

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
5 destination resorts, creating the Texas Gaming Commission,
6 authorizing sports wagering, requiring a license to conduct
7 casino gaming, and requiring the imposition of a gaming and
8 sports wagering tax and 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
12 the 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
21 a 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

1 the 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
5 resorts and to more quickly realize the related job growth and
6 economic 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
11 benefits 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
16 by Subsections (b), (d), (d-1), and (e) of this section and
17 Section 47a 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,
27 or any other representation of value. The term does not

1 include:

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

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

10 (3) "Casino license" means a license to conduct
11 casino gaming at a casino.

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

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

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

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

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

1 money laundering.

2 (9) "Racetrack association" means a person who holds
3 a license to conduct racing in this state.

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

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

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

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

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

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

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

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

25 (c) The legislature shall:

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

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

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

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

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

17 (f) A racetrack association may designate a person to
18 apply for and hold a casino license under Subsection (g) of this
19 section by providing notice to the Texas Gaming Commission in
20 the manner prescribed by general law or commission rule
21 consistent with general law. A racetrack association may not
22 change the person designated in the provided notice unless the
23 person declines the designation. A racetrack association may
24 not at any time designate more than one person under this
25 subsection. A racetrack association is ineligible to hold a
26 casino license if the racetrack association designates a person
27 for a license under this subsection unless the designation is

1 declined by the person. Nothing in this subsection affects
2 duties or rights established by contract or other law.

3 (g) Subject to this section, the Texas Gaming Commission
4 shall issue a casino license to each initial qualified
5 applicant. An initial qualified applicant must:

6 (1) be of good moral character, be honest, and have
7 integrity;

8 (2) demonstrate that issuance of the casino license
9 to the applicant will not be detrimental to the public interest
10 or the casino gaming industry;

11 (3) satisfy the qualifications and any other
12 requirements established under general law;

13 (4) demonstrate the financial ability to complete the
14 development of and operate the destination resort at which the
15 person will conduct casino gaming;

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

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

20 (7) satisfy the applicable requirements provided in
21 Subsection (h) of this section.

22 (h) An initial qualified applicant for a casino license
23 must satisfy the following requirements for the metropolitan
24 statistical area in which the destination resort will be
25 located:

26 (1) for a casino license in the Dallas-Fort Worth-
27 Arlington metropolitan statistical area, the initial qualified

1 applicant must:

2 (A) be a racetrack association that on January
3 1, 2022, held a license to conduct racing anywhere in the
4 Dallas-Fort Worth-Arlington metropolitan statistical area or the
5 Laredo metropolitan statistical area or be the person designated
6 by the racetrack association under Subsection (f) of this
7 section; and

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

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

14 (A) be a racetrack association that on January
15 1, 2022, held a license to conduct racing anywhere in the
16 Houston-The Woodlands-Sugar Land metropolitan statistical area
17 or the Brownsville-Harlingen metropolitan statistical area or be
18 the person designated by the racetrack association under
19 Subsection (f) of this section; and

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

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

26 (A) be a racetrack association that on January
27 1, 2022, held a license to conduct racing anywhere in the San

1 Antonio-New Braunfels metropolitan statistical area or be the
2 person designated by the racetrack association under Subsection
3 (f) of this section; and

4 (B) commit to investing for new development of
5 the destination resort an amount equal to at least \$1 billion,
6 including land acquisition;

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

10 (A) be a racetrack association that on January
11 1, 2022, held a license to conduct racing anywhere in the Corpus
12 Christi metropolitan statistical area or be the person
13 designated by the racetrack association under Subsection (f) of
14 this section; and

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

18 (5) for a casino license in the McAllen-Edinburg-
19 Mission metropolitan statistical area, the initial qualified
20 applicant must:

21 (A) be a racetrack association that on January
22 1, 2022, held a license to conduct racing anywhere in the
23 McAllen-Edinburg-Mission metropolitan statistical area or be the
24 person designated by the racetrack association under Subsection
25 (f) of this section; and

26 (B) commit to investing for new development of
27 the destination resort an amount equal to at least \$250 million,

1 including land acquisition.

2 (i) A destination resort at which casino gaming is
3 conducted under a casino license may be located anywhere within
4 the metropolitan statistical area for which the license is
5 issued.

6 (j) Consistent with this section, the legislature by
7 general law:

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

10 (A) additional requirements governing the
11 issuance and continued qualification for holding a casino
12 license;

13 (B) restrictions on the transfer of casino
14 licenses;

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

18 (D) qualifications for the issuance of new
19 casino licenses to persons that are not initial qualified
20 applicants under Subsection (g) of this section, provided that
21 the number of active casino licenses, as defined by the
22 legislature, may not at any one time exceed the number of casino
23 licenses for destination resorts authorized in Subsection (b) of
24 this section; and

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

27 (2) may delegate to the Texas Gaming Commission the

1 authority to prescribe rules regulating casino gaming and sports
2 wagering in accordance with this section.

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

8 (1) a casino license applicant has the financial
9 capability of satisfying the minimum investment specified in
10 Subsection (h) of this section; and

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

13 (l) A person may not have an ownership interest in more
14 than two casino license holders. The legislature by general law
15 shall:

16 (1) define ownership interest for purposes of this
17 subsection; and

18 (2) prescribe the consequences of violating this
19 subsection.

20 (m) The legislature by general law shall direct the Texas
21 Gaming Commission to adopt rules to ensure that a person who
22 holds a casino license and a license to conduct horse racing at
23 a class 1 racetrack, as that term is defined by general law,
24 maintains a number of live horse racing dates that is at least
25 equivalent to the number of live horse racing dates held at the
26 racetrack in 2022.

27 (n) The legislature by general law shall require a

1 racetrack association that:

2 (1) holds a license to conduct greyhound racing to
3 cease all racing operations and surrender that license as a
4 condition of holding, or designating a person to hold, a casino
5 license; and

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

10 (o) The legislature by general law shall ensure the Texas
11 Racing Commission or its successor regulates the racing
12 operations of each racetrack association that holds a casino
13 license and the Texas Gaming Commission regulates casino gaming
14 and sports wagering operations of the racetrack association.

15 (p) The legislature by general law shall:

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

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

20 (q) The state or a state agency or political subdivision
21 of this state may not impose a tax on the casino gaming revenue
22 of a casino license holder or a tax or fee on the non-gaming
23 revenue of casino license holder's operations at a destination
24 resort, other than the tax authorized by this section or a tax
25 or fee generally applicable to a business operating in this
26 state.

27 (r) To fund and support the administration and management

1 of the Texas Gaming Commission, the legislature by general law
2 shall establish casino license application fees in the amount
3 of:

4 (1) \$2.5 million for an application to conduct casino
5 gaming at a destination resort in the Dallas-Fort Worth-
6 Arlington or Houston-The Woodlands-Sugar Land metropolitan
7 statistical areas;

8 (2) \$1.25 million for an application to conduct
9 casino gaming at a destination resort in the San Antonio-New
10 Braunfels metropolitan statistical area; and

11 (3) \$500,000 for an application to conduct casino
12 gaming at a destination resort in the Corpus Christi or McAllen-
13 Edinburg-Mission metropolitan statistical areas.

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

19 SECTION 4. This proposed constitutional amendment shall be
20 submitted to the voters at an election to be held November 7,
21 2023. The ballot shall be printed to permit voting for or
22 against the proposition: "The constitutional amendment to
23 foster economic development and job growth, provide tax relief
24 and funding for education and public safety programs, and reform
25 and support the horse racing industry by authorizing casino
26 gaming at destination resorts, authorizing sports wagering,
27 creating the Texas Gaming Commission to regulate casino gaming

1 and sports wagering, requiring a license to conduct casino
2 gaming, and requiring the imposition of a gaming tax, sports
3 wagering tax, and license application fees."