

## **BILL ANALYSIS**

Senate Research Center

S.B. 1503  
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State Affairs  
4/16/2013  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, amusement redemption machines may be owned and operated provided a player is only awarded non-cash merchandise. However, some operators own and operate machines that do award cash to players. Local law enforcement has struggled to enforce current restrictions on those individuals who illegally operate these types of machines.

S.B. 1503 creates a new location license for those who operate more than 10 machines in one location. The licensee will be required to provide information to the comptroller of public accounts of the State of Texas on each machine and will be subject to additional oversight. Furthermore, the bill creates civil penalties for non-compliance with the licensing standards.

As proposed, S.B. 1503 amends current law relating to the licensing and regulation of amusement redemption machines at certain locations, and provides penalties.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 2153, Occupations Code, by adding Subchapter K, as follows:

#### **SUBCHAPTER K. LOCATION LICENSE FOR OPERATION OF AMUSEMENT REDEMPTION MACHINES**

Sec. 2153.501. **APPLICABILITY.** Provides that, unless otherwise provided, the provisions of this chapter governing licenses and registration certificates, including penalties and enforcement provisions, apply to a location license issued under this subchapter.

Sec. 2153.502. **DEFINITIONS.** Defines, for purposes of this subchapter "amusement redemption machine," "operate," "operator," and "premises."

Sec. 2153.503. **LOCATION LICENSE.** (a) Authorizes no more than 10 amusement redemption machines to be operated on a particular premises unless the operator holds a location license issued under this subchapter for the premises.

(b) Provides that, notwithstanding Section 2153.008 (Exempt Owners or Exhibitors), an operator must hold a location license in addition to any other license or registration certificate the operator is required to hold under this chapter.

(c) Provides that an applicant for a location license must file with the comptroller of public accounts of the State of Texas (comptroller) an application that includes:

(1) the name and address of the applicant;

- (2) the physical address, including the county, of the premises at which the amusement redemption machines will be operated;
- (3) the name and address of the owner of the premises at which the amusement redemption machines will be operated;
- (4) the name and address of the person who rents or leases the premises to the applicant, if applicable;
- (5) the amount of rent paid or other consideration given, directly or indirectly, to the owner, lessor, or landlord of the premises, if applicable;
- (6) the number of amusement redemption machines to be operated on the premises;
- (7) a statement indicating whether the amusement redemption machines to be operated on the premises will be owned, leased, or rented by the applicant;
- (8) if the amusement redemption machines will be leased or rented, the name, address, and general business license number of the person who owns the amusement redemption machines;
- (9) a written certification that the amusement redemption machines to be operated on the premises will be operated in accordance with Section 47.01(4)(B) (defining "gambling device"), Penal Code;
- (10) a financial interest statement that includes the name and residence address of any person, other than a person disclosed under Subdivision (8), who has a financial interest in the operation of the machines on the premises, including the nature, type, and extent of the financial interest; and
- (11) a statement that the information contained in the application is true and correct.

(d) Provides that a person who submits an application for a location license consents to an inspection of the licensed premises by the comptroller or a peace officer at any time during the location's hours of operation to ensure compliance with this subchapter.

(e) Prohibits the comptroller from issuing a location license to an applicant unless the applicant certifies in writing that the amusement redemption machines to be operated on the premises will be operated in accordance with Section 47.01(4)(B), Penal Code. Provides that the issuance of a location license by the comptroller does not constitute an official opinion or judgment by the comptroller that an amusement redemption machine operated on the premises of a location license holder is being operated in accordance with Section 47.01(4)(B), Penal Code.

Sec. 2153.504. FEES. (a) Provides that the annual license fee for each location license is \$500.

(b) Requires that an application for a location license be accompanied by a nonrefundable application fee in the form of a cashier's check, money order, personal check, or other method of payment authorized by the comptroller in an amount equal to the annual location license fee.

Sec. 2153.505. REQUIRED LOCATION FOR LICENSE HOLDER RECORDS. (a) Requires a location license holder to, at all times, prominently display the holder's license at the licensed premises.

(b) Requires a location license holder to maintain, on the licensed premises, a record of each amusement redemption machine located on the premises to which the location license applies, including the make, type, and serial number of the machine; the date the machine was placed in operation on the premises to which the location license applies; the date of the most recent registration of the machine; and if the machine is owned by the license holder, any change in ownership of the machine.

(c) Requires the location license holder to allow the comptroller or a peace officer to enter and inspect the licensed premises at any time during hours of operation to ensure compliance with this subchapter.

Sec. 2153.506. MANDATORY DENIAL OR REVOCATION OF LOCATION LICENSE. (a) Prohibits the comptroller from issuing a location license if the comptroller finds that the license applicant or any person required to be listed on the financial interest statement under Section 2153.503(c)(10) is prohibited from holding a general business license under Section 2153.302 (Mandatory Denial of General Business License) or has been convicted of an offense under Section 47.06 (Possession of Gambling Device, Equipment, or Paraphernalia), Penal Code.

(b) Prohibits the comptroller from issuing or renewing a location license if the applicant fails to comply with Section 2153.505.

(c) Requires the comptroller to revoke the location license of a license holder who refuses to allow the comptroller or a peace officer to enter or inspect the licensed premises as required by this subchapter. Prohibits the comptroller from issuing a location license to a person who has had a location license revoked under this subsection.

Sec. 2153.507. INFORMATION FROM LOCATION LICENSE APPLICATION. (a) Provides that, notwithstanding Section 2153.101 (Information from License Application) and following the issuance of a location license under this subchapter, the following information in the location license application is a public record and is required to be posted on the comptroller's Internet website not later than the 10th business day after the date the location license is issued: the location license number; the name of the location license holder; the physical address, including the county, of the premises designated in the location license; the names of any person included in the financial interest statement required under Section 2153.503(c)(10); and the number of amusement redemption machines operated on the licensed premises.

(b) Requires the comptroller to provide a method to allow a visitor to the comptroller's Internet website to retrieve by county or municipality the license information posted under Subsection (a).

Sec. 2153.508. CIVIL PENALTY. (a) Provides that a person commits a violation if the person knowingly operates or allows the operation of more than 10 amusement redemption machines on premises for which a location license is not in effect or fails to display a location license or maintain the records as required by Section 2153.505.

(b) Authorizes the comptroller to assess a civil penalty against a person who violates this subchapter. Provides that the amount of the penalty for each unregistered amusement redemption machine in excess of 10 unregistered machines in violation of this subchapter is, for a first violation, \$500 for each unregistered machine, and for a second or subsequent violation, \$1,000 for each unregistered machine.

(c) Provides that it is presumed that an operator intended to commit a violation under this section if more than 10 amusement redemption machines are operated on premises for which a location license is not prominently displayed; an

amusement redemption machine operated on the premises is not included in the records maintained under Section 2153.505(b); or the records required under Section 2153.505(b) are not available for inspection by the comptroller or a peace officer during the hours of operation of the premises.

SECTION 2. Amends Section 2153.153, Occupations Code, by adding Subsection (a-1) to require that, in addition to the information prescribed by Subsection (a) (relating to requiring a license applicant to file with the comptroller a license application that contains certain information), an application for a general business, import, or repair license include a statement indicating whether a machine associated with the application is an amusement redemption machine.

SECTION 3. Amends Section 47.01, Penal Code, by adding Subdivision (4-a) to define "device" or "contrivance."

SECTION 4. Effective date: September 1, 2013.