

By: Guerra

H.B. No. 2257

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the operation of casino gaming in certain state coastal  
3 areas to provide additional money for property tax relief;  
4 requiring occupational licenses and certifications; authorizing  
5 fees; imposing a tax; creating criminal offenses and providing  
6 other penalties.

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

8 SECTION 1. Subtitle A, Title 13, Occupations Code, is  
9 amended by adding Chapter 2005 to read as follows:

10 CHAPTER 2005. CASINO GAMING

11 SUBCHAPTER A. GENERAL PROVISIONS

12 Sec. 2005.001. DEFINITIONS. In this chapter:

13 (1) "Casino game" means any game of chance, including  
14 a game of chance in which the outcome may be partially determined by  
15 skill or ability, that involves the making of a bet, as defined by  
16 Section 47.01, Penal Code.

17 (2) "Casino gaming" means the conduct of casino games  
18 authorized under this chapter.

19 (3) "Casino gaming manager" means a person certified  
20 under this chapter to manage casino gaming operations at a location  
21 authorized under this chapter to conduct casino gaming in this  
22 state.

23 (4) "Commission" means the Texas Lottery Commission.

24 (5) "Executive director" means the executive director

1 of the commission.

2 (6) "Gaming vendor" means a person licensed under this  
3 chapter to provide, maintain, manufacture, distribute, sell, or  
4 lease casino gaming equipment and services to a person authorized  
5 to operate casino gaming in this state.

6 Sec. 2005.002. APPLICABILITY OF FEDERAL LAW. All shipments  
7 of casino gaming equipment and devices into, out of, or within this  
8 state in connection with casino gaming are legal shipments of the  
9 devices and are exempt from the provisions of 15 U.S.C. Sections  
10 1171-1178 prohibiting the transportation of gambling devices.

11 SUBCHAPTER B. ADMINISTRATION

12 Sec. 2005.051. POWERS AND DUTIES OF COMMISSION AND  
13 EXECUTIVE DIRECTOR. (a) The commission and executive director  
14 have broad authority and shall exercise strict control over and  
15 closely monitor casino gaming authorized under Section 47a, Article  
16 III, Texas Constitution, to protect the public health, welfare, and  
17 safety and ensure integrity, security, honesty, and fairness in the  
18 conduct and administration of casino gaming.

19 (b) The executive director may contract with or employ a  
20 person to perform a function, activity, or service in connection  
21 with casino gaming as prescribed by the executive director.

22 (c) The commission shall as necessary to protect the public  
23 health, welfare, and safety:

24 (1) monitor casino gaming operations on a continuing  
25 basis;

26 (2) establish standards for:

27 (A) the operation of casino gaming;

1                   (B) the provision of casino gaming equipment and  
2 services; and

3                   (C) the establishment and maintenance of casino  
4 gaming facilities; and

5                   (3) inspect and examine all gaming facilities,  
6 equipment, services, records, and operations to ensure compliance  
7 with the standards established by the commission.

8                   Sec. 2005.052. RULES AND PROCEDURES. (a) The commission  
9 shall adopt all rules necessary to supervise casino gaming in this  
10 state, administer this chapter, and ensure the security of casino  
11 gaming operations in this state.

12                   (b) The commission shall establish procedures for the  
13 approval, monitoring, and inspection of casino gaming operations as  
14 necessary to protect the public health, welfare, and safety and the  
15 integrity of this state and to prevent financial loss to this state.

16                   Sec. 2005.053. FEES. The commission shall establish the  
17 application, license, certification, and license and certification  
18 renewal fees for each type of license and certification issued  
19 under this chapter in amounts reasonable and necessary to cover  
20 this state's costs incurred in the administration of this chapter  
21 and the regulation of casino gaming.

22                   Sec. 2005.054. ANNUAL REPORT. The commission shall make an  
23 annual report to the governor, the comptroller, and the legislature  
24 that provides a summary of casino gaming revenues and expenses for  
25 the state fiscal year preceding the report. The report must be in  
26 the form and reported at the time provided by the General  
27 Appropriations Act.

1       Sec. 2005.055. INVESTIGATIONS. The commission may  
2 investigate a violation or alleged violation of:

3           (1) this chapter or rules adopted under this chapter  
4 by any person; or

5           (2) the penal laws of this state in connection with the  
6 administration of this chapter, the regulation of casino gaming, or  
7 the conduct of casino gaming by a person authorized to operate  
8 casino gaming under this chapter.

9                   SUBCHAPTER C. CASINO GAMING

10       Sec. 2005.101. CASINO GAMING OPERATOR LICENSE. A person  
11 may not conduct casino gaming in this state unless the person holds  
12 a casino gaming operator license issued under this chapter.

13       Sec. 2005.102. ALLOCATION OF CASINO GAMING OPERATOR  
14 LICENSES. (a) The commission shall award a casino gaming operator  
15 license to an applicant who:

16           (1) enters into a written agreement with the  
17 commission to initially invest not less than \$1 billion, or an  
18 alternative amount prescribed by the commissioner as the  
19 commissioner determines necessary to protect state finances, in the  
20 applicant's casino location; and

21           (2) the commission determines possesses the resources  
22 and experience necessary to successfully operate a casino in this  
23 state.

24       (b) The commission may not award a license for a casino at a  
25 site located more than 200 miles from the Gulf of Mexico.

26       Sec. 2005.103. CERTIFICATES REQUIRED. (a) A person may not  
27 provide, maintain, manufacture, distribute, sell, or lease casino

1 games or casino gaming equipment or services for use in this state  
2 unless the person holds a gaming vendor certificate issued under  
3 this chapter.

4 (b) A person may not act as a casino gaming manager for a  
5 gaming facility in this state unless the person holds a casino  
6 gaming manager certificate issued under this chapter.

7 (c) Unless the person holds the required gaming employee  
8 certificate, a person may not act as a gaming employee in any gaming  
9 employee position for which the commission by rule requires a  
10 person to hold a certificate issued under this chapter.

11 Sec. 2005.104. GAMING VENDOR CERTIFICATE. (a) The  
12 commission shall issue a gaming vendor certificate to an eligible  
13 person with the resources and experience required to provide casino  
14 games or casino gaming equipment and services for casino gaming  
15 operations authorized under this chapter.

16 (b) The commission by rule shall establish the minimum  
17 qualifications for a gaming vendor certificate to ensure a  
18 competitive market for casino gaming equipment and services and the  
19 availability of reliable casino gaming equipment and services,  
20 consistent with the public health, welfare, and safety.

21 Sec. 2005.105. CASINO GAMING MANAGER CERTIFICATE. (a) The  
22 commission shall issue a casino gaming manager certificate to an  
23 eligible person with the qualifications and experience required to  
24 manage casino gaming operations under this chapter.

25 (b) The commission by rule shall establish the minimum  
26 qualifications for a casino gaming manager certificate necessary to  
27 protect the public health, welfare, and safety.

1       Sec. 2005.106. GAMING EMPLOYEE CERTIFICATE. The commission  
2 by rule and as necessary to protect the public health, welfare, and  
3 safety may establish gaming employee positions that require a  
4 certificate issued under this chapter to act in those positions.

5       Sec. 2005.107. BACKGROUND INVESTIGATIONS; CRIMINAL HISTORY  
6 RECORD INFORMATION. Before issuing a license or certificate to a  
7 person under this chapter, the commission shall conduct any  
8 necessary background investigation and obtain criminal history  
9 record information of the person seeking the license or certificate  
10 to assist the commission in determining the person's eligibility or  
11 suitability for the license or certificate.

12                               SUBCHAPTER D. REVENUE

13       Sec. 2005.151. STATE CASINO GAMING ACCOUNT. The state  
14 casino gaming account is a special account in the general revenue  
15 fund. The account consists of all revenue received by the  
16 commission from casino gaming, fees received under this chapter,  
17 and all money credited to the account from any other fund or source  
18 under law.

19       Sec. 2005.152. CASINO GAMING TAX. (a) A casino gaming tax  
20 in an amount equal to 18 percent of a casino's gross gaming revenue  
21 is imposed on each holder of a casino gaming operator's license.

22       (b) For each state fiscal year, the comptroller shall  
23 deposit the revenue from the tax imposed under this section to the  
24 credit of the property tax relief fund established under Section  
25 403.109, Government Code.

26       (c) The comptroller by rule shall adopt a schedule for the  
27 collection of the tax imposed under this section and the transfer of

1 tax revenue under Subsection (b).

2 (d) Title 2, Tax Code, applies to the tax imposed under this  
3 section.

4 SUBCHAPTER E. CRIMINAL OFFENSES; DISCIPLINARY ACTIONS;  
5 ADMINISTRATIVE AND CIVIL PENALTIES

6 Sec. 2005.201. MANIPULATION OR TAMPERING. (a) A person  
7 commits an offense if the person intentionally or knowingly  
8 manipulates the outcome of a casino game, the amount of a casino  
9 game prize, or the operation of a casino gaming device by physical,  
10 electronic, or other means, other than in accordance with  
11 commission rules.

12 (b) An offense under this section is a felony of the third  
13 degree.

14 Sec. 2005.202. SALE OF CASINO GAME TO INDIVIDUAL YOUNGER  
15 THAN 18 YEARS OF AGE. (a) A person who is a casino gaming manager  
16 or an employee or agent of a casino gaming manager commits an  
17 offense if the person intentionally or knowingly:

18 (1) sells or offers to sell a play of a casino game to  
19 an individual the person knows is younger than 18 years of age or  
20 permits the individual to purchase a play of a casino game; or

21 (2) pays money or issues a credit slip or other  
22 winnings for a play of a casino game to an individual the person  
23 knows is younger than 18 years of age.

24 (b) An individual who is younger than 18 years of age  
25 commits an offense if the individual:

26 (1) purchases a play of a casino game;

27 (2) accepts money, a credit slip, or other payment of

1 winnings for a play of a casino game; or

2 (3) falsely represents the individual to be 18 years  
3 of age or older by displaying evidence of age that is false or  
4 fraudulent or misrepresents in any way the individual's age in  
5 order to purchase a play of a casino game.

6 (c) An offense under Subsection (a) is a Class B  
7 misdemeanor.

8 (d) An offense under Subsection (b) is a misdemeanor  
9 punishable by a fine not to exceed \$250.

10 Sec. 2005.203. DISCIPLINARY ACTIONS. (a) The commission  
11 may refuse to issue a license or certificate or may revoke, suspend,  
12 or refuse to renew a license or certificate or may reprimand a  
13 license or certificate holder for a violation of this chapter,  
14 other state law, or a rule of the commission.

15 (b) If the commission proposes to take action against a  
16 license or certificate holder or applicant under Subsection (a),  
17 the license or certificate holder or applicant is entitled to  
18 notice and a hearing.

19 (c) The commission may place on probation subject to  
20 reasonable conditions a person whose license or certificate is  
21 suspended under this section.

22 (d) The commission may summarily suspend a license or  
23 certificate issued under this chapter in the same manner as the  
24 commission is authorized to suspend a license under Section  
25 466.160, Government Code, if the commission determines that the  
26 action is necessary to maintain the integrity, security, or  
27 fairness of casino gaming.



1       (e) The commission by rule shall develop a system for  
2 monitoring a license or certificate holder's compliance with this  
3 chapter.

4       Sec. 2005.204. ADMINISTRATIVE PENALTY. (a) The commission  
5 may impose an administrative penalty against a person who violates  
6 this chapter or a rule or order adopted by the commission under this  
7 chapter in the same manner as the commission is authorized to impose  
8 an administrative penalty under Subchapter M, Chapter 2001.

9       (b) The amount of the administrative penalty may not exceed  
10 \$1,000 for each violation. Each day a violation continues or occurs  
11 may be considered a separate violation for purposes of imposing a  
12 penalty.

13       (c) In determining the amount of the penalty, the executive  
14 director shall consider:

15               (1) the seriousness of the violation, including the  
16 nature, circumstances, extent, and gravity of the violation;

17               (2) the history of previous violations;

18               (3) the amount necessary to deter future violations;

19               (4) efforts to correct the violation; and

20               (5) any other matter that justice may require.

21       (d) The notice, hearing, and appeal for an administrative  
22 penalty assessed under this section shall be provided or conducted  
23 in the same manner as notice, hearing, and appeals are provided or  
24 conducted under Subchapter M, Chapter 2001.

25       Sec. 2005.205. CIVIL PENALTY. (a) A person who violates  
26 this chapter or a rule adopted by the commission under this chapter  
27 is liable to the state for a civil penalty not to exceed \$5,000 for

1 each day of violation.

2 (b) At the request of the commission, the attorney general  
3 shall bring an action to recover a civil penalty authorized by this  
4 section. The attorney general may recover reasonable expenses,  
5 including attorney's fees, incurred in recovering the civil  
6 penalty.

7 SECTION 2. Section 411.108(a-1), Government Code, is  
8 amended to read as follows:

9 (a-1) The Texas Lottery Commission is entitled to obtain  
10 from the department criminal history record information maintained  
11 by the department that relates to:

12 (1) a person licensed under Chapter 2001, Occupations  
13 Code, or described by Section 2001.3025, Occupations Code; or

14 (2) a person holding or applying for a license or  
15 certificate under Chapter 2005, Occupations Code.

16 SECTION 3. Section 466.024(b), Government Code, is amended  
17 to read as follows:

18 (b) The commission shall adopt rules prohibiting the  
19 operation of any game using a video lottery machine or video gaming  
20 machine, except in accordance with Chapter 2005, Occupations Code.

21 SECTION 4. Section 47.02(c), Penal Code, is amended to read  
22 as follows:

23 (c) It is a defense to prosecution under this section that  
24 the actor reasonably believed that the conduct:

25 (1) was permitted under Chapter 2001, Occupations  
26 Code;

27 (2) was permitted under Chapter 2002, Occupations

1 Code;

2 (3) was permitted under Chapter 2004, Occupations  
3 Code;

4 (4) was permitted under Chapter 2005, Occupations  
5 Code;

6 (5) consisted entirely of participation in the state  
7 lottery authorized by the State Lottery Act (Chapter 466,  
8 Government Code);

9 (6) [~~5~~] was permitted under Subtitle A-1, Title 13,  
10 Occupations Code (Texas Racing Act); or

11 (7) [~~6~~] consisted entirely of participation in a  
12 drawing for the opportunity to participate in a hunting, fishing,  
13 or other recreational event conducted by the Parks and Wildlife  
14 Department.

15 SECTION 5. Section 47.09, Penal Code, is amended by  
16 amending Subsection (a) and adding Subsection (c) to read as  
17 follows:

18 (a) It is a defense to prosecution under this chapter that  
19 the conduct:

20 (1) was authorized under:

21 (A) Chapter 2001, Occupations Code;

22 (B) Chapter 2002, Occupations Code;

23 (C) Chapter 2004, Occupations Code;

24 (D) Chapter 2005, Occupations Code;

25 (E) Subtitle A-1, Title 13, Occupations Code  
26 (Texas Racing Act); or

27 (F) [~~E~~] Chapter 280, Finance Code;

1           (2) consisted entirely of participation in the state  
2 lottery authorized by Chapter 466, Government Code; or

3           (3) was a necessary incident to the operation of the  
4 state lottery and was directly or indirectly authorized by:

5                   (A) Chapter 466, Government Code;

6                   (B) the lottery division of the Texas Lottery  
7 Commission;

8                   (C) the Texas Lottery Commission; or

9                   (D) the director of the lottery division of the  
10 Texas Lottery Commission.

11           (c) Subsection (a)(1)(D) applies to a person manufacturing,  
12 possessing, or operating a gambling device under a license or  
13 certificate issued under Chapter 2005, Occupations Code.

14           SECTION 6. Chapter 47, Penal Code, is amended by adding  
15 Section 47.095 to read as follows:

16           Sec. 47.095. INTERSTATE OR FOREIGN COMMERCE DEFENSE. It is  
17 a defense to prosecution under this chapter that a person sells,  
18 leases, transports, possesses, stores, or manufactures a gambling  
19 device with the authorization of the Texas Lottery Commission under  
20 Chapter 2005, Occupations Code, for transportation in interstate or  
21 foreign commerce.

22           SECTION 7. (a) As soon as practicable after the effective  
23 date of this Act, the Texas Lottery Commission shall adopt the rules  
24 necessary to implement casino gaming in accordance with Chapter  
25 2005, Occupations Code, as added by this Act.

26           (b) The Texas Lottery Commission may adopt initial rules for  
27 purposes of implementing casino gaming in accordance with Chapter

1 2005, Occupations Code, as added by this Act, that expire not later  
2 than May 1, 2022. Chapter 2001, Government Code, does not apply to  
3 the adoption of those rules. This subsection expires June 1, 2022.

4 SECTION 8. This Act takes effect December 1, 2021, but only  
5 if the constitutional amendment authorizing the operation of casino  
6 gaming in certain state coastal areas to provide additional money  
7 for property tax relief is approved by the voters. If that  
8 amendment is not approved by the voters, this Act has no effect.