

## **BILL ANALYSIS**

Senate Research Center

H.B. 2204  
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State Affairs  
5/16/2021  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The regulation of bingo is important to improve charity fundraising and maintain control over the games' fairness, revenue, and expenses. The legislature intended some regulations enacted last session, however, to have a one-time effect and are no longer applicable.

H.B. 2204 would update these regulations to make statutory language consistent with legislative intent and administrative practice. What's more, it would authorize more occasions for charities to conduct bingo, revise the bingo price structure, and clarify current law to help the Texas Lottery Commission administer the law.

H.B. 2204 amends current law relating to the conduct of charitable bingo.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Lottery Commission in SECTION 15 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2001.002(19), Occupations Code, to redefine "nonprofit organization" to mean an unincorporated association or a corporation that is incorporated or holds a certificate of authority under Chapter 22 (Nonprofit Corporations), Business Organizations Code, rather than under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes).

SECTION 2. Amends Section 2001.103, Occupations Code, by amending Subsection (e) and adding Subsections (f-1) and (i), as follows:

(e) Prohibits an authorized organization that holds an annual license to conduct bingo from receiving more than 48 temporary licenses, rather than 24 temporary licenses, during the 12-month period following the issuance or renewal of the license. Makes a conforming change.

(f-1) Requires the Texas Lottery Commission (commission) to provide for the on-demand electronic issuance of a temporary license requested under this section by the holder of a regular license.

(i) Provides that the notice requirements of Sections 2001.305(b) (relating to requiring the commission to send a copy of the license to the appropriate governing body) and (c) (relating to requiring the commission to give written notice of the issuance of the license to certain law enforcement entities not later than the 10th day after the date a license is issued) do not apply to a temporary license issued to the holder of a regular license.

SECTION 3. Amends Section 2001.305, Occupations Code, by amending Subsections (b) and (c), as follows:

(b) Creates an exception under Section 2001.103(i) and makes a nonsubstantive change.

(c) Creates an exception under Section 2001.103(i) and makes a nonsubstantive change.

SECTION 4. Amends Section 2001.413, Occupations Code, as follows:

Sec. 2001.413. New heading: PAYMENT REQUIRED. Makes a nonsubstantive change.

SECTION 5. Amends Section 2001.416, Occupations Code, by amending Subsection (a) and adding Subsection (e), as follows:

(a) Creates an exception under Subsections (d) (relating to providing that Section 2001.416 (Other Games) does not prohibit the exhibition and play of an amusement machine that is not a gambling device) and (e) and makes a nonsubstantive change.

(e) Provides that Section 2001.416 does not prohibit:

(1) the lawful conduct during a bingo occasion of a game of chance other than bingo or a raffle conducted under Chapter 2002 (Charitable Raffles), if the exhibition and play of that game is authorized under state law and the conduct of the game during a bingo occasion or at a premises where bingo occasions are conducted does not violate that state law; or

(2) a person participating in a bingo game from simultaneously lawfully participating through the person's mobile device in a game of chance authorized under state law.

SECTION 6. Amends Section 2001.420(b), Occupations Code, to increase the aggregate value a person is prohibited from offering or awarding on a single bingo occasion prizes for all bingo games other than pull-tab bingo or bingo games that award individual prizes of \$50 or less from \$2,500 to \$3,500.

SECTION 7. Amends Section 2001.435(b), Occupations Code, as follows:

(b) Requires each member of a unit to deposit into the unit's bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes under Section 2001.420(b), rather than under Sections 2001.420(a) (relating to prohibiting a bingo prize from having a value of more than \$750 for a single game) and (b). Prohibits the deposit from being made later than the third business day, rather than the second business day, after the day of the bingo occasion on which the receipts were obtained.

SECTION 8. Amends Sections 2001.451(b), (g), and (i), Occupations Code, as follows:

(b) Makes a conforming change to this subsection.

(g) Requires that the bingo operations of a licensed authorized organization result in net proceeds over each 24-month period that ends on the second anniversary of the date the license was issued. Deletes existing text requiring that the bingo operations of a licensed authorized organization result in net proceeds over the organization's license period or, if the organization has a two-year license, result in net proceeds over each 12-month period that ends on an anniversary of the date the two-year license was issued.

(i) Provides that prize fees are not included in the calculation of operating capital under Subsection (h) if the prize fees are: held in escrow for remittance to the commission or a local government or retained by a licensed authorized organization. Makes a nonsubstantive change.

SECTION 9. Amends Sections 2001.502(b) and (c), Occupations Code, as follows:

(b) Requires a licensed authorized organization or unit that collects a prize fee under Subsection (a) (relating to requiring a licensed authorized organization or unit to collect a

certain fee and remit to the commission the amount collected) for a bingo game conducted in a county or municipality that was entitled to receive a portion of a bingo prize fee as of January 1, 2019, to remit or deposit the remainder of the amount collected as the prize fee as follows:

(1) if the county in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted:

(A) is not within the boundaries of a municipality, remit 50 percent of the amount collected as the prize fee to the county; or

(B) is within the boundaries of a municipality that:

(i) voted before November 1, 2019, to impose the prize fee, remit 50 percent of the amount collected as the prize fee in equal shares to the county and municipality; or

(ii) did not vote before November 1, 2019, to impose the prize fee, remit 25 percent of the amount collected as the prize fee to the county and deposit the remaining amount in the manner described by Subdivision (3);

(2) if the county in which the bingo game is conducted did not vote before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted is within the boundaries of a municipality that voted before November 1, 2019, to impose the prize fee:

(A) remit 25 percent of the amount collected as the prize fee to the municipality; and

(B) deposit the remaining amount in the manner described by Subdivision (3); and

(3) creates this subdivision from existing text and make no further changes.

Deletes existing text requiring a licensed authorized organization or unit that collects a prize fee under Subsection (a) for a bingo game conducted in a county or municipality that was entitled to receive a portion of a bingo prize fee as of January 1, 2019, to remit 50 percent of the amount collected as the prize fee to the commission and if the county or municipality in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee, to remit 50 percent of the amount collected as the prize fee to the county that voted to impose the fee by that date, provided the location at which the bingo game is conducted is not within the boundaries of a municipality that voted to impose the prize fee by that date the municipality that voted to impose the fee by that date, provided the county in which the bingo game is conducted did not vote to impose the fee by that date or, in equal shares, the county and the municipality, provided each voted to impose the fee before that date. Makes nonsubstantive changes.

SECTION 10. Amends Section 2001.513(a), Occupations Code, to authorize the commission, at any time within three years after a person is delinquent in the payment of an amount of the fee on prizes due to the commission, to collect the amount under Section 2001.513 (Delinquency: Seizure and Sale)

SECTION 11. Amends Section 2001.514(a), to make a conforming change.

SECTION 12. Amends Section 2001.515, Occupations Code to require the commission to perform all functions incident to the administration, collection, enforcement, and operation of the fee on prizes due to the commission imposed under Subchapter K (Prize Fees), including any

necessary reconciliation of a prize fee held by the commission that is due to a municipality or county.

SECTION 13. Repealer: Section 2001.420(a) (relating to prohibiting a bingo prize from having a value of more than \$750 for a single game), Occupations Code.

Repealer: Section 2001.459(b) (relating to authorizing payment for a certain service to be paid from an organization's gross receipts), Occupations Code.

SECTION 14. Provides that, notwithstanding any other law, if an executive order issued by the governor before the effective date of this Act had the effect of prohibiting the conduct of bingo occasions under Chapter 2001 (Bingo), Occupations Code, the payment by a licensed authorized organization to a licensed commercial lessor of rent charges that were incurred and paid during the period in which the conduct of bingo was prohibited are not subject to:

(1) the limits on rent charged provided by Section 2001.406(a) (relating to prohibiting the rent charged by a licensed commercial lessor to a licensed authorized organization to conduct bingo from exceeding \$600 for each bingo occasion conducted on the lessor's premises), Occupations Code; or

(2) the requirement that an item of expense for the conduct of bingo be reasonable or necessary provided by Section 2001.458(a) (relating to prohibiting certain items of expense from being incurred or paid in connection with the conduct of bingo except an expense that is reasonable or necessary to conduct bingo), Occupations Code.

SECTION 15. Requires the commission, not later than January 1, 2022, to adopt the rules necessary to implement the changes in law made by this Act to Chapter 2001, Occupations Code.

SECTION 16. Effective date: September 1, 2021.