

CHAPTER 478

H.B. No. 1043

AN ACT

relating to bingo, the imposition of a state tax on the gross receipts from bingo games and the collection of bingo taxes, and the prizes that may be offered or awarded at a bingo occasion.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 2, Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), is amended by amending Subdivision (4) to read as follows:

(4) "Fraternal organization" means:

(A) a nonprofit organization that is organized to perform and engages primarily in performing charitable, benevolent, patriotic, employment-related, or educational functions and that:

(i) ~~(A)~~ has been organized within Texas for at least three years;

(ii) ~~(B)~~ during the three-year period has had a bona fide membership actively and continuously engaged as an organization in furthering its authorized purposes;

(iii) ~~(C)~~ has not authorized any person on behalf of its membership, governing body, or officers to support or oppose a particular candidate for public office by making political speeches, passing out cards or other political literature, writing letters, signing or circulating petitions, making campaign contributions, or soliciting votes; and

(iv) ~~(D)~~ is not an organization whose members are predominantly veterans or dependents of veterans of the armed services of the United States; or

(B) a nonprofit National Historical District Association representing the owners and lessees of a majority of the real property located within a "National Historical District" so determined and designated by the National Register of Historic Places, Heritage Conservation and Recreation Service (HCRS) of the United States Department of the Interior, whose net proceeds as herein defined are used for restoration, construction, maintenance, and security within the district, and which has been so designated for at least five years.

SECTION 2. The Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes) is amended by adding Section 2A to read as follows:

Sec. 2A. STATE GROSS RECEIPTS TAX IMPOSED. (a) There is imposed a tax on the taxable gross receipts from the conduct of bingo games under this Act.

(b) The rate of the tax imposed by this section is two percent of the taxable gross receipts.

(c) The tax imposed by this section is due and payable by the licensee or any person conducting bingo games without a license as provided by Section 20 of this Act and is payable to the comptroller.

(d) The revenue collected from the tax shall be deposited to the credit of the general revenue fund.

SECTION 3. Section 11, Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), is amended by amending Subsection (f) and adding Subsections (p) and (q) to read as follows:

(f) A series of prizes offered or awarded on any one bingo occasion for bingo games other than instant bingo may not aggregate more than \$2,500. A series of prizes offered or awarded on any one bingo occasion for games of instant bingo may not aggregate more than \$1,500.

(p) No one other than a licensed authorized organization may advertise or promote bingo. A licensed authorized organization may not include in an advertisement or promotion the amount of a prize or series of prizes offered at a bingo occasion.

(q) A licensed authorized organization or other person may not award or offer to award a door prize or other prize to persons present at a bingo occasion or participating in a bingo occasion in addition to the prizes awarded for winning the individual bingo games.

SECTION 4. Section 12(d), Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), is amended to read as follows:

(d) An authorized organization may receive a temporary license for the conduct of bingo games on filing with the comptroller of public accounts an application, on a form prescribed by the comptroller, accompanied by a \$25 license fee. A temporary license is valid for four hours during any one day. An organization may receive no more than six temporary licenses in a calendar year. An organization operating under a temporary license is subject to the gross receipts tax authorized or imposed by this Act and the other provisions of this Act to the extent they can be made applicable.

SECTION 5. Subsection (c), Section 13, Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), is amended to read as follows:

(c) The comptroller of public accounts shall issue to an applicant a license for the conduct of bingo, or a license renewal, on payment of a license fee in accordance with Subdivision (1) of Subsection (d) of this section, if the comptroller determines that:

(1) the member or members of the applicant designated in the application to conduct bingo are active members of the applicant;

(2) the person or persons under whose name the game or games of bingo will be conducted, and all persons who will work and receive consideration for their work at the proposed bingo games, have never been convicted of a felony, gambling offense, criminal fraud, or a crime of moral turpitude;

(3) the games are to be conducted in accordance with this Act;

(4) the proceeds of the games are to be disposed of as provided by this Act;

(5) no prize will be offered or given in excess of the *limits set by Section 11(e) of this Act* [~~sum or value of \$500~~] in any single game and that the aggregate of all prizes offered and given in all of the games conducted on a single occasion under the license will not exceed the *limits set by Section 11(f) of this Act* [~~sum or value of \$2,500~~];

(6) the applicant has made and can demonstrate significant progress toward the accomplishment of the purposes of the organization during the 12-month period preceding the date of application for a license or license renewal; and

(7) all persons who will conduct, promote, administer, or assist in conducting, promoting, or administering the proposed bingo games are active, bona fide members of the applicant organization.

SECTION 6. Sections 20, 21, 22, and 25, Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), are amended to read as follows:

Sec. 20. REPORTING AND DUE DATE OF TAXES. The gross receipts taxes authorized *or* [~~to be~~] imposed by [~~a political subdivision under~~] this Act are due and payable by the licensee or any person conducting bingo games without a license to the comptroller of public accounts *quarterly* [~~monthly~~] on or before the 15th day of the month succeeding each *calendar quarter* [~~monthly reporting period~~]. The report must be filed under oath on forms prescribed by the comptroller.

Sec. 21. \$2,500 EXEMPTION. The first \$2,500 of gross receipts from the conduct of bingo within each reporting period is exempted from a [~~the~~] tax authorized *or imposed* by this Act.

Sec. 22. COMPUTATION OF TAX. A licensee required to report gross receipts taxes to the comptroller of public accounts under this Act, or any other person liable for gross receipts taxes under this Act, shall compute the taxes by multiplying the gross receipts from the conduct of bingo games by *the applicable total tax rate* [~~two percent~~], but may exclude \$2,500 from the gross receipts of bingo games conducted during the reporting period.

Sec. 25. DELIVERY OF RETURN; REMITTANCE. A licensee required to file a tax return shall deliver the *quarterly* [~~monthly~~] return with a remittance of the net amount of the tax due to the office of the comptroller of public accounts.

SECTION 7. Section 26(a), Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) Each jurisdiction's share of all gross receipts taxes collected under *Section 3 of this Act* by the comptroller of public accounts shall be transmitted to the treasurer or the officer of the jurisdiction performing the functions of that office by the comptroller of public accounts payable to the jurisdiction periodically as promptly as feasible. Transmittals required under this Act shall be made at least twice in each state fiscal year. The funds so transmitted may be used by the jurisdiction for any purpose for which the general funds of the jurisdiction may be used.

SECTION 8. Section 33, Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 33. APPLICATION OF TAX LAWS. *Subtitle B, Title 2, Tax Code* [~~Chapter 1, Title 122A, Taxation General, Revised Civil Statutes of Texas, as amended~~], applies to the administration, collection, and enforcement of the *taxes authorized or* [~~tax~~] imposed under this Act except as modified by this Act.

SECTION 9. Section 38(a), Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) Each licensee under this Act shall furnish to the comptroller of public accounts a cash bond, a bond from a surety company chartered or authorized to do business in this state, certificates of deposit, certificates of savings or U.S. treasury bonds or, subject to the discretion and approval of the comptroller, an assignment of negotiable stocks or bonds, or such other security as the comptroller may deem sufficient to secure the payment of required taxes under this Act. The comptroller of public accounts shall fix the amount of the bond or security in each case, taking into consideration the amount of money that has or is expected to become due from the licensee under this Act. The

amount of the bond or security required by the comptroller may not exceed three times the amount of the licensee's average *quarterly* [~~monthly~~] reports.

SECTION 10. This Act takes effect on September 1, 1987.

SECTION 11. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 29, 1987, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 1043 on May 30, 1987, by a non-record vote. Passed by the Senate, with amendments, on May 26, 1987, by a viva-voce vote.

Approved June 17, 1987.

Effective Sept. 1, 1987.