

By: Thompson of Harris

H.B. No. 2578

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the elimination of certain fees for licensure and the
3 disposition of certain fees collected by the Texas Lottery
4 Commission under the Bingo Enabling Act.

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

6 SECTION 1. Subchapter A, Chapter 2001, Occupations Code, is
7 amended by adding Section 2001.003 to read as follows:

8 Sec. 2001.003. REGULATORY FUNDING FROM LICENSE FEES AND
9 BINGO PRIZE FEES. It is the intent of the legislature that the
10 funding necessary for the administration of this chapter by the
11 commission be collected by the commission from commercial lessor,
12 manufacturer, and distributor license fees and money paid to the
13 commission by bingo players as bingo prize fees.

14 SECTION 2. Section 2001.103(a), Occupations Code, is
15 amended to read as follows:

16 (a) An authorized organization may receive a temporary
17 license to conduct bingo by filing with the commission an
18 application, on a form prescribed by the commission~~[, accompanied~~
19 ~~by a \$25 license fee]~~.

20 SECTION 3. Section 2001.105(a), Occupations Code, is
21 amended to read as follows:

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

1 (1) the member or members of the applicant designated
2 in the application to conduct bingo are active members of the
3 applicant;

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

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

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

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

17 (6) no person under whose name bingo will be conducted
18 and no person working at the proposed bingo has been convicted of a
19 gambling offense or criminal fraud.

20 SECTION 4. Section [2001.154\(a\)](#), Occupations Code, is
21 amended to read as follows:

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

24 (1) a person convicted of criminal fraud or a gambling
25 or gambling-related offense;

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

1 conducting bingo;

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

4 (4) a distributor or manufacturer;

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

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

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

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

16 (A) a foreign corporation; or

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

19 (9) a corporation or other legal entity:

20 (A) whose shares are publicly traded; or

21 (B) owned or controlled by a corporation whose
22 shares are publicly traded.

23 SECTION 5. Section 2001.438(f), Occupations Code, is
24 amended to read as follows:

25 (f) Each licensed authorized organization that is a member
26 of the unit shall be jointly and severally liable for:
27

1 (1) compliance with the requirements of this
2 subchapter and the rules of the commission relating to the filing of
3 required reports;

4 (2) the maintenance of bingo inventory and financial
5 records; and

6 (3) the payment of [~~fees and~~] any penalties imposed
7 for a violation of this subchapter or commission rules related to
8 the operations of the unit.

9 SECTION 6. Section 2001.458(a), Occupations Code, is
10 amended to read as follows:

11 (a) An item of expense may not be incurred or paid in
12 connection with the conduct of bingo except an expense that is
13 reasonable or necessary to conduct bingo, including an expense for:

14 (1) advertising, including the cost of printing bingo
15 gift certificates;

16 (2) security;

17 (3) repairs to premises and equipment;

18 (4) bingo supplies and equipment;

19 (5) prizes;

20 (6) stated rental or mortgage and insurance expenses;

21 (7) bookkeeping, legal, or accounting services
22 related to bingo;

23 (8) [~~fees for~~] bingo chairpersons, operators,
24 managers, salespersons, callers, cashiers, ushers, janitorial
25 services, and utility supplies and services;

26 (9) health insurance or health insurance benefits for
27 bingo chairpersons, operators, managers, salespersons, callers,

1 cashiers, and ushers, as provided by Subsection (b);

2 (10) [~~license fees,~~

3 [~~(11)~~] attending a bingo seminar or convention
4 required under Section 2001.107; and

5 (11) [~~(12)~~] debit card transaction fees and
6 electronic funds transfer fees.

7 SECTION 7. Section 2001.459(a), Occupations Code, is
8 amended to read as follows:

9 (a) The following items of expense incurred or paid in
10 connection with the conduct of bingo must be paid from an
11 organization's bingo account:

12 (1) advertising, including the cost of printing bingo
13 gift certificates;

14 (2) security during a bingo occasion;

15 (3) the purchase or repair of bingo supplies and
16 equipment;

17 (4) prizes, other than authorized cash prizes;

18 (5) stated rental expenses;

19 (6) bookkeeping, legal, or accounting services;

20 (7) fees for callers, cashiers, and ushers; and

21 (8) janitorial services[~~, and~~

22 [~~(9) license fees~~].

23 SECTION 8. Section 2001.502, Occupations Code, is amended
24 to read as follows:

25 Sec. 2001.502. PRIZE FEE. A licensed authorized
26 organization shall:

27 (1) collect from a person who wins a bingo prize of

1 more than \$5 a fee in the amount of five percent of the amount or
2 value of the prize; and

3 (2) remit to the commission a fee in the amount of five
4 percent of the amount or value of all bingo prizes of more than \$5
5 awarded.

6 SECTION 9. Section 2001.503, Occupations Code, is amended
7 to read as follows:

8 Sec. 2001.503. LOCAL SHARE OF PRIZE FEE. (a) Except as
9 provided by Subsection (c), a county that imposed a gross receipts
10 tax on the conduct of bingo as of January 1, 1993, is entitled to,
11 subject to Section 2001.507(i), 50 percent of the fee collected
12 under Section 2001.502 on a prize awarded at a game conducted in the
13 county.

14 (b) Except as provided by Subsection (c), a municipality
15 that imposed a gross receipts tax on the conduct of bingo as of
16 January 1, 1993, is entitled to, subject to Section 2001.507(i), 50
17 percent of the fee collected under Section 2001.502 on a prize
18 awarded at a game conducted in the municipality.

19 (c) If a county and municipality are both entitled to a
20 share of the fee imposed by Section 2001.502:

21 (1) the county is entitled to, subject to Section
22 2001.507(i), 25 percent of the fee on a prize awarded at a game
23 conducted in the county; and

24 (2) the municipality is entitled to, subject to
25 Section 2001.507(i), 25 percent of the fee on a prize awarded at a
26 game conducted in the municipality.

27 SECTION 10. Section 2001.507, Occupations Code, is amended

1 by amending Subsection (c) and adding Subsection (i) to read as
2 follows:

3 (c) At the end of each state fiscal year, the [~~The~~
4 commission shall send [~~quarterly~~] to a county or municipality
5 entitled to a share of the fee on prizes the county's or
6 municipality's share, as provided by Section 2001.503 and
7 Subsection (i).

8 (i) The commission shall reduce the amount of each local
9 share of a fee to each county or municipality entitled to a share of
10 the fee under Section 2001.503 on a pro rata basis as necessary to
11 retain the amount necessary for the administration of bingo under
12 this chapter for the state fiscal year less the amount estimated by
13 the commission as license fees expected to be deposited in a special
14 account in the general revenue fund for that year. The amount the
15 commission retains under this subsection:

16 (1) must, in each state fiscal year, be the amount
17 necessary to ensure that the ratio of the amount retained under this
18 subsection to the amount paid to the commission as license fees
19 during that fiscal year is the same as the ratio of the amount
20 appropriated to the commission to enforce bingo laws under Chapter
21 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015,
22 to the amount paid to the commission as license fees during the
23 state fiscal year ending August 31, 2017; and

24 (2) is considered miscellaneous revenue for purposes
25 of appropriations made to the commission under the General
26 Appropriations Act for the administration of this chapter.

27 SECTION 11. Sections 2001.104, 2001.313(b-2), and

1 2001.437(e), Occupations Code, are repealed.

2 SECTION 12. (a) The changes in law made by this Act in
3 amending Sections 2001.503 and 2001.507, Occupations Code, apply
4 beginning with the state fiscal year beginning September 1, 2017.

5 (b) The changes in law made by this Act to Sections
6 2001.103, 2001.105, and 2001.154, Occupations Code, apply to the
7 issuance of a license under Chapter 2001, Occupations Code, that
8 occurs on or after the effective date of this Act. The issuance of a
9 license that occurs before the effective date of this Act is
10 governed by the law in effect on the date the license is issued, and
11 the former law is continued in effect for that purpose.

12 SECTION 13. (a) As soon as practicable after the effective
13 date of this Act but not later than January 1, 2018, the Texas
14 Lottery Commission shall adopt rules necessary to implement this
15 Act.

16 (b) Not later than January 1, 2018, the Texas Lottery
17 Commission shall return to each license holder who in the year
18 preceding the effective date of this Act paid a license fee under
19 Section 2001.104 or 2001.437, Occupations Code, as those sections
20 existed before the effective date of this Act, any portion of the
21 fee attributable to the license holder's period of licensure
22 occurring on or after the effective date of this Act.

23 SECTION 14. This Act takes effect September 1, 2017.