

- SUBJECT:** Abolishing certain fees to conduct charitable bingo
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 6 ayes — Kuempel, Guillen, Goldman, Hernandez, Herrero, S. Thompson
0 nays
3 absent — Frullo, Geren, Paddie
- WITNESSES:** For — Steve Bresnen, Bingo Interest Group; (*Registered, but did not testify*: Tom Stewart, Texas Charity Advocates; Roy Grona, Texas VFW)
Against — None
On — (*Registered, but did not testify*: Alfonso Royal III, Texas Lottery Commission)
- BACKGROUND:** The Bingo Enabling Act (Occupations Code, ch. 2001) regulates charitable bingo. Sec. 2001.502 requires that a licensed authorized organization provide the Texas Lottery Commission a fee of 5 percent of the amount or value of all bingo prizes awarded. The commission must deposit the fee revenue into a special account in the general revenue fund, disburse it to the local jurisdictions entitled to a share, and transfer the remaining amount to the general revenue fund.

Currently, the costs of administering the Bingo Enabling Act are in part borne by license fees paid by the organizations conducting charitable bingo. Concerns have been raised that the charitable bingo revenue going to the state and local governments equals or exceeds the amount going to the organizations conducting charitable bingo, increasing their operational costs and reducing charitable proceeds.
- DIGEST:** CSHB 2578 would eliminate certain licensing fees required to conduct charitable bingo, including fees for initial licenses, renewals, and

temporary licenses. By January 1, 2018, the Texas Lottery Commission would have to return any portion of a fee paid in 2016 that was attributable to the license holder's period of licensure on or after September 1, 2017.

The bill also would create the bingo administration account, which would be a special fund in the treasury outside the general revenue fund used to administer the Bingo Enabling Act. The account would consist of commercial lessor license fees, manufacturer's license fees, distributor's license fees, any other money paid to commission for the purpose of administering charitable bingo, grants and donations, and interest.

Revenue collected from the fee imposed on bingo prizes would be deposited into the bingo administration account, which would be used to pay local shares of prize fees. CSHB 2578 would reduce the share of prize fees to which local jurisdictions would be entitled on a pro rata basis as needed to retain an amount necessary to administer the Bingo Enabling Act for the state fiscal year, less the amount of license fees estimated to be deposited into the bingo administration account for that year. Interest accrued on funds in the bingo administration account would not be subject to distribution to local jurisdictions.

The bill would take effect September 1, 2017, and provisions relating to certain abolished fees would apply to the issuance of a license that occurred on or after that date. The provisions of the bill related to the bingo administration account would take effect September 1, 2019.

NOTES:

According to the Legislative Budget Board's fiscal note, CSHB 2578 would have a negative impact to general revenue related funds of \$6.5 million through fiscal 2018-19 and would cost the state \$16.6 million each fiscal year thereafter.