

A Message From

Michael Farrell

Director, Charitable Bingo Operations Division

This has been an eventful couple of months for charitable bingo since I wrote the last Director's Message. The purpose of this message is to provide a brief overview of a recent rule change and recently enacted legislation.

Legislation passed by the 86th Texas legislature that directly impacts charitable bingo includes the following bills:

House Bill 882¹ (HB 882);
House Bill 914² (HB 914); and
Senate Bill 1200³ (SB 1200).

Additionally, in June, Texas Lottery Commission (Commission) adopted a rule change concerning the payment of deferred rent – known informally as the “120 Day Rule.”

HB 882

HB 882 increased the maximum duration of a bingo occasion from four to six hours. Effective June 16, 2019, the extended timeframe applies to both temporary and regular licenses. All the other rules concerning what constitutes an occasion remain in effect.

System software updates have been made to accommodate this change. If your organization is interested, you can schedule extended times using BSP.

Note: If an organization holds an unused temporary license issued prior to June 10, 2019 and would like to extend the authorized time beyond four hours, it must submit a license amendment or notification that provides the specific date and time of the amended bingo occasion.

HB 914

HB 914 creates several changes. The changes summarized below are effective Jan. 1, 2020:

- Organizations/units will be responsible for allocating and sending prize fees collected to the state, county and city where they are located.
- Charitable Bingo Operations Division (CBOD) is tasked with providing cities, counties and their respective police departments with a copy of a license after issuance.
- Organizations are no longer required to collect prize fees on merchandise prizes awarded for winning a bingo game. In addition to other non-cash prizes, merchandise prizes also

¹ see <https://legiscan.com/TX/text/HB882/id/2024229>

² see <https://legiscan.com/TX/text/HB914/ID/2027641>

³ see <https://legiscan.com/TX/bill/SB1200/2019>

include a bingo card, pull-tab ticket, bingo dauber, other bingo merchandise or the use of a card-minding device that is awarded as a prize for winning a bingo game.

- Bingo cards, pull-tab bingo tickets⁴ and the use of card-minding devices may be sold at any time beginning one hour before the bingo occasion and ending at the conclusion of the bingo occasion.
- A resident bingo worker may be provisionally employed up to thirty (30) days instead of fourteen (14) days while awaiting the results of a background check by the Commission.
- If an organization conducts consecutive occasions in one day, all pull-tab sales from the aggregate of each occasion may be counted in the final occasion.
- For single organizations, the bingo occasion deposit deadline is extended from two (2) days to three (3) days. (Unit members still must deposit within 2 days under 2001.435(b))

Additionally, HB 914 contains a one-time requirement and deadline for counties and municipalities that currently receive a share of bingo prize fees to vote and notify CBOD whether they will continue to receive a share of the fees. In short, if a county or municipality has not voted to impose a prize fee **and** notified CBOD by **Nov. 1, 2019**, that county or municipality will forfeit their right to receive prize fees generated by bingo. If the county or municipality fails to vote and notify CBOD by the **Nov. 1, 2019** deadline, those prize fees will be directed to the charitable activities of the organization or on a pro rata basis to the organizations comprising the unit. The bill also provides that, at any time after **Nov. 1, 2019**, a county or municipality can vote to terminate their right to receive prize fees.

HB 914 also requires your governing body **notify each licensed authorized** organization within the county's or municipality's jurisdiction, as applicable, of the continued imposition of the fee.

CBOD will be providing further guidance and updated quarterly report forms.

SB 1200

SB 1200 affects spouses of military service members transferring into Texas. Effective Sept. 1, 2019, a military spouse may be licensed as a distributor, lessor or manufacturer without obtaining a license from CBOD if the spouse is currently licensed in good standing by another jurisdiction that has licensing requirements that are substantially equivalent to the requirements for licensure with CBOD.

120-Day Rule

At the recommendation of the Bingo Advisory Committee (BAC), the Commission voted to amend 16 Tex. Admin. Code §402.403 to establish a limit to the length of time that a lessor of bingo premises may defer rent payments owed by a licensed bingo conductor. A lessor who accepts a rent payment more than 120 days after the date of the occasion for which the rent is attributable is deemed to have loaned money to the organization, which renders the lessor ineligible for licensure.

⁴ Winning pull-tab tickets may only be redeemed during the bingo occasion.

After 120 days, lessors must either waive the debt or pursue a formal collections process. A lessor may always accept a rental payment pursuant to a court order.

In Conclusion

This is a very brief overview of HB 882, HB 914 and SB 1200. I strongly encourage you to read the full text of each bill and the 120-day rule in their respective context. There is a link to the full text of the House Bills on the first page of this letter.

If you have questions, please contact CBOD via e-mail at bingo.services@lottery.state.tx.us or by phone at 800-BINGO-77 (800-246-4677).