

1-1 By: Thompson of Harris (Senate Sponsor - Zaffirini) H.B. No. 2578
 1-2 (In the Senate - Received from the House May 5, 2017;
 1-3 May 12, 2017, read first time and referred to Committee on State
 1-4 Affairs; May 18, 2017, reported favorably by the following vote:
 1-5 Yeas 9, Nays 0; May 18, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the elimination of certain fees for licensure and the
 1-20 disposition of certain fees collected by the Texas Lottery
 1-21 Commission under the Bingo Enabling Act.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subchapter A, Chapter 2001, Occupations Code, is
 1-24 amended by adding Section 2001.003 to read as follows:

1-25 Sec. 2001.003. REGULATORY FUNDING FROM LICENSE FEES AND
 1-26 BINGO PRIZE FEES. It is the intent of the legislature that the
 1-27 funding necessary for the administration of this chapter by the
 1-28 commission be collected by the commission from commercial lessor,
 1-29 manufacturer, and distributor license fees and money paid to the
 1-30 commission by bingo players as bingo prize fees.

1-31 SECTION 2. Section 2001.103(a), Occupations Code, is
 1-32 amended to read as follows:

1-33 (a) An authorized organization may receive a temporary
 1-34 license to conduct bingo by filing with the commission an
 1-35 application, on a form prescribed by the commission [~~accompanied~~
 1-36 ~~by a \$25 license fee~~].

1-37 SECTION 3. Section 2001.105(a), Occupations Code, is
 1-38 amended to read as follows:

1-39 (a) The commission shall issue or renew a license to conduct
 1-40 bingo [~~on payment of the license fee provided by Section 2001.104~~]
 1-41 if the commission determines that:

1-42 (1) the member or members of the applicant designated
 1-43 in the application to conduct bingo are active members of the
 1-44 applicant;

1-45 (2) the bingo is to be conducted in accordance with
 1-46 this chapter;

1-47 (3) the proceeds of the bingo are to be disposed in
 1-48 accordance with this chapter;

1-49 (4) the applicant has made and can demonstrate
 1-50 significant progress toward the accomplishment of the purposes of
 1-51 the organization during the 12 months preceding the date of
 1-52 application for a license or license renewal;

1-53 (5) all persons who will conduct, promote, or
 1-54 administer the proposed bingo are active members of the applicant
 1-55 organization and all other persons who will assist in conducting,
 1-56 promoting, or administering the proposed bingo games are persons
 1-57 authorized to do so by Section 2001.411; and

1-58 (6) no person under whose name bingo will be conducted
 1-59 and no person working at the proposed bingo has been convicted of a
 1-60 gambling offense or criminal fraud.

1-61 SECTION 4. Section 2001.154(a), Occupations Code, is

2-1 amended to read as follows:

2-2 (a) The commission may not issue a commercial lessor license
2-3 to or renew a commercial lessor license of:

2-4 (1) a person convicted of criminal fraud or a gambling
2-5 or gambling-related offense;

2-6 (2) a public officer who receives any consideration,
2-7 direct or indirect, as owner or lessor of premises offered for
2-8 conducting bingo;

2-9 (3) a person who [~~extends credit to,~~] loans money to[~~or
2-10 or pays or provides for the payment of license fees for~~] an
2-11 authorized organization;

2-12 (4) a distributor or manufacturer;

2-13 (5) a person in which a person covered by Subdivision
2-14 (1), (2), (3), or (4) or a person married or related in the first
2-15 degree by consanguinity or affinity, as determined under Chapter
2-16 573, Government Code, to one of those persons has greater than a 10
2-17 percent proprietary, equitable, or credit interest or in which one
2-18 of those persons is active or employed;

2-19 (6) a foreign corporation or other foreign legal
2-20 entity;

2-21 (7) an individual who is not a resident of this state;

2-22 (8) a corporation or other legal entity owned or
2-23 controlled by:

2-24 (A) a foreign corporation; or

2-25 (B) an individual who is not a resident of this
2-26 state; or

2-27 (9) a corporation or other legal entity:

2-28 (A) whose shares are publicly traded; or

2-29 (B) owned or controlled by a corporation whose
2-30 shares are publicly traded.

2-31 SECTION 5. Section 2001.438(f), Occupations Code, is
2-32 amended to read as follows:

2-33 (f) Each licensed authorized organization that is a member
2-34 of the unit shall be jointly and severally liable for:

2-35 (1) compliance with the requirements of this
2-36 subchapter and the rules of the commission relating to the filing of
2-37 required reports;

2-38 (2) the maintenance of bingo inventory and financial
2-39 records; and

2-40 (3) the payment of [~~fees and~~] any penalties imposed
2-41 for a violation of this subchapter or commission rules related to
2-42 the operations of the unit.

2-43 SECTION 6. Section 2001.458(a), Occupations Code, is
2-44 amended to read as follows:

2-45 (a) An item of expense may not be incurred or paid in
2-46 connection with the conduct of bingo except an expense that is
2-47 reasonable or necessary to conduct bingo, including an expense for:

2-48 (1) advertising, including the cost of printing bingo
2-49 gift certificates;

2-50 (2) security;

2-51 (3) repairs to premises and equipment;

2-52 (4) bingo supplies and equipment;

2-53 (5) prizes;

2-54 (6) stated rental or mortgage and insurance expenses;

2-55 (7) bookkeeping, legal, or accounting services
2-56 related to bingo;

2-57 (8) [~~fees for~~] bingo chairpersons, operators,
2-58 managers, salespersons, callers, cashiers, ushers, janitorial
2-59 services, and utility supplies and services;

2-60 (9) health insurance or health insurance benefits for
2-61 bingo chairpersons, operators, managers, salespersons, callers,
2-62 cashiers, and ushers, as provided by Subsection (b);

2-63 (10) [~~license fees,~~

2-64 [~~(11)~~] attending a bingo seminar or convention
2-65 required under Section 2001.107; and

2-66 (11) [~~(12)~~] debit card transaction fees and
2-67 electronic funds transfer fees.

2-68 SECTION 7. Section 2001.459(a), Occupations Code, is
2-69 amended to read as follows:

- 3-1 (a) The following items of expense incurred or paid in
- 3-2 connection with the conduct of bingo must be paid from an
- 3-3 organization's bingo account:
- 3-4 (1) advertising, including the cost of printing bingo
- 3-5 gift certificates;
- 3-6 (2) security during a bingo occasion;
- 3-7 (3) the purchase or repair of bingo supplies and
- 3-8 equipment;
- 3-9 (4) prizes, other than authorized cash prizes;
- 3-10 (5) stated rental expenses;
- 3-11 (6) bookkeeping, legal, or accounting services;
- 3-12 (7) fees for callers, cashiers, and ushers; and
- 3-13 (8) janitorial services [~~and~~
- 3-14 [~~(9) license fees~~].

3-15 SECTION 8. Section 2001.502, Occupations Code, is amended
3-16 to read as follows:

3-17 Sec. 2001.502. PRIZE FEE. A licensed authorized
3-18 organization shall:

- 3-19 (1) collect from a person who wins a bingo prize of
- 3-20 more than \$5 a fee in the amount of five percent of the amount or
- 3-21 value of the prize; and
- 3-22 (2) remit to the commission a fee in the amount of five
- 3-23 percent of the amount or value of all bingo prizes of more than \$5
- 3-24 awarded.

3-25 SECTION 9. Section 2001.503, Occupations Code, is amended
3-26 to read as follows:

3-27 Sec. 2001.503. LOCAL SHARE OF PRIZE FEE. (a) Except as
3-28 provided by Subsection (c), a county that imposed a gross receipts
3-29 tax on the conduct of bingo as of January 1, 1993, is entitled to,
3-30 subject to Section 2001.507(i), 50 percent of the fee collected
3-31 under Section 2001.502 on a prize awarded at a game conducted in the
3-32 county.

3-33 (b) Except as provided by Subsection (c), a municipality
3-34 that imposed a gross receipts tax on the conduct of bingo as of
3-35 January 1, 1993, is entitled to, subject to Section 2001.507(i), 50
3-36 percent of the fee collected under Section 2001.502 on a prize
3-37 awarded at a game conducted in the municipality.

3-38 (c) If a county and municipality are both entitled to a
3-39 share of the fee imposed by Section 2001.502:

- 3-40 (1) the county is entitled to, subject to Section
- 3-41 2001.507(i), 25 percent of the fee on a prize awarded at a game
- 3-42 conducted in the county; and
- 3-43 (2) the municipality is entitled to, subject to
- 3-44 Section 2001.507(i), 25 percent of the fee on a prize awarded at a
- 3-45 game conducted in the municipality.

3-46 SECTION 10. Section 2001.507, Occupations Code, is amended
3-47 by amending Subsection (c) and adding Subsection (i) to read as
3-48 follows:

3-49 (c) At the end of each state fiscal year, the [The]
3-50 commission shall send [~~quarterly~~] to a county or municipality
3-51 entitled to a share of the fee on prizes the county's or
3-52 municipality's share, as provided by Section 2001.503 and
3-53 Subsection (i).

3-54 (i) The commission shall reduce the amount of each local
3-55 share of a fee to each county or municipality entitled to a share of
3-56 the fee under Section 2001.503 on a pro rata basis as necessary to
3-57 retain the amount necessary for the administration of bingo under
3-58 this chapter for the state fiscal year less the amount estimated by
3-59 the commission as license fees expected to be deposited in a special
3-60 account in the general revenue fund for that year. The amount the
3-61 commission retains under this subsection:

- 3-62 (1) must, in each state fiscal year, be the amount
- 3-63 necessary to ensure that the ratio of the amount retained under this
- 3-64 subsection to the amount paid to the commission as license fees
- 3-65 during that fiscal year is the same as the ratio of the amount
- 3-66 appropriated to the commission to enforce bingo laws under Chapter
- 3-67 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015,
- 3-68 to the amount paid to the commission as license fees during the
- 3-69 state fiscal year ending August 31, 2017; and

4-1 (2) is considered miscellaneous revenue for purposes
4-2 of appropriations made to the commission under the General
4-3 Appropriations Act for the administration of this chapter.

4-4 SECTION 11. Sections 2001.104, 2001.313(b-2), and
4-5 2001.437(e), Occupations Code, are repealed.

4-6 SECTION 12. (a) The changes in law made by this Act in
4-7 amending Sections 2001.503 and 2001.507, Occupations Code, apply
4-8 beginning with the state fiscal year beginning September 1, 2017.

4-9 (b) The changes in law made by this Act to Sections
4-10 2001.103, 2001.105, and 2001.154, Occupations Code, apply to the
4-11 issuance of a license under Chapter 2001, Occupations Code, that
4-12 occurs on or after the effective date of this Act. The issuance of a
4-13 license that occurs before the effective date of this Act is
4-14 governed by the law in effect on the date the license is issued, and
4-15 the former law is continued in effect for that purpose.

4-16 SECTION 13. (a) As soon as practicable after the effective
4-17 date of this Act but not later than January 1, 2018, the Texas
4-18 Lottery Commission shall adopt rules necessary to implement this
4-19 Act.

4-20 (b) Not later than January 1, 2018, the Texas Lottery
4-21 Commission shall return to each license holder who in the year
4-22 preceding the effective date of this Act paid a license fee under
4-23 Section 2001.104 or 2001.437, Occupations Code, as those sections
4-24 existed before the effective date of this Act, any portion of the
4-25 fee attributable to the license holder's period of licensure
4-26 occurring on or after the effective date of this Act.

4-27 SECTION 14. This Act takes effect September 1, 2017.

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