

**From:** [Andrew McConnell](#)  
**To:** [Elizabeth Saenz](#)  
**Subject:** FW: BINGO INTEREST GROUP RESPONSE TO STAFF REPORT ON THE TEXAS LOTTERY COMMISSION  
**Date:** Thursday, May 16, 2024 9:46:05 AM

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**From:** Steve Bresnen <steve@bresnenassociates.com>  
**Sent:** Thursday, May 16, 2024 9:34 AM  
**To:** Andrew McConnell <andrew.mcconnell@sunset.texas.gov>  
**Cc:** amy.bresnen@gmail.com  
**Subject:** BINGO INTEREST GROUP RESPONSE TO STAFF REPORT ON THE TEXAS LOTTERY COMMISSION

***COMMENTS OF THE BINGO GROUP***

***RE: SUNSET STAFF REPORT ON THE TEXAS LOTTERY COMMISSION***

On behalf of the Bingo Interest Group (BIG), which I represent, we submit the following initial comments on the Sunset Advisory Commission Staff Report on its review of the Texas Lottery Commission.

BIG is an association of commercial lessors. Having been established in the early 1990s, BIG is the oldest continuously operating organization supporting charitable bingo. Our members have bingo locations in diverse markets all over Texas.

BIG appreciates the many opportunities we and others have had to participate in in your review. Charitable bingo is a deceptively complex enterprise, the regulation of which includes a variety of provisions based on its history as a gaming activity in state that purports to eschew gaming. Please consider these comments as subject to modification as our members consider some parts of the report that raise many unanswered questions, especially considering that regulatory context.

Our initial observations are a question about the chart on Page 10 of the report and the boxed material on Page 14. Charitable bingo prize fees produce almost as much money for state and local governments as for charitable bingo. The chart shows prize fees as a separate component from prizes in the "where the bingo money goes" explanation. However, prize fees are *withheld from* prizes, so it would appear the Page 10 chart may count those twice. If we are incorrect about this, the chart needs an explanatory note.

Several of the items in the boxed material on Page 14 appear to us to be just incorrect. We will seek additional information from Sunset Staff before commenting in detail on those.

Above all, we want Sunset to understand: There is plenty of money provided to the State by charitable bingo to cover regulation of bingo, including any expenses currently covered by the budget of the Lottery side of the Commission. We oppose any measure that would take additional costs from bingo licensees to cover regulation of bingo. Those funds can come from State GR or from the local government prize fees.

We are supportive of a number the Staff report's recommendations. The Charitable Bingo Operations Division (CBOD) needs better technology to improve regulation and improve licensees' compliance by making the agency's systems more user friendly and more efficient. In addition, the agency needs better staffing, both in numbers and in training, needs that have been a constant challenge over the years.

We also support making the Bingo Advisory Committee mandatory and broadening the types of issues the BAC can address. That said: We praise Commissioner Fields', the designated "bingo commissioner," and CBOD Director Ladonna Castañuela's active involvement with and support of the BAC. The BAC's work is being performed at an all-time best from our long experience. We have no concern with improving the BAC selection process but do not share the Staff's assessment that somehow the BAC itself selects its members. That just does not square with our experience. On the other hand, the Commission is now undergoing a new process, so we will see whether the Report's concerns remain following that.

BIG does not support the recommendation to have the director of the CBOD report to the Executive Director of the Commission rather than the Commission itself. The Legislature responded to our request for this structure after years of charitable bingo being treated as an afterthought by the ED and the Commission itself. There was a sincerely held belief that charitable bingo was being shortchanged because its competitor, the Lottery, controlled charitable bingo's business.

The arrangement has worked very well without creating additional work for anyone. There are no additional costs or complications presented by the structure. Frankly, other than being "unusual" we fail to see why the Report sees any problem. In fact, the structure tends to focus the Commission's attention on charitable bingo to the extent needed, which makes the Staff report's comment that "agency's governing body is not sufficiently engaged" inapplicable to charitable bingo. We do not support that comment and believe the agency structure supports and has provided healthy engagement. (As stated above, Commissioner Fields' and CBOD leadership have been exemplary; consequently, we do not agree with the Report's comments about "lack of engagement.")

With regard to licensing of manufacturers and distributors, the Report neglects to provide

sufficient information to discern how the regulation of the production and tracking of bingo paper and pull-tabs would be accomplished. In the absence of any such detail, we fear two possibilities (there may be others): (1) All tracking and accounting for bingo products will fall onto the charities that conduct bingo and (2) forged bingo products will find a way into the stream of commerce. These concerns both affect the regulatory costs that would confront charities and the integrity of the game presented by forged bingo paper and pull-tabs.

Regarding the structure of lessor licensing, the Staff provided options but no definite recommendation. On the ground in the bingo marketplace, we're unaware of anyone having expressed concerns with the current structure. The rent caps embedded in the structure were established in 1989. It goes without saying that extraordinary growth in property values over the last 35 years has changed the considerations facing lessors operating buildings in which charitable bingo is conducted. Any major change in this area will undoubtedly affect hundreds of locations. It is easy to say "treat everyone the same" without any assessment of what the impact would be. Depending on the option being assessed, many locations responsible for the greatest percentage of net proceeds for bingo would be eliminated by the economic impact of the regulation. These decisions depend as much on practicality as policy.

We will have additional comments and may modify the comments above depending on gathering additional information.

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