

By: Geren

H.J.R. No. 97

A JOINT RESOLUTION

1 proposing a constitutional amendment to foster economic
2 development and job growth, provide tax relief and funding for
3 education and public safety programs, and reform and support the
4 horse racing industry by authorizing casino gaming at destination
5 resorts, creating the Texas Gaming Commission, authorizing sports
6 wagering, requiring a license to conduct casino gaming, and
7 requiring the imposition of a gaming and sports wagering tax and
8 license application fees.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

10 SECTION 1. The Legislature finds that:

11 (1) the qualified voters of this state should have the
12 opportunity to decide whether to authorize casino gaming at
13 destination resorts; and

14 (2) if authorized by those voters, casino gaming at
15 destination resorts should:

16 (A) serve the public interest by fostering
17 economic development and job growth and providing tax relief and
18 funding for education and public safety programs;

19 (B) be strictly regulated by a newly created
20 state agency empowered to adopt rules regulating who may obtain a
21 casino license and the conduct of casino gaming in this state;

22 (C) be limited to areas of this state in which
23 pari-mutuel wagering has previously been approved;

24 (D) be limited to areas of this state in which the

1 greatest positive economic impact from destination resort
2 development can be realized;

3 (E) utilize some existing pari-mutuel racing
4 licenses to allow more immediate development of destination resorts
5 and to more quickly realize the related job growth and economic
6 development;

7 (F) encourage participation by and competition
8 between multiple casino license holders; and

9 (G) result in the reform and revitalization of
10 the horse racing industry in this state and the industry's benefits
11 to agricultural businesses in this state.

12 SECTION 2. Section 47(a), Article III, Texas Constitution,
13 is amended to read as follows:

14 (a) The Legislature shall pass laws prohibiting lotteries
15 and gift enterprises in this State other than those authorized by
16 Subsections (b), (d), (d-1), and (e) of this section and Section 47a
17 of this article.

18 SECTION 3. Article III, Texas Constitution, is amended by
19 adding Section 47a to read as follows:

20 Sec. 47a. (a) In this section:

21 (1) "Casino" means licensed facilities located at a
22 destination resort at which casino gaming is conducted.

23 (2) "Casino gaming" means any game of chance or
24 similar activity that involves placing a bet for consideration.
25 The term includes wagering on any type of slot machine or table
26 game, as defined by the legislature, using money, casino credit, or
27 any other representation of value. The term does not include:

1 (A) bingo, a charitable raffle, or the state
2 lottery authorized under Section 47 of this article; or

3 (B) placing, receiving, or otherwise knowingly
4 transmitting a bet or wager by a means that requires the use of the
5 Internet, except for offering slot machines, table games, or other
6 devices the Texas Gaming Commission approves that use the Internet
7 or networking functionality but are played onsite at a casino.

8 (3) "Casino license" means a license to conduct
9 casino gaming at a casino.

10 (4) "Destination resort" means a mixed-use
11 development consisting of casino gaming facilities and a
12 combination of various tourism amenities and facilities, including
13 hotels, restaurants, meeting facilities, attractions,
14 entertainment facilities, and shopping centers.

15 (5) "Education" means public education, public higher
16 education, and adult education related to responsible gaming.

17 (6) "Metropolitan statistical area" means a
18 metropolitan statistical area designated by the United States
19 Office of Management and Budget as of July 1, 2021.

20 (7) "Person" includes an individual and any legal
21 entity, such as a corporation, organization, partnership, or
22 association.

23 (8) "Public safety program" means a program for crime
24 prevention and law enforcement, including a program designed to
25 prevent and prosecute crimes involving human trafficking and money
26 laundering.

27 (9) "Racetrack association" means a person who holds

a license to conduct racing in this state.

(10) "Racing" means a horse race meeting or greyhound race meeting with pari-mutuel wagering.

(11) "Sports wagering" means wagering on the outcome of a live sporting event, as defined by general law.

(b) To foster economic development and job growth, provide tax relief and funding for education and public safety programs, reform and support the horse racing industry, and provide for destination resorts in populous metropolitan statistical areas in which pari-mutuel wagering previously has been approved, casino gaming is authorized pursuant to casino licenses for casinos at destination resorts as follows:

(1) two destination resorts in the Dallas-Fort Worth-Arlington metropolitan statistical area;

(2) two destination resorts in the Houston-The Woodlands-Sugar Land metropolitan statistical area;

(3) one destination resort in the San Antonio-New Braunfels metropolitan statistical area;

(4) one destination resort in the Corpus Christi metropolitan statistical area; and

(5) one destination resort in the McAllen-Edinburg-Mission metropolitan statistical area.

(c) The legislature shall:

(1) authorize sports wagering only in a place and manner prescribed by general law;

(2) regulate by general law the conduct of sports wagering; and

1 (3) direct the Texas Gaming Commission to promulgate
2 rules consistent with general law to regulate sports wagering in
3 this state.

4 (d) The legislature by general law shall establish the Texas
5 Gaming Commission as a state agency with broad authority to adopt
6 and enforce the rules necessary to strictly regulate casino gaming
7 and sports wagering in accordance with this section.

8 (e) The Texas Gaming Commission is composed of five members
9 appointed by the governor with the advice and consent of the senate
10 to serve staggered terms of six years each, as established under
11 general law. To be eligible for appointment and continued service,
12 a member must satisfy the qualifications established by the
13 legislature under that law.

14 (f) A racetrack association may designate a person to apply
15 for and hold a casino license under Subsection (g) of this section
16 by providing notice to the Texas Gaming Commission in the manner
17 prescribed by general law or commission rule consistent with
18 general law. A racetrack association may not change the person
19 designated in the provided notice unless the person declines the
20 designation. A racetrack association may not at any time designate
21 more than one person under this subsection. A racetrack
22 association is ineligible to hold a casino license if the racetrack
23 association designates a person for a license under this subsection
24 unless the designation is declined by the person. Nothing in this
25 subsection affects duties or rights established by contract or
26 other law.

27 (g) Subject to this section, the Texas Gaming Commission

1 shall issue a casino license to each initial qualified applicant.

2 An initial qualified applicant must:

3 (1) be of good moral character, be honest, and have
4 integrity;

5 (2) demonstrate that issuance of the casino license to
6 the applicant will not be detrimental to the public interest or the
7 casino gaming industry;

8 (3) satisfy the qualifications and any other
9 requirements established under general law;

10 (4) demonstrate the financial ability to complete the
11 development of and operate the destination resort at which the
12 person will conduct casino gaming;

13 (5) have adequate experience in resort development,
14 resort management, and casino gaming operations;

15 (6) provide a detailed estimate of the applicant's
16 total new development investment in the destination resort; and

17 (7) satisfy the applicable requirements provided in
18 Subsection (h) of this section.

19 (h) An initial qualified applicant for a casino license must
20 satisfy the following requirements for the metropolitan
21 statistical area in which the destination resort will be located:

22 (1) for a casino license in the Dallas-Fort
23 Worth-Arlington metropolitan statistical area, the initial
24 qualified applicant must:

25 (A) be a racetrack association that on January 1,
26 2022, held a license to conduct racing anywhere in the Dallas-Fort
27 Worth-Arlington metropolitan statistical area or the Laredo

metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B) commit to investing for new development of the destination resort an amount equal to at least \$2 billion, including land acquisition;

(2) for a casino license in the Houston-The Woodlands-Sugar Land metropolitan statistical area, the initial qualified applicant must:

(A) be a racetrack association that on January 1, 2022, held a license to conduct racing anywhere in the Houston-The Woodlands-Sugar Land metropolitan statistical area or the Brownsville-Harlingen metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B) commit to investing for new development of the destination resort an amount equal to at least \$2 billion, including land acquisition;

(3) for a casino license in the San Antonio-New Braunfels metropolitan statistical area, the initial qualified applicant must:

(A) be a racetrack association that on January 1, 2022, held a license to conduct racing anywhere in the San Antonio-New Braunfels metropolitan statistical area or be the person designated by the racetrack association under Subsection (f) of this section; and

(B) commit to investing for new development of the destination resort an amount equal to at least \$1 billion,

1 including land acquisition;

2 (4) for a casino license in the Corpus Christi
3 metropolitan statistical area, the initial qualified applicant
4 must:

5 (A) be a racetrack association that on January 1,
6 2022, held a license to conduct racing anywhere in the Corpus
7 Christi metropolitan statistical area or be the person designated
8 by the racetrack association under Subsection (f) of this section;
9 and

10 (B) commit to investing for new development of
11 the destination resort an amount equal to at least \$250 million,
12 including land acquisition; and

13 (5) for a casino license in the
14 McAllen-Edinburg-Mission metropolitan statistical area, the
15 initial qualified applicant must:

16 (A) be a racetrack association that on January 1,
17 2022, held a license to conduct racing anywhere in the
18 McAllen-Edinburg-Mission metropolitan statistical area or be the
19 person designated by the racetrack association under Subsection (f)
20 of this section; and

21 (B) commit to investing for new development of
22 the destination resort an amount equal to at least \$250 million,
23 including land acquisition.

24 (i) A destination resort at which casino gaming is conducted
25 under a casino license may be located anywhere within the
26 metropolitan statistical area for which the license is issued.

27 (j) Consistent with this section, the legislature by

1 general law:

2 (1) shall regulate casino gaming and sports wagering
3 in this state by prescribing:

4 (A) additional requirements governing the
5 issuance and continued qualification for holding a casino license;

6 (B) restrictions on the transfer of casino
7 licenses;

8 (C) definitions of terms necessary or useful to
9 implement this section, such as the terms casino, casino gaming,
10 casino license, destination resort, and sports wagering;

11 (D) qualifications for the issuance of new casino
12 licenses to persons that are not initial qualified applicants under
13 Subsection (g) of this section, provided that the number of active
14 casino licenses, as defined by the legislature, may not at any one
15 time exceed the number of casino licenses for destination resorts
16 authorized in Subsection (b) of this section; and

17 (E) restrictions and penalties for the unlawful
18 conduct of casino gaming and sports wagering; and

19 (2) may delegate to the Texas Gaming Commission the
20 authority to prescribe rules regulating casino gaming and sports
21 wagering in accordance with this section.

22 (k) State or local public money or facilities developed or
23 built with state or local public assistance or tax incentives of any
24 kind may not be used for the development or operation of a
25 destination resort. The legislature by general law shall prescribe
26 procedures and enforcement measures to ensure that:

27 (1) a casino license applicant has the financial

1 capability of satisfying the minimum investment specified in
2 Subsection (h) of this section; and

3 (2) each casino license holder satisfies the
4 investment required under Subsection (h) of this section.

5 (1) A person may not have an ownership interest in more than
6 two casino license holders. The legislature by general law shall:

7 (1) define ownership interest for purposes of this
8 subsection; and

9 (2) prescribe the consequences of violating this
10 subsection.

11 (m) The legislature by general law shall direct the Texas
12 Gaming Commission to adopt rules to ensure that a person who holds
13 a casino license and a license to conduct horse racing at a class 1
14 racetrack, as that term is defined by general law, maintains a
15 number of live horse racing dates that is at least equivalent to the
16 number of live horse racing dates held at the racetrack in 2022.

17 (n) The legislature by general law shall require a racetrack
18 association that:

19 (1) holds a license to conduct greyhound racing to
20 cease all racing operations and surrender that license as a
21 condition of holding, or designating a person to hold, a casino
22 license; and

23 (2) holds a license to conduct racing in the Laredo
24 metropolitan statistical area to cease all racing operations and
25 surrender that license as a condition of holding, or designating a
26 person to hold, a casino license.

27 (o) The legislature by general law shall ensure the Texas

1 Racing Commission or its successor regulates the racing operations
2 of each racetrack association that holds a casino license and the
3 Texas Gaming Commission regulates casino gaming and sports wagering
4 operations of the racetrack association.

5 (p) The legislature by general law shall:

6 (1) impose a 15 percent tax on the gross casino gaming
7 revenue, as defined by general law, of each casino license holder;
8 and

9 (2) impose a tax on sports wagering revenue.

10 (q) The state or a state agency or political subdivision of
11 this state may not impose a tax on the casino gaming revenue of a
12 casino license holder or a tax or fee on the non-gaming revenue of
13 casino license holder's operations at a destination resort, other
14 than the tax authorized by this section or a tax or fee generally
15 applicable to a business operating in this state.

16 (r) To fund and support the administration and management of
17 the Texas Gaming Commission, the legislature by general law shall
18 establish casino license application fees in the amount of:

19 (1) \$2.5 million for an application to conduct casino
20 gaming at a destination resort in the Dallas-Fort Worth-Arlington
21 or Houston-The Woodlands-Sugar Land metropolitan statistical
22 areas;

23 (2) \$1.25 million for an application to conduct
24 casino gaming at a destination resort in the San Antonio-New
25 Braunfels metropolitan statistical area; and

26 (3) \$500,000 for an application to conduct casino
27 gaming at a destination resort in the Corpus Christi or

1 McAllen-Edinburg-Mission metropolitan statistical areas.

2 (s) The legislature by law shall annually allocate a portion
3 of the revenues received from taxes imposed on the gross casino
4 gaming revenue of casino license holders to be used as horse racing
5 purse money to promote the growth and sustainability of the horse
6 racing industry in this state.

7 SECTION 4. This proposed constitutional amendment shall be
8 submitted to the voters at an election to be held November 7, 2023.
9 The ballot shall be printed to permit voting for or against the
10 proposition: "The constitutional amendment to foster economic
11 development and job growth, provide tax relief and funding for
12 education and public safety programs, and reform and support the
13 horse racing industry by authorizing casino gaming at destination
14 resorts, authorizing sports wagering, creating the Texas Gaming
15 Commission to regulate casino gaming and sports wagering, requiring
16 a license to conduct casino gaming, and requiring the imposition of
17 a gaming tax, sports wagering tax, and license application fees."