

BILL ANALYSIS

Senate Research Center

S.B. 1996
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law provides for the operation of certain electromechanical gambling devices operated for bona fide amusement purposes, often referred to as amusement redemption machines. With these machines, a player is awarded certain non-cash merchandise prizes worth not more than \$5 or 10 times the amount charged to play the game, whichever is less. Despite strict legal standards regarding their use, some machine operators have set up their machines to provide cash prizes in violation of the law. While tools exist for law enforcement agencies to enforce the law, they are more effective in some jurisdictions than in others. Different tools would aid in efforts to enforce the law and prosecute these offenders.

As proposed, S.B. 1996 requires operators who operate more than 10 of these machines in one location to obtain a newly-created license. The bill also requires certain records to be kept and certain information to be made public, and creates criminal penalties for violations of the law.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 2153, Occupations Code, by adding Subchapter K, as follows:

SUBCHAPTER K. LOCATION LICENSE FOR OPERATION OF AMUSEMENT REDEMPTION MACHINES

Sec. 2153.501. **APPLICABILITY.** Provides that the requirements of this subchapter are in addition to all other requirements of this chapter (Coin-operated Machines), and that the provisions of this chapter governing licenses and registration certificates, including penalties and enforcement provisions, apply to a location license issued under this subchapter unless otherwise indicated.

Sec. 2153.502. **DEFINITIONS.** Defines “amusement redemption machine” (machine), “operate,” “operator,” and “premises.”

Sec. 2153.503. **LOCATION LICENSE.** (a) Prohibits more than 10 machines from being operated on a particular premises unless the operator obtains a location license for each premises on which more than 10 machines will be operated.

(b) Provides that a location license is in addition to any other license or registration certificates otherwise required by this chapter.

(c) Requires the operator, in submitting an application for a location license, to file with the comptroller of public accounts (comptroller) a license application including certain information set forth in this subsection.

(d) Provides that acceptance of a location license constitutes consent that the comptroller or a peace officer is authorized to freely enter the licensed premises during hours of operation to ensure compliance with this subchapter.

Sec. 2153.504. LOCATION LICENSE FEE. (a) Provides that the annual license fee for each location license is \$500.

(b) Requires a location license application to be accompanied by a cashier's check, money order, personal check, or other method of payment authorized by the comptroller in an amount equal to the annual license fee under Subsection (a).

Sec. 2153.505. REQUIRED LOCATION LICENSE HOLDER RECORDS. (a) Requires a location license holder, at all times, to display prominently the holder's license at the premises on which the machines are operated.

(b) Requires a location license holder to maintain, on the licensed premises, a record of each machine located on the premises to which the license applies, including certain information set forth in this subsection.

(c) Requires the location license holder to allow the comptroller or a peace officer to freely enter the licensed premises during hours of operation to ensure compliance with this section.

Sec. 2153.506. MANDATORY DENIAL OF LOCATION LICENSE. (a) Prohibits the comptroller from issuing a license if the comptroller finds that certain persons meet the criteria contained in Section 2153.302 for denial of a general business license or have been convicted of an offense under Section 47.06 (Possession of Gambling Device, Equipment, or Paraphernalia), Penal Code.

(b) Prohibits the comptroller from issuing or renewing a location license if the applicant fails to comply with Section 2153.505.

Sec. 2153.507. INFORMATION FROM LOCATION LICENSE APPLICATION. (a) Provides that, notwithstanding Section 2153.101 (Information from License Application), after a location license is issued under this subchapter, certain information in the license application set forth in this subsection is a public record and requires such information to be posted on the comptroller's website within 10 business days of the date the location license is issued.

(b) Requires the comptroller, regarding the information required to be posted under Subsection (a), to provide functionality that allows a visitor to the comptroller's website to retrieve the posted information by county or municipality.

Sec. 2153.508. ADDITIONAL LICENSE APPLICATION REQUIREMENTS. Requires an application for a general business license, import license, or repair license, in addition to the requirements of Section 2153.153(a), to indicate whether a machine associated with the license application is an amusement redemption machine.

Sec. 2153.509. CRIMINAL OFFENSE. (a) Sets forth certain actions that constitute a criminal offense.

(b) Provides that a person commits an offense if the person knowingly violates Section 47.06, Penal Code, on the premises for which a location license is required.

(c) Provides that an offense under this section is a Class A misdemeanor, except as provided under Subsection (d).

(d) Provides that a second or subsequent offense under this section is a state jail felony.

(e) Sets forth the actions that constitute prima facie evidence of the operator's intent to commit an offense under this section.

SECTION 2. Effective date: September 1, 2007.