By: Middleton, Hall

(In the Senate - Filed February 27, 2025; March 13, 2025, read first time and referred to Committee on State Affairs; April 16, 2025, reported adversely, with favorable Committee 1-1 1-2 1-3 1-4 1-5 Substitute by the following vote: Yeas 8, Nays 0; April 16, 2025, sent to printer.) 1-6

COMMITTEE VOTE 1-7

1-8		Yea	Nay	Absent	PNV
1-9	Hughes	Χ	-		
1-10	Paxton	X			
1-11	Bettencourt	X			
1-12	Birdwell			X	
1-13	Hall	X			
1-14	Hinojosa of Nueces	X			
1-15	Middleton	X			
1-16	Parker			X	
1-17	Perry	X			
1-18	Schwertner			X	
1-19	Zaffirini	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1721 By: Middleton

A BILL TO BE ENTITLED 1-21 1-22 AN ACT

relating to the transfer of the licensing and regulation of charitable bingo to the Texas Commission of Licensing Regulation.

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

SECTION 1. Section 411.093(a), Government Code, is amended to read as follows:

- (a) The Texas Department of Licensing and Regulation is entitled to obtain criminal history record information as provided by Subsection (b) that relates to:
 - an applicant for or the holder of: (1)
- a driver education instructor license under (A) Chapter 1001, Education Code;
 - (B) a license under Chapter 202, Occupations

1-36 Code; 1-37

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(C) a license under Chapter 401, Occupations

1-38 Code;

(D) a license under Chapter 402, Occupations

1-40 Code; or

(E) an instructor license or motorcycle school license under Chapter 662, Transportation Code;

(2) a person who is:

- an applicant for or the holder of a license (A) under Chapter 91, Labor Code; or
- a controlling person, as defined by Chapter (B) 91, Labor Code, of an entity described by Paragraph (A); [or]

(3)a person who:

- is an applicant for or the holder of a license (A) under Chapter 455, Occupations Code; or
- (B) has an interest described under Section 455.1525(e), Occupations Code, in an entity described by Paragraph (A) ; or

(4) a person who:

(A) is an applicant for or the holder of a license

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- under Chapter 2001, Occupations Code; or
 (B) has an interest described under 1-57 2001.3025(e), Occupations Code, in an entity described by Paragraph 1-58 1-59
- 1-60 SECTION 2. Section 411.108(a-2), Government Code, is

2-1 amended to read as follows: 2-2

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- (a-2) Subject to Sections 411.087, 466.201, and 467.036(b) code and Section 2001.3025, Occupations Code, and consistent with the public policy of this state, the Texas Lottery Commission is entitled 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) [or $\frac{(a-1)}{(a-1)}$]; and
- (2) obtain from the department or any other criminal justice agency in this state criminal history record information maintained by the department or that criminal justice agency that relates to a person described by Subsection (a) [or (a=1)].

SECTION 3. Sections 466.002(2) and (3), Government Code,

- division].
- "Division" means the commission or (3) division established by the commission $[under\ Chapter\ 467]$.

SECTION 4. Section 467.002, Government Code, is amended to read as follows:

Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is subject to review under Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished and this chapter and $[\tau]$ Chapter 466 $[\frac{\text{of this code, and Chapter 2001, Occupations Code}_{\tau}]}{\text{expire September 1, 2025.}}$

SECTION 5. Sections 467.024(a) and (c), Government Code, are amended to read as follows:

- (a) An individual is not eligible to be an appointed member of the commission if the individual:
- or licensed by (1) is registered, certified, regulatory agency in the field of [bingo or] lottery;
- (2) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization regulated by the commission or receiving funds from the commission;
- (3) is employed by or participates in the management of a business entity or other organization regulated by or receiving funds from the commission;
- (4) uses or receives a substantial amount of tangible services, or funds from the commission, other than compensation or reimbursement authorized by law for commission membership, attendance, or expenses;
- (5) is an officer, employee, or paid consultant of a Texas trade association in the field of [bingo or] lottery;
 (6) is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the commission;
- (7) is married to individual described by an Subdivisions (2)-(6);
- (8) has been convicted of a felony or of any crime involving moral turpitude; or
 - is not a citizen of the United States. (9)
- (c) A person may not be a commission employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), if:
- (1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of [bingo or] lottery; or
- (2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of [bingo or] lottery.

SECTION 6. Section 467.025(a), Government Code, is amended to read as follows:

A commission member may not:

accept any employment or remuneration from[+ (1) $\left[\frac{\Lambda}{\Lambda}\right]$ a person that has a significant financial 3-1 interest in the lottery[; or

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bingo [(B) commercial lessor, bingo ingo manufacturer];

3-3 3-4 (2) play any lottery [or bingo] game conducted in this 3**-**5 state:

- (3) accept or be entitled to accept any part of the winnings to be paid from a lottery [or bingo] game conducted in this
- use the member's official authority to affect the (4) result of an election or nomination for public office; or
- (5) directly or indirectly coerce, attempt to coerce, command, or advise a person to pay, lend, or contribute anything of value to another person for political purposes.

SECTION 7. Section 467.035(a), Government Code, is amended to read as follows:

(a) The commission may not employ or continue to employ a person who owns a financial interest in [+

[(1) a bingo commercial lessor, bingo distributor, or bingo manufacturer; or

 $[\frac{(2)}{2}]$ a lottery sales agency or a lottery operator. ON 8. Sections $\frac{467.101}{2}$ and (c), Government Code, SECTION 8. are amended to read as follows:

The commission has broad authority and shall exercise strict control and close supervision over all activities authorized and conducted in this state under[: Chapter 2001, Occ

Chapter 2001, Occupations Code; and Chapter 466 [of this code]. $[\frac{(2)}{1}]$

(c) The commission also has the powers and duties granted under[+

[(1) Chapter 2001, Occupations Co [(2)] Chapter 466 [of this code]. Occupations Code; and

SECTION 9. Section 467.111(f), Government Code, is amended to read as follows:

(f) The commission shall prepare a report on the trends and identified under Subsection (e) and make the report issues public. The commission shall address the available to the identified trends and issues, including trends and issues related to the regulation of lottery operations under Chapter 466 [and of bingo under Chapter 2001, Occupations Code].

SECTION 10. Section 572.003(b), Government Code, is amended to read as follows:

(b) The term means:

- (1) the banking commissioner of the Texas Department of Banking [Commissioner of The Banking Department of Texas];
- (2) the administrative director of the Office of Court Administration of the Texas Judicial System;
- the chief executive of the Office of Public (3) Utility Counsel;
 - (4)the executive director of the State Bar of Texas;
- (5) the lottery director [of the lottery division] of the Texas Lottery Commission;
- (6) the deputy in charge of the department of security in a [the] lottery division of the Texas Lottery Commission;
- (7) the <u>executive</u> director of the [bingo division of the Texas Department Commission]; or of Licensing and Regulation [Lottery

(8) the secretary of state.

SECTION 11. Section 2001.002, Occupations Code, is amended by amending Subdivisions (8) and (25-a) and adding Subdivision (8-a) to read as follows:

"Commission" means the Texas [Lottery] Commission (8)

of Licensing and Regulation.

(8-a) "Department" means the Texas Department of

Licensing and Regulation.

(25-a) "Regular license" means a license to conduct bingo issued by the department [commission] under Subchapter C that

3-67 is not a temporary license. SECTION 12. 3-68 Section 2001.003, Occupations Code, is amended 3-69 to read as follows:

C.S.S.B. No. 1721 Sec. 2001.003. REGULATORY FUNDING FROM LICENSE FEES AND BINGO PRIZE FEES. It is the intent of the legislature that the funding necessary for the administration of this chapter by the department [commission] be collected by the department [commission] from commercial lessor, manufacturer, and distributor license fees and money paid to the $\underline{\text{department}}$ [commission] by bingo players as bingo prize fees.

SECTION 13. Section 2001.051, Occupations Code, is amended to read as follows:

Sec. 2001.051. <u>ADMINISTRATION AND PURPOSE O</u> [CONTROL AND SUPERVISION OF BINGO; BINGO DIVISION]. OF CHAPTER (a) <u>department</u> [commission] shall administer this chapter.

- (b) The purpose of this chapter is to ensure [commission has broad authority and shall exercise strict control and close supervision over] all bingo conducted in this state [so that bingo] is fairly conducted and the proceeds derived from bingo are used for an authorized purpose.
- (c) This chapter does not limit the general powers of the commission or the department under Chapter 51 [The commission shall execute its authority through a bingo division established by the commission to administer this chapter].

SECTION 14. Section 2001.057, Occupations Code, is amended to read as follows:

Sec. 2001.057. BINGO ADVISORY BOARD [COMMITTEE]. (a) The commission may <u>establish</u> [appoint] a bingo advisory board to advise the commission and the department on matters related to this state's bingo industry [committee consisting of nine members].

- (b) The advisory board must consist of nine [commission shall appoint] members appointed by the presiding officer of the commission, on approval of the commission, and represent [representing] a balance of interests including representatives
 - (1)the public;

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- (2) charities that operate bingo games; and
- (3) commercial and charity lessors that participate in the bingo industry.
- (c) The advisory board members serve staggered six-year $[\frac{\Lambda}{}$ committee member serves at the pleasure of the commission].
- (d) An advisory board [A committee] member is not entitled to receive compensation for serving as a member. An advisory board [A committee] member is entitled to reimbursement for reasonable expenses incurred in performing duties as a member.
- (e) If a vacancy occurs on the advisory board, the presiding officer of the commission, on approval of the commission, shall appoint a replacement who meets the qualifications for the vacant position to serve for the remainder of the term [The committee may:
- [(1) advise the commission on the needs and problems of the state's bingo industry;
- [(2) comment on rules involving bingo during their development and before final adoption unless an emergency requires immediate action by the commission;
- [(3) report annually to the commission on the committee's activities; and
- [(4) perform other duties as determined by the commission].
- (f) The presiding officer of the commission, on approval of the commission, shall designate a member of the advisory board to serve as the presiding officer of the advisory board for two years. The presiding officer of the advisory board may vote on any matter before the advisory board [The committee may meet quarterly or at the commission's request].
- (g) The commission may adopt rules to govern the operations of the <u>advisory board</u> [committee].

 SECTION 15. Sections 2001.060(a) and (c), Occupations Code,

4-65 4-66 are amended to read as follows:

(a) On or before June 1 of each even-numbered year, the department [commission] shall prepare and deliver to the governor, lieutenant governor, the speaker of the house of

representatives, and the chairs of the standing committees of the senate and house of representatives with primary jurisdiction over charitable bingo a report stating for each of the preceding two calendar years:

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(1)the total amount of adjusted gross receipts reported by licensed authorized organizations from their bingo operations;

(2) the total amount of net proceeds reported by licensed authorized organizations from their bingo operations; and

(3) a comparison of the amounts reported under Subdivisions (1) and (2), including the percentage that the net proceeds represents of the adjusted gross receipts.

(c) For purposes of Subsection (a), the department [commission] shall determine the total amount of net proceeds in a manner that does not reduce gross receipts by the amount of rent paid for the rental of bingo premises by a licensed authorized organization to another licensed authorized organization if the other organization pays rent for the premises to a licensed commercial lessor.

SECTION 16. Section 2001.101(a), Occupations Code, amended to read as follows:

- (a) The <u>department</u> [commission] may license a person who is an authorized organization eligible for a license to conduct bingo if the person is:
- a religious society that has existed in this state (1)for at least three years;

a nonprofit organization: (2)

(A) whose predominant activities are for support of medical research or treatment programs; and

(B)

that for at least three years:
(i) must have had a governing body or officers elected by a vote of members or by a vote of delegates elected by the members; or

(ii) must have been affiliated with a state or national organization organized to perform the same purposes as the nonprofit organization;

(3) a fraternal organization;

- (4)a veterans organization that has existed in this state for at least three years;
- (5) a volunteer fire department that has existed in this state for at least three years; or
- (6) a volunteer emergency medical services provider that has existed in this state for at least three years.

SECTION 17. Sections 2001.102(a) and (b), Occupations Code, are amended to read as follows:

An applicant for a license to conduct bingo must file (a) department [commission] an application on a form with the prescribed by the department [commission].

The application must include:

- the name and address of the applicant; (1)
- of the (2) the names and addresses applicant's officers and directors;
- (3) the address of the premises where and the time when the applicant intends to conduct bingo under the license sought;
- (4) the name and address of the licensed commercial lessor of the premises, if the applicant intends to lease premises to conduct bingo from a person other than an authorized organization;
- (5) a statement that the net proceeds of bingo will go to one or more of the authorized charitable purposes under this chapter;
- (6) a designation of the applicant organization's bingo chairperson under whom bingo will be conducted accompanied by a statement signed by the chairperson stating that the chairperson will be responsible for the conduct of bingo under the terms of the license and this chapter;
- applicant's (7) sufficient facts relating to the enable incorporation and organization to the [commission] to determine whether the applicant is an authorized

6-1 organization;

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(8) a copy of the applicant organization's most recently filed Internal Revenue Service Form 990, if applicable;

(9) a letter of good standing from the applicant organization's parent organization, if the organization receives an exemption from federal income taxes as a member of a group of organizations;

(10)copies of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation;

(11) verification of the applicant organization's good standing with the secretary of state if the organization is organized under the law of this state; and

(12) information necessary to conduct criminal background checks on the applicant organization's officers and directors.

Sections 2001.103(a), (e), and (g), Occupations SECTION 18. Code, are amended to read as follows:

- (a) An authorized organization may receive a temporary license to conduct bingo by filing with the <u>department</u> [commission] an application, on a form prescribed by the <u>department</u> [commission].
- (e) Notwithstanding any other provision of this subchapter, department [commission] shall issue to an authorized organization that holds a regular license to conduct bingo 48 temporary licenses for each 12-month period that ends on an anniversary of the date the regular license was issued or renewed. Each unused temporary license issued to the license holder expires
- on the anniversary of the date the temporary license was issued.

 (g) Before using a temporary license issued under Subsection (e), the license holder shall notify the department [commission] in the manner the department [commission] prescribes of the specific date, time, and location of the bingo occasion for which the temporary license will be used. The <u>department</u> [commission] shall provide to the license holder verification of the department's [commission's] receipt of the notification. The license holder shall maintain the verification in the records of the authorized organization.

SECTION 19. Section 2001.105, Occupations Code, is amended to read as follows:

- Sec. 2001.105. LICENSE ISSUANCE OR RENEWAL. (a) department [commission] shall issue a temporary or regular license or renew a regular license to conduct bingo if the department [commission] determines that:
- (1) the member or members of the applicant designated in the application to conduct bingo are active members of the applicant;
- (2) the bingo is to be conducted in accordance with this chapter;
- (3)the proceeds of the bingo are to be disposed in accordance with this chapter;
- (4) the applicant has made and can demonstrate significant progress toward the accomplishment of the purposes of the organization during the 24 months preceding the date of application for a license or regular license renewal; (5) all persons who will conduct,
- promote, administer the proposed bingo are active members of the applicant organization and all other persons who will assist in conducting, promoting, or administering the proposed bingo games are persons authorized to do so by Section 2001.411; and
- (6) no person under whose name bingo will be conducted and no person working at the proposed bingo has been convicted of a gambling offense or criminal fraud.
- The <u>department</u> [commission] may not issue a license to (b) an authorized organization to conduct bingo if an officer or member of the board of directors of the organization has been convicted of criminal fraud or a gambling or gambling-related offense.
- A regular license to conduct bingo issued under this (c) 6-69 subchapter expires on the second anniversary of the date of

issuance unless the commission or the department revokes 7-1 suspends the license before that date.

SECTION 20. Section 2001.107(b), Occupations Code, amended to read as follows:

- (b) A training program approved by [commission] must include training related to: the department
 - (1)conducting bingo;
 - (2) administering and operating bingo; and
 - promoting bingo. (3)

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SECTION 21. Section 2001.108, Occupations Code, is amended to read as follows:

LICENSE AMENDMENT Sec. 2001.108. FOR CHANGE ΟF BINGO PREMISES OR OCCASIONS. (a) A licensed authorized organization and the licensed commercial lessor at which the organization conducts or will conduct bingo may file a joint application with the department [commission] to change the premises at which the organization may conduct bingo or the times of the organization's bingo occasions to allow the organization to conduct bingo at the same time and premises that another licensed authorized same time and premises that another authorized organization is licensed to conduct bingo if the other organization has ceased, or will cease, conducting bingo at that time and premises. The application must state whether the organization has ceased or will cease conducting bingo at that time and premises because:

- (1)the organization has abandoned or will abandon its licensed time or premises; or
- (2) the organization's lease has been or will be terminated.
- or will (b) Ιf the other organization ceased cease conducting bingo for the reason stated in Subsection (a)(1), the department [commission] must act on the joint application filed under Subsection (a) not later than the 14th day after the date the application is filed with the department [commission].
- (c) If the other organization ceased will or cease conducting bingo for the reason stated in Subsection (a)(2), the department [commission] must act on the joint application filed under Subsection (a) not later than the 14th day after the date the application is filed with the department [commission] or the date on which the termination takes effect, whichever is later.
- (d) If the $\underline{\text{department}}$ [$\underline{\text{commission}}$] fails to act within the time provided by Subsection (b) or (c), the licensed authorized organization may act as if the change in premises or bingo occasions has been approved by the department [commission] and may conduct bingo at the new premises or during the new bingo occasion until the department (e) [commission] acts on the application.
 Notwithstanding Subsection (d),
- the [commission] may issue temporary licenses to one or more licensed authorized organizations that conduct bingo at the same location as an organization that has ceased or will cease to conduct bingo, which are in addition to the number of temporary licenses each organization is entitled to under another provision of this chapter. The department [commission] is not required to act on a joint application under Subsection (a) within the time provided by this section if the number of additional temporary licenses is sufficient to allow the other organizations at the location to conduct bingo during the licensed times of the organization that has ceased or will cease to conduct bingo.

SECTION 22. Section 2001.152(a), Occupations Code, is amended to read as follows:

- The <u>department</u> (a) [commission] may issue a commercial lessor license only to:
- a licensed authorized organization that owns or (1)leases a premises where bingo is or will be conducted or an association of licensed authorized organizations that jointly own or lease premises where bingo is or will be conducted and that the organization or association leases or offers for lease to one or more other authorized organizations for the conduct of bingo;
- 7-68 (2) a person who leases premises to a single licensed authorized organization that subleases or will sublease the 7-69

8-1 premises to one or more other licensed authorized organizations for 8-2 the conduct of bingo; or

(3) a person who leases premises for the total control and exclusive use of only one licensed authorized organization as that organization's primary business office.

SECTION 23. Section 2001.153(a), Occupations Code, is amended to read as follows:

- (a) The <u>department</u> [commission] may not issue a commercial lessor license to a person unless the <u>department</u> [commission] receives evidence the <u>department</u> [commission] considers adequate that funds used by the person seeking the license to obtain the premises, provide the premises with furniture, fixtures, or equipment, renovate the premises, or provide utilities to the premises are:
 - (1) the person's own funds; or
- (2) the funds of another person, including loan proceeds, that:
- (A) were obtained in an arms-length transaction that was commercially reasonable under the circumstances; and
- (B) were not obtained under an expectation or obligation that the person from whom the funds were obtained would directly participate in, or have a legal interest in, rents obtained under the license or revenues or profits from the conduct of bingo on the premises.

of bingo on the premises.

SECTION 24. Section 2001.154(a), Occupations Code, is amended to read as follows:

- (a) The <u>department</u> [commission] may not issue a commercial lessor license to or renew a commercial lessor license of:
- (1) a person convicted of criminal fraud or a gambling or gambling-related offense;
- (2) a public officer who receives any consideration, direct or indirect, as owner or lessor of premises offered for conducting bingo;
- (3) a person who loans money to an authorized organization;
 - (4) a distributor or manufacturer;
- (5) a person in which a person covered by Subdivision (1), (2), (3), or (4) or a person married or related in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to one of those persons has greater than a 10 percent proprietary, equitable, or credit interest or in which one of those persons is active or employed;
- (6) a foreign corporation or other foreign legal entity;
 - (7) an individual who is not a resident of this state;(8) a corporation or other legal entity owned or

controlled by:

- (A) a foreign corporation; or
- (B) an individual who is not a resident of this

state; or

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- (9) a corporation or other legal entity:
 - (A) whose shares are publicly traded; or
- (B) owned or controlled by a corporation whose shares are publicly traded.

SECTION 25. Section 2001.156(a), Occupations Code, is amended to read as follows:

(a) An applicant for a commercial lessor license must file with the <u>department an</u> [commission a written verified] application on a form prescribed by the <u>department</u> [commission].

SECTION 26. Section 2001.157, Occupations Code, is amended to read as follows:

Sec. 2001.157. SUPPLEMENTAL INFORMATION. At any time the $\frac{\text{department}}{\text{department}}$ [commission], the appropriate governing body, or the attorney general may make a written request of a commercial lessor to disclose:

- (1) the cost of the premises and appraised value for property tax purposes or annual net lease rent, whichever is applicable;
 - (2) gross rentals received and itemized expenses for

9-1 the preceding calendar or fiscal year, if any;

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(3) gross rentals, if any, derived from bingo during the preceding calendar or fiscal year;

(4) the computation by which the proposed rental schedule was determined;

- (5) the number of occasions on which the lessor anticipates receiving rent for bingo during the next year or shorter period if applicable and the proposed rent for each of those occasions;
- (6) estimated gross rental income from all other sources during the next year; and
- (7) estimated expenses itemized for the current year and the amount of each item allocated to bingo rentals.

SECTION 27. Sections 2001.159(a) and (b), Occupations Code, are amended to read as follows:

- (a) The <u>department</u> [<u>commission</u>] shall issue or renew a commercial lessor license if the <u>department</u> [<u>commission</u>] determines that:
- (1) the applicant has paid the license fee as provided by Section 2001.158;
- (2) the applicant qualifies to be licensed under this chapter;
 - (3) the rent to be charged is fair and reasonable;
- (4) there is no diversion of the funds of the proposed lessee from the lawful purposes under this chapter;
- (5) the person whose signature or name appears in the application is in all respects the real party in interest and is not an undisclosed agent or trustee for the real party in interest; and
- (6) the applicant will lease the premises for the conduct of bingo in accordance with this chapter.
- (b) The <u>department</u> [commission] shall issue a commercial lessor license under this section for the period specified in the license application or for a shorter period as the commission determines.

SECTION 28. Sections 2001.160(a), (e), (f), and (g), Occupations Code, are amended to read as follows:

- (a) On approval by the <u>department</u> [commission], a licensed commercial lessor may transfer a commercial lessor license if the person to whom the license will be transferred otherwise meets the requirements of this subchapter.
- (e) Unless the <u>department</u> [commission] revokes or suspends the license under this chapter, or an injunction is issued under this section, a licensed authorized organization that conducts bingo lawfully at premises under a license to which Subsection (d) applies may continue conducting bingo at the premises after the death or incapacity of the commercial lessor license holder.
- (f) On the showing by the <u>department</u> [<u>commission</u>] of a cause that would be sufficient for the commission or the <u>department</u> to revoke or suspend a license under this chapter or an applicable commission rule, a district court in the county for which a commercial lessor license was issued or the <u>department</u> [<u>commission</u>] by order may temporarily or permanently enjoin the conduct of bingo at premises under a license to which Subsection (d) applies.
- (g) The estate or guardian of an individual to whom Subsection (d) applies shall notify the <u>department</u> [commission] not later than one year after the date the individual dies or is determined to be incapacitated by a court of this state. The estate or guardian and the heirs or other appropriate person shall promptly take all necessary steps to complete a transfer of the license to the heirs or other appropriate person.

SECTION 29. Section $2\overline{001.161}(c)$, Occupations Code, is amended to read as follows:

(c) The <u>department</u> [commission] may issue a commercial lessor license to a licensed authorized organization only for the same premises where the organization is licensed to conduct bingo.

SECTION 30. Section 2001.203, Occupations Code, is amended to read as follows:

Sec. 2001.203. MANUFACTURER'S LICENSE APPLICATION. (a) An applicant for a manufacturer's license must file with the

department [commission] an application on a form prescribed by the 10-1 10-2 department [commission].

The application must include:

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- (1) the name and address of the applicant and the name and address of each of its locations where bingo supplies or equipment are manufactured;
- (2) a full description of each type of bingo supply or equipment that the applicant intends to manufacture or market in this state and the brand name, if any, under which each item will be

if the applicant:

- (A) is not a corporation, the name and home address of each owner; or
- is a corporation, the name and home address (B) of each officer and director and each person owning more than 10 percent of a class of stock in the corporation;
- (4) if the applicant is a foreign corporation or other foreign legal entity, the name, business name and address, and address of its registered agent for service in this state;
- (5) the name and address of each manufacturer, supplier, and distributor in which the applicant has a financial interest and the details of that financial interest, including any indebtedness between the applicant and the manufacturer, supplier, or distributor of \$5,000 or more;
- (6) information regarding whether the applicant or a person required to be named in the application has been convicted in this state or another state of criminal fraud or a gambling or gambling-related offense;
- information regarding whether the applicant or a (7) person required to be named in the application is an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor or conducts, promotes, administers, or assists in conducting, promoting, or administering bingo for which a license is required by this chapter;
- $(\bar{8})$ information regarding whether the applicant or a person required to be named in the application is a public officer or public employee in this state;
- (9) the name of each state in which the applicant is or has been licensed to manufacture, distribute, or supply bingo equipment or supplies, each license number, the period of time licensed under each license, and whether a license has been revoked, suspended, withdrawn, canceled, or surrendered and, if so, the reasons for the action taken;
- information regarding whether the applicant or a (10)person required to be named in the application is or has been a professional gambler or gambling promoter;
- the names and addresses of each manufacturer, (11)supplier, or distributor of bingo equipment or supplies in which the applicant or a person required to be named in the application is an owner, officer, shareholder, director, agent, or employee; and
- (12) any information department other the [commission] requests.

SECTION 31. Section 2001.204(a), Occupations Code, amended to read as follows:

(a) An applicant for a manufacturer's license must give the <u>department</u> [commission] a cash bond or a bond in the amount of \$10,000 issued by a surety company chartered or authorized to do business in this state.

SECTION 32. Section 2001.208, Occupations Code, is amended to read as follows:

DISTRIBUTOR'S LICENSE APPLICATION. Sec. 2001.208. (a) applicant for a distributor's license must file with the department [commission] an [executed verified] application on a form prescribed by the department [commission].

(b) The application must include:

> the full name and address of the applicant; (1)

10-66 the name and address of each location operated by 10-67 (2) 10-68 the distributor from which bingo supplies or equipment distributed or at which bingo supplies or equipment are stored; 10-69

C.S.S.B. No. 1721 if a noncorporate distributor, the name and home 11 - 1(3) 11-2 address of each owner;

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- (4) if a corporate distributor, the name and home address of each officer or director and of each person owning more
 - than 10 percent of a class of stock in the corporation;
 (5) if a foreign corporation or other foreign legal entity, the name, business name and address, and address of its registered agent for service in this state;
 - (6) a full description of the type of bingo supply or equipment that the applicant intends to store or distribute in this state and the name of the manufacturer of each item and the brand name, if any, under which the item will be sold or marketed;
 (7) the name and address of a manufacturer so
 - the name and address of a manufacturer, supplier, or distributor in which the applicant has a financial interest and the details of that financial interest, including an indebtedness between the applicant and distributor of \$5,000 or more; the manufacturer, supplier,
 - (8) information regarding whether the applicant or a person required to be named in the application has been convicted in this state or another state of criminal fraud or a gambling or gambling-related offense;
 - (9) information regarding whether the applicant or a person required to be named in the application is an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor or conducts, promotes, administers, or assists in conducting, promoting, or administering bingo for which a license is required under this chapter;
 - (10)information regarding whether the applicant or a person required to be named in the application is a public officer or public employee in this state;
 - (11) the name of each state in which the applicant is or has been licensed to manufacture, distribute, or supply bingo equipment or supplies, each license number, the period of time licensed under each license, and whether a license was revoked, suspended, withdrawn, canceled, or surrendered and, if so, the reasons for the action taken;
 - (12) information regarding whether the applicant or a person required to be named in the application is or has been a professional gambler or gambling promoter;
 - (13) the name and address of each manufacturer, supplier, or distributor of bingo equipment or supplies in which the applicant or a person required to be named in the application is an owner, officer, shareholder, director, agent, or employee; and
 - (14) any <u>departmen</u>t information the other [commission] requests.
 - SECTION $3\overline{3}$. Sections 2001.211(a), (b), and (c), Occupations Code, are amended to read as follows:
 - An applicant for a manufacturer's or distributor's license shall, during pendency of the application, notify the department [commission] immediately of any change relating to a fact stated in the application.
 - (b) If a change occurs after issuance of a manufacturer's or distributor's license, the license holder shall report the change to the <u>department</u> [commission] not later than the 14th day after the date of the change.
 - (c) Not later than the 14th day after the date of the change, a license holder shall notify the <u>department</u> [commission] of a change in:
 - (1)the license holder's organization, structure, or mode of operation;
- 11-61 (2) the identity of persons named or required to be 11-62 named in the application and the nature or extent of those persons' 11-63 interest; or
 - any other facts stated in the application. (3)
- 11-64 SECTION 34. Section 2001.212, Occupations Code, is amended 11-65 11-66 to read as follows:
- 11-67 Sec. 2001.212. DENIAL OF LICENSE. The commission or the 11-68 department may deny an application for or renewal of a license for a 11-69 cause that would permit or require the suspension or revocation of

12-1 the license.

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12-2 SECTION 35. Section 2001.213, Occupations Code, is amended 12-3 to read as follows:

Sec. 2001.213. <u>DEPARTMENT</u> [<u>COMMISSION</u>] ACTION NOT REQUIRED. If, for reasons beyond the control of the <u>department</u> [<u>commission</u>], sufficient information is not available to allow the <u>department</u> [<u>commission</u>] to determine the eligibility of an applicant for a manufacturer's or distributor's license issued under this chapter, the <u>department</u> [<u>commission</u>] is not required to take action on the application until the applicant provides the required information.

SECTION 36. Section 2001.214(a), Occupations Code, is amended to read as follows:

(a) Except as provided by Subsection (b), a manufacturer's or distributor's license is effective for one year unless revoked or suspended by the commission or the department.

or suspended by the commission or the department.

SECTION 37. Section 2001.216, Occupations Code, is amended to read as follows:

- Sec. 2001.216. EXAMINATION OF RECORDS. (a) The <u>department</u> [commission] may examine the books and records of the holder of or an applicant for a manufacturer's or distributor's license.
- (b) The <u>department</u> [commission] may not disclose information obtained during the examination except as necessary to carry out this chapter.

carry out this chapter.

SECTION 38. Sections 2001.218(b) and (c), Occupations Code, are amended to read as follows:

- (b) If a payment is not made when due, the seller shall immediately notify the <u>department</u> [commission]. The <u>department</u> [commission] shall notify all manufacturers and distributors licensed in this state of the default.
- licensed in this state of the default.

 (c) In the event of a default, a person may not sell or transfer bingo equipment or supplies to the purchaser in default on terms other than immediate payment on delivery until otherwise authorized by the department [commission].

SECTION 39. The heading to Subchapter G, Chapter 2001, Occupations Code, is amended to read as follows:

SUBCHAPTER G. GENERAL LICENSING PROVISIONS [RELATING TO COMMISSION LICENSES]

SECTION 40. Section 2001.301, Occupations Code, is amended to read as follows:

Sec. 2001.301. LICENSE <u>DETERMINATION</u> [INVESTIGATION]. Promptly after the filing of the application for a license under this chapter, the <u>department</u> [commission] shall review [investigate] the qualifications of each applicant and <u>determine</u> whether the applicant meets the requirements for the license [the merits of the application].

SECTION 41. Section 2001.3025, Occupations Code, is amended to read as follows:

Sec. 2001.3025. [ACCESS TO] CRIMINAL HISTORY RECORD INFORMATION REQUIREMENT. (a) The department shall require an applicant for a license under this chapter to submit to the department or to [commission is entitled to conduct an investigation of and is entitled to obtain criminal history record information maintained by] the Department of Public Safety a complete and legible set of fingerprints on a form the department prescribes for the purpose of obtaining criminal history record information from the Department of Public Safety and [7] the Federal Bureau of Investigation [identification division, or another law enforcement agency to assist in the investigation of:

enforcement agency to assist in the investigation of:

[(1) an applicant for or holder of a license issued under this chapter;

[(2) a person required to be named in a license application; or

[(3) an employee or other person who works or will work for a license holder and who is required by another provision of this chapter to undergo a criminal background check].

(b) The department may not issue a license to a person or entity who does not comply with the requirement of Subsection (a).

(c) The department shall conduct a criminal history record

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check of each applicant 13-1 information for license 13-2 information:

- provided by the individual under this section; and
- (2) made available to the department by the Department of Public Safety, the Federal Bureau of Investigation, and any other criminal justice agency under Chapter 411, Government Code.

The department may: (d)

enter into an agreement with the Department of Public Safety to administer a criminal history record information check required under this section; and

of <u>Public</u> Safety authorize the Department collect from each applicant the costs incurred by the Department of Public Safety in conducting the criminal history record information check.

(e) For purposes of this section, if the applicant for a license is an entity, the applicant must submit fingerprints as required by Subsection (a) for each individual who:

(1) personally or constructively holds, including as the beneficiary of a trust:

(A) at least 10 percent of the entity's outstanding stock; or

(B) more than \$25,000 of the fair market value of

the entity;

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(2) has the controlling interest in the entity;

has a direct or indirect participating interest stock, or otherwise, regardless of whether voting (3) through shares, rights are included, of more than 10 percent of the profits, proceeds, or capital gains of the entity;

(4) is a member of the board of directors or other governing body of the entity; or (5) serves as:

(A) an elected officer of the entity; or

(B) a general manager of the entity.

This section does not apply to a temporary license (f) issued under this chapter.

SECTION 42. Sections 2001.305(a), (b), and (c), Occupations Code, are amended to read as follows:

(a) The $\underline{\text{department}}$ [$\underline{\text{commission}}$] may not issue a license to an applicant for an authorized organization license or a commercial lessor license until the applicant has sent a copy of the license application to the appropriate governing body.

Except as provided by Section 2001.103(i), immediately (b) after issuing a license, the <u>department</u> [commission] shall send a copy of the license to the appropriate governing body. The governing body shall file the copy of the license in a central file containing licenses issued under this chapter.

(c) Except as provided by Section 2001.103(i), not later than the 10th day after the date a license is issued, the <u>department</u> [commission] shall give written notice of the issuance of the license to:

the police department of the municipality in which (1)bingo will be conducted, if bingo is to be conducted in a municipality; or

(2) the sheriff of the county in which bingo will be conducted, if bingo is to be conducted outside a municipality.

SECTION 43. Sections 2001.306(a) and (d), Occupations Code, are amended to read as follows:

A license issued under this chapter may be amended on (a) application to the <u>department</u> [commission] and on payment of a fee in the amount required by the commission if the subject matter of the proposed amendment could properly have been included in the original license.

(d) The holder of a license to conduct bingo shall notify the <u>department</u> [commission] before changing the time or date of a game. The license holder may provide notice to the <u>department</u> [commission] regarding the change by use of telephone or facsimile.

SECTION 44. Section 2001.311, Occupations Code, is amended to read as follows:

Sec. 2001.311. RIGHTS NOT VESTED. The issuance of a license

[or temporary authorization] by the department [commission] does not grant a vested right in the license [τ the temporary 14-1 14-2 authorization, or the privileges conferred. 14-3

SECTION 45. Sections 2001.313(a), (b-1), (c), (e), (f), and

(g), Occupations Code, are amended to read as follows: 14-5

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(a) To minimize duplicate criminal history background checks by the <u>department</u> [commission] and the costs incurred by organizations and individuals, the <u>department</u> [commission] shall maintain a registry of individuals on whom the <u>department</u> [commission] has conducted a criminal history background check and who are approved to be involved in the conduct of bingo or to act as a bingo operator.

(b-1)An individual's listing on the registry expires on the third anniversary of the date the individual was initially included on the registry. The individual may renew the listing before the expiration date. If the individual fails to renew the listing, the <u>department</u> [commission] shall remove the individual's name from the registry. An individual whose name is removed from the registry may reapply for listing on the registry.

(c) The <u>department</u> [commission] shall make the registry information available to the public by publishing it on the <u>department's</u> [commission's] website [and by responding to telephone, e-mail, and facsimile requests]. This subsection does not require the <u>department</u> [commission] to disclose information that is confidential by law.

(e) The <u>department</u> [commission] may refuse to add an individual's name to, or remove an individual's name from, the registry established by this section if, after notice and, if [commission] may refuse to add an requested by the individual, a hearing, the individual is finally determined to have:

(1) been convicted of an offense listed under Section 2001.105(b);

(2) converted bingo equipment in a premises to an improper use;

converted funds that are in, or that should have (3) been in, the bingo account of any licensed authorized organization;

(4) taken any action, individually or in concert with another person, that affects the integrity of any bingo game to which this chapter applies;

(5) acted as an operator, manager, cashier, usher, bingo chairperson, bookkeeper, or salesperson for a caller, licensed authorized organization without being listed on the registry established under this section;

(6) failed to provide a complete application; or

(7) participated in any violation of this chapter or rules adopted by the commission for the administration of this chapter.

(f) A licensed authorized organization shall report to the department [commission or its designee] the discovery of any conduct on the part of an individual registered or required to be registered under this section where there is substantial basis for believing that the conduct would constitute grounds for removal of the individual's name from, or refusal to add the individual's name to, the registry established by this section. A statement made in good faith to the <u>department</u> [commission] or to an adjudicative body in connection with any such report may not be the basis for an action for defamation of character.

(g) An individual who has been finally determined to have taken action prohibited by Subsection (e)(2), (3), (4), (5), or (7) cannot be listed on the registry of approved bingo workers and cannot work as a bingo worker for one year from the date of such determination. Upon expiration of the one-year period, the individual is eligible for listing on the registry provided a licensee subject to this chapter makes application to list the individual. In such event, the <u>department</u> [commission] shall take into consideration the facts and circumstances that occurred that led to the applicable action under Subsections (e)(2)-(7) in deciding whether to list the individual on the registry.

SECTION 46. Sections 2001.314(a) and (b), Occupations Code,

are amended to read as follows:

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- (a) The commission by rule may require an individual listed in the registry maintained under Section 2001.313 to wear an identification card to identify the individual to license holders, bingo players, and <u>department</u> [<u>commission</u>] staff while the individual is on duty during the conduct of bingo. The commission by rule shall prescribe the form and content of the card.
- (b) The <u>department</u> [commission] shall provide identification card and shall provide a form to be completed by an individual that allows the individual to prepare the identification card. The commission may set [collect] a reasonable fee for the individual to pay to the department [charge] to cover the cost of providing the card or form.

SECTION 47. Section 2001.316, Occupations Code, is amended to read as follows:

Sec. 2001.316. DELIVERY OF $\underline{\text{DEPARTMENT}}$ [COMMISSION] NOTICE. If notice under this chapter is required to be given to an authorized organization, the department [commission] shall send the notice to the bingo chairperson of the authorized organization and to the appropriate commercial lessor, if applicable.

SECTION 48. Section 2001.351, Occupations Code, is amended to read as follows:

Sec. 2001.351. DENIAL, REVOCATION, AND SUSPENSION OF LICENSE. The commission or the department may deny, revoke, or suspend in accordance with Subchapter G, Chapter 51, [an application for] a license or renewal of a license issued under this chapter for a violation of [cause that would permit or require the suspension or revocation of a license issued under this chapter or a rule or order of the commission or the department.

SECTION 49. Sections 2001.355(a), (b), and (c), Occupations Code, are amended to read as follows:

- (a) The <u>department</u> [commission] may temporarily suspend a license issued under this chapter for failure to comply with this chapter or a commission rule.
- (b) Before temporarily suspending a license, the department [director of bingo operations] must follow any prehearing rules adopted by the commission to determine whether [if] the license holder's continued operation may constitute:
- (1) an immediate threat to the health, safety, [morals,] or welfare of the public; or
- (2) a financial loss to this state, which includes a license holder's failure to remit prize fee payments under Section 2001.502 to the <u>department</u> [commission] as required by that section.
- (c) An order of temporary suspension issued under this section must comply with the procedural requirements for an emergency order issued under Section 51.3511 [Chapter 2001, Government Code, does not apply to the director of bingo operations to the commission in the enforcement and administration temporary suspension under this section].

SECTION 50. Section 2001.403(b), Occupations Code, amended to read as follows:

(b) This section does not apply if more than one premises lawfully exists under a common roof or over a common foundation under a license application filed [with the commission] on or before May 23, 1997. The <u>department</u> [commission] shall renew a license at the premises that is otherwise in compliance with this chapter.

SECTION 51. 2001.407(f), Occupations Section Code, amended to read as follows:

(f) With the prior written consent of the department [commission], a licensed authorized organization may make occasional sale of bingo cards or of a used bingo flash board or blower to another licensed authorized organization.

SECTION 52. Section 2001.411(e), Occupations Code, amended to read as follows:

15-66 15-67 (e) The commission may not prohibit an operator responsible 15-68 for conducting, promoting, or administering bingo from acting as a bingo caller for a licensed authorized organization during a bingo 15-69

16-1 occasion. This subsection does not relieve the operator of the duty to be available to a department [commission] employee or bingo 16-2 player if required by this chapter. 16-3 16-4

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SECTION 53. Section 2001.415, Occupations Code, is amended to read as follows:

Sec. 2001.415. ADVERTISEMENTS. (a) A person other than a licensed authorized organization, licensed commercial lessor, or the <u>department</u> [commission] may not advertise bingo.

(b) A licensed authorized organization, licensed commercial lessor, or the department [commission] may include in an advertisement or promotion the amount of a prize or series of prizes offered at a bingo occasion.

SECTION 54. Sections 2001.437(a) and (b), Occupations Code, are amended to read as follows:

- If the unit accounting agreement of a unit states that a (a) unit manager is responsible for compliance with commission rules and this chapter, the unit manager is responsible for:
- (1) the filing of one quarterly report for the unit on a form prescribed by the <u>department</u> [commission]; and
- (2) the payment of fees and the maintenance of the bingo inventory and financial records of the unit.
- (b) A unit with a unit manager shall notify the department [commission] of the name of the unit manager and immediately notify the <u>department</u> [commission] of any change of unit manager.

 SECTION 55. Sections 2001.438(b) and (d), Occupations Code,

are amended to read as follows:

- (b) The unit shall designate with the department [commission] an agent who will be responsible for providing the
- [commission] of any change in the agent designated under Subsection

SECTION 56. Section 2001.439(c), Occupations Code, amended to read as follows:

(c) The commission may prohibit a person who serves as a designated agent that is listed on a license under this chapter, including having been approved by the <u>department</u> [commission] to work in the bingo operations of a licensed authorized organization or as an operator, from holding or being listed on any license or from being approved to work in the bingo operations of any licensed authorized organization or to serve as an operator if the person has failed to comply with the duties required of the person as a unit manager or designated agent.

SECTION 57. Sections 2001.451(c), (h), (i), (j), and (k), Occupations Code, are amended to read as follows:

- (c) A licensed authorized organization may transfer money from its general fund or other account to the organization's bingo account or to the bingo account of a unit of which the organization
- is a member under Subchapter I-1, if applicable, if:

 (1) the balance in the bingo account to which the funds are transferred is less than the maximum amount permitted by this section; and
- (2) the organization notifies the department [commission] of the transfer not later than the 14th day after the date of the transfer.
- (h) Except as provided by Subsection (j), a licensed organization or a unit of licensed authorized authorized organizations may retain operating capital in the organization's or unit's bingo account in an amount that:
- (1) is equal to the organization's or unit's actual average bingo expenses per quarter based on the preceding license period, excluding prizes paid; and
- (2) does not exceed a total of \$50,000 for a single organization or \$50,000 for each member of a unit unless:
- 16-66 (A) the commission by rule establishes a higher amount for all organizations or units or one or more classes of 16-67 16-68 organizations or units; or 16-69
 - (B) the <u>department</u> [bingo operations director],

on request, raises the operating capital limit for one organization 17-1 17-2 unit as necessary to facilitate the operation of the 17-3 organization or unit. 17 - 4

- Prize fees are not included in the calculation of (i) operating capital under Subsection (h) if the prize fees are:
 - (1)held in escrow for remittance to:

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- the <u>department</u> [commission]; or (A)
- a county or municipality; or
- (2) retained by a licensed authorized organization.
- (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) experiences circumstances beyond the control of the organization, including force majeure, that necessitate an increase in operating capital; or
- (3) provides to the <u>department</u> [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.
- A licensed authorized organization may apply to the (k) department [commission] for a waiver of the requirements of this section and Section 2001.457. The <u>department</u> [commission] may grant the waiver on a showing of good cause by the organization that compliance with this section and Section 2001.457 is detrimental to the organization's existing or planned charitable purposes. organization applying for a waiver establishes good cause by providing to the department [commission]:
- credible evidence of circumstances beyond the (1)control of the organization, including force majeure; or
- (2) a credible business plan for the organization's conduct of the organization's existing or bingo or planned charitable purposes.
- 2001.457(b), Occupations Code, SECTION 58. Section amended to read as follows:
- (b) If a licensed authorized organization fails to meet the requirements of Subsection (a) for a quarter, the department [commission] in applying appropriate sanctions shall consider whether, taking into account the amount required to be disbursed during that quarter and the three preceding quarters, the organization has disbursed a total amount sufficient to have met disbursement requirement for that quarter and the preceding quarters combined.
- SECTION 59. Sections 2001.502(a) and (b), Occupations Code, are amended 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 \$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 department [commission] the amount collected under Subdivision (1).
- Notwithstanding Subsection (a)(2), each quarter, licensed authorized organization or unit that collects a prize fee under Subsection (a) for a bingo game conducted in a county or municipality that was entitled to receive a portion of a bingo prize fee as of January 1, 2019, shall remit 50 percent of the amount collected as the prize fee to the <u>department</u> [commission] and shall remit or deposit the remainder of the amount collected as the prize fee as follows:
- (1)if the county in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted:
- 17-66 (A) is not within the boundaries 17-67 municipality, remit 50 percent of the amount collected as the prize 17-68 fee to the county; or 17-69
 - (B) is within the boundaries of a municipality

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voted before November 18-2 (i) 2019, impose the prize fee, remit 50 percent of the amount collected as 18-3 18-4 the prize fee in equal shares to the county and municipality; or

did not vote before November 1, 2019, (ii) to impose the prize fee, remit 25 percent of the amount collected as the prize fee to the county and deposit the remaining amount in the

18-8 manner described by Subdivision (3);

- (2) if the county in which the bingo game is conducted did not vote before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted is within the boundaries of a municipality that voted before November 1, 2019, to impose the prize fee:
- (A) remit 25 percent of the amount collected as the prize fee to the municipality; and

(B) deposit the remaining amount in the manner

described by Subdivision (3); and

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

Sections 2001.504(a), (b), and (d), Occupations SECTION 60. Code, are amended to read as follows:

- (a) A fee on prizes authorized or imposed under this subchapter is due and is payable by the license holder or a person conducting bingo without a license to the <u>department</u> [commission] and county or municipality, as applicable, quarterly on or before the 25th day of the month succeeding each calendar quarter.
- The report of the fee on prizes must be filed [under (b) oath] on forms prescribed by the department [commission].
- (d) A license holder required to file a report of the fee on prizes shall deliver the quarterly report with the net amount of the fee due to the <u>department</u> [commission].

 SECTION 61. Section 2001.505(a), Occupations Code, is

2001.505(a), Occupations amended to read as follows:

- (a) A licensed authorized organization conducting bingo shall submit quarterly to the $\underline{\text{department}}$ [commission] a report under oath stating:
- (1)the amount of the gross receipts derived from bingo;

(2) each item of expense incurred or paid;

- each item of expenditure made or to be made, the name and address of each person to whom each item has been paid or is to be paid, and a detailed description of the merchandise purchased or the services rendered;
 - the net proceeds derived from bingo; (4)
- (5) the use to which the proceeds have been or are to be applied; and
- (6) a list of prizes offered and given, with their respective values.

SECTION 62. Section 2001.507, Occupations Code, is amended to read as follows:

- Sec. 2001.507. COLLECTION AND DEPOSIT OF PRIZE FEE. The department [commission] shall deposit the revenue collected from the fee on prizes imposed by Section 2001.502 to the credit of the general revenue fund.
- (a-1) The revenue collected by the $\frac{\text{department}}{2001.502}$ [commission] from the fee on prizes imposed by Section $\frac{2001.502}{2001.502}$ is considered miscellaneous revenue for purposes of appropriations made to the <u>department</u> [commission] under the General Appropriations Act for the administration of this chapter.

SECTION 63. Section 2001.508(a), Occupations Code, amended to read as follows:

18-66 If a person fails to file a report of the fee on prizes 18-67 (a) as required by this chapter or fails to pay to the department 18-68 [commission] the fee on prizes imposed under this chapter when the 18-69

19-1 report or payment is due, the person forfeits five percent of the 19-2 amount due as a penalty, and after the first 30 days, the person 19-3 forfeits an additional five percent.

SECTION 64. Section 2001.509, Occupations Code, is amended

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19-64 19-65 19-66 19-67 SECTION 64. Section 2001.509, Occupations Code, is amended to read as follows:

Sec. 2001.509. RECOMPUTATION OF PRIZE FEE. If the department [commission] is not satisfied with a report of the fee on prizes or the amount of the fee on prizes required to be remitted under this chapter to the state by a person, the department [commission] may compute and determine the amount required to be paid on the basis of:

(1) the facts contained in the report of the fee on prizes or report of receipts and expenses; or

(2) any information possessed by the <u>department</u> [commission] or that may come into the possession of the <u>department</u> [commission], without regard to the period covered by the information.

SECTION 65. Sections 2001.510(a), (b), and (c), Occupations Code, are amended to read as follows:

- (a) If a license holder fails to make a required report of the fee on prizes, or if a person conducts bingo without a license, the <u>department</u> [commission] shall make an estimate of the prizes awarded at a bingo occasion. The <u>department</u> [commission] shall make the estimate for the period in respect to which the license holder or other person failed to make a report.
- (b) The estimate shall be based on any information covering any period possessed by the <u>department</u> [commission] or that may come into the possession of the <u>department</u> [commission].
- (c) On the basis of the <u>department's</u> [commission's] estimate, the <u>department</u> [commission] shall compute and determine the amount of the fee on prizes required to be paid to the state and shall add to that amount a penalty of 10 percent of the amount.

SECTION 66. Sections 2001.511(a) and (b), Occupations Code, are amended to read as follows:

- (a) If the <u>department</u> [commission] believes that the collection of the fee on prizes, an amount of the fee on prizes required to be remitted to the state, or the amount of a determination will be jeopardized by delay, the <u>department</u> [commission] shall make a determination of the fee on prizes or amount of the fee required to be collected, noting the finding of jeopardy on the determination. The determined amount is due and payable immediately.
- (b) If a license holder against whom the determination is made does not pay the amount specified by a determination on or before the 20th day after the date of service of the determination on the license holder, the amount becomes final at the end of the 20th day unless the license holder files with the department a petition for redetermination on or before the 20th day after service of notice of the determination.

SECTION 67. Section 2001.512(b), Occupations Code, is amended to read as follows:

(b) In applying the provisions of Subtitle B, Title 2, Tax Code, to the fee on prizes imposed under Section 2001.502 only, the fee on prizes is treated as if it were a tax and the powers and duties assigned to the comptroller under that subtitle are assigned to the $\underline{\text{department}}$ [$\underline{\text{commission}}$].

SECTION 68. Sections 2001.513(a), (b), (c), (d), (f), (g), and (h), Occupations Code, are amended to read as follows:

- (a) At any time within three years after a person is delinquent in the payment of an amount of the fee on prizes due to the <u>department</u> [commission], the <u>department</u> [commission] may collect the amount under this section.
- (b) The <u>department</u> [commission] shall seize real or personal property of the license holder not exempt from execution under the laws of this state and sell the property, or a sufficient part of the property, at public auction to pay the amount due and interest or penalties caused by the seizure and sale.
- 19-68 (c) The <u>department</u> [commission] shall give the delinquent 19-69 person written notice of the sale, including the time and place of

the sale, at least 20 days before the date set for the sale. <u>department</u> [commission] shall mail the notice, postage prepaid, in an envelope addressed to the person at the person's last known address or place of business.

- (d) The <u>department</u> [commission] shall publish the notice for at least 10 days before the date set for the sale in a newspaper of general circulation published in the county in which the property seized is to be sold. If there is no newspaper of general circulation in the county, the <u>department</u> [commission] shall post the notice in three public places in the county at least 20 days before the date set for the sale.
- (f) At the sale, the <u>department</u> [commission] shall sell the property in accordance with law and the notice and shall deliver to the purchaser a bill of sale for personal property and a deed for real property sold. The bill of sale or deed vests the interest or title of the delinquent person for the amount in the purchaser. The unsold portion of property seized may be left at the place of sale at the risk of the delinquent person for the amount.
- (g) Except as provided by Subsection (h), if the money received at the sale exceeds the total amounts, including interest, if the money penalties, and costs due to the state, the <u>department</u> [commission] shall return the excess money to the person liable for the amounts and shall obtain the person's receipt. If the receipt of the delinquent person for the amount is not available, the department [commission] shall deposit the excess money with the comptroller, as trustee for the person, subject to the order of the person, or the person's heirs, successors, or assigns.
- If a person having an interest in or lien on the property files with the <u>department</u> [commission] before the sale notice of the person's interest or lien, the <u>department</u> [commission] shall withhold any excess money pending a court determination of the rights of the respective parties to the money.

SECTION 69. Sections 2001.514(a), (c), and (d), Occupations Code, are amended to read as follows:

- (a) To secure payment due to the $\frac{\text{department}}{\text{subchapter}}$ [commission] of the fee on prizes imposed under this subchapter, each license holder shall furnish to the <u>department</u> [commission]:
 - (1)a cash bond;

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- a bond from (2) surety company chartered а or authorized to do business in this state;
 - certificates of deposit; (3)
 - certificates of savings; (4)
 - (5) United States treasury bonds;
- (6) subject to the approval of the department
- [commission], an assignment of negotiable stocks or bonds; or (7) other security as the commission by rule considers sufficient.
- On a license holder's failure to pay the fee on prizes (c) imposed under this subchapter, the <u>department</u> [commission] may notify the license holder and any surety of the delinquency by jeopardy or deficiency determination. If payment is not made when due, the <u>department</u> [commission] may forfeit all or part of the bond or security.
- (d) Ιf the license holder ceases to conduct bingo and relinquishes the license holder's license, the <u>department</u> [commission] shall authorize the release of all bonds and other security on a determination that no amounts of the fee on prizes remain due and payable under this subchapter.

SECTION 70. Section 2001.515, Occupations Code, is amended to read as follows:

DEPARTMENT'S Sec. 2001.515. [COMMISSION'S] DUTIES. department [commission] shall perform all functions incident to the administration, collection, enforcement, and operation of the fee on prizes imposed under this subchapter for amounts due to the department [commission], including any necessary reconciliation of a prize fee held by the department [commission] that is due to a county or municipality.

SECTION 71. Section 2001.551(f), Occupations Code, amended to read as follows:

- C.S.S.B. No. 1721 A game exempted under Subsection (b)(4) is subject to 21-1 21-2 the following restrictions:
 - (1) a person licensed or required to be licensed under this chapter or having an interest in a license under this chapter may not be involved, directly or indirectly, in bingo, except that a licensed manufacturer or licensed distributor may sell or otherwise furnish bingo equipment or supplies for use in a game;
 - (2) a person conducting bingo may purchase otherwise obtain bingo equipment or supplies through a newspaper, a radio or television station, or an advertising agency and, unless otherwise authorized by [the] commission rule, only from a licensed manufacturer or licensed distributor;
 - (3) a licensed manufacturer or licensed distributor may sell or otherwise furnish bingo equipment or supplies for use in a game only to or through a newspaper or a radio or television station or through an advertising agency acting on behalf of a person authorized to conduct the game; and
 - (4)the commission by rule may require a person conducting or involved in conducting the game to:
 - (A) notify the <u>department</u> [commission] of:
 - the persons involved in conducting the (i)

game;

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(ii) the manner in which the game is to be

conducted; and

(iii) any other information required by the

commission; and

(B) keep records of all transactions connected with the game available for $\underline{\text{department}}$ [$\underline{\text{commission}}$] inspection.

SECTION 72. Section 2001.557, Occupations Code, is amended to read as follows:

- INSPECTION OF PREMISES. (a) The department Sec. 2001.557. [commission, its officers or agents,] or a state, municipal, or county peace officer may enter and inspect the contents of premises where:
- (1)bingo is being conducted or intended to be conducted; or
- equipment used or intended for use in bingo is found.
- The <u>department</u> [<u>commission by rule</u>] shall <u>co</u> inspections in accordance with Section 51.211 (b) conduct risk-based [develop and implement policies and procedures to:
- $[\frac{(1)}{1}]$ prioritize the inspection of premises where bingo is being conducted or is intended to be conducted in accordance with the risk factors identified by the department [the commission considers important], including:

 (1) [(A)] the amount of money derived from the conduct
- of bingo at the premises;
- (2) [(B)] the compliance history of the premises; and the date of the immediately preceding commission inspection of the premises[; and
- $[\frac{(2)}{}]$ inspect premises where bingo is being conducted is intended to be conducted in accordance with the priorities established under Subdivision (1)].
 SECTION 73. Section 2001.558(a), Occupations Code,

amended to read as follows:

(a) If the department [commission], the appropriate governing body, or the attorney general has reason to believe that this chapter has been or is about to be violated, the department [commission], the governing body, or the attorney general may petition a court for injunctive relief to restrain the violation.

SECTION 74. Sections 2001.560(c), (c-1), (c-2), and (e), Occupations Code, are amended to read as follows:

(c) The <u>department</u> [commission] or a person authorized in writing by the <u>department</u> [commission] may examine the books, papers, records, equipment, and place of business of a license holder and may investigate the character of the license holder's business to verify the accuracy of a return, statement, or report made, or, if no return is made by the license holder, to ascertain

22-1 and determine the amount required to be paid.

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(c-1) The commission by rule shall develop a policy for auditing license holders. The <u>department</u> $[\frac{bingo\ division}{}]$ shall 22-2 22-3 use audit risk analysis procedures established by the commission 22-4 22-5

- annually identify which license holders are most at risk of violating this chapter or rules adopted under this chapter; and
- (2) develop a plan for auditing the identified license holders that includes:
- a schedule for the audits of the identified (A) license holders;
- (B) procedures to annually update the plan based on successive risk analyses; and
- (C) a completion date for each audit that is not later than the fifth anniversary of the date the license holder was identified as a candidate for audit.
- (c-2) The $\frac{\text{department}}{\text{department}}$ [bingo division] shall provide to the commission a copy of the auditing plan developed under Subsection (c-1).
- If the <u>department issues a notice of alleged</u> violation in accordance with Section 51.303 for a violation of [commission determines that a person is not complying with this chapter, the <u>department</u> [commission] shall notify the attorney general and the governing body of the appropriate political subdivision.
 SECTION 75. Section 2001.601, Occupations Code, is amended

to read as follows:

Sec. 2001.601. IMPOSITION OF PENALTY. The commission or the department may impose an administrative penalty in accordance with Subchapter F, Chapter 51, against a person who violates this chapter or a rule adopted or order issued [adopted] by the commission or the department under this chapter.

SECTION 76. Section 2001.602, Occupations Code, is amended to read as follows:

Sec. 2001.602. AMOUNT OF PENALTY. $[\frac{a}{a}]$ The amount of the administrative penalty may not exceed \$1,000 for each violation. Each day a violation continues or occurs may be considered a separate violation for purposes of imposing a penalty.

[(b) In determining the amount of the penalty, the director shall consider:

 $[\frac{(1)}{(1)}]$ the seriousness of the violation, including the circumstances, extent, and gravity of the prohibited acts;

[(2) the history of previous violations;

[(3)the amount necessary to deter future

[(1) efforts to correct the violation; and

any other matter that justice may require.]

SECTION 77. Section 2001.654(a), Occupations Code, amended to read as follows:

- (a) If the officer responsible for certifying a petition determines that a petition is valid, the governing body shall:

 (1) order that an election be held in the appropriate
- political subdivision on a date not later than the 60th day after the date of the officer's certification; and
- (2) notify the <u>department</u> [commission] by certified mail, return receipt requested, that an election has been ordered.

 SECTION 78. Section 2001.656(d), Occupations Code, is

22-56 22-57 amended to read as follows:

(d) The governing body of a political subdivision in which a bingo election has been held shall not later than the 14th day after the date of the election give written notification to the department [commission] of the results of the election. If as a result of the election bingo is legalized in the political subdivision, the governing body shall furnish the <u>department</u> [commission] with a map prepared by the governing body indicating the boundaries of the political subdivision in which bingo may be conducted.

SECTION 79. The following provisions of the Government Code are repealed:

(1) Section 411.108(a-1);

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                      (2)
                            Section 467.021(c);
                            Section 467.031; and
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                      (3)
                      (4)
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                            Section 467.033.
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               SECTION 80.
                               The following provisions of the Occupations
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       Code are repealed:
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                      (1)
                            Section 2001.052;
                            Section 2001.053;
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                      (2)
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                      (3)
                            Section 2001.0541;
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                            Sections 2001.056(c) and (d);
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                      (5)
                            Section 2001.058;
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                      (6)
                            Section 2001.059;
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                      (7)
                            Section 2001.061;
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                      (8)
                            Section 2001.158(e);
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                            Section 2001.205(c);
                      (9)
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                             Section 2001.209(c);
Section 2001.302;
                      (10)
                      (11)
                             Section 2001.304;
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                      (12)
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                             Section 2001.306(f);
                             Section 2001.308;
Section 2001.315;
Section 2001.352;
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                      (14)
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                             Section 2001.353;
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                     (18)
                             Section 2001.354;
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Section 2001.357;
Section 2001.358;
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                             Section 2001.559;
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                             Section 2001.603;
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                      (24)
                             Section 2001.604;
                             Section 2001.605;
Section 2001.606;
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                             Section 2001.607;
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                             Section 2001.608;
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                             Section 2001.609;
                             Section 2001.610; and Section 2001.611.
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                      (30)
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                      (31)
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                SECTION 81. (a) On September 1, 2026:
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(1) all functions and activities performed by the Texas Lottery Commission relating to the regulation of bingo operations under Chapter 2001, Occupations Code, immediately before that date are transferred to the Texas Department of Licensing and Regulation;

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(2) a rule, policy, procedure, decision, or form adopted by the Texas Lottery Commission relating to Chapter 2001, Occupations Code, is a rule, policy, procedure, decision, or form of the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable, and remains in effect until amended or replaced by that commission or department unless the rule, policy, procedure, decision, or form conflicts with the changes in law made by this Act;

unless the context clearly indicates otherwise, a (3) the Texas Lottery Commission in a law or to reference administrative rule that relates to Chapter 2001, Occupations Code, means the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable;

(4) a complaint, investigation, or other proceeding before the Texas Lottery Commission that is related to Chapter 2001, Occupations Code, is transferred without change in status to the Texas Department of Licensing and Regulation, and the Texas Department of Licensing and Regulation assumes, as appropriate and without a change in status, the position of the Texas Lottery Commission in an action or proceeding to which the Texas Lottery Commission is a party;

(5) a license, permit, certification, or registration in effect that was issued by the Texas Lottery Commission under Chapter 2001, Occupations Code, is continued in effect as a license, permit, certification, or registration of the Texas 23-66 23-68 Department of Licensing and Regulation; 23-69

(6) all money, contracts, leases, property, and

24-1 obligations of the Texas Lottery Commission relating to Chapter 24-2 2001, Occupations Code, are transferred to the Texas Department of Licensing and Regulation; and

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- (7) the unexpended and unobligated balance of any money appropriated by the legislature for the Texas Lottery Commission related to Chapter 2001, Occupations Code, is transferred to the Texas Department of Licensing and Regulation.
- (b) On September 1, 2026, all full-time equivalent employee positions at the Texas Lottery Commission that primarily concern the administration, auditing, accounting, enforcement, or other direct and indirect support of Chapter 2001, Occupations Code, become positions at the Texas Department of Licensing and Regulation. When filling the positions, the Texas Department of Licensing and Regulation shall give first consideration to an applicant who, as of August 31, 2025, was an employee at the Texas Lottery Commission primarily involved in administering or enforcing Chapter 2001, Occupations Code.
- (c) Not later than June 1, 2026, the Texas Lottery Commission shall grant the Texas Department of Licensing and Regulation inquiry-only security access to:
- (1) all licensing, enforcement, and examination software or computer systems used by the Texas Lottery Commission in administering or enforcing Chapter 2001, Occupations Code; and
- (2) the uniform statewide accounting system, the state property accounting system, the uniform statewide payroll system, and the human resources information system for the Texas Lottery Commission.
- (d) Before September 1, 2026, the Texas Lottery Commission may agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Lottery Commission to the Texas Department of Licensing and Regulation to implement the transfers required by this Act.
- required by this Act.

 (e) The Texas Department of Licensing and Regulation and the Texas Lottery Commission shall coordinate implementation of this section. The Texas Lottery Commission shall cooperate with the Texas Department of Licensing and Regulation in transferring all data and records necessary to implement the transfers required by this Act.
- (f) Before July 15, 2026, the Texas Lottery Commission and the Texas Department of Licensing and Regulation shall develop and enter into a memorandum of understanding regarding the transfers required by this Act. The memorandum must include a transition plan with a timetable and specific steps and deadlines required to complete the transfer.
- (g) Not later than December 1, 2026, a manufacturer of bingo equipment or supplies that submitted to the Texas Lottery Commission a bond as required under Section 2001.204, Occupations Code, before September 1, 2026, that is in effect on the effective date of this Act must amend the bond to name the Texas Department of Licensing and Regulation as the payee for the bond.

SECTION 82. Not later than December 1, 2028, the Sunset Advisory Commission shall submit to the governor, the lieutenant governor, the speaker of the house of representatives, and each standing committee of the legislature with primary jurisdiction over the regulation of charitable bingo in this state a report on the transfer under this Act of the regulation of charitable bingo from the Texas Lottery Commission to the Texas Commission of Licensing and Regulation.

SECTION 83. The changes in law made by this Act to Chapter 2001, Occupations Code, apply only to a tax or fee charged or penalty imposed on or after September 1, 2026. A tax or fee charged or penalty imposed before September 1, 2026, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 84. Not later than March 1, 2027, the Texas Commission of Licensing and Regulation shall adopt the rules necessary to implement the changes in law made by this Act.

24-68 SECTION 85. (a) Except as provided by Subsection (b) of 24-69 this section, this Act takes effect immediately if it receives a

vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

(b) Sections 1 through 80 of this Act take effect September 1, 2026 25-1 25-2 25-3

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