

By: Goolsby

H.B. No. 3914

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the Texas Lottery Commission to establish an Internet lottery game program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 466.002, Government Code, is amended by adding Subdivision (11) to read as follows:

(11) "Private Internet agent" means a person that has contracted with the commission to operate the Internet lottery game program.

SECTION 2. Subchapter F, Chapter 466, Government Code, is amended by adding Sections 466.257, 466.258, and 466.259 to read as follows:

Sec. 466.257. INTERNET LOTTERY GAME PROGRAM. (a) The commission shall establish and maintain an Internet lottery game program that allows an eligible person to purchase lottery tickets from a private Internet agent through the Internet. The commission shall adopt the rules necessary to administer the program. The other provisions of this chapter applicable to the sale of lottery tickets apply to the sale of tickets under the program, except that Section 466.152(d) does not apply to the sale of tickets by the private Internet agent under this section.

(b) The commission shall select a private Internet agent, in accordance with the standards and qualifications described in Section 466.258(a), to operate a real-time and secure payment

1 option system for the Internet lottery game program.

2 (c) The commission shall offer for purchase over the
3 Internet and through an electronic distribution channel tickets for
4 each Lotto lottery game that involves a drawing and each
5 multijurisdiction lottery game offered by the commission.

6 (d) A person who purchases a ticket through the Internet
7 lottery game program shall be notified electronically of the amount
8 of any prize the person wins in connection with that ticket. A prize
9 in an amount less than \$600 must be deposited directly into the
10 winner's bank account. The payment of a prize in an amount of \$600
11 or more may be made only by the director.

12 (e) The commission shall determine which games may be played
13 online and shall limit the persons authorized to purchase tickets
14 online to only eligible residents of this state in compliance with
15 the federal Unlawful Internet Gambling Enforcement Act of 2006.

16 (f) The commission by rule and in compliance with the
17 federal Unlawful Internet Gambling Enforcement Act of 2006 shall
18 develop a procedure to verify that a person is 18 years of age or
19 older before the person may establish an individual online lottery
20 account and purchase lottery tickets through the Internet lottery
21 game program. The commission shall adopt standards to prevent the
22 unauthorized use of individual online lottery accounts.

23 (g) The commission by rule may establish limitations on the
24 amount or number of monthly purchases that may be made through any
25 individual online lottery account.

26 Sec. 466.258. OPERATION OF INTERNET LOTTERY GAME PROGRAM.

27 (a) The commission shall contract with a private Internet agent to

1 offer for purchase from the private Internet agent lottery tickets
2 through the. In addition to any other reasonable qualifications
3 required by the commission, the private Internet agent must:

4 (1) demonstrate:

5 (A) extensive experience in handling secure
6 Internet financial transactions on a real-time basis; and

7 (B) the ability to maintain an Internet website
8 in compliance with the best industry standards related to security
9 and the protection of personal information;

10 (2) possess a demonstrable ability to create and
11 maintain an Internet website and subsites with a high volume of use
12 that meet or exceed electronic security standards in the electronic
13 payment or transfer industry such as a Statement on Auditing
14 Standards No. 70 Type II review; and

15 (3) submit to the commission a history of the agent's
16 financial accountability and compliance with generally accepted
17 accounting principles.

18 (b) The private Internet agent, with the cooperation and
19 approval of the commission, shall develop procedures to establish
20 individual online lottery accounts and unique identification
21 numbers for each player purchasing tickets from a private Internet
22 agent through the Internet and to verify the age and address of the
23 player and the payment method used by the player.

24 (c) The private Internet agent:

25 (1) may collect a reasonable transaction fee from each
26 player who establishes an individual online lottery account and
27 purchases a lottery ticket through that account; and

1 (2) is entitled to an incentive bonus for selling a
2 winning ticket as approved and provided by this chapter and
3 commission rule.

4 (d) The private Internet agent shall deliver to the
5 commission the money collected from Internet transactions for the
6 sale of a lottery ticket under the Internet lottery game program
7 within 48 hours of the agent's receipt of the money. The agent
8 shall:

9 (1) deliver to the commission records of each
10 transaction on a real-time basis or as otherwise required by the
11 commission; and

12 (2) deduct the agent's fees before delivering the
13 money to the commission.

14 (e) Notwithstanding Section 466.151(a), the private
15 Internet agent is not required to be licensed as a sales agent to
16 sell lottery tickets under the Internet lottery game program.

17 Sec. 466.259. INDIVIDUAL LOTTERY ACCOUNT. (a) A person who
18 is eligible to purchase a lottery ticket through the Internet
19 lottery game program may create a secure individual online lottery
20 account that is accessible through the Internet or by other secure
21 electronic means and may apply for an account:

22 (1) online through a commission-approved Internet
23 website by filling out the electronic application form on the
24 website; or

25 (2) through a sales agent or the private Internet
26 agent by filling out an application form in person and presenting to
27 the agent a valid Texas driver's license with a current address or

1 an official state-issued identification card.

2 (b) A sales agent or the private Internet agent shall
3 provide an application form for an individual online lottery
4 account to a person who requests an application. The sales agent or
5 private Internet agent shall verify that the person applying for
6 the account is 18 years of age or older. The agent may retain an
7 application processing fee in an amount established by commission
8 rule.

9 (c) The application form must be approved by the commission
10 or the commission's approved private Internet agent. A completed
11 application must include:

12 (1) the applicant's name, address, age, and driver's
13 license number or the number of an official state-issued
14 identification card;

15 (2) an e-mail address for the applicant;

16 (3) the last four digits of the applicant's social
17 security number; and

18 (4) any other information required by the commission
19 or the private Internet agent.

20 (d) A sales agent in accordance with commission rules shall
21 deliver to the private Internet agent through an electronic method
22 or the United States Postal Service all applications for individual
23 online lottery accounts received by the sales agent.

24 (e) The private Internet agent shall verify over the
25 Internet through a connection with the Department of Public Safety
26 the name, age, address, and driver's license number or the number of
27 an official state-issued identification card of any person applying

1 for an individual online lottery account. The department shall
2 cooperate with the commission and the private Internet agent to
3 provide the connection for purposes of this subsection.

4 (f) An individual online lottery account may not be
5 activated until the person applying for the account accesses the
6 Internet lottery game program website and follows the activation
7 and funding procedure established by the commission. Each account
8 holder must be issued electronically a unique individual online
9 lottery account access number designed to prevent other persons
10 from accessing the person's account.

11 (g) The commission shall develop a method by which a person
12 who has activated and funded an individual online lottery account
13 may purchase lottery tickets from a private Internet agent through
14 the Internet by using public or private computer.

15 SECTION 3. Section 466.251(c), Government Code, is amended
16 to read as follows:

17 (c) The overall estimated odds of winning a prize in a
18 particular lottery game must be printed or displayed on each ticket
19 and prominently displayed in association with the sale of lottery
20 products. The estimate must be based on reasonable projections and
21 past experience.

22 SECTION 4. Section 466.303(a), Government Code, is amended
23 to read as follows:

24 (a) Except as provided by Subsection (b), a person who is
25 not a sales agent, ~~or~~ an employee of a sales agent, or the private
26 Internet agent commits an offense if the person intentionally or
27 knowingly sells a ticket.

SECTION 5. Section 466.304(a), Government Code, is amended to read as follows:

(a) A person other than the private Internet agent commits an offense if the person sells a ticket at a location other than the location of a sales agency.

SECTION 6. Section 466.305, Government Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Selling a ticket to another person through the Internet lottery game program authorized under Section 466.257 does not constitute selling a ticket by extending credit to the person for purposes of Subsection (a).

SECTION 7. Section 466.3052(a), Government Code, is amended to read as follows:

(a) A person commits an offense if the person intentionally or knowingly sells a ticket and the person accepts anything other than the following as payment for the ticket:

(1) United States currency;

(2) a negotiable instrument in the form of a check that meets the requirements of Section 3.104, Business & Commerce Code;

(3) a debit made through a financial institution debit card;

(4) a coupon or voucher issued by the commission for purposes of purchasing a lottery ticket; ~~or~~

(5) a mail order subscription on a mail order subscription form authorized by the commission; or

(6) payment through an electronic transaction authorized by the commission for the purchase of a ticket under the

1 Internet lottery game program.

2 SECTION 8. (a) The change in law made by this Act to Chapter
3 466, Government Code, applies only to an offense committed on or
4 after the effective date of this Act. For purposes of this section,
5 an offense is committed before the effective date of this Act if any
6 element of the offense occurs before the effective date.

7 (b) An offense committed before the effective date of this
8 Act is governed by the law in effect when the offense was committed,
9 and the former law is continued in effect for that purpose.

10 SECTION 9. Not later than November 1, 2007, the Texas
11 Lottery Commission shall adopt the rules and procedures necessary
12 to implement the Internet lottery game program in accordance with
13 Chapter 466, Government Code, as amended by this Act.

14 SECTION 10. This Act takes effect immediately if it
15 receives a vote of two-thirds of all the members elected to each
16 house, as provided by Section 39, Article III, Texas Constitution.
17 If this Act does not receive the vote necessary for immediate
18 effect, this Act takes effect September 1, 2007.