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By:  Kuempel H.J.R. No. 133

A JOINT RESOLUTION

proposing a constitutional amendment to foster economic development and job growth and to provide tax relief and funding for education and public safety by creating the Texas Gaming Commission, authorizing and regulating casino gaming at a limited number of destination resorts and facilities licensed by the commission, authorizing sports wagering, requiring occupational licenses to conduct casino gaming, and requiring the imposition of a tax.

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

SECTION 1.  Section 47(a), Article III, Texas Constitution, is amended to read as follows:

(a)  The Legislature shall pass laws prohibiting lotteries and gift enterprises in this State other than those authorized by Subsections (b), (d), (d-1), and (e) of this section and Section 47a of this article.

SECTION 2.  Article III, Texas Constitution, is amended by adding Section 47a to read as follows:

Sec. 47a.  (a)  In this section, unless modified by general law:

(1)  "Casino" means a licensed facility at which casino gaming is conducted.

(2)  "Casino gaming" means any game of chance or similar activity that involves the making of a bet for consideration. The term includes wagering on any type of slot machine or table game as defined by the legislature, using money, casino credit, or any representation of value. The term does not include bingo, charitable raffles, or the state lottery authorized under Section 47 of this article.

(3)  "Destination resort" means a mixed-use development consisting of a combination of various tourism amenities and facilities, including hotels, villas, restaurants, limited gaming facilities, meeting facilities, attractions, entertainment facilities, shopping centers, and casino gaming facilities.

(4)  "Education" means public education, public higher education, and adult education related to responsible gaming.

(5)  "Gaming position" means a designated position for a person to engage in casino gaming at a table game or slot machine.

(6)  "Limited casino gaming" means casino gaming in a licensed facility that is limited to not more than 750 gaming positions, of which not more than 25 percent may be at table games, as defined by the legislature.

(7)  "Metropolitan statistical area" means a metropolitan statistical area designated by the United States Office of Management and Budget.

(8)  "Public safety programs" means programs for crime prevention and law enforcement, including programs designed to prevent and prosecute crimes involving human trafficking.

(b)  Casino gaming at a limited number of locations is authorized in this state in accordance with this section to foster economic development and job growth and to provide tax relief and funding for education and public safety programs.

(c)  The legislature by general law shall establish the Texas Gaming Commission with broad authority to adopt rules the commission considers necessary or desirable for the strict regulation of casino gaming as authorized by this section.

(d)  The legislature by general law may authorize and regulate the placing of wagers on sporting events, as defined by general law.

(e)  The legislature shall authorize the Texas Gaming Commission to:

(1)  issue not more than four Class I gaming licenses to conduct casino gaming at destination resorts located in metropolitan statistical areas of this state with an estimated population of two million or more on July 1, 2019, provided that only one Class I licensed destination resort is located within any one metropolitan statistical area;

(2)  issue not more than three Class II licenses to conduct limited casino gaming to applicants who, on January 1, 2021, held and who continue to hold an active license to conduct pari-mutuel wagering on horse races at a racetrack located within a metropolitan statistical area with an estimated population of two million or more on July 1, 2019, and who comply with the requirements of this section, general law enacted pursuant to this section, and rules adopted by the Texas Gaming Commission under this section and the general law;

(3)  issue not more than two Class III licenses to conduct limited casino gaming to applicants who, on January 1, 2021, held and who continue to hold an active license to conduct pari-mutuel wagering on greyhound races at a racetrack located within a metropolitan statistical area with an estimated population of less than two million on July 1, 2019, and who comply with the requirements of this section, general law enacted pursuant to this section, and rules adopted by the Texas Gaming Commission under this section and general law; and

(4)  allow an Indian tribe recognized by the United States government under federal law to operate slot machines or casino gaming on its Indian land within this state and held in trust by the United States on January 1, 1998, in accordance with:

(A)  federal law; and

(B)  either:

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

(ii)  general state law that includes a provision requiring the Indian tribe to remit to this state a portion of its gaming revenue in an amount equal to the rate provided by the general law.

(f)  The legislature by general law shall direct the Texas Gaming Commission by rule to ensure license applicants who are granted a Class II license authorized by Subsection (e)(2) of this section continue to maintain significant live horse racing at the applicant's racetrack and maintain the applicant's primary purpose as a racetrack, and that limited casino gaming is used as a complimentary amenity to promote and support horse racing in this state.

(g)  The legislature by general law shall authorize license holders who are granted a Class III license authorized by Subsection (e)(3) of this section to offer limited casino gaming under that license at any location within the same metropolitan statistical area as the holder's licensed greyhound racetrack.

(h)  To satisfy the intent of this section, the legislature by general law shall establish additional restrictions on the facilities of a license holder who holds a Class II or Class III casino gaming license authorized under Subsection (e)(2) or (e)(3) of this section, including limits on total square footage, gaming square footage, and overnight accommodations, for the purposes of adequately distinguishing between the license classes described in Subsection (e) of this section and limiting casino gaming to certain metropolitan statistical areas in this state.

(i)  To ensure the greatest economic impact to this state from destination resorts granted a Class I license to conduct casino gaming, the legislature by general law shall direct the Texas Gaming Commission, in determining which applicants will be issued a license, to consider:

(1)  the total investment to be made by each applicant;

(2)  the total job creation and workforce diversity proposed by each applicant;

(3)  each applicant's experience in resort development and casino operation;

(4)  the potential tax revenue to this state from gaming and non-gaming activities at a proposed resort;

(5)  whether entities operating or individuals residing in this state are part of the application approval process or are approved vendors; and

(6)  whether an applicant intends to seek state or local tax incentives for their project.

(j)  The legislature by general law may develop additional considerations and requirements for licenses to conduct casino gaming, and restrictions and penalties for the conduct of casino gaming in this state.

(k)  To ensure that a requisite level of economic development and job growth benefiting the people of this state accompanies each destination resort granted a Class I license to conduct casino gaming, the legislature by general law shall require an applicant, as a condition to receiving and holding a license, to commit to building a destination resort with new total land and development investments of at least:

(1)  $2 billion for a destination resort located in a metropolitan statistical area with an estimated population of five million or more on July 1, 2019; or

(2)  $1 billion for a destination resort located in a metropolitan statistical area with an estimated population of two million or more but less than five million on July 1, 2019.

(l)  The legislature by general law shall require that, in meeting the requirements of Subsection (k) of this section, total land and development investments proposed as part of an application to conduct casino gaming at a destination resort may not include public money or facilities developed or built with public assistance or tax incentives of any kind.

(m)  The legislature by general law may allow land and development investments made in the five years preceding the date a license application for a Class I destination resort is submitted to be included in the calculation of new total land and development investment requirements under Subsection (k) of this section.

(n)  The legislature by general law shall impose a tax on the casino gaming revenue of casino gaming license holders in this state. The legislature shall set the tax rates for casino gaming at:

(1)  10 percent of the gross gaming revenue from table games, as defined by the legislature; and

(2)  25 percent of the gross gaming revenue from slot machines, as defined by the legislature.

(o)  The legislature by general law shall establish procedures to determine whether a Class I license application meets the investment requirements of Subsection (k) of this section and whether an applicant who is granted a Class I license satisfies the investment commitments made in their application.

SECTION 3.  This proposed constitutional amendment shall be submitted to the voters at an election to be held November 2, 2021. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment to foster economic development and job growth and to provide tax relief and funding for education and public safety by creating the Texas Gaming Commission, authorizing casino gaming at a limited number of destination resorts and facilities licensed by the commission, and authorizing sports wagering."