86R11256 ADM-F

By:  Menéndez S.J.R. No. 41

A JOINT RESOLUTION

proposing a constitutional amendment creating the Texas Gaming Commission and authorizing and regulating the operation of casino games and slot machines by a limited number of licensed owners and certain Indian tribes to provide money for the foundation school fund and additional financial aid for higher education students; authorizing fees; imposing a tax.

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

SECTION 1.  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), (d-1), and (e) of this section and Sections 47a and 47b of this article.

SECTION 2.  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 foundation school 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:

(A)  own a financial or other interest in an entity engaged in the conduct of casino gaming or slot gaming or engaged in the provision of casino or slot services, or an interest in a security issued by such an entity; or

(B)  be related within the second degree by affinity or the third degree by consanguinity as determined by general law to an individual who owns an interest described in Paragraph (A) of this subdivision;

(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 gaming 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 shall 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 related to this section that are 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, probating, 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 four licenses to operate casinos or slot establishments to persons who are licensed to conduct pari-mutuel wagering on horse or greyhound races in the county in which the applicants held a license to conduct pari-mutuel wagering on horse or greyhound races as of January 1, 2019, and who comply with requirements of this section and related state laws and commission rules;

(2)  issue three licenses to operate casinos to persons who are licensed to conduct pari-mutuel wagering at a class 1 racetrack as defined by Subtitle A-1, Title 13, Occupations Code (Texas Racing Act), at the location licensed for conducting pari-mutuel wagering on horse races and who comply with requirements of this section and related state laws and commission rules;

(3)  issue four licenses to operate casinos at casino-anchored destination attraction development projects in counties with a population greater than 1.5 million to persons who comply with requirements of this section and related state laws and commission rules;

(4)  issue three licenses to operate casinos at casino-anchored destination attraction development projects located on islands in the Gulf of Mexico to persons who comply with requirements of this section and related state laws and commission rules; and

(5)  allow an Indian tribe recognized by the United States government under federal law to operate on the tribe's land held in trust by the United States on January 1, 1998, casino gaming or slot gaming in accordance with:

(A)  federal law; and

(B)  either:

(i)  an effective gaming agreement that includes a provision requiring the Indian tribe to remit to this state a portion of the tribe's casino gaming or slot gaming revenue in an amount equal to the rate provided in the agreement; or

(ii)  general state law that includes a provision requiring the Indian tribe to remit to this state a portion of the tribe's 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:

(1)  the prospective revenue to be collected by this state from the conduct of casino gaming at a casino or of slot gaming at a slot establishment and the impact to this state's economy of each competing applicant's proposed gaming and associated facilities;

(2)  the number of state residents estimated to be employed at 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 reflecting the diverse population of this state in all employment classifications;

(3)  the extent to which an applicant's proposed casino or slot establishment and any proposed associated hotel and nongaming businesses could reasonably encourage interstate tourism to this state;

(4)  the extent to which the scope, design, location, and construction of the applicant's casino or slot establishment and any associated hotel and nongaming businesses could reasonably contribute to the development of 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 a casino or slot establishment, including the experience of partners of the applicant, 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 for which an owner's license is granted, the Texas Gaming Commission shall require an applicant for a license described by Subsection (f)(3) or (4) of this section, as a condition of receiving and holding an owner's license, to enter into an agreement with this state guaranteeing the applicant will construct a casino-anchored destination attraction development project that includes total land and development costs of at least:

(1)  $1 billion for a project described by Subsection (f)(3) of this section; or

(2)  $250 million for a project described in Subsection (f)(4) of this section.

(i)  Notwithstanding Subsection (f) of this section:

(1)  a license under Subsection (f)(1), (2), (3), or (4) of this section 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 approved a proposition legalizing casino gaming at a local option election held under this section;

(2)  not more than two casinos or slot establishments may be located in the same county;

(3)  a license under Subsection (f)(1) of this section may not be issued to an applicant that did not conduct pari-mutuel wagering at the location before January 1, 2019;

(4)  a casino license may not be issued for a location in an area in which casino gaming or slot gaming is prohibited under a gaming agreement negotiated between an Indian tribe and this state; and

(5)  a casino license may not be issued for a location within five miles of property the General Land Office is required by statute to preserve and protect.

(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 gaming or 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 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 foundation school fund.

(k)  An applicant applying for a license under Subsection (f) of this section shall submit to the Texas Gaming Commission an application fee in the amount of:

(1)  $15 million for a license to operate a slot establishment under Subsection (f)(1) of this section;

(2)  $25 million for a license to operate a casino under Subsection (f)(1) or (4) of this section; and

(3)  $50 million for a license to operate a casino under Subsection (f)(2) or (3) of this section.

(k-1)  If an applicant for a license to operate a casino or slot establishment submits an application and fee to the Texas Gaming Commission and is not awarded the license, the commission shall refund the fee less the costs incurred by the commission in reviewing the application and conducting a criminal background investigation on the applicant.

(l)  A slot gaming tax in an amount equal to 35 percent of a slot establishment owner's gross slot income for the slot establishment operated under the owner's license is imposed on the owner. 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)  Except as provided by Subsection (n) of this section, a casino gaming tax in an amount equal to 20 percent of a casino owner's gross gaming revenue for the casino operated under the owner's license is imposed on the owner. 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)  The casino gaming tax imposed under Subsection (m) of this section is reduced to an amount equal to 15 percent of a casino owner's gross gaming revenue for the casino operated under the owner's license if the Texas Gaming Commission determines the owner has invested $1 billion or more in the owner's casino facility.

(o)  Of the revenue from the taxes imposed by Subsections (l) and (m) of this section:

(1)  one-twentieth is allocated to the municipality in which the casino or slot establishment is located and one-twentieth is allocated to the county in which the casino or slot establishment is located; or

(2)  if the casino or slot establishment is located in an unincorporated area, one-tenth is allocated to the county in which the casino or slot establishment is located.

(p)  The comptroller of public accounts shall transfer the appropriate amount allocated under Subsection (o) of this section to the appropriate municipalities and counties not less than monthly in the manner the comptroller considers appropriate.

(q)  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-fortieth to the general revenue fund for appropriation only to fund a compulsive gambling program established by the Texas Gaming Commission;

(2)  one-fortieth 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 foundation school fund.

(r)  The comptroller of public accounts quarterly shall determine the net amount of receipts to be collected by 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.

(s)  A casino or slot establishment located at a greyhound racetrack shall transfer 12 percent of gross gaming revenue to a Texas canine development fund established and administered by the racetrack.

(t)  A casino or slot establishment located at a horse racetrack shall provide at least $1 million, or the minimum coverage amount required by the Texas Racing Commission, in accident insurance coverage for jockeys participating in a race meeting at the racetrack. The commission:

(1)  may review and approve the adequacy of the coverage;

(2)  shall annually adjust for inflation the minimum coverage amount; and

(3)  shall annually publish in the Texas Register the revised minimum coverage amount.

(u)  A person that operates a casino or slot establishment at a racetrack shall make at least weekly payments to the racing facilities capital improvement account in an amount equal to one-half of one percent of the gross gaming revenue unless a racing facilities agreement providing for a different amount is filed with the Texas Racing Commission.

(v)  The racing facilities capital improvement account is an escrow account held outside the state treasury and administered by the Texas Racing Commission. A transfer of money from the account requires:

(1)  for a horse racetrack, the signatures of:

(A)  a designated official of the horse racetrack; and

(B)  a designated representative appointed by a majority of the quarter horse state breed registry, the Thoroughbred state horse breed registry, and the horsemen's organization; or

(2)  for a greyhound racetrack, the signatures of:

(A)  a designated official of the greyhound racetrack; and

(B)  a designated representative of the Texas Greyhound Association or its successor.

(w)  The Texas Racing Commission shall adopt rules to administer this section. The rules must require the electronic transfer of funds to the accounts described in this section.

(x)  A person who operates a casino or slot establishment at a racetrack shall promptly and fully make each payment or transfer from the gross gaming revenue required under this section on behalf of the casino or slot establishment at the racetrack even if live racing at that racetrack is shortened, canceled, or delayed for any reason.

(y)  If a horse racetrack fails to request the minimum number of required live race dates or fails to offer the minimum number of required live races despite issuance of live race dates, does not receive a waiver of that violation from the Texas Racing Commission as provided by Subtitle A-1, Title 13, Occupations Code (Texas Racing Act), and does not have an agreement with the affected state horse breed registries and horsemen's organization, the applicable state horse breed registries and the horsemen's organization may, in their sole discretion, transfer all money to which they are entitled under this section from that racetrack to the respective accounts under their control at another racetrack or racetracks.

(z)  If a greyhound racetrack fails to request the minimum number of required live race dates or fails to offer the minimum number of required live races despite issuance of live race dates, does not receive a waiver of that violation from the Texas Racing Commission as provided by Subtitle A-1, Title 13, Occupations Code (Texas Racing Act), and does not have an agreement with the affected officially recognized greyhound breed registry, the Texas Greyhound Association or its successor may, in its sole discretion, transfer all money to which the association is entitled under this section from that racetrack to the account under its control at another racetrack or racetracks.

(aa)  The amount equal to 0.025 percent of the gross gaming revenue generated at a horse racetrack shall be transferred from the Texas equine development fund for that racetrack to the equine research account of Texas A&M AgriLife Research or its successor for use in equine research, including facilities development under Subchapter F, Chapter 88, Education Code. The money transferred under this subsection shall supplement, and may not replace, funding provided under Subtitle A-1, Title 13, Occupations Code (Texas Racing Act).

(bb)  Each person that operates a casino or slot establishment at a racetrack shall, at least weekly, transfer to the racing facilities capital improvement account from the racetrack's Texas equine development fund or Texas canine development fund, as applicable, an amount equal to one-half of one percent of the net gaming income unless a racing facilities agreement providing for a different amount is filed with the Texas Racing Commission.

(cc)  Unless an agreement between the state horse breed registries and the horsemen's organization provides otherwise, and after any other allocations required by this section, the remainder of the money deposited in the Texas equine development fund at a horse racetrack must:

(1)  be used for purses and the Texas-bred incentive programs and may be used for other programs considered beneficial to the equine industry, including:

(A)  equine retirement, adoption, and retraining programs;

(B)  programs to test for banned performance-enhancing equine drugs, performance-enhancing drug testing research, and equipment and facilities of laboratories providing those services in this state; and

(C)  other programs to improve the working environment in stable areas of racetracks; and

(2)  be allocated as follows:

(A)  the amount equal to 4.43 percent of the gross gaming revenue to the horsemen's organization to supplement Thoroughbred racing purses;

(B)  the amount equal to 2.385 percent of the gross gaming revenue to the horsemen's organization to supplement quarter horse racing purses;

(C)  the amount equal to 2.38 percent of the gross gaming revenue to the Thoroughbred state horse breed registry; and

(D)  the amount equal to 1.28 percent of the gross gaming revenue to the quarter horse state horse breed registry.

(dd)  From the money allocated under Subsection (cc)(2)(A) of this section, pursuant to an agreement between the Texas Arabian Breeders Association or its successor and the horsemen's organization, the horsemen's organization shall allocate a portion of the money for purses for the Arabian horse racing industry. The agreement must provide that not less than the amount equal to 0.199 percent of the gross gaming revenue be allocated for Arabian horse racing purses. If an agreement is not made, the horsemen's organization shall transfer to the Texas Arabian horse racing industry the amount equal to 0.199 percent of the gross gaming revenue for Arabian horse racing purses.

(ee)  From the money allocated under Subsection (cc)(2)(B) of this section, pursuant to an agreement between the Texas Paint Horse Breeders' Association or its successor and the horsemen's organization, the horsemen's organization shall allocate a portion of the money for purses for the paint horse racing industry. If the agreement is not made, the horsemen's organization shall transfer to the paint horse racing industry an amount equal to 0.072 percent of the gross gaming revenue for paint horse racing purses.

(ff)  From the money allocated under Subsection (cc)(2)(C) of this section, pursuant to an agreement between the Texas Arabian Breeders Association or its successor and the Thoroughbred state horse breed registry, the registry shall allocate a portion of the money for the Arabian horse racing industry state-breed programs. The agreement must provide that not less than the amount equal to 0.107 percent of the gross gaming revenue be allocated for Arabian state-breed programs. If an agreement is not made, the Thoroughbred state horse breed registry shall transfer to the Texas Arabian horse racing industry for state-breed programs the amount equal to 0.107 percent of the gross gaming revenue.

(gg)  From the money allocated under Subsection (cc)(2)(D) of this section, pursuant to an agreement between the Texas Paint Horse Breeders' Association or its successor and the quarter horse state horse breed registry, the registry shall allocate a portion of the money for state-breed programs for the paint horse racing industry. If an agreement is not made, the registry shall transfer to the paint horse racing industry an amount equal to 0.038 percent of the gross gaming revenue for paint horse state-breed programs.

(hh)  Following the other transfers and allocations required by this section, the remainder of the money deposited in the Texas canine development fund at a greyhound racetrack is allocated as follows:

(1)  the amount equal to 4.75 percent of the gross gaming revenue to supplement greyhound racing purses;

(2)  the amount equal to 4.75 percent of the gross gaming revenue to supplement accredited Texas-bred greyhound racing purses; and

(3)  the amount equal to two percent of the gross gaming revenue to the Texas Greyhound Association or its successor as the state greyhound breed registry.

(ii)  The Texas Racing Commission may adopt rules to administer this section and shall require the electronic transfer of funds to accounts described in this section.

(jj)  For purposes of this section, a racing facilities agreement for a horse racetrack is valid only on approval of the applicable racetrack and a majority of the quarter horse state horse breed registry, the Thoroughbred state horse breed registry, and the horsemen's organization.

(kk)  For purposes of this section, a racing facilities agreement for a greyhound racetrack is valid only on approval of the racetrack and the Texas Greyhound Association or its successor.

(ll)  A racing facilities agreement filed under this section remains in effect until it expires on its own terms or until it is superseded by a subsequent racing facilities agreement for the same racetrack.

(mm)  Unless a racing facilities agreement provides otherwise, the money in the racing facilities capital improvement account may be spent only for the maintenance and improvement of pari-mutuel racing facilities.

(nn)  Money in the performance horse development fund may be spent only for:

(1)  the development of the horse agricultural industry in this state through efforts intended to attract, retain, promote, and encourage the breeding, raising, training, and exhibition of horses in this state that are bred or trained for public competition and exhibition or recreational use in all legally permitted equine activities other than horse racing at racetracks; and

(2)  events and programs conducted in this state.

(oo)  Money from the performance horse development fund is allocated as follows:

(1)  40 percent to the American Quarter Horse Association or its successor for its sanctioned events and programs;

(2)  20 percent to the National Cutting Horse Association or its successor for its sanctioned events and programs;

(3)  20 percent to the American Paint Horse Association or its successor for its sanctioned events and programs; and

(4)  20 percent to the Department of Agriculture or its successor to promote the equine agricultural industry in this state.

(pp)  Subject to Subsection (qq) of this section, money transferred to an association or agency from the performance horse development fund may be used for:

(1)  purse supplements or additional money for performance and recreational horse events conducted in this state;

(2)  the establishment of an accredited Texas Bred Program for breeding of performance and recreational horses;

(3)  the marketing and promotion of performance and recreational horse activities and events in this state; and

(4)  scholarship programs.

(qq)  Money may be transferred under Subsection (oo)(4) of this section only to organizations of the equine industry in this state that are not receiving money for events and programs under Subsection (oo)(1), (2), or (3) of this section.

(rr)  Except as otherwise provided by law, all money paid to the Department of Agriculture or its successor is subject to Subchapter F, Chapter 404, Government Code.

(ss)  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 zoned exclusively as residential, unless otherwise provided by commission rule.

(tt)  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.

(uu)  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 a number of registered voters of the county equal to at least 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.

(vv)  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 (uu) of this section. Not later than the 30th 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 the petition is invalid, the clerk shall state the reasons for that determination.

(ww)  If the county clerk certifies that a petition for an election under this section is valid, not later than the 30th 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 presented to the voters. 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)."

(xx)  The commissioners court shall provide 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 authorized under this section is permitted 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 permitted in the county, and a subsequent election on the issue may not be held in the county before the corresponding uniform election date following the first anniversary of the election date. 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 permitted in the county, and a subsequent election on the issue may not be held in the county before the corresponding uniform election date following the fifth anniversary of the date of the second election.

(yy)  It is a defense to prosecution for a gambling offense under general law that the action was authorized under this section, Section 47b of this article, or Texas Gaming Commission rule.

(zz)  All shipments of slot machines or gaming devices into, out of, or within this state authorized under this section, Section 47b of this article, 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.

(aaa)  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.

(bbb)  The legislature by general law may impose additional restrictions or requirements for the conduct of casino gaming and slot gaming.

(ccc)  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.

(ddd)  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 licensed as provided by this section.

(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)  "Performance and recreational horses" means horses bred or trained for public competition and exhibition or recreational use in all legally permitted equine activities other than horse racing at racetracks.

(7)  "Slot establishment" means a facility at which slot gaming is conducted by a licensed slot establishment owner as authorized by this section.

(8)  "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.

(9)  "Slot gaming" means any game of chance played on a slot machine on payment of consideration. The term does not include bingo, charitable raffles, or the state lottery authorized under Section 47 of this article.

(10)  "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 3.  Article III, Texas Constitution, is amended by adding Section 47b to read as follows:

Sec. 47b.  (a) Any federally recognized Indian tribe that had a reservation in this state on or before January 1, 1998, may, without application of state-imposed time, place, and manner restrictions, conduct on its reservation class II gaming regulated by the National Indian Gaming Commission consistent with that commission's regulation of gaming conducted by Indian tribes in other states, and any other gaming activity that may be conducted by any other individual, organization, group, or entity in this state.

(b)  In this section, class II gaming has the same meaning as in Section 4(7), Indian Gaming Regulatory Act (25 U.S.C. Section 2703(7)).

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 86th Legislature, Regular Session, 2019, creating the Texas Gaming Commission and authorizing and regulating the operation of casino games and slot machines by licensed owners and certain Indian tribes to provide money for the foundation school fund and additional financial aid for higher education students.

(b)  Not later than January 1, 2020, 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, 2021, two members to terms expiring February 1, 2023, and two members to terms expiring February 1, 2025.

(c)  Not later than March 1, 2020, 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, 2021.

SECTION 5.  This proposed constitutional amendment shall be submitted to the voters at an election to be held November 5, 2019. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment creating the Texas Gaming Commission and authorizing and regulating the operation of casino games and slot machines by a limited number of licensed owners and certain Indian tribes to provide money for the foundation school fund and additional financial aid for higher education students."