

SUBJECT: Changing bingo prize fee regulations

COMMITTEE: Licensing and Administrative Procedures — committee substitute recommended

VOTE: 8 ayes — T. King, Goldman, Geren, Guillen, Harless, Hernandez, Paddie, S. Thompson

0 nays

3 absent — Herrero, K. King, Kuempel

WITNESSES: For — Steve Bresnen, Bingo Interest Group; (*Registered, but did not testify*: Angela Hale, Conservative Texans for Charitable Bingo; Stephen Fenoglio and Tom Stewart, Texas Charity Advocates)

Against — (*Registered, but did not testify*: Alexis Tatum, Travis County Commissioners Court)

On — Michael Farrell, Texas Lottery Commission

BACKGROUND: Occupations Code sec. 2001.502 requires a licensed authorized organization conducting a bingo game to collect from a person who wins a bingo prize of more than \$5 a fee in the amount of 5 percent of the amount or value of the prize. The organization must then remit a fee of 5 percent of the amount or value of all awarded bingo prizes of more than \$5 to the Texas Lottery Commission.

Sec. 2001.503 entitles counties or cities that imposed a gross receipts tax on the conduct of bingo as of January 1, 1993, to 50 percent of the fee collected on a prize awarded at a bingo conducted in the county or city. If both a county and municipality are entitled to a share of the fee, each receives 25 percent.

Sec. 2001.419(c) allows no more than two bingo occasions to be conducted on the same day at the same location unless the third bingo

occasion is conducted under a temporary license held by a licensed authorized organization.

Sec. 2001.431(1) defines a "unit" as two or more licensed authorized organizations that conduct bingo at the same location joining together to share revenues, authorized expenses, and inventory related to bingo operations.

**DIGEST:**

CSHB 914 would change bingo regulations to eliminate the prize fee on non-cash prizes, require certain counties and cities to opt in to continue receiving a portion of prize fees, and allow one or two more bingo occasions to be held simultaneously at the same location, among other changes.

**Prize fees.** The bill would remove the 5 percent prize fee on non-cash prizes over \$5. Licensed authorized organizations and units would be required to collect the 5 percent fee on cash prizes.

Each quarter, a licensed authorized organization or unit that conducted bingo games would have to remit 50 percent of the fee collected on cash prizes to the Texas Lottery Commission (TLC). If the county or municipality in which the bingo game was conducted had voted before November 1, 2019, to impose the prize fee, 50 percent of the collected fee would be remitted to the applicable county or municipality. If both the county and the municipality in which the bingo game was conducted had voted to impose the fee, 25 percent of the fee would be remitted to both the county and the municipality. If neither the county nor municipality was entitled to a percentage of the collected fee, 50 percent of the amount collected would be deposited to the organization or unit's general charitable fund.

Beginning September 1, 2019, prize fees would not apply to bingo cards, pull-tab bingo tickets, bingo daubers, or other bingo merchandise awarded as a prize for winning a bingo game, or to the use of a card-minding device awarded as a prize.

The governing body of a county or municipality that voted to impose a prize fee could vote at any time to discontinue the imposition of the fee. If a county or municipality voted to discontinue the fee after November 1, 2019, the fees would have to be collected by the licensed organization or unit and deposited to the organization's general charitable fund.

A county or municipality could receive a portion of the prize fee collected on bingo prizes after the bill's effective date only if:

- the county or municipality was entitled to receive a portion of a bingo prize fee on January 1, 2019;
- the governing body of the county or municipality approved the continued receipt of funds by majority vote and notified TLC of that decision before November 1, 2019; and
- the body notified each licensed authorized organization within the county or municipality's jurisdiction of the continued imposition of the fee.

TLC would have to notify counties and cities that were entitled to receive a portion of bingo prize fees of the requirements for continued receipt of the fees by October 1, 2019.

Beginning September 1, 2019, TLC would be required to deposit the revenue collected from the fee on bingo prizes to the credit of the general revenue fund. This would be considered miscellaneous revenue for the purposes of appropriations made to the commission.

**License issuance reporting.** CSHB 914 would require TLC, rather than a bingo license holder, to send a copy of a bingo license to the appropriate governing body upon issuance. By the 10th day after a license was issued, TLC would have to give written notice to the police department or sheriff of the county or city where bingo would be conducted.

**Simultaneous bingo occasions.** In addition to the bingo occasions authorized by Occupations Code sec. 2001.419, the bill would allow one or two additional bingo occasions to be held at the same premises under

the annual license of one or more licensed authorized organizations.

**Bingo materials sales.** The bill would clarify that bingo cards, pull-tab bingo tickets, and the use of card-minding devices for a bingo occasion could be sold at the licensed premises at any time beginning one hour before the occasion and ending at the conclusion of the occasion.

If pull-tab bingo tickets were sold by one licensed organization that conducted consecutive bingo occasions during one day, the organization could account for and report all pull-tab bingo ticket sales for the occasions as sales for the final occasion.

**Earnings.** The deadline for a licensed authorized organization to deposit bingo earnings into the bingo account would be extended to the third business day after the event, rather than the second.

The bingo operations of a licensed authorized organization would have to result in net proceeds for the organization's bingo operations over each 18-month period, instead of 12-month period, beginning on the first anniversary of the day an organization was initially licensed or a unit was formed.

**Bingo workers.** The bill would extend the period of time that a bingo worker could work while waiting for a pending background check from 14 days to 30 days for Texas residents. For non-residents, TLC would be authorized to set the time period.

**Effective date.** Except as otherwise specified, the bill would take effect January 1, 2020.

SUPPORTERS  
SAY:

CSHB 914 would increase proceeds for charitable bingo by improving regulatory efficiency. The bill also would allow counties and cities who opted to continue to collect a portion of prize fees to do so without that money going through the state treasury, making the fee collection process more efficient.

Eliminating the prize fee on non-cash prizes would have a minimal effect on prize fee revenue because non-cash prizes make up a small portion of overall bingo prizes.

**OPPONENTS  
SAY:**

CSHB 914 could incentivize non-cash prizes by charging prize fees only for cash prizes. This could lower prize fee revenue to counties and cities that opted to continue receiving a portion of those fees.

**NOTES:**

According to the Legislative Budget Board, the bill would result in a positive impact of \$57.4 million to general revenue related funds through fiscal 2020-21.

The author intends to offer a floor amendment that would change the period in which organizations or units must show positive net proceeds to a 12-month calendar year, rather than an 18-month license period.