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By:  Alvarado S.J.R. No. 16

A JOINT RESOLUTION

proposing a constitutional amendment to foster economic development and job growth, provide tax relief and funding for education and public safety programs, and reform and support the horse racing industry by authorizing casino gaming at destination resorts, authorizing sports wagering, and creating the Texas Gaming Commission to regulate casino gaming and sports wagering; requiring a license to conduct casino gaming; requiring the imposition of a casino gaming tax, sports wagering tax, and license application fees.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  The legislature finds that:

(1)  the qualified voters of this state should have the opportunity to decide whether to authorize casino gaming at destination resorts; and

(2)  if authorized by those voters, casino gaming at destination resorts should:

(A)  serve the public interest by fostering economic development and job growth and providing tax relief and funding for education and public safety programs;

(B)  be strictly regulated by a newly created state agency empowered to adopt rules governing who may obtain a casino license and the conduct of casino gaming in this state;

(C)  be limited to areas of this state where the voters previously approved pari-mutuel wagering;

(D)  be limited to areas of this state where the greatest positive economic impact from destination resort development can be realized;

(E)  use some existing pari-mutuel racing licenses to allow more immediate development of destination resorts and to more quickly realize the related job growth and economic development;

(F)  encourage participation by and competition between multiple casino license holders; and

(G)  result in the reform and revitalization of the horse racing industry in this state and the industry's benefits to agricultural businesses in this state.

SECTION 2.  Section 47(a), Article III, Texas Constitution, is amended to read as follows:

(a)  The Legislature shall pass laws prohibiting lotteries and gift enterprises in this State other than those authorized by Subsections (b), (d), (d-1), and (e) of this section and Section 47a of this article.

SECTION 3.  Article III, Texas Constitution, is amended by adding Section 47a to read as follows:

Sec. 47a.  (a) In this section:

(1)  "Casino" means a licensed facility located in a destination resort at which casino gaming is conducted.

(2)  "Casino gaming" means any game of chance or similar activity that involves placing a wager for consideration. The term includes wagering on any type of slot machine or table game, as defined by the legislature, using money, casino credit, or any other representation of value. The term does not include:

(A)  bingo, a charitable raffle, or the state lottery authorized under Section 47 of this article; or

(B)  placing, receiving, or otherwise knowingly transmitting a wager by a means that requires the use of the Internet, except for offering slot machines, table games, or other devices the Texas Gaming Commission approves that use the Internet or networking functionality but are played on-site at a casino.

(3)  "Casino license" means a license to conduct casino gaming at a casino.

(4)  "Destination resort" means a mixed-use development consisting of casino gaming facilities and a combination of tourism amenities and facilities, including hotels, restaurants, meeting facilities, attractions, entertainment facilities, and shopping centers.

(5)  "Education" means:

(A)  public education;

(B)  public higher education; and

(C)  adult education related to responsible gaming.

(6)  "Metropolitan statistical area" means a metropolitan statistical area designated by the United States Office of Management and Budget as of July 1, 2021.

(7)  "Person" includes an individual and any legal entity, including a corporation, organization, partnership, or association.

(8)  "Public safety program" means a program for crime prevention and law enforcement, including a program designed to prevent and prosecute crimes involving human trafficking and money laundering.

(9)  "Racetrack association" means a person who holds a license to conduct racing in this state.

(10)  "Racing" means a horse race meeting or greyhound race meeting with pari-mutuel wagering.

(11)  "Sports wagering" means placing a wager on the outcome of a live sporting event, as defined by general law.

(b)  To foster economic development and job growth, provide tax relief and funding for education and public safety programs, reform and support the horse racing industry, and provide for destination resorts in populous metropolitan statistical areas where pari-mutuel wagering was previously approved, casino gaming is authorized under casino licenses for casinos at seven destination resorts in the following locations:

(1)  two destination resorts in the Dallas-Fort Worth-Arlington metropolitan statistical area;

(2)  two destination resorts in the Houston-The Woodlands-Sugar Land metropolitan statistical area;

(3)  one destination resort in the San Antonio-New Braunfels metropolitan statistical area;

(4)  one destination resort in the Corpus Christi metropolitan statistical area; and

(5)  one destination resort in the McAllen-Edinburg-Mission metropolitan statistical area.

(c)  The legislature shall:

(1)  authorize sports wagering only in a place and manner prescribed by general law;

(2)  regulate the conduct of sports wagering by general law; and

(3)  direct the Texas Gaming Commission to adopt rules consistent with general law to regulate sports wagering in this state.

(d)  The legislature by general law shall establish the Texas Gaming Commission as a state agency with broad authority to adopt and enforce the rules necessary to strictly regulate casino gaming and sports wagering in accordance with this section.

(e)  Notwithstanding any other provision of this constitution, the Texas Gaming Commission is composed of five members appointed by the governor with the advice and consent of the senate to serve staggered six-year terms, as established under general law. To be eligible for appointment and continued service, a member must satisfy the qualifications the legislature establishes under that law.

(f)  Notwithstanding any other provision of this constitution, a racetrack association may designate a person to apply for and hold a casino license under Subsection (g) of this section by providing notice to the Texas Gaming Commission in the manner prescribed by general law or commission rule consistent with general law. A racetrack association may not change the person designated in the provided notice unless the person declines the designation and may not at any time designate more than one person under this subsection. A racetrack association is ineligible to hold a casino license if the racetrack association designates a person for a license under this subsection unless the person declines the designation. Nothing in this subsection affects duties or rights established by contract or other law.

(g)  Subject to this section and notwithstanding any other provision of this constitution, the Texas Gaming Commission shall issue a casino license to each initial qualified applicant. An initial qualified applicant must:

(1)  be of good moral character, be honest, and have integrity;

(2)  demonstrate the issuance of the casino license to the applicant will not be detrimental to the public interest or the casino gaming industry;

(3)  satisfy the qualifications and any other requirements established under general law;

(4)  demonstrate the financial ability to complete the development of and operate the destination resort at which the person will conduct casino gaming;

(5)  demonstrate adequate experience in resort development, resort management, and casino gaming operations;

(6)  provide a detailed estimate of the applicant's total new development investment in the destination resort; and

(7)  satisfy the applicable requirements provided in Subsection (h) of this section.

(h)  A qualified applicant for an initial casino license must satisfy the following requirements for the metropolitan statistical area in which the destination resort will be located:

(1)  for a casino license in the Dallas-Fort Worth-Arlington metropolitan statistical area, the applicant must:

(A)  be a racetrack association that on January 1, 2024, held a license to conduct racing in the Dallas-Fort Worth-Arlington metropolitan statistical area or the Laredo metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B)  commit to investing for new development of the destination resort an amount equal to at least $2 billion, including land acquisition;

(2)  for a casino license in the Houston-The Woodlands-Sugar Land metropolitan statistical area, the applicant must:

(A)  be a racetrack association that on January 1, 2024, held a license to conduct racing in the Houston-The Woodlands-Sugar Land metropolitan statistical area or the Brownsville-Harlingen metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B)  commit to investing for new development of the destination resort an amount equal to at least $2 billion, including land acquisition;

(3)  for a casino license in the San Antonio-New Braunfels metropolitan statistical area, the applicant must:

(A)  be a racetrack association that on January 1, 2024, held a license to conduct racing in the San Antonio-New Braunfels metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B)  commit to investing for new development of the destination resort an amount equal to at least $1 billion, including land acquisition;

(4)  for a casino license in the Corpus Christi metropolitan statistical area, the applicant must:

(A)  be a racetrack association that on January 1, 2024, held a license to conduct racing in the Corpus Christi metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B)  commit to investing for new development of the destination resort an amount equal to at least $250 million, including land acquisition; and

(5)  for a casino license in the McAllen-Edinburg-Mission metropolitan statistical area, the applicant must:

(A)  be a racetrack association that on January 1, 2024, held a license to conduct racing in the McAllen-Edinburg-Mission metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B)  commit to investing for new development of the destination resort an amount equal to at least $250 million, including land acquisition.

(i)  A destination resort at which casino gaming is conducted under a casino license authorized by Subsection (b) of this section may be located anywhere in the metropolitan statistical area for which the license is issued.

(j)  Consistent with this section, the legislature by general law:

(1)  shall regulate casino gaming and sports wagering in this state by prescribing:

(A)  additional requirements governing the issuance of and continued qualification for holding a casino license;

(B)  restrictions on the transfer of casino licenses;

(C)  definitions of terms necessary or useful to implement this section and consistent with this section, including the terms casino, casino gaming, casino license, destination resort, and sports wagering;

(D)  qualifications for the issuance of new casino licenses to persons who are not initial qualified applicants under Subsection (g) of this section, provided that the number of active casino licenses, as defined by the legislature, may not at any time exceed the number of casino licenses for destination resorts authorized by Subsection (b) of this section; and

(E)  restrictions and penalties for the unlawful conduct of casino gaming and sports wagering; and

(2)  may delegate to the Texas Gaming Commission the authority to adopt rules regulating casino gaming and sports wagering in accordance with this section.

(k)  State or local public money or facilities developed or built with state or local public assistance or tax incentives of any kind may not be used for the development or operation of a destination resort. The legislature by general law shall prescribe procedures and enforcement measures to ensure that:

(1)  a casino license applicant has the financial capability of satisfying the minimum investment specified in Subsection (h) of this section; and

(2)  each casino license holder satisfies the investment required under Subsection (h) of this section.

(l)  A person may not have an ownership interest in more than two casino license holders. The legislature by general law shall:

(1)  define ownership interest for purposes of this subsection; and

(2)  prescribe the consequences of violating this subsection.

(m)  The legislature by general law shall direct the Texas Gaming Commission to adopt rules ensuring a person who holds a casino license and a license to conduct horse racing at a class 1 racetrack, as that term is defined by general law, maintains a number of live horse racing dates at least equivalent to the number of live horse racing dates held at the racetrack in 2024.

(n)  The legislature by general law shall require a racetrack association that:

(1)  holds a license to conduct greyhound racing to cease all racing operations and surrender that license as a condition of holding, or designating a person to hold, a casino license; and

(2)  holds a license to conduct racing in the Laredo metropolitan statistical area to cease all racing operations and surrender that license as a condition of holding, or designating a person to hold, a casino license.

(o)  The legislature by general law shall ensure the Texas Racing Commission or its successor regulates the racing operations of each racetrack association that holds a casino license and the Texas Gaming Commission regulates casino gaming and sports wagering operations of the racetrack association.

(p)  The legislature by general law shall impose:

(1)  a 15 percent tax on the gross casino gaming revenue, as defined by general law, of each casino license holder; and

(2)  a tax in the amount provided by general law on gross sports wagering revenue, as defined by general law.

(q)  This state or a state agency or political subdivision of this state may not impose a tax on the casino gaming revenue of a casino license holder or a tax or fee on the non-casino gaming revenue of a casino license holder's operations at a destination resort, other than the taxes authorized by this section or a tax or fee generally applicable to a business operating in this state.

(r)  To fund and support the administration and management of the Texas Gaming Commission, the legislature by general law shall establish casino license application fees in the amount of:

(1)  $2.5 million for an application to conduct casino gaming at a destination resort in the Dallas-Fort Worth-Arlington or Houston-The Woodlands-Sugar Land metropolitan statistical area;

(2)  $1.25 million for an application to conduct casino gaming at a destination resort in the San Antonio-New Braunfels metropolitan statistical area; and

(3)  $500,000 for an application to conduct casino gaming at a destination resort in the Corpus Christi or McAllen-Edinburg-Mission metropolitan statistical area.

(s)  Notwithstanding any other provision of this constitution, the legislature by law shall allocate a portion of the annual revenues received from taxes imposed on the gross casino gaming revenue of casino license holders to be used as horse racing purse money for the public purpose of promoting the growth and sustainability of the horse racing industry in this state.

SECTION 4.  This proposed constitutional amendment shall be submitted to the voters at an election to be held November 4, 2025. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment to foster economic development and job growth, provide tax relief and funding for education and public safety programs, and reform and support the horse racing industry by authorizing casino gaming at destination resorts, authorizing sports wagering, and creating the Texas Gaming Commission to regulate casino gaming and sports wagering; requiring a license to conduct casino gaming; and requiring the imposition of a casino gaming tax, sports wagering tax, and license application fees."