

BILL ANALYSIS

Senate Research Center

H.B. 1474
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1474 relates to the operation and regulation of charitable bingo and the use of bingo proceeds.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to Texas Lottery Commission in SECTION 7 (Section 2001.104, Occupations Code), SECTION 31 (Section 2001.451, Occupations Code) and SECTION 43 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2001.002, Occupations Code, by adding Subdivisions (4-a), (8-a), and (25-a) and amending Subdivision (6), to define "bingo chairperson," "crime of moral turpitude," and "regular license" and to redefine "bingo occasion."

SECTION 2. Amends Section 2001.059, Occupations Code, by amending Subsection (a) and adding Subsection (g), as follows:

(a) Authorizes an officer, bingo chairperson, or authorized representative of a license holder or an attorney, accountant, or bookkeeper employed or retained by a license holder, rather than a person, to request from the Texas Lottery Commission (commission) a certain advisory opinion.

(g) Authorizes the commission to refuse to issue an advisory opinion under this section on a matter that the commission knows to be in active litigation.

SECTION 3. Amends Subchapter B, Chapter 2001, Occupations Code, by adding Section 2001.060, as follows:

Sec. 2001.060. REPORTING. (a) Requires the commission, on or before June 1 of each even-numbered year, to prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representative, 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 the total amount of adjusted gross receipts reported by licensed authorized organizations (organization) from their bingo operations, the total amount of net proceeds reported by organizations from their bingo operations, and a comparison of the amounts reported under Subdivisions (1) and (2), including the percentage that the net proceeds represents of the adjusted gross receipts.

(b) Defines "adjusted gross receipts."

(c) Requires the commission, for purposes of Subsection (a), to 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 an organization to another organization if the other organizations pays rent for the premises to a licensed commercial lessor.

SECTION 4. Amends Section 2001.101(a), Occupations Code, as follows:

(a) Authorizes the commission to 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 for at least three, rather than eight, years; a veterans organization that has existed in this state for at least three years; a volunteer fire department that has existed in this state for at least three years; or a volunteer emergency medical services provider that has existed in this state for at least three years. Makes a nonsubstantive change.

SECTION 5. Amends Sections 2001.102(a) and (b), Occupations Code, as follows:

(a) Requires an applicant for a license to conduct bingo to file with the commission an application, rather than a written, executed, and verified application, on a form prescribed by the commission.

(b) Requires that the application include: the names and addresses of the applicant's officers and directors; 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, rather than a designation of one or more active members of the applicant organization under whom bingo will be conducted accompanied by a statement signed by each designated member stating that the member will be responsible for the conduct of bingo under the terms of the license and this chapter; a copy of the applicant organization's most recently filed Internal Revenue Service Form 990, if applicable; 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; copies of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation; 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 information necessary to conduct criminal background checks on the applicant organization's officers and directors. Deletes existing text requiring that the application include the capacity or potential capacity for public assembly in any premises owned or occupied by the applicant; the amount of rent to be paid or other consideration to be given, directly or indirectly, for each occasion for use of the premises of another organization or for use of the premises of a licensed commercial lessor; all other items of expense intended to be incurred or paid in connection with conducting, promoting, and administering bingo and the names and addresses of the persons to whom, and the purposes for which, the expenses are to be paid; the specific purposes to and the manner in which the net proceeds of bingo are to be devoted; a statement that a copy of the application has been sent to the appropriate governing body; and the name and address of each person who will work at the proposed bingo occasion, the nature of the work to be performed, and a statement as to whether the person has been convicted of a felony, a gambling offense, criminal fraud, or a crime of moral turpitude. Makes nonsubstantive changes.

SECTION 6. Amends Section 2001.103(e), Occupations Code, as follows:

(e) Prohibits an organization that holds an annual, rather than a regular, license to conduct bingo, notwithstanding Subsection (c), from receiving more than 24, rather than 12, temporary licenses during the 12-month period following the issuance or renewal of the license. Prohibits the holder of a license that is effective for two years from receiving more than 24 temporary licenses for each 12-month period that ends on an anniversary of the date the license was issued or renewed.

SECTION 7. Amends Section 2001.104, Occupations Code, by amending Subsections (b) and (d) and adding Subsection (e), as follows:

(b) Requires the commission by rule to establish procedures to determine if the appropriate license fee was paid. Deletes existing text that requires the license holder and the commission at the end of the license period to compute the amount of gross receipts

actually recorded during the license period to determine if the appropriate fee amount was paid.

(d) Authorizes an applicant for a license or renewal of a license to obtain a license that is effective for two years by paying an amount equal to two times the amount of the annual license fee, or by paying the license fee for the first year at the time the applicant submits the application and the fee for the second year not later than the first anniversary of the date the license becomes effective, rather than by paying the license fee for the first year at the time the applicant submits the application and the fee for the second year not later than the first anniversary of the date the license becomes effective plus \$25.

(e) Authorizes an organization to pay in advance, or establish an escrow account with the commission to cover, fees assessed under this chapter for the amendment of a license or issuance of a temporary license.

SECTION 8. Amends Section 2001.105(b), Occupations Code, to prohibit the commission from issuing a license to an organization to conduct bingo if an officer or member of the board of directors of the organization has been convicted of a certain crime if less than 10 years has elapsed since the termination of a sentence, parole, mandatory supervision, or community supervision served for the offense.

SECTION 9. Amends Section 2001.106, Occupations Code, as follows:

Sec. 2001.106. FORM AND CONTENTS OF LICENSE. Requires that a license to conduct bingo include the name and address of the bingo chairperson of the license holder under whom the bingo will be conducted and the address of the premises where and the time when bingo is to be conducted, rather than the names and addresses of the member or members of the license holder under whom the bingo will be conducted, an indication of the premises where and the time when bingo is to be conducted, the specific purposes to which the net proceeds of bingo are to be devoted, and a statement of whether a prize is to be offered and the amount of any authorized prize.

SECTION 10. Amends Section 2001.107(a), Occupations Code, as follows:

(a) Requires the bingo chairperson for an organization, unless the organization is a member of a unit that designates a unit manager under Section 2001.437 (Unit Manager; License), to complete the training required by the commission rule, rather than requires the person designated under Section 2001.102(b)(10) (relating to copies of the applicant organization's organizing instruments) to complete eight hours of training as provided by commission rule. Requires the unit manager, for a unit operating under Subchapter I-1, to complete the training if the unit designates a unit manager under Section 2001.437.

SECTION 11. Amends Sections 2001.108(b) and (c), Occupations Code, as follows:

(b) Requires the commission, if the other organization ceased or will cease conducting bingo for the reason stated in Subsection (a)(1), to act on the joint application filed under Subsection (a) (relating to authorizing an organization and the lessor to file a joint application) not later than the 14th day, rather than the 10th day, after the date the application is filed with the commission.

(c) Makes a conforming change.

SECTION 12. Amends Sections 2001.158(b) and (d), Occupations Code, to make conforming changes.

SECTION 13. Amends the heading to Section 2001.159, Occupations Code, to read as follows:

Sec. 2001.159. LICENSE ISSUANCE OR RENEWAL.

SECTION 14. Amends Section 2001.159(a), Occupations Code, as follows:

(a) Requires the commission to issue or renew a commercial lessor license if the commission determines that certain conditions have been met, rather than requires the commission to issue a commercial lessor license if the commission determines that the applicant satisfies the requirements for a commercial lessor under this subchapter and the rent to be charged is fair and reasonable and will be charged and collected in compliance with Section 2001.406 (Rent for Premises). Makes nonsubstantive changes.

SECTION 15. Amends Section 2001.203, Occupations Code, as follows:

Sec. 2001.203. MANUFACTURER'S LICENSE APPLICATION. (a) Requires an applicant for a manufacturer's license to file with the commission an application, rather than a written verified application, on a form prescribed by the commission.

(b) Requires that the application include if the applicant is a corporation, the name and home address of each officer and director and each person owning more than 10 percent of a class of stock in the corporation, rather than each person owning 10 percent or more; if the applicant is a foreign corporation or other foreign legal entity, the name, business name and address, and address, rather than home address, of its registered agent for service in this state; and 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, rather than \$500 or more.

SECTION 16. Amends Section 2001.208(b), Occupations Code, to require that the application include, if a corporate distributor, the name and home address of each officer or director and of each person owning more than 10 percent, rather than at least 10 percent, of a class of stock in the corporation; if a foreign corporation or other foreign legal entity, the name, business name and address, and address, rather than the home address, of its registered agent for service in this state; and 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 the manufacturer, supplier, or distributor of \$5,000 or more, rather than \$500 or more.

SECTION 17. Amends Sections 2001.211(b), (c), and (d), Occupations Code, as follows:

(b) Requires the license holder, if a change occurs after issuance of a manufacturer's or distributor's license, to report the change to the commission not later than the 14th day, rather than the 10th day, after the date of the change.

(c) Makes a conforming change.

(d) Provides that failure to give a notice required under this section is cause for imposition of an administrative penalty or other administrative action. Makes nonsubstantive changes.

SECTION 18. Amends Subchapter G, Chapter 2001, Occupations Code, by adding Section 2001.3025, as follows:

Sec. 2001.3025. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION. Entitles the commission to conduct an investigation of and to obtain criminal history record information maintained by the Department of Public Safety (DPS), the Federal Bureau of Investigation identification division, or another law enforcement agency to assist in the investigation of an applicant for or holder of a license issued under this chapter, a person required to be named in a license application, or 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.

SECTION 19. Amends Section 2001.306(c), Operations Code, to prohibit the holder of a license to conduct bingo from changing the location at which it conducts bingo until it has returned,

rather than surrendered, its original license if available, or certified that the license is not available, and received an amended license for the new location.

SECTION 20. Amends Section 2001.313, Occupations Code, by amending Subsections (a), (b), (d), (e), (f), and (g) and adding Subsections (b-1), (h), and (i), as follows:

(a) Requires the commission, to minimize duplicate criminal history background checks by the commission and the costs incurred by organizations and individuals, to maintain a registry of individuals, rather than persons, on whom the 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) Makes a conforming change.

(b-1) Provides that an individual's listing on the registry expires on the third anniversary of the date the individual was initially included on the registry. Authorizes the individual to renew the listing before the expiration date. Requires the commission, if the individual fails to renew the listing, to remove the individual's name from the registry. Authorizes an individual whose name is removed from the registry to reapply for listing on the registry.

(d) Prohibits an individual who is not listed on the registry established by this section from acting, and an organization from allowing the individual to act, as an operator, manager, cashier, usher, caller, bingo chairperson, bookkeeper, or salesperson for the organization. Makes a conforming and nonsubstantive change.

(e) Authorizes the commission to 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 requested by the individual, a hearing, the individual is finally determined to have acted as a bingo chairperson, or bookkeeper for an organization without being listed on the registry established under this section; failed to provide a complete application; or participated in any violation of this chapter or rules adopted by the commission for the administration of this chapter. Makes conforming changes.

(f) Makes conforming changes.

(g) Provides that an individual who has been finally determined to have taken action prohibited by Subsection (e)(2) (relating to converted bingo equipment in a premises to an improper use), (3) (relating to certain converted funds), (4) (relating to certain actions), (5) (relating to acting as a certain occupation), (6) (relating to failed to provide a complete application), or (7) (relating to participation in any violation of this chapter) 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. Makes conforming changes.

(h) Authorizes an organization to employ an individual who is not on the registry established by this section as an operator, manager, cashier, usher, caller, or salesperson on a provisional basis if the individual is awaiting the results of a background check by the commission for a period not to exceed 14 days if the individual is a resident of this state or for a period to be established by commission rule if the individual is not a resident of this state.

(i) Prohibits an individual who has been removed from the registry under Subsection (e) and has not subsequently been listed on the registry under Subsection (g) from being employed under Subsection (h).

SECTION 21. Amends Section 2001.314, Occupations Code, as follows:

Sec. 2001.314. IDENTIFICATION CARD FOR APPROVED BINGO WORKER. (a) Makes conforming changes.

(b) Authorizes, rather than requires, the commission to collect a reasonable charge to cover the cost of providing the card or form. Makes conforming changes.

(c) Makes a conforming change.

(d) Makes conforming changes.

SECTION 22. Amends Subchapter G, Occupations Code, by adding Sections 2001.315 and 2001.316, as follows:

Sec. 2001.315. LATE LICENSE RENEWAL. (a) Authorizes a person who fails to renew the person's license under this chapter before the date the license expires to renew the license after the expiration date by filing a license renewal application with the commission not later than the 14th day after the date the license expires, paying the applicable annual license fee, and paying a late license renewal fee equal to 10 percent of the annual license fee; or filing a license renewal application with the commission not later than the 60th day after the date the license expires, paying the applicable annual license fee, and paying a late license renewal fee equal to 10 percent of the annual license fee for each 14-day period occurring after the date the license expires and before the date the renewal application is filed with the commission.

(b) Authorizes a person who files a renewal application with the commission under Subsection (a) to continue to perform the bingo activities authorized under the license as if the license has not expired until the license is renewed or renewal of the license is denied.

(c) Requires the person, to renew a license after the 60th day after the date the license expires, to file an application for an original license and cease all bingo activities for which the license is required as of the 61st day after the date the license expires until a new license is issued.

Sec. 2001.316. DELIVERY OF COMMISSION NOTICE. Requires the commission, if notice under this chapter is required to be given to an organization, to send the notice to the bingo chairperson of the organization and to the appropriate commercial lessor, if applicable.

SECTION 23. Amends Section 2001.356(c), Occupations Code, to require the director of bingo operations, if a notice of temporary suspension is served on a license holder, to simultaneously serve notice of a hearing, to be held not later than the 14th day, rather than the 10th day, after the date the notice is served, at which the license holder is required to show cause why the license should not be temporarily suspended on the 14th day, rather than the 10th day, after the date the notice is served.

SECTION 24. Amends Section 2001.404, Occupations Code, as follows:

Sec. 2001.404. PRINCIPAL LOCATION. Authorizes an organization to conduct bingo only in the county where the organization has its primary business office or another county contiguous to that county, or if the organization does not have a business office, in the county of the principal residence of its chief executive officer, or a contiguous county of this state. Makes a nonsubstantive change.

SECTION 25. Amends Section 2001.406(b), Occupations Code, as follows:

(b) Requires that the lump sum, except as otherwise provided by this section, include all expenses authorized by Section 2001.458 that are paid by the organization to the lessor in connection with the use of the premises. Authorizes an organization or unit to pay as a separate expense, based on the percentage of the total area of the lessor's facility that the organization or unit uses as the bingo premises for the conduct of bingo, the organization's or unit's pro rata share of property taxes on the facility that are paid by the lessor, excluding any penalties and interest on the taxes; water, electric, and gas utility

expenses for the facility that are paid by the lessor, excluding any late fees or other penalties; and property and casualty insurance premiums for the facility that are paid by the lessor, excluding any late fees or other penalties.

SECTION 26. Amends Section 2001.407(a), Occupations Code, to prohibit a licensed manufacturer from furnishing, by sale or otherwise, bingo equipment or supplies to a person other than a licensed distributor, rather than prohibits a licensed manufacturer, except as provided by Section 2001.257(b), from furnishing, by sale or otherwise, bingo equipment or supplies to a person other than a licensed distributor.

SECTION 27. Amends Section 2001.411, Occupations Code, by adding Subsection (c-1), to authorize an organization to designate as members of the organization one or more individuals who elect to become members, including all of the organization's directors, and the designated members are bona fide members of the organization for purposes of this section and other law.

SECTION 28. Amends Section 2001.419, Occupations Code, as follows:

Sec. 2001.419. BINGO OCCASIONS. (a) Prohibits an organization from conducting more than three bingo occasions during a calendar week under an annual license, rather than prohibits an organization from conducting a bingo occasion more often than three days during a calendar week and not to exceed more than four hours during a 24-hour period. Deletes existing text providing that a bingo occasion begins when the premises are opened to the public.

(b) Prohibits a bingo occasion from exceeding four hours.

(c) Deletes existing text that authorizes an organization to conduct two bingo occasions during a 24-hour period.

(d) Deletes existing text that prohibits more than two organizations from conducting bingo at the same premises during a 24-hour period. Provides that if more than one bingo occasion is conducted at the same premises on the same day the bingo occasions are required to be announced separately, the licensed times are prohibited from overlapping, and bingo cards are authorized to be sold during a bingo occasion for play during a subsequent bingo occasion that is scheduled to begin at the same premises in not more than eight hours after the sale of cards for the subsequent occasion begins, rather than requires the bingo occasions, if two organizations conduct bingo at the same premises during a 24-hour period, to be announced separately and an intermission of at least 10 minutes is required to occur between the bingo occasions.

(e) Authorizes bingo paper for a bingo occasion to be sold at the licensed premises before the bingo occasion begins. Deletes existing text that authorizes the bingo occasion of one organization, if two organizations are authorized to conduct bingo at the same premises on the same day, to overlap with the bingo occasion of the other organization, but their games are required to be separated by the intermission required under Subsection (d). Provides that in that event, the intermission is considered part of each organization's bingo occasion.

SECTION 29. Amends Subchapter I-1, Chapter 2001, Occupations Code, by adding Section 2001.4335, as follows:

Sec. 2001.4435. EXEMPTION FROM FRANCHISE TAX. Provides that a unit formed under this subchapter is exempt from the tax imposed under Chapter 171 (Franchise Tax), Tax Code.

SECTION 30. Amends Section 2001.435(b), Occupations Code, to require that the deposit be made not later than the second business day, rather than next business day, after the day of the bingo occasion on which the receipts were obtained.

SECTION 31. Amends Section 2001.451, Occupations Code, by amending Subsections (a), (b), (c), (d), and (e) and adding Subsections (g), (h), (i), (j), and (k), as follows:

(a) Requires an organization to establish and maintain one regular checking account designated as the organization's "bingo account", rather than the "bingo account." Authorizes the organization to maintain a separate interest-bearing savings account designated as the "bingo savings account," rather than authorizes the organization to also maintain an interest-bearing savings account.

(b) Makes a conforming change.

(c) Authorizes an organization to transfer, rather than lend, 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 the balance in the bingo account to which the funds are transferred is less than the maximum amount permitted by this section, and the organization notifies, rather than requests and receives the prior approval of, the commission of the transfer not later than the 14th day after the date of the transfer. Deletes existing text that prohibits no other funds, except as provided by this section, to be deposited in the bingo account. Makes nonsubstantive changes.

(d) Prohibits an organization, except as provided by Subsection (c), from commingling gross receipts derived from the conduct of bingo with other funds of the organization. Makes a nonsubstantive change.

(e) Prohibits an organization, except as permitted by Subsection (c) of this section and by Section 2001.453(2), rather than as permitted by Sections 2001.453(a)(2) and (3), from transferring gross receipts derived from the conduct of bingo to another account maintained by the organization. Makes a nonsubstantive change.

(g) Requires the bingo operations of an organization to result in net proceeds over the organization's license period or if the organization has a two-year license, result in net proceeds over each 12-month period that ends on an anniversary of the date the two-year license was issued.

(h) Authorizes an organization or a unit of organizations, except as provided by Subsection (j), to retain operating capital in the organization's or unit's bingo account in an amount that 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 does not exceed a total of \$50,000 for a single organization or \$50,000 for each member of a unit unless the commission by rule establishes a higher amount for all organizations or units or one or more classes of organizations or units or the bingo operations director, on request, raises the operating capital limit for one organization or unit as necessary to facilitate the operation of the organization or unit.

(i) Provides that prize fees held in escrow for remittance to the commission are not included in the calculation of operating capital under Subsection (h).

(j) Requires the commission to adopt rules allowing an 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 has conducted bingo for less than one year, experiences circumstances beyond the control of the organization, including force majeure, that necessitate an increase in operating capital, or provides to the 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.

(k) Authorizes an organization to apply to the commission for a waiver of the requirements of this section and Section 2001.457. Authorizes the commission to 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. Provides that an organization applying for a waiver establishes good

cause by providing to the commission credible evidence of circumstances beyond the control of the organization, including force majeure or a credible business plan for the organization's conduct of bingo or the organization's existing or planned charitable purposes.

SECTION 32. Amends Sections 2001.452(a) and (c), Occupations Code, as follows:

(a) Requires that funds from the bingo account be withdrawn by electronic funds transfer or by an other certain method. Requires that the purpose, amount, and payee for each electronic funds transfer be recorded in accordance with rules adopted by the commission.

(c) Requires an organization to account, rather than keep and account, for all checks and withdrawal slips, including voided checks and withdrawal slips.

SECTION 33. Amends Section 2001.453, Occupations Code, as follows:

Sec. 2001.453. **AUTHORIZED USES OF BINGO ACCOUNT.** Authorizes an organization to withdraw funds from, rather than draw a check on, its bingo account for the disbursement of net proceeds derived from the conduct of bingo as provided by this subchapter, rather than from the conduct of bingo to charitable purposes or the transfer of net proceeds derived from the conduct of bingo to the organization's bingo savings account pending a disbursement to a charitable purpose. Deletes existing text that requires an organization to make the disbursement of net proceeds on deposit in the bingo savings account to a charitable purpose by transferring the intended disbursement back into the organization's bingo account and then withdrawing an amount by a check drawn on the bingo account.

SECTION 34. Amends Sections 2001.457(a), (b), and (c), Occupations Code, as follows:

(a) Requires an organization, before the end of each quarter, to disburse all of the organization's net proceeds from the preceding quarter, other than amounts retained under Section 2001.451, as provided by this subchapter, rather than requires an organization to disburse for charitable purposes an amount not less than 35 percent of the organization's adjusted gross receipts from the preceding quarter, less the amount of authorized expenses not to exceed six percent of the gross receipts.

(b) Requires the commission in applying appropriate sanctions, if an organization fails to meet the requirements of Subsection (a) for a quarter, to 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 the disbursement requirement for that quarter and the three preceding quarters combined, rather than authorizes the commission, if an organization fails to meet the requirements of this section, to consider whether, taking into account the amount required to be distributed during that quarter and the three preceding quarters and the charitable distributions for each of those quarters, the organization has distributed a total amount sufficient to have met the 35 percent requirement.

(c) Makes a conforming change.

SECTION 35. Amends Section 2001.458(a), Occupations Code, to prohibit an item of expense from being incurred or paid in connection with the conduct of bingo except an expense that is reasonable or necessary to conduct bingo, including an expense for debit transaction fees and electronic funds transfer fees.

SECTION 36. Amends Section 2001.459(a), Occupations Code, as follows:

(a) Deletes existing text requiring that the payment for services provided by a system service provider be paid from an organization's bingo account. Makes nonsubstantive changes.

SECTION 37. Amends Section 2001.502, Occupations Code, as follows:

Sec. 2001.502. PRIZE FEE. Requires an organization to collect from a person who wins a bingo prize of more than \$5 a fee in the amount of five percent of the amount or value of the prize and remit to the commission a fee in the amount of five percent of the amount or value of all bingo prizes awarded. Makes a nonsubstantive change.

SECTION 38. Amends Sections 2001.505(a) and (b), Occupations Code, as follows:

(a) Requires an organization conducting bingo to submit quarterly to the commission, rather than to the commission and to the comptroller, a certain report.

(b) Requires a license holder to maintain records to substantiate the contents of each report, rather than maintain records to substantiate the contents of each report and furnish a copy of each report to the appropriate governing body.

SECTION 39. Amends Section 2001.603(b), Occupations Code, to require the director, not later than the 21st day, rather than the 14th day, after the date on which the report is issued to give written notice of the report to the person alleged to have committed the violation.

SECTION 40. Amends Sections 2001.656(a), (b), and (d), Occupations Code, as follows:

(a) Provides that if a majority of the qualified voters voting on the question in a legalization election vote in favor of legalization, bingo is legalized throughout the political subdivision beginning on the 14th day, rather than the 10th day, after the date the result of the election is officially declared, except as otherwise provided as to a part of the political subdivision for which Section 2001.657 (Determination of Local Option Status) requires a contrary status.

(b) Makes a conforming change.

(d) Makes a conforming change.

SECTION 41. Amends Section 411.108, Government Code, by adding Subsection (a-1) and amending Subsection (b), as follows:

(a-1) Entitles the commission to obtain from DPS criminal history record information maintained by DPS that relates to a person licensed under Chapter 2001 (Bingo), Occupations Code, or described by Section 2001.3025, Occupations Code.

(b) Prohibits criminal history record information obtained by the commission under Subsection (a) (relating to entitling the commission to a obtain criminal record) or (a-1) from being released or disclosed to any person except on court order or as provided by Subsection (c) (relating to the commission being authorized to disclose information to the subject).

SECTION 42. Repealer: Sections 2001.002(3) (defines "automated bingo services") and (10) (defines "executive director"), Occupations Code.

Section 2001.057(b) (relating to requiring the commission to include a provider as a member), Occupations Code.

Section 2001.160(c) (relating to authorizing a lessor to transfer a certain license), Occupations Code.

Section 2001.161(a) (relating to requiring an organization to hold a license), Occupations Code.

Section 2001.303 (Access to Internal Revenue Service Information; Offense), Occupations Code.

Section 2001.402(b) (relating to prohibiting the commission from licensing more than two affiliated organizations), Occupations Code.

Section 2001.406(c) (relating to this section not applying to a certain rent), Occupations Code.

Section 2001.417 (Toll-Free Help), Occupations Code.

Section 2001.457(d) (defines "adjusted gross receipts and cost of goods), Occupations Code.

Section 2001.505(c) (relating to requiring the commission to make a certain report), Occupations Code.

Section 2001.553(b) (relating to a provider committing an offense under certain conditions), Occupations Code.

Subchapter F (System Service Provider License), Chapter 2001, Occupations Code.

SECTION 43. Requires the commission to adopt the rules required by Chapter 2001, Occupations Code, as amended by this Act, not later than April 1, 2010.

SECTION 44. (a) Requires a licensed authorized organization, if on or after the effective date of this Act the organization has a balance in its bingo account of more than the maximum amount of operating capital allowed by Chapter 2001, Occupations Code, as amended by this Act, to distribute the funds in excess of the organization's maximum operating capital allowed by Chapter 2001, Occupations Code, as amended by this Act, not later than the first anniversary of the effective date of this Act if the excess amount is less than 200 percent of the maximum amount of operating capital, the second anniversary of the effective date of this Act if the excess amount is 200 percent or more but less than 300 percent of the maximum amount of operating capital, or the third anniversary of the effective date of this Act if the excess amount is 300 percent or more of the maximum amount of operating capital.

(b) Authorizes the commission to waive the requirements of Subsection (a) of this section on application and a showing of good cause by a licensed authorized organization.

(c) Provides that this section expires January 1, 2013.

SECTION 45. Effective date: October 1, 2009.