





# INTEROFFICE MEMO

*Ryan Mindell, Executive Director*

*LaDonna Castañuela, Charitable Bingo Operations Director*

**To:** Robert G. Rivera, Chairman  
Cindy Fields, Commissioner  
Mark A. Franz, Commissioner  
Clark E. Smith, Commissioner  
Jamey Steen, Commissioner

**From:** William "Trace" Smith III, Chairman of the Bingo Advisory Committee

**Date:** Wednesday, August 7, 2024

**Re:** Item II. Report by the Bingo Advisory Committee (BAC) Chairman; possible discussion and/or action on the BAC's activities, including the BAC Annual Report for FY 2024, continuation of the BAC, appointment of committee members, and the BAC's annual work plan for FY 2025.

The following documents are associated with this tab:

1. BAC Meeting Agenda for the July 19, 2024, meeting;
2. BAC Meeting Agenda for the August 6, 2024, meeting;
3. BAC's 2023-2024 Annual Report;
4. BAC's Recommendation for FY 2025 BAC's Annual Work Plan;
5. FY 2025 BAC Nominees Full List; and
6. BAC's Member Recommendations for the FY 2025 BAC.

Additional information may be provided at the commission meeting.

**LIVESTREAM.** The Bingo Advisory Committee meeting may be viewed live online. Members of the public may access a livestream video of the meeting via the following [LINK](#).

**July 19, 2024**

**10:00 a.m.**

**Bingo Advisory Committee (BAC) Meeting  
Texas Lottery Commission**

**Meeting Agenda**

- I. Call to order.  
Pledge of Allegiance to the U.S. and Texas flags.  
  
Texas Pledge: “Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.”
- II. Roll call.
- III. Meeting minutes from June 5, 2024, meeting:
  - A. Public comment.
  - B. Action.
- IV. FY 2024 Annual Report:
  - A. Public comment.
  - B. Action.
- V. FY 2025 Workplan:
  - A. Public comment.
  - B. Action.
- VI. FY 2025 BAC nominations recommendations:
  - A. Public comment.
  - B. Action.
- VII. Adjournment.

**Meeting location:**

**Microsoft Teams online meeting.**

August 6, 2024  
2:00 PM  
Bingo Advisory Committee (BAC) Meeting  
Texas Lottery Commission

Meeting Agenda

I. Call to Order

Pledge of Allegiance to the U.S. and Texas flags.

Texas Pledge: "Honor the Texas flag; I pledge the allegiance to thee, Texas, one state under God, one and indivisible."

II. Roll Call

III. Meeting minutes from 19 July 2024 (If available)

- A. Public comment
- B. Action

IV. Rules Review Subcommittee Report

- A. Public comment
- B. Discussion
- C. Action

V. Sunset Commission Update

- A. Public comment
- B. Discussion

VI. BAC Nominations for FY2025

- A. Introductions
- B. Discussion

VII. Old Business:

- A. Public comment
- B. Discussion

VIII. New Business:

- A. Public comment
- B. Discussion

VIII. Set date for next meeting.

IX. Adjournment

Meeting Location:

1801 Congress Ave.  
George H. W. Bush Building  
4th Floor, Board Room 4.300  
Austin, TX 78701

**From:** [William Smith III](#)  
**To:** [Castanuela, LaDonna](#); [Vance, Tyler](#); [Melodye Green](#); [Veronica](#); [Tommy Duncan](#); [Floyd Olive](#); [Jason Pohl](#); [Anastasio, Michael](#); [stacie.johnstonbac@gmail.com](mailto:stacie.johnstonbac@gmail.com); [Corey Harris](#)  
**Cc:** [Bresnen](#); [Stephen Fenoglio](#); [tom.stewart@texascharityadvocates.com](mailto:tom.stewart@texascharityadvocates.com); [Medina, Marie](#)  
**Subject:** Amended 2024 Annual Report  
**Date:** Thursday, July 18, 2024 2:29:44 PM

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***BINGO ADVISORY COMMITTEE  
2023-2024 ANNUAL REPORT***

16 TAC 402.102(n) and the 2023-2024 work plan requires an annual report by the Bingo Advisory Committee to the Commission. This report provides the Commission with information required by both the statute and rule and additional information so that it is comprehensive.

This report uses data provided by the Charitable Bingo Division. The data may not have been audited. The statute uses the term "net proceeds" while the rule uses the term "net receipts." For purposes of this report, the terms are synonymous.

**GROSS RECEIPTS**

Gross receipts increased slightly in calendar year 2023 to \$901.6 million. That is just under a one percent increase over the Calendar year 2022, which had \$896.6 million in gross receipts. Gross receipts in 2021 were \$938.4 million.

Pull tab sales continued to drive overall sales. However, predatory pricing in urban markets continues to have negative consequences for regular bingo sales and net receipts. Supply chain issues have largely disappeared. However, consolidation and belt-tightening among suppliers diminish the diversity of pull-tab products available to conductors.

**ADJUSTED GROSS RECEIPTS (AGR)**

The term "adjusted gross receipts" is defined as the amount remaining after prizes and fees to state and local government are paid.

AGR in 2023 was \$202.6 million compared to almost \$198 million in the 2022 calendar year. That is a 2.3 percent increase year-over-year. AGR in 2021 was \$214.2 million.

## **NET PROCEEDS (NET RECEIPTS)**

Overall net proceeds to charities - the total amount of money retained by charity conductors of bingo after payment of all expenses - saw a slight increase in 2023. At almost \$30.7 million that's more than four percent higher than 2022 net proceeds of \$28.8 million.

Net proceeds were almost 15.2% of Adjusted Gross Receipts in 2023, compared to 14.5% in 2022.

## **REPORTED CHARITABLE DISTRIBUTIONS**

The Bingo Enabling Act requires charity conductors to distribute, for charitable purposes, all net proceeds that exceed the maximum capital reserve allowed by the Act. Some organizations choose to maintain capital reserves lower than allowed and distribute net proceeds beyond what may be statutorily required. Maintaining a capital reserve is fundamental to a business. This explains the difference in net proceeds for charitable distributions to the charities.

Charitable distributions for 2023 were \$28.3 million, compared to \$29.7 million in 2022.

## **EXPENSES**

For the purposes of this report, expenses here are calculated by subtracting net proceeds from AGR.

In 2023, aggregate expenses increased modestly in 2022 to \$171.9 million compared to \$169.2 million in 2022. That is a 1.6 percent increase year-over-year.

## **ATTENDANCE**

At 10.08 million, attendance continued its slide down, but only slightly. Attendance in calendar year 2022 was 10.1 million. This ongoing decline remains worrisome. Since 2007, attendance has plummeted 44 percent when it peaked at 17.9 million.

This continues to be the largest threat to charitable bingo and the approximately 1,000 non-profits that generate revenue for their community work.

We hope that legislative changes (new prize structure, more temporary sessions) will yield results in 2024 to further slow the decline in attendance.

As noted in the past, market research indicates that a general lack of awareness poses a significant challenge for charitable bingo. Bingo is not the top choice compared to other entertainment options. Private-sector digital advertising conducted pre-COVID and post-COVID has shown promising returns on investment. Nevertheless, charitable bingo should consider a public-private partnership to generate the resources required for scaling promotional efforts in a large state like Texas.

### **PROVIDING FEEDBACK**

The BAC has successfully provided feedback and comments to the CBOD staff and Commissioners on all administrative rules and amendments. It actively engages in the current rules review and the Texas Sunset Advisory Commission's review of the TLC and CBOD.

### **WEBSITE REVIEW**

The BAC is still currently reviewing and collecting data to report its recommendations to the Staff and Commissioners.

### **REPORTING**

The BAC successfully reported to the Commission updates on the BACs activities, industry accomplishments, challenges, and concerns.

### **ANNUAL REPORT**

The BAC has submitted the required annual report to the Commission and to the CBOD Director.

### **CONCLUDING COMMENT:**

By the numbers, Charitable Bingo had a solid year in 2023. Net proceeds had a bounce back. Attendance showed only a modest decrease. And aggregate expenses were essentially flat for 2023.

Our view is that the tools provided by the Texas Legislature had a positive impact, but we will better assess that impact in 2025 after more than a full year of implementation.

Regardless, there is little doubt that without new tools and some form of awareness

campaign, the future of charitable bingo as a source of revenue for roughly 1,000 non-profits across the state is threatened.

The Bingo Advisory Committee remains committed to working with the Commissioners and CBOD staff to advise and respond to the issues that arise this year and those to come. We particularly want to thank the Lottery and Bingo Division staff for the collaborative working relationship. While we do not, nor expect, to always agree, searching for common ground and consensus - which they regularly do - is very much appreciated.

We also appreciate the time and attention that Commissioner Fields provides as the designated Charitable Bingo Commissioner and the responsiveness of the Chairman and all Commissioners when called upon. Thank you.

We respectfully request that the Commissioners vote to reinstate the BAC for a one-year period.



**From:** William Smith III <trace.smithbac@gmail.com>

**Sent:** Thursday, July 18, 2024 2:34 PM

**To:** Castanuela, LaDonna <LaDonna.Castanuela@lottery.state.tx.us>; Vance, Tyler <Tyler.Vance@lottery.state.tx.us>; Melodye Green <bingomel@sbcglobal.net>; Veronica <iamveronica@hotmail.com>; Tommy Duncan <tduncan@goodtimeaction.com>; Floyd Olive <floyd.olive@everi.com>; Jason Pohl <bacjmpohl@gmail.com>; stacie.johnstonbac@gmail.com; Anastasio, Michael <Anastasiom@outlook.com>; Corey Harris <corey.harris87@gmail.com>

**Cc:** Bresnen <steve@bresnenassociates.com>; Stephen Fenoglio <jsfenoglio@fenogliolaw.com>; tom.stewart@texascharityadvocates.com; Medina, Marie <Marie.Medina@lottery.state.tx.us>

**Subject:** Amended BAC 2025 Work Plan

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#### **FY 2025 Annual Work Plan**

1. Identify potential rule or procedural changes that may help organizations address challenges related to conducting charitable bingo. Any potential recommendations on changes to how bingo games are played shall be clearly authorized by Texas law but may also include research, consideration, and discussion of issues not authorized by Texas law.
2. Continue to make recommendations and assist in the 2024 charitable bingo rules review and make a final recommendation to the Texas Lottery Commission regarding adoption.
3. Review ways that other states and jurisdictions assist charities, including by promoting awareness among consumers.
4. Monitor legislative activity that may impact charitable bingo – especially issues related to recommendations and proposals by the Sunset Advisory Commission and staff.
5. Provide support as needed to secure legislative approval of any proposed CBOD requested changes to the Bingo Enabling Act.
6. Provide feedback and comments to CBOD staff and Commissioners on changes to administrative rules in chapter 402 and any other new additional amendments.
7. Work with CBOD staff to identify ways to increase filing of quarterly reports using the online filing system.
8. Review components of the agency's charitable bingo website, including the listing of BAC members, and recommend elements and information to be included in future website updates.
9. Provide reports at each Commission meeting that include status updates of the BAC's activities, industry accomplishments, challenges or concerns.
10. Develop the required BAC annual report to the Commission on the state of the charitable bingo industry and submit to the Commission and to the Charitable Bingo Director by July 15, 2025.

#### **BAC Members with Affiliations**

1. William "Trace" Smith, III - Conductor
2. Melodye Green - Commercial Lessor
3. Floyd Olive - Manufacturer
4. Tommy Duncan, Jr. - Distributor
5. Jason Pohl - Conductor
6. Veronica Uriegas - Charity Lessor
7. Corey Harris - Conductor
8. Michael Anastasio – Charity Lessor
9. Stacie Johnston - Conductor

BAC Nominees  
Final List 5/29/24

	Name	Interest Group 1) the Public	2) Conductors that are not licensed commercial lessors	3) Conductors that are licensed commercial lessors	4) Commercial lessors	5) Licensed manufacturers	6) Licensed distributors
1	<b>Tommy H. Duncan</b>						X
2	<b>Jason M. Pohl</b>		X				
3	<b>Audra Shera Wilson</b>	X					
4	<b>Melodye Green</b>		X	X	X		
5	<b>Veronica Uriegas</b>		X	X			
6	<b>Floyd Olive</b>					X	
7	<b>Gregory Knox</b>			X			
8	<b>Audrey A. Walter</b>		X				
9	<b>William "Trace" Smith III</b>		X				
10	<b>Demetrick "Tre" D. Pennie</b>	X					
11	<b>Damon Ing</b>	X					
12	<b>Victor C. Kuykendoll</b>	X					
13	<b>Edward E. Troxel</b>						X
14	<b>Nathan Craig McDaniel</b>	X					

-----Original Message-----

From: William Smith III <[trace.smithbac@gmail.com](mailto:trace.smithbac@gmail.com)>

Sent: Friday, July 19, 2024 10:43 AM

To: Castanuela, LaDonna <[LaDonna.Castanuela@lottery.state.tx.us](mailto:LaDonna.Castanuela@lottery.state.tx.us)>; Melody Green <[bingomel@sbcglobal.net](mailto:bingomel@sbcglobal.net)>; Veronica <[iamveronica@hotmail.com](mailto:iamveronica@hotmail.com)>; Tommy Duncan <[tduncan@goodtimeaction.com](mailto:tduncan@goodtimeaction.com)>; Jason Pohl <[bacjmpohl@gmail.com](mailto:bacjmpohl@gmail.com)>; Floyd Olive <[floyd.olive@everi.com](mailto:floyd.olive@everi.com)>

Cc: Anastasio, Michael <[Anastasiom@outlook.com](mailto:Anastasiom@outlook.com)>; [stacie.johnstonbac@gmail.com](mailto:stacie.johnstonbac@gmail.com); Corey Harris <[corey.harris87@gmail.com](mailto:corey.harris87@gmail.com)>; Bresnen <[steve@bresnenassociates.com](mailto:steve@bresnenassociates.com)>; Stephen Fenoglio <[jsfenoglio@fenogliolaw.com](mailto:jsfenoglio@fenogliolaw.com)>; [tom.stewart@texascharityadvocates.com](mailto:tom.stewart@texascharityadvocates.com)

Subject: BAC Nominations

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These are the nominations for members that the BAC unanimously endorse for FY 2025.

William "Trace" Smith - Conductor  
Melody Green - Commercial Lessor  
Floyd Olive - Manufacturer  
Tommy Duncan Jr. - Distributor  
Jason Pohl - Conductor  
Veronica Uriegas - Charity Lessor  
Demetrick D. Pennie - Public Member  
Audrey A. Walter - Conductor  
Audra "Shera" Wilson - Public

William "Trace" Smith

Chairman BAC