

Texas Department of Insurance

Amusement Ride Operator Compliance

Report required by Senate Bill 1, Article VIII,
85th Legislature, Regular Session, 2017

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Purpose

Senate Bill 1, Article VIII (85th Legislature, Regular Session, 2017) required biennial reports from the Texas Department of Insurance (TDI) on efforts to bring amusement ride operators into compliance with the Amusement Ride Safety Inspection and Insurance Act, Chapter 2151, Texas Occupations Code, and the result of those efforts.

Introduction

The Amusement Ride Safety Inspection and Insurance Act charges TDI with administering the amusement ride program. It defines an amusement ride as a “mechanical device that carries passengers along, around, or over a fixed or restricted course within a defined area for the purpose of giving the passengers amusement, pleasure, or excitement.” Some examples of rides regulated under the Act include:

- Mobile carnival rides.
- Theme park rides and devices.
- Continuous airflow inflatable devices such as bounce houses, jumping pillows, moonwalks, and slides.
- Other items such as concession go karts, water slides, bungee jumps, mechanical bulls, trackless trains, simulators, bumper boats, and zip lines.

To operate an amusement ride in Texas, the owner or operator must submit the following to TDI:

- A general liability insurance policy with the minimum statutory limits for bodily injury liability and property damage liability.
- An annual safety inspection of the ride performed by the insurer’s authorized representative.
- A filing fee of \$40 per ride or device.

Once the owner or operator submits the three requirements, TDI issues a compliance sticker. The compliance sticker is valid for one year and renews in the month the inspection occurred. According to 28 Texas Administrative Code Section 5.9004, the owner or operator must place the compliance sticker on the ride in an area that is visible to riders. TDI maintains a database to track owners, operators, and issued compliance stickers. A list of compliant rides is on the TDI website at www.tdi.texas.gov/commercial/documents/lcamcurrentsticker.

Compliance efforts

TDI strives to bring all amusement ride owners and operators into compliance and to keep owners and operators with current compliance stickers from letting their compliance lapse. TDI tracks and maintains the compliance documents for each ride with a compliance sticker.

When TDI finds an owner or operator that is not in compliance, TDI works to bring them into compliance through phone calls, emails, or an informational packet sent by mail.

Summary of amusement ride activities

Activity	FY 2015	FY 2016	FY 2017	FY 2018
Number of owners and operators who obtained compliance stickers	945	982	1,047	963
Compliance stickers issued	9,558	9,334	10,521	9,597
Renewal reminder postcards sent*	1,378	1,390	1,098	1,072
First noncompliance notices sent	778	830	960	889
Second noncompliance notices sent	281	515	707	414
Referrals to TDI Enforcement	169	326	334	301
Referrals to Office of the Attorney General	102	124	87	197

*TDI sends postcards throughout the year. Owners and operators often have several rides that renew on different dates. Therefore, an owner or operator may receive several reminder postcards.

TDI also sends postcard renewal notices to amusement ride owners and operators to remind them of their upcoming compliance sticker expiration dates.

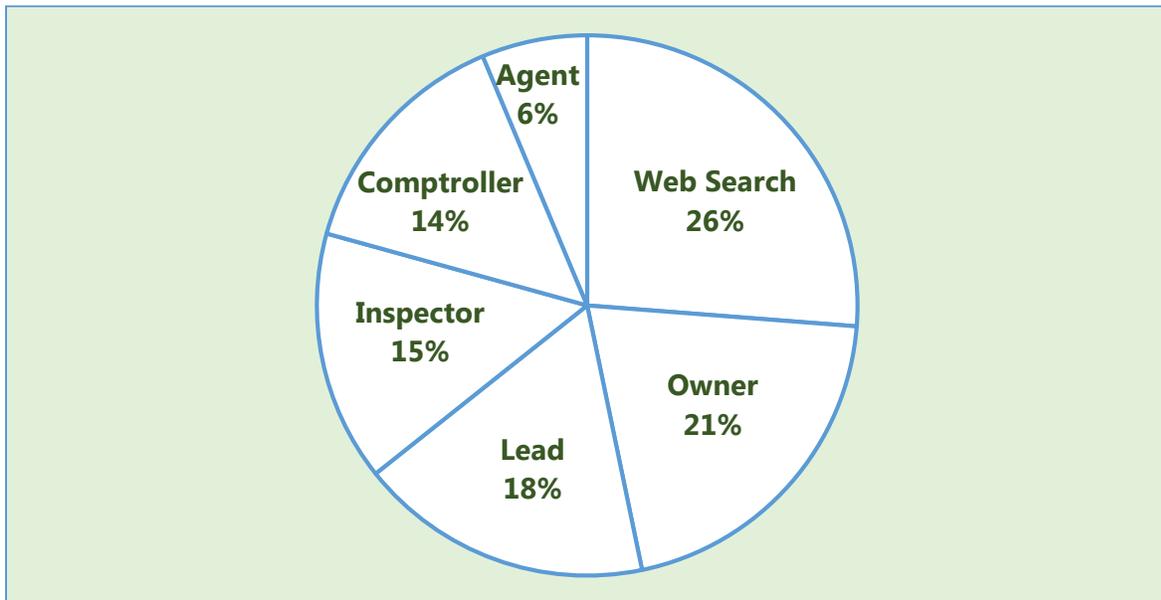
If an owner or operator does not obtain or renew their compliance sticker as required by state law, TDI sends a noncompliance notice providing information on the applicable statutes, rules, and outstanding requirements. The owner or operator has 15 days from receipt of the first noncompliance notice to show compliance.

If the owner or operator continues to operate a noncompliant ride after the first noncompliance notice, TDI sends a second notice. TDI also copies local law enforcement on this notice. The owner or operator has 10 days from receipt of the second noncompliance notice to show compliance.

If the owner or operator continues to operate a noncompliant ride after receiving the second noncompliance notice, staff sends a notice of violation and copies local law enforcement. Once a month, TDI sends copies of the notices to the Office of the Attorney General. The owner or operator can bring his or her rides into compliance at any point during this process.

TDI does not have authority to fine noncompliant owners or operators; however, the county district attorney or the attorney general may seek an injunction against an owner or operator. Local law enforcement also has authority to enter and inspect an operation and to prohibit the operation of any noncompliant amusement rides. Operating a noncompliant amusement ride is a Class B misdemeanor.

How we find out about noncompliant rides - Fiscal Year 2015-2018



*Of the files, 109 did not note a source.

Between fiscal years 2015 and 2018, TDI opened 849 files for amusement ride owners or operators that were not listed in TDI's database. TDI discovered these owners and operators from various sources. The largest source is internet and Facebook searches.

When TDI locates an owner or operator with regulated rides, TDI checks the database to verify whether the rides are in compliance. If the rides are not in compliance, TDI sends an informational packet and first noncompliance notice to the owner or operator, beginning the compliance process.

The second largest source of new files is owners or operators who contact TDI to ask about compliance. TDI answers their questions and sends them an informational packet. If TDI has evidence they are operating the amusement ride out of compliance with state law, we begin the compliance process by sending a first noncompliance notice.

TDI also receives leads on noncompliant owners and operators from parents, riders, schools, facilities, and other ride owners or operators. TDI researches each lead to verify whether the ride is subject to regulation or is already in compliance. If TDI determines the ride is subject to regulation and is not in compliance, TDI sends an informational packet and noncompliance notice to initiate the compliance process.

TDI establishes relationships with insurance agents and inspectors involved with the amusement ride compliance process. Because these agents and inspectors are familiar with the statutory requirements, they often send information to TDI about owners and operators who have a new business or are not aware of the state requirements. This information could include a certificate of insurance for an owner or operator who bought a policy or an inspection certificate for an owner or operator who had rides inspected. When TDI confirms the owner or operator is not already in compliance, TDI sends an informational packet. If the owner or operator does not complete the remaining steps toward compliance, TDI sends a noncompliance notice to initiate the compliance process.

TDI also locates owners and operators through the sales tax license reconciliation process. The General Appropriations Act requires that TDI request a report from the Texas Comptroller of Public Accounts of owners and operators who applied for a sales tax license. TDI must reconcile the report to TDI's amusement ride database and investigate the need for registering owners and operators not listed in the database.

TDI implemented sales tax reconciliation in August 2015. Each month, TDI submits a request to the comptroller for a list of companies who applied for a sales tax license with a North American Industry Classification System (NAICS) code relating to carnival and amusement park rides, machines, equipment, arcades, or devices.

NAICS Codes Requested for Possible Amusement Ride Companies

NAICS Title	Code	Common Keywords
Other Commercial and Service Industry Machinery Manufacturing	333318	Carnival and amusement park rides manufacturing
All Other Miscellaneous Manufacturing	339999	Amusement machines, coin-operated, manufacturing
Service Establishment Equipment and Supplies Merchant Wholesalers	423850	Amusement park equipment merchant wholesalers
All Other Travel Arrangement and Reservation Services	561599	Ticket agencies (for example, amusement, sports, theatrical)
Amusement and Theme Parks	713110	Amusement parks (for example, theme, water)
Amusement Arcades	713120	Amusement arcades
All Other Amusement and Recreation Industries	713990	Amusement device (except gambling) concession operators (supplying and servicing in others' facilities), go carts

The number of companies on the comptroller's monthly list has ranged from about 3,000 to 6,500. If TDI determines that an owner or operator is not in compliance, TDI contacts the owner or operator to initiate the compliance process.

Outreach

TDI uses available resources and opportunities to educate the public about the Act and the requirements for legally operating an amusement ride.

In August 2018, TDI sent a link to a web brochure called "Renting Amusement Rides: 5 Tips for a Safe Event" to various organizations that may have amusement rides on their properties for events. This document is a quick way to learn about TDI's amusement ride requirements and gather safety tips. TDI sent the brochure to 38 of the larger cities and city associations, 20 school associations, and eight travel associations.

In addition, TDI works continuously to educate the public about the Act through local news organizations who regularly contact TDI for information when writing or broadcasting a story. On average, TDI contributes to approximately 16 amusement ride-related stories a year. Through these stories, TDI educates the media about Texas'

requirements for amusement ride operators and provide links to our online data and compliance reports.

TDI also communicates information about the Act on the TDI website at www.tdi.texas.gov/commercial/indexamusement. Each month, TDI updates the website listings of current compliance stickers, current insurance, and recent amusement ride injuries so the public has access to the data they need to make informed decisions about amusement ride usage. This year, TDI incorporated a chart webpage, where results could be more easily searched and sorted.

Overall compliance results

TDI's continued efforts to bring all owners and operators into compliance has resulted in a steady increase in the number of compliance stickers issued each year. In FY 2018, TDI issued 9,597 compliance stickers.

Compliance stickers issued by fiscal year

