

1 The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §§
2 402.200 (General Restrictions on the Conduct of Bingo), 402.203 (Unit Accounting) 402.400
3 (General Licensing Provisions), 402.401 (Temporary License), 402.404 (License Classes and
4 Fees), 402.405 (Temporary Authorization), 402.413 (Military Service Members, Military
5 Veterans, and Military Spouses), 402.420 (Qualifications and Requirements for Conductor's
6 License), 402.451 (Operating Capital), 402.452 (Net Proceeds), 402.503 (Bingo Gift Certificates),
7 402.600 (Bingo Reports and Payments), 402.706 (Schedule of Sanctions), and 402.707 (Expedited
8 Administrative Penalty Guideline). The purpose of the proposed amendments is to implement
9 statutory changes required by House Bill 639 (HB 639), Senate Bill 422 (SB 422), and Senate Bill
10 643 (SB 643) from the Regular Session of the 88th Texas Legislature.

11 The proposed amendments implementing HB 639 increase the maximum yearly number
12 of temporary bingo licenses that a non-regular authorized organization may receive from 6 to 12.

13 The proposed amendments implementing SB 422 allow military members to engage in
14 bingo without a license or worker registration for up to three years while they are stationed at a
15 military base in Texas, provided they are similarly licensed or registered and in good standing in
16 another state.

17 The proposed amendments implementing SB 643 amend the definition of "regular license"
18 to mean a 2-year license to conduct bingo that is not a temporary license; require the Commission
19 to issue to regular licensees 48 temporary licenses for each 12-month period ending on the
20 anniversary of their licensing date; increase the maximum prize value that can be awarded during
21 an occasion from \$2,500 to \$5,000 and eliminate the \$750 prize limit for a single game; allow
22 units three days to deposit bingo funds into their bank account; provide that all of the members of
23 a unit may not be penalized for a violation that is wholly attributable to a specific member or

1 members of the unit; change the required net proceeds period from 12 months to 24 months; and
2 specify that prize fees retained by the organization or held in escrow for remittance to the
3 Commission, a county, or a municipality are not included in the calculation of operating capital.

4 Annika Guarnero, Acting Controller, has determined that for each year of the first five
5 years the amendments will be in effect, there will be no significant fiscal impact for state or local
6 governments as a result of the proposed amendments. There will be no adverse effect on small
7 businesses or rural communities, micro businesses, or local or state employment. There will be no
8 additional economic cost to persons required to comply with the amendments, as proposed.
9 Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required
10 because the proposed amendments will not have an adverse economic effect on small businesses
11 or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

12 LaDonna Castañuela, Director of the Charitable Bingo Operations Division, has
13 determined that for each year of the first five years the proposed amended rules will be in effect,
14 the anticipated public benefit will be the implementation of recent legislation.

15 Pursuant to Texas Government Code §2001.0221, the Commission provides the following
16 Government Growth Impact Statement for the proposed amendments. For each year of the first
17 five years the proposed amendments will be in effect, Annika Guarnero, Acting Controller, has
18 determined the following:

19 (1) The proposed amendments do not create or eliminate a government program.

20 (2) Implementation of the proposed amendments does not require the creation of new
21 employee positions or the elimination of existing employee positions.

22 (3) Implementation of the proposed amendments does not require an increase or decrease
23 in future legislative appropriations to the Commission.

1 (4) The proposed amendments do not require an increase or decrease in fees paid to the
2 Commission.

3 (5) The proposed amendments do not create a new regulation.

4 (6) The proposed amendments do not expand or limit an existing regulation.

5 (7) The proposed amendments do not increase or decrease the number of individuals
6 subject to the rule's applicability.

7 (8) The proposed amendments do not positively or adversely affect this state's economy.

8 The Commission requests comments on the proposed rule amendments from any interested
9 person. Comments may be submitted to Tyler Vance, Assistant General Counsel, by mail at Texas
10 Lottery Commission, P.O. Box 16630, Austin, Texas 78761-6630; by facsimile at (512) 344-5189;
11 or by email at legal.input@lottery.state.tx.us. Comments must be received within 30 days after
12 publication of this proposal in the *Texas Register* in order to be considered. The Commission also
13 will hold a public hearing to receive comments on this proposal at 10:00 a.m. on November 13,
14 2023, at 1700 N. Congress Ave., Austin, TX 78701, Stephen F. Austin State Office Building,
15 Room 170.

16 The amendments are proposed under Texas Occupations Code §2001.054, which
17 authorizes the Commission to adopt rules to enforce and administer the Bingo Enabling Act; Texas
18 Government Code §467.102, which authorizes the Commission to adopt rules for the laws under
19 the Commission's jurisdiction; and SB 422 and SB 643, which require the Commission to adopt
20 the rules necessary to implement the changes in the law by December 1st, 2023, and January 1st,
21 2024, respectively.

22 This proposal is intended to implement Texas Occupations Code, Chapter 2001.
23 §402.200. General Restrictions on the Conduct of Bingo.

(a) – (b) (No change.)

(c) Location of bingo occasion. A bingo occasion may be conducted only on premises which are:

(1) owned by a licensed authorized organization;

(2) owned by a governmental agency when there is no charge to the licensed authorized organization for use of the premises;

~~[(3) leased, or used only by the holder of a temporary license; or]~~

(3) [(4)] owned or leased by a licensed commercial lessor; or [lessor.]

(4) leased or used by the holder of a temporary license who does not hold a regular license.

(d) – (n) (No change.)

(o) The total aggregate amount of prizes awarded for regular bingo games during a single bingo occasion may not exceed \$5,000. ~~[\$2500.]~~ This subsection does not apply to:

(1) a pull-tab bingo game; or

(2) a prize of \$50 or less that is actually awarded in an individual game of regular bingo.

(p) (No change.)

§402.203. Unit Accounting.

(a) – (k) (No changes.)

(l) Responsibilities of Unit Members.

(1) – (4) (No change.)

(5) If a unit demonstrates that a violation of this subchapter or commission rules is wholly attributable to a specific licensed authorized organization member or members of the unit, a penalty for the violation may not be imposed on a unit member to which the violation is not attributable and the penalty imposed on a unit member to which the violation is attributable may not be in an amount greater than the amount initially assessed against each unit member.

§402.400. General Licensing Provisions.

(a) – (l) (No change.)

(m) Each person required to be named in an application for license under the Bingo Enabling Act other than a temporary license will have a criminal record history inquiry at state and/or national level conducted. Such inquiry may require submission of fingerprint card(s). FBI fingerprint cards are required for an individual listed in an application for a distributor or manufacturer's license and for an individual listed on an application who is not a Texas resident. A criminal record history inquiry at the state and/or national level may be conducted on the operator and officer or director required to be named in an application for a non-regular ~~[non-annual]~~ temporary license under the Bingo Enabling Act.

(n) (No change.)

§402.401. Temporary License.

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise:

(1) (No change.)

(2) Regular license--A license to conduct bingo that is effective for a period of two years ~~[one year]~~ unless revoked or suspended by the Commission. ~~[A regular license may be referred to as an annual license.]~~

(3) (No change.)

(b) General.

(1) – (2) (No change.)

1 (3) Display. A ~~[The]~~ licensed authorized organization must conspicuously display an
2 issued license during a temporary ~~[bingo]~~ occasion at the premises. ~~[licensed bingo premises a~~
3 ~~temporary license.]~~

4 (4) Voluntary surrender of regular license.

5 (A) An authorized organization that no longer holds a regular license to conduct
6 bingo may conduct any remaining designated temporary occasions so long as the total number of
7 occasions does not exceed twelve (12) ~~[six]~~ per calendar year. If more than twelve (12) ~~[over six]~~
8 previously specified occasions remain, the licensed authorized organization must provide to the
9 Commission written notification of no more than twelve (12) ~~[six]~~ of the dates of the temporary
10 licenses that will be utilized. This notification must be provided within ten days of surrender of
11 the regular license. The Commission will automatically revoke all temporary licenses in excess of
12 the twelve (12) ~~[six]~~ per year.

13 (B) If the Commission denies or revokes a regular license by final and unappealable
14 order, any temporary license held by the regular license holder ~~[that stated the specific date and~~
15 ~~time of any bingo occasion]~~ will likewise be denied or revoked.

16 (5) (No change.)

17 (c) (No change.)

18 (d) Regular license holder.

19 (1) Subject to the other provisions of this chapter, a ~~[A]~~ regular license holder ~~[must apply~~
20 ~~for a temporary license at least seven calendar days prior to the bingo occasion]~~ shall be issued
21 forty-eight (48) temporary licenses for each 12-month period that ends on the anniversary of the
22 date the license was issued or renewed. Any unused temporary licenses will expire on the
23 anniversary of the date the temporary licenses were issued.

1 (2) (No change.)

2 [~~(3) The Commission may issue a temporary license to a regular license holder without~~
3 ~~listing the specific date or time of a bingo occasion. The temporary bingo occasion must be~~
4 ~~conducted at the same location as shown on the organization's regular license. Such a license shall~~
5 ~~be referred to as a "temporary on demand license".~~

6 (A) ~~The regular license holder must submit an application on the prescribed form~~
7 ~~that indicates the number of temporary on demand licenses requested for the license period.]~~

8 (3) [(B)] Before using a temporary [~~on demand~~] license, the regular license holder
9 must notify the Commission of the date and time and location of the bingo occasion for which the
10 temporary license will be used by submitting a form prescribed by the Commission. The
11 Commission will verify receipt of the notice in accordance with Bingo Enabling Act §2001.103(g).
12 The license holder is not required to display the Commission's verification during the occasion but
13 must maintain it in their records pursuant to §402.500(a) of this title (relating to General Records
14 Requirements).

15 [~~(C) Any temporary on demand license must be used prior to the expiration date of~~
16 ~~the regular license in effect at the time the temporary license application was filed.]~~

17 (4) (No change.)

18 [~~(5) If the organization is issued the amendment license filed under Occupations Code,~~
19 ~~§2001.108 prior to being issued the temporary license, the temporary license application shall be~~
20 ~~discontinued.]~~

21 (e) Non-regular license holder. A non-regular license holder that wishes to conduct a bingo
22 occasion must file a complete application for a temporary license on a form prescribed by the
23 Commission at least 30 calendar days prior to the bingo occasion.

1 (1) – (2) (No change.)

2 (3) Non-regular license holders may not receive more than twelve (12) temporary licenses
3 in a calendar year.

4 §402.404. License Classes and Fees.

5 (a) Definitions.

6 (1) License period--For purposes of Texas Occupations Code §2001.158, [~~§2001.104 and~~
7 ~~§2001.158,~~] the term "license period" means the eight (8) [~~four~~] full calendar quarters immediately
8 preceding the license end date.

9 (2) (No change.)

10 (b) – (j) (No change.)

11 §402.405. Temporary Authorization.

12 (a) – (i) (No change.)

13 (j) A regular license that has been issued to an applicant shall expire two years [~~one year~~] from the
14 date of the first issuance of any temporary authorization under this section.

15 (k) (No change.)

16 §402.413. Military Service Members, Military Veterans, and Military Spouses.

17 (a) – (e) (No change.)

18 (f) A military service member or a military spouse may engage in any activity for which a license
19 or bingo worker registration is required without obtaining the applicable license or registration if
20 the member or spouse is currently licensed in good standing by another jurisdiction that has
21 licensing requirements that are substantially equivalent to the requirements for licensure in Texas.
22 Before engaging in the activity, the military member or spouse must notify the Commission of
23 their intent to conduct the activity in this state and must submit proof of their residency in this state

1 along with a copy of their military identification card. Within thirty (30) days, [Upon receipt,] the
2 Commission will verify that the military service member or military spouse is currently licensed
3 in good standing in another state that has licensing requirements that are substantially equivalent
4 to the requirements in Texas. If so, the Commission shall authorize the military service member
5 or military spouse to engage in the activity. The authorization is effective only for the period during
6 which the military service member or the military service member to whom the military spouse is
7 married is stationed at a military installation in this state, not to exceed three years. The
8 authorization may not be renewed. The military member or spouse shall comply with all other laws
9 and regulations applicable to the business or occupation in this state. In the event of a divorce or
10 similar event that affects a person's status as a military spouse, the spouse may continue to engage
11 in the business or occupation until the third anniversary of the date the spouse received the
12 authorization.

13 §402.420. Qualifications and Requirements for Conductor's License.

14 An applicant must provide with its application documentation demonstrating that it meets all
15 qualifications and requirements for a license to conduct bingo based on the type of organization it
16 is. The qualifications, requirements, and necessary documentation for different types of
17 organizations are shown in the chart below.

18 Figure: 16 TAC §402.420

Religious Society:	
Qualifications and Requirements	Necessary Documentation
Must be organized primarily for religious purposes.	A signed and dated copy of the most recent version of all of the organization's organizing instrument(s); Or

	<p>A copy of the page from the applicant's parent organization religious directory that lists the applicant organization's information.</p> <p>The name of the applicant organization must match the name of the organization on the documents submitted.</p>
Must have been organized in Texas for at least three years.	<p>A copy of a listing in a publication such as a national roster or newspaper article naming the organization;</p> <p>Or</p> <p>A letter or other document provided or issued to the applicant from a government agency.</p> <p>The documents submitted must reflect the applicant's name, Texas address, and establish at least three years of existence.</p>
Must demonstrate that the organization has made significant progress toward the accomplishment of its purposes during the <u>24</u> [12] months preceding the date of application.	<p>At least three (3) different types of acceptable documents as proof that organization was continuously engaged in furthering its charitable purpose for the time period beginning <u>two years</u> [one year] prior to the date the application was signed. Examples of acceptable documentation include copies of:</p> <ol style="list-style-type: none"> 1. a letter from the diocese, 2. notices of church services, and/or church bulletins, 3. canceled checks for clergy salaries, religious books, materials and/or supplies, maintenance of religious building(s), and 4. records of marriages performed, or records of funerals performed. <p>To establish the beginning date, an organization may submit documentation dated up to three months prior to the <u>two years</u> [year] before the application was signed in order to prove that the organization has been continuously engaged in furthering its charitable purpose throughout the past <u>twenty-four</u> (24) [twelve] months.</p> <p>All documents must be dated and indicate the name of the organization.</p>
Must appoint only the organization's members to serve as operators for the organization.	<p>A current membership list with all officers and directors noted. Officers would include a priest, pastor, rabbi, or other head of the church. Membership list will be compared to persons listed on the application to confirm that only members have been named as operators.</p>

Must ensure that none of the organization's officers, directors and operators have been convicted in any jurisdiction of a gambling or gambling-related offense; and have not been convicted of a criminal fraud offense, with the exception of a criminal fraud offense that is a Class C misdemeanor.	<p>A signed and dated copy of the most recent version of all of the organization's organizing instruments(s) that list the officer and director positions;</p> <p>Or</p> <p>If officers and/or directors are not listed in organizing instruments, a current membership list identifying officers and directors.</p> <p>If officer and/or director positions are unfilled, a statement signed by an officer indicating which positions are vacant.</p> <p>The Commission will compare the number of officers and directors included in the documents to the application to ensure all officers and directors have been disclosed.</p> <p>The Department of Public Safety will conduct a criminal history check on all officers, directors, and operators.</p> <p>Any officer, director, or operator not meeting the criminal history background requirement must resign before a license may be issued.</p>
Section 2001.102 License Application Requirements.	<p>Most recent copy of Internal Revenue Service (IRS) Form 990 if organization is required to file it with the IRS.</p> <p>Indicate on application if organization is not required to file Form 990;</p> <p>And</p> <p>If the organization is organized under the law of this state, the organization must be in good standing with the Secretary of State (SOS). The Commission will request additional documentation from the applicant if unable to validate good standing directly with the SOS.</p>
Non-Profit Medical Organization:	
Qualifications and Requirements	Necessary Documentation
Main activities must be in support of medical research or treatment programs.	<p>A signed and dated copy of the most recent version of all of the organization's organizing instruments.</p> <p>The name of the applicant organization must match the name of the organization on the organizing instruments.</p>
Must have had a governing body or officers	Copies of meeting minutes recording officer elections for three years showing the date of each meeting and signature of an officer;

elected by the vote of the members or delegates elected by the members for at least three years.	<p>Or</p> <p>A dated list of officers and positions held for three years.</p> <p>A statement signed by an officer indicating which positions were left open if the organization had positions defined in organizing instrument(s) that the organization did not fill.</p> <p>Organizing instrument(s) will be reviewed to ensure that the organization has members who elect officers and to confirm the officer positions.</p>
Must have been affiliated with a state or national organization organized to perform the same purposes for at least three years.	<p>Verification by Parent for Charitable Organization Conductor;</p> <p>And</p> <p>A copy of a listing in a publication such as a national roster or newspaper article naming the organization or a letter or other document provided or issued to the applicant from a government agency.</p> <p>The document submitted must reflect the applicant's name, Texas address, and establish the date the organization was founded and at least three years of existence.</p>
Must hold a valid 501(c) exemption through the Internal Revenue Service.	If the Commission is unable to validate directly with the Internal Revenue Service that the organization has a 501(c) designation, the Commission will request additional documentation from the applicant.
May not distribute any income to members, officers, or governing body except as reasonable compensation for services.	<p>Most recent copy of Internal Revenue Service (IRS) Form 990 if organization is required to file it with the IRS.</p> <p>Indicate on application if organization is not required to file Form 990.</p> <p>A signed and dated copy of the most recent version of all of the organization's organizing instruments.</p>
Must demonstrate significant progress toward the accomplishment of the organization's purposes during	<p>At least three (3) different types of acceptable documents as proof that organization was engaged in furthering its charitable purpose for the time period beginning <u>two years</u> [one year] prior to the date the application was signed.</p> <p>Acceptable documentation may include:</p> <ol style="list-style-type: none"> 1. canceled checks in support of medical treatment or research programs, i.e.,

the <u>24</u> [12] months preceding the date of application.	<p>American Cancer Society, Muscular Dystrophy Association, or other recognized organizations dedicated to the elimination of disease;</p> <p>2. canceled checks for the purchase of medical equipment or to provide medical care for the needy;</p> <p>3. letters of appreciation from individuals or organizations receiving benefits for treatment;</p> <p>4. IRS Form 990; and</p> <p>5. newspaper articles.</p> <p>To establish the beginning date, an organization may submit documentation dated up to three months prior to the <u>two years</u> [year] before the application was signed in order to prove that the organization has been engaged in furthering its charitable purposes throughout the past <u>twenty-four (24)</u> [twelve] months.</p> <p>All documents must be dated and indicate the name of the organization.</p>
May appoint only the organization's members to serve as operators.	A current membership list with officers and directors noted. Membership list will be compared to the persons listed on the application to confirm that only members have been named as operators.
Must ensure that none of the organization's officers, directors and operators have been convicted in any jurisdiction of a gambling or gambling-related offense; and have not been convicted of a criminal fraud offense, with the exception of a criminal fraud offense that is a Class C misdemeanor.	<p>A signed and dated copy of the most recent version of all of the organization's organizing instruments that list the officer and director positions;</p> <p>Or</p> <p>If officers and/or directors are not listed in organizing instruments, a current membership list identifying officers and directors.</p> <p>If officer and/or director positions are unfilled, a statement signed by an officer indicating which positions are vacant.</p> <p>The Commission will compare the number of officers and directors included in the documents to the application to ensure all officers and directors have been disclosed.</p> <p>The Department of Public Safety will conduct a criminal history check on all officers, directors, and operators.</p> <p>Any officer, director, or operator not meeting the criminal history background requirement must resign before a license may be issued.</p>

Section 2001.102 License Application Requirements.	If the organization is organized under the law of this state, the organization must be in good standing with the Secretary of State (SOS) The Commission will request additional documentation from the applicant if unable to validate good standing directly with the SOS.
Volunteer Fire Department:	
Qualifications and Requirements	Necessary Documentation
Organized primarily to provide fire-fighting services.	<p>Proof of membership in a professional fire-fighting organization;</p> <p>Or</p> <p>Copy of a publication that lists the organization and its phone number to call in case of fire;</p> <p>Or</p> <p>A letter from a local government agency recognizing the organization as a volunteer fire department;</p> <p>Or</p> <p>A copy of all organizing instrument(s) which list this purpose for the organization;</p> <p>Or</p> <p>A dated newspaper article which details the organization's activities.</p> <p>The name of the applicant organization must match the name of the applicant on the documents submitted.</p>
Must have been organized in Texas for at least three years.	<p>A copy of a listing in a publication such as a national roster or newspaper article naming the organization;</p> <p>Or</p> <p>A letter or other document provided or issued to the applicant from a government agency.</p> <p>The document submitted must reflect the applicant's name, Texas address, and establish the date the organization was founded and at least three years of existence.</p>

Must operate fire-fighting equipment.	<p>Pictures of fire equipment reflecting the name of the volunteer fire department;</p> <p>Or</p> <p>Copies of canceled checks or invoices for fire-fighting equipment.</p>
May not pay members other than nominal compensation.	<p>Most recent copy of Internal Revenue Service (IRS) Form 990 if organization is required to file it with the IRS.</p> <p>Indicate on application if organization is not required to file Form 990.</p> <p>If not required to file Form 990, a copy of a volunteer fire fighter application;</p> <p>Or</p> <p>Copy of an organizing instrument that describes compensation of members.</p>
Must demonstrate significant progress toward the accomplishment of the organization's purposes during the <u>24</u> [12] months preceding the date of application.	<p>Call List which shows the type of incident and location for the <u>24-month</u> [12 month] period prior to the date the application was signed.</p>
May appoint only the organization's members to serve as operators.	<p>Current membership list with all officers and directors noted.</p> <p>Membership list will be compared to the persons listed on application to confirm that only members have been named as operators.</p>
Must ensure that none of the organization's officers, directors and operators have been convicted in any jurisdiction of a gambling or gambling-related	<p>A signed and dated copy of the most recent version of all of the organization's organizing instruments that list the officer and director positions;</p> <p>Or</p> <p>If officers and/or directors are not listed in organizing instruments, a current membership list identifying officers and directors.</p>

offense; and have not been convicted of a criminal fraud offense, with the exception of a criminal fraud offense that is a Class C misdemeanor.	<p>If officer and/or director positions are unfilled, a statement signed by an officer indicating which positions are vacant.</p> <p>The Commission will compare the number of officers and directors included in the documents to the application to ensure all officers and directors have been disclosed.</p> <p>The Department of Public Safety will conduct a criminal history check on all officers, directors and operators.</p> <p>Any officer, director, or operator not meeting the criminal history background requirement must resign before a license may be issued.</p>
Section 2001.102 License Application Requirements.	<p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation.</p> <p>If the organization is organized under the law of this state the organization must be in good standing with the Secretary of State (SOS). The Commission will request additional documentation from the applicant if unable to validate good standing directly with the SOS.</p>
Veteran Organization:	
Qualifications and Requirements	Necessary Documentation
Must be an unincorporated association or corporation.	<p>A signed copy of the organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation.</p> <p>The name of the applicant organization must match the name of the organization on the organizing instruments.</p>
Must hold a valid 501(c) exemption through the Internal Revenue Service.	<p>If the Commission is unable to validate directly with the Internal Revenue Service that the organization has a 501(c) designation, the Commission will request additional documentation from the applicant.</p> <p>Verification by Parent for Charitable Organization Conductor.</p>
Must have been organized in Texas for at least three years.	<p>A copy of a listing in a publication such as a national roster or newspaper article naming the organization;</p> <p>Or</p> <p>A letter or other document provided or issued to the applicant from a government agency.</p>

	The document submitted must reflect the applicant's name, Texas Address, and either be dated three years before the application date or establish the date the organization as founded.
May not distribute any income to members, officers, or governing body except as reasonable compensation for services.	<p>Most recent copy of Internal Revenue Service (IRS) Form 990 if organization is required to file it with the IRS.</p> <p>Indicate on application if organization is not required to file Form 990.</p>
Members must be veterans or dependents of veterans of the United States armed forces.	Verification by Parent for Charitable Organization Conductor.
Must be chartered by the United States Congress.	The Commission will review the list of chartered veteran organizations maintained by the United States Department of Veteran Affairs. Its website link is: http://www1.va.gov/vso/index.cfm?template=view .
Must be organized to advance the interest of veterans or active duty personnel of the US armed forces and their dependents.	<p>A signed and dated copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation.</p> <p>The name of the applicant organization must match the name of the organization on the organizing instruments.</p>
Must demonstrate significant progress toward the accomplishment of the organization's purposes during the 24 [42] months preceding the	<p>At least three (3) different types of acceptable documents as proof that organization was engaged in furthering its charitable purpose for the time period beginning <u>two years</u> [one year] prior to the date the application was signed. Examples of acceptable documentation include copies of:</p> <ol style="list-style-type: none"> 1. activity reports filed with the state and/or national organization, 2. monetary donations to Veterans Administration (VA) hospitals, 3. letters of appreciation from veterans and/or organizations receiving benefits,

date of application.	<p>4. support of and/or contributions to veterans' funerals and/or their families,</p> <p>5. visits to veteran's hospitals,</p> <p>6. newspaper articles, and</p> <p>7. Form 990.</p> <p>To establish the beginning date, an organization may submit documentation dated up to three months prior to the <u>two years</u> [year] before the application was signed in order to prove that the organization has been engaged in furthering its charitable purpose throughout the past <u>twenty-four (24)</u> [twelve] months.</p> <p>All documents must be dated and indicate the name of the organization.</p>
May appoint only the organization's members to serve as operators.	A current membership list with all officers and directors noted. Membership list will be compared to the persons listed on the application to confirm that only members have been named as operators.
Must ensure that none of the organization's officers, directors and operators have been convicted in any jurisdiction of a gambling or gambling-related offense; and have not been convicted of a criminal fraud offense, with the exception of a criminal fraud offense that is a Class C misdemeanor.	<p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation that list the officer and director positions;</p> <p>Or</p> <p>If officers and/or directors are not listed in organizing instruments, a current membership list identifying officers and directors.</p> <p>If officer and/or director positions are unfilled, a statement signed by an officer indicating which positions are vacant.</p> <p>The Commission will compare the number of officers and directors included in the documents to the application to ensure all officers have been disclosed.</p> <p>The Department of Public Safety will conduct a criminal history check on all officers, directors and operators.</p> <p>Any officer, director, or operator not meeting the criminal history background requirement must resign before a license may be issued.</p>
Section 2001.102 License Application Requirements.	If the organization is organized under the law of this state, the organization must be in good standing with the Secretary of State (SOS). The Commission will request additional documentation from the applicant if unable to validate good standing directly with the SOS.
Fraternal Organization:	

Qualifications and Requirements	Necessary Documentation
Must be an Unincorporated Association or Corporation.	<p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation.</p> <p>The name of the applicant organization must match the name of the organization on the organizing instruments.</p>
Must be organized to perform and engage in charitable work.	<p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation.</p> <p>The name of the applicant organization must match the name of the organization on the organizing instruments.</p>
Must hold a valid 501(c) exemption through the Internal Revenue Service.	<p>If the Commission is unable to validate directly with the Internal Revenue Service that the organization has a 501(c) designation, the Commission will request additional documentation from the applicant;</p> <p>Or</p> <p>Verification by Parent for Charitable Organization Conductor if affiliated with a state or national organization.</p>
May not distribute any income to members, officers, or governing body except as reasonable compensation.	<p>Most recent copy of Internal Revenue Service (IRS) Form 990 if organization is required to file it with the IRS.</p> <p>Indicate on application if organization is not required to file Form 990.</p> <p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation.</p>
Must have been organized in Texas for at least three years.	<p>A copy of a listing in a publication such as a national roster or newspaper article if not affiliated with a state or national organization;</p> <p>Or</p> <p>A letter or other document provided or issued to the applicant from a government agency. The document submitted to confirm the requirement must reflect organization's name, Texas address, and be either dated prior to the three year period or establish the date the organization was founded.</p>
Must have a bona fide membership.	Current membership list with all officers and directors noted.
Membership actively and continuously	<p>Organizing instrument(s) describing the organization's purposes.</p> <p>Copies of minutes from three annual membership meetings reflecting that</p>

engaged in furthering its authorized purposes for the past three years.	<p>the organization voted on the election of officers and reported on matters related to furthering the organization's purpose.</p> <p>Collectively, the three meeting minutes must encompass a (36) thirty-six month period (<u>i.e.</u> one per year).</p> <p>The meeting minutes must be dated and signed by an officer of the organization.</p>
May not authorize or support a public office candidate.	Organizing instrument(s) reflecting that organization has not authorized support or opposition of a public office candidate.
Must demonstrate significant progress toward the accomplishment of the organization's purposes during the <u>24</u> [12] months preceding the date of application.	<p>At least three (3) different types of acceptable documents as proof that organization was engaged in furthering its charitable purpose for the time period beginning <u>two years</u> [one year] prior to the date the application was signed.</p> <p>Examples of acceptable documentation include copies of:</p> <ol style="list-style-type: none"> 1. canceled checks, 2. newspaper articles, 3. brochures, 4. receipts, 5. meeting minutes, and 6. IRS Form 990. <p>All documents must be dated and indicate the organization's name.</p> <p>To establish the beginning date, an organization may submit documentation dated up to three months prior to the <u>two years</u> [year] before the application was signed in order to prove that the organization has been engaged in furthering its charitable purposes throughout the past twenty-four [twelve] months.</p>
May appoint only the organization's members to serve as operators.	A current membership list with all officers and directors noted. Membership list will be compared to the persons listed on the application to confirm that only members have been named as operators.
Must ensure that none of the organization's officers, directors and operators have been convicted in any	<p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation that list the officer and director positions;</p> <p>Or</p>

jurisdiction of a gambling or gambling-related offense; and have not been convicted of a criminal fraud offense, with the exception of a criminal fraud offense that is a Class C misdemeanor.	<p>If officers and/or directors are not listed in organizing instruments, a current membership list identifying officers and directors.</p> <p>If officer and/or director positions are unfilled, a statement signed by an officer indicating which positions are vacant.</p> <p>The Commission will compare the number of officers and directors included in the documents to the application to ensure all officers and directors have been disclosed. The Department of Public Safety will conduct a criminal history check on all officers, directors and operators.</p> <p>Any officer, director, or operator not meeting the criminal history background requirement must resign before a license may be issued.</p>
Section 2001.102 License Application Requirements.	If the organization is organized under the law of this state, the organization must be in good standing with the Secretary of State (SOS). The Commission will request additional documentation from the applicant if unable to validate good standing directly with the SOS.
Volunteer Emergency Medical Services Provider:	
Qualifications and Requirements	Necessary Documentation
Must have been organized in Texas for at least three years.	<p>A copy of a listing in a publication such as a national roster or newspaper article naming the organization;</p> <p>Or</p> <p>A letter or other document provided or issued to the applicant from a government agency.</p> <p>The document submitted must reflect the applicant's name, Texas address, and either be dated three years before the application date or establish the date the organization was founded.</p>
Must demonstrate that the organization has made significant progress toward the accomplishment of its purposes during the <u>24</u> [12] months preceding the	A Call List which shows the type of incident and location for the <u>24-month</u> [12-month] period prior to the date the application was signed.

date of application.	
Must appoint only the organization's members to serve as operators for the organization.	A current membership list with all officers and directors noted. Membership list will be compared to the persons listed on the application to confirm that only members have been named as operators.
Must ensure that none of the organization's officers, directors and operators have been convicted in any jurisdiction of a gambling or gambling-related offense; and have not been convicted of a criminal fraud offense, with the exception of a criminal fraud offense that is a Class C misdemeanor.	<p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation, that list the officer and director positions;</p> <p>Or</p> <p>If officers and/or directors are not listed in organizing instruments, a current membership list identifying officers and directors.</p> <p>If officer and/or director positions are unfilled, a statement signed by an officer indicating which positions are vacant.</p> <p>The Commission will compare the number of officers and directors included in the documents to the application to ensure all officers and directors have been disclosed.</p> <p>The Department of Public Safety will conduct a criminal history check on all officers, directors and operators.</p> <p>Any officer, director or operator not meeting the criminal history background requirement must resign before a license may be issued.</p>
Section 2001.102 License Application Requirements.	<p>Most recent copy of Internal Revenue Service (IRS) Form 990 if organization is required to file it with the IRS.</p> <p>Indicate on application if organization is not required to file Form 990;</p> <p>And</p> <p>A signed copy of the applicant organization's organizing instruments, including any bylaws, constitution, charter, and articles of incorporation;</p> <p>And</p> <p>If the organization is organized under the law of this state the organization must be in good standing with the Secretary of State (SOS). The Commission will request additional documentation from the applicant if unable to validate good standing directly with the SOS.</p>

§402.451. Operating Capital.

(a) (No change.)

(b) The bingo account balance of a licensed authorized organization, reconciled to include outstanding checks and deposits in transit, on the last day of each calendar quarter may not exceed the total of:

(1) (No change.)

(2) prize fees held in the bingo account to be paid to the Commission and local governments, or to be retained under Bingo Enabling Act §2001.502(b)(3); [~~§2001.502(b)(2)~~]; and

(3) (No change.)

(c) (No change.)

(d) Licensed Authorized Organization's Calculations.

~~[(1) The retained operating capital limit for a licensed authorized organization with a one year license will be calculated based on the quarterly reports for the four (4) calendar quarters immediately preceding the license start date.]~~

(1) ~~[(2)]~~ The retained operating capital limit for a licensed authorized organization with a regular ~~[two year]~~ license will be calculated for each 12-month period of the license.

(2) ~~[(3)]~~ The retained operating capital limit for a licensed authorized organization submitting the first renewal of its license to conduct bingo will be calculated based on the quarterly reports for the three (3) calendar quarters immediately preceding the license start date.

(3) ~~[(4)]~~ The retained operating capital limit is effective for the four (4) calendar quarters beginning on the first day of the calendar quarter immediately following the license start date.

(e) (No change.)

(f) A licensed authorized organization's or unit's most recent quarterly report information at the time of the calculation will be used to calculate its retained operating capital limit. Prize fees are not included in calculation of operating capital if they are held in escrow for remittance to the commission or local governments or retained by a licensed organization under Bingo Enabling Act §2001.502(b)(3).

(g) – (k) (No change.)

§402.452. Net Proceeds.

(a) Net proceeds from the conduct of bingo must result in a positive amount over the organization's license period. ~~[If the organization has a two year license, the net proceeds from the conduct of bingo must result in a positive amount over each year of the organization's license period.]~~

(b) Calculation of Net Proceeds for Organizations. ~~[a License Period.]~~

(1) (No change.)

(2) The calculation of net proceeds for a regular ~~[one year]~~ license will be based on the quarterly reports for the eight (8) ~~[four (4)]~~ calendar quarters immediately preceding the license end date.

~~[(3) Net proceeds for a two year license will be calculated for each year of the license. The calculation of net proceeds for the first year of the license will be based on the quarterly reports for the four (4) calendar quarters immediately preceding the one year anniversary of the license beginning date. The calculation of net proceeds for the second year of the license will be based on the quarterly reports for the four (4) calendar quarters immediately preceding the two year anniversary of the license beginning date.]~~

(3) ~~[(4)]~~ The calculation of net proceeds for an organization submitting the first renewal of its license to conduct bingo will be based on the quarterly reports for the seven (7) ~~[three (3)]~~

1 calendar quarters immediately preceding the license end date. If the bingo operations of an
2 organization fail to result in positive net proceeds for the first renewal of a license, the Commission
3 shall recalculate the net proceeds using the quarterly reports for the seven (7) [~~three (3)~~] calendar
4 quarters immediately preceding the license end date and the quarterly report for the one (1)
5 calendar quarter in which the license end date falls to determine compliance.

6 (c) Calculation of Net Proceeds for Units.

7 (1) Net proceeds for units will be calculated at the end of each quarter for the prior eight
8 (8) [~~four (4)~~] quarter period.

9 (2) (No change.)

10 (3) The calculation of net proceeds for a licensed authorized organization that withdraws
11 from a unit will be based on the following for the eight (8) [~~four (4)~~] calendar quarters immediately
12 preceding the license end date:

13 (A) – (B) (No change.)

14 (4) (No change.)

15 (d) – (e) (No change.)

16 §402.503. Bingo Gift Certificates.

17 (a) – (f) (No change.)

18 (g) Reporting Requirements:

19 (1) – (2) (No change.)

20 (3) When a gift certificate is redeemed, the sale of bingo paper, card-minding device, or
21 pull-tab bingo shall be reported for that occasion. The gift certificate, when redeemed, shall be
22 exchanged for cash from the gift certificate funds and deposited into the bingo account by the end
23 of the third business day after the bingo occasion. [~~occasion for organizations as required by~~]

Occupations Code §2001.451, and by the end of the second business day after the bingo occasion
for units as required by Occupations Code §2001.435.]

(4) (No change.)

(h) – (i) (No change.)

§402.600. Bingo Reports and Payments.

(a) – (c) (No change.)

(d) Quarterly Report for information relating to the conduct of bingo games.

(1) An authorized organization holding a regular ~~[an annual]~~ license, temporary license, or
a temporary authorization to conduct bingo must file on a form prescribed by the Commission or
in an electronic format prescribed by the Commission a quarterly report for financial and statistical
information relating to the conduct of bingo games. The report and supplements must be filed with
the Commission on or before the 25th day of the month following the end of the calendar quarter
even if there were no games conducted during that quarter. Failure to file a required report or
supplement by the due date may result in an administrative penalty.

(2) (No change.)

(3) The Commission may deny a renewal application of an authorized organization holding
a regular ~~[an annual]~~ license or revoke a license of an authorized organization holding a regular
~~[an annual]~~ license if the licensee remits to the Commission two insufficient checks for prize fees
within four quarters.

(e) – (m) (No change.)

§402.706. Schedule of Sanctions.

(a) – (b) (No change.)

(c) Unless otherwise provided by this subchapter, the terms and conditions of a settlement agreement between the Commission and a person charged with violating the Bingo Enabling Act and/or the Charitable Bingo Administrative Rules will be based on the Schedule of Sanctions incorporated into this section.

Figure: 16 TAC §402.706(c)

Standard Administrative Penalty Chart

Category 1

\$0 (Warning) to \$1,000 for the 1st offense, except a 1st offense for Violation No. 6 involving gambling devices may result in up to \$1000 administrative penalty and/or license suspension, revocation or denial, or registry removal or denial

\$0 (Warning) to \$1,000 and/or license suspension, revocation or denial, or registry removal or denial for the 2nd offense

No.	Violation
1	A person knowingly participated in the award of a prize to a bingo player in a manner that disregarded the random selection of numbers or symbols.
2	A person made a false statement in an application for a license.
3	A person falsified or made false entries in books and records.
4	A person conducted, promoted, or administered bingo without a license.
5	The licensee or a person designated as an agent for a unit failed to timely produce for inspection or audit any book, record, document, or other form of information requested by the Commission.
6	A person conducted or allowed a game of chance at a bingo premises during a bingo occasion, except as permitted under Occupations Code §2001.416 and 16 TAC §402.211.

Category 2

\$0 (Warning) to \$600 for the 1st offense

\$0 (Warning) to \$800 for the 2nd offense

\$0 (Warning) to \$1,000 and/or license suspension, revocation or denial, or registry removal or denial for the 3rd offense

1

No.	Violation
7	The organization conducted bingo outside of the licensed time.
8	The organization sold bingo cards, bingo card minders, or pull-tab bingo tickets at an unauthorized time.
9	The organization conducted bingo at an unauthorized location.
10	The organization that is a member of a unit did not conduct its bingo games separately from the bingo games of the other members of the unit.
11	The unit with an agent designated under Section 2001.438(b) failed to immediately notify the Commission of any change in the designated agent.
12	The organization allowed a person other than a bona fide member of the licensed authorized organization to conduct, promote, or administer, or assist in conducting, promoting, or administering, bingo.
13	The organization failed to have an authorized operator present at the bingo occasion.
14	A person not listed on the registry of approved bingo workers acted as an operator, manager, cashier, usher, caller, or salesperson for an organization.
15	The organization allowed a person(s) under the age of 18 to conduct or assist in the conduct of bingo.
16	The organization or unit failed to comply with the charitable distribution requirement.
17	The organization obtained by purchase or other manner bingo equipment, devices or supplies from a person other than a licensed distributor (except as provided in Section 2001.257(b)).

2

3 Category 3

4

5 \$0 (Warning) to \$400 for the 1st offense

6

7 \$0 (Warning) to \$600 for the 2nd offense

8

9 \$0 (Warning) to \$800 for the 3rd offense (Violation Nos. 18, 22, 23 – 28)

10

11 \$0 (Warning) to \$1,000 and/or license suspension, revocation or denial, or registry removal or
12 denial for the 3rd offense (Violation Nos. 19, 20, 21, & 24)

13

No.	Violation
18	The licensee failed to report to the Commission in writing within ten (10) working days of the date of any change respecting any facts set forth in the application.

19	The licensee failed to respond, or timely respond, in writing to all relevant audit findings and recommendations in the draft audit report presented at the exit conference.
20	The organization failed to withhold prize fees.
21	The organization or unit failed to deposit in the bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes.
22	The organization incurred or paid items of expense in connection with the conduct of a game of bingo that were not reasonable or necessary to conduct bingo.
23	Proceeds given to a person for a charitable purpose were used by the donee to pay for services rendered or materials purchased in connection with the conduct of bingo by the donor organization.
24	The net proceeds of any game of bingo and of any rental of premises for bingo were not used exclusively for charitable purpose or were used by the donee for an activity that would not constitute a charitable purpose, if the activity were conducted by the donor organization.
25	A person failed to maintain records that fully and truly record all transactions connected with the conduct of Bingo, the leasing of premises to be used for the conduct of bingo, or the manufacture, sale, or distribution of bingo supplies or equipment.
26	A commercial lessor licensed to conduct bingo, did not properly deposit in its bingo checking account all rental payments from authorized organizations conducting bingo at the location of the lessor.
27	Rent for premises used for the conduct of bingo that was paid to the lessor was not paid in a lump sum that included all expenses authorized by the Bingo Enabling Act, Section 2001.458.
28	For organizations or units, deposits were made later than the end of the third business day following the day of the bingo occasion on which the receipts were <u>obtained</u> . [obtained; for units, deposits were made later than the end of the second business day following the day of the bingo occasion on which the receipts were obtained.]

Category 4

\$0 (Warning) to \$300 for the 1st offense

\$0 (Warning) to \$450 for the 2nd offense

\$0 (Warning) to \$600 for the 3rd offense

No.	Violation
29	The organization or unit deposited funds, other than from the conduct of bingo, in the bingo account.

30	The organization failed to clearly identify the conductor, by name exactly as it is shown on the license, on an advertisement or promotion of a bingo occasion.
31	Check(s) or slip(s) were made payable to 'cash ', 'bearer ', or to a fictitious payee.
32	Checks did not contain the required information.

Category 5

\$0 (Warning) to \$200 for the 1st offense

\$0 (Warning) to \$300 for the 2nd offense

\$0 (Warning) to \$400 for the 3rd offense

No.	Violation
33	Funds from the sale of a bingo gift certificate were not maintained separately from bingo funds until the certificate was redeemed for a bingo card, pull-tab bingo or a card-minding device.
34	The organization failed to have required information imprinted on each bingo gift certificate.

Category 6

\$0 (Warning) to \$100 for the 1st offense

\$0 (Warning) to \$150 for the 2nd offense

\$0 (Warning) to \$200 for the 3rd offense

No.	Violation
35	The organization failed to withdraw funds from the bingo account by preprinted, consecutively numbered checks or withdrawal slips.
36	The organization failed to keep and account for all checks, including voided checks and slips.

Category 7

\$0 (Warning) for the 1st offense

\$0 (Warning) for the 2nd offense

\$0 (Warning) to \$1,000 for the 3rd offense

No.	Violation
37	The organization failed to obtain, maintain, keep current and make available for review to any person upon request a copy of the Bingo Enabling Act and the Rules of the Commission.

(d) – (l) (No change.)

§402.707. Expedited Administrative Penalty Guideline.

(a) – (f) (No change.)

(g) If a person is charged with a repeat violation that may be expedited within 36 months (3 years) of the first violation, then the penalty for a repeat violation will be imposed according to the Expedited Administrative Penalty Chart for repeat violations.

Figure: 16 TAC §402.707(g)

Expedited Administrative Penalty Chart

Violation	Penalty
The organization conducted bingo outside of the licensed time.	1 st Offense - \$200 2 nd Offense - \$300 3 rd Offense - \$500
The organization sold pull-tab bingo tickets at an unauthorized time.	1 st Offense - \$200 2 nd Offense - \$300 3 rd Offense - \$500
The organization that is a member of a unit did not conduct its bingo games separately from the bingo games of the other members of the unit.	1 st Offense - Warn 2 nd Offense - \$300 3 rd Offense - \$500
The organization failed to have an authorized operator present at the bingo occasion.	1 st Offense - \$200 2 nd Offense - \$300 3 rd Offense - \$500
[The limit of \$750.00 was exceeded on a single prize for regular or pull-tab bingo.]	[1st Offense - \$200 2nd Offense - \$300 3rd Offense - \$500]
Prizes with an aggregate value of more than \$5,000.00 [\$2,500.00] for bingo games other than pull-tab bingo and prizes of \$50 or less, as described in §2001.420(b)(2) of the Occupations Code, were offered or awarded for a single bingo occasion.	1 st Offense - \$200 2 nd Offense - \$300 3 rd Offense - \$500

The organization failed to prevent bingo workers from playing bingo.	1 st Offense - \$150 2 nd Offense - \$225 3 rd Offense - \$375
The organization offered or provided to a person the opportunity to play bingo without charge.	1 st Offense - \$150 2 nd Offense - \$225 3 rd Offense - \$375
The organization or lessor failed to conspicuously display the license issued at the place where the game was conducted at all times during the conduct of the game.	1 st Offense - \$100 2 nd Offense - \$150 3 rd Offense - \$250
The organization failed to have required information imprinted on each bingo gift certificate, specifically: the name and address of the licensed location(s) where the certificate may be redeemed for bingo paper, pull-tab bingo or card-minding devices; the monetary value of the certificate; the name of the licensed organization(s) authorized to accept the certificate; or the expiration date or blank space for the organization or unit to fill in an expiration date.	1 st Offense - \$50 2 nd Offense - \$75 3 rd Offense - \$125
A door prize with a value of more than \$250.00 was offered or awarded.	1 st Offense - \$50 2 nd Offense - \$75 3 rd Offense - \$125
The organization failed to conspicuously display during a bingo occasion a sign indicating the operator in charge, the sign contained letters less than one (1) inch in height, the sign failed to inform the players that they should direct any questions or complaints regarding the conduct of the bingo occasion to the operator listed on the sign, or the sign failed to state that if the player is not satisfied with the operators response that the player has the right to file a formal complaint with the Commission.	1 st Offense - \$30 2 nd Offense - \$45 3 rd Offense - \$75
The organization failed to verify winning bingo cards by someone at another table or location other than the winners, or by an electronic verifier system, winning cards were not shown on a monitor visible to all players, or the disposable card(s) or electronic representation of the card, was not posted for inspection for at least 30 minutes after the completion of the last game of that organization's occasion.	1 st Offense - \$30 2 nd Offense - \$45 3 rd Offense - \$75
The organization failed to obtain, maintain, keep current and make available for review to any person	1 st Offense - Warn 2 nd Offense - Warn

upon request a copy of the Bingo Enabling Act and the Rules of the Commission.	3 rd Offense - \$75
Violations by a Worker	
A person not listed on the registry of approved bingo workers acted as an operator, manager, cashier, usher, caller, or salesperson for an organization.	1 st Offense - Warn 2 nd Offense - \$45 3 rd Offense - \$75
A registered worker or operator for an organization did not wear, present, visibly display, or list the individuals name and unique registration number in a legible manner on his/her prescribed identification card, while on duty.	1 st Offense - Warn 2 nd Offense - \$20 3 rd Offense - \$35