

SENATE AMENDMENTS

2nd Printing

By: Anchia

H.B. No. 2197

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing and changing fees.

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

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

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

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

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

(1) specific goals for the agency; and

(2) an evaluation of:

(A) the agency's overall performance;

(B) the effectiveness of specific programs and initiatives;

(C) the ongoing efficiency of agency operations;

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

(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 466.252, Government Code, is amended by
6 adding Subsection (c) to read as follows:

7 (c) The commission by rule shall require that a ticket that
8 contains a number of words, as determined by commission rule, in a
9 language other than English must include disclosures in that
10 language.

11 SECTION 8. Section 466.408, Government Code, is amended by
12 amending Subsection (b) and adding Subsection (b-1) to read as
13 follows:

14 (b) If a claim is not made for prize money on or before the
15 180th day after the date on which the winner was selected, the prize
16 money shall be used in the following order of priority:

17 (1) subject to legislative appropriation, not more
18 than \$20 million in prize money each year may be deposited to ~~[or~~
19 ~~appropriated from]~~ the ~~[Texas]~~ Department of State Health Services
20 state-owned multicategorical teaching hospital account, which is
21 an account in the general revenue fund, or appropriated from that
22 account to provide indigent health care services as specified in
23 Chapter 61, Health and Safety Code;

24 (2) not more than \$5 million in prize money each year
25 may be appropriated to the Health and Human Services Commission and
26 shall be used to support the provision of inpatient hospital
27 services in hospitals located in the 15 counties that comprise the

1 Texas-Mexico border area, with payment for those services to be not
2 less than the amount established under the Tax Equity and Fiscal
3 Responsibility Act of 1982 (TEFRA) cost reimbursement methodology
4 for the hospital providing the services;

5 (3) the remaining amount, not to exceed \$5 million in
6 prize money in each state fiscal year less any amount deposited in
7 the fund in that year attributable to the lottery game operated
8 under Section 466.027, shall be deposited to the fund for veterans'
9 assistance; and

10 (4) all prize money subject to this section and not
11 deposited or appropriated in accordance with ~~[from the Texas~~
12 ~~Department of Health state-owned multicategorical teaching~~
13 ~~hospital account, not appropriated to the Health and Human Services~~
14 ~~Commission for the purpose specified in]~~ Subdivision (1), (2), or
15 ~~[and not deposited under Subdivision]~~ (3) ~~[,]~~ shall be deposited to
16 the credit of the foundation school ~~[in the general revenue]~~ fund
17 ~~[and may be appropriated for any purpose as determined by the~~
18 ~~legislature, including the provision of indigent health care~~
19 ~~services as specified in Chapter 61, Health and Safety Code].~~

20 (b-1) Notwithstanding Subsection (b), if the legislature
21 appropriates money from the general revenue fund to the programs
22 described by Subsection (b) in an amount equal to the maximum amount
23 of money that could be appropriated from unclaimed prize money to
24 those programs under that subsection, all unclaimed prize money
25 must be deposited to the credit of the foundation school fund.

26 SECTION 9. Section 467.002, Government Code, is amended to
27 read as follows:

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

6 SECTION 10. Subchapter A, Chapter 467, Government Code, is
7 amended by adding Section 467.0021 to read as follows:

8 Sec. 467.0021. LEGISLATIVE REVIEW. (a) The Legislative
9 Committee to Review the Texas Lottery and Texas Lottery Commission
10 is composed of 10 members as follows:

11 (1) five members of the senate appointed by the
12 lieutenant governor; and

13 (2) five members of the house of representatives
14 appointed by the speaker of the house of representatives.

15 (b) The lieutenant governor and speaker shall each name a
16 co-chair of the committee from the members appointed by each
17 officer.

18 (c) The committee shall study the process of winding up the
19 state lottery, including:

20 (1) potential time frames for phasing out the state
21 lottery;

22 (2) potential consequences of the winding up process;

23 (3) potential consequences of the absence of the
24 lottery on the state budget and the programs affected; and

25 (4) any other concerns related to winding up the state
26 lottery.

27 (d) The committee has all the powers provided by resolution

1 adopted by the 82nd or 83rd Legislature for a joint interim study
2 committee.

3 (e) The committee shall make any finding and
4 recommendations the committee determines appropriate and shall
5 report its finding and recommendations to the legislature. The
6 committee shall make its initial report not later than December 1,
7 2014, and may make any supplemental reports the committee considers
8 appropriate.

9 (f) This section expires September 1, 2015.

10 SECTION 11. Section 467.021(a), Government Code, is amended
11 to read as follows:

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

14 SECTION 12. Section 467.022, Government Code, is amended to
15 read as follows:

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

20 SECTION 13. Section 467.024, Government Code, is amended by
21 amending Subsection (a) and adding Subsections (c) and (d) to read
22 as follows:

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

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

27 (2) owns or controls, directly or indirectly, more

1 than a 10 percent interest in a business entity or other
2 organization regulated by the commission or receiving funds from
3 the commission;

4 (3) ~~[(2)]~~ is employed by or participates in the
5 management of a business entity or other organization regulated by
6 ~~[the commission]~~ or receiving funds from the commission;

7 (4) ~~[(3)]~~ uses or receives a substantial amount of
8 tangible goods, services, or funds from the commission, other than
9 compensation or reimbursement authorized by law for commission
10 membership, attendance, or expenses;

11 (5) ~~[(4)]~~ is an officer, employee, or paid consultant
12 of a Texas trade association in the field of bingo or lottery;

13 (6) ~~[(5)]~~ is required to register as a lobbyist under
14 Chapter 305 because of the person's activities for compensation on
15 behalf of a profession related to the operation of the commission;

16 (7) ~~[(6)]~~ is married to an individual described by
17 Subdivisions (2)-(6) ~~[Subdivision (1)-(5)]~~;

18 (8) ~~[(7)]~~ has been convicted of a felony or of any
19 crime involving moral turpitude; or

20 (9) ~~[(8)]~~ is not a citizen of the United States.

21 (c) A person may not be a commission employee employed in a
22 "bona fide executive, administrative, or professional capacity,"
23 as that phrase is used for purposes of establishing an exemption to
24 the overtime provisions of the federal Fair Labor Standards Act of
25 1938 (29 U.S.C. Section 201 et seq.), if:

26 (1) the person is an officer, employee, or paid
27 consultant of a Texas trade association in the field of bingo or

1 lottery; or

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

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

9 SECTION 14. Subchapter B, Chapter 467, Government Code, is
10 amended by adding Section 467.0255 to read as follows:

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

16 (b) The training program must provide the person with
17 information regarding:

18 (1) the legislation that created the commission;

19 (2) the programs, functions, rules, and budget of the
20 commission;

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

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

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

1 (c) A person appointed to the commission is entitled to
2 reimbursement, as provided by the General Appropriations Act, for
3 the travel expenses incurred in attending the training program
4 regardless of whether the attendance at the program occurs before
5 or after the person qualifies for office.

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

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

10 (1) does not have at the time of taking office
11 ~~[appointment]~~ the qualifications required by Sections 467.023 and
12 467.024 ~~[for appointment to the commission]~~;

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

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

18 (4) cannot discharge the member's duties for a
19 substantial part of the member's term ~~[for which the member is~~
20 ~~appointed]~~ because of illness or disability; or

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

25 (c) If the executive director ~~[presiding officer]~~ has
26 knowledge that a potential ground for removal exists, the executive
27 director ~~[presiding officer]~~ shall notify the presiding officer of

1 the commission of the potential ground. The presiding officer
2 shall then notify the governor and the attorney general that a
3 potential ground for removal exists. If the potential ground for
4 removal involves the presiding officer, the executive director
5 shall notify the next highest ranking officer of the commission,
6 who shall then notify the governor and the attorney general that a
7 potential ground for removal exists.

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

10 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission
11 shall develop and implement policies that clearly separate the
12 policymaking responsibilities of the commission and the management
13 responsibilities of the executive director and the staff of the
14 commission.

15 SECTION 17. Subchapter C, Chapter 467, Government Code, is
16 amended by adding Sections 467.109, 467.110, and 467.111 to read as
17 follows:

18 Sec. 467.109. NEGOTIATED RULEMAKING AND ALTERNATIVE
19 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
20 implement a policy to encourage the use of:

21 (1) negotiated rulemaking procedures under Chapter
22 2008 for the adoption of commission rules; and

23 (2) appropriate alternative dispute resolution
24 procedures under Chapter 2009 to assist in the resolution of
25 internal and external disputes under the commission's
26 jurisdiction.

27 (b) The commission's procedures relating to alternative

1 dispute resolution must conform, to the extent possible, to any
2 model guidelines issued by the State Office of Administrative
3 Hearings for the use of alternative dispute resolution by state
4 agencies.

5 (c) The commission shall:

6 (1) coordinate the implementation of the policy
7 adopted under Subsection (a);

8 (2) provide training as needed to implement the
9 procedures for negotiated rulemaking or alternative dispute
10 resolution; and

11 (3) collect data concerning the effectiveness of those
12 procedures.

13 Sec. 467.110. PUBLIC PARTICIPATION. The commission shall
14 develop and implement policies that provide the public with a
15 reasonable opportunity to appear before the commission and to speak
16 on any issue under the jurisdiction of the commission.

17 Sec. 467.111. COMPLAINTS. (a) The commission shall
18 maintain a system to promptly and efficiently act on each complaint
19 filed with the commission. The commission shall maintain
20 information about parties to the complaint, the subject matter of
21 the complaint, a summary of the results of the review or
22 investigation of the complaint, and its disposition.

23 (b) The commission shall make information available to the
24 public describing the commission's procedures for complaint
25 investigation and resolution.

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

1 (d) The commission by rule shall adopt and publish
2 procedures governing the entire complaint process from submission
3 to disposition.

4 (e) The commission shall analyze the complaints filed with
5 the commission to identify any trends or issues related to
6 violations of state laws under the commission's jurisdiction. The
7 analysis must:

8 (1) categorize complaints based on the type of
9 violation alleged;

10 (2) track each complaint from submission to
11 disposition;

12 (3) evaluate the effectiveness of the commission's
13 enforcement process; and

14 (4) include any additional information the commission
15 considers necessary.

16 (f) The commission shall prepare a report on the trends and
17 issues identified under Subsection (e) and make the report
18 available to the public. The commission shall address the
19 identified trends and issues, including trends and issues related
20 to the regulation of lottery operations under Chapter 466 and of
21 bingo under Chapter 2001, Occupations Code.

22 SECTION 18. Subchapter B, Chapter 2001, Occupations Code,
23 is amended by adding Section 2001.0541 to read as follows:

24 Sec. 2001.0541. RULES ON CONSEQUENCES OF CRIMINAL
25 CONVICTION. The commission shall adopt rules and guidelines as
26 necessary to comply with Chapter 53 when using criminal history
27 record information under this chapter to issue or renew a bingo

1 license or to list or renew the listing of an individual in the
2 registry of approved bingo workers.

3 SECTION 19. Subchapter B, Chapter 2001, Occupations Code,
4 is amended by adding Section 2001.061 to read as follows:

5 Sec. 2001.061. LICENSE RENEWAL PROCESS. The commission
6 shall adopt rules governing each part of the license renewal
7 process for all licenses issued under this chapter, from
8 application submission to completion of the renewal process. The
9 process must require a license holder renewing a license to submit
10 to the commission the information required in the initial license
11 application.

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

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

22 SECTION 21. Sections 2001.105(a) and (b), Occupations Code,
23 are amended to read as follows:

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

27 (1) the member or members of the applicant designated

1 in the application to conduct bingo are active members of the
2 applicant;

3 (2) the bingo is to be conducted in accordance with
4 this chapter;

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

7 (4) the applicant has made and can demonstrate
8 significant progress toward the accomplishment of the purposes of
9 the organization during the 12 months preceding the date of
10 application for a license or license renewal;

11 (5) all persons who will conduct, promote, or
12 administer the proposed bingo are active members of the applicant
13 organization and all other persons who will assist in conducting,
14 promoting, or administering the proposed bingo games are persons
15 authorized to do so by Section 2001.411; and

16 (6) no person under whose name bingo will be conducted
17 and no person working at the proposed bingo has been convicted of [~~a~~
18 ~~felony,~~] a gambling offense or [~~7~~] criminal fraud[~~, or a crime of~~
19 ~~moral turpitude if less than 10 years has elapsed since the~~
20 ~~termination of a sentence, parole, mandatory supervision, or~~
21 ~~community supervision served for the offense~~].

22 (b) The commission may not issue a license to an authorized
23 organization to conduct bingo if an officer or member of the board
24 of directors of the organization has been convicted of [~~a felony,~~]
25 criminal fraud or[~~7~~] a gambling or gambling-related offense[~~, or a~~
26 ~~crime of moral turpitude if less than 10 years has elapsed since the~~
27 ~~termination of a sentence, parole, mandatory supervision, or~~

~~community supervision served for the offense].~~

SECTION 22. Section 2001.154(a), Occupations Code, is amended to read as follows:

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

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

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

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

(4) a distributor or manufacturer;

(5) a person in which a person covered by Subdivision (1), (2), (3), or (4) or a person married or related in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to one of those persons has greater than a 10 percent proprietary, equitable, or credit interest or in which one of those persons is active or employed;

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

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

(8) a corporation or other legal entity owned or

1 controlled by:

2 (A) a foreign corporation; or

3 (B) an individual who is not a resident of this
4 state; or

5 (9) a corporation or other legal entity:

6 (A) whose shares are publicly traded; or

7 (B) owned or controlled by a corporation whose
8 shares are publicly traded.

9 SECTION 23. Section 2001.158(d), Occupations Code, is
10 amended to read as follows:

11 (d) An applicant for a commercial lessor license shall pay
12 the fees established under Subsection (a) annually. An applicant
13 for a license or renewal of a license may obtain a license that is
14 effective for two years by paying an amount equal to two times the
15 amount of the annual license fee~~[, or by paying the license fee for~~
16 ~~the first year at the time the applicant submits the application and~~
17 ~~the license fee for the second year not later than the first~~
18 ~~anniversary of the date the license becomes effective]~~.

19 SECTION 24. Section 2001.202, Occupations Code, is amended
20 to read as follows:

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

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

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

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

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

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

10 (6) a distributor required to be licensed under this
11 chapter;

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

15 (8) an owner, officer, director, or shareholder of, or
16 a person holding an equitable or credit interest in, another
17 manufacturer or distributor licensed or required to be licensed
18 under this chapter; or

19 (9) a person:

20 (A) in which a person described by Subdivision
21 (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person
22 married or related in the first degree by consanguinity or affinity
23 to one of those persons has greater than a 10 percent proprietary,
24 equitable, or credit interest or in which one of those persons is
25 active or employed; or

26 (B) in whose application for a manufacturer's
27 license a person described by Subdivision (1), (2), (3), (4), (5),

1 (6), (7), or (8) is required to be named.

2 SECTION 25. Section 2001.203(b), Occupations Code, is
3 amended to read as follows:

4 (b) The application must include:

5 (1) the name and address of the applicant and the name
6 and address of each of its locations where bingo supplies or
7 equipment are manufactured;

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

12 (3) if the applicant:

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

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

18 (4) if the applicant is a foreign corporation or other
19 foreign legal entity, the name, business name and address, and
20 address of its registered agent for service in this state;

21 (5) the name and address of each manufacturer,
22 supplier, and distributor in which the applicant has a financial
23 interest and the details of that financial interest, including any
24 indebtedness between the applicant and the manufacturer, supplier,
25 or distributor of \$5,000 or more;

26 (6) information regarding whether the applicant or a
27 person required to be named in the application has been convicted in

1 this state or another state of [~~a felony,~~] criminal fraud or [~~7~~] a
2 gambling or gambling-related offense[, ~~or a crime of moral~~
3 ~~turpitude~~];

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

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

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

19 (10) information regarding whether the applicant or a
20 person required to be named in the application is or has been a
21 professional gambler or gambling promoter;

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

26 (12) any other information the commission requests.

27 SECTION 26. Section 2001.205(a), Occupations Code, is

1 amended to read as follows:

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

5 SECTION 27. Section 2001.207, Occupations Code, is amended
6 to read as follows:

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

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

14 (2) a person who is or has been a professional gambler
15 or gambling promoter;

16 (3) an elected or appointed public officer or a public
17 employee;

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

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

23 (6) a manufacturer required to be licensed under this
24 chapter;

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

1 (8) an owner, officer, director, or shareholder of, or
2 a person having an equitable or credit interest in, another
3 manufacturer or distributor licensed or required to be licensed
4 under this chapter; or

5 (9) a person:

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

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

16 SECTION 28. Section 2001.208(b), Occupations Code, is
17 amended to read as follows:

18 (b) The application must include:

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

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

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

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

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

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

8 (7) the name and address of a manufacturer, supplier,
9 or distributor in which the applicant has a financial interest and
10 the details of that financial interest, including an indebtedness
11 between the applicant and the manufacturer, supplier, or
12 distributor of \$5,000 or more;

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

18 (9) information regarding whether the applicant or a
19 person required to be named in the application is an owner, officer,
20 director, shareholder, agent, or employee of a licensed commercial
21 lessor or conducts, promotes, administers, or assists in
22 conducting, promoting, or administering bingo for which a license
23 is required under this chapter;

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

27 (11) the name of each state in which the applicant is

1 or has been licensed to manufacture, distribute, or supply bingo
2 equipment or supplies, each license number, the period of time
3 licensed under each license, and whether a license was revoked,
4 suspended, withdrawn, canceled, or surrendered and, if so, the
5 reasons for the action taken;

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

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

13 (14) any other information the commission requests.

14 SECTION 29. Section 2001.209(a), Occupations Code, is
15 amended to read as follows:

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

19 SECTION 30. Section 2001.214(b), Occupations Code, is
20 amended to read as follows:

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

24 SECTION 31. Section 2001.306, Occupations Code, is amended
25 by amending Subsection (a) and adding Subsection (a-1) to read as
26 follows:

27 (a) A license issued under this chapter may be amended on

1 application to the commission and on payment of a [~~\$10~~] fee in the
2 amount required by the commission if the subject matter of the
3 proposed amendment could properly have been included in the
4 original license.

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

8 SECTION 32. Section 2001.313, Occupations Code, is amended
9 by adding Subsection (b-2) to read as follows:

10 (b-2) The commission by rule may impose a fee for an initial
11 registration application and renewal application submitted under
12 this section. The commission shall set the fee in an amount
13 sufficient to cover the application processing costs, including a
14 criminal history background check, identification card, and other
15 administrative costs the commission considers appropriate.

16 SECTION 33. Section 2001.352, Occupations Code, is amended
17 by adding Subsection (c) to read as follows:

18 (c) A hearing under this section must be conducted by the
19 State Office of Administrative Hearings and is subject to Section
20 2001.058(e), Government Code.

21 SECTION 34. Section 2001.353, Occupations Code, is amended
22 to read as follows:

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

27 (1) failure to comply with this chapter or a

1 commission rule; or

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

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

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

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

12 (3) to take any other reasonable action prescribed by
13 the commission to address the matters that are the basis of the
14 probation.

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

18 (d) The commission by rule shall:

19 (1) adopt written guidelines to ensure that probation
20 is administered consistently; and

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

23 SECTION 35. Section 2001.354, Occupations Code, is amended
24 by adding Subsection (c) to read as follows:

25 (c) A hearing under this section must be conducted by the
26 State Office of Administrative Hearings and is subject to Section
27 2001.058(e), Government Code.

SECTION 36. Section 2001.355, Occupations Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

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

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

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

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

SECTION 37. Subchapter H, Chapter 2001, Occupations Code, is amended by adding Section 2001.358 to read as follows:

Sec. 2001.358. SCHEDULE OF SANCTIONS. (a) The commission by rule shall adopt a schedule of sanctions that defines and summarizes violations of this chapter or commission rules adopted under this chapter to ensure that the sanctions imposed are appropriate to the violation.

(b) The schedule must:

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

(2) include a list of the most common violations and the sanctions assessed for those violations, including revocation,

1 suspension, and denial of license or registration renewal; and

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

4 SECTION 38. Sections 2001.437(d) and (g), Occupations Code,
5 are amended to read as follows:

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

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

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

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

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

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

23 (2) is an owner, officer, or director of a licensed
24 commercial lessor, is employed by a licensed commercial lessor, or
25 is related to a licensed commercial lessor within the second degree
26 by consanguinity or affinity, unless the holder of the license is a
27 licensed authorized organization or an association of licensed

1 authorized organizations; or

2 (3) holds or is listed on another license under this
3 chapter, unless the holder of the license is a licensed authorized
4 organization or an association of licensed authorized
5 organizations.

6 SECTION 39. Subchapter J, Chapter 2001, Occupations Code,
7 is amended by adding Section 2001.460 to read as follows:

8 Sec. 2001.460. GUARANTEED CHARITABLE ORGANIZATION
9 PERCENTAGE. Notwithstanding any other law, a licensed authorized
10 organization must use at least five percent of the gross revenue of
11 all bingo games for charitable purposes.

12 SECTION 40. Section 2001.557, Occupations Code, is amended
13 to read as follows:

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

18 (1) bingo is being conducted or intended to be
19 conducted; or

20 (2) equipment used or intended for use in bingo is
21 found.

22 (b) The commission by rule shall develop and implement
23 policies and procedures to:

24 (1) prioritize the inspection of premises where bingo
25 is being conducted or is intended to be conducted in accordance with
26 the risk factors the commission considers important, including:

27 (A) the amount of money derived from the conduct

1 of bingo at the premises;

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

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

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

9 SECTION 41. Section 2001.560, Occupations Code, is amended
10 by adding Subsections (c-1) and (c-2) to read as follows:

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

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

17 (2) develop a plan for auditing the identified license
18 holders that includes:

19 (A) a schedule for the audits of the identified
20 license holders;

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

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

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

1 SECTION 42. Section 2001.605, Occupations Code, is amended
2 by adding Subsection (c) to read as follows:

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

6 SECTION 43. The following provisions are repealed:

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

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

9 SECTION 44. Section 466.252(c), Government Code, as added
10 by this Act, applies only to a lottery game ticket that is initially
11 offered on or after January 1, 2014.

12 SECTION 45. Section 466.408(b), Government Code, as amended
13 by this Act, applies only to a prize for which the winner is
14 selected on or after September 1, 2013. A prize for which the winner
15 was selected before September 1, 2013, is governed by the law as it
16 existed immediately before the effective date of this Act, and that
17 law is continued in effect for that purpose.

18 SECTION 46. (a) Not later than January 1, 2014, the Texas
19 Lottery Commission shall adopt all rules, policies, and procedures
20 required by the changes in law made by this Act.

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

24 SECTION 47. (a) The changes in law made by this Act in the
25 prohibitions or qualifications applying to a member of the Texas
26 Lottery Commission do not affect the entitlement of a member
27 serving on the Texas Lottery Commission immediately before

1 September 1, 2013, to continue to serve and function as a member of
2 the Texas Lottery Commission for the remainder of the member's
3 term. Those changes in law apply only to a member appointed on or
4 after September 1, 2013.

5 (b) As soon as practicable after the effective date of this
6 Act, the governor shall appoint two additional members to the Texas
7 Lottery Commission. In appointing those members, the governor
8 shall appoint one person to a term expiring February 1, 2017, and
9 one to a term expiring February 1, 2019.

10 (c) The change in law made by this Act to Chapter 467,
11 Government Code, relating to the investigation of a complaint
12 applies only to a complaint filed with the Texas Lottery Commission
13 on or after September 1, 2013. A complaint filed with the
14 commission or a division of the commission before September 1,
15 2013, is governed by the law as it existed immediately before that
16 date, and the former law is continued in effect for that purpose.

17 (d) The change in law made by this Act requiring the Texas
18 Lottery Commission to approve a procurement applies only to a
19 procurement or a contract for a procurement made on or after the
20 effective date of this Act. A procurement or procurement contract
21 made before the effective date of this Act is governed by the law in
22 effect when the procurement or contract was made, and the former law
23 is continued in effect for that purpose.

24 (e) The changes in law made by this Act governing
25 eligibility of a person for a license apply only to the issuance or
26 renewal of a license by the Texas Lottery Commission under Chapter
27 466, Government Code, as amended by this Act, or Chapter 2001,

1 Occupations Code, as amended by this Act, on or after the effective
2 date of this Act. A license issued by the Texas Lottery Commission
3 under either of those laws before the effective date of this Act is
4 governed by the applicable licensing requirements in effect when
5 the license was last issued or renewed until the license expires or
6 is renewed as provided by Chapter 466, Government Code, as amended
7 by this Act, or Chapter 2001, Occupations Code, as amended by this
8 Act.

9 SECTION 48. This Act takes effect September 1, 2013.

ADOPTED

MAY 17 2013

Lotay Spaul
Secretary of the Senate

By: Huffman

H.B. No. 2197

Substitute the following for __.B. No. ____:

By: Joan Huffman

C.S. __.B. No. ____

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing and changing fees.

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

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

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

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

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

(1) specific goals for the agency; and

(2) an evaluation of:

(A) the agency's overall performance;

(B) the effectiveness of specific programs and initiatives;

(C) the ongoing efficiency of agency operations;

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

(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 466.252, Government Code, is amended by
6 adding Subsection (c) to read as follows:

7 (c) The commission by rule shall require that a ticket that
8 contains a number of words, as determined by commission rule, in a
9 language other than English must include disclosures in that
10 language.

11 SECTION 8. Section 466.408, Government Code, is amended by
12 amending Subsection (b) and adding Subsection (b-1) to read as
13 follows:

14 (b) If a claim is not made for prize money on or before the
15 180th day after the date on which the winner was selected, the prize
16 money shall be used in the following order of priority:

17 (1) subject to legislative appropriation, not more
18 than \$20 million in prize money each year may be deposited to ~~[or~~
19 ~~appropriated from]~~ the ~~[Texas]~~ Department of State Health Services
20 state-owned multicategorical teaching hospital account, which is
21 an account in the general revenue fund, or appropriated from that
22 account to provide indigent health care services as specified in
23 Chapter 61, Health and Safety Code;

24 (2) not more than \$5 million in prize money each year
25 may be appropriated to the Health and Human Services Commission and
26 shall be used to support the provision of inpatient hospital
27 services in hospitals located in the 15 counties that comprise the

1 Texas-Mexico border area, with payment for those services to be not
2 less than the amount established under the Tax Equity and Fiscal
3 Responsibility Act of 1982 (TEFRA) cost reimbursement methodology
4 for the hospital providing the services;

5 (3) the remaining amount, not to exceed \$5 million in
6 prize money in each state fiscal year less any amount deposited in
7 the fund in that year attributable to the lottery game operated
8 under Section 466.027, shall be deposited to the fund for veterans'
9 assistance; and

10 (4) all prize money subject to this section and not
11 deposited or appropriated in accordance with ~~[from the Texas~~
12 ~~Department of Health state-owned multicategorical teaching~~
13 ~~hospital account, not appropriated to the Health and Human Services~~
14 ~~Commission for the purpose specified in]~~ Subdivision (1), (2), or
15 ~~[and not deposited under Subdivision]~~ (3)~~[7]~~ shall be deposited to
16 the credit of the foundation school ~~[in the general revenue]~~ fund
17 ~~[and may be appropriated for any purpose as determined by the~~
18 ~~legislature, including the provision of indigent health care~~
19 ~~services as specified in Chapter 61, Health and Safety Code].~~

20 (b-1) Notwithstanding Subsection (b), if the legislature
21 appropriates money from the general revenue fund to the programs
22 described by Subsection (b) in an amount equal to the maximum amount
23 of money that could be appropriated from unclaimed prize money to
24 those programs under that subsection, all unclaimed prize money
25 must be deposited to the credit of the foundation school fund.

26 SECTION 9. Section 467.002, Government Code, is amended to
27 read as follows:

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

6 SECTION 10. Subchapter A, Chapter 467, Government Code, is
7 amended by adding Section 467.0021 to read as follows:

8 Sec. 467.0021. LEGISLATIVE REVIEW. (a) The Legislative
9 Committee to Review the Texas Lottery and Texas Lottery Commission
10 is composed of 10 members as follows:

11 (1) five members of the senate appointed by the
12 lieutenant governor; and

13 (2) five members of the house of representatives
14 appointed by the speaker of the house of representatives.

15 (b) The lieutenant governor and speaker shall each name a
16 co-chair of the committee from the members appointed by each
17 officer.

18 (c) The committee shall study:

19 (1) charitable bingo authorized under Chapter 2001,
20 Occupations Code, and the distribution of charitable bingo revenue,
21 including:

22 (A) the portion of the total amount of charitable
23 bingo revenue collected by a licensed authorized organization that
24 the organization should be required to use for the charitable
25 purposes of the organization;

26 (B) any detrimental impact to the organization,
27 or other policy considerations, related to the establishment of

1 mandatory distribution requirements for charitable bingo revenue;
2 and

3 (C) market-based approaches to conducting and
4 administering bingo operations and revenues that maximize the
5 availability of funds to be used for charitable purposes; and

6 (2) the elimination of the state lottery, including:

7 (A) development of a proposed schedule and
8 process for phasing out the state lottery;

9 (B) any potential consequences detrimental to
10 this state of phasing out the state lottery or of the proposed
11 schedule and process;

12 (C) the potential impact of eliminating the state
13 lottery on this state's biennial budget and on any programs funded
14 by the state lottery; and

15 (D) any other concerns identified by the
16 committee related to eliminating the state lottery.

17 (d) The committee has all the powers provided by resolution
18 adopted by the 82nd or 83rd Legislature for a joint interim study
19 committee.

20 (e) The committee shall make any finding and
21 recommendations the committee determines appropriate and shall
22 report its finding and recommendations to the legislature. As part
23 of its findings and recommendations, the committee may recommend
24 that the commission audit specific licensed authorized
25 organizations conducting bingo in this state. The committee shall
26 make its initial report not later than December 1, 2014, and may
27 make any supplemental reports the committee considers appropriate.

1 (f) This section expires September 1, 2015.

2 SECTION 11. Section 467.021(a), Government Code, is amended
3 to read as follows:

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

6 SECTION 12. Section 467.022, Government Code, is amended to
7 read as follows:

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

12 SECTION 13. Section 467.024, Government Code, is amended by
13 amending Subsection (a) and adding Subsections (c) and (d) to read
14 as follows:

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

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

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

23 (3) [~~(2)~~] is employed by or participates in the
24 management of a business entity or other organization regulated by
25 [the commission] or receiving funds from the commission;

26 (4) [~~(3)~~] uses or receives a substantial amount of
27 tangible goods, services, or funds from the commission, other than

1 compensation or reimbursement authorized by law for commission
2 membership, attendance, or expenses;

3 (5) [(4)] is an officer, employee, or paid consultant
4 of a Texas trade association in the field of bingo or lottery;

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

8 (7) [(6)] is married to an individual described by
9 Subdivisions (2)-(6) [Subdivision (1)-(5)];

10 (8) [(7)] has been convicted of a felony or of any
11 crime involving moral turpitude; or

12 (9) [(8)] is not a citizen of the United States.

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

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

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

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

1 SECTION 14. Subchapter B, Chapter 467, Government Code, is
2 amended by adding Section 467.0255 to read as follows:

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

8 (b) The training program must provide the person with
9 information regarding:

10 (1) the legislation that created the commission;

11 (2) the programs, functions, rules, and budget of the
12 commission;

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

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

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

20 (c) A person appointed to the commission is entitled to
21 reimbursement, as provided by the General Appropriations Act, for
22 the travel expenses incurred in attending the training program
23 regardless of whether the attendance at the program occurs before
24 or after the person qualifies for office.

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

27 (a) It is a ground for removal from the [~~The governor may~~

1 ~~remove a~~ commission that a member [~~if the member~~]:

2 (1) does not have at the time of taking office
3 [~~appointment~~] the qualifications required by Sections 467.023 and
4 467.024 [~~for appointment to the commission~~];

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

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

10 (4) cannot discharge the member's duties for a
11 substantial part of the member's term [~~for which the member is~~
12 ~~appointed~~] because of illness or disability; or

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

17 (c) If the executive director [~~presiding officer~~] has
18 knowledge that a potential ground for removal exists, the executive
19 director [~~presiding officer~~] shall notify the presiding officer of
20 the commission of the potential ground. The presiding officer
21 shall then notify the governor and the attorney general that a
22 potential ground for removal exists. If the potential ground for
23 removal involves the presiding officer, the executive director
24 shall notify the next highest ranking officer of the commission,
25 who shall then notify the governor and the attorney general that a
26 potential ground for removal exists.

27 SECTION 16. Subchapter B, Chapter 467, Government Code, is

1 amended by adding Section 467.037 to read as follows:

2 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission
3 shall develop and implement policies that clearly separate the
4 policymaking responsibilities of the commission and the management
5 responsibilities of the executive director and the staff of the
6 commission.

7 SECTION 17. Subchapter C, Chapter 467, Government Code, is
8 amended by adding Sections 467.109, 467.110, and 467.111 to read as
9 follows:

10 Sec. 467.109. NEGOTIATED RULEMAKING AND ALTERNATIVE
11 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
12 implement a policy to encourage the use of:

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

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

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

24 (c) The commission shall:

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

27 (2) provide training as needed to implement the

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

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

5 Sec. 467.110. PUBLIC PARTICIPATION. The commission shall
6 develop and implement policies that provide the public with a
7 reasonable opportunity to appear before the commission and to speak
8 on any issue under the jurisdiction of the commission.

9 Sec. 467.111. COMPLAINTS. (a) The commission shall
10 maintain a system to promptly and efficiently act on each complaint
11 filed with the commission. The commission shall maintain
12 information about parties to the complaint, the subject matter of
13 the complaint, a summary of the results of the review or
14 investigation of the complaint, and its disposition.

15 (b) The commission shall make information available to the
16 public describing the commission's procedures for complaint
17 investigation and resolution.

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

20 (d) The commission by rule shall adopt and publish
21 procedures governing the entire complaint process from submission
22 to disposition.

23 (e) The commission shall analyze the complaints filed with
24 the commission to identify any trends or issues related to
25 violations of state laws under the commission's jurisdiction. The
26 analysis must:

27 (1) categorize complaints based on the type of

1 violation alleged;

2 (2) track each complaint from submission to
3 disposition;

4 (3) evaluate the effectiveness of the commission's
5 enforcement process; and

6 (4) include any additional information the commission
7 considers necessary.

8 (f) The commission shall prepare a report on the trends and
9 issues identified under Subsection (e) and make the report
10 available to the public. The commission shall address the
11 identified trends and issues, including trends and issues related
12 to the regulation of lottery operations under Chapter 466 and of
13 bingo under Chapter 2001, Occupations Code.

14 SECTION 18. Subchapter B, Chapter 2001, Occupations Code,
15 is amended by adding Section 2001.0541 to read as follows:

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

22 SECTION 19. Subchapter B, Chapter 2001, Occupations Code,
23 is amended by adding Section 2001.061 to read as follows:

24 Sec. 2001.061. LICENSE RENEWAL PROCESS. The commission
25 shall adopt rules governing each part of the license renewal
26 process for all licenses issued under this chapter, from
27 application submission to completion of the renewal process. The

1 process must require a license holder renewing a license to submit
2 to the commission the information required in the initial license
3 application.

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

6 (d) An applicant shall pay the fees established under
7 Subsection (a) annually. An applicant for a license or renewal of a
8 license may obtain a license that is effective for two years by
9 paying an amount equal to two times the amount of the annual license
10 fee~~[, or by paying the license fee for the first year at the time the~~
11 ~~applicant submits the application and the fee for the second year~~
12 ~~not later than the first anniversary of the date the license becomes~~
13 ~~effective].~~

14 SECTION 21. Sections 2001.105(a) and (b), Occupations Code,
15 are amended to read as follows:

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

19 (1) the member or members of the applicant designated
20 in the application to conduct bingo are active members of the
21 applicant;

22 (2) the bingo is to be conducted in accordance with
23 this chapter;

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

26 (4) the applicant has made and can demonstrate
27 significant progress toward the accomplishment of the purposes of

1 the organization during the 12 months preceding the date of
2 application for a license or license renewal;

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

8 (6) no person under whose name bingo will be conducted
9 and no person working at the proposed bingo has been convicted of [~~a~~
10 ~~felony,~~] a gambling offense or [~~7~~] criminal fraud[~~, or a crime of~~
11 ~~moral turpitude if less than 10 years has elapsed since the~~
12 ~~termination of a sentence, parole, mandatory supervision, or~~
13 ~~community supervision served for the offense~~].

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

21 SECTION 22. Section 2001.154(a), Occupations Code, is
22 amended to read as follows:

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

25 (1) a person convicted of [~~a felony,~~] criminal fraud
26 or [~~7~~] a gambling or gambling-related offense[~~, or a crime of moral~~
27 ~~turpitude if less than 10 years has elapsed since termination of a~~

1 ~~sentence, parole, mandatory supervision, or community supervision~~
2 ~~served for the offense];~~

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

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

9 (4) a distributor or manufacturer;

10 (5) a person in which a person covered by Subdivision
11 (1), (2), (3), or (4) or a person married or related in the first
12 degree by consanguinity or affinity, as determined under Chapter
13 573, Government Code, to one of those persons has greater than a 10
14 percent proprietary, equitable, or credit interest or in which one
15 of those persons is active or employed;

16 (6) a foreign corporation or other foreign legal
17 entity;

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

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

21 (A) a foreign corporation; or

22 (B) an individual who is not a resident of this
23 state; or

24 (9) a corporation or other legal entity:

25 (A) whose shares are publicly traded; or

26 (B) owned or controlled by a corporation whose
27 shares are publicly traded.

1 SECTION 23. Section 2001.158(d), Occupations Code, is
2 amended to read as follows:

3 (d) An applicant for a commercial lessor license shall pay
4 the fees established under Subsection (a) annually. An applicant
5 for a license or renewal of a license may obtain a license that is
6 effective for two years by paying an amount equal to two times the
7 amount of the annual license fee~~[, or by paying the license fee for~~
8 ~~the first year at the time the applicant submits the application and~~
9 ~~the license fee for the second year not later than the first~~
10 ~~anniversary of the date the license becomes effective]~~.

11 SECTION 24. Section 2001.202, Occupations Code, is amended
12 to read as follows:

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

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

20 (2) a person who is or has been a professional gambler
21 or gambling promoter;

22 (3) an elected or appointed public officer or a public
23 employee;

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

26 (5) a person who conducts, promotes, or administers,
27 or assists in conducting, promoting, or administering, bingo for

1 which a license is required by this chapter;

2 (6) a distributor required to be licensed under this
3 chapter;

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

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

11 (9) a person:

12 (A) in which a person described by Subdivision
13 (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person
14 married or related in the first degree by consanguinity or affinity
15 to one of those persons has greater than a 10 percent proprietary,
16 equitable, or credit interest or in which one of those persons is
17 active or employed; or

18 (B) in whose application for a manufacturer's
19 license a person described by Subdivision (1), (2), (3), (4), (5),
20 (6), (7), or (8) is required to be named.

21 SECTION 25. Section 2001.203(b), Occupations Code, is
22 amended to read as follows:

23 (b) The application must include:

24 (1) the name and address of the applicant and the name
25 and address of each of its locations where bingo supplies or
26 equipment are manufactured;

27 (2) a full description of each type of bingo supply or

1 equipment that the applicant intends to manufacture or market in
2 this state and the brand name, if any, under which each item will be
3 sold;

4 (3) if the applicant:

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

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

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

13 (5) the name and address of each manufacturer,
14 supplier, and distributor in which the applicant has a financial
15 interest and the details of that financial interest, including any
16 indebtedness between the applicant and the manufacturer, supplier,
17 or distributor of \$5,000 or more;

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

23 (7) information regarding whether the applicant or a
24 person required to be named in the application is an owner, officer,
25 director, shareholder, agent, or employee of a licensed commercial
26 lessor or conducts, promotes, administers, or assists in
27 conducting, promoting, or administering bingo for which a license

1 is required by this chapter;

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

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

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

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

18 (12) any other information the commission requests.

19 SECTION 26. Section 2001.205(a), Occupations Code, is
20 amended to read as follows:

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

24 SECTION 27. Section 2001.207, Occupations Code, is amended
25 to read as follows:

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

1 (1) a person convicted of [~~a felony,~~] criminal fraud
2 ~~or~~[~~r~~] a gambling or gambling-related offense[~~, or a crime of moral~~
3 ~~turpitude if less than 10 years has elapsed since the termination of~~
4 ~~a sentence, parole, community supervision, or mandatory~~
5 ~~supervision served for the offense~~];
6 (2) a person who is or has been a professional gambler
7 or gambling promoter;
8 (3) an elected or appointed public officer or a public
9 employee;
10 (4) an owner, officer, director, shareholder, agent,
11 or employee of a licensed commercial lessor;
12 (5) a person who conducts, promotes, or administers,
13 or assists in conducting, promoting, or administering bingo for
14 which a license is required by this chapter;
15 (6) a manufacturer required to be licensed under this
16 chapter;
17 (7) a person who has had a license to manufacture,
18 distribute, or supply bingo equipment or supplies revoked within
19 the preceding year by another state;
20 (8) an owner, officer, director, or shareholder of, or
21 a person having an equitable or credit interest in, another
22 manufacturer or distributor licensed or required to be licensed
23 under this chapter; or
24 (9) a person:
25 (A) in which a person described by Subdivision
26 (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person
27 married or related in the first degree by consanguinity or

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

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

8 SECTION 28. Section 2001.208(b), Occupations Code, is
9 amended to read as follows:

10 (b) The application must include:

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

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

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

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

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

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

27 (7) the name and address of a manufacturer, supplier,

1 or distributor in which the applicant has a financial interest and
2 the details of that financial interest, including an indebtedness
3 between the applicant and the manufacturer, supplier, or
4 distributor of \$5,000 or more;

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

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

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

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

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

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

5 (14) any other information the commission requests.

6 SECTION 29. Section 2001.209(a), Occupations Code, is
7 amended to read as follows:

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

11 SECTION 30. Section 2001.214(b), Occupations Code, is
12 amended to read as follows:

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

16 SECTION 31. Section 2001.306, Occupations Code, is amended
17 by amending Subsection (a) and adding Subsection (a-1) to read as
18 follows:

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

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

27 SECTION 32. Section 2001.313, Occupations Code, is amended

1 by adding Subsection (b-2) to read as follows:

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

8 SECTION 33. Section 2001.352, Occupations Code, is amended
9 by adding Subsection (c) to read as follows:

10 (c) A hearing under this section must be conducted by the
11 State Office of Administrative Hearings and is subject to Section
12 2001.058(e), Government Code.

13 SECTION 34. Section 2001.353, Occupations Code, is amended
14 to read as follows:

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

19 (1) failure to comply with this chapter or a
20 commission rule; or

21 (2) a reason that would allow or require the
22 commission to refuse to issue or renew a license or registration of
23 the same class.

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

27 (1) to report regularly to the commission on the

1 matters that are the basis of the probation;

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

4 (3) to take any other reasonable action prescribed by
5 the commission to address the matters that are the basis of the
6 probation.

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

10 (d) The commission by rule shall:

11 (1) adopt written guidelines to ensure that probation
12 is administered consistently; and

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

15 SECTION 35. Section 2001.354, Occupations Code, is amended
16 by adding Subsection (c) to read as follows:

17 (c) A hearing under this section must be conducted by the
18 State Office of Administrative Hearings and is subject to Section
19 2001.058(e), Government Code.

20 SECTION 36. Section 2001.355, Occupations Code, is amended
21 by amending Subsection (b) and adding Subsection (d) to read as
22 follows:

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

27 (1) an immediate threat to the health, safety, morals,

1 or welfare of the public; or

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

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

8 SECTION 37. Subchapter H, Chapter 2001, Occupations Code,
9 is amended by adding Section 2001.358 to read as follows:

10 Sec. 2001.358. SCHEDULE OF SANCTIONS. (a) The commission
11 by rule shall adopt a schedule of sanctions that defines and
12 summarizes violations of this chapter or commission rules adopted
13 under this chapter to ensure that the sanctions imposed are
14 appropriate to the violation.

15 (b) The schedule must:

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

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

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

23 SECTION 38. Sections 2001.437(d) and (g), Occupations Code,
24 are amended to read as follows:

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

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

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

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

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

10 (1) has been convicted of [~~a felony,~~] criminal fraud
11 or [~~] a gambling or gambling-related offense~~~~], or crime of moral~~
12 ~~turpitude, if less than 10 years has elapsed since the termination~~
13 ~~of a sentence, parole, or community supervision served for the~~
14 ~~offense~~];

15 (2) is an owner, officer, or director of a licensed
16 commercial lessor, is employed by a licensed commercial lessor, or
17 is related to a licensed commercial lessor within the second degree
18 by consanguinity or affinity, unless the holder of the license is a
19 licensed authorized organization or an association of licensed
20 authorized organizations; or

21 (3) holds or is listed on another license under this
22 chapter, unless the holder of the license is a licensed authorized
23 organization or an association of licensed authorized
24 organizations.

25 SECTION 39. Section 2001.557, Occupations Code, is amended
26 to read as follows:

27 Sec. 2001.557. INSPECTION OF PREMISES. (a) The

1 commission, its officers or agents, or a state, municipal, or
2 county peace officer may enter and inspect the contents of premises
3 where:

4 (1) bingo is being conducted or intended to be
5 conducted; or

6 (2) equipment used or intended for use in bingo is
7 found.

8 (b) The commission by rule shall develop and implement
9 policies and procedures to:

10 (1) prioritize the inspection of premises where bingo
11 is being conducted or is intended to be conducted in accordance with
12 the risk factors the commission considers important, including:

13 (A) the amount of money derived from the conduct
14 of bingo at the premises;

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

16 (C) the amount of time that has elapsed since the
17 date of the immediately preceding commission inspection of the
18 premises; and

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

22 SECTION 40. Section 2001.560, Occupations Code, is amended
23 by adding Subsections (c-1) and (c-2) to read as follows:

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

27 (1) annually identify which license holders are most

1 at risk of violating this chapter or rules adopted under this
2 chapter; and

3 (2) develop a plan for auditing the identified license
4 holders that includes:

5 (A) a schedule for the audits of the identified
6 license holders;

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

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

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

14 SECTION 41. Section 2001.605, Occupations Code, is amended
15 by adding Subsection (c) to read as follows:

16 (c) A hearing under this section must be conducted by the
17 State Office of Administrative Hearings and is subject to Section
18 2001.058(e), Government Code.

19 SECTION 42. The following provisions are repealed:

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

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

22 SECTION 43. Section 466.252(c), Government Code, as added
23 by this Act, applies only to a lottery game ticket that is initially
24 offered on or after January 1, 2014.

25 SECTION 44. Section 466.408(b), Government Code, as amended
26 by this Act, applies only to a prize for which the winner is
27 selected on or after September 1, 2013. A prize for which the winner

1 was selected before September 1, 2013, is governed by the law as it
2 existed immediately before the effective date of this Act, and that
3 law is continued in effect for that purpose.

4 SECTION 45. (a) Not later than January 1, 2014, the Texas
5 Lottery Commission shall adopt all rules, policies, and procedures
6 required by the changes in law made by this Act.

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

10 SECTION 46. (a) The changes in law made by this Act in the
11 prohibitions or qualifications applying to a member of the Texas
12 Lottery Commission do not affect the entitlement of a member
13 serving on the Texas Lottery Commission immediately before
14 September 1, 2013, to continue to serve and function as a member of
15 the Texas Lottery Commission for the remainder of the member's
16 term. Those changes in law apply only to a member appointed on or
17 after September 1, 2013.

18 (b) As soon as practicable after the effective date of this
19 Act, the governor shall appoint two additional members to the Texas
20 Lottery Commission. In appointing those members, the governor
21 shall appoint one person to a term expiring February 1, 2017, and
22 one to a term expiring February 1, 2019.

23 (c) The change in law made by this Act to Chapter 467,
24 Government Code, relating to the investigation of a complaint
25 applies only to a complaint filed with the Texas Lottery Commission
26 on or after September 1, 2013. A complaint filed with the
27 commission or a division of the commission before September 1,

1 2013, is governed by the law as it existed immediately before that
2 date, and the former law is continued in effect for that purpose.

3 (d) The change in law made by this Act requiring the Texas
4 Lottery Commission to approve a procurement applies only to a
5 procurement or a contract for a procurement made on or after the
6 effective date of this Act. A procurement or procurement contract
7 made before the effective date of this Act is governed by the law in
8 effect when the procurement or contract was made, and the former law
9 is continued in effect for that purpose.

10 (e) The changes in law made by this Act governing
11 eligibility of a person for a license apply only to the issuance or
12 renewal of a license by the Texas Lottery Commission under Chapter
13 466, Government Code, as amended by this Act, or Chapter 2001,
14 Occupations Code, as amended by this Act, on or after the effective
15 date of this Act. A license issued by the Texas Lottery Commission
16 under either of those laws before the effective date of this Act is
17 governed by the applicable licensing requirements in effect when
18 the license was last issued or renewed until the license expires or
19 is renewed as provided by Chapter 466, Government Code, as amended
20 by this Act, or Chapter 2001, Occupations Code, as amended by this
21 Act.

22 SECTION 47. The Texas Lottery Commission shall, to the
23 extent practicable and as authorized by law, make every effort to
24 implement the findings and recommendations of the Legislative
25 Committee to Review the Texas Lottery and Texas Lottery Commission.

26 SECTION 48. This Act takes effect September 1, 2013.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 18, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2197 by Anchia (Relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing and changing fees.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2197, As Passed 2nd House: a positive impact of \$290,054 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$145,027
2015	\$145,027
2016	\$145,027
2017	\$145,027
2018	\$145,027

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Foundation School Fund</i> 193
2014	(\$43,521,973)	\$43,667,000
2015	(\$43,724,973)	\$43,870,000
2016	(\$43,960,973)	\$44,106,000
2017	(\$44,303,973)	\$44,449,000
2018	(\$44,740,973)	\$44,886,000

Fiscal Analysis

The bill would amend the Government Code and the Occupations Code relating to the continuation and functions of the Texas Lottery Commission, provide penalties, and impose fees.

The bill would require that a ticket that contains a number of words, as determined by the Lottery Commission, in a language other than English, must include a disclosure in that language.

The bill would amend Section 466.408 of the Government Code to require that all unclaimed prize money subject to this section that is not deposited or appropriated to the Department of State Health Services State-owned Multicategorical Teaching Hospital Account, the Health and Human Services Commission, or to the Fund for Veterans Assistance be deposited to the credit of the Foundation School Fund.

The bill would amend the Government Code to create a Legislative Review Committee to study the process of winding up the state lottery and various aspects of charitable bingo, including the possibility of auditing specific licensed authorized organizations conducting bingo in the state. The committee shall make its initial finding and recommendations no later than December 1, 2014 and may make any supplemental reports as needed.

The bill would expand the number of commissioners from three to five members, which would result in a slight increase in travel reimbursements for the new members.

The bill would remove the fixed license fee for bingo equipment manufacturers and distributors and distributor's licenses and allow the Lottery Commission to set the fees by rule to levels necessary to defray administrative costs.

The bill would remove the requirement that bingo equipment manufacturers and distributors pay an extra \$1,000 to obtain a two-year license. The bill would remove the \$10 bingo license amendment fee and allow the Lottery Commission to establish by rule a fee schedule that varies based on the complexity of the proposed license amendment.

The bill would allow the Lottery Commission by rule to impose a fee for an initial bingo worker registration application and a renewal application. The bill would require the commission to set the fee in an amount sufficient to cover the application processing costs, including a criminal history background check, identification card, and other administrative costs the commission considers appropriate.

The bill would take effect September 1, 2013.

Methodology

Based on information provided by the Texas Lottery Commission, the Sunset Commission, and the Comptroller of Public Accounts, the bill could result in a net loss of revenues deposited to the credit of General Revenue and an increase in revenues deposited to the credit of the Foundation School Fund each year as reflected in the table above.

This analysis assumes a General Revenue decrease of \$43,667,000 in fiscal year 2014 and \$43,870,000 in fiscal year 2015 and an equal increase to the Foundation School Fund resulting from the deposit of unclaimed prize money into the Foundation School Fund, which was previously deposited to General Revenue. This analysis also assumes that the bill would result in a General Revenue increase of \$10,335 from fees collected from the establishment of a new

amendment fee schedule, assuming a \$25 fee; a General Revenue increase of \$139,192 from a \$25 fee collected for initial bingo worker registration applications and renewal applications; and a General Revenue decrease of \$4,500 from the elimination of the \$1,000 fee on two-year licenses for bingo equipment manufacturers and distributors.

Based on information provided by the State Office of Administrative Hearings and the Office of the Attorney General, the bill would have no fiscal impact. Based on information provided by the Texas Lottery Commission, it is assumed that all other duties and responsibilities associated with implementing the provisions of the bill could be covered by using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 362 Texas Lottery Commission, 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings

LBB Staff: UP, SD, AG, MW, ER, RB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 15, 2013

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2197 by Anchia (Relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing and changing fees.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2197, Committee Report 2nd House, Substituted: a positive impact of \$290,054 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$145,027
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2017	\$145,027
2018	\$145,027

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Foundation School Fund</i> 193
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2018	(\$44,740,973)	\$44,886,000

Fiscal Analysis

The bill would amend the Government Code and the Occupations Code relating to the continuation and functions of the Texas Lottery Commission, provide penalties, and impose fees.

The bill would require that a ticket that contains a number of words, as determined by the Lottery Commission, in a language other than English, must include a disclosure in that language.

The bill would amend Section 466.408 of the Government Code to require that all unclaimed prize money subject to this section that is not deposited or appropriated to the Department of State Health Services State-owned Multicategorical Teaching Hospital Account, the Health and Human Services Commission, or to the Fund for Veterans Assistance be deposited to the credit of the Foundation School Fund.

The bill would amend the Government Code to create a Legislative Review Committee to study the process of winding up the state lottery and various aspects of charitable bingo, including the possibility of auditing specific licensed authorized organizations conducting bingo in the state. The committee shall make its initial finding and recommendations no later than December 1, 2014 and may make any supplemental reports as needed.

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The bill would remove the fixed license fee for bingo equipment manufacturers and distributors and distributor's licenses and allow the Lottery Commission to set the fees by rule to levels necessary to defray administrative costs.

The bill would remove the requirement that bingo equipment manufacturers and distributors pay an extra \$1,000 to obtain a two-year license. The bill would remove the \$10 bingo license amendment fee and allow the Lottery Commission to establish by rule a fee schedule that varies based on the complexity of the proposed license amendment.

The bill would allow the Lottery Commission by rule to impose a fee for an initial bingo worker registration application and a renewal application. The bill would require the commission to set the fee in an amount sufficient to cover the application processing costs, including a criminal history background check, identification card, and other administrative costs the commission considers appropriate.

The bill would take effect September 1, 2013.

Methodology

Based on information provided by the Texas Lottery Commission, the Sunset Commission, and the Comptroller of Public Accounts, the bill could result in a net loss of revenues deposited to the credit of General Revenue and an increase in revenues deposited to the credit of the Foundation School Fund each year as reflected in the table above.

This analysis assumes a General Revenue decrease of \$43,667,000 in fiscal year 2014 and \$43,870,000 in fiscal year 2015 and an equal increase to the Foundation School Fund resulting from the deposit of unclaimed prize money into the Foundation School Fund, which was previously deposited to General Revenue. This analysis also assumes that the bill would result in a General Revenue increase of \$10,335 from fees collected from the establishment of a new

amendment fee schedule, assuming a \$25 fee; a General Revenue increase of \$139,192 from a \$25 fee collected for initial bingo worker registration applications and renewal applications; and a General Revenue decrease of \$4,500 from the elimination of the \$1,000 fee on two-year licenses for bingo equipment manufacturers and distributors.

Based on information provided by the State Office of Administrative Hearings and the Office of the Attorney General, the bill would have no fiscal impact. Based on information provided by the Texas Lottery Commission, it is assumed that all other duties and responsibilities associated with implementing the provisions of the bill could be covered by using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 362 Texas Lottery Commission, 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings

LBB Staff: UP, AG, MW, ER, RB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 8, 2013

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2197 by Anchia (Relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing and changing fees.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB2197, As Engrossed: a positive impact of \$290,054 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$145,027
2015	\$145,027
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2017	\$145,027
2018	\$145,027

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Foundation School Fund</i> 193
2014	(\$43,521,973)	\$43,667,000
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2016	(\$43,960,973)	\$44,106,000
2017	(\$44,303,973)	\$44,449,000
2018	(\$44,740,973)	\$44,886,000

Fiscal Analysis

The bill would amend the Government Code and the Occupations Code relating to the continuation and functions of the Texas Lottery Commission, provide penalties, and impose fees.

The bill would require that a ticket that contains a number of words, as determined by the Lottery Commission, in a language other than English, must include a disclosure in that language.

The bill would amend Section 466.408 of the Government Code to require that all unclaimed prize money subject to this section that is not deposited or appropriated to the Department of State Health Services State-owned Multicategorical Teaching Hospital Account, the Health and Human Services Commission, or to the Fund for Veterans Assistance be deposited to the credit of the Foundation School Fund.

The bill would amend the Government Code to create a Legislative Review Committee to study the process of winding up the state lottery. The committee shall make its initial finding and recommendations no later than December 1, 2014 and may make any supplemental reports as needed.

The bill would expand the number of commissioners from three to five members, which would result in a slight increase in travel reimbursements for the new members.

The bill would remove the fixed license fee for bingo equipment manufacturers and distributors and distributor's licenses and allow the Lottery Commission to set the fees by rule to levels necessary to defray administrative costs.

The bill would remove the requirement that bingo equipment manufacturers and distributors pay an extra \$1,000 to obtain a two-year license. The bill would remove the \$10 bingo license amendment fee and allow the Lottery Commission to establish by rule a fee schedule that varies based on the complexity of the proposed license amendment.

The bill would allow the Lottery Commission by rule to impose a fee for an initial bingo worker registration application and a renewal application. The bill would require the commission to set the fee in an amount sufficient to cover the application processing costs, including a criminal history background check, identification card, and other administrative costs the commission considers appropriate.

The bill would amend the Occupations Code to require that a licensed authorized organization must use at least five percent of the gross revenue of all bingo games for charitable purposes.

The bill would take effect September 1, 2013.

Methodology

Based on information provided by the Texas Lottery Commission, the Sunset Commission, and the Comptroller of Public Accounts, the bill could result in a net loss of revenues deposited to the credit of General Revenue and an increase in revenues deposited to the credit of the Foundation School Fund each year as reflected in the table above.

This analysis assumes a General Revenue decrease of \$43,667,000 in fiscal year 2014 and \$43,870,000 in fiscal year 2015 and an equal increase to the Foundation School Fund resulting from the deposit of unclaimed prize money into the Foundation School Fund, which was

previously deposited to General Revenue. This analysis also assumes that the bill would result in a General Revenue increase of \$10,335 from fees collected from the establishment of a new amendment fee schedule, assuming a \$25 fee; a General Revenue increase of \$139,192 from a \$25 fee collected for initial bingo worker registration applications and renewal applications; and a General Revenue decrease of \$4,500 from the elimination of the \$1,000 fee on two-year licenses for bingo equipment manufacturers and distributors.

Based on information provided by the State Office of Administrative Hearings and the Office of the Attorney General, the bill would have no fiscal impact. Based on information provided by the Texas Lottery Commission, it is assumed that all other duties and responsibilities associated with implementing the provisions of the bill could be covered by using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 362 Texas Lottery Commission, 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings

LBB Staff: UP, AG, MW, ER, RB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 10, 2013

TO: Honorable Wayne Smith, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2197 by Anchia (Relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing and changing fees.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2197, Committee Report 1st House, Substituted: a positive impact of \$290,054 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$145,027
2015	\$145,027
2016	\$145,027
2017	\$145,027
2018	\$145,027

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2014	\$145,027
2015	\$145,027
2016	\$145,027
2017	\$145,027
2018	\$145,027

Fiscal Analysis

The bill would amend the Government Code and the Occupations Code relating to the continuation and functions of the Texas Lottery Commission, provide penalties, and impose fees. The bill would expand the number of commissioners from three to five members, which would result in a slight increase in travel reimbursements for the new members. The bill would remove fixed license fees for bingo equipment manufacturers and distributors and allow the Lottery Commission to set fees by rule to levels necessary to defray administrative costs. The bill would remove the requirement that bingo equipment manufacturers and distributors pay an extra \$1,000 to obtain a two-year license. The bill would remove the \$10 bingo license amendment fee and allow the Lottery Commission to establish by rule a fee schedule that varies based on the complexity of the proposed license amendment.

The bill would allow the Lottery Commission by rule to impose a fee for an initial bingo worker registration application and a renewal application. The bill would require the commission to set the fee in an amount sufficient to cover the application processing costs, including a criminal history background check, identification card, and other administrative costs the commission considers appropriate.

The bill would take effect September 1, 2013.

Methodology

Based on information provided by the Texas Lottery Commission and the Sunset Commission, the bill could result in increased revenues being deposited to the credit of General Revenue each year. This analysis assumes a General Revenue increase of \$10,335 from fees collected from the establishment of a new amendment fee schedule, assuming a \$25 fee; a General Revenue increase of \$139,192 from a \$25 fee collected for initial bingo worker registration applications and renewal applications; and a General Revenue decrease of \$4,500 from the elimination of the \$1,000 fee on two-year licenses for bingo equipment manufacturers and distributors.

Based on information provided by the State Office of Administrative Hearings and the Office of the Attorney General, the bill would have no fiscal impact. Based on information provided by the Texas Lottery Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be covered by using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 362 Texas Lottery Commission

LBB Staff: UP, RB, MW, ER

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 2, 2013

TO: Honorable Wayne Smith, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2197 by Anchia (Relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2197, As Introduced: a positive impact of \$290,054 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$145,027
2015	\$145,027
2016	\$145,027
2017	\$145,027
2018	\$145,027

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2014	\$145,027
2015	\$145,027
2016	\$145,027
2017	\$145,027
2018	\$145,027

Fiscal Analysis

The bill would amend the Government Code and the Occupations Code relating to the continuation and functions of the Texas Lottery Commission, provide penalties, and impose fees. The bill would expand the number of commissioners from three to five members, which would result in a slight increase in travel reimbursements for the new members. The bill would remove fixed license fees for bingo equipment manufacturers and distributors and allow the Lottery Commission to set fees by rule to levels necessary to defray administrative costs. The bill would remove the requirement that bingo equipment manufacturers and distributors pay an extra \$1,000 to obtain a two-year license. The bill would remove the \$10 bingo license amendment fee and allow the Lottery Commission to establish by rule a fee schedule that varies based on the complexity of the proposed license amendment.

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The bill would take effect September 1, 2013.

Methodology

Based on information provided by the Texas Lottery Commission and the Sunset Commission, the bill could result in increased revenues being deposited to the credit of General Revenue each year. This analysis assumes a General Revenue increase of \$10,335 from fees collected from the establishment of a new amendment fee schedule, assuming a \$25 fee; a General Revenue increase of \$139,192 from a \$25 fee collected for initial bingo worker registration applications and renewal applications; and a General Revenue decrease of \$4,500 from the elimination of the \$1,000 fee on two-year licenses for bingo equipment manufacturers and distributors.

Based on information provided by the State Office of Administrative Hearings and the Office of the Attorney General, the bill would have no fiscal impact. Based on information provided by the Texas Lottery Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be covered by using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 362 Texas Lottery Commission

LBB Staff: UP, RB, MW, ER