

1-1 By: Thompson of Harris (Senate Sponsor - Zaffirini) H.B. No. 2204
1-2 (In the Senate - Received from the House May 13, 2021;
1-3 May 14, 2021, read first time and referred to Committee on State
1-4 Affairs; May 20, 2021, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 20, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	<u>Hughes</u>	X		
1-10	<u>Birdwell</u>	X		
1-11	<u>Campbell</u>	X		
1-12	<u>Hall</u>	X		
1-13	<u>Lucio</u>	X		
1-14	<u>Nelson</u>	X		
1-15	<u>Powell</u>	X		
1-16	<u>Schwertner</u>	X		
1-17	<u>Zaffirini</u>	X		

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 2204 By: Zaffirini

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the conduct of charitable bingo.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 2001.002(19), Occupations Code, is
1-24 amended to read as follows:

1-25 (19) "Nonprofit organization" means an unincorporated
1-26 association or a corporation that is incorporated or holds a
1-27 certificate of authority under Chapter 22, Business Organizations
1-28 Code [~~the Texas Non-Profit Corporation Act (Article 1396-1.01 et~~
1-29 ~~seq., Vernon's Texas Civil Statutes)]. The organization:~~

1-30 (A) may not distribute any of its income to its
1-31 members, officers, or governing body, other than as reasonable
1-32 compensation for services; and

1-33 (B) must have obtained tax exempt status under
1-34 Section 501(c), Internal Revenue Code of 1986.

1-35 SECTION 2. Section 2001.103, Occupations Code, is amended
1-36 by amending Subsection (e) and adding Subsections (f-1) and (i) to
1-37 read as follows:

1-38 (e) Notwithstanding Subsection (c), an authorized
1-39 organization that holds an annual license to conduct bingo may
1-40 receive not more than 48 [24] temporary licenses during the
1-41 12-month period following the issuance or renewal of the license.
1-42 The holder of a license that is effective for two years may receive
1-43 not more than 48 [24] temporary licenses for each 12-month period
1-44 that ends on an anniversary of the date the license was issued or
1-45 renewed.

1-46 (f-1) The commission shall provide for the on-demand
1-47 electronic issuance of a temporary license requested under this
1-48 section by the holder of a regular license.

1-49 (i) The notice requirements of Sections 2001.305(b) and (c)
1-50 do not apply to a temporary license issued to the holder of a
1-51 regular license.

1-52 SECTION 3. Sections 2001.305(b) and (c), Occupations Code,
1-53 are amended to read as follows:

1-54 (b) Except as provided by Section 2001.103(i), immediately
1-55 [Immediately] after issuing a license, the commission shall send a
1-56 copy of the license to the appropriate governing body. The
1-57 governing body shall file the copy of the license in a central file
1-58 containing licenses issued under this chapter.

1-59 (c) Except as provided by Section 2001.103(i), not [Not]
1-60 later than the 10th day after the date a license is issued, the

2-1 commission shall give written notice of the issuance of the license
2-2 to:

2-3 (1) the police department of the municipality in which
2-4 bingo will be conducted, if bingo is to be conducted in a
2-5 municipality; or

2-6 (2) the sheriff of the county in which bingo will be
2-7 conducted, if bingo is to be conducted outside a municipality.

2-8 SECTION 4. Section 2001.413, Occupations Code, is amended
2-9 to read as follows:

2-10 Sec. 2001.413. PAYMENT [~~ADMISSION CHARGE~~] REQUIRED. Except
2-11 as provided by Section 2001.4155, a licensed authorized
2-12 organization may not offer or provide to a person the opportunity to
2-13 play bingo without payment [~~charge~~].

2-14 SECTION 5. Section 2001.420(b), Occupations Code, is
2-15 amended to read as follows:

2-16 (b) A person may not offer or award on a single bingo
2-17 occasion prizes with an aggregate value of more than \$3,500
2-18 [~~\$2,500~~] for all bingo games other than:

2-19 (1) pull-tab bingo; or

2-20 (2) bingo games that award individual prizes of \$50 or
2-21 less.

2-22 SECTION 6. Section 2001.435(b), Occupations Code, is
2-23 amended to read as follows:

2-24 (b) Each member of a unit shall deposit into the unit's
2-25 bingo account all funds derived from the conduct of bingo, less the
2-26 amount awarded as cash prizes under Section 2001.420(b) [~~Sections~~
2-27 ~~2001.420(a) and (b)~~]. The deposit shall be made not later than the
2-28 third [~~second~~] business day after the day of the bingo occasion on
2-29 which the receipts were obtained.

2-30 SECTION 7. Sections 2001.451(b), (g), and (i), Occupations
2-31 Code, are amended to read as follows:

2-32 (b) Except as provided by Section 2001.502(a), a licensed
2-33 authorized organization shall deposit in the bingo account all
2-34 funds derived from the conduct of bingo, less the amount awarded as
2-35 cash prizes under Section 2001.420(b) [~~Sections 2001.420(a) and~~
2-36 ~~(b)~~]. Except as provided by Subsection (b-1), a deposit must be
2-37 made not later than the third business day after the day of the
2-38 bingo occasion on which the receipts were obtained.

2-39 (g) The bingo operations of a licensed authorized
2-40 organization must ~~+~~

2-41 [~~(1) result in net proceeds over the organization's~~
2-42 ~~license period; or~~

2-43 [~~(2) if the organization has a two-year license,~~
2-44 result in net proceeds over each 24-month [~~12-month~~] period that
2-45 ends on the second [~~an~~] anniversary of the date the [~~two-year~~]
2-46 license was issued.

2-47 (i) Prize fees [~~held in escrow for remittance to the~~
2-48 ~~commission~~] are not included in the calculation of operating
2-49 capital under Subsection (h) if the prize fees are:

2-50 (1) held in escrow for remittance to:

2-51 (A) the commission; or

2-52 (B) a local government; or

2-53 (2) retained by a licensed authorized organization.

2-54 SECTION 8. Sections 2001.502(b) and (c), Occupations Code,
2-55 are amended to read as follows:

2-56 (b) Notwithstanding Subsection (a)(2), each quarter, a
2-57 licensed authorized organization or unit that collects a prize fee
2-58 under Subsection (a) for a bingo game conducted in a county or
2-59 municipality that was entitled to receive a portion of a bingo prize
2-60 fee as of January 1, 2019, shall remit 50 percent of the amount
2-61 collected as the prize fee to the commission and shall remit or
2-62 deposit the remainder of the amount collected as the prize fee as
2-63 follows:

2-64 (1) if the county [~~or municipality~~] in which the bingo
2-65 game is conducted voted before November 1, 2019, to impose the prize
2-66 fee and [~~remit 50 percent of the amount collected as the prize fee~~
2-67 ~~to:~~

2-68 [~~(A) the county that voted to impose the fee by~~
2-69 ~~that date, provided~~] the location at which the bingo game is

3-1 conducted:

3-2 (A) is not within the boundaries of a

3-3 municipality, remit 50 percent of the amount collected as the prize

3-4 fee to the county [~~that voted to impose the prize fee by that date~~];

3-5 or

3-6 (B) is within the boundaries of a [~~the~~]

3-7 municipality that:

3-8 (i) voted before November 1, 2019, to

3-9 impose the prize fee, remit 50 percent of the amount collected as

3-10 the prize fee in equal shares to the county and municipality [~~by~~

3-11 ~~that date, provided the county in which the bingo game is conducted~~

3-12 ~~did not vote to impose the fee by that date~~]; or

3-13 (ii) did not vote before November 1, 2019,

3-14 to impose the prize fee, remit 25 percent of the amount collected as

3-15 the prize fee to the county and deposit the remaining amount in the

3-16 manner described by Subdivision (3);

3-17 [~~(C) in equal shares, the county and the~~

3-18 ~~municipality, provided each voted to impose the fee before that~~

3-19 ~~date, or]~~

3-20 (2) if the county in which the bingo game is conducted

3-21 did not vote before November 1, 2019, to impose the prize fee and

3-22 the location at which the bingo game is conducted is within the

3-23 boundaries of a municipality that voted before November 1, 2019, to

3-24 impose the prize fee:

3-25 (A) remit 25 percent of the amount collected as

3-26 the prize fee to the municipality; and

3-27 (B) deposit the remaining amount in the manner

3-28 described by Subdivision (3); and

3-29 (3) if neither the county or municipality in which the

3-30 bingo game is conducted voted before November 1, 2019, to impose the

3-31 prize fee, deposit the remainder of the amount collected as the

3-32 prize fee in the general charitable fund of the organization or on a

3-33 pro rata basis to the general funds of the organizations comprising

3-34 the unit, as applicable, to be used for the charitable purposes of

3-35 the organization or organizations.

3-36 (c) The governing body of a county or municipality that

3-37 voted to impose a prize fee under Subsection (b) [~~(b)(1)~~] may at any

3-38 time vote to discontinue the imposition of the fee. If a county or

3-39 municipality votes on or after November 1, 2019, to discontinue the

3-40 fee, the fees to which the county or municipality, as applicable,

3-41 was entitled before the vote shall be collected by the licensed

3-42 authorized organization or unit as defined by Section 2001.431 and

3-43 deposited as provided by Subsection (b)(3) [~~(b)(2)~~].

3-44 SECTION 9. Section 2001.513(a), Occupations Code, is

3-45 amended to read as follows:

3-46 (a) At any time within three years after a person is

3-47 delinquent in the payment of an amount of the fee on prizes due to

3-48 the commission, the commission may collect the amount under this

3-49 section.

3-50 SECTION 10. Section 2001.514(a), Occupations Code, is

3-51 amended to read as follows:

3-52 (a) To secure payment due to the commission of the fee on

3-53 prizes imposed under this subchapter, each license holder shall

3-54 furnish to the commission:

3-55 (1) a cash bond;

3-56 (2) a bond from a surety company chartered or

3-57 authorized to do business in this state;

3-58 (3) certificates of deposit;

3-59 (4) certificates of savings;

3-60 (5) United States treasury bonds;

3-61 (6) subject to the approval of the commission, an

3-62 assignment of negotiable stocks or bonds; or

3-63 (7) other security as the commission considers

3-64 sufficient.

3-65 SECTION 11. Section 2001.515, Occupations Code, is amended

3-66 to read as follows:

3-67 Sec. 2001.515. COMMISSION'S DUTIES. The commission shall

3-68 perform all functions incident to the administration, collection,

3-69 enforcement, and operation of the fee on prizes imposed under this

4-1 subchapter that is due to the commission, including any necessary
4-2 reconciliation of a prize fee held by the commission that is due to
4-3 a municipality or county.

4-4 SECTION 12. Sections 2001.420(a) and 2001.459(b),
4-5 Occupations Code, are repealed.

4-6 SECTION 13. Notwithstanding any other law, if an executive
4-7 order issued by the governor before the effective date of this Act
4-8 had the effect of prohibiting the conduct of bingo occasions under
4-9 Chapter 2001, Occupations Code, the payment by a licensed
4-10 authorized organization to a licensed commercial lessor of rent
4-11 charges that were incurred and paid during the period in which the
4-12 conduct of bingo was prohibited are not subject to:

4-13 (1) the limits on rent charged provided by Section
4-14 2001.406(a), Occupations Code; or

4-15 (2) the requirement that an item of expense for the
4-16 conduct of bingo be reasonable or necessary provided by Section
4-17 2001.458(a), Occupations Code.

4-18 SECTION 14. Not later than January 1, 2022, the Texas
4-19 Lottery Commission shall adopt the rules necessary to implement the
4-20 changes in law made by this Act to Chapter 2001, Occupations Code.

4-21 SECTION 15. This Act takes effect September 1, 2021.

4-22

* * * * *