

- SUBJECT:** Expanding use of bingo card-minding devices and other bingo revisions
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 8 ayes — Hamilton, Quintanilla, Geren, Gutierrez, Harless, Kuempel, Menendez, Thompson
- 0 nays
- 1 absent — Driver
- WITNESSES:** For — Steve Bresnen, Coalition for the Survival of Charitable Bingo
- Against — Rob Kohler, Christian Life Commission, Baptist General Convention of Texas
- On — (*Registered, but did not testify*, Phil Sanderson, Texas Lottery Commission Charitable Bingo Operations Division)
- DIGEST:** CSHB 2728 would revise the Bingo Act to expand the uses of card-minding devices, exempt certain prizes from the prize cap, increase the number of potential temporary licenses a charity could use annually, and authorize the use of certain types of amusement machines related to bingo.
- The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.
- Card-minding devices.** CSHB 2728 would authorize the use of card-minding device player account values to buy bingo cards. The player account value would be defined as the money accounted for by a card-minding device that was the sum of money deposited in a player's account through a point-of-sale transaction, credits to a player's account as a prize for winning bingo games, and deductions for a player's purchases or when the player exchanged the value of the account for money.
- Charities could use card-minding devices to calculate and display card-minding device player account values. They could pay bingo players for

their card-minding device player account values only through point of sale transactions.

Prizes. The bill would exempt prizes of \$50 or less from the current \$2,500 cap on bingo prizes awarded at a single occasion.

Temporary licenses. CSHB 2728 would increase from 24 to 36 the number of temporary licenses that charities could receive annually.

Amusement machines. The bill would authorize the use of amusement machines that awarded credits or representations of value that could be redeemed for bingo paper, pull-tabs, or card-minder use and had a wholesale value not greater than either 10 times the amount charged for a single play or \$5, whichever was less.

Other provisions. CSHB 2728 would revise the procedures governing the transfer of licenses after a commercial lessor has died or become incapacitated to allow charities to continue to conduct bingo unless the Lottery Commission revoked or suspended the license. These provisions would apply regardless of when the license was issued.

The current definition of crime of moral turpitude would be amended so that offenses involving filing false information with a government agency would have to be done “knowingly.” All class A misdemeanors defined by another state law as crimes of moral turpitude would be added to the Bingo Act’s definition of crime of moral turpitude. CSHB 2728 would eliminate the current listing in that definition for any class A misdemeanor that puts the honesty and integrity of the individual who committed the offense in question.

SUPPORTERS
SAY:

Card-minding devices. CSHB 2728 would improve the usefulness of currently legal card-minding devices by allowing them to store players’ account values and be used to pay prizes and make purchases. Currently, these transactions must be done through a bingo worker. Using technology for them would solve problems, such as loss through theft and mistake, that are related to the handling of cash in bingo halls. It also would improve the oversight and auditing of the cash by the charities and the Lottery Commission through electronic records.

CSHB 2728 would in no way move card-minding devices closer to becoming gambling devices. Players would not be able to insert cash or

credit cards into them or to receive cash from them. Those activities would still take place with cashiers. The changes in the bill simply would take advantage of technology to help players and charities handle transactions that already are occurring.

Prizes. By exempting small prizes from the cap on prizes, CSHB 2728 would allow charities to offer more low-stakes games so that more players could win, which could increase player interest and fun.

Temporary licenses. Increasing the number of temporary licenses would allow organizations to hold games for special occasions, such as holidays, when many players wanted to play bingo. This in turn would help charities with their activities. These games would have to meet all other restrictions on bingo operations.

Amusement machines. CSHB 2728 is needed to correct a 2010 Attorney General's opinion (GA-0812) so that charities could reward a person who won games on purely amusement machines with low-value bingo cards or other products. In no way would this authorization make these pure amusement machines gambling devices. Allowing charities to have these machines, which would reward players with bingo products, would help combat illegal gaming devices, often called eight-liners.

OPPONENTS
SAY:

Card-minding devices. The uses of card minding devices should not be expanded. As they expand, they become more like electronic, prohibited gambling devices, and this moves bingo away from the traditional game supported by Texans.

Prizes. Prizes, no matter how small, should not be exempted from the aggregate cap on prizes. When this happens, the cap no longer functions as an upper limit on prizes.

Temporary licenses. By increasing the number of temporary licenses that an organization could use, CSHB 2728 could lead to increased bingo activity in the state, which is currently adequate.

Amusement machines. The attorney general's opinion that machines awarding bingo cards or paper, card-minding devices, pull-tab bingo or gift certificates redeemable for these items were illegal devices is correct and should be upheld.

NOTES:

The committee substitute made several changes to the original bill, including revising the definition of card-minding device player account value, adding the provisions on crimes of moral turpitude, and adding provisions dealing with amusement machines.