

## **BILL ANALYSIS**

Senate Research Center  
87R27431 BEE-F

C.S.H.B. 2204  
By: Thompson, Senfronia (Zaffirini)  
State Affairs  
5/18/2021  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The regulation of bingo is important to improve charity fundraising and maintain control over the games' fairness, revenue, and expenses. The legislature intended some regulations enacted last session, however, to have a one-time effect and are no longer applicable.

H.B. 2204 would update these regulations to make statutory language consistent with legislative intent and administrative practice. What's more, it would authorize more occasions for charities to conduct bingo, revise the bingo price structure, and clarify current law to help the Texas Lottery Commission administer the law.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 2204 amends current law relating to the conduct of charitable bingo.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Lottery Commission in SECTION 14 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2001.002(19), Occupations Code, to redefine "nonprofit organization" for purposes of Chapter 2001 (Bingo) to mean an unincorporated association or a corporation that is incorporated or holds a certificate of authority under Chapter 22 (Nonprofit Corporations), Business Organizations Code, rather than under the Texas Non-Profit Corporation Act (Article 1396- 1.01 et seq., Vernon's Texas Civil Statutes).

SECTION 2. Amends Section 2001.103, Occupations Code, by amending Subsection (e) and adding Subsections (f-1) and (i), as follows:

(e) Prohibits an authorized organization that holds an annual license to conduct bingo from receiving more than 48 temporary licenses, rather than 24 temporary licenses, during the 12-month period following the issuance or renewal of the license. Makes a conforming change.

(f-1) Requires the Texas Lottery Commission (commission) to provide for the on-demand electronic issuance of a temporary license requested under Section 2001.103 (Temporary License) by the holder of a regular license.

(i) Provides that the notice requirements of Sections 2001.305(b) (relating to requiring the commission to send a copy of the license to the appropriate governing body) and (c) (relating to requiring the commission to give written notice of the issuance of the license to certain law enforcement entities not later than the 10th day after the date a license is issued) do not apply to a temporary license issued to the holder of a regular license.

SECTION 3. Amends Sections 2001.305(b) and (c), Occupations Code, as follows:

(b) Creates an exception as provided by Section 2001.103(i) and makes a nonsubstantive change.

(c) Creates an exception as provided by Section 2001.103(i) and makes a nonsubstantive change.

SECTION 4. Amends Section 2001.413, Occupations Code, as follows:

Sec. 2001.413. New heading: PAYMENT REQUIRED. Makes a nonsubstantive change to this section.

SECTION 5. Amends Section 2001.420(b), Occupations Code, to increase the aggregate value a person is prohibited from offering or awarding on a single bingo occasion prizes for all bingo games other than pull-tab bingo or bingo games that award individual prizes of \$50 or less from \$2,500 to \$3,500.

SECTION 6. Amends Section 2001.435(b), Occupations Code, as follows:

(b) Requires each member of a unit to deposit into the unit's bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes under Section 2001.420(b), rather than under Sections 2001.420(a) (relating to prohibiting a bingo prize from having a value of more than \$750 for a single game) and (b). Prohibits the deposit from being made later than the third business day, rather than the second business day, after the day of the bingo occasion on which the receipts were obtained.

SECTION 7. Amends Sections 2001.451(b), (g), and (i), Occupations Code, as follows:

(b) Makes a conforming change to this subsection.

(g) Requires that the bingo operations of a licensed authorized organization result in net proceeds over each 24-month period that ends on the second anniversary of the date the license was issued. Deletes existing text requiring that the bingo operations of a licensed authorized organization result in net proceeds over the organization's license period or, if the organization has a two-year license, result in net proceeds over each 12-month period that ends on an anniversary of the date the two-year license was issued.

(i) Provides that prize fees are not included in the calculation of operating capital under Subsection (h) (relating to authorizing a licensed authorized organization or a unit of licensed authorized organizations to retain operating capital in the organization's or unit's bingo account in certain amounts) if the prize fees are held in escrow for remittance to the commission or a local government, or are retained by a licensed authorized organization. Makes a nonsubstantive change.

SECTION 8. Amends Sections 2001.502(b) and (c), Occupations Code, as follows:

(b) Requires a licensed authorized organization or unit that collects a prize fee under Subsection (a) (relating to requiring a licensed authorized organization or unit to collect a certain fee and remit to the commission the amount collected) for a bingo game conducted in a county or municipality that was entitled to receive a portion of a bingo prize fee as of January 1, 2019, to remit or deposit the remainder of the amount collected as the prize fee as follows:

(1) if the county in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted:

(A) is not within the boundaries of a municipality, remit 50 percent of the amount collected as the prize fee to the county; or

(B) is within the boundaries of a municipality that:

(i) voted before November 1, 2019, to impose the prize fee, remit 50 percent of the amount collected as the prize fee in equal shares to the county and municipality; or

(ii) did not vote before November 1, 2019, to impose the prize fee, remit 25 percent of the amount collected as the prize fee to the county and deposit the remaining amount in the manner described by Subdivision (3);

(2) if the county in which the bingo game is conducted did not vote before November 1, 2019, to impose the prize fee and the location at which the bingo game is conducted is within the boundaries of a municipality that voted before November 1, 2019, to impose the prize fee:

(A) remit 25 percent of the amount collected as the prize fee to the municipality; and

(B) deposit the remaining amount in the manner described by Subdivision (3); and

(3) creates this subdivision from existing text and make no further changes.

(c) Authorizes the governing body of a county or municipality that voted to impose a prize fee under Subsection (b), rather than a prize fee under Subsection (b)(1), to at any time vote to discontinue the imposition of the fee. Makes a nonsubstantive change.

Deletes existing text requiring a licensed authorized organization or unit that collects a prize fee under Subsection (a) for a bingo game conducted in a county or municipality that was entitled to receive a portion of a bingo prize fee as of January 1, 2019, to remit 50 percent of the amount collected as the prize fee to the commission and if the county or municipality in which the bingo game is conducted voted before November 1, 2019, to impose the prize fee, to remit 50 percent of the amount collected as the prize fee to the county that voted to impose the fee by that date, provided the location at which the bingo game is conducted is not within the boundaries of a municipality that voted to impose the prize fee by that date the municipality that voted to impose the fee by that date, provided the county in which the bingo game is conducted did not vote to impose the fee by that date or, in equal shares, the county and the municipality, provided each voted to impose the fee before that date. Makes nonsubstantive changes.

SECTION 9. Amends Section 2001.513(a), Occupations Code, to authorize the commission, at any time within three years after a person is delinquent in the payment of an amount of the fee on prizes due to the commission, to collect the amount under Section 2001.513 (Delinquency: Seizure and Sale).

SECTION 10. Amends Section 2001.514(a), Occupations Code, to make a conforming change.

SECTION 11. Amends Section 2001.515, Occupations Code, to require the commission to perform all functions incident to the administration, collection, enforcement, and operation of the fee on prizes imposed under Subchapter K (Prize Fees) that is due to the commission, including any necessary reconciliation of a prize fee held by the commission that is due to a municipality or county.

SECTION 12. Repealer: Section 2001.420(a) (relating to prohibiting a bingo prize from having a value of more than \$750 for a single game), Occupations Code.

Repealer: Section 2001.459(b) (relating to authorizing payment for a certain service to be paid from an organization's gross receipts), Occupations Code.

SECTION 13. Provides that, notwithstanding any other law, if an executive order issued by the governor before the effective date of this Act had the effect of prohibiting the conduct of bingo occasions under Chapter 2001, Occupations Code, the payment by a licensed authorized organization to a licensed commercial lessor of rent charges that were incurred and paid during the period in which the conduct of bingo was prohibited are not subject to:

(1) the limits on rent charged provided by Section 2001.406(a) (relating to prohibiting the rent charged by a licensed commercial lessor to a licensed authorized organization to conduct bingo from exceeding \$600 for each bingo occasion conducted on the lessor's premises), Occupations Code; or

(2) the requirement that an item of expense for the conduct of bingo be reasonable or necessary provided by Section 2001.458(a) (relating to prohibiting certain items of expense from being incurred or paid in connection with the conduct of bingo except an expense that is reasonable or necessary to conduct bingo), Occupations Code.

SECTION 14. Requires the commission, not later than January 1, 2022, to adopt the rules necessary to implement the changes in law made by this Act to Chapter 2001, Occupations Code.

SECTION 15. Effective date: September 1, 2021.