## A JOINT RESOLUTION

proposing a constitutional amendment creating the Texas Gaming Commission, authorizing and regulating the operation of casino games and slot machines by a limited number of licensed operators and certain Indian tribes, authorizing a limited state video lottery system to be operated at horse and greyhound racetracks and on Indian tribal lands, and reducing the number of illegal gambling machines.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Article III, Texas Constitution, is amended by adding Section 47a to read as follows:

Sec. 47a. (a) Casino gaming and slot gaming are authorized in this state in accordance with this section to provide additional money for the property tax relief fund and additional financial aid for higher education students.
(b) The Texas Gaming Commission is established. The commission is composed of five members appointed by the governor with the advice and consent of the senate. Commission members serve staggered six-year terms, with one or two members' terms, as applicable, expiring February 1 of each odd-numbered year. The governor shall fill a vacancy in a position on the commission for the remainder of the unexpired term. The governor shall designate a commission member as presiding officer of the commission to serve in that capacity at the pleasure of the governor.
(c) To be eligible for appointment to the commission, a

```
person:
    (1) must be a citizen of the United States;
    (2) must have resided in this state for the two years
preceding the date of the person's appointment;
    (3) may not own a financial or other interest in an
    entity engaged in the conduct of casino or slot gaming or the
    provision of casino or slot services, or in a security issued by
    such an entity, or be related within the second degree by affinity
    or the third degree by consanguinity as determined by general law to
    an individual who owns such a financial or other interest or
    security;
    (4) may not be an applicant for or holder of a license
or other affirmative regulatory approval under a law administered
by the commission; and
    (5) may not be a member of the governing body of a
political subdivision of this state.
    (d) The Texas Gaming Commission has broad authority and
shall exercise strict control and close supervision over all
activities related to casino and slot gaming authorized and
conducted in this state under this section or another law
administered by the commission.
    (e) The Texas Gaming Commission shall appoint an executive
director and other necessary personnel and adopt rules the
    commission considers necessary or desirable for the public interest
    in carrying out the policy and provisions of this section and the
    other laws administered by the commission, including rules on:
    (1) licensing and regulating casino owners, slot
```

```
establishment owners, gaming managers, gaming employees, and
manufacturers and distributors of gaming equipment, including the
qualifications, definitions, terms, and fees for licenses;
    (2) criteria for awarding, denying, revoking, and
suspending licenses;
    (3) exclusion of persons and age requirements;
    (4) procedures for conducting investigations,
inspections, criminal background investigations, audits, complaint
investigations, and disciplinary hearings;
    (5) reporting and internal control requirements for
license holders;
    (6) consequences of criminal convictions of license
holders or applicants;
    (7) enforcement provisions, including disciplinary
actions and penalties, and security requirements;
    (8) prize payment and redemption;
    (9) regulating the operations of casinos and slot
establishments; and
    (10) standards for gaming equipment.
    (f) The Texas Gaming Commission shall:
    (1) issue not more than eight licenses to operate slot
    establishments in this state to persons who are licensed to conduct
    pari-mutuel wagering on horse or greyhound races at the location
    licensed for conducting pari-mutuel wagering on horse or greyhound
    races and who comply with requirements of this section and
    commission rule;
    (2) issue not more than six licenses to conduct casino
```

gaming to casino-anchored destination attraction development projects located in different urban areas of this state that comply with requirements of this section and commission rule;
(3) issue not more than two licenses to conduct casino gaming to casino-anchored destination attraction development projects located on islands in the Gulf of Mexico that are tourist destinations with at least 1,000 guest rooms available for visitors in hotels, motels, or condominiums existing on January 1, 2015, and that comply with requirements of this section and commission rule; and
(4) allow an Indian tribe that is recognized by the United States government under federal law to operate slot machines or casino gaming on its Indian land held in trust by the United States on January 1, 1998, in accordance with federal law and with:
(A) an effective gaming agreement that includes a provision requiring the Indian tribe to remit to this state a portion of its casino gaming or slot gaming revenue in an amount equal to the rate provided in the agreement; or
(B) general state law that includes a provision requiring the Indian tribe to remit to this state a portion of its casino gaming or slot gaming revenue in an amount equal to the rate provided by the general law.
(g) In determining whether or, for multiple applicants competing for a limited number of casino owner's licenses or slot establishment owner's licenses within a geographic area, to whom to grant a license, the Texas Gaming Commission shall consider the following:
(1) the potential revenue to be collected by this state from the conduct of casino gaming at the casino or of slot gaming at the slot establishment and the economic impact of each competing applicant's proposed gaming and associated facilities;
(2) the potential number of state residents who would be employed in an applicant's proposed casino or slot establishment and any proposed associated hotel and nongaming businesses and the applicant's good faith plan to recruit, train, and promote a workforce that reflects the diverse populations of this state in all employment classifications;
(3) the potential for an applicant's proposed casino or slot establishment and any proposed associated hotel and nongaming businesses to encourage interstate tourism to this state;
(4) the potential for the scope, design, location, and construction of the applicant's casino or slot establishment and any associated hotel and nongaming businesses to contribute to developing a first-class gaming industry in this state;
(5) the applicant's experience in conducting licensed gaming operations and the applicant's financial ability to promptly construct and adequately maintain the casino or slot establishment sought to be licensed, including the experience of the applicant's partners, of affiliated companies of the applicant or its partners, of key personnel of the applicant or its partners, and of operating companies under contract with the applicant; and
(6) the percentage of equity interest in the applicant owned or to be owned by residents of this state.
(h) To ensure that a requisite level of economic development

## benefiting the people of this state accompanies each casino or slot

 establishment for which an owner's license is granted, the Texas Gaming Commission shall require an applicant, as a condition to receiving and holding an owner's license, to commit to building a casino-anchored destination attraction development project or slot establishment that includes total land and development costs of at least:(1) $\$ 400$ million for an urban area project;
(2) $\$ 200$ million for an island tourist destination project; or
(3) $\$ 150$ million for a slot establishment.
(i) Notwithstanding Subsection (f) of this section:
(1) a license for a casino-anchored destination attraction development project may not be issued in a county unless:
(A) a majority of the voters of the county voted for the proposition that added this section to this constitution; or
(B) the voters of the county have approved a proposition legalizing casino gaming at a local option election held under this section;
(2) not more than two casino owner's licenses may be issued for casinos to be located in the same county; and
(3) a casino owner's license may not be issued for a location in an area in which casino gaming or slot gaming is prohibited under a gaming agreement between an Indian tribe and this state.
(j) The Texas casino and slot gaming fund is a special fund in the state treasury. All application fees, investigation fees, and license fees collected by the Texas Gaming Commission or on the commission's behalf related to casino and slot gaming shall be deposited to the credit of the Texas casino and slot gaming fund. Except as provided by this section, the Texas casino and slot gaming fund may only be used for the operation of the commission and the administration of this section. If the money in the fund exceeds the amount necessary for the operation of the commission and the administration of this section, the legislature shall transfer any excess amount to the dedicated account known as the property tax relief fund in the general revenue fund. Money from the property tax relief fund may only be appropriated for a purpose that results in a reduction of the average school district maintenance and operations tax rate or as otherwise provided by general law.
(k) An applicant applying for an owner's license for a casino-anchored destination attraction development project must submit to the Texas Gaming Commission a $\$ 50$ million application fee. An applicant applying for an owner's license for a slot establishment must submit to the commission a $\$ 25$ million application fee. If an applicant is not awarded an owner's license, the commission shall refund the application fee less the costs incurred by the commission in reviewing the application and conducting a criminal background investigation on the applicant.
(1) A casino gaming tax in an amount equal to 15 percent of the gross gaming revenue of the casino operated under the license is imposed on each holder of a casino owner's license. The tax shall be

```
computed and paid on a monthly basis in accordance with the
procedures established by rule of the Texas Gaming Commission.
    (m) A slot gaming tax in an amount equal to 35 percent of the
gross slot income of the slot establishment operated under the
license is imposed on each holder of a slot establishment owner's
license. The tax shall be computed and paid on a monthly basis in
accordance with the procedures established by rule of the Texas
Gaming Commission.
    (n) Of the revenue from the taxes imposed by Subsections (1)
and (m) of this section:
    (1) one-thirtieth of the revenue is allocated to the
municipality in which the casino is located and one-thirtieth of
the revenue is allocated to the county in which the casino is
located; or
    (2) if the casino is located in an unincorporated
area, one-fifteenth of the revenue is allocated to the county in
which the casino is located.
    (o) The comptroller of public accounts shall transfer the
appropriate amount allocated under Subsection (n) of this section
to the appropriate municipalities and counties not less than
monthly in the manner the comptroller considers appropriate.
    (p) Except as otherwise provided by this section, the
revenue from the taxes imposed by Subsections (l) and (m) of this
section is allocated as follows:
    (1) one-twentieth to the general revenue fund for
appropriation only to fund a compulsive gambling program
established by the Texas Gaming Commission;
```

(2) one-thirtieth to the general revenue fund for appropriation only to the Texas Gaming Commission to provide grants to prosecuting attorneys in this state for the investigation and prosecution of offenses related to the possession of gambling devices and illegal gambling operations; and
(3) the remainder to the property tax relief fund in the general revenue fund.
(q) The comptroller of public accounts quarterly shall determine the net amount of receipts collected from a casino or slot establishment from the sales and use taxes, hotel occupancy taxes, alcoholic beverage taxes, and franchise taxes imposed under general law, or from other taxes imposed under general law as provided by the legislature in general law, and shall deposit that amount in the general revenue fund. The net amount deposited may only be appropriated to fund the TEXAS grant program established under Subchapter M, Chapter 56, Education Code, or a similar program established by the legislature to provide grants to higher education students in this state.
(r) Not more than 10 percent of the total floor space of a casino or slot establishment may be used for gaming areas.
(s) Casinos and slot establishments are subject to all applicable state laws and local ordinances related to health and building codes, including rules adopted by the Texas Gaming Commission. A local ordinance or zoning law may not prohibit the development of a casino or slot establishment authorized by this section, except that a casino or slot establishment may not be located in an area that on January 1, 2015, was zoned exclusively

## residential, unless otherwise provided by commission rule.

(t) The commissioners court of a county may at any time order an election to legalize casino gaming under this section in that county. The commissioners court shall order and hold an election to legalize casino gaming under this section in the county if the commissioners court is presented with a petition that meets the requirements of this section and is certified as valid under this section.
(u) A petition for a legalization election must include a statement substantially as follows before the space reserved for signatures on each page: "This petition is to require that an election be held in (name of county) to legalize casino gaming in (name of county)." A petition is valid only if it is signed by registered voters of the county in a number that is not less than three percent of the total number of votes cast for governor by qualified voters of the county in the most recent gubernatorial general election. Each voter must enter beside the voter's signature the date the voter signs the petition. A signature may not be counted as valid if the date of signing is earlier than the 90th day before the date the petition is submitted to the commissioners court. Each voter must provide on the petition the voter's current voter registration number, printed name, and residence address, including zip code.
(v) Not later than the fifth day after the date a petition for an election under this section is received in the office of the commissioners court, the commissioners court shall submit the petition for verification to the county clerk. The county clerk
shall determine whether the petition is signed by the number of registered voters of the county required under Subsection (u) of this section. Not later than the 30 th day after the date the petition is submitted to the county clerk for verification, the clerk shall certify in writing to the commissioners court whether the petition is valid or invalid. If the county clerk determines that the petition is invalid, the clerk shall state the reasons for that determination.
(w) If the county clerk certifies that a petition for an election under this section is valid, not later than the 30 th day after the date of certification, the commissioners court shall order that an election be held in the county on the next uniform election date provided under general law that allows sufficient time to comply with applicable provisions of general law. The commissioners court shall state in the order the issue to be voted on. The county clerk shall notify the Texas Gaming Commission by certified mail, return receipt requested, that an election has been ordered. The ballot in a legalization election shall be printed to provide for voting for or against the proposition: "Legalizing casino gaming within (name of county)."
(x) The commissioners court shall give written notice of the results of the election to the Texas Gaming Commission not later than the third day after the date the election is canvassed. If the majority of votes cast in a legalization election under this section favor the legalization of casino gaming, casino gaming under this section is authorized within the county holding the election effective on the 10th day after the date the election is

```
canvassed. If less than a majority of the votes cast in the
election favor the legalization of casino gaming, casino gaming is
not authorized in the county, and a subsequent election on the issue
may not be held in the county before the corresponding uniform
election date one year after the date of the election. If in each of
two consecutive elections within any county less than a majority of
the votes cast favor the legalization of casino gaming, casino
gaming is not authorized in the county, and a subsequent election on
the issue may not be held in the county before the corresponding
uniform election date five years after the date of the second
election.
(y) It is a defense to prosecution for a gambling offense under general law that the action was authorized under this section or Texas Gaming Commission rule.
(z) All shipments of slot machines or gaming devices into, out of, or within this state authorized under this section or a rule adopted by the Texas Gaming Commission are legal shipments of the devices and are exempt from the provisions of 15 U.S.C. Sections 1171-1178, prohibiting the transportation of gambling devices.
(aa) Each state agency, including the attorney general and the comptroller of public accounts, and each state or local law enforcement agency shall cooperate with the Texas Gaming Commission as necessary to implement this section.
(bb) The legislature by general law may impose additional restrictions or requirements for the conduct of casino and slot gaming.
```

(cc) Unless specifically authorized by general law, a

```
political subdivision of this state may not impose:
    (1) a tax on the payment of a casino or slot prize;
    (2) a tax, fee, or other assessment on consideration
    paid to play a casino or slot game authorized by this section; or
    (3) a tax or fee on attendance at or admission to a
    casino or slot establishment authorized by this section.
    (dd) In this section, unless modified by general law:
    (1) "Casino" means a facility at which casino gaming
    is conducted by a licensed casino owner as authorized by this
    section.
    (2) "Casino gaming" means any game of chance or
    similar activity that involves the making of a bet for
    consideration. The term includes any type of slot machine or table
    game wagering using money, casino credit, or any representation of
    value. The term does not include bingo, charitable raffles, or the
    state lottery authorized under Section 47 of this article.
    (3) "Casino owner" means a person, trust, corporation,
    partnership, limited partnership, association, limited liability
    company, or other business enterprise that directly holds an
    ownership or leasehold interest in a casino.
(4) "Gross gaming revenue" means the total amount of consideration paid to engage in casino gaming less winnings paid to players of the casino games.
(5) "Gross slot income" means the total amount of consideration paid to play slot machines less winnings paid to players of the slot machines.
(6) "Slot establishment" means a facility at which
```

slot gaming is conducted by a licensed slot establishment owner as authorized by this section.
(7) "Slot establishment owner" means a person, trust, corporation, partnership, limited partnership, association, limited liability company, or other business enterprise that directly holds an ownership or leasehold interest in a slot establishment.
(8) "Slot gaming" means any game of chance that for consideration is played on a slot machine. The term does not include bingo, charitable raffles, or the state lottery authorized under Section 47 of this article.
(9) "Slot machine" means a mechanical, electrical, or other device or machine that, on insertion of a coin, token, or similar object or on payment of consideration, is available to play or operate a game, the play or operation of which, wholly or partly by the element of chance, may deliver or entitle the person playing or operating the device or machine to receive cash, premiums, merchandise, tokens, or any other thing of value, whether the payoff is made automatically from the device or machine or is made in another manner.

SECTION 2. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 84 th Legislature, Regular Session, 2015, creating the Texas Gaming Commission and authorizing and regulating the operation of casino games and slot machines by licensed operators and certain Indian tribes to provide
money for the property tax relief fund and additional financial aid for higher education students.
(b) Not later than January 1, 2016, the governor shall appoint the initial members of the Texas Gaming Commission in accordance with Section 47a, Article III, of this constitution. In making the initial appointments, the governor shall designate one member to a term expiring February 1, 2017, two members to terms expiring February 1, 2019, and two members to terms expiring February 1, 2021.
(c) Not later than March 1, 2016, the Texas Gaming Commission shall adopt the rules, including any emergency rules, necessary to implement Section 47a, Article III, of this constitution.
(d) This temporary provision expires January 1, 2017.

SECTION 3. Article III, Texas Constitution, is amended by adding Section 47b to read as follows:

Sec. 47b. (a) To generate additional revenue to fund state governmental programs, this state is authorized to implement a limited state video lottery system to be operated at licensed horse and greyhound racetracks and on Indian tribal lands in accordance with state agency rules adopted under this section or general law enacted under this section. The general law must:
(1) establish or designate a gaming commission to adopt and enforce rules consistent with the requirements of this section and the general law enacted under this section;
(2) require this state to continually monitor the activity of each video lottery terminal to protect the public

```
health, welfare, and safety and the integrity of the state video
lottery system and to prevent financial loss to this state;
    (3) include a comprehensive registration program to
govern a person that manufactures, distributes, sells, or leases
video lottery terminals for use or play in this state and a process
to approve video lottery terminals for use in the video lottery
system in accordance with technical standards established by this
state;
    (4) provide for a comprehensive licensing program to
govern a person that owns, manages, or maintains video lottery
terminals operated in this state;
    (5) prohibit operation of video lottery terminals
except by licensed persons at the following locations:
    (A) a horse or greyhound racetrack licensed to
conduct pari-mutuel wagering on horse or greyhound races in this
state on or before January 1, 2015; and
    (B) land in this state that on January 1, 1998,
was held in trust or recognized as tribal land of an Indian tribe
recognized by the United States government under federal law;
    (6) prohibit and impose criminal penalties for the
possession and operation of all electronic and mechanical gaming
devices other than:
    (A) video lottery terminals operated in
connection with the video lottery system; or
    (B) a gaming device expressly authorized under
    this constitution or other state law;
    (7) require the gaming commission to:
```

(A) establish a one-time initial license fee;
(B) establish additional ongoing license and
renewal fees; and
(C) collect a portion of net revenue generated by the operation of video lottery terminals in this state in the amount specified by commission rule or general law in accordance with this section and:
(i) provide a portion of the amount of net revenue specified by commission rule or general law to state horse and greyhound breed registries and the horsemen's organization; and
(ii) submit the remainder of the net revenue to the comptroller of public accounts for deposit in the general revenue fund;
(8) require the total fees assessed and net revenue collected under Subdivision (7) of this subsection to:
(A) provide a regionally competitive economic environment for video lottery gaming facilities when considering the total taxes and fees applicable to the facilities and the amount of net revenue collected from the facilities; and
(B) provide sufficient revenue to the horse and greyhound breed registries and the horsemen's organization to facilitate a nationally competitive horse and greyhound racing industry in this state; and
(9) pursue a net reduction in gambling machines in this state by reducing the number of illegal machines in this state through:
(A) increasing the offense of possession of a

```
gambling device, equipment, or paraphernalia under Section 47.06,
Penal Code, or a similar statute, other than possession authorized
by this section or other law, to a felony of the third degree;
    (B) authorizing the attorney general to
prosecute offenses under Section 47.06, Penal Code, or a similar
statute; and
                    (C) requiring $10 million of the state's portion
of the annual net revenue generated from the operation of video
lottery terminals to be transferred in equal monthly installments
to the attorney general to be used for the prosecution authorized
under Paragraph (B) of this subdivision.
(b) Until the gaming commission is established or designated as required by Subsection (a) of this section, the state agency authorized to operate the state lottery under Section 47(e) of this article shall act as the gaming commission and take all actions necessary to implement this section, including adopting rules and emergency rules, as soon as practicable after the constitutional amendment enacting this section is approved by the voters.
```

(c) All shipments of video lottery terminals or equipment or other gaming devices into, out of, or within this state authorized under this section or general law enacted under this section are legal shipments of the devices and are exempt from the provisions of 15 U.S.C. Sections 1171-1178 prohibiting the transportation of gambling devices.

SECTION 4. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, providing immediate additional revenue for the state budget by authorizing a limited state video lottery system to be operated at horse and greyhound racetracks and on Indian tribal lands and to pursue a net reduction in gambling machines in this state by reducing the number of illegal machines.
(b) As soon as practicable after the constitutional amendment described by Subsection (a) of this temporary provision is adopted, the Texas Lottery Commission shall take all actions and adopt all rules, including any emergency rules, necessary to implement Section 47b, Article III, of this constitution. In taking actions to implement Section 47 b , the commission shall ensure that the total fees assessed and net revenue collected under Section $47 \mathrm{~b}(\mathrm{a})(7)$, Article III, of this constitution provide at least $\$ 500$ million in revenue to this state during the state fiscal biennium that begins September 1, 2015.
(c) This temporary provision expires September 1, 2017.

SECTION 5. (a) Contingent on a majority of the voters approving the ballot proposition described in Section 6(a) of this Act and less than a majority of the voters approving the ballot proposition described in Section 6(b) of this Act, Section 47(a), Article III, Texas Constitution, is amended to read as follows:
(a) The Legislature shall pass laws prohibiting lotteries and gift enterprises in this State other than those authorized by Subsections (b), (d), and (e) of this section and Section 47a of this article.
(b) Contingent on less than a majority of the voters approving the ballot proposition described in Section 6(a) of this Act and a majority of the voters approving the ballot proposition described in Section 6(b) of this Act, Section 47(a), Article III, Texas Constitution, is amended to read as follows:
(a) The Legislature shall pass laws prohibiting lotteries and gift enterprises in this State other than those authorized by Subsections (b), (d), and (e) of this section and Section 47b of this article.
(c) Contingent on a majority of the voters approving both the ballot proposition described in Section $6(a)$ of this Act and the ballot proposition described in Section 6(b) of this Act, Section 47(a), Article III, Texas Constitution, is amended to read as follows:
(a) The Legislature shall pass laws prohibiting lotteries and gift enterprises in this State other than those authorized by Subsections (b), (d), and (e) of this section and Sections 47a and 47b of this article.
(d) If less than a majority of voters approve neither the ballot proposition described in Section 6(a) of this Act nor the ballot proposition described in Section $6(b)$ of this Act, this section has no effect.

SECTION 6. (a) The constitutional amendment proposed by Sections 1 and 2 of this resolution shall be submitted to the voters at an election to be held November 3, 2015. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment creating the Texas Gaming Commission and

1 authorizing and regulating the operation of casino games and slot 2 machines by a limited number of licensed operators and certain Indian tribes to provide money for the property tax relief fund and additional financial aid for higher education students."
(b) The constitutional amendment proposed by Sections 3 and 4 of this resolution shall be submitted to the voters at an election to be held November 3, 2015. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment authorizing a limited state video lottery system to be operated at horse and greyhound racetracks and on Indian tribal lands and reducing the number of illegal gambling machines."

