

AN ACT

relating to the continuation and functions of the Texas Lottery Commission; providing penalties; imposing and changing fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 466.014, Government Code, is amended by adding Subsection (d) to read as follows:

(d) A contract between the division and a lottery operator under Subsection (b) must contain a provision allowing the contract to be terminated without penalty if the division is abolished.

SECTION 2. Subchapter B, Chapter 466, Government Code, is amended by adding Section 466.028 to read as follows:

Sec. 466.028. COMPREHENSIVE BUSINESS PLAN. (a) The commission shall develop a comprehensive business plan to guide the commission's major initiatives. The plan must at a minimum include:

(1) specific goals for the agency; and

(2) an evaluation of:

(A) the agency's overall performance;

(B) the effectiveness of specific programs and initiatives;

(C) the ongoing efficiency of agency operations;

(D) the amount of lottery revenue that is generated for state purposes other than the payment of prizes; and

(E) the factors affecting the amount of lottery

1 revenue received and disbursed, including ticket sales and  
2 administrative efficiency.

3 (b) The commission as frequently as the commission  
4 determines appropriate shall review the comprehensive business  
5 plan and at least annually hold a public meeting to discuss the plan  
6 or updates to the plan.

7 SECTION 3. Subchapter C, Chapter 466, Government Code, is  
8 amended by adding Section 466.1005 to read as follows:

9 Sec. 466.1005. PROCUREMENTS. (a) The commission may  
10 purchase or lease facilities, goods, and services and make any  
11 purchases, leases, or contracts necessary for carrying out the  
12 purposes of this chapter.

13 (b) The commission shall review and must approve all major  
14 procurements as provided by commission rule. The commission by  
15 rule shall establish a procedure to determine what constitutes a  
16 major procurement based on the cumulative value of a contract and  
17 other relevant factors. This subsection does not require a  
18 commission member to sign the contract.

19 (c) The commission may delegate to the executive director  
20 the authority to approve procurements other than major  
21 procurements.

22 SECTION 4. Sections 466.101(a) and (b), Government Code,  
23 are amended to read as follows:

24 (a) The commission and executive director may establish  
25 procedures for the purchase or lease of facilities, goods, and  
26 services and make any purchases, leases, or contracts that are  
27 necessary for carrying out the purposes of this chapter. The

1 procedures must, as determined feasible and appropriate by the  
2 commission and executive director, promote competition to the  
3 maximum extent possible.

4 (b) In all procurement decisions, the commission and  
5 executive director shall take into account the particularly  
6 sensitive nature of the lottery and shall act to promote and ensure  
7 integrity, security, honesty, and fairness in the operation and  
8 administration of the lottery and the objective of producing  
9 revenues for the state treasury.

10 SECTION 5. Section 466.155, Government Code, is amended by  
11 adding Subsection (b-1) to read as follows:

12 (b-1) A hearing under this section must be conducted by the  
13 State Office of Administrative Hearings and is subject to Section  
14 2001.058(e).

15 SECTION 6. Sections 466.160(b) and (c), Government Code,  
16 are amended to read as follows:

17 (b) The commission may summarily suspend a sales agent's  
18 license if proceedings for a preliminary hearing before the State  
19 Office of Administrative Hearings [~~commission or the commission's~~  
20 ~~representative~~] are initiated simultaneously with the summary  
21 suspension. The preliminary hearing shall be set for a date not  
22 later than 10 days after the date of the summary suspension, unless  
23 the parties agree to a later date.

24 (c) At the preliminary hearing, the sales agent must show  
25 cause why the license should not remain suspended pending a final  
26 hearing on suspension or revocation. [~~Chapter 2001 does not apply~~  
27 ~~in the administration and enforcement of the summary suspension of~~

1 ~~a license under this section.]~~ The rules governing a hearing on any  
2 other license suspension or revocation under this chapter govern a  
3 final administrative hearing under this subsection. A hearing  
4 under this section is subject to Section 2001.058(e).

5 SECTION 7. Section 466.252, Government Code, is amended by  
6 adding Subsection (c) to read as follows:

7 (c) The commission by rule shall require that a ticket that  
8 contains a number of words, as determined by commission rule, in a  
9 language other than English must include disclosures in that  
10 language.

11 SECTION 8. Section 466.408, Government Code, is amended by  
12 amending Subsection (b) and adding Subsection (b-1) to read as  
13 follows:

14 (b) If a claim is not made for prize money on or before the  
15 180th day after the date on which the winner was selected, the prize  
16 money shall be used in the following order of priority:

17 (1) subject to legislative appropriation, not more  
18 than \$20 million in prize money each year may be deposited to [~~ex~~  
19 ~~appropriated from~~] the [~~Texas~~] Department of State Health Services  
20 state-owned multicategorical teaching hospital account, which is  
21 an account in the general revenue fund, or appropriated from that  
22 account to provide indigent health care services as specified in  
23 Chapter 61, Health and Safety Code;

24 (2) not more than \$5 million in prize money each year  
25 may be appropriated to the Health and Human Services Commission and  
26 shall be used to support the provision of inpatient hospital  
27 services in hospitals located in the 15 counties that comprise the

1 Texas-Mexico border area, with payment for those services to be not  
2 less than the amount established under the Tax Equity and Fiscal  
3 Responsibility Act of 1982 (TEFRA) cost reimbursement methodology  
4 for the hospital providing the services;

5 (3) the remaining amount, not to exceed \$5 million in  
6 prize money in each state fiscal year less any amount deposited in  
7 the fund in that year attributable to the lottery game operated  
8 under Section 466.027, shall be deposited to the fund for veterans'  
9 assistance; and

10 (4) all prize money subject to this section and not  
11 deposited or appropriated in accordance with [~~from the Texas~~  
12 ~~Department of Health state-owned multicategorical teaching~~  
13 ~~hospital account, not appropriated to the Health and Human Services~~  
14 ~~Commission for the purpose specified in] Subdivision (1), (2), or  
15 [~~and not deposited under Subdivision]~~ (3) [~~7]~~ shall be deposited to  
16 the credit of the foundation school [~~in the general revenue]~~ fund  
17 [~~and may be appropriated for any purpose as determined by the~~  
18 ~~legislature, including the provision of indigent health care~~  
19 ~~services as specified in Chapter 61, Health and Safety Code].~~~~

20 (b-1) Notwithstanding Subsection (b), if the legislature  
21 appropriates money from the general revenue fund to the programs  
22 described by Subsection (b) in an amount equal to the maximum amount  
23 of money that could be appropriated from unclaimed prize money to  
24 those programs under that subsection, all unclaimed prize money  
25 must be deposited to the credit of the foundation school fund.

26 SECTION 9. Section 467.002, Government Code, is amended to  
27 read as follows:

1           Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is  
2 subject to Chapter 325 (Texas Sunset Act). Unless continued in  
3 existence as provided by that chapter, the commission is abolished  
4 and this chapter, Chapter 466 of this code, and Chapter 2001,  
5 Occupations Code, expire September 1, 2025 [~~2013~~].

6           SECTION 10. Subchapter A, Chapter 467, Government Code, is  
7 amended by adding Section 467.0021 to read as follows:

8           Sec. 467.0021. LEGISLATIVE REVIEW. (a) The Legislative  
9 Committee to Review the Texas Lottery and Texas Lottery Commission  
10 is composed of 10 members as follows:

11                   (1) five members of the senate appointed by the  
12 lieutenant governor; and

13                   (2) five members of the house of representatives  
14 appointed by the speaker of the house of representatives.

15           (b) The lieutenant governor and speaker shall each name a  
16 co-chair of the committee from the members appointed by each  
17 officer.

18           (c) The committee shall study:

19                   (1) charitable bingo authorized under Chapter 2001,  
20 Occupations Code, and the distribution of charitable bingo revenue,  
21 including:

22                           (A) the portion of the total amount of charitable  
23 bingo revenue collected by a licensed authorized organization that  
24 the organization should be required to use for the charitable  
25 purposes of the organization;

26                           (B) any detrimental impact to the organization,  
27 or other policy considerations, related to the establishment of

1 mandatory distribution requirements for charitable bingo revenue;

2 and

3 (C) market-based approaches to conducting and  
4 administering bingo operations and revenues that maximize the  
5 availability of funds to be used for charitable purposes; and

6 (2) the elimination of the state lottery, including:

7 (A) development of a proposed schedule and  
8 process for phasing out the state lottery;

9 (B) any potential consequences detrimental to  
10 this state of phasing out the state lottery or of the proposed  
11 schedule and process;

12 (C) the potential impact of eliminating the state  
13 lottery on this state's biennial budget and on any programs funded  
14 by the state lottery; and

15 (D) any other concerns identified by the  
16 committee related to eliminating the state lottery.

17 (d) The committee has all the powers provided by resolution  
18 adopted by the 82nd or 83rd Legislature for a joint interim study  
19 committee.

20 (e) The committee shall make any finding and  
21 recommendations the committee determines appropriate and shall  
22 report its finding and recommendations to the legislature. As part  
23 of its findings and recommendations, the committee may recommend  
24 that the commission audit specific licensed authorized  
25 organizations conducting bingo in this state. The committee shall  
26 make its initial report not later than December 1, 2014, and may  
27 make any supplemental reports the committee considers appropriate.

1        (f) This section expires September 1, 2015.

2        SECTION 11. Section 467.021(a), Government Code, is amended  
3 to read as follows:

4        (a) The commission is composed of five [~~three~~] members  
5 appointed by the governor with the advice and consent of the senate.

6        SECTION 12. Section 467.022, Government Code, is amended to  
7 read as follows:

8        Sec. 467.022. TERM OF OFFICE. Members hold office for  
9 staggered terms of six years, with the terms of either one or two  
10 members [~~member's term~~] expiring February 1 of each odd-numbered  
11 year.

12        SECTION 13. Section 467.024, Government Code, is amended by  
13 amending Subsection (a) and adding Subsections (c) and (d) to read  
14 as follows:

15        (a) An individual is not eligible to be an appointed member  
16 of the commission if the individual:

17            (1) is registered, certified, or licensed by a  
18 regulatory agency in the field of bingo or lottery;

19            (2) owns or controls, directly or indirectly, more  
20 than a 10 percent interest in a business entity or other  
21 organization regulated by the commission or receiving funds from  
22 the commission;

23            (3) [~~(2)~~] is employed by or participates in the  
24 management of a business entity or other organization regulated by  
25 [~~the commission~~] or receiving funds from the commission;

26            (4) [~~(3)~~] uses or receives a substantial amount of  
27 tangible goods, services, or funds from the commission, other than

1 compensation or reimbursement authorized by law for commission  
2 membership, attendance, or expenses;

3 (5) [~~(4)~~] is an officer, employee, or paid consultant  
4 of a Texas trade association in the field of bingo or lottery;

5 (6) [~~(5)~~] is required to register as a lobbyist under  
6 Chapter 305 because of the person's activities for compensation on  
7 behalf of a profession related to the operation of the commission;

8 (7) [~~(6)~~] is married to an individual described by  
9 Subdivisions (2)-(6) [~~Subdivision (1)-(5)~~];

10 (8) [~~(7)~~] has been convicted of a felony or of any  
11 crime involving moral turpitude; or

12 (9) [~~(8)~~] is not a citizen of the United States.

13 (c) A person may not be a commission employee employed in a  
14 "bona fide executive, administrative, or professional capacity,"  
15 as that phrase is used for purposes of establishing an exemption to  
16 the overtime provisions of the federal Fair Labor Standards Act of  
17 1938 (29 U.S.C. Section 201 et seq.), if:

18 (1) the person is an officer, employee, or paid  
19 consultant of a Texas trade association in the field of bingo or  
20 lottery; or

21 (2) the person's spouse is an officer, manager, or paid  
22 consultant of a Texas trade association in the field of bingo or  
23 lottery.

24 (d) A person may not act as the general counsel to the  
25 commission if the person is required to register as a lobbyist under  
26 Chapter 305 because of the person's activities for compensation on  
27 behalf of a profession related to the operation of the commission.

1 SECTION 14. Subchapter B, Chapter 467, Government Code, is  
2 amended by adding Section 467.0255 to read as follows:

3 Sec. 467.0255. TRAINING. (a) A person who is appointed to  
4 and qualifies for office as a member of the commission may not vote,  
5 deliberate, or be counted as a member in attendance at a meeting of  
6 the commission until the person completes a training program that  
7 complies with this section.

8 (b) The training program must provide the person with  
9 information regarding:

10 (1) the legislation that created the commission;

11 (2) the programs, functions, rules, and budget of the  
12 commission;

13 (3) the results of the most recent formal audit of the  
14 commission;

15 (4) the requirements of laws relating to open  
16 meetings, public information, administrative procedure, and  
17 conflicts of interest; and

18 (5) any applicable ethics policies adopted by the  
19 commission or the Texas Ethics Commission.

20 (c) A person appointed to the commission is entitled to  
21 reimbursement, as provided by the General Appropriations Act, for  
22 the travel expenses incurred in attending the training program  
23 regardless of whether the attendance at the program occurs before  
24 or after the person qualifies for office.

25 SECTION 15. Sections 467.026(a) and (c), Government Code,  
26 are amended to read as follows:

27 (a) It is a ground for removal from the [~~The governor may~~

1 ~~remove a~~] commission that a member [~~if the member~~]:

2 (1) does not have at the time of taking office  
3 [~~appointment~~] the qualifications required by Sections 467.023 and  
4 467.024 [~~for appointment to the commission~~];

5 (2) does not maintain during service on the commission  
6 the qualifications required by Sections 467.023 and 467.024 [~~for~~  
7 ~~appointment to the commission~~];

8 (3) is ineligible for membership under [~~violates a~~  
9 ~~prohibition established by~~] Section 467.023, 467.024, or 467.025;

10 (4) cannot discharge the member's duties for a  
11 substantial part of the member's term [~~for which the member is~~  
12 ~~appointed~~] because of illness or disability; or

13 (5) is absent from more than half of the regularly  
14 scheduled commission meetings that the member is eligible to attend  
15 during a calendar year without an excuse approved [~~unless the~~  
16 ~~absence is excused~~] by majority vote of the commission.

17 (c) If the executive director [~~presiding officer~~] has  
18 knowledge that a potential ground for removal exists, the executive  
19 director [~~presiding officer~~] shall notify the presiding officer of  
20 the commission of the potential ground. The presiding officer  
21 shall then notify the governor and the attorney general that a  
22 potential ground for removal exists. If the potential ground for  
23 removal involves the presiding officer, the executive director  
24 shall notify the next highest ranking officer of the commission,  
25 who shall then notify the governor and the attorney general that a  
26 potential ground for removal exists.

27 SECTION 16. Subchapter B, Chapter 467, Government Code, is

1 amended by adding Section 467.037 to read as follows:

2 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission  
3 shall develop and implement policies that clearly separate the  
4 policymaking responsibilities of the commission and the management  
5 responsibilities of the executive director and the staff of the  
6 commission.

7 SECTION 17. Subchapter C, Chapter 467, Government Code, is  
8 amended by adding Sections 467.109, 467.110, and 467.111 to read as  
9 follows:

10 Sec. 467.109. NEGOTIATED RULEMAKING AND ALTERNATIVE  
11 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and  
12 implement a policy to encourage the use of:

13 (1) negotiated rulemaking procedures under Chapter  
14 2008 for the adoption of commission rules; and

15 (2) appropriate alternative dispute resolution  
16 procedures under Chapter 2009 to assist in the resolution of  
17 internal and external disputes under the commission's  
18 jurisdiction.

19 (b) The commission's procedures relating to alternative  
20 dispute resolution must conform, to the extent possible, to any  
21 model guidelines issued by the State Office of Administrative  
22 Hearings for the use of alternative dispute resolution by state  
23 agencies.

24 (c) The commission shall:

25 (1) coordinate the implementation of the policy  
26 adopted under Subsection (a);

27 (2) provide training as needed to implement the

1 procedures for negotiated rulemaking or alternative dispute  
2 resolution; and

3 (3) collect data concerning the effectiveness of those  
4 procedures.

5 Sec. 467.110. PUBLIC PARTICIPATION. The commission shall  
6 develop and implement policies that provide the public with a  
7 reasonable opportunity to appear before the commission and to speak  
8 on any issue under the jurisdiction of the commission.

9 Sec. 467.111. COMPLAINTS. (a) The commission shall  
10 maintain a system to promptly and efficiently act on each complaint  
11 filed with the commission. The commission shall maintain  
12 information about parties to the complaint, the subject matter of  
13 the complaint, a summary of the results of the review or  
14 investigation of the complaint, and its disposition.

15 (b) The commission shall make information available to the  
16 public describing the commission's procedures for complaint  
17 investigation and resolution.

18 (c) The commission shall periodically notify the complaint  
19 parties of the status of the complaint until final disposition.

20 (d) The commission by rule shall adopt and publish  
21 procedures governing the entire complaint process from submission  
22 to disposition.

23 (e) The commission shall analyze the complaints filed with  
24 the commission to identify any trends or issues related to  
25 violations of state laws under the commission's jurisdiction. The  
26 analysis must:

27 (1) categorize complaints based on the type of

1 violation alleged;

2 (2) track each complaint from submission to  
3 disposition;

4 (3) evaluate the effectiveness of the commission's  
5 enforcement process; and

6 (4) include any additional information the commission  
7 considers necessary.

8 (f) The commission shall prepare a report on the trends and  
9 issues identified under Subsection (e) and make the report  
10 available to the public. The commission shall address the  
11 identified trends and issues, including trends and issues related  
12 to the regulation of lottery operations under Chapter 466 and of  
13 bingo under Chapter 2001, Occupations Code.

14 SECTION 18. Subchapter B, Chapter 2001, Occupations Code,  
15 is amended by adding Section 2001.0541 to read as follows:

16 Sec. 2001.0541. RULES ON CONSEQUENCES OF CRIMINAL  
17 CONVICTION. The commission shall adopt rules and guidelines as  
18 necessary to comply with Chapter 53 when using criminal history  
19 record information under this chapter to issue or renew a bingo  
20 license or to list or renew the listing of an individual in the  
21 registry of approved bingo workers.

22 SECTION 19. Subchapter B, Chapter 2001, Occupations Code,  
23 is amended by adding Section 2001.061 to read as follows:

24 Sec. 2001.061. LICENSE RENEWAL PROCESS. The commission  
25 shall adopt rules governing each part of the license renewal  
26 process for all licenses issued under this chapter, from  
27 application submission to completion of the renewal process. The

1 process must require a license holder renewing a license to submit  
2 to the commission the information required in the initial license  
3 application.

4 SECTION 20. Section 2001.104(d), Occupations Code, is  
5 amended to read as follows:

6 (d) An applicant shall pay the fees established under  
7 Subsection (a) annually. An applicant for a license or renewal of a  
8 license may obtain a license that is effective for two years by  
9 paying an amount equal to two times the amount of the annual license  
10 fee[, or by paying the license fee for the first year at the time the  
11 applicant submits the application and the fee for the second year  
12 not later than the first anniversary of the date the license becomes  
13 effective].

14 SECTION 21. Sections 2001.105(a) and (b), Occupations Code,  
15 are amended to read as follows:

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

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

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

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

26 (4) the applicant has made and can demonstrate  
27 significant progress toward the accomplishment of the purposes of

1 the organization during the 12 months preceding the date of  
2 application for a license or license renewal;

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

8 (6) no person under whose name bingo will be conducted  
9 and no person working at the proposed bingo has been convicted of [~~a~~  
10 ~~felony,~~] a gambling offense or [~~7~~] criminal fraud [~~, or a crime of~~  
11 ~~moral turpitude if less than 10 years has elapsed since the~~  
12 ~~termination of a sentence, parole, mandatory supervision, or~~  
13 ~~community supervision served for the offense]~~].

14 (b) The commission may not issue a license to an authorized  
15 organization to conduct bingo if an officer or member of the board  
16 of directors of the organization has been convicted of [~~a felony,~~]  
17 criminal fraud or [~~7~~] a gambling or gambling-related offense [~~, or a~~  
18 ~~crime of moral turpitude if less than 10 years has elapsed since the~~  
19 ~~termination of a sentence, parole, mandatory supervision, or~~  
20 ~~community supervision served for the offense]~~].

21 SECTION 22. Section 2001.154(a), Occupations Code, is  
22 amended to read as follows:

23 (a) The commission may not issue a commercial lessor license  
24 to or renew a commercial lessor license of:

25 (1) a person convicted of [~~a felony,~~] criminal fraud  
26 or [~~7~~] a gambling or gambling-related offense [~~, or a crime of moral~~  
27 ~~turpitude if less than 10 years has elapsed since termination of a~~

1 ~~sentence, parole, mandatory supervision, or community supervision~~  
2 ~~served for the offense];~~

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

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

9 (4) a distributor or manufacturer;

10 (5) a person in which a person covered by Subdivision  
11 (1), (2), (3), or (4) or a person married or related in the first  
12 degree by consanguinity or affinity, as determined under Chapter  
13 573, Government Code, to one of those persons has greater than a 10  
14 percent proprietary, equitable, or credit interest or in which one  
15 of those persons is active or employed;

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

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

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

21 (A) a foreign corporation; or

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

24 (9) a corporation or other legal entity:

25 (A) whose shares are publicly traded; or

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

1 SECTION 23. Section 2001.158(d), Occupations Code, is  
2 amended to read as follows:

3 (d) An applicant for a commercial lessor license shall pay  
4 the fees established under Subsection (a) annually. An applicant  
5 for a license or renewal of a license may obtain a license that is  
6 effective for two years by paying an amount equal to two times the  
7 amount of the annual license fee [~~, or by paying the license fee for~~  
8 ~~the first year at the time the applicant submits the application and~~  
9 ~~the license fee for the second year not later than the first~~  
10 ~~anniversary of the date the license becomes effective]~~.

11 SECTION 24. Section 2001.202, Occupations Code, is amended  
12 to read as follows:

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

15 (1) a person convicted of [~~a felony,~~]  
16 ~~or~~ [~~] a gambling or gambling-related offense [~~, or a crime of moral~~~~  
17 ~~turpitude if less than 10 years has elapsed since the termination of~~  
18 ~~a sentence, parole, mandatory supervision, or community~~  
19 ~~supervision served for the offense];~~

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

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

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

26 (5) a person who conducts, promotes, or administers,  
27 or assists in conducting, promoting, or administering, bingo for

1 which a license is required by this chapter;

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

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

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

11 (9) a person:

12 (A) in which a person described by Subdivision  
13 (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person  
14 married or related in the first degree by consanguinity or affinity  
15 to one of those persons has greater than a 10 percent proprietary,  
16 equitable, or credit interest or in which one of those persons is  
17 active or employed; or

18 (B) in whose application for a manufacturer's  
19 license a person described by Subdivision (1), (2), (3), (4), (5),  
20 (6), (7), or (8) is required to be named.

21 SECTION 25. Section 2001.203(b), Occupations Code, is  
22 amended to read as follows:

23 (b) The application must include:

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

27 (2) a full description of each type of bingo supply or

1 equipment that the applicant intends to manufacture or market in  
2 this state and the brand name, if any, under which each item will be  
3 sold;

4 (3) if the applicant:

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

7 (B) is a corporation, the name and home address  
8 of each officer and director and each person owning more than 10  
9 percent of a class of stock in the corporation;

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

13 (5) the name and address of each manufacturer,  
14 supplier, and distributor in which the applicant has a financial  
15 interest and the details of that financial interest, including any  
16 indebtedness between the applicant and the manufacturer, supplier,  
17 or distributor of \$5,000 or more;

18 (6) information regarding whether the applicant or a  
19 person required to be named in the application has been convicted in  
20 this state or another state of [~~a felony~~] criminal fraud or [~~7~~]  
21 gambling or gambling-related offense [~~7~~ ~~or a crime of moral~~  
22 ~~turpitude~~];

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

1 is required by this chapter;

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

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

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

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

18 (12) any other information the commission requests.

19 SECTION 26. Section 2001.205(a), Occupations Code, is  
20 amended to read as follows:

21 (a) The commission by rule shall set the annual  
22 manufacturer's license fee in an amount reasonable to defray  
23 administrative costs [~~is \$3,000~~].

24 SECTION 27. Section 2001.207, Occupations Code, is amended  
25 to read as follows:

26 Sec. 2001.207. ELIGIBILITY FOR DISTRIBUTOR'S LICENSE. The  
27 following persons are not eligible for a distributor's license:

1           (1) a person convicted of [~~a felony,~~] criminal fraud  
2 or[~~7~~] a gambling or gambling-related offense [~~, or a crime of moral~~  
3 ~~turpitude if less than 10 years has elapsed since the termination of~~  
4 ~~a sentence, parole, community supervision, or mandatory~~  
5 ~~supervision served for the offense];~~

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

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

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

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

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

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

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

24          (9) a person:

25               (A) in which a person described by Subdivision  
26 (1), (2), (3), (4), (5), (6), (7), or (8) or in which a person  
27 married or related in the first degree by consanguinity or

1 affinity, as determined under Subchapter B, Chapter 573, Government  
2 Code, to one of those persons has greater than a 10 percent  
3 proprietary, equitable, or credit interest or in which one of those  
4 persons is active or employed; or

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

8 SECTION 28. Section 2001.208(b), Occupations Code, is  
9 amended to read as follows:

10 (b) The application must include:

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

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

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

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

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

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

27 (7) the name and address of a manufacturer, supplier,

1 or distributor in which the applicant has a financial interest and  
2 the details of that financial interest, including an indebtedness  
3 between the applicant and the manufacturer, supplier, or  
4 distributor of \$5,000 or more;

5 (8) information regarding whether the applicant or a  
6 person required to be named in the application has been convicted in  
7 this state or another state of [~~a felony,~~] criminal fraud or [~~7~~] a  
8 gambling or gambling-related offense [~~, or a crime of moral~~  
9 ~~turpitude~~];

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

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

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

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

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

5           (14) any other information the commission requests.

6           SECTION 29. Section 2001.209(a), Occupations Code, is  
7 amended to read as follows:

8           (a) The commission by rule shall set the annual  
9 distributor's license fee in an amount reasonable to defray  
10 administrative costs [~~is \$1,000~~].

11           SECTION 30. Section 2001.214(b), Occupations Code, is  
12 amended to read as follows:

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

16           SECTION 31. Section 2001.306, Occupations Code, is amended  
17 by amending Subsection (a) and adding Subsection (a-1) to read as  
18 follows:

19           (a) A license issued under this chapter may be amended on  
20 application to the commission and on payment of a [~~\$10~~] fee in the  
21 amount required by the commission if the subject matter of the  
22 proposed amendment could properly have been included in the  
23 original license.

24           (a-1) The commission by rule shall establish an amendment  
25 fee schedule. The amount of a fee charged by the commission may  
26 vary based on the complexity of the proposed license amendment.

27           SECTION 32. Section 2001.313, Occupations Code, is amended

1 by adding Subsection (b-2) to read as follows:

2 (b-2) The commission by rule may impose a fee for an initial  
3 registration application and renewal application submitted under  
4 this section. The commission shall set the fee in an amount  
5 sufficient to cover the application processing costs, including a  
6 criminal history background check, identification card, and other  
7 administrative costs the commission considers appropriate.

8 SECTION 33. Section 2001.352, Occupations Code, is amended  
9 by adding Subsection (c) to read as follows:

10 (c) A hearing under this section must be conducted by the  
11 State Office of Administrative Hearings and is subject to Section  
12 2001.058(e), Government Code.

13 SECTION 34. Section 2001.353, Occupations Code, is amended  
14 to read as follows:

15 Sec. 2001.353. DISCIPLINE [~~SUSPENSION OR REVOCATION~~] OF  
16 LICENSE AND REGISTRATION HOLDERS. (a) After a hearing, the  
17 commission may suspend, ~~[or]~~ revoke, or refuse to renew a license or  
18 registration issued under this chapter for:

19 (1) failure to comply with this chapter or a  
20 commission rule; or

21 (2) a reason that would allow or require the  
22 commission to refuse to issue or renew a license or registration of  
23 the same class.

24 (b) The commission may place on probation a person whose  
25 license or registration is suspended. If a license or registration  
26 suspension is probated, the commission may require the person:

27 (1) to report regularly to the commission on the

1 matters that are the basis of the probation;

2 (2) to limit the person's activities under the license  
3 or registration in the manner prescribed by the commission; or

4 (3) to take any other reasonable action prescribed by  
5 the commission to address the matters that are the basis of the  
6 probation.

7 (c) If the person fails to comply with the conditions of  
8 probation, the commission may suspend or revoke the person's  
9 license or registration.

10 (d) The commission by rule shall:

11 (1) adopt written guidelines to ensure that probation  
12 is administered consistently; and

13 (2) develop a system to track compliance with  
14 probation requirements.

15 SECTION 35. Section 2001.354, Occupations Code, is amended  
16 by adding Subsection (c) to read as follows:

17 (c) A hearing under this section must be conducted by the  
18 State Office of Administrative Hearings and is subject to Section  
19 2001.058(e), Government Code.

20 SECTION 36. Section 2001.355, Occupations Code, is amended  
21 by amending Subsection (b) and adding Subsection (d) to read as  
22 follows:

23 (b) Before temporarily suspending a license, the director  
24 of bingo operations must follow any prehearing rules adopted by the  
25 commission to determine if the license holder's continued operation  
26 may constitute:

27 (1) an immediate threat to the health, safety, morals,

1 or welfare of the public; or

2 (2) a financial loss to this state, which includes a  
3 license holder's failure to remit taxes under Section 2001.501 or  
4 prize fee payments under Section 2001.502 to the commission as  
5 required by those sections.

6 (d) The commission shall adopt rules to govern the temporary  
7 suspension of a license under this section.

8 SECTION 37. Subchapter H, Chapter 2001, Occupations Code,  
9 is amended by adding Section 2001.358 to read as follows:

10 Sec. 2001.358. SCHEDULE OF SANCTIONS. (a) The commission  
11 by rule shall adopt a schedule of sanctions that defines and  
12 summarizes violations of this chapter or commission rules adopted  
13 under this chapter to ensure that the sanctions imposed are  
14 appropriate to the violation.

15 (b) The schedule must:

16 (1) allow deviations from the schedule for mitigating  
17 circumstances clearly established by the commission;

18 (2) include a list of the most common violations and  
19 the sanctions assessed for those violations, including revocation,  
20 suspension, and denial of license or registration renewal; and

21 (3) establish the sanctions in accordance with the  
22 seriousness or frequency of each type of violation.

23 SECTION 38. Sections 2001.437(d) and (g), Occupations Code,  
24 are amended to read as follows:

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

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

7           (g) A person is not eligible for a unit manager license

8 under this subchapter if the person, or any officer, director, or

9 employee of the person:

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

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

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

25           SECTION 39. Section 2001.557, Occupations Code, is amended

26 to read as follows:

27           Sec. 2001.557. INSPECTION OF PREMISES.           (a)       The

1 commission, its officers or agents, or a state, municipal, or  
2 county peace officer may enter and inspect the contents of premises  
3 where:

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

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

8 (b) The commission by rule shall develop and implement  
9 policies and procedures to:

10 (1) prioritize the inspection of premises where bingo  
11 is being conducted or is intended to be conducted in accordance with  
12 the risk factors the commission considers important, including:

13 (A) the amount of money derived from the conduct  
14 of bingo at the premises;

15 (B) the compliance history of the premises; and

16 (C) the amount of time that has elapsed since the  
17 date of the immediately preceding commission inspection of the  
18 premises; and

19 (2) inspect premises where bingo is being conducted or  
20 is intended to be conducted in accordance with the priorities  
21 established under Subdivision (1).

22 SECTION 40. Section 2001.560, Occupations Code, is amended  
23 by adding Subsections (c-1) and (c-2) to read as follows:

24 (c-1) The commission by rule shall develop a policy for  
25 auditing license holders. The bingo division shall use audit risk  
26 analysis procedures established by the commission to:

27 (1) annually identify which license holders are most

1 at risk of violating this chapter or rules adopted under this  
2 chapter; and

3 (2) develop a plan for auditing the identified license  
4 holders that includes:

5 (A) a schedule for the audits of the identified  
6 license holders;

7 (B) procedures to annually update the plan based  
8 on successive risk analyses; and

9 (C) a completion date for each audit that is not  
10 later than the fifth anniversary of the date the license holder was  
11 identified as a candidate for audit.

12 (c-2) The bingo division shall provide to the commission a  
13 copy of the auditing plan developed under Subsection (c-1).

14 SECTION 41. Section 2001.605, Occupations Code, is amended  
15 by adding Subsection (c) to read as follows:

16 (c) A hearing under this section must be conducted by the  
17 State Office of Administrative Hearings and is subject to Section  
18 2001.058(e), Government Code.

19 SECTION 42. The following provisions are repealed:

20 (1) Sections 466.003 and 466.025, Government Code; and

21 (2) Section 2001.002(8-a), Occupations Code.

22 SECTION 43. Section 466.252(c), Government Code, as added  
23 by this Act, applies only to a lottery game ticket that is initially  
24 offered on or after January 1, 2014.

25 SECTION 44. Section 466.408(b), Government Code, as amended  
26 by this Act, applies only to a prize for which the winner is  
27 selected on or after September 1, 2013. A prize for which the winner

1 was selected before September 1, 2013, is governed by the law as it  
2 existed immediately before the effective date of this Act, and that  
3 law is continued in effect for that purpose.

4 SECTION 45. (a) Not later than January 1, 2014, the Texas  
5 Lottery Commission shall adopt all rules, policies, and procedures  
6 required by the changes in law made by this Act.

7 (b) Not later than September 1, 2014, the Texas Lottery  
8 Commission shall adopt the comprehensive business plan required by  
9 Section 466.028, Government Code, as added by this Act.

10 SECTION 46. (a) The changes in law made by this Act in the  
11 prohibitions or qualifications applying to a member of the Texas  
12 Lottery Commission do not affect the entitlement of a member  
13 serving on the Texas Lottery Commission immediately before  
14 September 1, 2013, to continue to serve and function as a member of  
15 the Texas Lottery Commission for the remainder of the member's  
16 term. Those changes in law apply only to a member appointed on or  
17 after September 1, 2013.

18 (b) As soon as practicable after the effective date of this  
19 Act, the governor shall appoint two additional members to the Texas  
20 Lottery Commission. In appointing those members, the governor  
21 shall appoint one person to a term expiring February 1, 2017, and  
22 one to a term expiring February 1, 2019.

23 (c) The change in law made by this Act to Chapter 467,  
24 Government Code, relating to the investigation of a complaint  
25 applies only to a complaint filed with the Texas Lottery Commission  
26 on or after September 1, 2013. A complaint filed with the  
27 commission or a division of the commission before September 1,

1 2013, is governed by the law as it existed immediately before that  
2 date, and the former law is continued in effect for that purpose.

3 (d) The change in law made by this Act requiring the Texas  
4 Lottery Commission to approve a procurement applies only to a  
5 procurement or a contract for a procurement made on or after the  
6 effective date of this Act. A procurement or procurement contract  
7 made before the effective date of this Act is governed by the law in  
8 effect when the procurement or contract was made, and the former law  
9 is continued in effect for that purpose.

10 (e) The changes in law made by this Act governing  
11 eligibility of a person for a license apply only to the issuance or  
12 renewal of a license by the Texas Lottery Commission under Chapter  
13 466, Government Code, as amended by this Act, or Chapter 2001,  
14 Occupations Code, as amended by this Act, on or after the effective  
15 date of this Act. A license issued by the Texas Lottery Commission  
16 under either of those laws before the effective date of this Act is  
17 governed by the applicable licensing requirements in effect when  
18 the license was last issued or renewed until the license expires or  
19 is renewed as provided by Chapter 466, Government Code, as amended  
20 by this Act, or Chapter 2001, Occupations Code, as amended by this  
21 Act.

22 SECTION 47. The Texas Lottery Commission shall, to the  
23 extent practicable and as authorized by law, make every effort to  
24 implement the findings and recommendations of the Legislative  
25 Committee to Review the Texas Lottery and Texas Lottery Commission.

26 SECTION 48. This Act takes effect September 1, 2013.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2197 was passed by the House on April 24, 2013, by the following vote: Yeas 88, Nays 54, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2197 on May 23, 2013, by the following vote: Yeas 87, Nays 58, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 2197 was passed by the Senate, with amendments, on May 17, 2013, by the following vote: Yeas 29, Nays 2.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor