

By: Alvarado

S.J.R. No. 16

A JOINT RESOLUTION

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

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

11 SECTION 1. The legislature finds that:

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

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

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

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

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

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

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

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

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

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

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

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

21 Sec. 47a. (a) In this section:

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

24 (2) "Casino gaming" means any game of chance or
25 similar activity that involves placing a wager for consideration.

26 The term includes wagering on any type of slot machine or table
27 game, as defined by the legislature, using money, casino credit, or

1 any other representation of value. The term does not include:

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

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

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

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

16 (5) "Education" means:

17 (A) public education;

18 (B) public higher education; and

19 (C) adult education related to responsible
20 gaming.

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

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

27 (8) "Public safety program" means a program for crime

1 prevention and law enforcement, including a program designed to
2 prevent and prosecute crimes involving human trafficking and money
3 laundering.

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

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

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

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

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

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

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

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

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

27 (c) The legislature shall:

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

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

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

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

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

19 (f) Notwithstanding any other provision of this
20 constitution, a racetrack association may designate a person to
21 apply for and hold a casino license under Subsection (g) of this
22 section by providing notice to the Texas Gaming Commission in the
23 manner prescribed by general law or commission rule consistent with
24 general law. A racetrack association may not change the person
25 designated in the provided notice unless the person declines the
26 designation and may not at any time designate more than one person
27 under this subsection. A racetrack association is ineligible to

1 hold a casino license if the racetrack association designates a
2 person for a license under this subsection unless the person
3 declines the designation. Nothing in this subsection affects
4 duties or rights established by contract or other law.

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

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

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

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

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

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

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

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

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

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

3 (A) be a racetrack association that on January 1,
4 2024, held a license to conduct racing in the Dallas-Fort
5 Worth-Arlington metropolitan statistical area or the Laredo
6 metropolitan statistical area or be the person designated by the
7 racetrack association under Subsection (f) of this section; and

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

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

14 (A) be a racetrack association that on January 1,
15 2024, held a license to conduct racing in the Houston-The
16 Woodlands-Sugar Land metropolitan statistical area or the
17 Brownsville-Harlingen metropolitan statistical area or be the
18 person designated by the racetrack association under Subsection (f)
19 of this section; and

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

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

25 (A) be a racetrack association that on January 1,
26 2024, held a license to conduct racing in the San Antonio-New
27 Braunfels metropolitan statistical area or be the person designated

1 by the racetrack association under Subsection (f) of this section;
2 and

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

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

8 (A) be a racetrack association that on January 1,
9 2024, held a license to conduct racing in the Corpus Christi
10 metropolitan statistical area or be the person designated by the
11 racetrack association under Subsection (f) of this section; and

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

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

18 (A) be a racetrack association that on January 1,
19 2024, held a license to conduct racing in the
20 McAllen-Edinburg-Mission metropolitan statistical area or be the
21 person designated by the racetrack association under Subsection (f)
22 of this section; and

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

26 (i) A destination resort at which casino gaming is conducted
27 under a casino license authorized by Subsection (b) of this section

1 may be located anywhere in the metropolitan statistical area for
2 which the license is issued.

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

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

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

10 (B) restrictions on the transfer of casino
11 licenses;

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

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

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

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

27 (k) State or local public money or facilities developed or

1 built with state or local public assistance or tax incentives of any
2 kind may not be used for the development or operation of a
3 destination resort. The legislature by general law shall prescribe
4 procedures and enforcement measures to ensure that:

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

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

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

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

14 (2) prescribe the consequences of violating this
15 subsection.

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

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

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

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

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

10 (p) The legislature by general law shall impose:

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

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

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

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

25 (1) \$2.5 million for an application to conduct casino
26 gaming at a destination resort in the Dallas-Fort Worth-Arlington
27 or Houston-The Woodlands-Sugar Land metropolitan statistical area;

1 (2) \$1.25 million for an application to conduct casino
2 gaming at a destination resort in the San Antonio-New Braunfels
3 metropolitan statistical area; and

4 (3) \$500,000 for an application to conduct casino
5 gaming at a destination resort in the Corpus Christi or
6 McAllen-Edinburg-Mission metropolitan statistical area.

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

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