

By: Huffman, Nichols

S.B. No. 210

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the continuation and functions of the Texas Lottery
3 Commission; providing penalties; imposing fees.

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

5 SECTION 1. Section 466.014, Government Code, is amended by
6 adding Subsection (d) to read as follows:

7 (d) A contract between the division and a lottery operator
8 under Subsection (b) must contain a provision allowing the contract
9 to be terminated without penalty if the division is abolished.

10 SECTION 2. Subchapter B, Chapter 466, Government Code, is
11 amended by adding Section 466.028 to read as follows:

12 Sec. 466.028. COMPREHENSIVE BUSINESS PLAN. (a) The
13 commission shall develop a comprehensive business plan to guide the
14 commission's major initiatives. The plan must at a minimum
15 include:

16 (1) specific goals for the agency; and

17 (2) an evaluation of:

18 (A) the agency's overall performance;

19 (B) the effectiveness of specific programs and
20 initiatives;

21 (C) the ongoing efficiency of agency operations;

22 (D) the amount of lottery revenue that is
23 generated for state purposes other than the payment of prizes; and

24 (E) the factors affecting the amount of lottery

1 revenue received and disbursed, including ticket sales and
2 administrative efficiency.

3 (b) The commission as frequently as the commission
4 determines appropriate shall review the comprehensive business
5 plan and at least annually hold a public meeting to discuss the plan
6 or updates to the plan.

7 SECTION 3. Subchapter C, Chapter 466, Government Code, is
8 amended by adding Section 466.1005 to read as follows:

9 Sec. 466.1005. PROCUREMENTS. (a) The commission may
10 purchase or lease facilities, goods, and services and make any
11 purchases, leases, or contracts necessary for carrying out the
12 purposes of this chapter.

13 (b) The commission shall review and must approve all major
14 procurements as provided by commission rule. The commission by
15 rule shall establish a procedure to determine what constitutes a
16 major procurement based on the cumulative value of a contract and
17 other relevant factors. This subsection does not require a
18 commission member to sign the contract.

19 (c) The commission may delegate to the executive director
20 the authority to approve procurements other than major
21 procurements.

22 SECTION 4. Sections 466.101(a) and (b), Government Code,
23 are amended to read as follows:

24 (a) The commission and executive director may establish
25 procedures for the purchase or lease of facilities, goods, and
26 services and make any purchases, leases, or contracts that are
27 necessary for carrying out the purposes of this chapter. The

1 procedures must, as determined feasible and appropriate by the
2 commission and executive director, promote competition to the
3 maximum extent possible.

4 (b) In all procurement decisions, the commission and
5 executive director shall take into account the particularly
6 sensitive nature of the lottery and shall act to promote and ensure
7 integrity, security, honesty, and fairness in the operation and
8 administration of the lottery and the objective of producing
9 revenues for the state treasury.

10 SECTION 5. Section 466.155, Government Code, is amended by
11 adding Subsection (b-1) to read as follows:

12 (b-1) A hearing under this section must be conducted by the
13 State Office of Administrative Hearings and is subject to Section
14 2001.058(e).

15 SECTION 6. Sections 466.160(b) and (c), Government Code,
16 are amended to read as follows:

17 (b) The commission may summarily suspend a sales agent's
18 license if proceedings for a preliminary hearing before the State
19 Office of Administrative Hearings [~~commission or the commission's~~
20 ~~representative~~] are initiated simultaneously with the summary
21 suspension. The preliminary hearing shall be set for a date not
22 later than 10 days after the date of the summary suspension, unless
23 the parties agree to a later date.

24 (c) At the preliminary hearing, the sales agent must show
25 cause why the license should not remain suspended pending a final
26 hearing on suspension or revocation. [~~Chapter 2001 does not apply~~
27 ~~in the administration and enforcement of the summary suspension of~~

1 ~~a license under this section.]~~ The rules governing a hearing on any
2 other license suspension or revocation under this chapter govern a
3 final administrative hearing under this subsection. A hearing
4 under this section is subject to Section 2001.058(e).

5 SECTION 7. Section 467.002, Government Code, is amended to
6 read as follows:

7 Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is
8 subject to Chapter 325 (Texas Sunset Act). Unless continued in
9 existence as provided by that chapter, the commission is abolished
10 and this chapter, Chapter 466 of this code, and Chapter 2001,
11 Occupations Code, expire September 1, 2025 [~~2013~~].

12 SECTION 8. Sections 467.021(a) and (b), Government Code,
13 are amended to read as follows:

14 (a) The commission is composed of five [~~three~~] members
15 appointed by the governor with the advice and consent of the senate.

16 (b) Appointments [~~In making appointments~~] to the commission
17 shall be made without [~~, the governor shall strive to achieve~~
18 ~~representation by all the population groups of the state with~~
19 regard to the [~~economic status, sex,~~] race, color, disability, sex,
20 religion, age, or national origin of the appointees [~~and~~
21 ~~ethnicity~~].

22 SECTION 9. Section 467.022, Government Code, is amended to
23 read as follows:

24 Sec. 467.022. TERM OF OFFICE. Members hold office for
25 staggered terms of six years, with the terms of either one or two
26 members [~~member's term~~] expiring February 1 of each odd-numbered
27 year.

1 SECTION 10. Section 467.024, Government Code, is amended by
2 amending Subsection (a) and adding Subsections (c) and (d) to read
3 as follows:

4 (a) An individual is not eligible to be an appointed member
5 of the commission if the individual:

6 (1) is registered, certified, or licensed by a
7 regulatory agency in the field of bingo or lottery;

8 (2) owns or controls, directly or indirectly, more
9 than a 10 percent interest in a business entity or other
10 organization regulated by the commission or receiving funds from
11 the commission;

12 (3) [~~(2)~~] is employed by or participates in the
13 management of a business entity or other organization regulated by
14 [~~the commission~~] or receiving funds from the commission;

15 (4) [~~(3)~~] uses or receives a substantial amount of
16 tangible goods, services, or funds from the commission, other than
17 compensation or reimbursement authorized by law for commission
18 membership, attendance, or expenses;

19 (5) [~~(4)~~] is an officer, employee, or paid consultant
20 of a Texas trade association in the field of bingo or lottery;

21 (6) [~~(5)~~] is required to register as a lobbyist under
22 Chapter 305 because of the person's activities for compensation on
23 behalf of a profession related to the operation of the commission;

24 (7) [~~(6)~~] is married to an individual described by
25 Subdivisions (2)-(6) [~~Subdivision (1)-(5)]~~;

26 (8) [~~(7)~~] has been convicted of a felony or of any
27 crime involving moral turpitude; or

1 (9) [~~(8)~~] is not a citizen of the United States.

2 (c) A person may not be a commission employee employed in a
3 "bona fide executive, administrative, or professional capacity,"
4 as that phrase is used for purposes of establishing an exemption to
5 the overtime provisions of the federal Fair Labor Standards Act of
6 1938 (29 U.S.C. Section 201 et seq.), if:

7 (1) the person is an officer, employee, or paid
8 consultant of a Texas trade association in the field of bingo or
9 lottery; or

10 (2) the person's spouse is an officer, manager, or paid
11 consultant of a Texas trade association in the field of bingo or
12 lottery.

13 (d) A person may not act as the general counsel to the
14 commission if the person is required to register as a lobbyist under
15 Chapter 305 because of the person's activities for compensation on
16 behalf of a profession related to the operation of the commission.

17 SECTION 11. Subchapter B, Chapter 467, Government Code, is
18 amended by adding Section 467.0255 to read as follows:

19 Sec. 467.0255. TRAINING. (a) A person who is appointed to
20 and qualifies for office as a member of the commission may not vote,
21 deliberate, or be counted as a member in attendance at a meeting of
22 the commission until the person completes a training program that
23 complies with this section.

24 (b) The training program must provide the person with
25 information regarding:

26 (1) the legislation that created the commission;

27 (2) the programs, functions, rules, and budget of the

1 commission;

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

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

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

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

14 SECTION 12. Sections 467.026(a) and (c), Government Code,
15 are amended to read as follows:

16 (a) It is a ground for removal from the [~~The governor may~~
17 ~~remove a~~] commission that a member [~~if the member~~]:

18 (1) does not have at the time of taking office
19 [~~appointment~~] the qualifications required by Sections 467.023 and
20 467.024 [~~for appointment to the commission~~];

21 (2) does not maintain during service on the commission
22 the qualifications required by Sections 467.023 and 467.024 [~~for~~
23 ~~appointment to the commission~~];

24 (3) is ineligible for membership under [~~violates a~~
25 ~~prohibition established by~~] Section 467.023, 467.024, or 467.025;

26 (4) cannot discharge the member's duties for a
27 substantial part of the member's term [~~for which the member is~~

1 ~~appointed~~] because of illness or disability; or

2 (5) is absent from more than half of the regularly
3 scheduled commission meetings that the member is eligible to attend
4 during a calendar year without an excuse approved [~~unless the~~
5 ~~absence is excused~~] by majority vote of the commission.

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

16 SECTION 13. Subchapter B, Chapter 467, Government Code, is
17 amended by adding Section 467.037 to read as follows:

18 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission
19 shall develop and implement policies that clearly separate the
20 policymaking responsibilities of the commission and the management
21 responsibilities of the executive director and the staff of the
22 commission.

23 SECTION 14. Subchapter C, Chapter 467, Government Code, is
24 amended by adding Sections 467.109, 467.110, and 467.111 to read as
25 follows:

26 Sec. 467.109. NEGOTIATED RULEMAKING AND ALTERNATIVE
27 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and

1 implement a policy to encourage the use of:

2 (1) negotiated rulemaking procedures under Chapter
3 2008 for the adoption of commission rules; and

4 (2) appropriate alternative dispute resolution
5 procedures under Chapter 2009 to assist in the resolution of
6 internal and external disputes under the commission's
7 jurisdiction.

8 (b) The commission's procedures relating to alternative
9 dispute resolution must conform, to the extent possible, to any
10 model guidelines issued by the State Office of Administrative
11 Hearings for the use of alternative dispute resolution by state
12 agencies.

13 (c) The commission shall:

14 (1) coordinate the implementation of the policy
15 adopted under Subsection (a);

16 (2) provide training as needed to implement the
17 procedures for negotiated rulemaking or alternative dispute
18 resolution; and

19 (3) collect data concerning the effectiveness of those
20 procedures.

21 Sec. 467.110. PUBLIC PARTICIPATION. The commission shall
22 develop and implement policies that provide the public with a
23 reasonable opportunity to appear before the commission and to speak
24 on any issue under the jurisdiction of the commission.

25 Sec. 467.111. COMPLAINTS. (a) The commission shall
26 maintain a system to promptly and efficiently act on each complaint
27 filed with the commission. The commission shall maintain

1 information about parties to the complaint, the subject matter of
2 the complaint, a summary of the results of the review or
3 investigation of the complaint, and its disposition.

4 (b) The commission shall make information available to the
5 public describing the commission's procedures for complaint
6 investigation and resolution.

7 (c) The commission shall periodically notify the complaint
8 parties of the status of the complaint until final disposition.

9 (d) The commission by rule shall adopt and publish
10 procedures governing the entire complaint process from submission
11 to disposition.

12 (e) The commission shall analyze the complaints filed with
13 the commission to identify any trends or issues related to
14 violations of state laws under the commission's jurisdiction. The
15 analysis must:

16 (1) categorize complaints based on the type of
17 violation alleged;

18 (2) track each complaint from submission to
19 disposition;

20 (3) evaluate the effectiveness of the commission's
21 enforcement process; and

22 (4) include any additional information the commission
23 considers necessary.

24 (f) The commission shall prepare a report on the trends and
25 issues identified under Subsection (e) and make the report
26 available to the public. The commission shall address the
27 identified trends and issues, including trends and issues related

1 to the regulation of lottery operations under Chapter 466 and of
2 bingo under Chapter 2001, Occupations Code.

3 SECTION 15. Subchapter B, Chapter 2001, Occupations Code,
4 is amended by adding Section 2001.0541 to read as follows:

5 Sec. 2001.0541. RULES ON CONSEQUENCES OF CRIMINAL
6 CONVICTION. The commission shall adopt rules and guidelines as
7 necessary to comply with Chapter 53 when using criminal history
8 record information under this chapter to issue or renew a bingo
9 license or to list or renew the listing of an individual in the
10 registry of approved bingo workers.

11 SECTION 16. Subchapter B, Chapter 2001, Occupations Code,
12 is amended by adding Section 2001.061 to read as follows:

13 Sec. 2001.061. LICENSE RENEWAL PROCESS. The commission
14 shall adopt rules governing each part of the license renewal
15 process for all licenses issued under this chapter, from
16 application submission to completion of the renewal process. The
17 process must require a license holder renewing a license to submit
18 to the commission the information required in the initial license
19 application.

20 SECTION 17. Section 2001.104(d), Occupations Code, is
21 amended to read as follows:

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

1 ~~not later than the first anniversary of the date the license becomes~~
2 ~~effective].~~

3 SECTION 18. Sections 2001.105(a) and (b), Occupations Code,
4 are amended to read as follows:

5 (a) The commission shall issue or renew a license to conduct
6 bingo on payment of the license fee provided by Section 2001.104 if
7 the commission determines that:

8 (1) the member or members of the applicant designated
9 in the application to conduct bingo are active members of the
10 applicant;

11 (2) the bingo is to be conducted in accordance with
12 this chapter;

13 (3) the proceeds of the bingo are to be disposed in
14 accordance with this chapter;

15 (4) the applicant has made and can demonstrate
16 significant progress toward the accomplishment of the purposes of
17 the organization during the 12 months preceding the date of
18 application for a license or license renewal;

19 (5) all persons who will conduct, promote, or
20 administer the proposed bingo are active members of the applicant
21 organization and all other persons who will assist in conducting,
22 promoting, or administering the proposed bingo games are persons
23 authorized to do so by Section 2001.411; and

24 (6) no person under whose name bingo will be conducted
25 and no person working at the proposed bingo has been convicted of [~~a~~
26 ~~felony,~~] a gambling offense or [~~7~~] criminal fraud[~~, or a crime of~~
27 ~~moral turpitude if less than 10 years has elapsed since the~~

1 ~~termination of a sentence, parole, mandatory supervision, or~~
2 ~~community supervision served for the offense].~~

3 (b) The commission may not issue a license to an authorized
4 organization to conduct bingo if an officer or member of the board
5 of directors of the organization has been convicted of [~~a felony,~~
6 criminal fraud or ~~] a gambling or gambling-related offense[~~, or a~~
7 ~~crime of moral turpitude if less than 10 years has elapsed since the~~
8 ~~termination of a sentence, parole, mandatory supervision, or~~
9 ~~community supervision served for the offense].~~~~

10 SECTION 19. Section 2001.154(a), Occupations Code, is
11 amended to read as follows:

12 (a) The commission may not issue a commercial lessor license
13 to or renew a commercial lessor license of:

14 (1) a person convicted of [~~a felony,~~ criminal fraud
15 or ~~] a gambling or gambling-related offense[~~, or a crime of moral~~
16 ~~turpitude if less than 10 years has elapsed since termination of a~~
17 ~~sentence, parole, mandatory supervision, or community supervision~~
18 ~~served for the offense];~~~~

19 (2) a public officer who receives any consideration,
20 direct or indirect, as owner or lessor of premises offered for
21 conducting bingo;

22 (3) a person who extends credit to, loans money to, or
23 pays or provides for the payment of license fees for an authorized
24 organization;

25 (4) a distributor or manufacturer;

26 (5) a person in which a person covered by Subdivision
27 (1), (2), (3), or (4) or a person married or related in the first

1 degree by consanguinity or affinity, as determined under Chapter
2 573, Government Code, to one of those persons has greater than a 10
3 percent proprietary, equitable, or credit interest or in which one
4 of those persons is active or employed;

5 (6) a foreign corporation or other foreign legal
6 entity;

7 (7) an individual who is not a resident of this state;

8 (8) a corporation or other legal entity owned or
9 controlled by:

10 (A) a foreign corporation; or

11 (B) an individual who is not a resident of this
12 state; or

13 (9) a corporation or other legal entity:

14 (A) whose shares are publicly traded; or

15 (B) owned or controlled by a corporation whose
16 shares are publicly traded.

17 SECTION 20. Section 2001.158(d), Occupations Code, is
18 amended to read as follows:

19 (d) An applicant for a commercial lessor license shall pay
20 the fees established under Subsection (a) annually. An applicant
21 for a license or renewal of a license may obtain a license that is
22 effective for two years by paying an amount equal to two times the
23 amount of the annual license fee [~~, or by paying the license fee for~~
24 ~~the first year at the time the applicant submits the application and~~
25 ~~the license fee for the second year not later than the first~~
26 ~~anniversary of the date the license becomes effective].~~

27 SECTION 21. Section 2001.202, Occupations Code, is amended

1 to read as follows:

2 Sec. 2001.202. ELIGIBILITY FOR MANUFACTURER'S LICENSE. The
3 following persons are not eligible for a manufacturer's license:

4 (1) a person convicted of [~~a felony,~~] criminal fraud
5 or [~~7~~] a gambling or gambling-related offense [~~, or a crime of moral~~
6 ~~turpitude if less than 10 years has elapsed since the termination of~~
7 ~~a sentence, parole, mandatory supervision, or community~~
8 ~~supervision served for the offense];~~

9 (2) a person who is or has been a professional gambler
10 or gambling promoter;

11 (3) an elected or appointed public officer or a public
12 employee;

13 (4) an owner, officer, director, shareholder, agent,
14 or employee of a licensed commercial lessor;

15 (5) a person who conducts, promotes, or administers,
16 or assists in conducting, promoting, or administering, bingo for
17 which a license is required by this chapter;

18 (6) a distributor required to be licensed under this
19 chapter;

20 (7) a person who has had a license to manufacture,
21 distribute, or supply bingo equipment or supplies revoked within
22 the preceding year by another state;

23 (8) an owner, officer, director, or shareholder of, or
24 a person holding an equitable or credit interest in, another
25 manufacturer or distributor licensed or required to be licensed
26 under this chapter; or

27 (9) a person:

1 (A) in which a person described by Subdivision
2 (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person
3 married or related in the first degree by consanguinity or affinity
4 to one of those persons has greater than a 10 percent proprietary,
5 equitable, or credit interest or in which one of those persons is
6 active or employed; or

7 (B) in whose application for a manufacturer's
8 license a person described by Subdivision (1), (2), (3), (4), (5),
9 (6), (7), or (8) is required to be named.

10 SECTION 22. Section 2001.203(b), Occupations Code, is
11 amended to read as follows:

12 (b) The application must include:

13 (1) the name and address of the applicant and the name
14 and address of each of its locations where bingo supplies or
15 equipment are manufactured;

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

20 (3) if the applicant:

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

23 (B) is a corporation, the name and home address
24 of each officer and director and each person owning more than 10
25 percent of a class of stock in the corporation;

26 (4) if the applicant is a foreign corporation or other
27 foreign legal entity, the name, business name and address, and

1 address of its registered agent for service in this state;

2 (5) the name and address of each manufacturer,
3 supplier, and distributor in which the applicant has a financial
4 interest and the details of that financial interest, including any
5 indebtedness between the applicant and the manufacturer, supplier,
6 or distributor of \$5,000 or more;

7 (6) information regarding whether the applicant or a
8 person required to be named in the application has been convicted in
9 this state or another state of [~~a felony,~~] criminal fraud or [~~7~~] a
10 gambling or gambling-related offense [~~, or a crime of moral~~
11 ~~turpitude~~];

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

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

21 (9) the name of each state in which the applicant is or
22 has been licensed to manufacture, distribute, or supply bingo
23 equipment or supplies, each license number, the period of time
24 licensed under each license, and whether a license has been
25 revoked, suspended, withdrawn, canceled, or surrendered and, if so,
26 the reasons for the action taken;

27 (10) information regarding whether the applicant or a

1 person required to be named in the application is or has been a
2 professional gambler or gambling promoter;

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

7 (12) any other information the commission requests.

8 SECTION 23. Section 2001.205(a), Occupations Code, is
9 amended to read as follows:

10 (a) The commission by rule shall set the annual
11 manufacturer's license fee in an amount reasonable to defray
12 administrative costs [~~is \$3,000~~].

13 SECTION 24. Section 2001.207, Occupations Code, is amended
14 to read as follows:

15 Sec. 2001.207. ELIGIBILITY FOR DISTRIBUTOR'S LICENSE. The
16 following persons are not eligible for a distributor's license:

17 (1) a person convicted of [~~a felony,~~] criminal fraud
18 or [~~7~~] a gambling or gambling-related offense [~~, or a crime of moral~~
19 ~~turpitude if less than 10 years has elapsed since the termination of~~
20 ~~a sentence, parole, community supervision, or mandatory~~
21 ~~supervision served for the offense];~~

22 (2) a person who is or has been a professional gambler
23 or gambling promoter;

24 (3) an elected or appointed public officer or a public
25 employee;

26 (4) an owner, officer, director, shareholder, agent,
27 or employee of a licensed commercial lessor;

1 (5) a person who conducts, promotes, or administers,
2 or assists in conducting, promoting, or administering bingo for
3 which a license is required by this chapter;

4 (6) a manufacturer required to be licensed under this
5 chapter;

6 (7) a person who has had a license to manufacture,
7 distribute, or supply bingo equipment or supplies revoked within
8 the preceding year by another state;

9 (8) an owner, officer, director, or shareholder of, or
10 a person having an equitable or credit interest in, another
11 manufacturer or distributor licensed or required to be licensed
12 under this chapter; or

13 (9) a person:

14 (A) in which a person described by Subdivision
15 (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person
16 married or related in the first degree by consanguinity or
17 affinity, as determined under Subchapter B, Chapter 573, Government
18 Code, to one of those persons has greater than a 10 percent
19 proprietary, equitable, or credit interest or in which one of those
20 persons is active or employed; or

21 (B) in whose application a person described by
22 Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) is required to
23 be named.

24 SECTION 25. Section 2001.208(b), Occupations Code, is
25 amended to read as follows:

26 (b) The application must include:

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

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

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

6 (4) if a corporate distributor, the name and home
7 address of each officer or director and of each person owning more
8 than 10 percent of a class of stock in the corporation;

9 (5) if a foreign corporation or other foreign legal
10 entity, the name, business name and address, and address of its
11 registered agent for service in this state;

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

16 (7) the name and address of a manufacturer, supplier,
17 or distributor in which the applicant has a financial interest and
18 the details of that financial interest, including an indebtedness
19 between the applicant and the manufacturer, supplier, or
20 distributor of \$5,000 or more;

21 (8) information regarding whether the applicant or a
22 person required to be named in the application has been convicted in
23 this state or another state of [~~a felony~~] criminal fraud or [~~7~~] a
24 gambling or gambling-related offense [~~7~~, ~~or a crime of moral~~
25 ~~turpitude~~];

26 (9) information regarding whether the applicant or a
27 person required to be named in the application is an owner, officer,

1 director, shareholder, agent, or employee of a licensed commercial
2 lessor or conducts, promotes, administers, or assists in
3 conducting, promoting, or administering bingo for which a license
4 is required under this chapter;

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

8 (11) the name of each state in which the applicant is
9 or has been licensed to manufacture, distribute, or supply bingo
10 equipment or supplies, each license number, the period of time
11 licensed under each license, and whether a license was revoked,
12 suspended, withdrawn, canceled, or surrendered and, if so, the
13 reasons for the action taken;

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

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

21 (14) any other information the commission requests.

22 SECTION 26. Section 2001.209(a), Occupations Code, is
23 amended to read as follows:

24 (a) The commission by rule shall set the annual
25 distributor's license fee in an amount reasonable to defray
26 administrative costs [~~is \$1,000~~].

27 SECTION 27. Section 2001.214(b), Occupations Code, is

1 amended to read as follows:

2 (b) A manufacturer or distributor may obtain a license that
3 is effective for two years by paying an amount equal to two times
4 the amount of the annual license fee [~~plus \$1,000~~].

5 SECTION 28. Section 2001.306, Occupations Code, is amended
6 by amending Subsection (a) and adding Subsection (a-1) to read as
7 follows:

8 (a) A license issued under this chapter may be amended on
9 application to the commission and on payment of a [~~\$10~~] fee in the
10 amount required by the commission if the subject matter of the
11 proposed amendment could properly have been included in the
12 original license.

13 (a-1) The commission by rule shall establish an amendment
14 fee schedule. The amount of a fee charged by the commission may
15 vary based on the complexity of the proposed license amendment.

16 SECTION 29. Section 2001.313, Occupations Code, is amended
17 by adding Subsection (b-2) to read as follows:

18 (b-2) The commission by rule may impose a fee for an initial
19 registration application and renewal application submitted under
20 this section. The commission shall set the fee in an amount
21 sufficient to cover the application processing costs, including a
22 criminal history background check, identification card, and other
23 administrative costs the commission considers appropriate.

24 SECTION 30. Section 2001.352, Occupations Code, is amended
25 by adding Subsection (c) to read as follows:

26 (c) A hearing under this section must be conducted by the
27 State Office of Administrative Hearings and is subject to Section

1 2001.058(e), Government Code.

2 SECTION 31. Section 2001.353, Occupations Code, is amended
3 to read as follows:

4 Sec. 2001.353. DISCIPLINE [~~SUSPENSION OR REVOCATION~~] OF
5 LICENSE AND REGISTRATION HOLDERS. (a) After a hearing, the
6 commission may suspend, [~~or~~] revoke, or refuse to renew a license or
7 registration issued under this chapter for:

8 (1) failure to comply with this chapter or a
9 commission rule; or

10 (2) a reason that would allow or require the
11 commission to refuse to issue or renew a license or registration of
12 the same class.

13 (b) The commission may place on probation a person whose
14 license or registration is suspended. If a license or registration
15 suspension is probated, the commission may require the person:

16 (1) to report regularly to the commission on the
17 matters that are the basis of the probation;

18 (2) to limit the person's activities under the license
19 or registration in the manner prescribed by the commission; or

20 (3) to take any other reasonable action prescribed by
21 the commission to address the matters that are the basis of the
22 probation.

23 (c) If the person fails to comply with the conditions of
24 probation, the commission may suspend or revoke the person's
25 license or registration.

26 (d) The commission by rule shall:

27 (1) adopt written guidelines to ensure that probation

1 is administered consistently; and

2 (2) develop a system to track compliance with
3 probation requirements.

4 SECTION 32. Section 2001.354, Occupations Code, is amended
5 by adding Subsection (c) to read as follows:

6 (c) A hearing under this section must be conducted by the
7 State Office of Administrative Hearings and is subject to Section
8 2001.058(e), Government Code.

9 SECTION 33. Section 2001.355, Occupations Code, is amended
10 by amending Subsection (b) and adding Subsection (d) to read as
11 follows:

12 (b) Before temporarily suspending a license, the director
13 of bingo operations must follow any prehearing rules adopted by the
14 commission to determine if the license holder's continued operation
15 may constitute:

16 (1) an immediate threat to the health, safety, morals,
17 or welfare of the public; or

18 (2) a financial loss to this state, which includes a
19 license holder's failure to remit taxes under Section 2001.501 or
20 prize fee payments under Section 2001.502 to the commission as
21 required by those sections.

22 (d) The commission shall adopt rules to govern the temporary
23 suspension of a license under this section.

24 SECTION 34. Subchapter H, Chapter 2001, Occupations Code,
25 is amended by adding Section 2001.358 to read as follows:

26 Sec. 2001.358. SCHEDULE OF SANCTIONS. (a) The commission
27 by rule shall adopt a schedule of sanctions that defines and

1 summarizes violations of this chapter or commission rules adopted
2 under this chapter to ensure that the sanctions imposed are
3 appropriate to the violation.

4 (b) The schedule must:

5 (1) allow deviations from the schedule for mitigating
6 circumstances clearly established by the commission;

7 (2) include a list of the most common violations and
8 the sanctions assessed for those violations, including revocation,
9 suspension, and denial of license or registration renewal; and

10 (3) establish the sanctions in accordance with the
11 seriousness or frequency of each type of violation.

12 SECTION 35. Sections 2001.437(d) and (g), Occupations Code,
13 are amended to read as follows:

14 (d) An applicant for a unit manager license must file with
15 the commission a written application on a form prescribed by the
16 commission that includes:

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

18 (2) information regarding whether the applicant, or
19 any officer, director, or employee of the applicant, has been
20 convicted of [~~a felony,~~] criminal fraud or a[~~] gambling or~~
21 ~~gambling-related offense[, or crime of moral turpitude]; and~~

22 (3) any other information required by commission rule.

23 (g) A person is not eligible for a unit manager license
24 under this subchapter if the person, or any officer, director, or
25 employee of the person:

26 (1) has been convicted of [~~a felony,~~] criminal fraud
27 or [~~] a gambling or gambling-related offense[, or crime of moral~~

1 ~~turpitude, if less than 10 years has elapsed since the termination~~
2 ~~of a sentence, parole, or community supervision served for the~~
3 ~~offense];~~

4 (2) is an owner, officer, or director of a licensed
5 commercial lessor, is employed by a licensed commercial lessor, or
6 is related to a licensed commercial lessor within the second degree
7 by consanguinity or affinity, unless the holder of the license is a
8 licensed authorized organization or an association of licensed
9 authorized organizations; or

10 (3) holds or is listed on another license under this
11 chapter, unless the holder of the license is a licensed authorized
12 organization or an association of licensed authorized
13 organizations.

14 SECTION 36. Section 2001.557, Occupations Code, is amended
15 to read as follows:

16 Sec. 2001.557. INSPECTION OF PREMISES. (a) The
17 commission, its officers or agents, or a state, municipal, or
18 county peace officer may enter and inspect the contents of premises
19 where:

20 (1) bingo is being conducted or intended to be
21 conducted; or

22 (2) equipment used or intended for use in bingo is
23 found.

24 (b) The commission by rule shall develop and implement
25 policies and procedures to:

26 (1) prioritize the inspection of premises where bingo
27 is being conducted or is intended to be conducted in accordance with

1 the risk factors the commission considers important, including:

2 (A) the amount of money derived from the conduct
3 of bingo at the premises;

4 (B) the compliance history of the premises; and

5 (C) the amount of time that has elapsed since the
6 date of the immediately preceding commission inspection of the
7 premises; and

8 (2) inspect premises where bingo is being conducted or
9 is intended to be conducted in accordance with the priorities
10 established under Subdivision (1).

11 SECTION 37. Section 2001.560, Occupations Code, is amended
12 by adding Subsections (c-1) and (c-2) to read as follows:

13 (c-1) The commission by rule shall develop a policy for
14 auditing license holders. The bingo division shall use audit risk
15 analysis procedures established by the commission to:

16 (1) annually identify which license holders are most
17 at risk of violating this chapter or rules adopted under this
18 chapter; and

19 (2) develop a plan for auditing the identified license
20 holders that includes:

21 (A) a schedule for the audits of the identified
22 license holders;

23 (B) procedures to annually update the plan based
24 on successive risk analyses; and

25 (C) a completion date for each audit that is not
26 later than the fifth anniversary of the date the license holder was
27 identified as a candidate for audit.

1 (c-2) The bingo division shall provide to the commission a
2 copy of the auditing plan developed under Subsection (c-1).

3 SECTION 38. Section 2001.605, Occupations Code, is amended
4 by adding Subsection (c) to read as follows:

5 (c) A hearing under this section must be conducted by the
6 State Office of Administrative Hearings and is subject to Section
7 2001.058(e), Government Code.

8 SECTION 39. The following provisions are repealed:

9 (1) Sections 466.003 and 466.025, Government Code; and

10 (2) Section 2001.002(8-a), Occupations Code.

11 SECTION 40. (a) Not later than January 1, 2014, the Texas
12 Lottery Commission shall adopt all rules, policies, and procedures
13 required by the changes in law made by this Act.

14 (b) Not later than September 1, 2014, the Texas Lottery
15 Commission shall adopt the comprehensive business plan required by
16 Section 466.028, Government Code, as added by this Act.

17 SECTION 41. (a) The changes in law made by this Act in the
18 prohibitions or qualifications applying to a member of the Texas
19 Lottery Commission do not affect the entitlement of a member
20 serving on the Texas Lottery Commission immediately before
21 September 1, 2013, to continue to serve and function as a member of
22 the Texas Lottery Commission for the remainder of the member's
23 term. Those changes in law apply only to a member appointed on or
24 after September 1, 2013.

25 (b) As soon as practicable after the effective date of this
26 Act, the governor shall appoint two additional members to the Texas
27 Lottery Commission. In appointing those members, the governor

1 shall appoint one person to a term expiring February 1, 2017, and
2 one to a term expiring February 1, 2019.

3 (c) The change in law made by this Act to Chapter 467,
4 Government Code, relating to the investigation of a complaint
5 applies only to a complaint filed with the Texas Lottery Commission
6 on or after September 1, 2013. A complaint filed with the
7 commission or a division of the commission before September 1,
8 2013, is governed by the law as it existed immediately before that
9 date, and the former law is continued in effect for that purpose.

10 (d) The change in law made by this Act requiring the Texas
11 Lottery Commission to approve a procurement applies only to a
12 procurement or a contract for a procurement made on or after the
13 effective date of this Act. A procurement or procurement contract
14 made before the effective date of this Act is governed by the law in
15 effect when the procurement or contract was made, and the former law
16 is continued in effect for that purpose.

17 (e) The changes in law made by this Act governing
18 eligibility of a person for a license apply only to the issuance or
19 renewal of a license by the Texas Lottery Commission under Chapter
20 466, Government Code, as amended by this Act, or Chapter 2001,
21 Occupations Code, as amended by this Act, on or after the effective
22 date of this Act. A license issued by the Texas Lottery Commission
23 under either of those laws before the effective date of this Act is
24 governed by the applicable licensing requirements in effect when
25 the license was last issued or renewed until the license expires or
26 is renewed as provided by Chapter 466, Government Code, as amended
27 by this Act, or Chapter 2001, Occupations Code, as amended by this

1 Act.

2 SECTION 42. This Act takes effect September 1, 2013.