

- SUBJECT:** Modifying the conduct of charitable bingo
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 8 ayes — S. Thompson, Kuempel, Darby, Ellzey, Fierro, Geren, Guillen, Hernandez
- 0 nays
- 3 absent — Goldman, Huberty, Pacheco
- WITNESSES:** For — Stephen Fenoglio, Bingo Interest Group, Texas Charity Advocates; Mitch Fuller, Texas VFW; (*Registered, but did not testify*: Steve Bresnen, Bingo Interest Group; Angela Hale, Conservative Texans for Charitable Bingo; Tom Stewart, Texas Charity Advocates)
- Against — (*Registered, but did not testify*: Julie Wheeler, Travis County Commissioners Court)
- On — Rob Kohler, Christian Life Commission of the Baptist General Convention of Texas; Tyler Vance, Texas Lottery Commission Charitable Bingo Operations Division; (*Registered, but did not testify*: Dean McWilliams, Kickapoo Traditional Tribe of Texas; Russell Schaffner, Tarrant County)
- BACKGROUND:** Some have noted that certain changes to the regulation of bingo implemented by the 86th Legislature should be updated to make the law consistent with current practices and authorize more occasions for the conduct of charitable bingo.
- DIGEST:** CSHB 2204 would modify statutes in the Occupations Code pertaining to the conduct of charitable bingo, including statutes relating to temporary licenses, exemptions from prohibited games, limitations on bingo prizes, licensed authorized organizations and units, and the remittance of prize fees, among other provisions.

**Temporary licenses.** The bill would increase from 24 to 48 the maximum number of temporary licenses an authorized organization that held an annual license to conduct bingo could receive during the 12-month period following the issuance or renewal of the license.

The Texas Lottery Commission (TLC) would have to provide for the on-demand electronic issuance of a temporary license requested by the holder of a regular license. A notice to local authorities would not be required for a temporary license issued to the holder of a regular license.

**Exemptions from prohibited games of chance.** The bill would specify that the statute prohibiting a game of chance other than bingo or a charitable raffle from being conducted or allowed during a bingo occasion would not prohibit:

- the lawful conduct of a game of chance if the exhibition and play of that game was authorized under state law and the conduct of the game during a bingo occasion or at a premises where bingo occasions were conducted did not violate state law; or
- a person participating in a bingo game from lawfully participating through the person's mobile device in a game of chance authorized under state law.

**Prize limitations.** The bill would raise from \$2,500 to \$3,500 the maximum aggregate value of a prize offered or awarded at a single bingo occasion for all bingo games other than pull-tab bingo or bingo games that awarded individual prizes of \$50 or less. The bill also would repeal the \$750 limitation on the value of a bingo prize for a single game.

**Licensed authorized organizations.** The bill would require each member of a unit of licensed authorized organizations to deposit into the unit's bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes for certain bingo games, by the third business day after the bingo occasion on which the receipts were obtained, rather than by the second business day as specified under current law.

The bill would specify that the bingo operations of a licensed authorized organization must result in net proceeds over each 24-month period that ended on the second anniversary of the date a license was issued.

Prize fees would not be included in the calculation of operating capital for a licensed authorized organization or a unit if the prize fees were:

- held in escrow for remittance to the commission or a local government; or
- retained by a licensed authorized organization.

**Remittance of prize fees.** The bill would set out certain requirements and specifications for the remittance of prize fees to local governments and TLC. The duties of TLC to collect fees and secure payment due to the commission also would apply to prize fees.

**Executive order contingency.** If an executive order issued by the governor before the bill's effective date had the effect of prohibiting the conduct of bingo occasions, the payment at any time by a licensed authorized organization to a licensed commercial lessor of rent charges that were incurred but not paid during the period in which the conduct of bingo was prohibited would not be subject to:

- the limits on rent charged in current law; or
- the requirement that an item of expense for the conduct of bingo be reasonable or necessary.

**Rules.** TLC would have to adopt the rules necessary to implement the bill's provisions by January 1, 2022.

The bill would take effect September 1, 2021.