

By: Hinojosa

S.B. No. 736

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the regulation of sports wagering; requiring an
3 occupational permit; authorizing a fee; imposing a tax; creating
4 criminal offenses; decriminalizing wagering on sports events.

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

6 SECTION 1. LEGISLATIVE FINDINGS. The Legislature finds the
7 following:

8 (1) Consistent with a 2018 United States Supreme Court
9 decision authorizing states to exercise their lawful prerogative to
10 license and regulate sports wagering activity, it is in this
11 state's interest to authorize a strict regulatory model for sports
12 wagering.

13 (2) A legal, regulated sports wagering market will
14 help to deter unlawful sports wagering and provide for more
15 regulatory and law enforcement oversight over sports wagering,
16 while generating revenue to this state;

17 (3) Any sports wagering enforcement and regulatory
18 structure must begin from the bedrock premise that participation in
19 a lawful and licensed sports-wagering industry is a privilege and
20 not a right and that strict regulatory oversight is intended to
21 safeguard the integrity of wagering on sporting events and to
22 ensure accountability and the public trust;

23 (4) The most expeditious way to legalize sports
24 wagering in this state and to strictly regulate this activity is to

1 utilize the resources of the Texas Department of Licensing and
2 Regulation, which has experience regulating business activities in
3 this state; and

4 (5) Sports wagering within this state will be vested
5 in sports wagering operators acting under authority of state law
6 and will promote trust and integrity in all sports wagering
7 operations.

8 SECTION 2. Subtitle A, Title 13, Occupations Code, is
9 amended by adding Chapter 2005 to read as follows:

10 CHAPTER 2005. SPORTS WAGERING

11 SUBCHAPTER A. GENERAL PROVISIONS

12 Sec. 2005.001. SHORT TITLE. This chapter may be
13 cited as the Texas Sports and Entertainment Recovery Act.

14 Sec. 2005.002. DEFINITIONS. In this chapter:

15 (1) "Adjusted gross revenue" means gross
16 wagering revenue received by a sports wagering operator from all
17 sports wagers authorized under this chapter, minus:

18 (A) all cash or cash equivalents paid out as
19 winnings to players;

20 (B) the actual cost paid by a sports wagering
21 operator for any personal property distributed to a player as a
22 result of a sports wager authorized under this chapter;

23 (C) the cash value of any bonuses or promotional
24 credits provided to players that are then returned to a sports
25 wagering operator;

26 (D) Uncollectible receivables, not to exceed
27 four percent of gross revenue, except that the commission may

1 increase that percentage upon a showing of that a higher amount is
2 reasonable and warranted; and

3 (E) excise tax payments on sports wagers remitted
4 to the federal government.

5 (F) Amounts returned to an authorized
6 participant:

7 (i) because of game, platform, or system
8 malfunction; or

9 (ii) because the sports bet must be voided
10 due to concerns regarding the integrity of the wager or game.

11 (2) "Authorized sports entity" means:

12 (A) a sports team or a sports team designee;

13 (B) a Class 1 racetrack, as defined by Section
14 2026.102; or

15 (C) a greyhound racetrack, as described by
16 Subchapter D, Chapter 2025

17 (3) "Cash equivalent" means an asset that is
18 convertible to cash and approved for use in connection with
19 authorized sports wagering. Approved cash equivalents include:

20 (A) travelers checks;

21 (B) foreign currency and coin;

22 (C) certified checks, cashier's checks, and
23 money orders;

24 (D) personal checks and drafts;

25 (E) digital, crypto, and virtual currencies;

26 (F) online and mobile payment systems that
27 support online money transfers;

1 (G) credit cards and debit cards;

2 (H) prepaid access instruments; and

3 (I) any other form approved by the commission.

4 (4) "College sport" means an athletic or sporting
5 event in which at least one participant is a team or contestant
6 competing on behalf or under the sponsorship of a public or private
7 institution of higher education, regardless of where the
8 institution is located.

9 (5) "Commission" means the Texas Commission of
10 Licensing and Regulation.

11 (6) "Comptroller" means the Comptroller of Public
12 Accounts of the State of Texas.

13 (7) "Covered service" means the operation,
14 management, or control of wagers authorized by this chapter,
15 including the development or operation of sports wagering platforms
16 and the provision of odds lines and risk management information.
17 The term excludes:

18 (A) payment processing and similar financial
19 services;

20 (B) customer identity, age verification, and
21 geolocation services;

22 (C) streaming or other video and data that do not
23 include odds or line information;

24 (D) telecommunications, internet service
25 providers, and other similar services not specifically designed for
26 use in connection with sports wagering;

27 (E) other goods or services designed to support

1 the operation, management, or control of a sports wagering
2 platform; and

3 (F) other goods or services not specifically
4 designed for use in connection with sports wagering.

5 (8) "Department" means the Texas Department of
6 Licensing and Regulation.

7 (9) "Executive director" means the executive director
8 of the department.

9 (10) "Interactive sports wagering" means engaging in
10 sports wagering via the internet, on a mobile device, or any other
11 telecommunications service.

12 (11) "Interactive sports wagering permit" means a
13 permit issued by the commission that authorizes the operation of
14 interactive sports wagering under this chapter;

15 (12) "Interactive sports wagering operator" means the
16 holder of an interactive sports wagering permit.

17 (13) "Key person" means an officer or director of a
18 sports wagering operator who:

19 (A) is directly involved in the operation,
20 management, or control of the conduct of sports wagering under this
21 chapter; and

22 (B) exercises substantial influence or control
23 over the sports wagering operator's sports wagering activities.

24 (14) "Official league data" means statistics,
25 results, outcomes, and other data relating to a sporting event
26 obtained for determining the outcome of tier two sports wagers
27 under an agreement wager between a sports wagering operator and:

1 (A) the relevant sports governing body that
2 authorizes the use of the data for determining the outcome of tier
3 two sports wagers; or

4 (B) an entity expressly authorized by the sports
5 governing body to provide the information described by this
6 subdivision to sports wagering operators.

7 (15) "Permit holder" means a person who holds a permit
8 issued under this chapter.

9 (16) "Professional sports" means an athletic or
10 sporting event at which two or more competitors participate and one
11 or more competitors receive compensation.

12 (17) "Retail permit" means a permit issued by the
13 commission to an entity included in Section 2005.103 that
14 authorizes the operation of sports wagering at a location
15 authorized by the commission, but with the operation limited to
16 accepting in-person sports wagering only from individuals who are
17 physically present in the location.

18 (18) "Retail permit holder" means the holder of a
19 retail permit.

20 (19) "Retail sports wagering" means engaging in sports
21 wagering at authorized locations in person.

22 (20) "Service provider" means the holder of a service
23 provider permit.

24 (21) "Service provider permit" means a permit issued
25 by the commission that authorizes the provision of covered
26 services.

27 (22) "Sporting event" or "sports event" means

1 professional sports and athletic events, college sports and
2 athletic events, amateur sports and athletic events, motor race
3 events, electronic sports events, competitive video game events, or
4 any other event approved by the commission.

5 (23) "Sports wagering brand" means the names, logos,
6 and brands by which a sports wagering operator advertises,
7 promotes, or otherwise holds out to the public its sports wagering
8 platform or retail sports wagering operations.

9 (24) "Sports wagering operator" means:

10 (A) an interactive sports wagering permit
11 holder;

12 (B) a service provider permit holder operating
13 sports wagering on behalf of an interactive sports wagering permit
14 holder;

15 (C) a retail permit holder; or

16 (D) a service provider permit holder operating
17 sports wagering on behalf of a retail permit holder.

18 (25) "Sports wagering platform" means a website,
19 mobile application, or other interactive platform accessible via
20 the internet or mobile, wireless, or similar communications
21 technology that players may use to place sports wagers authorized
22 under this chapter.

23 (26) "Sports entertainment district" means a public
24 entertainment facility, as that term is defined in Section
25 108.73(2), Alcoholic Beverages Code that is related infrastructure
26 to an approved venue project, as those terms are defined in Section
27 334.001, Local Government Code.

1 (27) "Sports facility" means:

2 (A) a facility that is the primary host of a Major
3 League Baseball, National Basketball Association, National
4 Football League, Major League Soccer, or National Hockey League,
5 professional sports franchise in this state and that has a seating
6 capacity of at least 5,000 people; or

7 (B) a Class 1 racetrack as defined by Section
8 [2026.102](#).

9 (28) "Sports governing body" means the organization
10 that prescribes final rules and enforces codes of conduct with
11 respect to a professional sporting event and participants in the
12 professional sporting event and whose corporate headquarters is
13 located in the United States.

14 (29) "Sports wagering" means accepting wagers on
15 sporting events or portions of sporting events, or on the
16 individual performance statistics of participants in a sporting
17 event or combination of sporting events, by any system or method of
18 wagering, including in-person or over the internet through a
19 website or on mobile devices. The term includes but is not limited
20 to single-game wagers, teaser wagers, parlays, over-unders,
21 moneylines, pools, exchange wagering, in-game wagering, in-play
22 wagers, proposition wagers, and straight wagers. The term does not
23 include:

24 (A) fantasy or simulated games or contests as
25 that term is defined in Section [47.01\(2-a\)](#), Penal Code ; or

26 (B) greyhound racing or horse racing regulated
27 under Subtitle A-1 (Texas Racing Act).

1 (30) "Sports team" means a Major League Baseball,
2 National Basketball Association, National Football League, Major
3 League Soccer, or National Hockey League professional sports
4 franchise located in this state that leases, subleases, or
5 exclusively or by a joint venture with another sports team operates
6 a sports facility.

7 (31) "Sports team designee" means any person
8 designated by a sports team as being authorized to receive an
9 interactive sports wagering license in lieu of the sports team.

10 (32) "Tier one sports wager" means a sports wager that
11 is not a tier two sports wager.

12 (33) "Tier two sports wager" means a sports wager that
13 is placed after the event it concerns has started.

14 (34) "Youth sports" means an athletic or sporting
15 event in which the majority of participants are under the age of 18
16 or are competing on behalf or under the sponsorship of one or more
17 public or private preschools or elementary, middle, or secondary
18 schools. The term does not include professional sports or events
19 that occur under the sponsorship or oversight of national or
20 international athletic bodies that are not educational
21 institutions and that include participants both over and under the
22 age of 18.

23 Sec. 2005.002. COMPLIANCE WITH FEDERAL AND STATE LAW. (a)
24 All sports wagering authorized under this chapter must be
25 initiated, received, and otherwise made within this state unless
26 otherwise determined by the commission in accordance with
27 applicable federal and state laws.

1 (b) Consistent with the intent of the United States Congress
2 in the Unlawful Internet Gambling Enforcement Act of 2006 (31
3 U.S.C. § 5361, et seq.), the intermediate routing of electronic data
4 relating to internet sports wagering authorized under this chapter,
5 including routing across state lines, does not determine the
6 location in which such wagers are initiated, received, or otherwise
7 made.

8 Sec. 2005.003. REVIEW OF AGENCY ACTIONS. Except as
9 otherwise provided by this chapter, all actions of the commission
10 or department are subject to review under the Administrative
11 Procedure Act.

12 SUBCHAPTER B. POWERS AND DUTIES

13 Sec. 2005.051. SPORTS WAGERING PROGRAM. (a) Subject to
14 the requirements set forth in this chapter, the commission shall
15 authorize an authorized sports entity to become an interactive
16 sports wagering operator for the purpose of offering and accepting
17 sports wagers to and from players on sporting events.

18 (b) The department under the direction of the commission and
19 executive director shall administer this chapter.

20 (c) The commission may not authorize sports wagers
21 involving youth sports.

22 (d) Nothing in this chapter may be construed to apply to
23 pari-mutuel wagering on horse-racing or greyhound racing as
24 authorized by Subtitle A-1 or fantasy or simulated games or
25 contests.

26 Sec. 2005.052. RULES. The commission shall adopt rules for
27 the administration of this chapter and to regulate sports wagering

1 in this state.

2 Sec. 2005.053. CERTIFICATION OF REVENUES AND EXPENSES. The
3 commission shall:

4 (1) certify monthly to the comptroller a full and
5 complete statement of sports wagering revenues and expenses for the
6 previous month; and

7 (2) within thirty days of the end of the fiscal year,
8 provide to the comptroller a full and complete statement of sports
9 wagering revenues and expenses for that fiscal year, along with any
10 recommendations for changes to this chapter that may be warranted
11 and prudent to protect the public interest.

12 Sec. 2005.054. AUDITS. (a) To ensure a proper accounting of
13 all revenues due to the state, the commission and the comptroller
14 each independently shall have the right to audit the books and
15 records of a sports wagering operator that are related to sports
16 wagering activities conducted in this state and authorized under
17 the chapter. The commission and the comptroller shall coordinate to
18 ensure that such requests are not duplicative or overly burdensome
19 on the sports wagering operator.

20 (b) The comptroller may perform audits of any taxes or fees
21 paid under this chapter.

22 Sec. 2005.055. VOLUNTARY EXCLUSION PROGRAM. (a) The
23 commission shall adopt rules to establish and implement a statewide
24 voluntary exclusion program administered by the commission.

25 (b) The rules must include:

26 (1) a requirement that the commission will establish
27 and administer a statewide self-exclusion list, hosting a website

1 that sport wagering operators may link to in order to allow
2 individuals to register for self-exclusion, and that the commission
3 shall regularly distribute such list to sport wagering operators;

4 (2) a requirement that each sports wagering operator
5 implement a procedure by which individuals may access the
6 commission's website form to ask to be excluded from participation
7 in sports wagering and under which the sports wagering operator
8 will bar individuals on the self-exclusion list from any further
9 participation in sports wagering for the period that they are
10 self-excluded;

11 (3) except as otherwise provided by commission rule, a
12 requirement that an individual who participates in the voluntary
13 exclusion program agrees to refrain from participating in sports
14 wagering for the period of time specified at self-exclusion;

15 (3) except as otherwise provided by commission rule, a
16 requirement that a person who participates in the voluntary
17 exclusion program may not petition the commission for removal from
18 the program; and

19 (4) a requirement that the sports wagering operator
20 must make all commercially reasonable attempts and cause its sales
21 agents and others operating on its behalf to make commercially
22 reasonable efforts to cease all direct marketing efforts to persons
23 participating in the program.

24 (c) The voluntary exclusion program may not preclude a
25 sports wagering operator and its agents and others operating on
26 their behalf from seeking the payment of a debt accrued by a person
27 before entering the program.

1 Sec. 2005.056. RISK MANAGEMENT. The commission shall adopt
2 rules permitting sports wagering operators to use systems that
3 offset loss or manage or lay off risk in the operation of sports
4 wagering under this chapter, including through liquidity pools,
5 exchanges, or similar mechanisms in other approved jurisdiction in
6 which the sports wagering operator or an affiliate of either or
7 other third party also holds a license or the equivalent.

8 (b) Notwithstanding Subsection (a), the rules adopted under
9 this section must require that at all times adequate protections
10 are maintained to ensure sufficient funds are available to pay all
11 players.

12 Sec. 2005.057. PLACES OF PUBLIC ACCOMMODATION. (a) Except
13 as provided by Subsection (b), and other than an authorized retail
14 sports wagering location, the commission may not authorize or allow
15 a person to:

16 (1) operate or to allow the operation of a place of
17 public accommodation, a club (including a club or association
18 limited to dues-paying members or similar restricted groups), or a
19 similar establishment in which computer terminals or similar access
20 devices are intended or are made available to be used principally
21 for the purpose of accessing a sports wagering platform; or

22 (2) otherwise advertise to the general public that the
23 place of public accommodation, club, or similar establishment is
24 available to engage in sports wagering.

25 (b) The commission may authorize:

26 (1) an interactive sports wagering operator or a
27 service provider operating sports wagering on behalf of an

1 interactive sports wagering permit holder to establish a place of
2 public accommodation for the purpose of accessing a sports wagering
3 platform if it is located within an interactive sports wagering
4 operator's sports facility or sports entertainment district; and

5 (2) the advertisement of an activity described by
6 Subsection (b)(1) at the location.

7 (c) The commission shall adopt rules governing the
8 establishment of a sports wagering public accommodation at a sports
9 facility or sports entertainment district.

10 (d) Places of public accommodation, clubs, or similar
11 establishments that are allowed under this section are subject to
12 all applicable state, local, criminal, zoning, or other regulatory
13 powers that are not intended to be limited in any way by this
14 chapter.

15 (e) This section does not apply to operations and
16 advertisement conducted by a retail permit holder or a service
17 provider operating sports wagering on behalf of a retail permit
18 holder.

19 SUBCHAPTER C. SPORTS WAGERING PERMITS

20 Sec. 2005.101. INTERACTIVE SPORTS WAGERING PERMIT. (a) The
21 commission shall issue an interactive sports wagering permit to a
22 qualified authorized sports entity under this chapter if the
23 applicant:

24 (1) submits a completed application to the commission
25 on a form prescribed by the commission, containing the information
26 required by this section; and

27 (2) pays to the commission a permitting fee of

1 \$500,000, which must be refunded in the event the applicant's
2 application is denied, after deduction of the commission's expenses
3 in considering the application.

4 (b) The commission may only award an interactive sports
5 wagering permit to an authorized sports entity as defined by this
6 chapter. The interactive sports wagering operator or a service
7 provider on behalf of an interactive sports wagering operator may:

8 (1) offer retail sports wagering in a place of public
9 accommodation located at its sports facility or the sports
10 entertainment district created in connection with the sports
11 facility;

12 (2) conduct state-wide interactive sports wagering;
13 and

14 (3) operate kiosks for interactive sports wagering.

15 (c) The commission may only award an interactive sports
16 wagering permit to an authorized sports entity that is based in the
17 United States.

18 (d) The commission shall only award one interactive sports
19 wagering permit per authorized sports entity, except that if a
20 person owns more than one authorized sports entity, that person may
21 only obtain one interactive sports wagering permit.

22 (e) The interactive sports wagering operator shall only be
23 permitted to hold out its sports wagering platform to the public
24 under one brand.

25 (f) The commission shall evaluate and then grant or deny
26 each application submitted under this section in its discretion in
27 the same manner and based on the same considerations that it uses to

1 consider applications for service provider permits. The
2 commission's decision is final and not appealable, except as
3 otherwise may be required under state law.

4 (g) The commission shall prescribe an application form for
5 an interactive sports wagering permit that includes:

6 (1) the applicant's proposed initial business plan,
7 which must include the range of contemplated types and modes of
8 sports wagering;

9 (2) the applicant's proposed measures to address age
10 and identity verification and geolocation requirements;

11 (3) the applicant's proposed internal controls,
12 including controls to ensure that no ineligible person will be able
13 to participate in sports wagering;

14 (4) the applicant's history of working to prevent
15 compulsive gambling, including training programs for its
16 employees;

17 (5) the applicant's written information security
18 program, including information security governance and the
19 designation of a chief security officer of equivalent (which
20 designation shall be a requirement for issuance of a license);

21 (6) the sports wagering brand (which shall be limited
22 to a maximum of one brand and may be different from the brand
23 offered by a retail permit holder) under which an interactive
24 sports wagering operator plans to hold out its sports wagering
25 platform to the public;

26 (7) any personal information the commission may
27 determine by rule should be required concerning the applicant's key

1 persons; and

2 (8) any other information the commission considers
3 necessary.

4 (h) The commission may accept permitting or authorization
5 to operate by another jurisdiction that is specifically determined
6 by the commission to have similar permitting requirements, as
7 evidence that the applicant meets the interactive sports wagering
8 operator requirements. The commission may accept another
9 jurisdiction's or an approved third party's testing of the
10 interactive sports wagering platform as evidence that the platform
11 meets any requirements mandated by commission rule.

12 (i) Notwithstanding any other law, the information an
13 applicant submits under this section shall be considered
14 confidential and exempt from public disclosure.

15 (j) An authorized applicant may elect to assign its
16 interactive sports wagering permit to a third-party designee to
17 handle all of the applicant's sports wagering management and
18 operations. If the applicant makes this election, the application
19 and disclosure requirements described by this section should be
20 made by the designee rather than the applicant, in accordance with
21 procedures determined by the commission.

22 Sec. 2005.102. SERVICE PROVIDER PERMIT. (a) An applicant
23 for a service provider permit shall:

24 (1) submit an application to the commission on a form
25 prescribed by the commission, containing the information required
26 under this section; and

27 (2) pay to the commission an application fee of

1 \$25,000.

2 (b) An application submitted under this section must
3 include:

4 (1) the applicant's background in sports wagering or
5 the covered service;

6 (2) the applicant's experience in connection with
7 sports wagering or other wagering activities in other
8 jurisdictions, including the applicant's history and reputation of
9 integrity and compliance, as well as a list of all active or lapsed
10 permits or licenses for sports wagering or other wagering
11 activities (including the reason for any lapse);

12 (3) the applicant's written information security
13 program, including information concerning information security
14 governance and the designation of a chief security officer or
15 equivalent (which designation shall be a requirement for issuance
16 of a permit);

17 (4) any personal information the commission
18 determines by rule should be required concerning the applicant's
19 key persons; and

20 (5) any other information the commission considers
21 necessary.

22 (c) The commission shall conduct a background investigation
23 on the applicant and key persons as considered necessary by the
24 commission. The background investigation must include a credit
25 history check, a tax record check, and a criminal history records
26 check.

27 (d) The commission shall grant or deny a service provider

1 permit within 90 days of receipt of a completed application. The
2 commission's decision is final and not appealable, except as
3 otherwise may be required under state law.

4 (e) Notwithstanding any other provision of law, the
5 information an applicant submits under this section is considered
6 confidential and exempt from public disclosure.

7 (f) The following shall constitute the sole grounds for
8 denial of a service provider permit:

9 (1) the commission reasonably believes the applicant
10 will be unable to satisfy the duties of a permittee described by
11 this chapter;

12 (2) the commission reasonably believes that the
13 applicant or any of its key persons are not of good character,
14 honesty, or integrity;

15 (3) the commission reasonably believes that the
16 applicant's or any of its key person's prior activities, criminal
17 record, reputation, or associations are likely to:

18 (A) pose a threat to the public interest;

19 (B) impede the regulation of sports wagering; or

20 (C) promote unfair or illegal activities in the
21 conduct of sports wagering;

22 (4) the applicant or a key person knowingly fails to
23 comply with the provisions of this chapter or any of the
24 commission's requirements;

25 (5) the applicant or a key person knowingly fails to
26 comply with the provisions of this chapter or any of the
27 commission's requirements;

1 (6) the applicant or a key person was convicted of a
2 felony, a crime of moral turpitude, or any criminal offense
3 involving dishonesty or breach of trust within the 10 years before
4 the submission date of the application;

5 (7) the applicant's or a key person's license,
6 registration, or permit to conduct sports wagering, other forms of
7 gambling activity, or a covered service issued by any other state
8 has been revoked; or

9 (8) the applicant defaults in payment of any
10 obligation or debt due to the state.

11 Sec. 2005.103. RETAIL PERMIT. (a) The commission may
12 award a retail permit to:

13 (1) an authorized sports entity;

14 (2) a sports facility that is the primary host of a
15 Minor League Baseball, Basketball, Hockey, or Soccer professional
16 sports franchise in this state that is affiliated with a sports team
17 or a related sports entertainment district;

18 (3) a racetrack that is not a Class 1 racetrack as
19 defined by Section [2026.102](#);

20 (4) a motorsports racetrack that has a seating
21 capacity of at least 5,000 people; or

22 (5) a facility operated by the PGA TOUR that is the
23 primary host of a PGA TOUR professional golf tournament.

24 (b) A person eligible to receive a retail permit under
25 Subsection (a) may only hold a retail permit for offering retail
26 sports wagering at any approved location by the Commission,
27 including:

1 (1) the sports facility that the sports team or its
2 affiliate leases, subleases, or exclusively or by a joint venture
3 with another sports team operates;

4 (2) the sports entertainment district related to the
5 sports facility;

6 (3) a facility owned or exclusively leased by an
7 authorized sports entity and approved by the commission; or

8 (4) in the case of a facility described by Subsection
9 (a)(5), the golf facility or entertainment or resort complex
10 related to the golf facility.

11 (c) A retail permit holder that is not also an interactive
12 sports wagering operator may only conduct sports wagering with
13 individuals who are physically present at the location authorized
14 by the commission for retail sports wagering. A retail permit
15 holder may operate kiosks for sports wagering at locations approved
16 by the commission.

17 (d) The retail permit holder shall only be permitted to hold
18 out its sports wagering platform to the public under one brand. If
19 an interactive sports wagering operator permit holder also holds a
20 retail permit, the brand offered under the retail permit may be
21 different from the brand offered under the interactive sports
22 wagering operator permit.

23 (e) An applicant for a retail permit shall:

24 (1) submit an application to the commission on a form
25 prescribed by the commission, containing the information required
26 under this section; and

27 (2) pay to the commission an application fee of

1 \$50,000.

2 (f) An application submitted under this section must
3 include:

4 (1) the applicant's background in sports wagering or
5 the covered service;

6 (2) the applicant's experience in connection with
7 sports wagering or other wagering activities in other
8 jurisdictions, including the applicant's history and reputation of
9 integrity and compliance, as well as a list of all active or lapsed
10 permits or licenses for sports wagering or other wagering
11 activities (including the reason for any lapse);

12 (3) the applicant's written information security
13 program, including information concerning information security
14 governance and the designation of a chief security officer or
15 equivalent (which designation shall be a requirement for issuance
16 of a permit);

17 (4) the sports wagering brand (maximum of one) under
18 which the retail permit holders plans to offer retail sports
19 wagering to the public;

20 (5) any personal information the commission
21 determines by rule should be required concerning the applicant's
22 key persons; and

23 (6) any other information the commission considers
24 necessary.

25 (f) The commission shall conduct a background investigation
26 on the applicant and key persons as considered necessary by the
27 commission. The background investigation must include a credit

1 history check, a tax record check, and a criminal history records
2 check.

3 (g) The commission shall grant or deny a service provider
4 permit within 90 days of receipt of a completed application. The
5 commission's decision is final and not appealable, except as
6 otherwise may be required under state law.

7 (h) Notwithstanding any other provision of law, the
8 information an applicant submits under this section is considered
9 confidential and exempt from public disclosure.

10 (i) The following shall constitute the sole grounds for
11 denial of a retail permit:

12 (1) the commission reasonably believes the applicant
13 will be unable to satisfy the duties of a permittee described by
14 this chapter;

15 (2) the commission reasonably believes that the
16 applicant or any of its key persons are not of good character,
17 honesty, or integrity;

18 (3) the commission reasonably believes that the
19 applicant's or any of its key person's prior activities, criminal
20 record, reputation, or associations are likely to:

21 (A) pose a threat to the public interest;

22 (B) impede the regulation of sports wagering; or

23 (C) promote unfair or illegal activities in the
24 conduct of sports wagering;

25 (4) the applicant or a key person knowingly fails to
26 comply with the provisions of this chapter or any of the
27 commission's requirements;

1 (5) the applicant or a key person was convicted of a
2 felony, a crime of moral turpitude, or any criminal offense
3 involving dishonesty or breach of trust within the 10 years before
4 the submission date of the application;

5 (6) the applicant's or a key person's license,
6 registration, or permit to conduct sports wagering, other forms of
7 gambling activity, or a covered service issued by any other state
8 has been revoked; or

9 (7) the applicant defaults in payment of any
10 obligation or debt due to the state.

11 (j) An authorized applicant may elect to assign its retail
12 permit to a third-party designee to handle all of the applicant's
13 sports wagering management and operations. If the applicant makes
14 this election, the application and disclosure requirements
15 described by this section should be made by the designee rather than
16 the applicant, in accordance with procedures determined by the
17 commission.

18 Sec. 2005.104. PERMIT RENEWAL. (a) A permit issued under
19 this chapter shall be valid for:

20 (1) if the permit application is submitted by a Class 1
21 Racetrack, as defined by Section 2026.102, a sports team or
22 affiliate of the sports team, three years after the date of
23 issuance; or

24 (2) if the permit application is submitted by a
25 designee of the sports team or the sports team's affiliate, the
26 earlier of:

27 (A) three years after the date of issuance; or

1 (B) the date of the expiration of any contract
2 wager between the sports teams or an affiliate of the sports team
3 and the designee of the sports team or affiliate authorizing the
4 designee to handle the sports team's or affiliate's sports wagering
5 management and operations.

6 (b) At least 60 days before the expiration of a permit, the
7 permit holder shall submit a renewal application on a form
8 prescribed by the commission. The permit holder must include a
9 renewal fee of:

10 (1) \$100,000 for renewal of an interactive sports
11 wagering permit;

12 (2) \$25,000 for renewal of a retail permit; and

13 (3) \$10,000 for renewal of a service provider permit.

14 (c) The commission may deny an application for permit
15 renewal if the commission finds grounds for denial set forth in
16 Section 2005.101 for an interactive sports wagering permit, Section
17 2005.102 for a service provider permit, or Section 2005.103 for a
18 retail permit holder.

19 SUBCHAPTER D. REQUIREMENTS FOR PERMIT HOLDERS AND OPERATORS

20 Sec. 2005.151. DUTIES OF SPORTS WAGERING OPERATORS. (a) A
21 sports wagering operator shall ensure that it implement reasonable
22 measures:

23 (1) to ensure that only persons physically located in
24 the state or as otherwise may be authorized by the commission are
25 able to place a wager through its sports wagering platform;

26 (2) to protect the confidential information of players
27 using its sports wagering platform;

1 (3) to prevent wagering on prohibited events as set
2 forth in this chapter or as otherwise determined by the commission;

3 (4) to prevent persons from placing wagers as agents
4 or proxies for others;

5 (5) to allow persons to restrict themselves from
6 placing wagers through its sports wagering platform as set forth in
7 this chapter, including sharing, at the person's request, that
8 person's request for self-exclusion with the commission for the
9 sole purpose of disseminating the request to other sports wagering
10 operators;

11 (6) to establish procedures to detect suspicious or
12 illegal wagering activity, including measures to report suspicious
13 or illegal activity to the commission; and

14 (7) to provide for the withholding or reporting of
15 income tax of players where required by applicable state or federal
16 law.

17 (b) For three years after a sporting event occurs,
18 interactive sports wagering operators must maintain records on:

19 (1) all wagers, including the identity of the player,
20 the amount and type of wager, the time and location of the wager
21 (including IP address if available), and the outcome of the wager;
22 and

23 (2) suspicious or illegal wagering activity.

24 (c) An interactive sports wagering operator must disclose
25 the records described in Subsection (b) to the commission upon
26 request.

27 (d) If a sports governing body has notified the commission

1 that real-time information sharing for wagers placed on its
2 sporting events is necessary and desirable, sports wagering
3 operators must share with that sports governing body or its
4 designee in real time, at the account level:

- 5 (1) anonymized information regarding a wager;
- 6 (2) the amount and type of wager;
- 7 (3) the time the wager was place;
- 8 (4) the location of the wager, including the IP
9 address if applicable;
- 10 (5) the outcome of the wager; and
- 11 (6) records of abnormal wagering activity.

12 (e) A sports governing body may use the information
13 described by Subsection (d) solely for integrity purposes. For
14 purposes of Subsection (d), "real time" means on a commercially
15 reasonable periodic interval, but in any event not less than once
16 every 72 hours.

17 (f) In advertising its sports wagering operation, a sports
18 wagering operator must ensure that its advertisements:

- 19 (1) do not target persons under the age of 21;
- 20 (2) disclose the identity of the sports wagering
21 operator;
- 22 (3) provide information about or links to resources
23 related to gambling addiction and prevention; and
- 24 (4) are not misleading to a reasonable person.

25 Sec. 2005.152. ESTABLISHMENT OF INTERACTIVE ACCOUNTS. (a)
26 The sports wagering operator is responsible for verifying the
27 identity of a player and ensuring that the player is at least 21

1 years of age. This section does not mean that a patron is required
2 to have an account to wager with a retail permit holder at the
3 retail permit holder's facility.

4 (b) A player may not have more than one account with each
5 sports wagering operator.

6 (c) The following persons are prohibited from the placement
7 of sports wagers:

8 (1) any person under the age of 21;

9 (2) any person who has requested and not revoked
10 exclusion from sports wagering under this chapter or who otherwise
11 has been adjudicated by law as prohibited from engaging in sports
12 wagering;

13 (3) any member, officer, or employee of the department
14 or the commission;

15 (4) any employee or key person of a permit holder, only
16 as to the affiliated permittee's sports wagering platform; and

17 (5) any participant, including athlete, coach,
18 trainer, referee, or other official, and any employee or other
19 staff of a participant, in a competition that is the subject of
20 sports wagering under this chapter (but only as to the league with
21 which the individual is affiliated);

22 (6) any employee or other staff of a governing or
23 authorizing league or similar sponsoring organization for a
24 competition that is the subject of sports wagering under this
25 chapter (but only as to the league with which the individual is
26 affiliated).

27 (d) A sports wagering operator may not be charged with

1 violation of Subsection (c)(5) or (6) absent notice or actual
2 knowledge that a player is within the scope of those provisions.

3 (d) In determining which persons are excluded from placing
4 wagers under Subsection (c)(5) or (6), a sports wagering operator
5 shall use any list of persons that is provided by the commission.

6 (e) A sports wagering account:

7 (1) must be established in the name or on behalf of the
8 player who is a natural person and may not be in the name of any
9 beneficiary, custodian, joint trust, corporation, partnership, or
10 any other entity;

11 (2) must be established through the sports wagering
12 operator's sports wagering platform or a specialized website or
13 interface established for that purpose;

14 (3) must include terms that:

15 (A) prohibit the transfer or sale of an account
16 or account balance to another registered player;

17 (B) prohibit the use of any virtual private
18 network or other technology that may obscure or falsify the
19 players' physical location;

20 (C) prohibit any form of collusion, cheating, or
21 other unlawful activity;

22 (D) affirm that the player meets all eligibility
23 requirements for registration; and

24 (E) authorize the provision of notices and other
25 required communications either through a designated mobile or other
26 interface or to an electronic mail address designated by the
27 player.

1 (f) The sports wagering operator may allow for the
2 establishment of sports wagering accounts remotely, provided that
3 it has in place measures sufficient to verify the age and identity
4 of the player.

5 (g) A sports wagering operator may suspend or terminate a
6 sports wagering account if:

7 (1) it is determined that the player has provided any
8 false or misleading information in connection with the opening of
9 the account or has engaged in cheating or other unlawful conduct;

10 (2) the player is or has been barred from placing
11 wagers in this state;

12 (3) the player is or otherwise becomes ineligible
13 under this chapter;

14 (4) the sports wagering operator determines that it
15 lacks sufficient information to verify the age and eligibility of
16 the player; or

17 (5) for any other reason at the sole discretion of the
18 sports wagering operator, provided that it is not on the basis of a
19 player's actual or believed sex, gender identity, race, religion,
20 national origin, sexual orientation, or other lawfully protected
21 characteristic.

22 (h) In the event of termination for any reason other than
23 set forth in Subsection (g)(1), the player shall be provided a
24 timely ability to access and withdraw any funds remaining in the
25 sports wagering account.

26 Sec. 2005.152. "LAYOFF" WAGERING. Nothing in this
27 subchapter is intended to prohibit sports wagering operators from

1 engaging in risk management measures commonly known as "layoff"
2 wagering in the ordinary course of business.

3 SUBCHAPTER E. COMPETITION INTEGRITY; PROHIBITED EVENTS

4 Sec. 2005.201. PROHIBITION ON YOUTH SPORTS WAGERING. No
5 person shall place or accept a wager on youth sports.

6 Sec. 2005.202. MONITORING PROGRAM. Before the commencement
7 of sports wagering under this chapter, the commission shall adopt
8 rules and a monitoring program sufficient to protect the integrity
9 of all sports wagering under this chapter and that provides for a
10 sharing of suspicious activities on wagering with sports wagering
11 operators and regulators in other states.

12 Sec. 2005.203. AUTHORITY TO SUSPEND WAGERING. The
13 commission, as necessary to protect the integrity of a competition
14 or its participants or as set forth in Section 2005.204, shall have
15 the authority to suspend wagering on any competition, category or
16 type of competition, any other aspect of a competition.

17 Sec. 2005.204. LIMITATIONS ON CERTAIN SPORTS WAGERING FOR
18 GOOD CAUSE. (a) If a sports governing body believes that the type,
19 form, or category of sports wagering on that sports governing
20 body's sporting events has the potential to undermine the integrity
21 or perceived integrity of the sports governing body or its sporting
22 events, the sports governing body may submit to the commission in
23 writing a request to restrict, limit, or exclude a certain type,
24 form, or category of sports wagering for that sports governing
25 body's sporting events. The sports governing body shall provide the
26 request in a form and manner as the commission may reasonably
27 require.

1 (b) The commission may request comment from sports wagering
2 operators on all requests described by Subsection (a) before
3 granting the request.

4 (c) After giving due consideration to all comments received
5 under Subsection (b), the commission shall, upon a demonstration of
6 good cause from the requestor that the type, form, or category of
7 sports wagering is likely to undermine the perceived integrity or
8 the integrity of sports governing body or its sporting events,
9 grant the request.

10 (d) If feasible, the commission must respond to a request
11 under Subsection (a) concerning a particular event before the start
12 of the event. If it is not feasible to respond before the start of
13 the event, the commission must respond no later than seven days
14 after the request is made.

15 (e) If the commission determines that the requestor under
16 Subsection (a) is more likely than not to prevail in successfully
17 demonstrating good cause for its request, the commission may
18 provisionally grant the request until the commission makes a final
19 determination as to whether the requestor has demonstrated good
20 cause. Absent a provisional grant by the commission, a sports
21 wagering operator may continue to offer sports wagering on sporting
22 events that are the subject of a request under this section during
23 the pendency of the commission's consideration of the request.

24 Sec. 2005.205. COOPERATION WITH INVESTIGATIONS. The
25 commission and sports wagering operators shall cooperate with
26 investigations conducted by sports governing bodies or law
27 enforcement agencies, including by providing or facilitating the

1 provision of account-level wagering information and audio or video
2 files relating to persons placing wagers.

3 Sec. 2005.206. PROMPT REPORTING TO COMMISSION. (a) A
4 sports wagering operator must promptly report to the commission any
5 information relating to:

6 (1) criminal or disciplinary proceedings commenced
7 against the sports wagering operator in connection with its
8 operations;

9 (2) abnormal wagering activity or patterns that may
10 indicate a concern with the integrity of a sporting event;

11 (3) any potential breach of the relevant sports
12 governing body's internal rules and codes of conduct pertaining to
13 sports wagering;

14 (4) any other conduct that corrupts a wagering outcome
15 of a sporting event for purposes of financial gain, including match
16 fixing; and

17 (5) suspicious or illegal wagering activities,
18 including use of funds derived from illegal activity, wagers to
19 conceal or launder funds derived from illegal activity, using
20 agents to place wagers, and using false identification.

21 (b) Sports wagering operators must promptly report
22 information relating to conduct described in Subsections (a)(2),
23 (3), and (4) to the relevant sports governing body.

24 Sec. 2005.207. CONFIDENTIALITY OF INFORMATION. (a) A
25 sports wagering operator must maintain the confidentiality of
26 information provided by a sports governing body to the operator,
27 unless disclosure is required by this chapter, the commission,

1 other law, or court order.

2 (b) The commission, and sports wagering operators must
3 maintain the confidentiality of all information relating to conduct
4 described in Section 2005.206(a)(2), (3), and (4), unless
5 disclosure is required by this chapter, other law, or court order,
6 or as authorized by the relevant sports governing body.

7 (c) Nothing in this chapter prohibits the commission or a
8 sports wagering operator from making a confidential disclosure to
9 another sports wagering operator, a sports governing body, a sports
10 wagering regulating entity, a law enforcement entity, or other
11 party for the purpose of preventing or investigating conduct that
12 corrupts or could corrupt the outcome of a sporting event,
13 including match fixing.

14 Sec. 2005.208. DATA SOURCES. (a) Except as provided by
15 Subsection (c), a sports wagering operator may use any data source
16 to determine the results of sports wagers, provided that the data is
17 not obtained directly or indirectly from live event attendees who
18 collect the data in violation of the terms of admittance to an event
19 or through automated computer programs that compile data from the
20 internet in violation of the terms of service of the relevant
21 website or other internet platform.

22 (b) A sports wagering operator may use any data source for
23 determining the result of a tier one sports wager.

24 (c) A sports governing body may notify the commission that
25 it desires sports wagering operators to use official league data to
26 settle tier two sports wagers. A notification under this subsection
27 must be made in accordance with forms and procedures prescribed by

1 the commission. The commission shall notify each sports wagering
2 operator of the sports governing body's notification not later than
3 the fifth day after the department's receipt of the notification.
4 If a sports governing body does not notify the commission of its
5 desire to supply official league data, a sports wagering operator
6 may use any data source for determining the result of a tier two
7 sports wager on a professional sporting event of the league
8 governed by the sports governing body subject to the limitations of
9 Subsection (a).

10 (d) Not later than the sixtieth day after the commission
11 notifies each sports wagering operator as required by Subsection
12 (c), a sports wagering operator must use only official league data
13 to determine the results of tier two sports wagers on professional
14 sports events of the league governed by the sports governing body,
15 unless any of the following apply:

16 (1) the sports governing body or its applicable
17 designee is unable to provide a feed, on commercially reasonable
18 terms, of official league data to determine the results of a tier
19 two sports wager, in which case sports wagering operators may use
20 any data source for determining the results of tier two sports
21 wagers until the data feed becomes available on commercial
22 reasonable terms; or

23 (2) a sports wagering operator demonstrates to the
24 commission that the sports governing body has not provided or
25 offered to provide a feed of official league data to the sports
26 wagering operator on commercially reasonable terms, according to
27 criteria described in Subsection (e).

1 (e) The commission may consider the following information
2 in determining whether a sports governing body has provided or
3 offered to provide a feed of official league data on commercially
4 reasonable terms, provided that no single factor on its own will be
5 deemed conclusive evidence that official league data is being
6 offered on terms that are not commercially reasonable:

7 (1) the availability of a sports governing body's
8 official league data for tier two sports wagers from one or more
9 authorized source;

10 (2) market information regarding the purchase, in
11 Texas and in other states, by sports wagering operators of data for
12 all sports from all authorized sources;

13 (3) the nature and quantity of the data, including the
14 quality and complexity of the process used for collecting the data;
15 and

16 (4) any other information the commission considers
17 relevant.

18 (f) During any time period in which the commission is
19 determining whether official league data is available on
20 commercially reasonable terms under Subsections (d) and (e), a
21 sports wagering operator may use any data source for determining
22 the results of any tier two sports wagers subject to the limitations
23 of Subsection (a). The commissioner shall make a determination
24 under Subsections (d) and (e) not later than the 60th day after a
25 sports wagering operator notifies the commission that it desires to
26 demonstrate that a sports governing body has not provided or
27 offered to provide a feed of official league data to the sports

1 wagering operator on commercially reasonable terms. If the
2 commission determines that the requestor is more likely than not to
3 fail in successfully making the demonstration under this
4 subsection, the commission may provisionally deny the request until
5 the commission makes a final determination as to whether the
6 requestor has made the demonstration.

7 Sec. 2005.209. COMMERCIAL AGREEMENTS. Any sports governing
8 body may enter into a commercial agreement with a sports wagering
9 operator under which the sports governing body may share in the
10 amount wager or revenues derived from sports wagering on the sports
11 governing body's sporting events. A sports governing body is not
12 required to obtain a permit or other approval from the commission to
13 lawfully accept these amounts or revenues.

14 SUBCHAPTER F. TAXES

15 Sec. 2005.251. IMPOSITION OF TAX. (a) A sports wagering
16 operator shall pay a tax of ten percent on the sports wagering
17 operator's adjusted gross revenue.

18 (b) The tax imposed under this section is due monthly to the
19 comptroller and shall be remitted on or before the 20th day of the
20 next succeeding calendar month. If the sports wagering operator's
21 account necessitates corrections to a previously remitted tax, it
22 shall document the corrections when it pays the following month's
23 taxes.

24 (c) If the sports wagering operator's adjusted gross
25 revenue for a month is a negative amount, the sports wagering
26 operator may carry over the negative amount to a return filed for a
27 subsequent month and deduct this amount from its tax liability for

1 the subsequent month, provided that the amount may not be carried
2 over and deducted against tax liability in any month that is more
3 than 12 months after the month in which the amount was accrued.

4 (d) Any taxes collected under this section and any fees
5 collected by the commission under this chapter that are in excess of
6 what the department and commission need to implement this chapter
7 shall be dedicated to reducing property tax burden in this state.
8 The comptroller shall direct the commissioner of education to
9 reduce the compression percentage described by Texas Education
10 Code, Section 48.2551(b)(1) from 2.5 percent to a lower percentage
11 to the extent feasible based on the amount of excess funds available
12 under this subsection.

13 Sec. 2005.252. NO OTHER TAXATION PERMITTED. A sports
14 wagering operator may not be subjected to an excise tax, license
15 tax, permit tax, privilege tax, amusement tax, sales tax, or
16 occupation tax that is imposed upon licensees by the state or any
17 political subdivision of the state, except as provided by this
18 chapter.

19 SUBCHAPTER G. PENALTIES

20 Sec. 2005.301. CRIMINAL PENALTIES. (a) A person commits an
21 offense if the person knowingly offers or engages in sports
22 wagering in violation of this chapter. An offense under this
23 subsection is a Class B misdemeanor.

24 (b) A person commits an offense if the person knowingly
25 attempts to suborn, collude, or otherwise conspire to impermissibly
26 influence the outcome of any competition or aspect of any
27 competition that is the subject of sports wagering under this

1 chapter. An offense under this subsection is a state jail felony.

2 (c) A person commits an offense if the person knowingly or
3 willfully falsifies, conceals, or misrepresents a material fact or
4 knowingly or willfully makes a false, fictitious, or fraudulent
5 statement or representation in any application under Section
6 2005.101 or Section 2005.102. An offense under this section is a
7 state jail felony.

8 Sec. 2005.302. CIVIL PENALTIES. If the commission
9 determines that a permit holder has intentionally violated any
10 material provision of this chapter or a rule adopted by the
11 commission under this chapter, the commission, after providing at
12 least 15 days notice and a hearing, may:

- 13 (1) suspend or revoke the permit holder's permit; and
14 (2) impose a monetary penalty not to exceed \$10,000
15 for each violation.

16 SECTION 2. Section 47.01, Penal Code, is amended by
17 amending Subdivision (1) and adding Subdivision (2-a) to read as
18 follows:

19 (1) "Bet" means an agreement to win or lose something
20 of value solely or partially by chance. A bet does not include:

21 (A) contracts of indemnity or guaranty, or life,
22 health, property, or accident insurance;

23 (B) an offer of a prize, award, or compensation
24 to the actual contestants or participants in a bona fide contest for
25 the determination of skill, speed, strength, or endurance or to the
26 owners of animals, vehicles, watercraft, or aircraft entered in a
27 contest; [~~or~~]

1 (C) an offer of merchandise, with a value not
2 greater than \$25, made by the proprietor of a bona fide carnival
3 contest conducted at a carnival sponsored by a nonprofit religious,
4 fraternal, school, law enforcement, youth, agricultural, or civic
5 group, including any nonprofit agricultural or civic group
6 incorporated by the state before 1955, if the person to receive the
7 merchandise from the proprietor is the person who performs the
8 carnival contest; or

9 (D) an offer of a prize, award, or compensation
10 to the participants in a fantasy or simulated sports game or
11 contest.

12 (2-a) "Fantasy or simulated sports game or contest"
13 means a bona fide contest, reflecting the knowledge and skill of the
14 participants, in which:

15 (A) participants assemble a fictional sports
16 team composed of actual professional or amateur athletes to compete
17 against other fictional sports teams assembled by other
18 participants for a prize, award, or compensation;

19 (B) the value of any prize, award, or
20 compensation is established in advance of the beginning of the game
21 or contest;

22 (C) the outcome of the game or contest is
23 determined by the accumulated statistical performances of the
24 individual athletes on a participant's fictional sports team; and

25 (D) the outcome of the game or contest is not
26 based solely on the score, point spread, or performance of a single
27 professional or amateur team or athlete.

1 SECTION 3. Section 47.02(c), Penal Code, is amended to read
2 as follows:

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

5 (1) was permitted under Chapter 2001, Occupations
6 Code;

7 (2) was permitted under Chapter 2002, Occupations
8 Code;

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

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

13 (5) consisted entirely of participation in the state
14 lottery authorized by the State Lottery Act (Chapter 466,
15 Government Code);

16 (6) [~~5~~] was permitted under Subtitle A-1, Title 13,
17 Occupations Code (Texas Racing Act); or

18 (7) [~~6~~] consisted entirely of participation in a
19 drawing for the opportunity to participate in a hunting, fishing,
20 or other recreational event conducted by the Parks and Wildlife
21 Department.

22 SECTION 4. Section 47.09(a), Penal Code, is amended to read
23 as follows:

24 (a) It is a defense to prosecution under this chapter that
25 the conduct:

26 (1) was authorized under:

27 (A) Chapter 2001, Occupations Code;

- 1 (B) Chapter 2002, Occupations Code;
- 2 (C) Chapter 2004, Occupations Code;
- 3 (D) Chapter 2005, Occupations Code;
- 4 (E) Subtitle A-1, Title 13, Occupations Code
- 5 (Texas Racing Act); or
- 6 (F) [~~(E)~~] Chapter 280, Finance Code;
- 7 (2) consisted entirely of participation in the state
- 8 lottery authorized by Chapter 466, Government Code; or
- 9 (3) was a necessary incident to the operation of the
- 10 state lottery and was directly or indirectly authorized by:
 - 11 (A) Chapter 466, Government Code;
 - 12 (B) the lottery division of the Texas Lottery
 - 13 Commission;
 - 14 (C) the Texas Lottery Commission; or
 - 15 (D) the director of the lottery division of the
 - 16 Texas Lottery Commission.

17 SECTION 5. Not later than the 90th day after the effective
18 date of this Act, the Texas Commission on Licensing and Regulation
19 shall publish applications and adopt rules allowing for the
20 submission of applications for interactive sports wagering
21 permits, service provider permits, and retail permits. The initial
22 application period shall close 45 days after the publication of the
23 application and adoption of rules. The commission shall complete
24 the review of all applications received and award interactive
25 sports wagering permits, service provider permits, and retail
26 permits not later than the 30th day after the close of the initial
27 application period. Additional available permits may be issued on a

1 rolling basis thereafter.

2 SECTION 6. The change in law made by this Act applies only
3 to an offense committed on or after the effective date of this Act.
4 An offense committed before the effective date of this Act is
5 governed by the law in effect on the date the offense was committed,
6 and the former law is continued in effect for that purpose. For
7 purposes of this section, an offense was committed before the
8 effective date of this Act if any element of the offense occurred
9 before that date.

10 SECTION 7. This Act takes effect January 1, 2022, but only
11 if the constitutional amendment authorizing the legislature to
12 legalize sports wagering in this state is approved by the voters.
13 If that amendment is not approved by the voters, this Act has no
14 effect.