

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 2086  
By: Palmer (Lucio)  
State Affairs  
5-18-97  
Committee Report (Substituted)

### **DIGEST**

Charitable bingo operators do not have the resources to compete with the non-charitable operators. This bill sets forth provisions regarding the operation of charitable bingo games.

### **PURPOSE**

As proposed, C.S.H.B. 2086 sets forth provisions regarding the operation of charitable bingo games.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Texas Lottery Commission in SECTION 2, 6, 9, and 11 (Section 11(k), 14(e), 20(b), 44, 45, and 46, Article 179d, V.T.C.S.) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2, Article 179d, V.T.C.S. (Bingo Enabling Act), by adding Subdivisions (26)-(29) to define "instant bingo," "pull-tab bingo," "break-open bingo," "licensed authorized organization," "primary business office," and "location," "place," or "premises."

SECTION 2. Amends Section 11, Article 179d, V.T.C.S., by amending Subsections (e), (k), (p), (q) and (v), to prohibit a prize from exceeding the sum or value of \$750, rather than \$500, in a single game of bingo. Prohibits a raffle conducted under the Charitable Raffle Enabling Act (Article 179f, V.T.C.S., as added by Chapter 957, Acts of the 71st Legislature, Regular Session, 1989, from being conducted or allowed during an occasion when bingo is played. Requires a person authorized to conduct a raffle under this section to be a bona fide member of a licensed authorized organization as described in Subsection (g) of this section. Requires the Texas Lottery Commission (commission) to adopt rules for the implementation of this subsection. Authorizes the commission to advertise bingo, rather than advertise or promote bingo. Prohibits a licensed organization or other person from awarding or offering to award a door prize having a value or more than \$250. Provides that no more than 40 percent, rather than 30 percent, of the individuals attending a bingo occasion, based on the average of two previously submitted quarterly reports, may use electronic or mechanical card-minding services.

SECTION 3. Amends Section 12, Article 179d, V.T.C.S., to set forth provisions regarding a copy of the Internal Revenue Service letter that grants the approval of certain exemptions.

SECTION 4. Amends Section 13, Article 179d, by amending Subsections (f) and (j) and adding Subsection (p), to provide that a person who leases premises on which bingo is conducted is required, rather than is not required, to be a licensed commercial lessor if the person leases directly to a licensed authorized organization. Provides that an authorized organization that holds a commercial license to lease premises on which bingo is conducted must be licensed to conduct bingo at the same premises. Sets forth provisions regarding situations in which a license may be transferred by a licensee. Sets forth provisions regarding a commercial license.

SECTION 5. Amends 13e, Article 179d, V.T.C.S., by adding Subsections (i)-(k), to set forth provisions regarding a system service provider.

SECTION 6. Amends Section 14, Article 179d, V.T.C.S., to authorize a license issued under this Act to be amended on application to the commission, and on payment of \$10 fee, rather than \$25 fee, under certain conditions. Requires the licensee to notify the commission before changing the time or date of a bingo game. Authorizes a licensee to provide notice to the commission regarding the change of the time or date of a bingo game by use of telephone or facsimile. Requires the commission, by rule, to provide a method by which a licensee may pay the amendment fee required by this section.

SECTION 7. Amends Section 16, Article 179d, V.T.C.S., to require the commission to employ a director of bingo operations to administer the division under the direction of the commission, rather than the commission and administrator. Authorizes the commission temporarily, rather than summarily, to suspend a license issued under this Act under certain conditions. Requires the director of bingo operations to follow any prehearing rules adopted by the commission to determine if the licensee's continued operation may constitute an immediate threat to the health, safety, morals, or welfare of the public. Provides that a proceeding to temporarily suspend a license issued under this Act is initiated by the director of bingo operations by serving notice to the licensee informing the licensee of the rules adopted by the commission regarding the prehearing temporary suspension process and of the licensee's right to a hearing before the commission. Makes standard recodification and conforming changes.

SECTION 8. Amends Section 19a, Article 179d, V.T.C.S., to provide that adjusted gross receipts means gross receipts. Provides that the cost of goods sold by an organization is the cost of bingo paper, instant bingo tickets, or pull tab bingo games purchased by the organization. Deletes a provision providing that adjusted gross receipts means gross receipts plus any consideration received from the rental of premises for bingo by the authorized organization. Authorizes a licensed authorized organization to obtain one commercial lessor license. Authorizes the license to lease bingo premises to be issued in certain circumstances.

SECTION 9. Amends Section 20, Article 179d, to provide that the taxes and fees authorized or imposed by this Act are due and payable by the licensee or any person conducting bingo games without a license to the commission quarterly on a certain date. Requires the commission to adopt rules regarding the payment to taxes and fees.

SECTION 10. Amends Section 39(b), Article 179d, V.T.C.S., to provide that any person conducting, promoting, or administering a game commits a felony of the third degree unless the person is conducting, promoting, or administering a game to the patients in a Veterans Administration medical center or a military hospital for certain purposes.

SECTION 11. Amends Article 179d, V.T.C.S., by adding Sections 44, 45, and 46, as follows:

Sec. 44. TRAINING PROGRAM. Sets forth provisions regarding a training program.

Sec. 45. APPLICATION FORMS. Sets forth provisions regarding application forms.

Sec. 46. PAPERWORK REDUCTION. Sets forth provisions regarding paperwork reduction.

SECTION 12. Makes application of this Act, except as provided by Subsection (b) of this section, prospective to October 1, 1997. Requires the Texas Lottery Commission to adopt rules under Section 19a, Article 179d, V.T.C.S., not later than July 1, 1997.

SECTION 13. Requires the Texas Legislative Council to prepare a nonsubstantive revision of Article 179d, V.T.C.S., for consideration by the 76th Legislature at its regular session in 1999.

SECTION 14. Emergency clause.  
Effective date: 90 days after adjournment.

## **SUMMARY OF COMMITTEE CHANGES**

Adds new SECTIONS 1-7.

### **SECTION 1.**

Amends Section 2, Article 179d, V.T.C.S., by adding Subsections (26)-(29), to define "instant bingo," "pull-tab bingo," "break-open bingo," "licensed authorized organization," "primary business office," "location," "place," and "premises."

### **SECTION 2.**

Amends Section 11, Article 179d, V.T.C.S., to prohibit a prize from exceeding the sum or value of \$750, rather than \$500, in any single game of bingo. Set forth provisions regarding a raffle held under this section. Requires the commission to adopt rules for the implementation of this subsection. Authorizes the commission to advertise bingo, rather than advertise or promote bingo. Prohibits a licensed organization or other person from awarding or offering to award a door prize having a value or more than \$250. Provides that no more than 40 percent, rather than 30 percent, of the individuals attending a bingo occasion, based on the average of two previously submitted quarterly reports, may use electronic or mechanical card-minding services.

### **SECTION 3.**

Amends Section 12, Article 179d, V.T.C.S., to set forth provisions regarding Internal Revenue Service letters that grant certain exemptions.

### **SECTION 4.**

Amends Section 13, Article 179d, V.T.C.S., to provide that a person who leases premises on which bingo is conducted is required, rather than is not required, to be a licensed commercial lessor if the person leases directly to a licensed authorized organization. Requires an authorized organization that holds a commercial license to lease premises on which bingo is conducted to be licensed to conduct bingo at the same premises. Sets forth provisions regarding situations in which a license may be transferred by a licensee. Sets forth provisions regarding a commercial license.

### **SECTION 5.**

Amends Section 13e, Article 179d, V.T.C.S., by adding Subsections (i)-(k), to set forth provisions regarding system service providers.

### **SECTION 6.**

Amends Section 14, Article 179d, V.T.C.S., by amending Subsection (b) and adding Subsections (d) and (e), to authorize a license issued under this Act to be amended on application to the commission, and on payment of \$10 fee, rather than \$25 fee, under certain conditions. Requires the licensee to notify the commission before changing the time or date of a bingo game. Authorizes a licensee to provide notice to the commission regarding the change of the time or date of a bingo game by use of telephone or facsimile. Requires the commission, by rule, to provide a method by which a licensee may pay the amendment fee required by this section.

### **SECTION 7.**

Amends Section 16, Article 179d, V.T.C.S., to require the commission to employ a director of bingo operations to administer the division under the direction of the commission, rather than the commission and administrator. Sets forth provisions for suspending a license. Makes standard recodification and conforming changes.

SECTION 8.

Amends Section 19a, Article 179d, V.T.C.S., to delete a provisions requiring the commission by rule to establish the maximum deduction for the cost of goods sold.

SECTION 9.

Amends Section 20, Article 179d, V.T.C.S., to provide that the taxes and fees authorized or imposed by this Act are due and payable by the licensee or any person conducting bingo games without a license to the commission quarterly on a certain date. Requires the commission to adopt rules regarding the payment of taxes and fees.

SECTION 10.

Amends Section 39(d), Article 179d, V.T.C.S., to provide that any person conducting, promoting, or administering a game commits a felony of the third degree unless the person is conducting, promoting, or administering a game to the patients in a Veterans Administration medical center or a military hospital for certain purposes.

SECTION 11.

Amends Article 179d, V.T.C.S., by adding Sections 44, 45, and 46, to set forth provisions regarding training programs, applications forms, and paperwork reduction.

SECTION 12.

Makes application of this Act, except as provided by Subsection (b) of this section, prospective to October 1, 1997. Requires the Texas Lottery Commission to adopt rules under Section 19a, Article 179d, V.T.C.S., not later than July 1, 1997.

SECTION 13.

Requires the Texas Legislative Council to prepare a nonsubstantive revision of Article 179d, V.T.C.S., for consideration by the 76th Legislature at its regular session in 1999.

Adds SECTION 14 to set forth the emergency clause.