By:  Thompson of Harris (Senate Sponsor - Zaffirini) H.B. No. 2204

(In the Senate - Received from the House May 13, 2021; May 14, 2021, read first time and referred to Committee on State Affairs; May 20, 2021, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 0; May 20, 2021, sent to printer.)

COMMITTEE VOTE

               Yea Nay Absent  PNV

Hughes          X

Birdwell        X

Campbell        X

Hall            X

Lucio           X

Nelson          X

Powell          X

Schwertner      X

Zaffirini       X

COMMITTEE SUBSTITUTE FOR H.B. No. 2204 By:  Zaffirini

A BILL TO BE ENTITLED

AN ACT

relating to the conduct of charitable bingo.

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

SECTION 1.  Section 2001.002(19), Occupations Code, is amended to read as follows:

(19)  "Nonprofit organization" means an unincorporated association or a corporation that is incorporated or holds a certificate of authority under Chapter 22, Business Organizations Code [~~the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes)~~]. The organization:

(A)  may not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services; and

(B)  must have obtained tax exempt status under Section 501(c), Internal Revenue Code of 1986.

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

(e)  Notwithstanding Subsection (c), an authorized organization that holds an annual license to conduct bingo may receive not more than 48 [~~24~~] temporary licenses during the 12-month period following the issuance or renewal of the license. The holder of a license that is effective for two years may receive not more than 48 [~~24~~] temporary licenses for each 12-month period that ends on an anniversary of the date the license was issued or renewed.

(f-1)  The commission shall provide for the on-demand electronic issuance of a temporary license requested under this section by the holder of a regular license.

(i)  The notice requirements of Sections 2001.305(b) and (c) do not apply to a temporary license issued to the holder of a regular license.

SECTION 3.  Sections 2001.305(b) and (c), Occupations Code, are amended to read as follows:

(b)  Except as provided by Section 2001.103(i), immediately [~~Immediately~~] after issuing a license, the commission shall send a copy of the license to the appropriate governing body. The governing body shall file the copy of the license in a central file containing licenses issued under this chapter.

(c)  Except as provided by Section 2001.103(i), not [~~Not~~] later than the 10th day after the date a license is issued, the commission shall give written notice of the issuance of the license to:

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

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

SECTION 4.  Section 2001.413, Occupations Code, is amended to read as follows:

Sec. 2001.413.  PAYMENT [~~ADMISSION CHARGE~~] REQUIRED. Except as provided by Section 2001.4155, a licensed authorized organization may not offer or provide to a person the opportunity to play bingo without payment [~~charge~~].

SECTION 5.  Section 2001.420(b), Occupations Code, is amended to read as follows:

(b)  A person may not offer or award on a single bingo occasion prizes with an aggregate value of more than $3,500 [~~$2,500~~] for all bingo games other than:

(1)  pull-tab bingo; or

(2)  bingo games that award individual prizes of $50 or less.

SECTION 6.  Section 2001.435(b), Occupations Code, is amended to read as follows:

(b)  Each member of a unit shall 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) [~~Sections 2001.420(a) and (b)~~]. The deposit shall be made not later than the third [~~second~~] business day after the day of the bingo occasion on which the receipts were obtained.

SECTION 7.  Sections 2001.451(b), (g), and (i), Occupations Code, are amended to read as follows:

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

(g)  The bingo operations of a licensed authorized organization must[~~:~~

[~~(1)  result in net proceeds over the organization's license period; or~~

[~~(2)  if the organization has a two-year license,~~] result in net proceeds over each 24-month [~~12-month~~] period that ends on the second [~~an~~] anniversary of the date the [~~two-year~~] license was issued.

(i)  Prize fees [~~held in escrow for remittance to the commission~~] are not included in the calculation of operating capital under Subsection (h) if the prize fees are:

(1)  held in escrow for remittance to:

(A)  the commission; or

(B)  a local government; or

(2)  retained by a licensed authorized organization.

SECTION 8.  Sections 2001.502(b) and (c), Occupations Code, are amended to read as follows:

(b)  Notwithstanding Subsection (a)(2), each quarter, 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, shall remit 50 percent of the amount collected as the prize fee to the commission and shall remit or deposit the remainder of the amount collected as the prize fee as follows:

(1)  if the county [~~or municipality~~] in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee and[~~, remit 50 percent of the amount collected as the prize fee to:~~

[~~(A)  the county that voted to impose the fee by that date, provided~~] 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 [~~that voted to impose the prize fee by that date~~]; or

(B)  is within the boundaries of a [~~the~~] 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 [~~by that date, provided the county in which the bingo game is conducted did not vote to impose the fee by that date~~]; 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);

[~~(C)  in equal shares, the county and the municipality, provided each voted to impose the fee before that date; or~~]

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

(c)  The governing body of a county or municipality that voted to impose a prize fee under Subsection (b) [~~(b)(1)~~] may at any time vote to discontinue the imposition of the fee. If a county or municipality votes on or after November 1, 2019, to discontinue the fee, the fees to which the county or municipality, as applicable, was entitled before the vote shall be collected by the licensed authorized organization or unit as defined by Section 2001.431 and deposited as provided by Subsection (b)(3) [~~(b)(2)~~].

SECTION 9.  Section 2001.513(a), Occupations Code, is amended to read as follows:

(a)  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, the commission may collect the amount under this section.

SECTION 10.  Section 2001.514(a), Occupations Code, is amended to read as follows:

(a)  To secure payment due to the commission of the fee on prizes imposed under this subchapter, each license holder shall furnish to the commission:

(1)  a cash bond;

(2)  a bond from a surety company chartered or authorized to do business in this state;

(3)  certificates of deposit;

(4)  certificates of savings;

(5)  United States treasury bonds;

(6)  subject to the approval of the commission, an assignment of negotiable stocks or bonds; or

(7)  other security as the commission considers sufficient.

SECTION 11.  Section 2001.515, Occupations Code, is amended to read as follows:

Sec. 2001.515.  COMMISSION'S DUTIES. The commission shall perform all functions incident to the administration, collection, enforcement, and operation of the fee on prizes imposed under this subchapter that is due to the commission, including any necessary reconciliation of a prize fee held by the commission that is due to a municipality or county.

SECTION 12.  Sections 2001.420(a) and 2001.459(b), Occupations Code, are repealed.

SECTION 13.  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, 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), 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), Occupations Code.

SECTION 14.  Not later than January 1, 2022, the Texas Lottery Commission shall adopt the rules necessary to implement the changes in law made by this Act to Chapter 2001, Occupations Code.

SECTION 15.  This Act takes effect September 1, 2021.

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