

## **BILL ANALYSIS**

Senate Research Center  
88R2702 BEE-F

S.B. 643  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The regulation of bingo is important not only to ensure the fairness of the games, but also to improve charity fundraising and maintain control over revenues and expenses. In 2019 the legislature passed H.B. 914 to streamline bingo regulation. By 2021, however, it became clear that the laws established by H.B. 914 needed to be updated to reflect current industry practices. The limitation on temporary bingo charity licenses set by H.B. 914, for instance, was deemed too low for charitable bingo locations in larger markets, which could have otherwise held more events for fundraising purposes. In response, H.B. 2204 (2021) was filed and almost was passed by the legislature to address these issues. This bill is a refile of H.B. 2204.

S.B. 643 would update existing regulations to ensure statutory language is consistent with legislative intent and administrative practice. It would authorize more occasions for charities to conduct bingo, revise the bingo price structure, and provide more clarity to regulators. This would allow charities more opportunities to raise vital funds via bingo events, ultimately benefiting the communities and interests the charities serve.

As proposed, S.B. 643 amends current law relating to the conduct of charitable bingo.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Lottery Commission in SECTION 14 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2001.002(19), Occupations Code, to redefine "nonprofit organization."

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

(e) Authorizes an authorized organization that holds a regular license, rather than an annual license, to conduct bingo that is effective for one year to receive not more than 48, rather than 24, temporary licenses during the 12-month period following the issuance or renewal of the license, notwithstanding Subsection (c) (relating to the prohibition of an organization receiving more than six temporary licenses in a calendar year). Authorizes the holder of a regular license that is effective for two years to receive not more than 48, rather than 24, temporary licenses for each 12-month period that ends on an anniversary of the date the license was issued or renewed.

(f-1) Requires the Texas Lottery Commission (commission) to provide for the on-demand electronic issuance of a temporary license requested under Section 2001.103 (Temporary License) by the holder of a regular license.

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

SECTION 3. Amends Sections 2001.305(b) and (c), Occupations Code, as follows:

(b) Requires the commission to send a copy of the license to the appropriate governing body, except as provided by Section 2001.103(i), immediately after issuing a license.

(c) Requires the commission, except as provided by Section 2001.103(i), not later than the 10th day after the date a license is issued, to give written notice of the issuance of the license to certain entities.

SECTION 4. Amends Section 2001.413, Occupations Code, as follows:

Sec. 2001.413. New heading: PAYMENT REQUIRED. Prohibits a licensed authorized organization from offering or providing to a person the opportunity to play bingo without payment, rather than charge, except as provided by Section 2001.4155 (Gift Certificates).

SECTION 5. Amends Section 2001.420(b), Occupations Code, to prohibit a person from offering or awarding on a single bingo occasion prizes with an aggregate value of more than \$5,000, rather than \$2,500, for certain bingo games.

SECTION 6. Amends Section 2001.435(b), Occupations Code, as follows:

(b) Requires each member of a unit to deposit into the unit's bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes. Requires the deposit to be made not later than the third, rather than second, business day after the day of the bingo occasion on which the receipts were obtained. Deletes existing text requiring each member of a unit to deposit into the unit's bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes under Sections 2001.420(a) (relating to the limits of a single bingo game prize) and (b).

SECTION 7. Amends Sections 2001.451(b), (g), and (i), Occupations Code, as follows:

(b) Requires a licensed authorized organization to deposit in the bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes, except as provided by Section 2001.502(a) (relating to prize fees to be paid by winners). Deletes existing text requiring a licensed authorized organization to deposit in the bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes under Sections 2001.420(a) and (b).

(g) Requires that the bingo operations of a licensed authorized organization result in net proceeds over each 24-month period that ends on the second anniversary of the date the license was issued. Deletes existing text requiring that the bingo operations of a licensed authorized organization result in net proceeds over the organization's license period or, if the organization has a two-year license, result in net proceeds over each 12-month period that ends on an anniversary of the date the two-year license was issued.

(i) Provides that prize fees are not included in the calculation of operating capital under Subsection (h) (relating to authorizing a licensed authorized organization or a unit of licensed authorized organizations to retain operating capital in the organization's or unit's bingo account in a certain amount) if the prize fees are:

(1) held in escrow for remittance to:

(A) the commission; or

(B) a county or municipality; or

(2) retained by a licensed authorized organization.

Deletes existing text providing that prize fees held in escrow for remittance to the commission are not included in the calculation of operating capital under Subsection (h).

SECTION 8. Amends Sections 2001.502(b) and (c), Occupations Code, as follows:

(b) Requires a licensed authorized organization or unit that collects a prize fee under Subsection (a) for a bingo game conducted in a county or municipality that was entitled to receive a portion of a bingo prize fee as of January 1, 2019, notwithstanding Subsection (a)(2) (relating to a licensed authorized organization or unit remitting to the commission the amount of the fee collected under certain circumstances), to remit each quarter 50 percent of the amount collected as the prize fee to the commission and to remit or deposit the remainder of the amount collected as the prize fee as follows:

(1) if the county in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted:

(A) is not within the boundaries of a municipality, remit 50 percent of the amount collected as the prize fee to the county; or

(B) is within the boundaries of a municipality that:

(i) voted before November 1, 2019, to impose the prize fee, remit 50 percent of the amount collected as the prize fee in equal shares to the county and municipality; or

(ii) did not vote before November 1, 2019, to impose the prize fee, remit 25 percent of the amount collected as the prize fee to the county and deposit the remaining amount in the manner described by Subdivision (3);

(2) if the county in which the bingo game is conducted did not vote before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted is within the boundaries of a municipality that voted before November 1, 2019, to impose the prize fee:

(A) remit 25 percent of the amount collected as the prize fee to the municipality; and

(B) deposit the remaining amount in the manner described by Subdivision (3); and

(3) redesignates existing text of Subdivision (2) as Subdivision (3).

Deletes existing text requiring a licensed authorized organization or unit that collects a prize fee under Subsection (a) for a bingo game conducted in a county or municipality that was entitled to receive a portion of a bingo prize fee as of January 1, 2019, notwithstanding Subsection (a)(2), to remit each quarter 50 percent of the amount collected as the prize fee to the commission and if the county or municipality in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee, remit 50 percent of the amount collected as the prize fee to: the county that voted to impose the fee by that date, provided the location at which the bingo game is conducted is not within the boundaries of a municipality that voted to impose the prize fee by that date; the municipality that voted to impose the fee by that date, provided the county in which the bingo game is conducted did not vote to impose the fee by that date; or in equal shares, the county and the municipality, provided each voted to impose the fee before that date.

(c) Authorizes the governing body of a county or municipality that voted to impose a prize fee under Subsection (b), rather than Subsection (b)(1), to at any time vote to discontinue the imposition of the fee. Makes a conforming change.

SECTION 9. Amends Section 2001.513(a), Occupations Code, to authorize the commission to collect the amount under Section 2001.513 (Delinquency: Seizure and Sale) at any time within three years after a person is delinquent in the payment of an amount of the fee on prizes due to the commission.

SECTION 10. Amends Section 2001.514(a), Occupations Code, to require each license holder, to secure payment due to the commission of the fee on prizes imposed under Subchapter K (Prize Fees), to furnish to the commission certain funds.

SECTION 11. Amends Section 2001.515, Occupations Code, as follows:

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

SECTION 12. Repealers: Sections 2001.420(a) (relating to the limits of a bingo prize) and 2001.459(b) (relating to authorizing a payment for a service to be paid from an organization's gross receipts), Occupations Code.

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

(1) the limits on rent charged provided by Section 2001.406(a) (relating to the maximum rent to be charged by a licensed commercial lessor for bingo occasions), Occupations Code; or

(2) the requirement that an item of expense for the conduct of bingo be reasonable or necessary provided by Section 2001.458(a) (relating to items of expense for conducting bingo), Occupations Code.

SECTION 14. Requires the commission to adopt the rules necessary to implement the changes in law made by this Act to Chapter 2001, Occupations Code, not later than January 1, 2024.

SECTION 15. Effective date: September 1, 2023.