

BILL ANALYSIS

C.S.H.B. 2204
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Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

While the regulation of bingo has served an important role in improving charity fundraising proceeds and maintaining control over the games' fairness, revenues, and expenses, some regulatory provisions passed by the 86th Legislature were intended to have a one-time effect and are no longer applicable. C.S.H.B. 2204 seeks to update these regulations by making certain statutory language consistent with legislative intent and administrative practice and to authorize more occasions for charities to conduct bingo, revise the bingo prize structure, and clarify current law to assist the Texas Lottery Commission with the administration of the law.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Lottery Commission in SECTION 15 of this bill.

ANALYSIS

C.S.H.B. 2204 amends the Occupations Code to revise the operation of charitable bingo. The bill increases the maximum number of temporary bingo licenses that the holder of an annual or two-year bingo license is authorized to receive during the 12-month period following the license issuance or renewal from 24 to 48. The bill requires the Texas Lottery Commission to provide for the on-demand electronic issuance of a temporary license to a regular license holder. The bill exempts a temporary license issued to a regular license holder from the requirement that the lottery commission notify the applicable local authorities of the issuance.

C.S.H.B. 2204 expressly does not prohibit any game of chance that is conducted lawfully and is not specifically prohibited from being conducted during a bingo occasion or a person from lawfully participating simultaneously in a bingo game and an authorized game of chance on the person's mobile device. The bill increases the maximum aggregate prize value a person may offer or award for regular bingo on a single bingo occasion from \$2,500 to \$3,500. The bill specifies that the lottery commission's duties relating to collecting fees and securing payment apply to prize fees due to the commission.

C.S.H.B. 2204 sets the period over which the bingo operations of a licensed authorized organization must result in net proceeds at each 24-month period ending on the second anniversary of the date the license was issued. The bill extends the deadline by which each member of a unit, defined as two or more licensed authorized organizations that jointly conduct bingo, is required to deposit all applicable funds into the unit's bingo account from not later than the second business day after the day of the bingo occasion on which the receipts were obtained

to not later than the third business day after that day. The bill exempts from the calculation of operating capital prize fees held in escrow for remittance to the lottery commission or a local government and prize fees retained by a licensed authorized organization. The bill exempts, during a period in which an executive order issued by the governor effectively prohibited the conduct of bingo, rent charges paid or incurred by a licensed authorized organization to a licensed commercial lessor from certain limits on rent charges and certain requirements for related items of expense for the conduct of bingo. The bill sets out provisions relating to the allocation of prize fees to local governments and remittance to the commission. The bill requires the lottery commission to adopt rules as necessary to implement the bill's provisions not later than January 1, 2022.

C.S.H.B. 2204 repeals Section 2001.420(a) and Section 2001.459(b), Occupations Code.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2204 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision establishing that a person is expressly not prohibited from participating simultaneously in a bingo game and an authorized game of chance on the person's mobile device.

The substitute includes a provision exempting a temporary license issued to a regular license holder from the requirement that the lottery commission notify the applicable local authorities of the issuance.

The substitute does not include the following provisions:

- a provision establishing that the lottery commission is expressly not required to notify a municipality or county of the issuance of a temporary license to a non-annual license holder;
- an authorization for payment for a janitorial service to be paid from an organization's gross receipts; and
- a specification that the lottery commission's duties include any necessary reconciliation of prize fees held by the commission that are due to municipalities or counties.

The substitute includes a provision repealing Section 2001.420(a) and Section 2001.459(b), Occupations Code.

The substitute includes a provision exempting rent charges paid or incurred by a licensed authorized organization to a licensed commercial lessor from certain limits on rent charges and certain requirements for related items of expense for the conduct of bingo during a period in which an executive order issued by the governor effectively prohibited the conduct of bingo.