

By: Thompson, Louderback

H.B. No. 4172

A BILL TO BE ENTITLED

AN ACT

relating to regulating charitable bingo and authorizing the establishment of a nonprofit corporation to advertise and promote charitable bingo.

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

SECTION 1. Section 2001.407, Occupations Code, is amended by amending Subsection (c) and adding Subsections (c-1), (c-2), (c-3), and (c-4) to read as follows:

(c) Except as provided by Subsection (c-1), a [A] licensed distributor may not receive by purchase or otherwise bingo equipment or supplies from a person other than a licensed manufacturer or another licensed distributor.

(c-1) A licensed distributor may receive bingo equipment or supplies from a licensed authorized organization if:

(1) the distributor delivered the equipment or supplies to the organization; and

(2) the equipment or supplies were:

(A) defective;

(B) not ordered by the organization; or

(C) delivered in a quantity that exceeds the quantity the organization ordered.

(c-2) A licensed authorized organization that returns bingo equipment or supplies to the licensed distributor as provided by Subsection (c-1) shall:

1           (1) maintain a record specifying for each returned  
2 equipment or supply:

3                   (A) a reason for the return from the reasons  
4 listed in Subsection (c-1)(2); and

5                   (B) the quantity returned; and

6           (2) provide a copy of the record to the distributor.

7           (c-3) A licensed distributor that receives returned  
8 equipment or supplies from a licensed authorized organization as  
9 provided by Subsection (c-1) shall:

10                   (1) maintain a record showing receipt of the returned  
11 equipment or supplies; and

12                   (2) provide a copy of the record to the organization.

13           (c-4) A licensed authorized organization may transfer a  
14 card-minding device from the premises of the organization to the  
15 premises of another licensed authorized organization if each  
16 licensed authorized organization agrees to the transfer.

17           SECTION 2. Section 2001.415, Occupations Code, is amended  
18 to read as follows:

19           Sec. 2001.415. ADVERTISEMENTS. (a) A person other than a  
20 licensed authorized organization, licensed commercial lessor,  
21 nonprofit corporation formed under Section 2001.4151, or the  
22 commission may not advertise bingo.

23           (b) A licensed authorized organization, licensed commercial  
24 lessor, nonprofit corporation formed under Section 2001.4151, or  
25 the commission may include in an advertisement or promotion:

26                   (1) the total amount of bingo prizes offered  
27 statewide; or

1           (2) the amount of a prize or series of prizes offered  
2 at a bingo occasion.

3           SECTION 3. Subchapter I, Chapter 2001, Occupations Code, is  
4 amended by adding Section 2001.4151 to read as follows:

5           Sec. 2001.4151. ESTABLISHMENT OF NONPROFIT CORPORATION.

6           (a) A statewide organization in existence before January 1, 2024,  
7 that as of that date has as its principal purpose assisting licensed  
8 authorized organizations, units as defined by Subchapter I-1,  
9 licensed commercial lessors, and licensed bingo distributors and  
10 licensed bingo manufacturers in furthering the interests of  
11 charitable bingo may form a nonprofit corporation governed by  
12 Chapter 22, Business Organizations Code, to carry out the purposes  
13 described in this section. For purposes of this subsection, an  
14 organization is a statewide organization if the organization's  
15 membership includes multiple licensed authorized organizations  
16 that collectively have primary business offices in at least 15  
17 counties in this state.

18           (b) A nonprofit corporation formed under this section may  
19 accept money remitted to the corporation by a licensed authorized  
20 organization under Section 2001.502(b-1).

21           (c) Subject to Subsection (d), a nonprofit corporation  
22 formed under this section may spend money accepted under Subsection  
23 (b) for purposes that include:

24           (1) advertising and promotional activities to inform  
25 the public about charitable bingo, including:

26                   (A) the purposes for which charitable bingo is  
27 conducted;

1                   (B) the types of charities benefiting from  
2 charitable bingo;

3                   (C) the locations where and times when charitable  
4 bingo is conducted;

5                   (D) the types of games conducted at charitable  
6 bingo locations; and

7                   (E) the amount of a prize or series of prizes that  
8 may be offered at a bingo occasion;

9                   (2) legal and accounting services;

10                  (3) labor;

11                  (4) utilities;

12                  (5) office space; and

13                  (6) other necessary expenses related to the purposes  
14 of this section.

15                  (d) A nonprofit corporation formed under this section:

16                   (1) may only spend money under this section in  
17 accordance with the plan adopted by the board of the corporation  
18 under Subsection (e); and

19                   (2) may not spend any money until the date the  
20 corporation provides the notice required by Subsection (j).

21                  (e) At least annually, the board of a nonprofit corporation  
22 formed under this section shall adopt a plan for the corporation to  
23 spend money.

24                  (f) A nonprofit corporation established under this section  
25 is exempt from taxation under:

26                   (1) Chapter 151, Tax Code; and

27                   (2) Chapter 171, Tax Code.

1       (g) A nonprofit corporation formed under this section may  
2 not use money accepted under Subsection (b) to make:

3           (1) a campaign contribution, as defined by Section  
4 251.001, Election Code;

5           (2) a direct campaign expenditure, as defined by  
6 Section 251.001, Election Code;

7           (3) a political expenditure, as defined by Section  
8 251.001, Election Code;

9           (4) an expenditure for political advertising, as  
10 defined by Section 251.001, Election Code; or

11           (5) an expenditure to influence legislative subject  
12 matter or administrative action as described in Chapter 305,  
13 Government Code, including:

14                   (A) to compensate or reimburse a person required  
15 to register under Section 305.003, Government Code; or

16                   (B) for legislative advertising, as defined by  
17 Section 305.027, Government Code.

18       (h) Nothing in this section prohibits a nonprofit  
19 corporation formed under this section from accepting and spending  
20 money from sources other than bingo prize fees.

21       (i) A nonprofit corporation formed under this section shall  
22 maintain books and records as required by state and federal law.

23       (j) A nonprofit corporation formed under this section  
24 commences business on the date the corporation's board adopts an  
25 initial annual plan under Subsection (e). On that date, the  
26 corporation shall provide notification of the corporation's  
27 commencement of business to:

1           (1) the commission; and

2           (2) each licensed authorized organization that  
3 remitted money to a county or municipality under Section  
4 2001.502(b) in 2023.

5           (k) A nonprofit corporation formed under this section may  
6 not be licensed:

7           (1) to conduct bingo; or

8           (2) as a commercial lessor, bingo distributor, or  
9 bingo manufacturer.

10           SECTION 4. Sections 2001.451(h) and (j), Occupations Code,  
11 are amended to read as follows:

12           (h) Except as provided by Subsection (j), a licensed  
13 authorized organization or a unit of licensed authorized  
14 organizations may retain operating capital in the organization's or  
15 unit's bingo account in an amount that:

16           (1) is equal to the organization's or unit's actual  
17 average bingo expenses per quarter based on the preceding license  
18 period, excluding prizes paid; and

19           (2) does not exceed a total of \$100,000 [~~\$50,000~~] for a  
20 single organization or \$100,000 [~~\$50,000~~] for each member of a unit  
21 unless:

22                   (A) the commission by rule establishes a higher  
23 amount for all organizations or units or one or more classes of  
24 organizations or units; or

25                   (B) the bingo operations director, on request,  
26 raises the operating capital limit for one organization or unit as  
27 necessary to facilitate the operation of the organization or unit.

(j) The commission shall adopt rules allowing a licensed authorized organization to retain a maximum amount of operating capital in the bingo account in excess of the amount provided by Subsection (h) if the organization:

(1) has conducted bingo for less than one year;

(2) has been closed for at least six months;

(3) experiences circumstances beyond the control of the organization, including force majeure, that necessitate an increase in operating capital; or

(4) ~~[(3)]~~ provides to the commission a credible business plan for the conduct of bingo or for the organization's existing or planned charitable purposes that an increase in operating capital will reasonably further.

SECTION 5. Section 2001.502, Occupations Code, is amended by amending Subsections (a) and (b) and adding Subsection (b-1) to read as follows:

(a) A licensed authorized organization or unit as defined by Section 2001.431 shall:

(1) collect from a person who wins a cash bingo prize of more than \$100 ~~[\$5]~~ a fee in the amount of five percent of the amount of the prize; and

(2) except as otherwise provided by this section, remit to the commission the amount of the fee collected under Subdivision (1).

(b) Notwithstanding Subsection (a)(2) and subject to Subsection (b-1), each quarter, a licensed authorized organization or unit that collects a prize fee under Subsection (a) for a bingo

1 game conducted in a county or municipality that was entitled to  
2 receive a portion of a bingo prize fee as of January 1, 2019, shall  
3 remit 50 percent of the amount collected as the prize fee to the  
4 commission and shall remit or deposit the remainder of the amount  
5 collected as the prize fee as follows:

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

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

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

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

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

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

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

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

3 (3) if neither the county or municipality in which the  
4 bingo game is conducted voted before November 1, 2019, to impose the  
5 prize fee, deposit the remainder of the amount collected as the  
6 prize fee in the general charitable fund of the organization or on a  
7 pro rata basis to the general funds of the organizations comprising  
8 the unit, as applicable, to be used for the charitable purposes of  
9 the organization or organizations.

10 (b-1) A licensed authorized organization or unit that  
11 collects a prize fee under Subsection (a) for a bingo game conducted  
12 in a county or municipality entitled to receive a portion of a bingo  
13 prize fee as of January 1, 2019, may reduce the amount remitted  
14 under Subsection (b)(1) or (2) by an amount not to exceed 15 percent  
15 of the total amount remitted to the applicable county or  
16 municipality by the licensed authorized organization or unit in  
17 2023. The licensed authorized organization or unit shall remit the  
18 amount remaining after the remittance to the applicable county or  
19 municipality to, and the amount remaining may be accepted by, a  
20 nonprofit corporation formed under Section 2001.4151. If the  
21 nonprofit corporation does not accept the amount remitted under  
22 this subsection, the licensed authorized organization or unit shall  
23 remit the amount in the manner provided by Subsection (b).

24 SECTION 6. (a) Except as provided by Subsection (b) of this  
25 section, this Act takes effect September 1, 2025.

26 (b) Section 5 of this Act takes effect October 1, 2025.