



## AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of October 1, 2019  
Second Reading Ordinance for the City Council Meeting of October 15, 2019

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**DATE:** September 19, 2019

**TO:** Peter Zanoni, City Manager

**THRU:** Constance P. Sanchez, Chief Financial Officer

**FROM:** Alma Casas, Interim Director of Finance and Business Analysis  
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Ordinance Continuing Receipt of Bingo Prize Fees
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**CAPTION:**

Ordinance approving the continued receipt of bingo prize fees; authorizing notification of the Texas Lottery Commission of such approval; and amending the Corpus Christi Code to add Section Sec. 17-43 Bingo Prize Fee.

**SUMMARY:**

Traditionally, bingo operators paid the City and State a 5% fee on bingo prize fees over \$5. House Bill 914 reduced the bingo prize fee by limiting it to cash prizes. Additionally, HB 914 also reduced the prize fee in cities that do not re-enact the fee. This ordinance will effectively re-impose the fee.

**BACKGROUND AND FINDINGS:**

This re-imposition of the fee will preserve, to some extent, the revenue stream attributable to bingo prize fees. Annually, the City receives an average of \$350,000 from this fee. Future receipts will be much less because non-cash prizes will no longer be subject to the fee.

Bingo is used as a fundraising tool by non-profit organizations authorized to use the game as a method to raise money and support the organization's charitable purposes. The Texas Legislature determined that a portion of the regulatory costs incurred in conducting bingo related to unnecessary regulations which reduced the net proceeds available for charitable purposes. House Bill 914 increases such proceeds by revising the statutory provisions related to the regulation of bingo.

Section 11(a) authorizes a county or municipality to receive a portion of the prize fee collected under Section 2001.502, Occupations Code, as amended by this Act, after the effective date of

this Act only if:

- (1) The county or municipality was entitled to receive a portion of a bingo prize fee as of January 1, 2019; and
- (2) The governing body of the county or municipality:
  - a. By majority vote of the members of the governing body approves the continued receipt of funds under that section and notifies the commission of that decision not later than November 1, 2019; and
  - b. Notifies each licensed authorized organization within the county's or municipality's jurisdiction, as applicable, of the continued imposition of the fee.

**ALTERNATIVES:**

Discontinuation of the bingo prize fee.

**FISCAL IMPACT:**

If the City no longer collects this bingo prize fee, it would lose approximately \$350,000 in annual revenue.

**RECOMMENDATION:**

Staff recommends approval of the ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance