

- SUBJECT:** State sale of certain seized illegal gambling equipment
- COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment
- VOTE:** 9 ayes — Flores, Geren, Isett, Goolsby, Hamilton, Jones, Miles, Quintanilla, Thompson
0 nays
- WITNESSES:** For — Elwood Mitchell, Harris County Constable Precinct #4.
Against — None
- BACKGROUND:** Government Code, ch. 2175 regulates surplus and salvage property and charges the Texas Building and Procurement Commission (TBPC) with establishing and maintaining procedures for the transfer, sale, or disposal of surplus and salvage property as prescribed by law. Sec. 2175.182 charges the Commission with the disposal of surplus or salvage property and determining whether surplus property should be offered for transfer, sold to the public, or classified as salvage property. Surplus property may be sold by competitive bid, auction, or direct sale to the public, including a sale using an Internet auction site.
- Local Government Code, sec. 263.152 empowers a county commissioners court to:
- periodically sell the county’s surplus or salvage property by competitive bid or auction;
 - offer the property as a trade-in for new property of the same general type;
 - order any of the property to be destroyed or otherwise disposed of as worthless if the commissioners court undertakes to sell that property and is unable to do for lack of bids ; or
 - dispose of the property by donating it to a civic or charitable organization for a public purpose if the commissioners court determines that attempting to sell would likely result in no bids or a bid price that would not cover expenses.

DIGEST: HB 2462 would add Government Code, sec. 2175.904 to provide for the sale of gambling equipment in accord with an order for disposition issued by a county commissioners court.

The bill would permit the sale of gambling equipment only to those specifically authorized to sell, lease or otherwise provide gambling equipment in another state or foreign jurisdiction where it was legal. Net proceeds from the sale of the gambling equipment would be divided according to an agreement between the TBPC and the commissioners court, provided that the latter received 50 percent or more of the share and the balance was credited to the general fund.

The bill would amend Local Government Code, sec. 263.152, empowering commissioners courts to transfer gambling equipment to the TBPC for this purpose.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

HB 2642 would allow the state to auction confiscated gambling equipment used for illegal purposes. Eight-liner machines are legal in Texas, provided they do not result in remuneration. However, when such machines are operated illegally, they are subject to seizure by local law enforcement agencies. Machines used for illegal purposes often are confiscated from gaming rooms in large numbers. Raids in Harris County have resulted in the confiscation of as many as 60 to 100 machines per raid. Confiscated machines can result in transportation and storage costs, and Harris County pays \$300 to \$400 a month for a storage facility to hold confiscated machines.

Currently, disposal of seized equipment can be achieved via destruction orders through a court. Once seized, a gambling device may be disposed of only through disassembly and removal to a landfill. Disposal creates a number of problems because local landfills will not accept machines unless the picture tubes and electronics are removed, as they pose environmental hazards. Local enforcement agencies often assume extra costs associated with disassembling such machines.

Current statutory provisions do not permit the state to arrange for the sale of illegally used machines and the cost of storage falls on taxpayers.

Storage costs accrue monthly and can add up over the course of months and years. HB 2462 would allow the state to recover some of the costs of storage and dispense with bulky equipment. The bill would be permissive in allowing county commissioners to auction seized goods when it made financial sense.

**OPPONENTS
SAY:**

Selling seized gambling equipment could generate moving costs and other expenses associated with auctioning goods by the state. The state could incur a lesser expense from storing seized gambling equipment than from selling it, since such equipment is used and possibly of poor quality. Sale of gambling equipment could result in additional burdens for TBPC staff associated with testing and verifying functionality. For net proceeds to accrue to the state, sales would have to occur in sufficient quantity to exceed associated expenses. This is not likely in many Texas counties that confiscate few machines.