

# SENATE AMENDMENTS

## 2<sup>nd</sup> Printing

By: Thompson of Harris, et al.

H.B. No. 914

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the regulation of bingo games.

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

4 SECTION 1. Sections 2001.305(b) and (c), Occupations Code,  
5 are amended to read as follows:

6 (b) Immediately after issuing [~~receiving~~] a license, the  
7 commission [~~a license holder~~] shall send a copy of the license to  
8 the appropriate governing body. The governing body shall file the  
9 copy of the license in a central file containing licenses issued  
10 under this chapter.

11 (c) Not later than the 10th day after the date a license is  
12 issued, the commission [~~license holder~~] shall give written notice  
13 of the issuance of the license to:

14 (1) the police department of the municipality in which  
15 bingo will be conducted, if bingo is to be conducted in a  
16 municipality; or

17 (2) the sheriff of the county in which bingo will be  
18 conducted, if bingo is to be conducted outside a municipality.

19 SECTION 2. Section 2001.313(h), Occupations Code, is  
20 amended to read as follows:

21 (h) A licensed authorized organization may employ an  
22 individual who is not on the registry established by this section as  
23 an operator, manager, cashier, usher, caller, or salesperson on a  
24 provisional basis if the individual is awaiting the results of a

1 background check by the commission:

2 (1) for a period not to exceed 30 [~~14~~] days if the  
3 individual is a resident of this state; or

4 (2) for a period to be established by commission rule  
5 if the individual is not a resident of this state.

6 SECTION 3. Section 2001.419, Occupations Code, is amended  
7 by amending Subsections (c), (d), and (e) and adding Subsections  
8 (c-1) and (f) to read as follows:

9 (c) Except as provided by Subsection (c-1), no [~~No~~] more  
10 than two bingo occasions may be conducted at the same premises  
11 during one day except that a third bingo occasion may be conducted  
12 under a temporary license held by a licensed authorized  
13 organization at that premises.

14 (c-1) In addition to the bingo occasions authorized at the  
15 same premises during one day under Subsection (c), on not more than  
16 three days of a calendar week, one or two additional bingo occasions  
17 may be held at the same premises at which bingo occasions are  
18 conducted under that subsection under the annual license of one or  
19 more licensed authorized organizations.

20 (d) If more than one bingo occasion is conducted at the same  
21 premises on the same day:

22 (1) the bingo occasions must be announced separately;

23 (2) the licensed times may not overlap; and

24 (3) notwithstanding Subsection (e), bingo cards may be  
25 sold during a bingo occasion for play during a subsequent bingo  
26 occasion that is scheduled to begin at the same premises in not more  
27 than eight hours after the sale of cards for the subsequent occasion

1 begins.

2 (e) Bingo cards, pull-tab bingo tickets, and the use of  
3 card-minding devices [paper] for a bingo occasion may be sold at the  
4 licensed premises at any time beginning one hour before the bingo  
5 occasion and ending at the conclusion of the bingo occasion  
6 ~~[begins]~~.

7 (f) If pull-tab bingo tickets are sold by one licensed  
8 authorized organization that conducts consecutive bingo occasions  
9 during one day, the organization may account for and report all of  
10 the pull-tab bingo ticket sales for the occasions as sales for the  
11 final occasion.

12 SECTION 4. Section 2001.451(b), Occupations Code, is  
13 amended to read as follows:

14 (b) Except as provided by Section 2001.502(a), a [A]  
15 licensed authorized organization shall deposit in the bingo account  
16 all funds derived from the conduct of bingo, less the amount awarded  
17 as cash prizes under Sections 2001.420(a) and (b). Except as  
18 provided by Subsection (b-1), a deposit must be made not later than  
19 the third ~~[second]~~ business day after the day of the bingo occasion  
20 on which the receipts were obtained.

21 SECTION 5. Section 2001.502, Occupations Code, is amended  
22 to read as follows:

23 Sec. 2001.502. PRIZE FEE. (a) A licensed authorized  
24 organization or unit as defined by Section 2001.431 shall[+]

25 [~~1~~] collect from a person who wins a cash bingo prize  
26 of more than \$5 a fee in the amount of five percent of the amount [~~or~~  
27 ~~value~~] of the prize. Each quarter, the licensed authorized

1 organization or unit shall remit 50 percent of the amount collected  
2 as the prize fee to the commission and:

3 (1) if a county or municipality in which the bingo game  
4 is conducted voted before November 1, 2019, to impose the prize fee,  
5 remit 50[~~;~~ and

6 [~~(2) remit to the commission a fee in the amount of~~  
7 ~~five] percent of the amount collected as the prize fee to:~~

8 (A) the county in which the bingo game is  
9 conducted, if the county voted to impose the fee by that date and  
10 the location at which bingo is conducted is not within the  
11 boundaries of a municipality;

12 (B) the municipality in which the bingo game is  
13 conducted, if the municipality voted to impose the fee by that date  
14 and the county in which the bingo game is conducted did not vote to  
15 impose the fee by that date; or

16 (C) in equal shares, the county and the  
17 municipality in which the bingo game is conducted, if the county and  
18 municipality each voted to impose the fee before that date; or

19 (2) if a county or municipality is not entitled to a  
20 percentage of the amount of fees collected under Subdivision (1),  
21 deposit 50 percent of the amount collected as the prize fee in the  
22 general charitable fund of the organization or on a pro rata basis  
23 to the general funds of the organizations comprising the unit, as  
24 applicable, to be used for the charitable purposes of the  
25 organization or organizations [~~or value of all bingo prizes of more~~  
26 ~~than \$5 awarded].~~

27 (b) The governing body of a county or municipality that

1 voted to impose a prize fee under Subsection (a) may at any time  
2 vote to discontinue the imposition of the fee. If a county or  
3 municipality votes after November 1, 2019, to discontinue the fee,  
4 the fees shall be collected by the licensed authorized organization  
5 or unit as defined by Section 2001.431 and deposited as provided by  
6 Subsection (a)(2).

7 (c) A fee collected under Subsection (a) does not apply to:

8 (1) a merchandise prize awarded as a prize for winning  
9 a bingo game, including a bingo card, a pull-tab bingo ticket, a  
10 bingo dauber, or other bingo merchandise; or

11 (2) the use of a card-minding device awarded as a prize  
12 for winning a bingo game.

13 SECTION 6. Section 2001.504(a), Occupations Code, is  
14 amended to read as follows:

15 (a) A fee on prizes authorized or imposed under this  
16 subchapter is due and is payable by the license holder or a person  
17 conducting bingo without a license to the commission and county or  
18 municipality, as applicable, quarterly on or before the 25th day of  
19 the month succeeding each calendar quarter.

20 SECTION 7. The heading to Section 2001.507, Occupations  
21 Code, is amended to read as follows:

22 Sec. 2001.507. COLLECTION AND DEPOSIT [~~DISBURSEMENT~~] OF  
23 PRIZE FEE.

24 SECTION 8. Section 2001.507, Occupations Code, is amended  
25 by amending Subsection (a) and adding Subsection (a-1) to read as  
26 follows:

27 (a) The commission shall deposit the revenue collected from

1 the fee on prizes imposed by Section 2001.502 to the credit of [~~a~~  
2 ~~special account in~~] the general revenue fund.

3 (a-1) The revenue collected by the commission from the fee  
4 on prizes imposed by Section 2001.502 is considered miscellaneous  
5 revenue for purposes of appropriations made to the commission under  
6 the General Appropriations Act for the administration of this  
7 chapter.

8 SECTION 9. Section 404.073(c), Government Code, is amended  
9 to read as follows:

10 (c) Interest that has been and that will be accrued or  
11 earned from deposits made under a law to which this subsection  
12 applies is state funds not subject to allocation or distribution to  
13 taxing units, cities, or transportation authorities under that law.  
14 This subsection applies to:

- 15 (1) Section 205.02, Alcoholic Beverage Code;
- 16 (2) [~~Section 2001.507, Occupations Code,~~
- 17 [~~3~~] Section 403.105(d) of this code;
- 18 (3) [~~4~~] Sections 321.501 and 321.504, Tax Code;
- 19 (4) [~~5~~] Sections 322.301 and 322.304, Tax Code; and
- 20 (5) [~~6~~] Sections 323.501 and 323.504, Tax Code.

21 SECTION 10. The following provisions of the Occupations  
22 Code are repealed:

- 23 (1) Section 2001.103(a-1);
- 24 (2) Section 2001.104;
- 25 (3) Section 2001.313(b-3);
- 26 (4) Section 2001.437(i);
- 27 (5) Section 2001.503; and

1           (6) Sections 2001.507(b), (c), (d), (e), (f), (g),  
2 (h), and (i).

3           SECTION 11. (a) A county or municipality may receive a  
4 portion of the prize fee collected under Section 2001.502,  
5 Occupations Code, as amended by this Act, after the effective date  
6 of this Act only if:

7           (1) the county or municipality was entitled to receive  
8 a portion of a bingo prize fee as of January 1, 2019; and

9           (2) the governing body of the county or municipality:

10           (A) by majority vote of the members of the  
11 governing body approves the continued receipt of funds under that  
12 section and notifies the Texas Lottery Commission of that decision  
13 not later than November 1, 2019; and

14           (B) notifies each licensed authorized  
15 organization within the county's or municipality's jurisdiction, as  
16 applicable, of the continued imposition of the fee.

17           (b) Not later than October 1, 2019, the Texas Lottery  
18 Commission shall notify the governing body of a county or  
19 municipality that was entitled to receive a portion of the prize fee  
20 collected under Section 2001.502, Occupations Code, as that section  
21 existed immediately before the effective date of this Act, of the  
22 requirements for continued receipt of the prize fee under that  
23 section as provided in Subsection (a) of this section.

24           SECTION 12. Section 2001.305, Occupations Code, as amended  
25 by this Act, applies only to an authorized organization license or a  
26 commercial lessor license that is issued under Chapter 2001,  
27 Occupations Code, on or after the effective date of this Act. An

1 authorized organization license or a commercial lessor license  
2 issued before the effective date of this Act is governed by the law  
3 as it existed immediately before the effective date of this Act, and  
4 that law is continued in effect for that purpose.

5 SECTION 13. (a) Except as otherwise provided by Subsection  
6 (b) of this section, this Act takes effect January 1, 2020.

7 (b) The following provisions take effect September 1, 2019:

- 8 (1) Section 2001.502(c), Occupations Code, as added by  
9 this Act;
- 10 (2) Section 2001.507(a), Occupations Code, as amended  
11 by this Act; and
- 12 (3) Section 2001.507(a-1), Occupations Code, as added  
13 by this Act.



ADOPTED

MAY 22 2019

*Lucy Shaw*  
Secretary of the Senate

By: Zeffirini

H.B. No. 914

Substitute the following for \_\_\_ .B. No. \_\_\_ :

By: Joan Hoffmann

C.S. H.B. No. 914

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the regulation of bingo games.

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

4 SECTION 1. Sections 2001.305(b) and (c), Occupations Code,  
5 are amended to read as follows:

6 (b) Immediately after issuing [~~receiving~~] a license, the  
7 commission [~~a license holder~~] shall send a copy of the license to  
8 the appropriate governing body. The governing body shall file the  
9 copy of the license in a central file containing licenses issued  
10 under this chapter.

11 (c) Not later than the 10th day after the date a license is  
12 issued, the commission [~~license holder~~] shall give written notice  
13 of the issuance of the license to:

14 (1) the police department of the municipality in which  
15 bingo will be conducted, if bingo is to be conducted in a  
16 municipality; or

17 (2) the sheriff of the county in which bingo will be  
18 conducted, if bingo is to be conducted outside a municipality.

19 SECTION 2. Section 2001.313(h), Occupations Code, is amended  
20 to read as follows:

21 (h) A licensed authorized organization may employ an  
22 individual who is not on the registry established by this section  
23 as an operator, manager, cashier, usher, caller, or salesperson on  
24 a provisional basis if the individual is awaiting the results of

1 a background check by the commission:

2 (1) for a period not to exceed 30 [~~14~~] days if the  
3 individual is a resident of this state; or

4 (2) for a period to be established by commission rule  
5 if the individual is not a resident of this state.

6 SECTION 3. Section 2001.419, Occupations Code, is amended by  
7 amending Subsections (d) and (e) and adding Subsection (f) to read  
8 as follows:

9 (d) If more than one bingo occasion is conducted at the same  
10 premises on the same day:

11 (1) the bingo occasions must be announced separately;

12 (2) the licensed times may not overlap; and

13 (3) notwithstanding Subsection (e), bingo cards may be  
14 sold during a bingo occasion for play during a subsequent bingo  
15 occasion that is scheduled to begin at the same premises in not  
16 more than eight hours after the sale of cards for the subsequent  
17 occasion begins.

18 (e) Bingo cards, pull-tab bingo tickets, and the use of card-  
19 minding devices [~~paper~~] for a bingo occasion may be sold at the  
20 licensed premises at any time beginning one hour before the bingo  
21 occasion and ending at the conclusion of the bingo occasion  
22 [~~begins~~].

23 (f) If pull-tab bingo tickets are sold by one licensed  
24 authorized organization that conducts consecutive bingo occasions  
25 during one day, the organization may account for and report all of  
26 the pull-tab bingo ticket sales for the occasions as sales for the  
27 final occasion.

1 SECTION 4. Section 2001.451(b), Occupations Code, is amended  
2 to read as follows:

3 (b) Except as provided by Section 2001.502(a), a [A]  
4 licensed authorized organization shall deposit in the bingo  
5 account all funds derived from the conduct of bingo, less the  
6 amount awarded as cash prizes under Sections 2001.420(a) and (b).  
7 Except as provided by Subsection (b-1), a deposit must be made not  
8 later than the third [~~second~~] business day after the day of the  
9 bingo occasion on which the receipts were obtained.

10 SECTION 5. Section 2001.502, Occupations Code, is amended to  
11 read as follows:

12 Sec. 2001.502. PRIZE FEE. (a) A licensed authorized  
13 organization or unit as defined by Section 2001.431 shall :

14 (1) collect from a person who wins a cash bingo prize  
15 of more than \$5 a fee in the amount of five percent of the amount  
16 [~~or value~~] of the prize ; and

17 (2) except as otherwise provided by this section, remit  
18 to the commission the amount of the [a] fee collected under  
19 Subdivision (1) [in the amount of five percent of the amount or  
20 value of all bingo prizes of more than \$5 awarded].

21 (b) Notwithstanding Subsection (a)(2), each quarter, a  
22 licensed authorized organization or unit that collects a prize fee  
23 under Subsection (a) for a bingo game conducted in a county or  
24 municipality that was entitled to receive a portion of a bingo  
25 prize fee as of January 1, 2019, shall remit 50 percent of the  
26 amount collected as the prize fee to the commission and:

27 (1) if the county or municipality in which the bingo

1 game is conducted voted before November 1, 2019, to impose the  
2 prize fee, remit 50 percent of the amount collected as the prize  
3 fee to:

4 (A) the county that voted to impose the fee by  
5 that date, provided the location at which the bingo game is  
6 conducted is not within the boundaries of a municipality that voted  
7 to impose the prize fee by that date;

8 (B) the municipality that voted to impose the fee  
9 by that date, provided the county in which the bingo game is  
10 conducted did not vote to impose the fee by that date; or

11 (C) in equal shares, the county and the  
12 municipality, provided each voted to impose the fee before that  
13 date; or

14 (2) if neither the county or municipality in which the  
15 bingo game is conducted voted before November 1, 2019, to impose  
16 the prize fee, deposit the remainder of the amount collected as  
17 the prize fee in the general charitable fund of the organization  
18 or on a pro rata basis to the general funds of the organizations  
19 comprising the unit, as applicable, to be used for the charitable  
20 purposes of the organization or organizations.

21 (c) The governing body of a county or municipality that voted  
22 to impose a prize fee under Subsection (b) (1) may at any time vote  
23 to discontinue the imposition of the fee. If a county or  
24 municipality votes on or after November 1, 2019, to discontinue  
25 the fee, the fees to which the county or municipality, as  
26 applicable, was entitled before the vote shall be collected by the  
27 licensed authorized organization or unit as defined by Section

1 2001.431 and deposited as provided by Subsection (b) (2).

2 (d) A fee collected under Subsection (a) does not apply to:

3 (1) a merchandise prize awarded as a prize for winning  
4 a bingo game, including a bingo card, a pull-tab bingo ticket, a  
5 bingo dauber, or other bingo merchandise; or

6 (2) the use of a card-minding device awarded as a prize  
7 for winning a bingo game.

8 SECTION 6. Section 2001.504(a), Occupations Code, is amended  
9 to read as follows:

10 (a) A fee on prizes authorized or imposed under this  
11 subchapter is due and is payable by the license holder or a person  
12 conducting bingo without a license to the commission and county or  
13 municipality, as applicable, quarterly on or before the 25th day  
14 of the month succeeding each calendar quarter.

15 SECTION 7. The heading to Section 2001.507, Occupations  
16 Code, is amended to read as follows:

17 Sec. 2001.507. COLLECTION AND DEPOSIT [~~DISBURSEMENT~~] OF  
18 PRIZE FEE.

19 SECTION 8. Section 2001.507, Occupations Code, is amended by  
20 amending Subsection (a) and adding Subsection (a-1) to read as  
21 follows:

22 (a) The commission shall deposit the revenue collected from  
23 the fee on prizes imposed by Section 2001.502 to the credit of [~~a~~  
24 ~~special account in~~] the general revenue fund.

25 (a-1) The revenue collected by the commission from the fee  
26 on prizes imposed by Section 2001.502 is considered miscellaneous  
27 revenue for purposes of appropriations made to the commission under

1 the General Appropriations Act for the administration of this  
2 chapter.

3 SECTION 9. Section 404.073(c), Government Code, is amended  
4 to read as follows:

5 (c) Interest that has been and that will be accrued or earned  
6 from deposits made under a law to which this subsection applies is  
7 state funds not subject to allocation or distribution to taxing  
8 units, cities, or transportation authorities under that law. This  
9 subsection applies to:

- 10 (1) Section 205.02, Alcoholic Beverage Code;
- 11 (2) [~~Section 2001.507, Occupations Code,~~
- 12 [~~3~~] Section 403.105(d) of this code;
- 13 (3) [~~4~~] Sections 321.501 and 321.504, Tax Code;
- 14 (4) [~~5~~] Sections 322.301 and 322.304, Tax Code; and
- 15 (5) [~~6~~] Sections 323.501 and 323.504, Tax Code.

16 SECTION 10. The following provisions of the Occupations Code  
17 are repealed:

- 18 (1) Section 2001.103(a-1);
- 19 (2) Section 2001.104;
- 20 (3) Section 2001.313(b-3);
- 21 (4) Section 2001.437(i);
- 22 (5) Section 2001.503; and
- 23 (6) Sections 2001.507(b), (c), (d), (e), (f), (g), (h),  
24 and (i).

25 SECTION 11. (a) A county or municipality may receive a  
26 portion of the prize fee collected under Section 2001.502,  
27 Occupations Code, as amended by this Act, after the effective date

1 of this Act only if:

2 (1) the county or municipality was entitled to receive  
3 a portion of a bingo prize fee as of January 1, 2019; and

4 (2) the governing body of the county or municipality:

5 (A) by majority vote of the members of the  
6 governing body approves the continued receipt of funds under that  
7 section and notifies the Texas Lottery Commission of that decision  
8 not later than November 1, 2019; and

9 (B) notifies each licensed authorized  
10 organization within the county's or municipality's jurisdiction,  
11 as applicable, of the continued imposition of the fee.

12 (b) Not later than October 1, 2019, the Texas Lottery  
13 Commission shall notify the governing body of a county or  
14 municipality that was entitled to receive a portion of the prize  
15 fee collected under Section 2001.502, Occupations Code, as that  
16 section existed immediately before the effective date of this Act,  
17 of the requirements for continued receipt of the prize fee under  
18 that section as provided in Subsection (a) of this section.

19 SECTION 12. Section 2001.305, Occupations Code, as amended  
20 by this Act, applies only to an authorized organization license or  
21 a commercial lessor license that is issued under Chapter 2001,  
22 Occupations Code, on or after the effective date of this Act. An  
23 authorized organization license or a commercial lessor license  
24 issued before the effective date of this Act is governed by the  
25 law as it existed immediately before the effective date of this  
26 Act, and that law is continued in effect for that purpose.

27 SECTION 13. (a) Except as otherwise provided by Subsection

1 (b) of this section, this Act takes effect January 1, 2020.

2 (b) The following provisions take effect September 1, 2019:

3 (1) Section 2001.502(c), Occupations Code, as added by  
4 this Act;

5 (2) Section 2001.507(a), Occupations Code, as amended  
6 by this Act; and

7 (3) Section 2001.507(a-1), Occupations Code, as added  
8 by this Act.



**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 23, 2019**

**TO:** Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB914** by Thompson, Senfronia (Relating to the regulation of bingo games.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB914, As Passed 2nd House: a positive impact of \$30,728,000 through the biennium ending August 31, 2021.

**General Revenue-Related Funds, Five-Year Impact:**

| Fiscal Year | Probable Net Positive/(Negative) Impact<br>to General Revenue Related Funds |
|-------------|---|
| 2020        | \$15,364,000  |
| 2021        | \$15,364,000  |
| 2022        | \$15,364,000  |
| 2023        | \$15,364,000  |
| 2024        | \$15,364,000  |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Revenue Gain/(Loss) from<br><i>General Revenue Fund</i><br>1 | Probable Revenue Gain/(Loss) from<br><i>Bingo Administration</i><br>5175 |
|-------------|---|--|
| 2020        | \$15,364,000  | (\$29,400,000)   |
| 2021        | \$15,364,000  | (\$29,400,000)   |
| 2022        | \$15,364,000  | (\$29,400,000)   |
| 2023        | \$15,364,000  | (\$29,400,000)   |
| 2024        | \$15,364,000  | (\$29,400,000)   |

**Fiscal Analysis**

The bill would amend the Occupations Code as it relates to the regulation of bingo games.

The bill would transfer certain responsibilities from an organization that holds a license to conduct bingo to the Texas Lottery Commission (commission). The bill would extend the amount of time a licensed authorized organization can employ certain individuals while the employee awaits the results of a background check by the commission.

The bill would expand the timeframe in which cards, tickets, and devices could be sold for a bingo occasion. The bill would make modifications to reporting procedures related to sales. The bill would extend the amount of time a licensed authorized organization has to deposit funds into the bingo account.

The bill would require a licensed authorized organization or unit to remit 50 percent of the amount collected as the prize fee to the commission and a certain amount to the county and/or the municipality if the county or municipality in which the bingo game is conducted voted before November 1, 2019 to impose the prize fee. The bill would deposit 50 percent of the amount collected as prize fee to the general fund of the charitable organization if a county or municipality is not entitled to a percentage of the prize fee collected, or voted to discontinue the fee after November 1, 2019.

Under the provisions of the bill, the prize fee would not apply to a merchandise prize awarded for winning a bingo game. The bill would require counties or municipalities currently entitled to receive a portion of the prize fee to continue to receive a portion of the prize fee if a majority vote of the members of the governing body approves the continued receipt of funds and notifies the commission and each licensed authorized organization within the county's or municipality's jurisdiction of the continuance of the fee.

The bill would require the commission to notify the governing body of a county or municipality that is entitled to receive a portion of the prize fee before January 1, 2020 of the new requirements for continued receipt of the prize fee by October 1, 2019.

The bill would repeal various sections of the Occupations Code which would eliminate certain refunds under the Occupations Code related to bingo.

The bill would take effect January 1, 2020. Provisions of the bill related to the imposition, collection, and deposit of the prize fee would take effect September 1, 2019.

## **Methodology**

Bingo prize fee revenue is currently collected by the commission and deposited to GR Account 5175 - Bingo Administration. The commission determines the local share of revenue and at the end of each fiscal year sends the local share to local governments and transfers the remaining amount to General Revenue Fund 0001. Interest earned on funds in GR Account 5175 - Bingo Administration Account is deposited to General Revenue Fund 0001. Under the bill, the prize fee would be deposited directly to General Revenue Fund 0001.

Under current statute, a county or municipality that imposed a gross receipts tax on bingo as of January 1, 1993, is entitled to 50 percent of bingo prize fees collected. Under the provisions of the bill, a county or municipality in which a bingo game is conducted is entitled to 50 percent of the amount of the collected prize fee if the county or municipality voted to impose the prize fee before November 1, 2019. The allocation of the prize fee is similar to current statute except in cases where a county or municipality is not entitled to a percentage of the amount of fees collected or votes to discontinue the fee after November 1, 2019. Under those conditions, 50 percent of the prize fee would be deposited with the charitable organization. Under current law, all revenue from bingo prize fees are deposited into the state treasury and then allocated by commission back to local communities. Under the provisions of the bill only 50 percent of total collections -state share would be deposited to the state treasury.

In fiscal 2018, \$607,131 was collected under comptroller object code 3152 Bingo Operators/Lessors. Based on the 2020-21 Biennial Revenue Estimate, collections are projected to be \$629,000 per fiscal year. As the revenue collected under comptroller object code 3152 cannot be separated from the revenue that will not be affected by the provisions of the bill, the revenue impact of the refund provisions of the bill cannot be determined.

The fiscal impact above represents loss of revenue deposited to GR Account 5175 - Bingo Administration from bingo prize fees (full 100% of revenue before allocations to local communities). Gain to General Revenue represents 50 percent of all total collections and the amount collected in cities and counties that didn't adopted bingo prizes before 1993, and also represents a loss of interest earned on the smaller amount of bingo prizes that would be deposited to the state treasury.

### **Local Government Impact**

In FY 2018, 54 counties and 95 cities received charitable bingo allocations. Any bingo prize fee designated for those counties and municipalities not voted on by the local jurisdiction by November 2019 will be retained in the general charitable fund of the organization or unit and no longer remitted to the local jurisdictions.

According to Ector and Smith counties, no fiscal impact to their counties is anticipated.

Travis County anticipates an annual revenue loss from the Bingo Gross Receipts Tax of \$450,000.

**Source Agencies:** 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 360 State Office of Administrative Hearings

**LBB Staff:** WP, CMA, SD, CLo, AF

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION  
Revision 1**

**May 17, 2019**

**TO:** Honorable Joan Huffman, Chair, Senate Committee on State Affairs

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB914** by Thompson, Senfronia (relating to the regulation of bingo games.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB914, Committee Report 2nd House, Substituted: a positive impact of \$30,728,000 through the biennium ending August 31, 2021.

**General Revenue-Related Funds, Five-Year Impact:**

| Fiscal Year | Probable Net Positive/(Negative) Impact<br>to General Revenue Related Funds |
|-------------|---|
| 2020        | \$15,364,000  |
| 2021        | \$15,364,000  |
| 2022        | \$15,364,000  |
| 2023        | \$15,364,000  |
| 2024        | \$15,364,000  |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Revenue Gain/(Loss) from<br><i>General Revenue Fund</i><br>1 | Probable Revenue Gain/(Loss) from<br><i>Bingo Administration</i><br>5175 |
|-------------|---|--|
| 2020        | \$15,364,000  | (\$29,400,000)   |
| 2021        | \$15,364,000  | (\$29,400,000)   |
| 2022        | \$15,364,000  | (\$29,400,000)   |
| 2023        | \$15,364,000  | (\$29,400,000)   |
| 2024        | \$15,364,000  | (\$29,400,000)   |

**Fiscal Analysis**

The bill would amend the Occupations Code as it relates to the regulation of bingo games.

The bill would transfer certain responsibilities from an organization that holds a license to conduct bingo to the Texas Lottery Commission (commission). The bill would extend the amount

of time a licensed authorized organization can employ certain individuals while the employee awaits the results of a background check by the commission.

The bill would expand the timeframe in which cards, tickets, and devices could be sold for a bingo occasion. The bill would make modifications to reporting procedures related to sales. The bill would extend the amount of time a licensed authorized organization has to deposit funds into the bingo account.

The bill would require a licensed authorized organization or unit to remit 50 percent of the amount collected as the prize fee to the commission and a certain amount to the county and/or the municipality if the county or municipality in which the bingo game is conducted voted before November 1, 2019 to impose the prize fee. The bill would deposit 50 percent of the amount collected as prize fee to the general fund of the charitable organization if a county or municipality is not entitled to a percentage of the prize fee collected, or voted to discontinue the fee after November 1, 2019.

Under the provisions of the bill, the prize fee would not apply to a merchandise prize awarded for winning a bingo game. The bill would require counties or municipalities currently entitled to receive a portion of the prize fee to continue to receive a portion of the prize fee if a majority vote of the members of the governing body approves the continued receipt of funds and notifies the commission and each licensed authorized organization within the county's or municipality's jurisdiction of the continuance of the fee.

The bill would require the commission to notify the governing body of a county or municipality that is entitled to receive a portion of the prize fee before January 1, 2020 of the new requirements for continued receipt of the prize fee by October 1, 2019.

The bill would repeal various sections of the Occupations Code which would eliminate certain refunds under the Occupations Code related to bingo.

The bill would take effect January 1, 2020. Provisions of the bill related to the imposition, collection, and deposit of the prize fee would take effect September 1, 2019.

## **Methodology**

Bingo prize fee revenue is currently collected by the commission and deposited to GR Account 5175 - Bingo Administration. The commission determines the local share of revenue and at the end of each fiscal year sends the local share to local governments and transfers the remaining amount to General Revenue Fund 0001. Interest earned on funds in GR Account 5175 - Bingo Administration Account is deposited to General Revenue Fund 0001. Under the bill, the prize fee would be deposited directly to General Revenue Fund 0001.

Under current statute, a county or municipality that imposed a gross receipts tax on bingo as of January 1, 1993, is entitled to 50 percent of bingo prize fees collected. Under the provisions of the bill, a county or municipality in which a bingo game is conducted is entitled to 50 percent of the amount of the collected prize fee if the county or municipality voted to impose the prize fee before November 1, 2019. The allocation of the prize fee is similar to current statute except in cases where a county or municipality is not entitled to a percentage of the amount of fees collected or votes to discontinue the fee after November 1, 2019. Under those conditions, 50 percent of the prize fee would be deposited with the charitable organization. Under current law, all revenue from bingo prize fees are deposited into the state treasury and then allocated by commission back to local communities. Under the provisions of the bill only 50 percent of total

collections -state share would be deposited to the state treasury.

In fiscal 2018, \$607,131 was collected under comptroller object code 3152 Bingo Operators/Lessors. Based on the 2020-21 Biennial Revenue Estimate, collections are projected to be \$629,000 per fiscal year. As the revenue collected under comptroller object code 3152 cannot be separated from the revenue that will not be affected by the provisions of the bill, the revenue impact of the refund provisions of the bill cannot be determined.

The fiscal impact above represents loss of revenue deposited to GR Account 5175 - Bingo Administration from bingo prize fees (full 100% of revenue before allocations to local communities). Gain to General Revenue represents 50 percent of all total collections and the amount collected in cities and counties that didn't adopted bingo prizes before 1993, and also represents a loss of interest earned on the smaller amount of bingo prizes that would be deposited to the state treasury.

### **Local Government Impact**

In FY 2018, 54 counties and 95 cities received charitable bingo allocations. Any bingo prize fee designated for those counties and municipalities not voted on by the local jurisdiction by November 2019 will be retained in the general charitable fund of the organization or unit and no longer remitted to the local jurisdictions.

According to Ector and Smith counties, no fiscal impact to their counties is anticipated.

Travis County anticipates an annual revenue loss from the Bingo Gross Receipts Tax of \$450,000.

**Source Agencies:** 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 360 State Office of Administrative Hearings

**LBB Staff:** WP, CMa, SD, CLo, AF

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 17, 2019**

**TO:** Honorable Joan Huffman, Chair, Senate Committee on State Affairs

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE: HB914** by Thompson, Senfronia (relating to the regulation of bingo games.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB914, Committee Report 2nd House, Substituted: a positive impact of \$57,440,000 through the biennium ending August 31, 2021.

**General Revenue-Related Funds, Five-Year Impact:**

| Fiscal Year | Probable Net Positive/(Negative) Impact<br>to General Revenue Related Funds |
|-------------|---|
| 2020        | \$28,720,000  |
| 2021        | \$28,720,000  |
| 2022        | \$28,720,000  |
| 2023        | \$28,720,000  |
| 2024        | \$28,720,000  |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Revenue<br>Gain/(Loss) from<br><i>General Revenue Fund</i><br>1 | Probable Revenue<br>Gain/(Loss) from<br><i>Bingo Administration</i><br>5175 | Probable Revenue<br>Gain/(Loss) from<br><i>General Revenue Fund -<br/>Prize Fees Transferred to<br/>Charitable Organizations</i><br>1 |
|-------------|--|---|---|
| 2020        | \$29,400,000   | (\$29,400,000)  | (\$680,000)   |
| 2021        | \$29,400,000   | (\$29,400,000)  | (\$680,000)   |
| 2022        | \$29,400,000   | (\$29,400,000)  | (\$680,000)   |
| 2023        | \$29,400,000   | (\$29,400,000)  | (\$680,000)   |
| 2024        | \$29,400,000   | (\$29,400,000)  | (\$680,000)   |

**Fiscal Analysis**

The bill would amend the Occupations Code as it relates to the regulation of bingo games.

The bill would transfer certain responsibilities from an organization that holds a license to conduct bingo to the Texas Lottery Commission (commission). The bill would extend the amount of time a licensed authorized organization can employ certain individuals while the employee awaits the results of a background check by the commission.

The bill would expand the timeframe in which cards, tickets, and devices could be sold for a bingo occasion. The bill would make modifications to reporting procedures related to sales. The bill would extend the amount of time a licensed authorized organization has to deposit funds into the bingo account.

The bill would require a licensed authorized organization or unit to remit 50 percent of the amount collected as the prize fee to the commission and a certain amount to the county and/or the municipality if the county or municipality in which the bingo game is conducted voted before November 1, 2019 to impose the prize fee. The bill would deposit 50 percent of the amount collected as prize fee to the general fund of the charitable organization if a county or municipality is not entitled to a percentage of the prize fee collected, or voted to discontinue the fee after November 1, 2019.

Under the provisions of the bill, the prize fee would not apply to a merchandise prize awarded for winning a bingo game. The bill would require counties or municipalities currently entitled to receive a portion of the prize fee to continue to receive a portion of the prize fee if a majority vote of the members of the governing body approves the continued receipt of funds and notifies the commission and each licensed authorized organization within the county's or municipality's jurisdiction of the continuance of the fee.

The bill would require the commission to notify the governing body of a county or municipality that is entitled to receive a portion of the prize fee before January 1, 2020 of the new requirements for continued receipt of the prize fee by October 1, 2019.

The bill would repeal various sections of the Occupations Code which would eliminate certain refunds under the Occupations Code related to bingo.

The bill would take effect January 1, 2020. Provisions of the bill related to the imposition, collection, and deposit of the prize fee would take effect September 1, 2019.

## **Methodology**

Bingo prize fee revenue is currently collected by the commission and deposited to GR Account 5175 - Bingo Administration. The commission determines the local share of revenue and at the end of each fiscal year sends the local share to local governments and transfers the remaining amount to General Revenue Fund 0001. Interest earned on funds in GR Account 5175 - Bingo Administration Account is deposited to General Revenue Fund 0001. Under the bill, the prize fee would be deposited directly to General Revenue Fund 0001.

Under current statute, a county or municipality that imposed a gross receipts tax on bingo as of January 1, 1993, is entitled to 50 percent of bingo prize fees collected. Under the provisions of the bill, a county or municipality in which a bingo game is conducted is entitled to 50 percent of the amount of the collected prize fee if the county or municipality voted to impose the prize fee before November 1, 2019. The allocation of the prize fee is similar to current statute except in cases where a county or municipality is not entitled to a percentage of the amount of fees collected or votes to discontinue the fee after November 1, 2019. Under those conditions, 50 percent of the prize fee would be deposited with the charitable organization. Under current law,



revenue is not deposited with the charitable organization; that revenue is deposited to General Revenue Fund 0001. According to the Texas Lottery Commission, based on fiscal 2018 prize collections, revenue deposited to the General Revenue Fund 0001 for prize fees would be reduced by an estimated \$680,000 per year.

In fiscal 2018, \$607,131 was collected under comptroller object code 3152 Bingo Operators/Lessors. Based on the 2020-21 Biennial Revenue Estimate, collections are projected to be \$629,000 per fiscal year. As the revenue collected under comptroller object code 3152 cannot be separated from the revenue that will not be affected by the provisions of the bill, the revenue impact of the refund provisions of the bill cannot be determined.

The fiscal impact below represents revenue deposited to GR Account 5175 - Bingo Administration from bingo prize fees that would be deposited directly to the General Revenue Fund 0001 and the revenue loss to the General Revenue Fund 0001 due to prize fees deposited to the general fund of the charitable organization under certain circumstances.

### **Local Government Impact**

In FY 2018, 54 counties and 95 cities received charitable bingo allocations. Any bingo prize fee designated for those counties and municipalities not voted on by the local jurisdiction by November 2019 will be retained in the general charitable fund of the organization or unit and no longer remitted to the local jurisdictions.

According to Ector and Smith counties, no fiscal impact to their counties is anticipated.

Travis County anticipates an annual revenue loss from the Bingo Gross Receipts Tax of \$450,000.

**Source Agencies:** 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 360 State Office of Administrative Hearings

**LBB Staff:** WP, CMa, SD, CLo, AF

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 10, 2019**

**TO:** Honorable Joan Huffman, Chair, Senate Committee on State Affairs

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE: HB914** by Thompson, Senfronia (Relating to the regulation of bingo games.), As Engrossed

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB914, As Engrossed: a positive impact of \$57,440,000 through the biennium ending August 31, 2021.

**General Revenue-Related Funds, Five-Year Impact:**

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2020        | \$28,720,000   |
| 2021        | \$28,720,000   |
| 2022        | \$28,720,000   |
| 2023        | \$28,720,000   |
| 2024        | \$28,720,000   |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Revenue Gain/(Loss) from<br><i>General Revenue Fund</i><br>1 | Probable Revenue Gain/(Loss) from<br><i>Bingo Administration</i><br>5175 | Probable Revenue Gain/(Loss) from<br><i>General Revenue Fund - Prize Fees Transferred to Charitable Organizations</i><br>1 |
|-------------|---|--|--|
| 2020        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2021        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2022        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2023        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2024        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |

**Fiscal Analysis**

The bill would amend the Occupations Code as it relates to the regulation of bingo games.

The bill would transfer certain responsibilities from an organization that holds a license to conduct bingo to the Texas Lottery Commission (commission). The bill would extend the amount of time a licensed authorized organization can employ certain individuals while the employee awaits the results of a background check by the commission.

The bill would expand the number of bingo occasions that can be held during a week under certain circumstances. The bill would expand the timeframe in which cards, tickets, and devices could be sold for a bingo occasion. The bill would make modifications to reporting procedures related to sales. The bill would extend the amount of time a licensed authorized organization has to deposit funds into the bingo account.

The bill would require a licensed authorized organization or unit to remit 50 percent of the amount collected as the prize fee to the commission and a certain amount to the county and/or the municipality if the county or municipality in which the bingo game is conducted voted before November 1, 2019 to impose the prize fee. The bill would deposit 50 percent of the amount collected as prize fee to the general fund of the charitable organization if a county or municipality is not entitled to a percentage of the prize fee collected, or voted to discontinue the fee after November 1, 2019.

Under the provisions of the bill, the prize fee would not apply to a merchandise prize awarded for winning a bingo game. The bill would require counties or municipalities currently entitled to receive a portion of the prize fee to continue to receive a portion of the prize fee if a majority vote of the members of the governing body approves the continued receipt of funds and notifies the commission and each licensed authorized organization within the county's or municipality's jurisdiction of the continuance of the fee.

The bill would require the commission to notify the governing body of a county or municipality that is entitled to receive a portion of the prize fee before January 1, 2020 of the new requirements for continued receipt of the prize fee by October 1, 2019.

The bill would repeal various sections of the Occupations Code which would eliminate certain refunds under the Occupations Code related to bingo.

The bill would take effect January 1, 2020. Provisions of the bill related to the imposition, collection, and deposit of the prize fee would take effect September 1, 2019.

## **Methodology**

Bingo prize fee revenue is currently collected by the commission and deposited to GR Account 5175 - Bingo Administration. The commission determines the local share of revenue and at the end of each fiscal year sends the local share to local governments and transfers the remaining amount to General Revenue Fund 0001. Interest earned on funds in GR Account 5175 - Bingo Administration Account is deposited to General Revenue Fund 0001. Under the bill, the prize fee would be deposited directly to General Revenue Fund 0001.

Under current statute, a county or municipality that imposed a gross receipts tax on bingo as of January 1, 1993, is entitled to 50 percent of bingo prize fees collected. Under the provisions of the bill, a county or municipality in which a bingo game is conducted is entitled to 50 percent of the amount of the collected prize fee if the county or municipality voted to impose the prize fee before November 1, 2019. The allocation of the prize fee is similar to current statute except in cases where a county or municipality is not entitled to a percentage of the amount of fees

collected or votes to discontinue the fee after November 1, 2019. Under those conditions, 50 percent of the prize fee would be deposited with the charitable organization. Under current law, revenue is not deposited with the charitable organization; that revenue is deposited to General Revenue Fund 0001. According to the Texas Lottery Commission, based on fiscal 2018 prize collections, revenue deposited to the General Revenue Fund 0001 for prize fees would be reduced by an estimated \$680,000 per year.

Provisions of the bill that expand the number of bingo occasions that can be held during a week could increase bingo fee revenue. However, the amount of the increase cannot be determined.

In fiscal 2018, \$607,131 was collected under comptroller object code 3152 Bingo Operators/Lessors. Based on the 2020-21 Biennial Revenue Estimate, collections are projected to be \$629,000 per fiscal year. As the revenue collected under comptroller object code 3152 cannot be separated from the revenue that will not be affected by the provisions of the bill, the revenue impact of the refund provisions of the bill cannot be determined.

The fiscal impact above represents revenue deposited to GR Account 5175 from bingo prize fees that would be deposited directly to the General Revenue Fund 0001 and the revenue loss to the General Revenue Fund 0001 due to prize fees deposited to the general fund of the charitable organization under certain circumstances.

### **Local Government Impact**

In FY 2018, 54 counties and 95 cities received charitable bingo allocations. Any bingo prize fee designated for those counties and municipalities not voted on by the local jurisdiction by November 2019 will be retained in the general charitable fund of the organization or unit and no longer remitted to the local jurisdictions.

According to Ector and Smith counties, no fiscal impact to their counties is anticipated.

Travis County anticipates an annual revenue loss from the Bingo Gross Receipts Tax of \$450,000.

**Source Agencies:** 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 362 Texas Lottery Commission

**LBB Staff:** WP, CMA, SD, CLo, AF

**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 11, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB914** by Thompson, Senfronia (Relating to the regulation of bingo games.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB914, Committee Report 1st House, Substituted: a positive impact of \$57,440,000 through the biennium ending August 31, 2021.

**General Revenue-Related Funds, Five-Year Impact:**

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2020        | \$28,720,000   |
| 2021        | \$28,720,000   |
| 2022        | \$28,720,000   |
| 2023        | \$28,720,000   |
| 2024        | \$28,720,000   |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Revenue Gain/(Loss) from General Revenue Fund<br>1 | Probable Revenue Gain/(Loss) from Bingo Administration<br>5175 | Probable Revenue Gain/(Loss) from General Revenue Fund - Prize Fees Transferred to Charitable Organizations<br>1 |
|-------------|---|--|--|
| 2020        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2021        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2022        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2023        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |
| 2024        | \$29,400,000  | (\$29,400,000)   | (\$680,000)  |

**Fiscal Analysis**

The bill would amend the Occupations Code as it relates to the regulation of bingo games.

The bill would transfer certain responsibilities from an organization that holds a license to conduct bingo to the Texas Lottery Commission (commission). The bill would extend the amount of time a licensed authorized organization can employ certain individuals while the employee awaits the results of a background check by the commission.

The bill would expand the number of bingo occasions that can be held during a week under certain circumstances. The bill would expand the timeframe in which cards, tickets, and devices could be sold for a bingo occasion. The bill would make modifications to reporting procedures related to sales. The bill would extend the amount of time a licensed authorized organization has to deposit funds into the bingo account. The bill would require that the bingo operations of a licensed authorized organization or unit would have to result in net proceeds over each 18-month period.

The bill would require a licensed authorized organization or unit to remit 50 percent of the amount collected as the prize fee to the commission and a certain amount to the county and/or the municipality if the county or municipality in which the bingo game is conducted voted before November 1, 2019 to impose the prize fee. The bill would deposit 50 percent of the amount collected as prize fee to the general fund of the charitable organization if a county or municipality is not entitled to a percentage of the prize fee collected, or voted to discontinue the fee after November 1, 2019.

Under the provisions of the bill, the prize fee would not apply to a merchandise prize awarded for winning a bingo game. The bill would require counties or municipalities currently entitled to receive a portion of the prize fee to continue to receive a portion of the prize fee if a majority vote of the members of the governing body approves the continued receipt of funds and notifies the commission and each licensed authorized organization within the county's or municipality's jurisdiction of the continuance of the fee.

The bill would require the commission to notify the governing body of a county or municipality that is entitled to receive a portion of the prize fee before January 1, 2020 of the new requirements for continued receipt of the prize fee by October 1, 2019.

The bill would repeal various sections of the Occupations Code which would eliminate certain refunds under the Occupations Code related to bingo.

The bill would take effect January 1, 2020. Provisions of the bill related to the imposition, collection, and deposit of the prize fee would take effect September 1, 2019.

## **Methodology**

Bingo prize fee revenue is currently collected by the commission and deposited to GR Account 5175 - Bingo Administration. The commission determines the local share of revenue and at the end of each fiscal year sends the local share to local governments and transfers the remaining amount to General Revenue Fund 0001. Interest earned on funds in GR Account 5175 - Bingo Administration Account is deposited to General Revenue Fund 0001. Under the bill, the prize fee would be deposited directly to General Revenue Fund 0001.

Under current statute, a county or municipality that imposed a gross receipts tax on bingo as of January 1, 1993, is entitled to 50 percent of bingo prize fees collected. Under the provisions of the bill, a county or municipality in which a bingo game is conducted is entitled to 50 percent of the amount of the collected prize fee if the county or municipality voted to impose the prize fee

before November 1, 2019. The allocation of the prize fee is similar to current statute except in cases where a county or municipality is not entitled to a percentage of the amount of fees collected or votes to discontinue the fee after November 1, 2019. Under those conditions, 50 percent of the prize fee would be deposited with the charitable organization. Under current law, revenue is not deposited with the charitable organization; that revenue is deposited to General Revenue Fund 0001. According to the Texas Lottery Commission, based on fiscal 2018 prize collections, revenue deposited to the General Revenue Fund 0001 for prize fees would be reduced by an estimated \$680,000 per year.

Provisions of the bill that expand the number of bingo occasions that can be held during a week could increase bingo fee revenue. However, the amount of the increase cannot be determined.

In fiscal 2018, \$607,131 was collected under comptroller object code 3152 Bingo Operators/Lessors. Based on the 2020-21 Biennial Revenue Estimate, collections are projected to be \$629,000 per fiscal year. As the revenue collected under comptroller object code 3152 cannot be separated from the revenue that will not be affected by the provisions of the bill, the revenue impact of the refund provisions of the bill cannot be determined.

The fiscal impact above represents revenue deposited to GR Account 5175 from bingo prize fees that would be deposited directly to the General Revenue Fund 0001 and the revenue loss to the General Revenue Fund 0001 due to prize fees deposited to the general fund of the charitable organization under certain circumstances.

#### **Local Government Impact**

In FY 2018, 54 counties and 95 cities received charitable bingo allocations. Any bingo prize fee designated for those counties and municipalities not voted on by the local jurisdiction by November 2019 will be retained in the general charitable fund of the organization or unit and no longer remitted to the local jurisdictions.

According to Ector and Smith counties, no fiscal impact to their counties is anticipated.

Travis County anticipates an annual revenue loss from the Bingo Gross Receipts Tax of \$450,000.

**Source Agencies:** 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 362 Texas Lottery Commission

**LBB Staff:** WP, SD, CLo, AF

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 18, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB914** by Thompson, Senfronia (Relating to the regulation of bingo games.), **As Introduced**

Depending upon the number of counties and municipalities that elect to impose a prize tax, there could be an indeterminate fiscal impact to the state.

The bill would amend the Occupations Code as it relates to the regulation of bingo games.

The bill would transfer certain responsibilities from an organization that holds a license to conduct bingo to the Texas Lottery Commission (commission). The bill would extend the amount of time a licensed authorized organization can employ certain individuals while the employee awaits the results of a background check by the commission.

The bill would expand the number of bingo occasions that can be held during a week under certain circumstances. The bill would expand the timeframe in which cards, tickets, and devices could be sold for a bingo occasion. The bill would make modifications to reporting procedures related to sales. The bill would extend the amount of time a licensed authorized organization has to deposit funds into the bingo account. The bill would require that the bingo operations of a licensed authorized organization or unit would have to result in net proceeds over each 24-month period.

The bill would change the bingo prize fee currently collected to a prize tax.

The bill would require a licensed authorized organization or unit to remit 50 percent of the amount collected as prize tax to the commission. The bill would require counties and municipalities not currently collecting bingo prize fees to vote to impose the prize tax before November 1, 2019 in order to receive a percentage of the amount collected as prize tax. The bill would deposit 50 percent of the amount collected as prize tax to the general fund of the charitable organization if a county or municipality is not entitled to a percentage of the prize tax collected, or voted to discontinue the tax after November 1, 2019. Under the provisions of the bill, prize tax would not apply to a merchandise prize awarded for winning a bingo game. The bill would require counties or municipalities currently entitled to receive a portion of the prize fee to continue to receive a portion of the prize tax if a majority vote of the members of the governing body approves the continued receipt of funds and notifies the commission and each licensed authorized organization within the county's or municipality's jurisdiction of the continuance of the tax.



The bill would allow the commission to make certain determinations related to termination of entitlement to prize tax share. The bill would require the commission to provide a notice of determination to the Comptroller, the county, each licensed authorized organization or unit that conducts bingo in the county, and each municipality in the county that is entitled to a local share of a prize tax. The bill would allow a county or municipality to challenge a determination of termination of entitlement to prize tax share and request an administrative hearing.

The bill would make conforming changes and repeal various sections of the Occupations Code. The bill would eliminate certain refunds under the Occupations Code related to bingo. The bill would also make conforming changes to the Government Code.

The termination of entitlement to prize tax share would only apply to a tax on a bingo prize that is awarded on or after September 1, 2020. The prize tax would take effect September 1, 2020; all other provisions of the bill would take effect September 1, 2019.

The bill would change the bingo prize fee to a prize tax. Bingo prize fee revenue is currently collected by the commission and deposited to GR Account 5175 - Bingo Administration. The commission determines the local share of revenue and at the end of each fiscal year sends the local share to local governments and transfers the remaining amount to General Revenue Fund 0001. Interest earned on funds in GR Account 5175 - Bingo Administration Account is deposited to General Revenue Fund 0001.

Under the provisions of the bill, the prize tax would be deposited to General Revenue Fund 0001.

Under current statute, a county that imposed a gross receipts tax on the conduct of bingo as of January 1, 1993, is entitled to 50 percent of bingo prize fees collected. Under the provisions of the bill, a county or municipality in which a bingo game is conducted is entitled to 50 percent of the amount of the collected prize tax if the county or municipality votes to impose the prize tax before November 1, 2021. The bingo prize tax is the same amount as the bingo prize fee currently collected. The allocation of the prize tax is similar to current statute except in cases where a county or municipality is not entitled to a percentage of the amount of taxes collected or votes to discontinue the tax after November 1, 2019. The bill would allow counties and municipalities not currently collecting bingo prize fees to vote to impose the prize tax before November 1, 2019. These provisions could affect revenue collected by units of local government, however the impact cannot be determined.

Provisions of the bill that expand the number of bingo occasions that can be held during a week could increase bingo fee/tax revenue. However, the amount of the increase cannot be determined

In fiscal 2018, \$607,131 was collected under comptroller object code 3152 Bingo Operators/Lessors. Based on the 2020-21 Biennial Revenue Estimate, collections are projected to be \$629,000 per fiscal year. As the revenue collected under comptroller object code 3152 cannot be separated from the revenue that will not be affected by the provisions of the bill, the revenue impact of the refund provisions of the bill cannot be determined.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

## **Local Government Impact**

In FY 2018, 54 counties and 95 cities received charitable bingo allocations. Any bingo prize fee designated for those counties and municipalities not voted on by the local jurisdiction by November 2019 will be retained in the general charitable fund of the organization or unit and no longer remitted to the local jurisdictions.

According to Ector and Smith counties, no fiscal impact to their counties is anticipated.

Travis County anticipates an annual revenue loss from the Bingo Gross Receipts Tax of \$450,000.

**Source Agencies:** 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 362 Texas Lottery Commission

**LBB Staff:** WP, CLo, SD, AF