph taken by the commission or an agent of the commission on
14 the commission's acceptance of the person's request to be on the
15 list.

16 Sec. 2001A.306. SELF-EXCLUSION LIST; CONFIDENTIALITY. (a)
17 The commission shall maintain the self-exclusion list and shall
18 notify by first class mail or direct electronic transmission each
19 video gaming retailer of any addition to or deletion from the list
20 not later than the fifth business day after the date the commission
21 verifies the information received under this subchapter.

22 (b) The notice provided to video gaming retailers by the
23 commission must include:

24 (1) the person's identifying information specified by
25 Section 2001A.305(b); and

26 (2) a copy of the person's photograph, if any, taken by
27 the commission.

1 (c) The notice provided to video gaming retailers by the
2 commission concerning a person whose name has been removed from the
3 self-exclusion list must include the name and date of birth of the
4 person.

5 (d) A video gaming retailer shall maintain a copy of the
6 self-exclusion list and establish procedures to ensure that the
7 copy of the self-exclusion list is updated and that all appropriate
8 employees and agents of the video gaming retailer are notified of
9 any addition to or deletion from the list not later than the fifth
10 business day after the day notice is mailed or transmitted
11 electronically to the video gaming retailer under Subsection (a).

12 (e) Information furnished to or obtained by the commission
13 under this subchapter is confidential and may not be disclosed
14 except in accordance with this subchapter.

15 (f) Except as provided by this subsection, a video gaming
16 retailer or an employee or agent of the retailer may not disclose
17 the name of, or any information about, a person who has requested
18 self-exclusion to anyone other than employees and agents of the
19 video gaming retailer whose duties and functions require access to
20 the information. A video gaming retailer may disclose the identity
21 of a self-excluded person to appropriate employees of other video
22 gaming retailers in this state or affiliated video gaming entities
23 in other jurisdictions for the limited purpose of assisting in the
24 proper administration of responsible gaming programs.

25 (g) A self-excluded person may not in any manner or in any
26 proceeding collect any winnings or recover any losses arising as a
27 result of any video gaming activity that occurs during the period

1 that the person is on the self-exclusion list.

2 (h) Winnings incurred by a self-excluded person shall be
3 remitted to the commission. For the purposes of this subsection,
4 winnings issued to, found on or about, or redeemed by a
5 self-excluded person shall be presumed to constitute winnings
6 subject to remittance to the commission.

7 Sec. 2001A.307. DUTIES OF VIDEO GAMING RETAILERS REGARDING
8 SELF-EXCLUDED PERSONS. (a) A video gaming retailer shall train its
9 employees and establish procedures designed to:

10 (1) identify a self-excluded person who is present at
11 the retailer's video gaming premises and, on identification,
12 immediately notify the following:

13 (A) employees of the retailer whose duties
14 include the identification and removal of self-excluded persons; or

15 (B) commission agents or a peace officer at the
16 premises;

17 (2) immediately notify the Department of Public Safety
18 when a self-excluded person is discovered on the retailer's video
19 gaming premises or engaging in video gaming activities;

20 (3) refuse wagers from and deny video gaming
21 privileges to a self-excluded person;

22 (4) deny check cashing privileges, player club
23 membership, complimentary goods and services, junket
24 participation, and other similar privileges and benefits to a
25 self-excluded person;

26 (5) ensure that a self-excluded person does not
27 receive, either from the retailer or an agent of the retailer,

1 junket solicitations, targeted mailings, telemarketing promotions,
2 player club materials, or other promotional materials relating to
3 video gaming activities at the retailer's video gaming premises;

4 (6) comply with Section 2001A.306(d); and

5 (7) disseminate written materials to patrons
6 explaining the self-exclusion program.

7 (b) A video gaming retailer shall submit a copy of its
8 procedures and training materials established under Subsection (a)
9 to the commission for review and approval not later than the 30th
10 day before the date the retailer begins gaming operations at the
11 video gaming premises. The commission shall notify the video
12 gaming retailer in writing of any deficiencies in the procedures
13 and training materials, and the retailer may submit amendments to
14 the procedures and training materials to the commission. A video
15 gaming retailer may not begin video gaming operations until the
16 commission approves the procedures and training.

17 (c) A video gaming retailer shall submit amendments to the
18 procedures and training materials required under Subsection (b) to
19 the commission for review and approval not later than the 30th day
20 before the intended implementation date of the amendments. The
21 video gaming retailer may implement the amendments on the intended
22 implementation date unless the video gaming retailer receives a
23 notice under Subsection (d) objecting to the amendments.

24 (d) If during the review period prescribed by Subsection (c)
25 the commission determines that the amendments to the procedures and
26 training materials will not promote the prevention of gaming by
27 self-excluded persons or assist in the proper administration of the

1 self-exclusion program, the commission may, by written notice to
2 the video gaming retailer, object to the amendments. The objection
3 must:

4 (1) specify the nature of the objection and, when
5 possible, an acceptable alternative; and

6 (2) direct that the amendments not be implemented
7 until approved by the commission.

8 (e) If the commission objects to amendments to the
9 procedures and training materials under Subsection (d), the video
10 gaming retailer may submit revised amendments not later than the
11 30th day after the day the retailer receives the written notice of
12 objection from the commission. The video gaming retailer may
13 implement the amendments on the 30th day following the submission
14 of the revisions unless it receives written notice under Subsection
15 (d) objecting to the amendments.

16 (f) A video gaming retailer shall post signs at all
17 entrances to the retailer's video gaming premises indicating that a
18 person who is on the self-exclusion list will be subject to arrest
19 for trespassing if the person is on the video gaming premises or
20 engaging in video gaming activities. The text and font size of the
21 signs shall be submitted for approval to the commission under the
22 procedures specified by Subsection (b).

23 (g) The self-exclusion list is confidential, and any
24 distribution of the list to an unauthorized source constitutes a
25 violation of this subchapter.

26 (h) A video gaming retailer shall report the discovery of a
27 self-excluded person on the retailer's video gaming premises or

1 engaging in gaming activities to the commission within 24 hours of
2 the discovery.

3 Sec. 2001A.308. REMOVAL FROM SELF-EXCLUSION LIST. (a) A
4 person who requests self-exclusion for a one-year or five-year
5 period may, after the end of the self-exclusion period, request
6 removal of the person's name from the self-exclusion list by
7 submitting a completed request for removal as required by
8 Subsections (b) and (c). The request must be made in person unless
9 the commission provides otherwise by rule.

10 (b) A self-excluded person's request for removal from the
11 self-exclusion list must include:

12 (1) the person's identifying information specified by
13 Section 2001A.305(b); and

14 (2) the person's signature, indicating acknowledgment
15 of the following statement:

16 "I certify that the information that I have provided is true
17 and accurate. I am aware that my signature constitutes a revocation
18 of my previous request for self-exclusion, and I authorize the
19 Texas Lottery Commission to permit all video gaming retailers in
20 this state to reinstate my gaming privileges at video gaming
21 premises."

22 (c) A person submitting a request for removal from the
23 self-exclusion list must present a government-issued
24 identification containing the person's signature and photograph
25 when the person submits the request. Not earlier than the fifth
26 business day after the date the request is submitted, the person
27 submitting the request shall:

1 (1) return to the commission office where the request
2 was submitted;

3 (2) present a government-issued identification
4 containing the person's signature and photograph; and

5 (3) sign the request a second time.

6 (d) Not later than the fifth business day after the date the
7 person requesting removal from the self-exclusion list signs the
8 request for the second time, the commission shall remove the
9 person's name from the self-exclusion list and notify each video
10 gaming retailer of the removal.

11 Sec. 2001A.309. EXCEPTION. A self-excluded person is not
12 prohibited from being at a video gaming premises if:

13 (1) the individual is carrying out the duties of
14 employment or incidental activities related to employment;

15 (2) the video gaming retailer's security personnel and
16 any agent of the commission located at the video gaming premises
17 have received prior notice;

18 (3) access to the video gaming premises is limited to
19 the time necessary to complete the individual's assigned duties;
20 and

21 (4) the self-excluded individual does not otherwise
22 engage in any gaming activities.

23 SECTION 3. Section 2001.3025, Occupations Code, is amended
24 to read as follows:

25 Sec. 2001.3025. ACCESS TO CRIMINAL HISTORY RECORD
26 INFORMATION. (a) The commission is entitled to conduct an
27 investigation of and is entitled to obtain criminal history record

1 information maintained by the Department of Public Safety, the
2 Federal Bureau of Investigation identification division, or
3 another law enforcement agency to assist in the investigation of:

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

6 (2) a person required to be named in a license
7 application; or

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

11 (b) The commission is not required to conduct a criminal
12 background check under Subsection (a) for a person who has
13 undergone an investigation authorized by Section 2001A.106 that is
14 sufficient for the person to continue to hold a license under
15 Chapter 2001A.

16 SECTION 4. Section 411.108(a-1), Government Code, is
17 amended to read as follows:

18 (a-1) The Texas Lottery Commission is entitled to obtain
19 from the department criminal history record information maintained
20 by the department that relates to:

21 (1) a person licensed under Chapter 2001, Occupations
22 Code, or described by Section 2001.3025, Occupations Code; or

23 (2) a person holding or seeking a license under
24 Chapter 2001A, Occupations Code.

25 SECTION 5. Section 466.024(b), Government Code, is amended
26 to read as follows:

27 (b) The commission shall adopt rules prohibiting the

1 operation of any game using a video lottery machine or machine,
2 except in accordance with Chapter 2001A, Occupations Code.

3 SECTION 6. 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) was permitted under Chapter 2001A, Occupations
12 Code;

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

16 (5) [~~(4)~~] was permitted under the Texas Racing Act
17 (Article 179e, Vernon's Texas Civil Statutes); or

18 (6) [~~(5)~~] consisted entirely of participation in a
19 drawing for the opportunity to participate in a hunting, fishing,
20 or other recreational event conducted by the Parks and Wildlife
21 Department.

22 SECTION 7. Section 47.09, Penal Code, is amended by
23 amending Subsection (a) and adding Subsection (c) to read as
24 follows:

25 (a) It is a defense to prosecution under this chapter that
26 the conduct:

27 (1) was authorized under:

- 1 (A) Chapter 2001, Occupations Code;
- 2 (B) Chapter 2002, Occupations Code; [~~or~~]
- 3 (C) Chapter 2001A, Occupations Code; or
- 4 (D) the Texas Racing Act (Article 179e, Vernon's
5 Texas Civil Statutes);

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

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

- 10 (A) Chapter 466, Government Code;
- 11 (B) the lottery division of the Texas Lottery
12 Commission;
- 13 (C) the Texas Lottery Commission; or
- 14 (D) the director of the lottery division of the
15 Texas Lottery Commission.

16 (c) Subsection (a)(1)(C) applies to a person manufacturing,
17 possessing, or operating a gambling device under a license or other
18 authorization of the Texas Lottery Commission under Chapter 2001A,
19 Occupations Code.

20 SECTION 8. Chapter 47, Penal Code, is amended by adding
21 Section 47.095 to read as follows:

22 Sec. 47.095. INTERSTATE OR FOREIGN COMMERCE DEFENSE. It is
23 a defense to prosecution under this chapter that a person sells,
24 leases, transports, possesses, stores, or manufactures a gambling
25 device with the authorization of the Texas Lottery Commission under
26 Chapter 2001A, Occupations Code, for transportation in interstate
27 or foreign commerce.

1 SECTION 9. (a) As soon as practicable after the effective
2 date of this Act, but not later than October 1, 2011, the Texas
3 Lottery Commission shall adopt the rules necessary to implement
4 video gaming in accordance with Chapter 2001A, Occupations Code, as
5 added by this Act.

6 (b) Before the constitutional amendment authorizing the
7 establishment of video gaming operations in this state and
8 providing that certain federally recognized Indian tribes are not
9 prohibited from conducting video gaming on certain Indian lands
10 proposed by the 82nd Legislature, Regular Session, 2011, is
11 submitted to the voters, the Texas Lottery Commission may:

12 (1) expend money from the commission's appropriation
13 for the 2012-2013 state fiscal biennium for purposes of conducting
14 the pre-implementation activities necessary to promptly establish
15 video gaming in this state in accordance with Chapter 2001A,
16 Occupations Code, as added by this Act;

17 (2) request and receive information related to
18 applications for licensing and testing for video gaming equipment
19 as authorized under Chapter 2001A, Occupations Code, as added by
20 this Act; or

21 (3) develop and approve forms necessary for licensing
22 persons to conduct video gaming and for testing video gaming
23 equipment.

24 (c) Notwithstanding Section 466.355, Government Code, the
25 money authorized to be expended under this section may be withdrawn
26 from the state lottery account to fund the establishment of video
27 gaming.

1 (d) Notwithstanding any other law, the following provisions
2 apply to procedures for adoption of the rules required by
3 Subsection (a) of this section:

4 (1) the Texas Lottery Commission must give not less
5 than 15 days' notice of its intent to adopt a rule under this
6 section before adopting the rule;

7 (2) a rule adopted under this section takes effect on
8 the date it is filed in the office of the secretary of state; and

9 (3) the commission shall notify all holders of a
10 license issued under Section 10 of this Act of the adoption of a
11 rule under this section.

12 SECTION 10. (a) Notwithstanding Chapter 2001A, Occupations
13 Code, as added by this Act, and except as otherwise provided by this
14 section, on or after the effective date of this Act, the Texas
15 Lottery Commission shall:

16 (1) issue a provisional video gaming manufacturer
17 license to an applicant who:

18 (A) holds a manufacturer's license issued under
19 Chapter 2001, Occupations Code;

20 (B) is eligible to hold a license under Section
21 2001A.102, Occupations Code, as added by this Act;

22 (C) files with the commission on the form
23 required by the commission an application for a video gaming
24 manufacturer license; and

25 (D) pays the required application and license
26 fees;

27 (2) issue a provisional video gaming distributor

1 license to a person who:

2 (A) holds a distributor's license issued under
3 Chapter 2001, Occupations Code;

4 (B) is eligible to hold a license under Section
5 2001A.102, Occupations Code, as added by this Act;

6 (C) files with the commission on the form
7 required by the commission an application for a video gaming
8 distributor license; and

9 (D) pays the required application and license
10 fees;

11 (3) issue a provisional video gaming retailer license
12 to a person who:

13 (A) is a licensed commercial lessor or a licensed
14 authorized organization under Chapter 2001, Occupations Code;

15 (B) is eligible to hold a license under Section
16 2001A.101, Occupations Code, as added by this Act;

17 (C) files with the commission on the form
18 required by the commission an application for a video gaming
19 retailer license; and

20 (D) pays the required application and license
21 fees; and

22 (4) issue a provisional video gaming employee license
23 to a person who:

24 (A) is listed in the registry of approved bingo
25 workers maintained as required under Section 2001.313, Occupations
26 Code;

27 (B) is eligible to hold a license under Chapter

1 2001A, Occupations Code, as added by this Act;

2 (C) files with the commission on the form
3 required by the commission an application for a video gaming
4 employee license; and

5 (D) pays the required application and license
6 fees.

7 (b) Notwithstanding Chapter 2001A, Occupations Code, as
8 added by this Act, and except as otherwise provided by this section,
9 during the period that begins on the effective date of this Act and
10 ends on a date determined by the Texas Lottery Commission that is
11 not less than 18 months or more than 36 months after the effective
12 date of this Act, the commission shall:

13 (1) approve for use in this state network operating
14 centers, site controllers, video gaming terminals, and video gaming
15 equipment that meets the standards established under the laws of
16 another state, the United States, or the National Indian Gaming
17 Commission unless the commission determines the licensing
18 standards are insufficient to protect the public health and safety
19 and prevent financial loss to this state; and

20 (2) issue a reciprocal license to a video gaming
21 manufacturer who:

22 (A) is licensed as a video gaming manufacturer
23 under the laws of another state unless the commission determines
24 the licensing standards are insufficient to protect the public
25 health and safety and prevent financial loss to this state;

26 (B) submits a letter from an independent testing
27 laboratory approved by the commission that describes in detail the

1 video gaming equipment the manufacturer is seeking to deploy in
2 this state and certifies that the equipment has undergone
3 independent tests performed by the laboratory; and

4 (C) submits documentation from the independent
5 testing laboratory that verifies the manufacturer's equipment
6 meets the standards established under the laws of another state,
7 the United States, or the National Indian Gaming Commission.

8 (c) The Texas Lottery Commission shall establish the term of
9 a provisional license issued under Subsection (a) of this section
10 or a reciprocal license issued under Subsection (b) of this
11 section, which may not be less than 18 months. The commission by
12 rule shall establish timelines for license holders who hold a
13 provisional or reciprocal license issued under this section to
14 comply with the requirements of Chapter 2001A, Occupations Code, as
15 added by this Act, and commission rules. The rules must allow
16 license holders at least six months to comply with the rules and
17 requirements.

18 (d) Notwithstanding Chapter 2001A, Occupations Code, as
19 added by this Act, during the provisional period specified by the
20 commission, which may not be less than 18 months or more than 36
21 months after the effective date of this Act, a video gaming retailer
22 must obtain video gaming equipment and video gaming terminals from
23 a video gaming distributor who holds a bingo distributor's license
24 issued under Chapter 2001, Occupations Code.

25 (e) Notwithstanding Chapter 2001A, Occupations Code, as
26 added by this Act, or any other law, a video gaming manufacturer,
27 video gaming distributor, or applicant for a video gaming

1 distributor or manufacturer license may display video gaming
2 equipment in this state before the effective date of this Act if:

3 (1) the video gaming equipment is disabled for
4 marketing purposes so that the equipment does not accept or
5 dispense money or pay out video gaming tickets or the equipment
6 contains only demonstration software that cannot be disabled;

7 (2) for a trade show or similar event, the Texas
8 Lottery Commission:

9 (A) is notified in advance of the proposed event
10 of:

11 (i) the date and location of the event;

12 (ii) the model and serial number of each
13 item of video gaming equipment to be displayed;

14 (iii) the manner of transport of each item
15 to be displayed; and

16 (iv) a description of how the item will at
17 all times be possessed by and be under the control of the applicant
18 or license holder; and

19 (B) approves the display of the equipment.

20 SECTION 11. The change in law made by this Act applies only
21 to an offense committed on or after the effective date of this Act.
22 An offense committed before the effective date of this Act is
23 covered by the law in effect when the offense was committed, and the
24 former law is continued in effect for that purpose. For purposes of
25 this section, an offense was committed before the effective date of
26 this Act if any element of the offense was committed before that
27 date.

1 SECTION 12. (a) Sections 1 through 8 of this Act take
2 effect on the date the constitutional amendment authorizing the
3 establishment of video gaming operations in this state and
4 providing that federally recognized Indian tribes are not
5 prohibited from conducting video gaming on certain Indian lands
6 proposed by the 82nd Legislature, Regular Session, 2011, is
7 approved by the voters. If that amendment is not approved by the
8 voters, Sections 1 through 8 of this Act have no effect.

9 (b) Sections 9 through 11 of this Act and this section take
10 effect immediately if this Act receives a vote of two-thirds of all
11 the members elected to each house, as provided by Section 39,
12 Article III, Texas Constitution. If this Act does not receive the
13 vote necessary for immediate effect, Sections 9 through 11 of this
14 Act and this section take effect September 1, 2011.