

BILL ANALYSIS

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S.B. 1721
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Charitable bingo has long served as an essential fundraising tool for many nonprofit organizations in Texas, supporting a variety of charitable initiatives. Currently, the Texas Lottery Commission (TLC) is responsible for the licensing, compliance, and regulation of charitable bingo operations. However, concerns have been raised regarding the adequacy of oversight within TLC, particularly its ability to dedicate sufficient resources and attention to ensuring fair and responsible bingo operations. Testimony before the Sunset Advisory Commission and various legislative committees has highlighted the need to provide charitable bingo with more specialized attention. The Texas Department of Licensing and Regulation (TDLR), which already oversees a wide range of professional and business licenses, provides a more suitable structure for administering charitable bingo regulations efficiently and consistently.

S.B. 1721 transfers the licensing and regulation of charitable bingo from TLC to TDLR. By consolidating oversight under TDLR, the bill aims to improve regulatory efficiency, ensure uniform compliance across licensed operations, and enhance enforcement mechanisms. Under S.B. 1721, existing charitable bingo licenses and operational structures will remain intact, minimizing disruption to organizations that rely on bingo for fundraising. Ultimately, this legislation ensures that charitable bingo continues to be a well-regulated and sustainable fundraising tool for Texas communities.

As proposed, S.B. 1721 amends current law relating to the transfer of the licensing and regulation of charitable bingo to the Texas Commission of Licensing and Regulation.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Commission of Licensing and Regulation in SECTION 16 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 411.093(a), Government Code, as follows:

(a) Entitles the Texas Department of Licensing and Regulation (TDLR) to obtain criminal history record information as provided by Subsection (b) (relating to certain TDLR entitlements) that relates to an applicant for or the holder of certain licenses, including a license under Chapter 2001 (Bingo), Occupations Code.

SECTION 2. Amends Section 411.108(a-2), Government Code, as follows:

(a-2) Entitles the Texas Lottery Commission (TLC), subject to certain provisions, rather than certain provisions of the Government Code and Section 2001.3025 (Access to Criminal History Record Information), Occupations Code, and consistent with the public policy of this state, to:

(1) obtain through the Federal Bureau of Investigation criminal history record information maintained or indexed by that bureau that pertains to a person described by Subsection (a) (relating to TLC's entitlement to obtain criminal history record information of certain persons), rather than Subsection (a) or (a-1)

(relating to TLC's entitlement to obtain criminal history record information of certain licensed persons); and

(2) makes a conforming change to this subdivision.

SECTION 3. Amends Sections 466.002(2) and (3), Government Code, to redefine "director" and "division."

SECTION 4. Amends Section 467.002, Government Code, as follows:

Sec. 467.002. APPLICATION OF SUNSET ACT. Provides that, unless continued in existence as provided by Chapter 325 (Texas Sunset Act), TLC is abolished and Chapter 467 (Texas Lottery Commission) and Chapter 466 (State Lottery), rather than Chapter 466 of this code and Chapter 2001, Occupations Code, expire September 1, 2025. Makes nonsubstantive changes.

SECTION 5. Amends Sections 467.024(a) and (c), Government Code, as follows:

(a) Provides that an individual is not eligible to be an appointed member of TLC if the individual meets certain criteria, including is registered, certified, or licensed by a regulatory agency in the field of lottery, rather than bingo or lottery or is an officer, employee, or paid consultant of a Texas trade association in the field of lottery, rather than bingo or lottery.

(c) Makes conforming changes to this subsection.

SECTION 6. Amends Section 467.025(a), Government Code, as follows:

(a) Prohibits a TLC member from certain activities, including accepting any employment or remuneration from a person that has a significant financial interest in the lottery, rather than a significant financial interest in the lottery or a bingo commercial lessor, bingo distributor, or bingo manufacturer. Makes conforming changes.

SECTION 7. Amends Section 467.035(a), Government Code, to make conforming changes.

SECTION 8. Amends Sections 467.101(a) and (c), Government Code, to make conforming changes.

SECTION 9. Amends Section 467.111(f), Government Code, as follows:

(f) Requires TLC to address the identified trends and issues, including trends and issues related to the regulation of lottery operations under Chapter 466, rather than of lottery operations under Chapter 466 and of bingo under Chapter 2001, Occupations Code.

SECTION 10. Amends Section 572.003(b), Government Code, to redefine "appointed officer of a major state agency."

SECTION 11. Amends Section 2001.002, Occupations Code, by amending Subdivision (8) and adding Subdivision (8-a), to redefine "commission" and define "department."

SECTION 12. Amends Subchapter B, Chapter 2001, Occupations Code, by adding Section 2001.0501, as follows:

Sec. 2001.0501. ALLOCATION OF POWERS AND DUTIES. Provides that a power granted or duty assigned to Texas Commission of Licensing and Regulation (TCLR) under this chapter is a power or duty of the executive director of TDLR, the director of bingo operations, TDLR, or TCLR, as established by TCLR rule.

SECTION 13. Repealers: Sections 411.108(a-1) (relating to TLC's entitlement to obtain criminal history record information of certain licensed persons) and Section 467.021(c) (relating

to the requirement that one member of TLC have experience in the bingo industry), Government Code.

Repealers: Sections 467.031 (Divisions) and Section 467.033 (Division Directors), Government Code.

SECTION 14. (a) Provides that, on September 1, 2025:

- (1) all functions and activities performed by TLC relating to the regulation of bingo operations under Chapter 2001, Occupations Code, immediately before that date are transferred to TDLR;
- (2) a rule, policy, procedure, decision, or form adopted by TLC relating to Chapter 2001, Occupations Code, is a rule, policy, procedure, decision, or form of TDLR or TDLR, as applicable, and remains in effect until amended or replaced by TDLR or TDLR unless the rule, policy, procedure, decision, or form conflicts with the changes in law made by this Act;
- (3) unless the context clearly indicates otherwise, a reference to TLC in a law or administrative rule that relates to Chapter 2001, Occupations Code, means TDLR or TDLR, as applicable;
- (4) a complaint, investigation, or other proceeding before TLC that is related to Chapter 2001, Occupations Code, is transferred without change in status to the TDLR, and TDLR assumes, as appropriate and without a change in status, the position of TLC in an action or proceeding to which TLC is a party;
- (5) a license, permit, certification, or registration in effect that was issued by TLC under Chapter 2001, Occupations Code, is continued in effect as a license, permit, certification, or registration of TDLR;
- (6) all money, contracts, leases, property, and obligations of TLC relating to Chapter 2001, Occupations Code, are transferred to TDLR; and
- (7) the unexpended and unobligated balance of any money appropriated by the legislature for TLC related to Chapter 2001, Occupations Code, is transferred to TDLR.

(b) Provides that, on September 1, 2025, all full-time equivalent employee positions at TLC that primarily concern the administration, auditing, accounting, enforcement, or other direct and indirect support of Chapter 2001, Occupations Code, become positions at TDLR. Requires TDLR, when filling the positions, to give first consideration to an applicant who, as of August 31, 2025, was an employee at TLC primarily involved in administering or enforcing Chapter 2001, Occupations Code.

(c) Requires TLC, not later than June 1, 2025, to grant TDLR inquiry-only security access to all licensing, enforcement, and examination software or computer systems used by TLC in administering or enforcing Chapter 2001, Occupations Code and the uniform statewide accounting system, the state property accounting system, the uniform statewide payroll system, and the human resources information system for TLC.

(d) Authorizes TLC, before September 1, 2025, to agree with TDLR to transfer any property of TLC to TDLR to implement the transfers required by this Act.

(e) Requires TDLR and TLC to coordinate implementation of this section. Requires TLC to cooperate with TDLR in transferring all data and records necessary to implement the transfers required by this Act.

(f) Requires TLC and TDLR, before July 15, 2025, to develop and enter into a memorandum of understanding regarding the transfers required by this Act. Requires that

the memorandum include a transition plan with a timetable and specific steps and deadlines required to complete the transfer.

(g) Provides that, not later than December 1, 2025, a manufacturer of bingo equipment or supplies that submitted to TLC a bond as required under Section 2001.204 (Manufacturer's License Bond), Occupations Code, before September 1, 2025, that is in effect on the effective date of this Act is required to amend the bond to name TDLR as the payee for the bond.

SECTION 15. Makes application of this Act to Chapter 2001, Occupations Code, prospective to September 1, 2025.

SECTION 16. Requires TCLR, not later than March 1, 2026, to adopt the rules necessary to implement the changes in law made by this Act.

SECTION 17. Effective date: upon passage or September 1, 2025.