



BINGO ENABLING ACT

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CHAPTER 2001. BINGO

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2001.001. SHORT TITLE. This chapter may be cited as the Bingo Enabling Act.

Sec. 2001.002. DEFINITIONS. In this chapter:

(1) "Authorized commercial lessor" means a person eligible for a commercial license to lease bingo premises under Subchapter D.

(2) "Authorized organization" means a person eligible for a license to conduct bingo.

(3) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(1), eff. October 1, 2009.

(4) "Bingo" or "game" means, except as provided by Section 2001.551, a specific game of chance, commonly known as bingo or lotto, in which prizes are awarded on the basis of designated numbers or symbols conforming to randomly selected numbers or symbols.

(4-a) "Bingo chairperson" means an officer or member of the board of directors of a licensed authorized organization who is designated in writing by the organization as responsible for overseeing the organization's bingo activities and reporting to the membership relating to those activities.

(5) "Bingo equipment" means equipment used, made, or sold for the purpose of use in bingo. The term:

(A) includes:

(i) a machine or other device from which balls or other items are withdrawn to determine the letters and numbers or other symbols to be called;

(ii) an electronic or mechanical cardminding device;

(iii) a pull-tab dispenser;

(iv) a bingo card;

(v) a bingo ball; and

(vi) any other device commonly used in the direct operation of a bingo game; and

(B) does not include:

(i) a bingo game set commonly manufactured and sold as a child's game for a retail price of \$20 or less unless the set or a part of the set is used in bingo subject to regulation under this chapter; or

(ii) a commonly available component part of bingo equipment such as a light bulb or fuse.

(6) "Bingo occasion" means a single gathering or session at which a bingo game or a series of bingo games, including selling and redeeming pull-tab bingo tickets, are conducted on the day and at the times listed on the license issued to a licensed authorized organization.

(7) "Charitable purpose" means a purpose described by Section 2001.454.

(8) "Commission" means the Texas Lottery Commission.

(8-a) "Crime of moral turpitude" means:

(A) a felony;

(B) a gambling offense;

(C) criminal fraud;

(D) forgery;

(E) theft;

(F) an offense that involves knowingly filing false information with a governmental agency; or

(G) any Class A misdemeanor defined by another state law as a crime of moral turpitude.

(9) "Distributor" means a person who obtains, by purchase or otherwise, bingo equipment or supplies for use in bingo in this state and sells or furnishes the items to another person for use, resale, display, or operation.

(10) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(1), eff. October 1, 2009.

(11) "Fraternal organization" means:

(A) a nonprofit organization organized to perform and engaged primarily in performing charitable, benevolent, patriotic, employment-related, or educational functions that meet the other requirements of this chapter; or

(B) a nonprofit National Historical District Association representing the owners and lessees of a majority of the real property located in a National Historical District designated for not less than five years by the National Register of Historic Places, Heritage Conservation and Recreation Service of the United States Department of the Interior, if the association's net proceeds are used for restoration, construction, maintenance, and security in the

district. The term "fraternal organization" does not include an organization whose members are predominantly veterans or dependents of veterans of the armed services of the United States.

(12) "Governing body" means the commissioners court with regard to a county or justice precinct or the city council or other chief legislative body with regard to a municipality.

(13) "Gross receipts" means the total amount received from the sale, rental, transfer, or use of bingo cards and entrance fees charged at premises at which bingo is conducted.

(14) "Licensed authorized organization" means an authorized organization that holds a license to conduct bingo.

(15) "Licensed commercial lessor" means a person licensed to lease premises and act as a commercial lessor.

(16) "Manufacturer" means:

(A) a person who assembles from raw materials or subparts a completed piece of bingo equipment or supplies for use in bingo games in this state; or

(B) a person who converts, modifies, adds to, or removes parts from any bingo equipment, item, or assembly to further its promotion or sale for or use in a bingo game in this state.

(17) "Municipal secretary" means the officer of a municipality performing the duties of municipal secretary.

(18) "Net proceeds" means:

(A) in relation to the gross receipts from one or more bingo occasions, the amount remaining after deducting the reasonable sums necessarily and actually expended for expenses under Section 2001.458 and the fee on prizes under Section 2001.502; and

(B) in relation to the gross rent or other consideration received by a licensed authorized organization for the use of its premises, fixtures, or equipment by another license holder, the amount remaining after deducting the reasonable sums necessarily and actually expended for any janitorial services and utility supplies directly attributable to the use of the premises, fixtures, or equipment.

(19) "Nonprofit organization" means an unincorporated association or a corporation that is incorporated or holds a certificate of authority under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes). The organization:

(A) may not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services; and

(B) must have obtained tax exempt status under Section 501(c), Internal Revenue Code of 1986.

(20) "Person" means an individual, partnership, corporation, or other group.

(21) "Political subdivision" means a county, justice precinct, or municipality.

(22) "Premises" means the area subject to the direct control of and actual use by a licensed authorized organization or group of licensed authorized organizations to conduct bingo. The term includes a location or place.

(23) "Primary business office" means the location at which all records relating to the primary purpose of a licensed authorized organization are maintained in the ordinary course of business.

(24) "Pull-tab bingo" means a form of bingo played using tickets with perforated break-open tabs, made of paper or paper products, the face of which is covered or otherwise hidden from view to conceal numbers, letters, or symbols, some of which have been designated in advance as prize winners. The term includes games commonly known as "instant bingo" and "break-open bingo."

(25) "Pull-tab dispenser" means an electronic or mechanical device that dispenses a pull-tab bingo ticket after a person inserts money into the device and includes a device commonly known as a "ticket dispenser."

(25-a) "Regular license" means a license to conduct bingo that is issued by the commission and that expires on the first or second anniversary of the date of issuance unless revoked or suspended before that date by the commission. The term includes an annual license.

(26) "Religious society" means a church, synagogue, or other organization organized primarily for religious purposes.

(27) "Veterans organization" means a nonprofit organization:

(A) whose members are veterans or dependents of veterans of the armed services of the United States; and

(B) that is chartered by the United States Congress and organized to advance the interests of veterans or active duty personnel of the armed forces of the United States and their dependents.

(28) "Volunteer fire department" means a fire-fighting organization that:

(A) operates fire-fighting equipment;
(B) is organized primarily to provide fire-fighting service;
(C) is actively providing fire-fighting service; and
(D) does not pay its members compensation other than nominal compensation.

SUBCHAPTER B. COMMISSION POWERS AND DUTIES

Sec. 2001.051. CONTROL AND SUPERVISION OF BINGO; BINGO DIVISION.

- (a) The commission shall administer this chapter.
- (b) The commission has broad authority and shall exercise strict control and close supervision over all bingo conducted in this state so that bingo is fairly conducted and the proceeds derived from bingo are used for an authorized purpose.
- (c) The commission shall execute its authority through a bingo division established by the commission to administer this chapter.

Sec. 2001.052. DIRECTOR OF BINGO OPERATIONS.

- (a) The commission shall employ a director of bingo operations.
- (b) The director of bingo operations shall administer the bingo division under the direction of the commission.

Sec. 2001.053. OFFICERS AND INVESTIGATORS. The commission may employ officers or investigators the commission considers necessary to administer this chapter.

Sec. 2001.054. RULEMAKING AUTHORITY. The commission may adopt rules to enforce and administer this chapter.

Sec. 2001.055. REGULATION OF GAMES. The commission by rule may establish the number and type of bingo games that may be played during a bingo occasion.

Sec. 2001.056. APPROVAL OF BINGO CARDS.

- (a) The commission by rule shall provide procedures for the approval of bingo cards.
- (b) A license holder may not use or distribute a bingo card unless the card has been approved by the commission.

(c) The commission may set the price or adopt a schedule of prices for the sale or provision of bingo cards by a licensed authorized organization.

(d) A licensed authorized organization may not sell or provide a bingo card at a price other than a price authorized by the commission or a schedule adopted by the commission.

(e) The commission by rule may require a licensed authorized organization to notify the commission of the price for bingo cards the organization will use for one or more reporting periods.

Sec. 2001.057. BINGO ADVISORY COMMITTEE.

(a) The commission may appoint a bingo advisory committee consisting of nine members. The commission shall appoint members representing a balance of interests including representatives of:

(1) the public;

(2) charities that operate bingo games; and

(3) commercial and charity lessors that participate in the bingo industry.

(b) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(2), eff. October 1, 2009.

(c) A committee member serves at the pleasure of the commission.

(d) A committee member is not entitled to receive compensation for serving as a member. A committee member is entitled to reimbursement for reasonable expenses incurred in performing duties as a member.

(e) The committee may:

(1) advise the commission on the needs and problems of the state's bingo industry;

(2) comment on rules involving bingo during their development and before final adoption unless an emergency requires immediate action by the commission;

(3) report annually to the commission on the committee's activities; and

(4) perform other duties as determined by the commission.

(f) The committee may meet quarterly or at the commission's request.

(g) The commission may adopt rules to govern the operations of the committee.

Sec. 2001.058. PUBLIC INFORMATION.

(a) The commission shall provide to any person on request a printed copy of this chapter and the rules applicable to the enforcement of this chapter.

(b) The commission may charge a reasonable amount for a copy provided under this section.

Sec. 2001.059. ADVISORY OPINIONS.

(a) An officer, bingo chairperson, or authorized representative of a license holder or an attorney, accountant, or bookkeeper employed or retained by a license holder may request from the commission an advisory opinion regarding compliance with this chapter and the rules of the commission.

(b) The commission shall respond to a request under Subsection (a) not later than the 60th day after the date a request is received, unless the commission determines that the request does not contain sufficient facts to provide an answer on which the requestor may rely. In that event, the commission shall request additional information from the requestor not later than the 10th day after the date the request is received. If the commission requests additional information, the commission shall respond to the request not later than the 60th day after the date additional information is received pursuant to the request for additional information.

(c) A person who requests an advisory opinion under Subsection (a) may act in reliance on the opinion in the conduct of any activity under any license issued under this chapter if the conduct is substantially consistent with the opinion and the facts stated in the request.

(d) An advisory opinion issued under this section is not a rule under Subchapter B, Chapter 2001, Government Code, and the rulemaking requirements of that subchapter do not apply to a request for an advisory opinion or any advisory opinion issued by the commission.

(e) Nothing in this section precludes the commission from requesting an attorney general opinion under Section 402.042, Government Code. In the event the commission requests an attorney general opinion on a matter that is the subject of an advisory opinion request under this section, the deadlines established under Subsection (b) are tolled until 30 days following the issuance of the attorney general opinion.

(f) The commission may delegate all or part of the authority and procedures for issuing advisory opinions under this section to an employee of the commission.

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

Sec. 2001.060. REPORTING.

(a) On or before June 1 of each even-numbered year, the commission shall prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, 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:

(1) the total amount of adjusted gross receipts reported by licensed authorized organizations from their bingo operations;

(2) the total amount of net proceeds reported by licensed authorized organizations from their bingo operations; and

(3) 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) For purposes of Subsection (a), "adjusted gross receipts" means the amount remaining after deducting prizes paid, excluding prize fees collected from bingo players.

(c) For purposes of Subsection (a), the commission shall 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 a licensed authorized organization to another licensed authorized organization if the other organization pays rent for the premises to a licensed commercial lessor.

SUBCHAPTER C. LICENSE TO CONDUCT BINGO

Sec. 2001.101. AUTHORIZED ORGANIZATION.

(a) The commission may license a person who is an authorized organization eligible for a license to conduct bingo if the person is:

(1) a religious society that has existed in this state for at least three years;

(2) a nonprofit organization:

(A) whose predominant activities are for the support of medical research or treatment programs; and

(B) that for at least three years:

(i) must have had a governing body or officers elected by a vote of members or by a vote of delegates elected by the members; or

(ii) must have been affiliated with a state or national organization organized to perform the same purposes as the nonprofit organization;

(3) a fraternal organization;

(4) a veterans organization that has existed in this state for at least three years;

(5) a volunteer fire department that has existed in this state for at least three years; or

(6) a volunteer emergency medical services provider that has existed in this state for at least three years.

(b) A fraternal organization:

(1) must have been organized in this state for at least three years;

(2) must have had during the three-year period a bona fide membership actively and continuously engaged as an organization in furthering its authorized purposes; and

(3) may not have authorized a person on behalf of its membership, governing body, or officers to support or oppose a particular candidate for public office by:

(A) making political speeches;

(B) passing out cards or other political literature;

(C) writing letters;

(D) signing or circulating petitions;

(E) making campaign contributions; or

(F) soliciting votes.

Sec. 2001.102. LICENSE APPLICATION.

(a) An applicant for a license to conduct bingo must file with the commission an application on a form prescribed by the commission.

(b) The application must include:

(1) the name and address of the applicant;

(2) the names and addresses of the applicant's officers and directors;

(3) the address of the premises where and the time when the applicant intends to conduct bingo under the license sought;

(4) the name and address of the licensed commercial lessor of the premises, if the applicant intends to lease premises to conduct bingo from a person other than an authorized organization;

(5) a statement that the net proceeds of bingo will go to one or more of the authorized charitable purposes under this chapter;

(6) 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;

(7) sufficient facts relating to the applicant's incorporation and organization to enable the commission to determine whether the applicant is an authorized organization;

(8) a copy of the applicant organization's most recently filed Internal Revenue Service Form 990, if applicable;

(9) 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;

(10) copies of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation;

(11) 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

(12) information necessary to conduct criminal background checks on the applicant organization's officers and directors.

(c) A copy of the Internal Revenue Service letter that approves an applicant's exemption from taxation under Section 501(c), Internal Revenue Code of 1986, is adequate evidence of the person's tax-exempt status. A letter of good standing from a parent organization that holds an exemption from taxation under Section 501(c), Internal Revenue Code of 1986, for both the parent organization and its affiliate is adequate evidence of the affiliate organization's tax-exempt status.

Sec. 2001.103. TEMPORARY LICENSE.

(a) An authorized organization may receive a temporary license to conduct bingo by filing with the commission an application, on a form prescribed by the commission, accompanied by a \$25 license fee.

(b) A temporary license is valid for four hours during any one day.

(c) An organization may not receive more than six temporary licenses in a calendar year.

(d) An organization operating under a temporary license is subject to:

(1) the taxes and fees authorized or imposed by this chapter; and

(2) the other provisions of this chapter to the extent they can be made applicable.

(e) Notwithstanding Subsection (c), an authorized organization that holds an annual license to conduct bingo may receive not more than 24 temporary licenses during the 12-month period following the issuance or renewal of the license. The holder of a license that is effective for two years may receive not more than 24 temporary licenses for each 12-month period that ends on an anniversary of the date the license was issued or renewed.

(f) An authorized organization that holds a regular license to conduct bingo may apply for all or any portion of the total number of temporary licenses to which the organization is entitled under Subsection (e) in one application without stating the days or times for which the organization will use the temporary licenses.

(g) An organization that has been issued a temporary license under Subsection (f) shall notify the commission of the specific date and time of the bingo occasion for which the temporary license will be used before using the license. If the commission receives the notification by noon of the day before the day the temporary license will be used, the commission shall verify receipt of the notice before the end of the business day on which the notice is received. If the commission does not receive the notification by noon of the day before the day the temporary license will be used, the commission shall verify receipt of the notice before noon of the business day that follows the day the commission received the notice.

(h) A verification under Subsection (g) may be delivered by facsimile, e-mail, or any other means reasonably contemplated to arrive before the time the temporary license will be used.

Sec. 2001.104. LICENSE FEES.

(a) The commission shall set the fees for a license to conduct bingo in an amount reasonable to defray administrative costs but not less than the following:

(1) Class A (annual gross receipts of \$25,000 or less)-\$100;

(2) Class B (annual gross receipts of more than \$25,000 but not more than \$50,000)-\$200;

(3) Class C (annual gross receipts of more than \$50,000 but not more than \$75,000)-\$300;

(4) Class D (annual gross receipts of more than \$75,000 but not more than \$100,000)-\$400;

(5) Class E (annual gross receipts of more than \$100,000 but not more than \$150,000)-\$600;

(6) Class F (annual gross receipts of more than \$150,000 but not more than \$200,000)-\$900;

(7) Class G (annual gross receipts of more than \$200,000 but not more than \$250,000)-\$1,200;

(8) Class H (annual gross receipts of more than \$250,000 but not more than \$300,000)-\$1,500;

(9) Class I (annual gross receipts of more than \$300,000 but not more than \$400,000)-\$2,000; and

(10) Class J (annual gross receipts of more than \$400,000)-\$2,500.

(b) The commission by rule shall establish procedures to determine if the appropriate license fee was paid.

(c) The commission by rule shall provide for:

(1) the payment of any additional fee amount determined to be due under Subsection (b); and

(2) credit to be given to the license holder for any excess fee amount determined under Subsection (b) to have been paid by the license holder.

(d) An applicant shall pay the fees established under Subsection (a) annually. An applicant for a license or renewal of a license may 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.

(e) A licensed authorized organization may 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.

Sec. 2001.105. LICENSE ISSUANCE OR RENEWAL.

(a) The commission shall issue or renew a license to conduct bingo on payment of the license fee provided by Section 2001.104 if the commission determines that:

(1) the member or members of the applicant designated in the application to conduct bingo are active members of the applicant;

(2) the bingo is to be conducted in accordance with this chapter;

(3) the proceeds of the bingo are to be disposed in accordance with this chapter;

(4) the applicant has made and can demonstrate significant progress toward the accomplishment of the purposes of the organization during the 12 months preceding the date of application for a license or license renewal;

(5) all persons who will conduct, promote, or administer the proposed bingo are active members of the applicant organization and all other persons who will assist in conducting, promoting, or administering the proposed bingo games are persons authorized to do so by Section 2001.411; and

(6) no person under whose name bingo will be conducted and no person working at the proposed bingo has been convicted of a felony, a gambling offense, criminal fraud, or a crime of moral turpitude if less than 10 years has elapsed since the termination of a sentence, parole, mandatory supervision, or community supervision served for the offense.

(b) The commission may not issue a license to an authorized organization to conduct bingo if an officer or member of the board of directors of the organization has been convicted of a felony, criminal fraud, a gambling or gambling-related offense, or a crime of moral turpitude if less than 10 years has elapsed since the termination of a sentence, parole, mandatory supervision, or community supervision served for the offense.

(c) Except as provided by Section 2001.104(d), a license issued under this subchapter is effective for one year.

Sec. 2001.106. FORM AND CONTENTS OF LICENSE. A license to conduct bingo must include:

- (1) the name and address of the license holder;
- (2) the name and address of the bingo chairperson of the license holder under whom the bingo will be conducted; and
- (3) the address of the premises where and the time when bingo is to be conducted.

Sec. 2001.107. TRAINING PROGRAM.

(a) Unless the organization is a member of a unit that designates a unit manager under Section 2001.437, the bingo chairperson for a licensed authorized organization shall complete the training required by commission rule. For a unit operating under Subchapter I-1, the unit manager shall complete the training if the unit designates a unit manager under Section 2001.437.

(b) A training program approved by the commission must include training related to:

- (1) conducting bingo;

- (2) administering and operating bingo; and
- (3) promoting bingo.
- (c) The commission by rule shall establish:
 - (1) the content of the training course;
 - (2) information concerning training to be reported to the commission; and
 - (3) other training program requirements that the commission determines to be necessary to promote the fair conduct of bingo and compliance with this chapter.

Sec. 2001.108. LICENSE AMENDMENT FOR CHANGE OF BINGO PREMISES OR OCCASIONS.

(a) A licensed authorized organization and the licensed commercial lessor at which the organization conducts or will conduct bingo may file a joint application with the commission to change the premises at which the organization may conduct bingo or the times of the organization's bingo occasions to allow the organization to conduct bingo at the same time and premises that another licensed authorized organization is licensed to conduct bingo if the other organization has ceased, or will cease, conducting bingo at that time and premises. The application must state whether the other organization has ceased or will cease conducting bingo at that time and premises because:

- (1) the organization has abandoned or will abandon its licensed time or premises; or
- (2) the organization's lease has been or will be terminated.

(b) If the other organization ceased or will cease conducting bingo for the reason stated in Subsection (a)(1), the commission must act on the joint application filed under Subsection (a) not later than the 14th day after the date the application is filed with the commission.

(c) If the other organization ceased or will cease conducting bingo for the reason stated in Subsection (a)(2), the commission must act on the joint application filed under Subsection (a) not later than the 14th day after the date the application is filed with the commission or the date on which the termination takes effect, whichever is later.

(d) If the commission fails to act within the time provided by Subsection (b) or (c), the licensed authorized organization may act as if the change in premises or bingo occasions has been approved by the commission and may conduct bingo at the new premises or during the new bingo occasion until the commission acts on the application.

(e) Notwithstanding Subsection (d), the commission may issue temporary licenses to one or more licensed authorized organizations that conduct bingo at the same location as an organization that has ceased or will cease to conduct bingo, which are in addition to the number of temporary licenses each organization is entitled to under another provision of this chapter. The commission is not required to act on a joint application under Subsection (a) within the time provided by this section if the number of additional temporary licenses is sufficient to allow the other organizations at the location to conduct bingo during the licensed times of the organization that has ceased or will cease to conduct bingo.

SUBCHAPTER D. COMMERCIAL LESSOR LICENSE

Sec. 2001.151. LICENSE REQUIRED. A person who leases premises on which bingo is conducted directly to a licensed authorized organization must be a licensed commercial lessor.

Sec. 2001.152. ELIGIBILITY.

(a) The commission may issue a commercial lessor license only to:

(1) a licensed authorized organization that owns or leases a premises where bingo is or will be conducted or an association of licensed authorized organizations that jointly own or lease premises where bingo is or will be conducted and that the organization or association leases or offers for lease to one or more other authorized organizations for the conduct of bingo;

(2) a person who leases premises to a single licensed authorized organization that subleases or will sublease the premises to one or more other licensed authorized organizations for the conduct of bingo; or

(3) a person who leases premises for the total control and exclusive use of only one licensed authorized organization as that organization's primary business office.

(b) Notwithstanding Subsection (a), a person who was a licensed commercial lessor on June 10, 1989, whose license has been in effect continuously since that date, and who is otherwise eligible for the license may renew the license.

Sec. 2001.153. RESTRICTIONS ON SOURCE OF FUNDS.

(a) The commission may not issue a commercial lessor license to a person unless the commission receives evidence the commission considers

adequate that funds used by the person seeking the license to obtain the premises, provide the premises with furniture, fixtures, or equipment, renovate the premises, or provide utilities to the premises are:

(1) the person's own funds; or

(2) the funds of another person, including loan proceeds, that:

(A) were obtained in an arms-length transaction that was commercially reasonable under the circumstances; and

(B) were not obtained under an expectation or obligation that the person from whom the funds were obtained would directly participate in, or have a legal interest in, rents obtained under the license or revenues or profits from the conduct of bingo on the premises.

(b) Subsection (a) does not prohibit a group of licensed authorized organizations from combining the organizations' funds or combining or jointly obtaining funds described by Subsection (a)(2).

Sec. 2001.154. INELIGIBLE PERSONS. (a) The commission may not issue a commercial lessor license to or renew a commercial lessor license of:

(1) a person convicted of a felony, criminal fraud, a gambling or gambling-related offense, or a crime of moral turpitude if less than 10 years has elapsed since termination of a sentence, parole, mandatory supervision, or community supervision served for the offense;

(2) a public officer who receives any consideration, direct or indirect, as owner or lessor of premises offered for conducting bingo;

(3) a person who extends credit to, loans money to, or pays or provides for the payment of license fees for an authorized organization;

(4) a distributor or manufacturer;

(5) a person in which a person covered by Subdivision (1), (2), (3), or (4) or a person married or related in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to one of those persons has greater than a 10 percent proprietary, equitable, or credit interest or in which one of those persons is active or employed;

(6) a foreign corporation or other foreign legal entity;

(7) an individual who is not a resident of this state;

(8) a corporation or other legal entity owned or controlled by:

(A) a foreign corporation; or

(B) an individual who is not a resident of this state; or

(9) a corporation or other legal entity:

(A) whose shares are publicly traded; or

(B) owned or controlled by a corporation whose shares are publicly traded.

(b) Subsection (a)(5) does not prevent an authorized organization or other person that is not organized for pecuniary profit and no part of the net earnings of which inure to the benefit of an individual, member, or shareholder from being licensed as a commercial lessor solely because a public officer or a person married or related in the first degree by consanguinity or affinity to a public officer is a member of, active in, or employed by the authorized organization or other person.

Sec. 2001.156. LICENSE APPLICATION.

(a) An applicant for a commercial lessor license must file with the commission a written verified application on a form prescribed by the commission.

(b) The license application must include:

(1) the name and address of the applicant and each other person who has a financial interest in or who is in any capacity a real party in interest in the applicant's business as it pertains to this chapter;

(2) a designation and address of the premises intended to be covered by the license;

(3) the lawful capacity of the premises for public assembly purposes;

(4) a statement that a copy of the application has been sent to the appropriate governing body; and

(5) a statement that the applicant complies with the conditions for eligibility for the license.

Sec. 2001.157. SUPPLEMENTAL INFORMATION. At any time the commission, the appropriate governing body, or the attorney general may make a written request of a commercial lessor to disclose:

(1) the cost of the premises and appraised value for property tax purposes or annual net lease rent, whichever is applicable;

(2) gross rentals received and itemized expenses for the preceding calendar or fiscal year, if any;

(3) gross rentals, if any, derived from bingo during the preceding calendar or fiscal year;

(4) the computation by which the proposed rental schedule was determined;

(5) the number of occasions on which the lessor anticipates receiving rent for bingo during the next year or shorter period if applicable and the proposed rent for each of those occasions;

(6) estimated gross rental income from all other sources during the next year; and

(7) estimated expenses itemized for the current year and the amount of each item allocated to bingo rentals.

Sec. 2001.158. LICENSE FEES.

(a) The commission shall set the fees for a commercial lessor license in an amount reasonable to defray administrative costs but not less than the following:

(1) Class A (annual gross rentals from licensed organizations of not more than \$12,000)-\$100;

(2) Class B (annual gross rentals from licensed organizations of more than \$12,000 but not more than \$20,000)-\$200;

(3) Class C (annual gross rentals from licensed organizations of more than \$20,000 but not more than \$30,000)-\$300;

(4) Class D (annual gross rentals from licensed organizations of more than \$30,000 but not more than \$40,000)-\$400;

(5) Class E (annual gross rentals from licensed organizations of more than \$40,000 but not more than \$50,000)-\$600;

(6) Class F (annual gross rentals from licensed organizations of more than \$50,000 but not more than \$60,000)-\$900;

(7) Class G (annual gross rentals from licensed organizations of more than \$60,000 but not more than \$70,000)-\$1,200;

(8) Class H (annual gross rentals from licensed organizations of more than \$70,000 but not more than \$80,000)-\$1,500;

(9) Class I (annual gross rentals from licensed organizations of more than \$80,000 but not more than \$90,000)-\$2,000; and

(10) Class J (annual gross rentals from licensed organizations of more than \$90,000)-\$2,500.

(b) The commission by rule shall establish procedures for determining if the appropriate license fee was paid.

(c) The commission by rule shall provide for:

(1) the payment of any additional fee amount determined to be due not paid under Subsection (b); and

(2) credit to be given to the license holder for any excess fee amount determined under Subsection (b) to have been paid by the license holder.

(d) An applicant for a commercial lessor license shall pay the fees established under Subsection (a) annually. An applicant for a license or renewal of a license may 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 license fee for the second year not later than the first anniversary of the date the license becomes effective.

Sec. 2001.159. LICENSE ISSUANCE OR RENEWAL.

(a) The commission shall issue or renew a commercial lessor license if the commission determines that:

(1) the applicant has paid the license fee as provided by Section 2001.158;

(2) the applicant qualifies to be licensed under this chapter;

(3) the rent to be charged is fair and reasonable;

(4) there is no diversion of the funds of the proposed lessee from the lawful purposes under this chapter;

(5) the person whose signature or name appears in the application is in all respects the real party in interest and is not an undisclosed agent or trustee for the real party in interest; and

(6) the applicant will lease the premises for the conduct of bingo in accordance with this chapter.

(b) The commission shall issue a commercial lessor license under this section for the period specified in the license application or for a shorter period as the commission determines.

(c) Except as provided by Section 2001.158(d), the period may not exceed one year.

Sec. 2001.160. TRANSFER OF LICENSE.

(a) On approval by the commission, a licensed commercial lessor may transfer a commercial lessor license if the person to whom the license will be transferred otherwise meets the requirements of this subchapter.

(b) Expired.

(c) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(3), eff. October 1, 2009.

(d) Subject to Subsections (e) and (f), if an individual who holds a commercial lessor license dies or becomes incapacitated as determined by a court of this state, the individual's license is part of the individual's estate and is subject to the applicable laws governing the disposition and control of the person's property. The license is not considered to have been transferred, subject to compliance with Subsection (g). The individual's estate may take any action with respect to the individual's license that the individual could have taken while the individual was alive or had capacity.

(e) Unless the commission revokes or suspends the license under this chapter, or an injunction is issued under this section, a licensed authorized organization that conducts bingo lawfully at premises under a license to which Subsection (d) applies may continue conducting bingo at the premises after the death or incapacity of the commercial lessor license holder.

(f) On the showing by the commission of a cause that would be sufficient for the commission to revoke or suspend a license under this chapter or an applicable commission rule, a district court in the county for which a commercial lessor license was issued or the commission by order may temporarily or permanently enjoin the conduct of bingo at premises under a license to which Subsection (d) applies.

(g) The estate or guardian of an individual to whom Subsection (d) applies shall notify the commission not later than one year after the date the individual dies or is determined to be incapacitated by a court of this state. The estate or guardian and the heirs or other appropriate person shall promptly take all necessary steps to complete a transfer of the license to the heirs or other appropriate person.

Sec. 2001.161. LICENSED AUTHORIZED ORGANIZATION AS COMMERCIAL LESSOR.

(a) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(4), eff. October 1, 2009.

(b) A licensed authorized organization may obtain only one commercial lessor license.

(c) The commission may issue a commercial lessor license to a licensed authorized organization only for the same premises where the organization is licensed to conduct bingo.

SUBCHAPTER E. MANUFACTURER'S AND DISTRIBUTOR'S LICENSES

Sec. 2001.201. MANUFACTURER'S LICENSE REQUIRED. A manufacturer may not sell or supply to a person in this state or for use in this state bingo cards, boards, sheets, pads, or other supplies, or equipment designed to be used in playing bingo, or engage in any intrastate activity involving those items, unless the manufacturer holds a manufacturer's license under this subchapter.

Sec. 2001.202. ELIGIBILITY FOR MANUFACTURER'S LICENSE. The following persons are not eligible for a manufacturer's license:

(1) a person convicted of a felony, criminal fraud, a gambling or gambling-related offense, or a crime of moral turpitude if less than 10 years has elapsed since the termination of a sentence, parole, mandatory supervision, or community supervision served for the offense;

(2) a person who is or has been a professional gambler or gambling promoter;

(3) an elected or appointed public officer or a public employee;

(4) an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor;

(5) a person who conducts, promotes, or administers, or assists in conducting, promoting, or administering, bingo for which a license is required by this chapter;

(6) a distributor required to be licensed under this chapter;

(7) a person who has had a license to manufacture, distribute, or supply bingo equipment or supplies revoked within the preceding year by another state;

(8) an owner, officer, director, or shareholder of, or a person holding an equitable or credit interest in, another manufacturer or distributor licensed or required to be licensed under this chapter; or

(9) a person:

(A) in which a person described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person married or related in the first degree by consanguinity or affinity to one of those persons has greater than a 10 percent proprietary, equitable, or credit interest or in which one of those persons is active or employed; or

(B) in whose application for a manufacturer's license a person described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) is required to be named.

Sec. 2001.203. MANUFACTURER'S LICENSE APPLICATION.

(a) An applicant for a manufacturer's license must file with the commission an application on a form prescribed by the commission.

(b) The application must include:

(1) the name and address of the applicant and the name and address of each of its locations where bingo supplies or equipment are manufactured;

(2) a full description of each type of bingo supply or equipment that the applicant intends to manufacture or market in this state and the brand name, if any, under which each item will be sold;

(3) if the applicant:

(A) is not a corporation, the name and home address of each owner; or

(B) 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;

(4) if the applicant is a foreign corporation or other foreign legal entity, the name, business name and address, and address of its registered agent for service in this state;

(5) 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;

(6) information regarding whether the applicant or a person required to be named in the application has been convicted in this state or another state of a felony, criminal fraud, a gambling or gambling-related offense, or a crime of moral turpitude;

(7) information regarding whether the applicant or a person required to be named in the application is an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor or conducts, promotes, administers, or assists in conducting, promoting, or administering bingo for which a license is required by this chapter;

(8) information regarding whether the applicant or a person required to be named in the application is a public officer or public employee in this state;

(9) the name of each state in which the applicant is or has been licensed to manufacture, distribute, or supply bingo equipment or supplies, each license number, the period of time licensed under each license, and whether a license has been revoked, suspended, withdrawn, canceled, or surrendered and, if so, the reasons for the action taken;

(10) information regarding whether the applicant or a person required to be named in the application is or has been a professional gambler or gambling promoter;

(11) the names and addresses of each manufacturer, supplier, or distributor of bingo equipment or supplies in which the applicant or a person required to be named in the application is an owner, officer, shareholder, director, agent, or employee; and

(12) any other information the commission requests.

Sec. 2001.204. MANUFACTURER'S LICENSE BOND.

(a) An applicant for a manufacturer's license must give the commission a cash bond or a bond in the amount of \$10,000 issued by a surety company chartered or authorized to do business in this state.

(b) The bond must provide for forfeiture to the state on the manufacturer's failure to comply with this chapter or a commission rule or on suspension or revocation of the manufacturer's license.

Sec. 2001.205. MANUFACTURER'S LICENSE FEE.

(a) The annual manufacturer's license fee is \$3,000.

(b) In addition to the annual license fee, the commission may require an additional fee in an amount necessary to defray the cost of a background investigation, including the inspection of manufacturing plants and locations. The commission by rule may establish the conditions and procedure for payment of the additional fee.

Sec. 2001.206. DISTRIBUTOR'S LICENSE REQUIRED. A

distributor may not sell, distribute, or supply bingo equipment or supplies for use in bingo in this state unless the distributor holds a distributor's license under this subchapter.

Sec. 2001.207. ELIGIBILITY FOR DISTRIBUTOR'S LICENSE.

The following persons are not eligible for a distributor's license:

(1) a person convicted of a felony, criminal fraud, a gambling or gambling-related offense, or a crime of moral turpitude if less than 10 years has elapsed since the termination of a sentence, parole, community supervision, or mandatory supervision served for the offense;

(2) a person who is or has been a professional gambler or gambling promoter;

(3) an elected or appointed public officer or a public employee;

(4) an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor;

(5) a person who conducts, promotes, or administers, or assists in conducting, promoting, or administering bingo for which a license is required by this chapter;

(6) a manufacturer required to be licensed under this chapter;

(7) a person who has had a license to manufacture, distribute, or supply bingo equipment or supplies revoked within the preceding year by another state;

(8) an owner, officer, director, or shareholder of, or a person having an equitable or credit interest in, another manufacturer or distributor licensed or required to be licensed under this chapter; or

(9) a person:

(A) in which a person described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person married or related in the first degree by consanguinity or affinity, as determined under Subchapter B, Chapter 573, Government Code, to one of those persons has greater than a 10 percent proprietary, equitable, or credit interest or in which one of those persons is active or employed; or

(B) in whose application a person described by Subdivision (1), (2), (3), (4), (5), (6), (7), or (8) is required to be named.

Sec. 2001.208. DISTRIBUTOR'S LICENSE APPLICATION.

(a) An applicant for a distributor's license must file with the commission an executed verified application on a form prescribed by the commission.

(b) The application must include:

(1) the full name and address of the applicant;

(2) the name and address of each location operated by the distributor from which bingo supplies or equipment are distributed or at which bingo supplies or equipment are stored;

(3) if a noncorporate distributor, the name and home address of each owner;

(4) if a corporate distributor, the name and home address of each officer or director and of each person owning more than 10 percent of a class of stock in the corporation;

(5) if a foreign corporation or other foreign legal entity, the name, business name and address, and address of its registered agent for service in this state;

(6) a full description of the type of bingo supply or equipment that the applicant intends to store or distribute in this state and the name of the manufacturer of each item and the brand name, if any, under which the item will be sold or marketed;

(7) 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;

(8) information regarding whether the applicant or a person required to be named in the application has been convicted in this state or another state of a felony, criminal fraud, a gambling or gambling-related offense, or a crime of moral turpitude;

(9) information regarding whether the applicant or a person required to be named in the application is an owner, officer, director, shareholder, agent, or employee of a licensed commercial lessor or conducts, promotes, administers, or assists in conducting, promoting, or administering bingo for which a license is required under this chapter;

(10) information regarding whether the applicant or a person required to be named in the application is a public officer or public employee in this state;

(11) the name of each state in which the applicant is or has been licensed to manufacture, distribute, or supply bingo equipment or supplies, each license number, the period of time licensed under each license, and whether a license was revoked, suspended, withdrawn, canceled, or surrendered and, if so, the reasons for the action taken;

(12) information regarding whether the applicant or a person required to be named in the application is or has been a professional gambler or gambling promoter;

(13) the name and address of each manufacturer, supplier, or distributor of bingo equipment or supplies in which the applicant or a person required to be named in the application is an owner, officer, shareholder, director, agent, or employee; and

(14) any other information the commission requests.

Sec. 2001.209. DISTRIBUTOR'S LICENSE FEE.

(a) The annual distributor's license fee is \$1,000.

(b) In addition to the annual license fee, the commission may require an additional fee in an amount necessary to defray the cost of a background investigation of the applicant, including the inspection of storage, distribution, or operating locations. The commission by rule may establish the conditions and procedure for payment of the additional fee.

Sec. 2001.210. GENERAL PROVISIONS. A license issued under this subchapter is subject to the restrictions under this subchapter.

Sec. 2001.211. AMENDMENT OF APPLICATION.

(a) An applicant for a manufacturer's or distributor's license shall, during pendency of the application, notify the commission immediately of any change relating to a fact stated in the application.

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

(c) Not later than the 14th day after the date of the change, a license holder shall notify the commission of a change in:

(1) the license holder's organization, structure, or mode of operation;

(2) the identity of persons named or required to be named in the application and the nature or extent of those persons' interest; or

(3) any other facts stated in the application.

(d) Failure to give a notice required under this section is cause for:

(1) denial, suspension, or revocation of a license; or

(2) imposition of an administrative penalty or other administrative action.

Sec. 2001.212. DENIAL OF LICENSE. The commission may deny an application for or renewal of a license for a cause that would permit or require the suspension or revocation of the license.

Sec. 2001.213. COMMISSION ACTION NOT REQUIRED. If, for reasons beyond the control of the commission, sufficient information is not available to allow the commission to determine the eligibility of an applicant for a manufacturer's or distributor's license issued under this chapter, the commission is not required to take action on the application until the applicant provides the required information.

Sec. 2001.214. LICENSE TERM.

(a) Except as provided by Subsection (b), a manufacturer's or distributor's license is effective for one year unless revoked or suspended by the commission.

(b) A manufacturer or distributor may obtain a license that is effective for two years by paying an amount equal to two times the amount of the annual license fee plus \$1,000.

Sec. 2001.215. RECORDS AND REPORTS. The commission by rule may require a holder of a manufacturer's or distributor's license to keep records and file reports.

Sec. 2001.216. EXAMINATION OF RECORDS.

(a) The commission may examine the books and records of the holder of or an applicant for a manufacturer's or distributor's license.

(b) The commission may not disclose information obtained during the examination except as necessary to carry out this chapter.

Sec. 2001.217. OFFENSE. A person who does not hold a manufacturer's or distributor's license commits an offense if the person sells or attempts to induce the sale of bingo equipment or supplies to a licensed authorized organization.

Sec. 2001.218. PAYMENT DUE.

(a) Each sale or lease of bingo supplies or equipment to a license holder under this chapter must be on terms of immediate payment or on terms requiring payment not later than the 30th day after the date of actual delivery.

(b) If a payment is not made when due, the seller shall immediately notify the commission. The commission shall notify all manufacturers and distributors licensed in this state of the default.

(c) In the event of a default, a person may not sell or transfer bingo equipment or supplies to the purchaser in default on terms other than immediate payment on delivery until otherwise authorized by the commission.

SUBCHAPTER G. GENERAL PROVISIONS RELATING TO COMMISSION LICENSES

Sec. 2001.301. LICENSE INVESTIGATION. Promptly after the filing of the application for a license under this chapter, the commission shall investigate the qualifications of each applicant and the merits of the application.

Sec. 2001.302. PROVISION OF SUPPLEMENTAL INFORMATION.

(a) In addition to any required application form, a license applicant or license holder shall submit any supplemental information requested by the commission.

(b) The commission may deny a license application or revoke a license based on a failure to submit requested supplemental information when required.

Sec. 2001.3025. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION. The commission is entitled to conduct an investigation of and is entitled to obtain criminal history record information maintained by the Department of Public Safety, the Federal Bureau of Investigation identification division, or another law enforcement agency to assist in the investigation of:

- (1) an applicant for or holder of a license issued under this chapter;
- (2) a person required to be named in a license application; or
- (3) 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.

Sec. 2001.304. TEMPORARY AUTHORIZATION.

(a) The commission shall issue a temporary authorization for the activity requested if a license for the activity is not issued or denied before the 31st day after the earliest date on which each of the following has occurred:

(1) the filing of an application for the license;

(2) the payment of the proper license fee;

(3) the filing of a copy of a tax exemption statement issued by the Internal Revenue Service under Section 501(c), Internal Revenue Code of 1986, if required; and

(4) the completion of a criminal background investigation.

(b) A temporary authorization is effective for not more than 60 days, subject to automatic revocation, if a denial letter is issued.

(c) The commission may extend the effective period of the temporary authorization on written request filed before the end of the period.

(d) A temporary authorization may not be effective for more than one year from the date of its original issuance.

Sec. 2001.305. NOTICE TO LOCAL AUTHORITIES.

(a) The commission may not issue a license to an applicant for an authorized organization license or a commercial lessor license until the applicant has sent a copy of the license application to the appropriate governing body.

(b) Immediately after receiving a license, a license holder shall send a copy of the license to the appropriate governing body. The governing body shall file the copy of the license in a central file containing licenses issued under this chapter.

(c) Not later than the 10th day after the date a license is issued, the license holder shall give written notice of the issuance of the license to:

(1) the police department of the municipality in which bingo will be conducted, if bingo is to be conducted in a municipality; or

(2) the sheriff of the county in which bingo will be conducted, if bingo is to be conducted outside a municipality.

(d) Bingo may not be played until notification has been given under Subsections (b) and (c).

Sec. 2001.306. AMENDMENT OF LICENSE.

(a) A license issued under this chapter may be amended on application to the commission and on payment of a \$10 fee if the subject matter of the proposed amendment could properly have been included in the original license.

(b) An amended license is effective only for the period remaining under the original license.

(c) The holder of a license to conduct bingo may not change the location at which it conducts bingo until it has:

(1) returned its original license if available, or certified that the license is not available; and

(2) received an amended license for the new location.

(d) The holder of a license to conduct bingo shall notify the commission before changing the time or date of a game. The license holder may provide notice to the commission regarding the change by use of telephone or facsimile.

(e) The commission by rule shall provide a method for a license holder to pay the amendment fee required by Subsection (a).

Sec. 2001.307. MAXIMUM LICENSE TERM. Except as otherwise provided by this chapter, a license issued under this chapter may not be effective for more than one year.

Sec. 2001.308. PAPERWORK REDUCTION. The commission may not require a person who has held a license under this chapter for five or more years to complete a license renewal application that is more than two pages long.

Sec. 2001.309. SEPARATE LICENSE. Each location for conducting bingo must be separately licensed.

Sec. 2001.310. DISPLAY OF LICENSE.

(a) A licensed authorized organization or licensed commercial lessor shall conspicuously display a license issued under this chapter and a license to lease premises for conducting bingo at the premises at which bingo is conducted at all times during the conduct of bingo.

(b) Each commercial lessor license shall contain a statement of the name and address of the license holder and the address of the premises.

Sec. 2001.311. RIGHTS NOT VESTED. The issuance of a license or temporary authorization by the commission does not grant a vested right in the license, the temporary authorization, or the privileges conferred.

Sec. 2001.312. FAILURE TO FILE TAX OR FEE REPORTS.

A person is not eligible for a license or a license renewal unless all required reports, tax returns, and requested information have been filed under this chapter.

Sec. 2001.313. REGISTRY OF APPROVED BINGO WORKERS.

(a) To minimize duplicate criminal history background checks by the commission and the costs incurred by organizations and individuals, the commission shall maintain a registry of individuals 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) An individual listed in the registry may be involved in the conduct of bingo or act as an operator at any location at which bingo is lawfully conducted.

(b-1) An individual's listing on the registry expires on the third anniversary of the date the individual was initially included on the registry. The individual may renew the listing before the expiration date. If the individual fails to renew the listing, the commission shall remove the individual's name from the registry. An individual whose name is removed from the registry may reapply for listing on the registry.

(c) The commission shall make the registry information available to the public by publishing it on the commission's website and by responding to telephone, e-mail, and facsimile requests. This subsection does not require the commission to disclose information that is confidential by law.

(d) An individual who is not listed on the registry established by this section may not act, and a licensed authorized organization may not allow the individual to act, as an operator, manager, cashier, usher, caller, bingo chairperson, bookkeeper, or salesperson for the licensed authorized organization.

(e) The commission may 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:

- (1) been convicted of an offense listed under Section 2001.105(b);
- (2) converted bingo equipment in a premises to an improper use;
- (3) converted funds that are in, or that should have been in, the bingo account of any licensed authorized organization;
- (4) taken any action, individually or in concert with another person, that affects the integrity of any bingo game to which this chapter applies;

(5) acted as an operator, manager, cashier, usher, caller, bingo chairperson, bookkeeper, or salesperson for a licensed authorized organization without being listed on the registry established under this section;

(6) failed to provide a complete application; or

(7) participated in any violation of this chapter or rules adopted by the commission for the administration of this chapter.

(f) A licensed authorized organization shall report to the commission or its designee the discovery of any conduct on the part of an individual registered or required to be registered under this section where there is substantial basis for believing that the conduct would constitute grounds for removal of the individual's name from, or refusal to add the individual's name to, the registry established by this section. A statement made in good faith to the commission or to an adjudicative body in connection with any such report may not be the basis for an action for defamation of character.

(g) An individual who has been finally determined to have taken action prohibited by Subsection (e)(2), (3), (4), (5), (6), or (7) 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. Upon expiration of the one-year period, the individual is eligible for listing on the registry provided a licensee subject to this chapter makes application to list the individual. In such event, the commission shall take into consideration the facts and circumstances that occurred that led to the applicable action under Subsections (e)(2)-(7) in deciding whether to list the individual on the registry.

(h) A licensed authorized organization may 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:

(1) for a period not to exceed 14 days if the individual is a resident of this state; or

(2) for a period to be established by commission rule if the individual is not a resident of this state.

(i) An individual who has been removed from the registry under Subsection (e) and has not subsequently been listed on the registry under Subsection (g) may not be employed under Subsection (h).

Sec. 2001.314. IDENTIFICATION CARD FOR APPROVED BINGO WORKER.

(a) The commission may require an individual listed in the registry maintained under Section 2001.313 to wear an identification card to identify the individual to license holders, bingo players, and commission staff while the individual is on duty during the conduct of bingo. The commission by rule shall prescribe the form and content of the card.

(b) The commission shall provide the identification card and shall provide a form to be completed by an individual that allows the individual to prepare the identification card. The commission may collect a reasonable charge to cover the cost of providing the card or form.

(c) An identification card required by the commission under this section to be worn by an individual while on duty during the conduct of bingo must be in substantial compliance with the form and content requirements prescribed by the commission under this section.

(d) The commission may not require any other individual licensed under this chapter, or an individual acting on the license holder's behalf, to wear an identification card, whether or not the individual is present or performing the individual's duties during the conduct of bingo.

Sec. 2001.315. LATE LICENSE RENEWAL.

(a) A person who fails to renew the person's license under this chapter before the date the license expires may renew the license after the expiration date by:

(1) 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

(2) 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) A person who files a renewal application with the commission under Subsection (a) may 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) To renew a license after the 60th day after the date the license expires, the person must 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. If notice under this chapter is required to be given to an authorized organization, the commission shall send the notice to the bingo chairperson of the authorized organization and to the appropriate commercial lessor, if applicable.

SUBCHAPTER H. DENIAL, REVOCATION, AND SUSPENSION OF LICENSE

Sec. 2001.351. DENIAL OF LICENSE. The commission may deny an application for a license or renewal of a license issued under this chapter for a cause that would permit or require the suspension or revocation of a license issued under this chapter.

Sec. 2001.352. HEARING.

(a) A person whose application for a license is denied by the commission may make a written request for a hearing. At the hearing the applicant is entitled to be heard on the qualifications of the applicant and the merits of the application.

(b) The burden of proof is on the applicant to establish by a preponderance of the evidence its eligibility for a license.

Sec. 2001.353. SUSPENSION OR REVOCATION OF LICENSE. After a hearing, the commission may suspend or revoke a license issued under this chapter for:

- (1) failure to comply with this chapter or a commission rule; or
- (2) a reason that would allow or require the commission to refuse to issue or renew a license of the same class.

Sec. 2001.354. FINAL HEARING.

(a) The commission shall hold a final hearing on the suspension or revocation of a license, if requested by the license holder, not later than the 30th day after the date the commission receives written notice of the request.

(b) A final hearing on suspension or revocation is governed by the same rules as a hearing on any other suspension or revocation under this chapter.

Sec. 2001.355. TEMPORARY SUSPENSION.

(a) The commission may temporarily suspend a license issued under this chapter for failure to comply with this chapter or a commission rule.

(b) Before temporarily suspending a license, the director of bingo operations must follow any prehearing rules adopted by the commission to determine if the license holder's continued operation may constitute an immediate threat to the health, safety, morals, or welfare of the public.

(c) Chapter 2001, Government Code, does not apply to the director of bingo operations or to the commission in the enforcement and administration of a temporary suspension under this section.

Sec. 2001.356. NOTICE OF TEMPORARY SUSPENSION.

(a) A proceeding to temporarily suspend a license issued under this chapter is initiated by the director of bingo operations by serving notice to the license holder informing the holder of:

(1) the alleged violations that constitute grounds for temporary suspension;

(2) the rules adopted by the commission regarding the prehearing temporary suspension process; and

(3) the license holder's right to a hearing before the commission.

(b) The notice must be:

(1) personally served on an officer, operator, or agent of the license holder; or

(2) sent by certified or registered mail, return receipt requested, to the license holder's mailing address as it appears on the commission's records.

(c) If a notice of temporary suspension is served on a license holder, the director of bingo operations shall simultaneously serve notice of a hearing, to be held not later than the 14th day after the date the notice is served, at which the license holder must show cause why the license should not be temporarily suspended on the 14th day after the date the notice is served. If the license holder does not show cause, the license is suspended.

Sec. 2001.357. JUDICIAL REVIEW.

(a) An applicant for or the holder of a license issued or to be issued under this chapter whose application has been denied, whose license has been revoked or suspended, or who is otherwise aggrieved by an action of the commission relating to licensing under this chapter may appeal the decision of

the commission to a district court in Travis County not later than the 30th day after the date on which the commission's decision becomes final and appealable.

(b) Judicial review of a commission decision is under the substantial evidence rule as provided by Chapter 2001, Government Code.

SUBCHAPTER I. OPERATION OF BINGO

Sec. 2001.401. RESTRICTIONS ON PREMISES PROVIDERS. A person may not, for direct or indirect consideration, lease or otherwise make a premises available for conducting bingo unless the person is:

- (1) a licensed commercial lessor; or
- (2) a person who leases or otherwise makes available premises to an organization that has been issued a temporary license.

Sec. 2001.402. SINGLE PREMISES.

(a) Bingo may not be conducted at more than one premises on property owned or leased by a licensed authorized organization.

(b) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(6), eff. October 1, 2009.

(c) No more than seven licensed authorized organizations may conduct bingo at the same premises.

Sec. 2001.403. COMMON ROOF OR FOUNDATION.

(a) Except as provided by this section, no more than one bingo premises may exist under a common roof or over a common foundation.

(b) This section does not apply if more than one premises lawfully exists under a common roof or over a common foundation under a license application filed with the commission on or before May 23, 1997. The commission shall renew a license at the premises that is otherwise in compliance with this chapter.

(c) Subsection (b) does not apply if a premises under a common roof or over a common foundation ceases to lawfully exist.

Sec. 2001.404. PRINCIPAL LOCATION. A licensed authorized organization may conduct bingo only in:

- (1) the county where the organization has its primary business office or another county contiguous to that county; or

(2) 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.

Sec. 2001.405. PROHIBITED RENTAL PAYMENTS. Bingo may not be conducted at a leased premises if rental under the lease is to be paid, in whole or part, on the basis of a percentage of the receipts or net proceeds derived from the operation of the game or by reference to the number of people attending a game.

Sec. 2001.406. RENT FOR PREMISES.

(a) The rent charged by a licensed commercial lessor to a licensed authorized organization to conduct bingo may not exceed \$600 for each bingo occasion conducted on the lessor's premises unless the organization subleases the premises to one or more other licensed authorized organizations to conduct bingo, in which event the rent charged by the licensed commercial lessor may not exceed \$600 for each day.

(b) Rent for premises used for the conduct of bingo must be paid in a lump sum. Except as otherwise provided by this section, the lump sum must include all expenses authorized by Section 2001.458 that are paid by the licensed authorized organization to the lessor in connection with the use of the premises. A licensed authorized organization or unit may 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:

(1) property taxes on the facility that are paid by the lessor, excluding any penalties and interest on the taxes;

(2) water, electric, and gas utility expenses for the facility that are paid by the lessor, excluding any late fees or other penalties; and

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

(c) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(7), eff. October 1, 2009.

Sec. 2001.407. EQUIPMENT AND SUPPLY TRANSACTIONS.

(a) A licensed manufacturer may furnish, by sale or otherwise, bingo equipment or supplies to a licensed distributor. A licensed manufacturer may not

furnish, by sale or otherwise, bingo equipment or supplies to a person other than a licensed distributor.

(b) A licensed distributor may not furnish by sale, lease, or otherwise, bingo equipment or supplies to a person other than a licensed authorized organization, another licensed distributor, or a person authorized to conduct bingo under Section 2001.551(b)(3) or (4). A sale of bingo equipment or supplies authorized by this section must be made on terms requiring immediate payment or payment not later than the 30th day after the date of actual delivery.

(c) A licensed distributor may not receive by purchase or otherwise bingo equipment or supplies from a person other than a licensed manufacturer or another licensed distributor.

(d) A licensed authorized organization may lease or purchase electronic or mechanical card-minding devices, pull-tab dispensers, bingo machines, consoles, blowers, and flash boards directly from a licensed distributor.

(e) Except for a purchase made by a licensed authorized organization under Subsection (f), a licensed authorized organization or a person authorized to conduct bingo under Section 2001.551(b)(3) or (4) may not obtain by purchase or otherwise bingo equipment or supplies from a person other than a licensed distributor.

(f) With the prior written consent of the commission, a licensed authorized organization may make an occasional sale of bingo cards or of a used bingo flash board or blower to another licensed authorized organization.

Sec. 2001.408. OTHER METHODS FOR PLAYING BINGO

Subject to the commission's rules, bingo may be played using a pull-tab bingo ticket.

Sec. 2001.409. CARD-MINDING DEVICES.

(a) A person may not use a card-minding device:

(1) to generate or determine the random letters, numbers, or other symbols used in playing the bingo card played with the device's assistance;

(2) as a receptacle for the deposit of tokens or money in payment for playing the bingo card played with the device's assistance; or

(3) as a dispenser for the payment of a bingo prize, including coins, paper currency, or a thing of value for the bingo card played with the device's assistance.

(b) Repealed by Acts 2003, 78th Leg., ch. 1114, Sec. 33, eff. Sept. 1, 2003.

Sec. 2001.410. PULL-TAB DISPENSER.

(a) A person may not use a pull-tab dispenser:

(1) to generate or determine the random letters, numbers, or other symbols used in playing bingo;

(2) to affect the chances of winning at bingo; or

(3) as a dispenser for the payment of a bingo prize, including coins, paper currency, or a thing of value for the game played.

(b) The price of a pull-tab ticket sold by a pull-tab dispenser may not exceed \$1.

(c) Not more than five pull-tab dispensers may be operated on one premises.

(d) A bingo game representation or combination of bingo games must be shown on a ticket dispensed from a pull-tab dispenser.

Sec. 2001.411. PERSONS OPERATING OR CONDUCTING BINGO.

(a) Except as provided by this section, a person other than a bona fide member of a licensed authorized organization may not conduct, promote, or administer, or assist in conducting, promoting, or administering, bingo.

(b) Only an active member of a licensed authorized organization may be an operator responsible for conducting, promoting, or administering bingo.

(c) A person may not assist in conducting, promoting, or administering bingo except a person who is:

(1) an active member of the licensed authorized organization;

(2) a member of an organization that is an auxiliary to the licensed authorized organization;

(3) a member of an organization of which the licensed authorized organization is an auxiliary;

(4) a member of an organization that is affiliated with the licensed authorized organization by being, with it, auxiliary to another organization; or

(5) a bookkeeper, an accountant, a cashier, an usher, or a caller.

(c-1) An organization may 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.

(d) The commission, without regard to a person's membership status in a licensed authorized organization, by rule may restrict involvement in the conduct, promotion, or administration of bingo by:

(1) a licensed commercial lessor;

(2) a person having an interest in or who is active in a licensed commercial lessor; or

(3) a person related in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to a person having an interest in or active in a licensed commercial lessor.

(e) The commission may not prohibit an operator responsible for conducting, promoting, or administering bingo from acting as a bingo caller for a licensed authorized organization during a bingo occasion. This subsection does not relieve the operator of the duty to be available to a commission employee or bingo player if required by this chapter.

Sec. 2001.4115. JOINT EMPLOYMENT OF BINGO

EMPLOYEES. Two or more licensed authorized organizations conducting bingo at the same premises may jointly hire bingo employees. One organization may act as the employee's employer and the other organization may reimburse the employing organization for the other organization's share of the employee's compensation and other employment-related costs. A reimbursement under this section is an authorized expense and must be made from the bingo account of the reimbursing organization.

Sec. 2001.412. ADMISSION TO BINGO GAMES. A person may not be denied admission to a bingo game or the opportunity to participate in a game because of race, color, creed, religion, national origin, sex, or disability or because the person is not a member of the licensed authorized organization conducting the bingo game.

Sec. 2001.413. ADMISSION CHARGE REQUIRED. Except as provided by Section 2001.4155, a licensed authorized organization may not offer or provide to a person the opportunity to play bingo without charge.

Sec. 2001.414. BINGO RECORDS.

(a) The commission by rule may provide for different recordkeeping procedures for licensed authorized organizations by class based on the amount of gross receipts of the organization.

(b) An organization conducting bingo must record on a cash register all transactions for which it receives bingo gross receipts in conformance with commission rules relating to transaction recording specifications.

Sec. 2001.415. ADVERTISEMENTS.

(a) A person other than a licensed authorized organization, licensed commercial lessor, or the commission may not advertise bingo.

(b) A licensed authorized organization, licensed commercial lessor, or the commission may include in an advertisement or promotion the amount of a prize or series of prizes offered at a bingo occasion.

Sec. 2001.4155. GIFT CERTIFICATES.

(a) Nothing in this chapter prohibits a licensed authorized organization from selling or redeeming a gift certificate that entitles the bearer of the certificate to play a bingo game, including instant bingo.

(b) A licensed authorized organization that sells or redeems a gift certificate must keep adequate records relating to the gift certificate as provided by commission rule.

Sec. 2001.416. OTHER GAMES.

(a) A game of chance other than bingo or a raffle conducted under Chapter 2002 may not be conducted or allowed during a bingo occasion.

(b) A person authorized to conduct a raffle under this section must be a member of a licensed authorized organization as provided by Section 2001.411.

(c) The commission shall adopt rules for the implementation of this section.

(d) This section does not prohibit the exhibition and play of an amusement machine that is not a gambling device as defined by Section 47.01, Penal Code.

Sec. 2001.418. MINORS.

(a) An individual younger than 18 years of age may not play bingo conducted under a license issued under this chapter unless the individual is accompanied by the individual's parent or guardian.

(b) A license holder may prohibit all individuals younger than 18 years of age or individuals of an age younger than 18 years of age as determined by the license holder from entering the licensed premises by posting a written notice to that effect at the premises.

(c) An individual younger than 18 years of age may not conduct or assist in the conduct of bingo under this chapter.

Sec. 2001.419. BINGO OCCASIONS.

(a) A licensed authorized organization may not conduct more than three bingo occasions during a calendar week under an annual license.

(b) A bingo occasion may not exceed four hours.

(c) No more than two bingo occasions may be conducted at the same premises during one day except that a third bingo occasion may be conducted under a temporary license held by a licensed authorized organization at that premises.

(d) If more than one bingo occasion is conducted at the same premises on the same day:

(1) the bingo occasions must be announced separately;

(2) the licensed times may not overlap; and

(3) bingo cards may 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.

(e) Bingo paper for a bingo occasion may be sold at the licensed premises before the bingo occasion begins.

Sec. 2001.420. PRIZES.

(a) A bingo prize may not have a value of more than \$750 for a single game.

(b) For bingo games other than pull-tab bingo, a person may not offer or award on a single bingo occasion prizes with an aggregate value of more than \$2,500.

(c) A licensed authorized organization or other person may not award or offer to award a door prize with a value of more than \$250.

SUBCHAPTER I-1. UNIT ACCOUNTING

Sec. 2001.431. DEFINITIONS. In this subchapter:

(1) "Unit" means 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.

(2) "Unit accounting" means a method by which licensed authorized organizations that are members of a unit account for the sharing of revenues, authorized expenses, and inventory related to bingo operations.

(3) "Unit accounting agreement" means a written agreement by all the licensed authorized organizations that are members of a unit that contains, at a minimum:

(A) the taxpayer name and number of each licensed authorized organization that is a member of the unit;

(B) the method by which the net proceeds of the bingo operations of the unit will be apportioned among the members of the unit;

(C) the name of the unit manager or designated agent of the unit; and

(D) the methods by which the unit may be dissolved and by which one or more members of the unit may withdraw from participation in the unit, including the distribution of funds, records, and inventory and the allocation of authorized expenses and liabilities on dissolution or withdrawal of one or more members of the unit.

(4) "Unit manager" means an individual licensed under this subchapter to be responsible for the revenues, authorized expenses, and inventory of a unit.

Sec. 2001.432. FORMING ACCOUNTING UNIT.

(a) Two or more licensed authorized organizations may form and operate a unit as provided by this subchapter by:

(1) executing a unit accounting agreement; and

(2) stating in the unit accounting agreement whether the unit will use:

(A) a unit manager; or

(B) a designated agent.

(b) More than one unit may be formed at a single location. A licensed authorized organization may not be a member of more than one unit.

(c) This subchapter does not require a licensed authorized organization to join a unit. Except as provided by Subsection (d), whether to join or withdraw from a unit is at the discretion of each licensed authorized organization.

(d) The members of a unit may determine whether to allow another licensed authorized organization to join the unit. The terms of the withdrawal of a member from the unit are governed by the unit accounting agreement.

Sec. 2001.433. APPLICABILITY OF CHAPTER. A licensed authorized organization that uses unit accounting is subject to the other provisions of this chapter to the extent the provisions are applicable and are not inconsistent with this subchapter.

Sec. 2001.4335. EXEMPTION FROM FRANCHISE TAX. A unit formed under this subchapter is exempt from the tax imposed under Chapter 171, Tax Code.

Sec. 2001.434. CONDUCT OF BINGO.

(a) Each licensed authorized organization that is a member of a unit shall conduct its bingo games separately from the bingo games of the other members of the unit.

(b) A unit may purchase or lease bingo supplies and equipment in the same manner as a licensed authorized organization.

(c) A licensed distributor may sell or lease bingo supplies or equipment to a unit in the same manner as the distributor sells or leases bingo supplies and equipment to a licensed authorized organization.

Sec. 2001.435. UNIT ACCOUNTING.

(a) A unit:

(1) shall establish and maintain one checking account designated as the unit's bingo account;

(2) shall maintain one inventory of bingo supplies and equipment for use in the bingo operations of members of the unit; and

(3) may maintain an interest-bearing savings account designated as the unit's bingo savings account.

(b) Each member of a unit shall deposit into the unit's bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes under Sections 2001.420(a) and (b). The deposit shall be made not later than the second business day after the day of the bingo occasion on which the receipts were obtained.

(c) All authorized expenses and distributions of the unit and its members shall be paid from the unit's bingo checking account.

Sec. 2001.436. DISBURSEMENT OF FUNDS BY DISSOLVED UNIT.

(a) Sections 2001.457(a) and (b) apply to a unit formed under this subchapter. For purposes of this subchapter, the requirements of Sections 2001.457(a) and (b) that are applicable to a licensed authorized organization shall be applied to a unit.

(b) A unit that has dissolved for any reason and has unexpended bingo funds shall disburse those funds to the bingo account of each member of the unit before the end of the next calendar quarter after the calendar quarter in which the unit dissolves.

(c) For purposes of the application of Sections 2001.457(a) and (b) to a unit under this section:

(1) "Adjusted gross receipts" means gross receipts less the amount of cost of goods purchased by a unit and prizes paid in the preceding quarter; and

(2) "Cost of goods purchased by a unit" means the cost of bingo paper and pull-tab bingo tickets purchased by the unit and payments to distributors for electronic cardminding devices.

Sec. 2001.437. UNIT MANAGER; LICENSE.

(a) If the unit accounting agreement of a unit states that a unit manager is responsible for compliance with commission rules and this chapter, the unit manager is responsible for:

(1) the filing of one quarterly report for the unit on a form prescribed by the commission; and

(2) the payment of taxes and fees and the maintenance of the bingo inventory and financial records of the unit.

(b) A unit with a unit manager shall notify the commission of the name of the unit manager and immediately notify the commission of any change of unit manager.

(c) A person may not provide services as a unit manager to licensed authorized organizations that form a unit unless the person holds a unit manager license under this subchapter. A person designated as an agent under Section 2001.438(b) is not a unit manager on account of that designation for purposes of this section.

(d) An applicant for a unit manager license must file with the commission a written application on a form prescribed by the commission that includes:

- (1) the name and address of the applicant;
- (2) information regarding whether the applicant, or any officer, director, or employee of the applicant, has been convicted of a felony, criminal fraud, gambling or gambling-related offense, or crime of moral turpitude; and
- (3) any other information required by commission rule.

(e) The commission by rule shall establish an annual license fee for a unit manager license in an amount reasonable to defray administrative costs plus any costs incurred to conduct a criminal background check.

(f) A person who holds a unit manager license shall post a bond or other security pursuant to Section 2001.514.

(g) A person is not eligible for a unit manager license under this subchapter if the person, or any officer, director, or employee of the person:

- (1) has been convicted of a felony, criminal fraud, a gambling or gambling-related offense, or crime of moral turpitude, if less than 10 years has elapsed since the termination of a sentence, parole, or community supervision served for the offense;

- (2) is an owner, officer, or director of a licensed commercial lessor, is employed by a licensed commercial lessor, or is related to a licensed commercial lessor within the second degree by consanguinity or affinity, unless the holder of the license is a licensed authorized organization or an association of licensed authorized organizations; or

- (3) holds or is listed on another license under this chapter, unless the holder of the license is a licensed authorized organization or an association of licensed authorized organizations.

(h) A unit manager must complete the training required by Section 2001.107.

Sec. 2001.438. AGREEMENT WITHOUT UNIT MANAGER.

(a) This section applies to a unit if the unit accounting agreement for the unit:

- (1) does not state that a unit manager will be responsible for compliance with the rules of the commission and this chapter; or
- (2) states that the unit will use a designated agent.

(b) The unit shall designate with the commission an agent who will be responsible for providing the commission access to all inventory and financial records of the unit on request of the commission.

(c) The agent designated under Subsection (b) may not:

(1) hold or be listed on another license issued under this chapter, unless the holder of the license is a licensed authorized organization or an association of licensed authorized organizations; or

(2) be an owner, officer, or director of a licensed commercial lessor, be employed by a licensed commercial lessor, or be related to a licensed commercial lessor within the second degree by consanguinity or affinity, unless the holder of the license is a licensed authorized organization or an association of licensed authorized organizations.

(d) The unit shall immediately notify the commission of any change in the agent designated under Subsection (b).

(e) The designated agent must complete the training required by Section 2001.107.

(f) Each licensed authorized organization that is a member of the unit shall be jointly and severally liable for:

(1) compliance with the requirements of this subchapter and the rules of the commission relating to the filing of required reports;

(2) the maintenance of bingo inventory and financial records; and

(3) the payment of taxes, fees, and any penalties imposed for a violation of this subchapter or commission rules related to the operations of the unit.

(g) Each licensed authorized organization that is a member of the unit may be made a party to any administrative or judicial action relating to the enforcement of this subchapter or the rules of the commission pertaining to the operation of the unit.

Sec. 2001.439. TRUST AGREEMENT.

(a) Notwithstanding any other provision of this subchapter, a unit may be formed pursuant to a trust agreement between two or more licensed authorized organizations that conduct bingo at the same location. The agreement must:

(1) designate one of the organizations as the trustee;

(2) designate a person who will carry out the duties described by Section 2001.438(b);

(3) specify the method by which the unit will comply with the requirements of Section 2001.436(a); and

(4) state that the trustee is responsible for compliance with the rules of the commission and this chapter.

(b) The commission by rule may prohibit a person from serving as a unit manager or as a designated agent for a unit that does not use a unit manager if the person has failed to comply with the duties required of the person as a unit manager or designated agent.

(c) The commission may prohibit a person who serves as a designated agent that is listed on a license under this chapter, including having been approved by the commission to work in the bingo operations of a licensed authorized organization or as an operator, from holding or being listed on any license or from being approved to work in the bingo operations of any licensed authorized organization or to serve as an operator if the person has failed to comply with the duties required of the person as a unit manager or designated agent.

SUBCHAPTER J. BINGO ACCOUNTS AND USE OF PROCEEDS

Sec. 2001.451. ORGANIZATION BINGO ACCOUNTS.

(a) A licensed authorized organization shall establish and maintain one regular checking account designated as the organization's "bingo account." The organization may maintain a separate interest-bearing savings account designated as the "bingo savings account."

(b) A licensed authorized organization shall deposit in the bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes under Sections 2001.420(a) and (b). Except as provided by Subsection (b-1), a deposit must be made not later than the second business day after the day of the bingo occasion on which the receipts were obtained.

(b-1) A licensed authorized organization may deposit funds derived from the conduct of bingo that are paid through a debit card transaction in the bingo fund not later than 72 hours after the transaction.

(c) A licensed authorized organization may transfer 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:

(1) the balance in the bingo account to which the funds are transferred is less than the maximum amount permitted by this section; and

(2) the organization notifies the commission of the transfer not later than the 14th day after the date of the transfer.

(d) Except as permitted by Subsection (c), a licensed authorized organization may not commingle gross receipts derived from the conduct of bingo with other funds of the organization.

(e) Except as permitted by Subsection (c) of this section and by Section 2001.453(2), a licensed authorized organization may not transfer gross receipts derived from the conduct of bingo to another account maintained by the organization.

(f) A licensed authorized organization shall maintain all of its savings and checking accounts in a financial institution in this state.

(g) The bingo operations of a licensed authorized organization must:

(1) result in net proceeds over the organization's license period; or

(2) 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) Except as provided by Subsection (j), a licensed authorized organization or a unit of licensed authorized organizations may retain operating capital in the organization's or unit's bingo account in an amount that:

(1) 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

(2) does not exceed a total of \$50,000 for a single organization or \$50,000 for each member of a unit unless:

(A) the commission by rule establishes a higher amount for all organizations or units or one or more classes of organizations or units; or

(B) 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) Prize fees held in escrow for remittance to the commission are not included in the calculation of operating capital under Subsection (h).

(j) The commission shall adopt rules allowing a licensed authorized 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:

(1) has conducted bingo for less than one year;

(2) experiences circumstances beyond the control of the organization, including force majeure, that necessitate an increase in operating capital; or

(3) 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) A licensed authorized organization may apply to the commission for a waiver of the requirements of this section and Section 2001.457. The commission may 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. An organization applying for a waiver establishes good cause by providing to the commission:

(1) credible evidence of circumstances beyond the control of the organization, including force majeure; or

(2) a credible business plan for the organization's conduct of bingo or the organization's existing or planned charitable purposes.

Sec. 2001.452. BINGO ACCOUNT WITHDRAWALS.

(a) Funds from the bingo account must be withdrawn by electronic funds transfer or by preprinted, consecutively numbered checks or withdrawal slips, signed by an authorized representative of the licensed authorized organization and made payable to a person. A check or withdrawal slip may not be made payable to "cash," "bearer," or a fictitious payee. The nature of the payment made must also be noted on the face of the check or withdrawal slip. The purpose, amount, and payee for each electronic funds transfer must be recorded in accordance with rules adopted by the commission.

(b) The checks for the bingo account must be imprinted with the words "Bingo Account" and must contain the organization's bingo license number on the face of each check.

(c) A licensed authorized organization shall account for all checks and withdrawal slips, including voided checks and withdrawal slips.

Sec. 2001.453. AUTHORIZED USES OF BINGO ACCOUNT. A licensed authorized organization may withdraw funds from its bingo account only for:

(1) the payment of necessary or reasonable bona fide expenses, including compensation of personnel, as permitted under Section 2001.458 incurred and paid in connection with the conduct of bingo; or

(2) the disbursement of net proceeds derived from the conduct of bingo as provided by this subchapter.

Sec. 2001.454. USE OF NET PROCEEDS FOR CHARITABLE PURPOSES.

(a) A licensed authorized organization shall devote to the charitable purposes of the organization its net proceeds of bingo and any rental of premises.

(b) Except as otherwise provided by law, the net proceeds derived from bingo and any rental of premises are dedicated to the charitable purposes of the organization only if directed to a cause, deed, or activity that is consistent with the federal tax exemption the organization obtained under 26 U.S.C. Section 501 and under which the organization qualifies as a nonprofit organization as defined by Section 2001.002. If the organization is not required to obtain a federal tax exemption under 26 U.S.C. Section 501, the organization's net proceeds are dedicated to the charitable purposes of the organization only if directed to a cause, deed, or activity that is consistent with the purposes and objectives for which the organization qualifies as an authorized organization under Section 2001.002.

Sec. 2001.455. USE OF PROCEEDS BY RECIPIENT. A person given bingo proceeds for a charitable purpose may not use the donation:

- (1) to pay for services rendered or materials purchased in connection with the conduct of bingo by the donor organization; or
- (2) for a purpose that would not constitute a charitable purpose if the activity were conducted by the donor organization.

Sec. 2001.456. USE OF PROCEEDS BY LICENSED AUTHORIZED ORGANIZATION. A licensed authorized organization may not use the net proceeds from bingo directly or indirectly to:

- (1) support or oppose a candidate or slate of candidates for public office;
 - (2) support or oppose a measure submitted to a vote of the people;
- or
- (3) influence or attempt to influence legislation.

Sec. 2001.457. REQUIRED DISBURSEMENTS TO CHARITY.

(a) Before the end of each quarter, a licensed authorized organization shall 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.

(b) If a licensed authorized organization fails to meet the requirements of Subsection (a) for a quarter, the commission in applying appropriate sanctions shall 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.

(c) A licensed authorized organization that has ceased to conduct bingo for any reason and that has unexpended bingo funds shall disburse those funds as provided by this subchapter before the end of the next calendar quarter after the calendar quarter in which the organization ceases to conduct bingo.

(d) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(9), eff. October 1, 2009.

Sec. 2001.458. ITEMS OF EXPENSE.

(a) An item of expense may not be 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:

(1) advertising, including the cost of printing bingo gift certificates;

(2) security;

(3) repairs to premises and equipment;

(4) bingo supplies and equipment;

(5) prizes;

(6) stated rental or mortgage and insurance expenses;

(7) bookkeeping, legal, or accounting services related to bingo;

(8) fees for bingo chairpersons, operators, managers, salespersons, callers, cashiers, ushers, janitorial services, and utility supplies and services;

(9) health insurance or health insurance benefits for bingo chairpersons, operators, managers, salespersons, callers, cashiers, and ushers, as provided by Subsection (b);

(10) license fees;

(11) attending a bingo seminar or convention required under Section 2001.107; and

(12) debit card transaction fees and electronic funds transfer fees.

(b) The value of health insurance or health insurance benefits provided by a licensed authorized organization to an employee may not exceed 50 percent of the total premium owed. If an employee is employed by more than one licensed authorized organization, the combined value of health insurance or

health insurance benefits provided to the employee by the employing organization may not exceed 50 percent of the total premium owed.

Sec. 2001.459. EXPENSES PAID FROM BINGO ACCOUNT.

(a) The following items of expense incurred or paid in connection with the conduct of bingo must be paid from an organization's bingo account:

- (1) advertising, including the cost of printing bingo gift certificates;
- (2) security during a bingo occasion;
- (3) the purchase or repair of bingo supplies and equipment;
- (4) prizes, other than authorized cash prizes;
- (5) stated rental expenses;
- (6) bookkeeping, legal, or accounting services;
- (7) fees for callers, cashiers, and ushers;
- (8) janitorial services; and
- (9) license fees.

(b) Payment for a service under Subsection (a)(10) may be paid from an organization's gross receipts.

SUBCHAPTER K. TAXES AND PRIZE FEES

Sec. 2001.501. GROSS RENTALS TAX.

(a) A tax is imposed on the rental of premises for the conduct of bingo under this chapter.

(b) The tax rate is three percent of the gross rentals received by a licensed commercial lessor or other licensed authorized organization for the rental of premises on which bingo is conducted.

Sec. 2001.502. PRIZE FEE. A licensed authorized organization shall:

- (1) 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
- (2) remit to the commission a fee in the amount of five percent of the amount or value of all bingo prizes awarded.

Sec. 2001.503. LOCAL SHARE OF PRIZE FEE.

(a) Except as provided by Subsection (c), a county that imposed a gross receipts tax on the conduct of bingo as of January 1, 1993, is entitled to 50

percent of the fee collected under Section 2001.502 on a prize awarded at a game conducted in the county.

(b) Except as provided by Subsection (c), a municipality that imposed a gross receipts tax on the conduct of bingo as of January 1, 1993, is entitled to 50 percent of the fee collected under Section 2001.502 on a prize awarded at a game conducted in the municipality.

(c) If a county and municipality are both entitled to a share of the fee imposed by Section 2001.502:

(1) the county is entitled to 25 percent of the fee on a prize awarded at a game conducted in the county; and

(2) the municipality is entitled to 25 percent of the fee on a prize awarded at a game conducted in the municipality.

Sec. 2001.504. PAYMENT AND REPORTING OF TAX OR FEE.

(a) A tax or fee authorized or imposed under this subchapter is due and is payable by the license holder or a person conducting bingo without a license to the commission quarterly on or before the 25th day of the month succeeding each calendar quarter.

(b) The report of a tax or fee must be filed under oath on forms prescribed by the commission.

(c) The commission shall adopt rules for the payment of the taxes and fees.

(d) A license holder required to file a tax return shall deliver the quarterly return with the net amount of the tax due to the commission.

(e) The commission shall deposit the revenue collected under this section to the credit of the general revenue fund.

Sec. 2001.505. REPORT OF EXPENSES.

(a) A licensed authorized organization conducting bingo shall submit quarterly to the commission a report under oath stating:

(1) the amount of the gross receipts derived from bingo;

(2) each item of expense incurred or paid;

(3) each item of expenditure made or to be made, the name and address of each person to whom each item has been paid or is to be paid, and a detailed description of the merchandise purchased or the services rendered;

(4) the net proceeds derived from bingo;

(5) the use to which the proceeds have been or are to be applied;

and

(6) a list of prizes offered and given, with their respective values.

(b) A license holder shall maintain records to substantiate the contents of each report.

(c) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(10), eff. October 1, 2009.

Sec. 2001.506. RECORD OF PRIZE WINNER. The commission by rule may require a licensed authorized organization to maintain records relating to each person to whom a prize is awarded at a bingo occasion.

Sec. 2001.507. COLLECTION AND DISBURSEMENT OF PRIZE FEE.

(a) The commission shall deposit the revenue collected from the fee on prizes imposed by Section 2001.502 to the credit of a special account in the general revenue fund.

(b) The commission shall determine the total amount of revenue deposited in the account from prizes awarded at games in a county or municipality entitled to a share under Section 2001.503.

(c) The commission shall send quarterly to a county or municipality entitled to a share of the fee on prizes the county's or municipality's share as provided by Section 2001.503.

(d) The commission shall transfer any remaining amounts in the account to a nondedicated account in the general revenue fund.

(e) The commission shall transmit a jurisdiction's share of the fee on prizes to the treasurer or the officer of the jurisdiction performing the functions of the treasurer's office payable to the jurisdiction. The amount transmitted may be used by the jurisdiction for any purpose for which the general funds of the jurisdiction may be used.

(f) The commission may retain in a jurisdiction's suspense account a portion of the jurisdiction's share of the fee on prizes collected under this chapter. The amount retained in the suspense account may not exceed five percent of the amount remitted to the jurisdiction. The commission may make refunds from the suspense account of a jurisdiction for overpayments made to those accounts and may redeem dishonored checks and drafts deposited to the credit of the jurisdiction's suspense account.

(g) If a jurisdiction entitled to a share of the fee on prizes prohibits the conduct of bingo under Sections 2001.651-2001.656, the commission may retain in the suspense account of the jurisdiction for one year five percent of the final

remittance to that jurisdiction. The amount retained in the suspense account may be used to cover possible overpayment of the jurisdiction's portion of the fee and to redeem dishonored checks and drafts deposited to the credit of the account. One year after the effective date of the prohibition of bingo in the jurisdiction, the commission shall remit the balance in the account to the jurisdiction and close the account.

(h) Interest earned on all fees on prizes collected by the commission under this chapter before distribution to a local jurisdiction, including interest earned from the suspense accounts retained under this section, shall be credited to the general revenue fund.

Sec. 2001.508. PENALTIES FOR FAILURE TO PAY OR REPORT.

(a) If a person fails to file a return as required by this chapter or fails to pay to the commission taxes imposed under this chapter when the return or payment is due, the person forfeits five percent of the amount due as a penalty, and after the first 30 days, the person forfeits an additional five percent.

(b) A delinquent tax accrues interest at the rate provided by Section 111.060, Tax Code, beginning on the 60th day after the due date.

Sec. 2001.509. RECOMPUTATION OF TAX. If the commission is not satisfied with a tax return or the amount of tax required to be remitted under this chapter to the state by a person, the commission may compute and determine the amount required to be paid on the basis of:

(1) the facts contained in the return or report of receipts and expenses; or

(2) any information possessed by the commission or that may come into the possession of the commission, without regard to the period covered by the information.

Sec. 2001.510. DETERMINATION IF NO RETURN MADE.

(a) If a license holder fails to make a required return, or if a person conducts bingo without a license, the commission shall make an estimate of the prizes awarded at a bingo occasion or of the gross rentals received by a license holder for the rental of premises. The commission shall make the estimate for the period in respect to which the license holder or other person failed to make a return.

(b) The estimate shall be based on any information covering any period possessed by the commission or that may come into the possession of the commission.

(c) On the basis of the commission's estimate, the commission shall compute and determine the amount of taxes or fees required to be paid to the state and shall add to that amount a penalty of 10 percent of the amount.

(d) One or more determinations may be made under this section for one or more periods.

Sec. 2001.511. JEOPARDY DETERMINATION.

(a) If the commission believes that the collection of a gross rental tax or fee on prizes, an amount of the tax or fee on prizes required to be remitted to the state, or the amount of a determination will be jeopardized by delay, the commission shall make a determination of the tax or fee on prizes or amount of the tax or fee required to be collected, noting the finding of jeopardy on the determination. The determined amount is due and payable immediately.

(b) If a license holder against whom the determination is made does not pay the amount specified by a determination on or before the 20th day after the date of service of the determination on the license holder, the amount becomes final at the end of the 20th day unless the license holder files a petition for redetermination on or before the 20th day after service of notice of the determination.

(c) A delinquency penalty of 10 percent of the tax or fee on prizes or amount of the tax or fee on prizes and interest at the rate of 10 percent a year attaches to the amount of the tax or fee on prizes or the amount of the tax or fee on prizes required to be collected.

Sec. 2001.512. APPLICATION OF TAX LAWS.

(a) Subtitle B, Title 2, Tax Code, applies to the administration, collection, and enforcement of the gross rentals tax imposed under Section 2001.501 and the fee on prizes imposed under Section 2001.502 except as modified by this chapter.

(b) In applying the provisions of Subtitle B, Title 2, Tax Code, to the gross rentals tax imposed under Section 2001.501 and the fee on prizes imposed under Section 2001.502 only, the fee on prizes is treated as if it were a tax and the powers and duties assigned to the comptroller under that subtitle are assigned to the commission.

Sec. 2001.513. DELINQUENCY: SEIZURE AND SALE.

(a) At any time within three years after a person is delinquent in the payment of an amount of gross rentals tax or fee on prizes, the commission may collect the amount under this section.

(b) The commission shall seize real or personal property of the license holder not exempt from execution under the laws of this state and sell the property, or a sufficient part of the property, at public auction to pay the amount due and interest or penalties caused by the seizure and sale.

(c) The commission shall give the delinquent person written notice of the sale, including the time and place of the sale, at least 20 days before the date set for the sale. The commission shall mail the notice, postage prepaid, in an envelope addressed to the person at the person's last known address or place of business.

(d) The commission shall publish the notice for at least 10 days before the date set for the sale in a newspaper of general circulation published in the county in which the property seized is to be sold. If there is no newspaper of general circulation in the county, the commission shall post the notice in three public places in the county at least 20 days before the date set for the sale.

(e) The notice must contain:

- (1) a description of the property to be sold;
- (2) a statement of the amount due, including interest, penalties, and costs;
- (3) the name of the delinquent person; and
- (4) a statement that unless the amount due, interest, penalties, and costs are paid on or before the time fixed in the notice for the sale, the property, or so much of it as may be necessary, will be sold in accordance with law and the notice.

(f) At the sale, the commission shall sell the property in accordance with law and the notice and shall deliver to the purchaser a bill of sale for personal property and a deed for real property sold. The bill of sale or deed vests the interest or title of the delinquent person for the amount in the purchaser. The unsold portion of property seized may be left at the place of sale at the risk of the delinquent person for the amount.

(g) Except as provided by Subsection (h), if the money received at the sale exceeds the total amounts, including interest, penalties, and costs due to the state, the commission shall return the excess money to the person liable for the amounts and shall obtain the person's receipt. If the receipt of the delinquent

person for the amount is not available, the commission shall deposit the excess money with the comptroller, as trustee for the person, subject to the order of the person, or the person's heirs, successors, or assigns.

(h) If a person having an interest in or lien on the property files with the commission before the sale notice of the person's interest or lien, the commission shall withhold any excess money pending a court determination of the rights of the respective parties to the money.

Sec. 2001.514. SECURITY.

(a) To secure payment of the tax on gross rentals or the fee on prizes imposed under this subchapter, each license holder shall furnish to the commission:

- (1) a cash bond;
- (2) a bond from a surety company chartered or authorized to do business in this state;
- (3) certificates of deposit;
- (4) certificates of savings;
- (5) United States treasury bonds;
- (6) subject to the approval of the commission, an assignment of negotiable stocks or bonds; or
- (7) other security as the commission considers sufficient.

(b) The commission shall set the amount of the bond or other security, taking into consideration the amount of money that has or is expected to become due from the license holder. The amount required by the commission may not exceed three times the amount due according to the license holder's average quarterly reports.

(c) On a license holder's failure to pay the gross rentals tax or the fee on prizes imposed under this subchapter, the commission may notify the license holder and any surety of the delinquency by jeopardy or deficiency determination. If payment is not made when due, the commission may forfeit all or part of the bond or security.

(d) If the license holder ceases to conduct bingo and relinquishes the license holder's license, the commission shall authorize the release of all bonds and other security on a determination that no amounts of the gross rentals tax or the fee on prizes remain due and payable under this subchapter.

Sec. 2001.515. COMMISSION'S TAX DUTIES. The commission shall perform all functions incident to the administration, collection, enforcement, and operation of a tax imposed under this subchapter.

SUBCHAPTER L. ENFORCEMENT

Sec. 2001.551. UNLAWFUL BINGO; OFFENSE.

(a) In this section, "bingo" or "game" means a specific game of chance, commonly known as bingo or lotto, in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random, whether or not a person who participates as a player furnishes something of value for the opportunity to participate.

(b) A person conducting, promoting, or administering bingo commits an offense if the person conducts, promotes, or administers bingo other than:

(1) under a license issued under this chapter;

(2) within the confines of a home for purposes of amusement or recreation when:

(A) no player or other person furnishes anything of more than nominal value for the opportunity to participate;

(B) participation in the game does not exceed 15 players;

and

(C) the prizes awarded or to be awarded are nominal;

(3) on behalf of an organization of individuals 60 years of age or over, a senior citizens' association, a senior citizens' community center program operated or funded by a governmental entity, the patients in a hospital or nursing home, residents of a retirement home, or the patients in a Veteran's Administration medical center or a military hospital, solely for the purpose of amusement and recreation of its members, residents, or patients, when:

(A) no player or other person furnishes anything of more than nominal value for the opportunity to participate; and

(B) the prizes awarded or to be awarded are nominal; or

(4) on behalf of a business conducting the game for promotional or advertising purposes if:

(A) the game is conducted by or through a newspaper or a radio or television station;

(B) participation in the game is open to the general public and is not limited to customers of the business;

(C) playing materials are furnished without charge to a person on request; and

(D) no player is required to furnish anything of value for the opportunity to participate.

(c) An offense under Subsection (b) is a felony of the third degree.

(d) This section applies to a political subdivision regardless of local option status.

(e) A game exempted under Subsection (b)(2), (3), or (4) is not required to be licensed under this chapter.

(f) A game exempted under Subsection (b)(4) is subject to the following restrictions:

(1) a person licensed or required to be licensed under this chapter or having an interest in a license under this chapter may not be involved, directly or indirectly, in bingo, except that a licensed manufacturer or licensed distributor may sell or otherwise furnish bingo equipment or supplies for use in a game;

(2) a person conducting bingo may purchase or otherwise obtain bingo equipment or supplies through a newspaper, a radio or television station, or an advertising agency and, unless otherwise authorized by the commission, only from a licensed manufacturer or licensed distributor;

(3) a licensed manufacturer or licensed distributor may sell or otherwise furnish bingo equipment or supplies for use in a game only to or through a newspaper or a radio or television station or through an advertising agency acting on behalf of a person authorized to conduct the game; and

(4) the commission by rule may require a person conducting or involved in conducting the game to:

(A) notify the commission of:

(i) the persons involved in conducting the game;

(ii) the manner in which the game is to be conducted;

and

(iii) any other information required by the commission; and

(B) keep records of all transactions connected with the game available for commission inspection.

Sec. 2001.552. FRAUDULENT AWARD OF PRIZES; OFFENSE.

(a) A person commits an offense if the person knowingly participates in the award of a prize to a bingo player in a manner that disregards, to any extent, the random selection of numbers or symbols.

(b) An offense under this section is a felony of the third degree.

(c) It is a defense to prosecution under this section that no participant in the game furnished anything of value for the opportunity to participate in the game.

Sec. 2001.553. UNLICENSED SALES; OFFENSE.

(a) A person commits an offense if a person sells or attempts to induce the sale of bingo equipment, supplies, or automated bingo services to a licensed authorized organization and the person is not licensed to do so.

(b) Repealed by Acts 2009, 81st Leg., R.S., Ch. 636, Sec. 42(11), eff. October 1, 2009.

(c) An offense under this section is a Class A misdemeanor.

Sec. 2001.554. OTHER OFFENSES; REVOCATION OF LICENSE.

(a) A person commits an offense and the person's license is subject to revocation under this chapter if the person:

(1) makes a false statement or material omission in an application for a license under this chapter;

(2) fails to maintain records that fully and accurately record each transaction connected with the conducting of bingo, the leasing of premises to be used for bingo, or the manufacture, sale, or distribution of bingo supplies or equipment;

(3) falsifies or makes a false entry in a book or record if the entry relates to bingo, the disposition of bingo proceeds, the application of rent received by a licensed authorized organization, or the gross receipts from the manufacture, sale, or distribution of bingo supplies or equipment;

(4) diverts or pays a portion of the net proceeds of bingo to a person except in furtherance of one or more of the lawful purposes provided by this chapter; or

(5) violates this chapter or a term of a license issued under this chapter.

(b) An offense under Subsection (a)(2), (3), or (5) is a Class C misdemeanor, unless it is shown on the trial of the offense that the person has been convicted previously under this section, in which event the offense is a Class B misdemeanor. An offense under Subsection (a)(1) or (4) is a Class A misdemeanor. This subsection does not apply to an offense committed under Section 2001.551(b) or Section 2001.552.

(c) A person whose license is revoked under this section may not apply for another license under this chapter before the first anniversary of the date of revocation.

Sec. 2001.555. EXEMPTION FROM PROSECUTION.

(a) A person lawfully conducting or participating in bingo or permitting the conduct of bingo on premises owned or leased by the person under a license issued under this chapter is not subject to prosecution or conviction for a violation of a provision of the Penal Code or other law or ordinance to the extent that the person's action is specifically authorized by this chapter.

(b) The immunity granted under this section does not extend to a person:

(1) knowingly conducting or participating in bingo under a license obtained by a false pretense, false statement, or material omission made in an application for license or otherwise; or

(2) knowingly permitting the conduct of bingo on premises owned or leased by the person under a license known to the person to have been obtained by a false pretense or statement.

(c) A license holder under this chapter may possess paraphernalia or equipment that is required to conduct bingo.

Sec. 2001.556. PRICE FIXING PROHIBITED.

(a) A manufacturer, distributor, or supplier may not by express or implied agreement with another manufacturer or distributor fix the price at which bingo equipment or supplies used or intended to be used in connection with bingo conducted under this chapter may be sold.

(b) The price of bingo supplies and equipment in the competitive marketplace shall be established by the manufacturer, distributor, or supplier and may not be established in concert with another manufacturer, distributor, or supplier.

Sec. 2001.557. INSPECTION OF PREMISES. The commission, its officers or agents, or a state, municipal, or county peace officer may enter and inspect the contents of premises where:

(1) bingo is being conducted or intended to be conducted; or

(2) equipment used or intended for use in bingo is found.

Sec. 2001.558. INJUNCTION; CIVIL PENALTY.

(a) If the commission, the appropriate governing body, or the attorney general has reason to believe that this chapter has been or is about to be violated, the commission, the governing body, or the attorney general may petition a court for injunctive relief to restrain the violation.

(b) Venue for an action seeking injunctive relief is in a district court in Travis County.

(c) If the court finds that this chapter has been violated or is about to be violated, the court shall issue a temporary restraining order and, after due notice and hearing, a temporary injunction, and after a final trial, a permanent injunction to restrain the violation.

(d) If the court finds that this chapter has been knowingly violated, the court shall order all proceeds from the illegal bingo to be forfeited to the appropriate governing body as a civil penalty.

Sec. 2001.559. REMEDIES NOT EXCLUSIVE. The commission may suspend or revoke a license under Section 2001.355, impose an administrative penalty under Subchapter M, or both, depending on the severity of the violation.

Sec. 2001.560. EXAMINATION OF RECORDS; DISCLOSURE OF INFORMATION.

(a) The governing body of the appropriate political subdivision or the attorney general may:

(1) examine or cause to be examined the records of an authorized organization that is or has been licensed to conduct bingo, to the extent the organization's activities relate to bingo, including the maintenance, control, and disposition of net proceeds derived from bingo or from the use of its premises for bingo; and

(2) examine a manager, officer, director, agent, member, or employee of the organization under oath regarding:

(A) the conduct of bingo under a license;

(B) the use of premises; or

(C) the disposition of proceeds derived from bingo.

(b) The governing body of the appropriate political subdivision or the attorney general may:

(1) examine or cause to be examined the records of a licensed commercial lessor if the activities of the lessor may relate to leasing premises for bingo; and

(2) examine the lessor or a manager, officer, director, agent, or employee of the lessor under oath regarding the leasing.

(c) The commission or a person authorized in writing by the commission may examine the books, papers, records, equipment, and place of business of a license holder and may investigate the character of the license holder's business

to verify the accuracy of a return, statement, or report made, or, if no return is made by the license holder, to ascertain and determine the amount required to be paid.

(d) The commission may set and charge to the license holder a fee in an amount reasonably necessary to recover the cost of an authorized investigation or audit authorized under this chapter.

(e) If the commission determines that a person is not complying with this chapter, the commission shall notify the attorney general and the governing body of the appropriate political subdivision.

Sec. 2001.561. PENAL CODE APPLICATION. Section 47.08, Penal Code, applies to a prosecution for a violation of this chapter.

SUBCHAPTER M. ADMINISTRATIVE PENALTY

Sec. 2001.601. IMPOSITION OF PENALTY. The commission may impose an administrative penalty against a person who violates this chapter or a rule or order adopted by the commission under this chapter.

Sec. 2001.602. AMOUNT OF PENALTY.

(a) The amount of the administrative penalty may not exceed \$1,000 for each violation. Each day a violation continues or occurs may be considered a separate violation for purposes of imposing a penalty.

(b) In determining the amount of the penalty, the director shall consider:

- (1) the seriousness of the violation, including the nature, circumstances, extent, and gravity of the prohibited acts;
- (2) the history of previous violations;
- (3) the amount necessary to deter future violations;
- (4) efforts to correct the violation; and
- (5) any other matter that justice may require.

Sec. 2001.603. NOTICE OF VIOLATION AND PENALTY.

(a) If, after investigating a possible violation and the facts surrounding that possible violation, the director determines that a violation has occurred, the director may issue a violation report stating the facts on which the conclusion

that a violation occurred is based, recommending that an administrative penalty be imposed on the person alleged to have committed the violation, and recommending the amount of the proposed penalty. The director shall base the recommended amount of the proposed penalty on the seriousness of the violation determined by consideration of the factors set out in Section 2001.602(b).

(b) Not later than the 21st day after the date on which the report is issued, the director shall give written notice of the report to the person alleged to have committed the violation.

(c) The notice must:

- (1) include a brief summary of the alleged violation;
- (2) state the amount of the administrative penalty recommended;

and

(3) inform the person of the person's right to a hearing on the occurrence of the violation, the amount of the penalty, or both.

Sec. 2001.604. PENALTY TO BE PAID OR HEARING REQUESTED.

(a) Not later than the 20th day after the date the person receives the notice, the person may:

- (1) accept the recommendation of the director, including the recommended administrative penalty; or
- (2) make a written request for a hearing on the determination.

(b) If the person accepts the director's determination, the director by order shall approve the determination and impose the proposed penalty.

Sec. 2001.605. HEARING.

(a) If the person timely requests a hearing or does not respond to the notice in the time provided by Section 2001.604(a), the director shall set a hearing and give notice of the hearing to the person.

(b) The hearings examiner shall make findings of fact and conclusions of law and promptly issue to the commission a proposal for decision as to the occurrence of the violation and the amount of the proposed penalty, if a penalty is warranted.

Sec. 2001.606. DECISION BY DIRECTOR.

(a) Based on the findings of fact and conclusions of law and the recommendations of the hearings examiner, the director by order:

(1) may find that a violation has occurred and may impose an administrative penalty; or

(2) may find that a violation has not occurred.

(b) The director shall give notice of the order to the person. The notice must include:

(1) separate statements of the findings of fact and conclusions of law;

(2) the amount of any penalty imposed;

(3) a statement of the right of the person to judicial review of the order; and

(4) other information required by law.

Sec. 2001.607. OPTIONS FOLLOWING DECISION: PAY OR APPEAL.

(a) Not later than the 30th day after the date on which the order becomes final, the person shall:

(1) pay the administrative penalty;

(2) pay the penalty and file a petition for judicial review contesting the finding that a violation occurred, the amount of the penalty, or both; or

(3) without paying the penalty, file a petition for judicial review contesting the finding that a violation occurred, the amount of the penalty, or both.

(b) Within the 30-day period, a person who acts under Subsection (a)(3) may:

(1) stay enforcement of the penalty by:

(A) paying the penalty to the court for placement in an escrow account; or

(B) giving to the court a supersedeas bond approved by the court for the amount of the penalty that is effective until all judicial review of the order is final; or

(2) request the court to stay enforcement of the penalty by:

(A) filing with the court a sworn affidavit of the person stating that the person is financially unable to pay the penalty and is financially unable to give the supersedeas bond; and

(B) giving a copy of the affidavit to the director by certified mail.

(c) On receipt of a copy of the affidavit as provided by Subsection (b)(2), the director may file with the court, not later than the fifth day after the date the

copy is received, a contest to the affidavit. The court shall hold a hearing on the facts alleged in the affidavit as soon as practicable and shall stay the enforcement of the penalty on finding that the alleged facts are true. The person who files an affidavit has the burden of proving that the person is financially unable to pay the penalty and to give a supersedeas bond.

Sec. 2001.608. COLLECTION OF PENALTY. If the person does not pay the administrative penalty and the enforcement of the penalty is not stayed, the director may refer the matter to the attorney general for collection of the penalty.

Sec. 2001.609. DETERMINATION BY COURT.

(a) If the court sustains the finding that a violation occurred, the court may uphold or reduce the amount of the administrative penalty and order the person to pay the full or reduced amount.

(b) If the court does not sustain the finding that a violation occurred, the court shall order that a penalty is not owed.

Sec. 2001.610. REMITTANCE OF PENALTY AND INTEREST.

(a) If, after judicial review, the administrative penalty is reduced or not upheld by the court, the court shall, after the judgment becomes final:

(1) order the appropriate amount, plus accrued interest, be remitted to the person if the person paid the penalty; or

(2) if the person posted a supersedeas bond, order the release of the bond:

(A) if the penalty is not upheld; or

(B) after the person pays the reduced penalty, if the amount of the penalty is reduced.

(b) The interest paid under Subsection (a)(1) is accrued at the rate charged on loans to depository institutions by the New York Federal Reserve Bank. The interest shall be paid for the period beginning on the date the penalty is paid and ending on the date the penalty is remitted.

Sec. 2001.611. ADMINISTRATIVE PROCEDURE. A proceeding under this subchapter is subject to Chapter 2001, Government Code.

SUBCHAPTER N. ELECTIONS

Sec. 2001.651. ORDERING ELECTION. The governing body of a county, justice precinct, or municipality:

(1) shall order and hold an election under this chapter in the appropriate political subdivision if the governing body is presented with a petition for an election that meets the requirements of this chapter; and

(2) may order and hold an election on its own motion.

Sec. 2001.652. PETITION.

(a) A petition for an election to legalize bingo under this chapter must have a statement substantially as follows preceding the space reserved for signatures on each page: "This petition is to require that an election be held in (name of political subdivision) to legalize bingo games authorized under the Bingo Enabling Act."

(b) A petition for an election to prohibit bingo under this chapter must have a statement substantially as follows preceding the space reserved for signatures on each page: "This petition is to require that an election be held in (name of political subdivision) to prohibit bingo games authorized under the Bingo Enabling Act."

(c) A petition is valid only if it is signed by a number of registered voters of the political subdivision equal to at least 10 percent of the number of votes received in the political subdivision by all candidates for governor in the most recent general election, or the amount specified in the document governing the administration of the political subdivision, whichever is less. If boundaries of the political subdivision do not coincide with boundaries of election precincts in effect for that general election, the officer verifying the petition may use a reasonable method to estimate the number of votes for governor received in that election in the political subdivision.

(d) A signer must enter beside the signer's signature the date of signing the petition. A signature may not be counted if the signer fails to enter the date or if the date of signing is earlier than the 90th day before the date the petition is submitted to the governing body.

(e) In addition to the signature and date of signing, the petition must include each signer's:

- (1) current voter registration number;
- (2) printed name; and
- (3) residence address, including zip code.

Sec. 2001.653. VERIFICATION OF PETITION.

(a) Not later than the fifth day after the date the governing body receives a petition for an election, the governing body shall submit the petition for verification to the county clerk if the petition is applicable to a county or justice precinct or to the municipal secretary if the petition is applicable to a municipality.

(b) The officer to whom the petition is submitted for verification shall determine whether the petition is signed by the required number of registered voters of the political subdivision in which the election is requested.

(c) Not later than the 30th day after the date the petition is submitted to the officer for verification, the officer shall certify in writing to the governing body whether the petition is valid or invalid. If the officer determines that the petition is invalid, the officer shall state all reasons for that determination.

Sec. 2001.654. DATE OF ELECTION.

(a) If the officer responsible for certifying a petition determines that a petition is valid, the governing body shall:

(1) order that an election be held in the appropriate political subdivision on a date not later than the 60th day after the date of the officer's certification; and

(2) notify the commission by certified mail, return receipt requested, that an election has been ordered.

(b) If a uniform election day as provided by Section 41.001(a), Election Code, does not occur within the 60-day period, the governing body shall order the election to be held on the next uniform election date provided by that section.

Sec. 2001.655. BALLOT PROPOSITION.

(a) In an election to legalize bingo under this chapter in a political subdivision, the ballot shall be prepared to provide for voting for or against the proposition: "Legalizing bingo games for charitable purposes as authorized by the Bingo Enabling Act in (name of political subdivision)."

(b) In an election to prohibit bingo under this chapter in a political subdivision, the ballot shall be prepared to provide for voting for or against the proposition: "Prohibiting bingo games for charitable purposes as authorized by the Bingo Enabling Act in (name of political subdivision)."

Sec. 2001.656. EFFECT OF ELECTION.

(a) 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 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 requires a contrary status.

(b) If a majority of the qualified voters voting on the question in a prohibitory election vote in favor of prohibition, bingo is prohibited throughout the political subdivision beginning on the 14th 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 requires a contrary status.

(c) If a majority of the qualified voters voting on the question in a legalization election do not favor legalization, or if a majority of the qualified voters voting on the question in a prohibitory election do not favor prohibition, the election has no effect on the status under this chapter of the political subdivision in which the election is held.

(d) The governing body of a political subdivision in which a bingo election has been held shall not later than the 14th day after the date of the election give written notification to the commission of the results of the election. If as a result of the election bingo is legalized in the political subdivision, the governing body shall furnish the commission with a map prepared by the governing body indicating the boundaries of the political subdivision in which bingo may be conducted.

Sec. 2001.657. DETERMINATION OF LOCAL OPTION STATUS.

(a) In determining whether bingo under this chapter is permitted in an area, the rules provided by this section apply.

(b) Bingo is permitted in an area only as the result of a successful election held under this chapter.

(c) To the extent that the results of local option elections held by different types of political subdivisions conflict with regard to the same territory, the relative dates of the elections are of no consequence and the following rules apply:

(1) the status of an area as determined by a municipal election prevails over a contrary status as determined by a justice precinct or county election; and

(2) the status of an area as determined by a justice precinct election prevails over the contrary status of the area as determined by a county election.

(d) If two or more local option elections held at the justice precinct level apply to the same territory, the most recent election prevails.

(e) If a municipality has established a status by a municipal election, territory annexed to the municipality after that status is established assumes the status under this chapter of the rest of the municipality. Territory detached from the municipality assumes the status the territory would have had if it had never been a part of the municipality. If the detached territory is added to another municipality that has established a status by a municipal election, the territory assumes the status of the municipality to which it is added.

(f) The addition of territory to or detachment of territory from a justice precinct does not affect the status under this chapter of the added or detached territory, except that in a county with a population of more than 3.3 million the added or detached territory assumes the status of the justice precinct of which it becomes a part. The abolition of a justice precinct does not affect the status under this chapter of the territory formerly within the justice precinct.

ADDITIONAL STATUTORY LANGUAGE RELATING TO BINGO

ADOPTED UNDER HB 3021, 74th LEGISLATURE

Nothing in this Act shall be construed as authorizing any game using a video lottery machine or machines. In this section "video lottery machine" or "machine" means any electronic video game machine that, upon insertion of cash, is available to play or simulate the play of a video game, including but not limited to video poker, keno, and blackjack, utilizing a video display and microprocessor in which the player may receive free games or credits that can be redeemed for cash, coins, or tokens or that directly dispenses cash, coins, or tokens.

SECTION 47.01(4), PENAL CODE, GAMBLING DEVICE.

(1) "Gambling device" means any electronic, electromechanical, or mechanical contrivance not excluded under Paragraph (B) that for a consideration affords the player an opportunity to obtain anything of value, the award of which is determined solely or partially by chance, even though accompanied by some skill, whether or not the prize is automatically paid by the contrivance. The term:

(A) includes, but is not limited to, gambling device versions of bingo, keno, blackjack, lottery, roulette, video poker, or similar electronic, electromechanical, or mechanical games, or facsimiles thereof, that operate by chance or partially so, that as a result of the play or operation of the game award credits or free games, and that record the number of free games or credits so awarded and the cancellation or removal of the free games or credits; and

(B) does not include any electronic, electromechanical, or mechanical contrivance designed, made, and adapted solely for bona fide amusement purposes if the contrivance rewards the player exclusively with noncash merchandise prizes, toys, or novelties, or a representation of value redeemable for those items, that have a wholesale value available from a single play of the game or device of not more than 10 times the amount charged to play the game or device once or \$5, whichever is less.

SECTION 47.02. PENAL CODE GAMBLING.

(a) A person commits an offense if he:

(1) makes a bet on the partial or final result of a game or contest or on the performance of a participant in a game or contest;

(2) makes a bet on the result of any political nomination, appointment, or election or on the degree of success of any nominee, appointee, or candidate; or

(3) plays and bets for money or other thing of value at any game played with cards, dice, balls, or any other gambling device.

(b) It is a defense to prosecution under this section that:

(1) the actor engaged in gambling in a private place;

(2) no person received any economic benefit other than personal winnings; and

(3) except for the advantage of skill or luck, the risks of losing and the chances of winning were the same for all participants.

(c) It is a defense to prosecution under this section that the actor reasonably believed that the conduct:

(1) was permitted under Chapter 2001, Occupations Code;

(2) was permitted under Chapter 2002, Occupations Code;

(3) consisted entirely of participation in the state lottery authorized by the State Lottery Act (Chapter 466, Government Code);

(4) was permitted under the Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes); or

(5) consisted entirely of participation in a drawing for the opportunity to participate in a hunting, fishing, or other recreational event conducted by the Parks and Wildlife Department.

(d) An offense under this section is a Class C misdemeanor.

(e) It is a defense to prosecution under this section that a person played for something of value other than money using an electronic, electromechanical, or mechanical contrivance excluded from the definition of "gambling device" under Section 47.01(4)(B).

SECTION 47.09. PENAL CODE OTHER DEFENSES.

It is a defense to prosecution under this chapter {Chapter 47 of the Penal Code} that the conduct was authorized under Chapter 2001, Occupations Code {Bingo Enabling Act}.

Sec. 112.058. TAX CODE. SUBMISSION OF PROTEST PAYMENTS TO COMPTROLLER.

(f) All protest payments of taxes or of fees on prizes imposed by and collected for the state under Chapter 2001, Occupations Code, that become due on or after September 1, 1993, are governed by Subchapter J, Chapter 403, Government Code.

Section 151.3105. TAX CODE. BINGO EQUIPMENT PURCHASED BY CERTAIN ORGANIZATIONS. Bingo equipment, as defined by Section 2001.002, Occupations Code, is exempted from the taxes imposed by this chapter if the bingo equipment is:

(1) purchased by an organization licensed to conduct bingo under Chapter 2001, Occupations Code, that is exempt from the payment of federal income taxes under Section 501(a), Internal Revenue Code of 1986, as amended, by being listed as an exempt organization under Section 501(c)(3), (4), (8), (10), or (19), Internal Revenue Code of 1986, as amended; and

(2) used exclusively to conduct bingo authorized under Chapter 2001, Occupations Code.

TEXAS CONSTITUTIONAL AMENDMENT AUTHORIZING BINGO

ART. III, SEC. 47. LOTTERIES AND GIFT ENTERPRISES; BINGO GAMES

(a) The Legislature shall pass laws prohibiting lotteries and gift enterprises in this State other than those authorized by Subsections (b), (d), and (e) of this section.

(b) The Legislature by law may authorize and regulate bingo games conducted by a church, synagogue, religious society, volunteer fire department, nonprofit veterans organization, fraternal organization, or nonprofit organization supporting medical research or treatment programs. A law enacted under this subsection must permit the qualified voters of any county, justice precinct, or incorporated city or town to determine from time to time by a majority vote of the qualified voters voting on the question at an election whether bingo games may be held in the county, justice precinct, or city or town. The law must also require that:

(1) all proceeds from the games are spent in Texas for charitable purposes of the organizations;

(2) the games are limited to one location as defined by law on property owned or leased by the church, synagogue, religious society, volunteer fire department, nonprofit veterans organization, fraternal organization, or nonprofit organization supporting medical research or treatment programs; and

(3) the games are conducted, promoted, and administered by members of the church, synagogue, religious society, volunteer fire department, nonprofit

veterans organization, fraternal organization, or nonprofit organization supporting medical research or treatment programs.

(c) The law enacted by the Legislature authorizing bingo games must include:

(1) a requirement that the entities conducting the games report quarterly to the Comptroller of Public Accounts about the amount of proceeds that the entities collect from the games and the purposes for which the proceeds are spent; and

(2) criminal or civil penalties to enforce the reporting requirement.

(d) The Legislature by general law may permit charitable raffles conducted by a qualified religious society, qualified volunteer fire department, qualified volunteer emergency medical service, or qualified nonprofit organizations under the terms and conditions imposed by general law.

The law must also require that:

(1) all proceeds from the sale of tickets for the raffle must be spent for the charitable purposes of the organizations; and

(2) the charitable raffle is conducted, promoted, and administered exclusively by members of the qualified religious society, qualified volunteer fire department, qualified volunteer emergency medical service, or qualified nonprofit organization.

(e) The Legislature by general law may authorize the State to operate lotteries and may authorize the State to enter into a contract with one or more legal entities that will operate lotteries on behalf of the State.

