

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

SENATE VERSION (CS)

SECTION 1. Same as House version.

SECTION 2. Same as House version.

SECTION 3. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

(a) The commission and executive director may establish procedures for the purchase or lease of facilities, goods, and services and make any purchases, leases, or contracts that are necessary for carrying out the purposes of this chapter. The procedures must, as determined feasible and appropriate by the commission and executive director, promote competition to the maximum extent possible.

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

SENATE VERSION (CS)

SECTION 4. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

(c) At the preliminary hearing, the sales agent must show cause why the license should not remain suspended pending a final hearing on suspension or revocation. [~~Chapter 2001 does not apply in the administration and enforcement of the summary suspension of a license under this section.~~] The rules governing a hearing on any other license suspension or revocation under this chapter govern a final administrative hearing under this subsection. A hearing under this section is subject to Section 2001.058(e).

SECTION 7. Section 466.252, Government Code, is amended by adding Subsection (c) to read as follows:

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

SENATE VERSION (CS)

SECTION 5. Same as House version.

SECTION 6. Same as House version.

SECTION 7. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

in that language.

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

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

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

(2) not more than \$5 million in prize money each year may be appropriated to the Health and Human Services Commission and shall be used to support the provision of inpatient hospital services in hospitals located in the 15 counties that comprise the Texas-Mexico border area, with payment for those services to be not less than the amount established under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) cost reimbursement methodology for the hospital providing the services;

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

(4) all prize money subject to this section and not deposited or appropriated in accordance with ~~from the Texas~~

SECTION 8. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

~~Department of Health state-owned multicategorical teaching hospital account, not appropriated to the Health and Human Services Commission for the purpose specified in Subdivision (1), (2), or [and not deposited under Subdivision] (3)[,] shall be deposited to the credit of the foundation school [in the general revenue] fund [and may be appropriated for any purpose as determined by the legislature, including the provision of indigent health care services as specified in Chapter 61, Health and Safety Code].~~

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

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

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

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

Sec. 467.0021. LEGISLATIVE REVIEW. (a) The

SENATE VERSION (CS)

CONFERENCE

SECTION 9. Same as House version.

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

Sec. 467.0021. LEGISLATIVE REVIEW. (a) The

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

Legislative Committee to Review the Texas Lottery and Texas Lottery Commission is composed of 10 members as follows:

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

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

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

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

(1) potential time frames

for phasing out the state lottery;

(2) potential consequences of the winding up process;

SENATE VERSION (CS)

Legislative Committee to Review the Texas Lottery and Texas Lottery Commission is composed of 10 members as follows:

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

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

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

(c) The committee shall study:

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

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

(B) any detrimental impact to the organization, or other policy considerations, related to the establishment of mandatory distribution requirements for charitable bingo revenue; and

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

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

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

(B) any potential consequences detrimental to this state of phasing out the state lottery or of the proposed schedule and

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

(e) The committee shall make any finding and recommendations the committee determines appropriate and shall report its finding and recommendations to the legislature.

The committee shall make its initial report not later than December 1, 2014, and may make any supplemental reports the committee considers appropriate.

(f) This section expires September 1, 2015.

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

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

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

Sec. 467.022. TERM OF OFFICE. Members hold office for staggered terms of six years, with the terms of either one or

SENATE VERSION (CS)

process;

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

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

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

(e) The committee shall make any finding and recommendations the committee determines appropriate and shall report its finding and recommendations to the legislature.

As part of its findings and recommendations, the committee may recommend that the commission audit specific licensed authorized organizations conducting bingo in this state. The committee shall make its initial report not later than December 1, 2014, and may make any supplemental reports the committee considers appropriate.

(f) This section expires September 1, 2015.

SECTION 11. Same as House version.

SECTION 12. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

~~two members~~ [~~member's term~~] expiring February 1 of each odd-numbered year.

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

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

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

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

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

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

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

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

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

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

SECTION 13. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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

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

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

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

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

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

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

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

(1) the legislation that created the commission;

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

SECTION 14. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

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

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

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

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

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

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

(5) is absent from more than half of the regularly scheduled commission meetings that the member is eligible to attend during a calendar year without an excuse approved ~~[unless the~~

SENATE VERSION (CS)

CONFERENCE

SECTION 15. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

~~absence is excused~~] by majority vote of the commission.

(c) If the ~~executive director~~ ~~[presiding officer]~~ has knowledge that a potential ground for removal exists, the ~~executive director~~ ~~[presiding officer]~~ shall notify the presiding officer of the commission of the potential ground. The presiding officer shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the executive director shall notify the next highest ranking officer of the commission, who shall then notify the governor and the attorney general that a potential ground for removal exists.

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

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

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

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

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

SECTION 16. Same as House version.

SECTION 17. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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

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

(c) The commission shall:

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

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

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

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

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

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

(c) The commission shall periodically notify the complaint

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

parties of the status of the complaint until final disposition.

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

(e) The commission shall analyze the complaints filed with the commission to identify any trends or issues related to violations of state laws under the commission's jurisdiction.

The analysis must:

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

(2) track each complaint from submission to disposition;

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

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

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

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

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

SENATE VERSION (CS)

CONFERENCE

SECTION 18. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

workers.

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

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

SECTION 19. Same as House version.

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

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

SECTION 20. Same as House version.

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

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

SECTION 21. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

- (1) the member or members of the applicant designated in the application to conduct bingo are active members of the applicant;
 - (2) the bingo is to be conducted in accordance with this chapter;
 - (3) the proceeds of the bingo are to be disposed in accordance with this chapter;
 - (4) the applicant has made and can demonstrate significant progress toward the accomplishment of the purposes of the organization during the 12 months preceding the date of application for a license or license renewal;
 - (5) all persons who will conduct, promote, or administer the proposed bingo are active members of the applicant organization and all other persons who will assist in conducting, promoting, or administering the proposed bingo games are persons authorized to do so by Section 2001.411; and
 - (6) no person under whose name bingo will be conducted and no person working at the proposed bingo has been convicted of ~~[a felony,]~~ a gambling offense or ~~[;~~ criminal fraud~~], or a crime of moral turpitude if less than 10 years has elapsed since the termination of a sentence, parole, mandatory supervision, or community supervision served for the offense].~~
- (b) The commission may not issue a license to an authorized organization to conduct bingo if an officer or member of the board of directors of the organization has been 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 the termination of a sentence, parole, mandatory supervision, or community supervision served for the offense].~~

SENATE VERSION (CS)

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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 controlled by:

(A) a foreign corporation; or

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

(9) a corporation or other legal entity:

(A) whose shares are publicly traded; or

(B) owned or controlled by a corporation whose shares are

SECTION 22. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

publicly traded.

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

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

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

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

- (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 the termination of a sentence, parole, mandatory supervision, or community supervision served for the offense];~~
- (2) a person who is or has been a professional gambler or gambling promoter;
- (3) an elected or appointed public officer or a public employee;
- (4) an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor;

SECTION 23. Same as House version.

SECTION 24. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

- (5) a person who conducts, promotes, or administers, or assists in conducting, promoting, or administering, bingo for which a license is required by this chapter;
- (6) a distributor required to be licensed under this chapter;
- (7) a person who has had a license to manufacture, distribute, or supply bingo equipment or supplies revoked within the preceding year by another state;
- (8) an owner, officer, director, or shareholder of, or a person holding an equitable or credit interest in, another manufacturer or distributor licensed or required to be licensed under this chapter; or
- (9) a person:
 - (A) in which a person described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person married or related in the first degree by consanguinity or affinity 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; or
 - (B) in whose application for a manufacturer's license a person described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) is required to be named.

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

- (b) The application must include:
 - (1) the name and address of the applicant and the name and address of each of its locations where bingo supplies or equipment are manufactured;
 - (2) a full description of each type of bingo supply or equipment that the applicant intends to manufacture or market in this state and the brand name, if any, under which each item

SENATE VERSION (CS)

SECTION 25. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

will be sold;

(3) if the applicant:

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

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

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

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

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

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

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

(9) the name of each state in which the applicant is or has been licensed to manufacture, distribute, or supply bingo equipment or supplies, each license number, the period of

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

time licensed under each license, and whether a license has been revoked, suspended, withdrawn, canceled, or surrendered and, if so, the reasons for the action taken;

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

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

(12) any other information the commission requests.

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

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

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

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

(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 the termination of a sentence, parole, community supervision, or mandatory supervision served for the offense];~~

(2) a person who is or has been a professional gambler or

SENATE VERSION (CS)

CONFERENCE

SECTION 26. Same as House version.

SECTION 27. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

gambling promoter;

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

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

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

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

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

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

(9) a person:

(A) in which a person described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person married or related in the first degree by consanguinity or affinity, as determined under Subchapter B, 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; or

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

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

(b) The application must include:

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

SECTION 28. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

- (2) the name and address of each location operated by the distributor from which bingo supplies or equipment are distributed or at which bingo supplies or equipment are stored;
- (3) if a noncorporate distributor, the name and home address of each owner;
- (4) if a corporate distributor, the name and home address of each officer or director and of each person owning more than 10 percent of a class of stock in the corporation;
- (5) if a foreign corporation or other foreign legal entity, the name, business name and address, and address of its registered agent for service in this state;
- (6) a full description of the type of bingo supply or equipment that the applicant intends to store or distribute in this state and the name of the manufacturer of each item and the brand name, if any, under which the item will be sold or marketed;
- (7) the name and address of a manufacturer, supplier, or distributor in which the applicant has a financial interest and the details of that financial interest, including an indebtedness between the applicant and the manufacturer, supplier, or distributor of \$5,000 or more;
- (8) information regarding whether the applicant or a person required to be named in the application has been convicted in this state or another state of ~~[a felony,]~~ criminal fraud ~~or~~ [;] a gambling or gambling-related offense ~~[, or a crime of moral turpitude];~~
- (9) information regarding whether the applicant or a person required to be named in the application is an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor or conducts, promotes, administers, or assists in conducting, promoting, or administering bingo for which a license is required under this chapter;
- (10) information regarding whether the applicant or a person

SENATE VERSION (CS)

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

required to be named in the application is a public officer or public employee in this state;

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

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

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

(14) any other information the commission requests.

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

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

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

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

SECTION 29. Same as House version.

SECTION 30. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

(b-2) The commission by rule may impose a fee for an initial registration application and renewal application submitted under this section. The commission shall 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.

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

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

SENATE VERSION (CS)

SECTION 31. Same as House version.

SECTION 32. Same as House version.

SECTION 33. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

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

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

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

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

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

(d) The commission by rule shall:

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

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

SENATE VERSION (CS)

SECTION 34. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

SENATE VERSION (CS)

SECTION 35. Same as House version.

SECTION 36. Same as House version.

SECTION 37. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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

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

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

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

(1) the name and address of the applicant;

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

(3) any other information required by commission rule.

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

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

(2) is an owner, officer, or director of a licensed commercial lessor, is employed by a licensed commercial lessor, or is related to a licensed commercial lessor within the second

SECTION 38. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

degree by consanguinity or affinity, unless the holder of the license is a licensed authorized organization or an association of licensed authorized organizations; or

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

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

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

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

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

- (1) bingo is being conducted or intended to be conducted; or
- (2) equipment used or intended for use in bingo is found.

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

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

SENATE VERSION (CS)

No equivalent provision.

SECTION 39. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

including:

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

(B) the compliance history of the premises; and

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

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

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

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

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

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

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

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

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

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

SECTION 40. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

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

SECTION 43. The following provisions are repealed:

- (1) Sections 466.003 and 466.025, Government Code; and
- (2) Section 2001.002(8-a), Occupations Code.

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

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

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

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

SENATE VERSION (CS)

SECTION 41. Same as House version.

SECTION 42. Same as House version.

SECTION 43. Same as House version.

SECTION 44. Same as House version.

SECTION 45. Same as House version.

CONFERENCE

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

this Act.

SECTION 47. (a) The changes in law made by this Act in the prohibitions or qualifications applying to a member of the Texas Lottery Commission do not affect the entitlement of a member serving on the Texas Lottery Commission immediately before September 1, 2013, to continue to serve and function as a member of the Texas Lottery Commission for the remainder of the member's term. Those changes in law apply only to a member appointed on or after September 1, 2013.

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

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

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

SECTION 46. Same as House version.

House Bill 2197
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

for that purpose.

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

No equivalent provision.

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

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

SECTION 48. Same as House version.