

By: Bonnen

H.B. No. 3973

A BILL TO BE ENTITLED

AN ACT

1
2 relating to authorizing a long-term concession agreement for
3 operation of the lottery and establishing three trust funds to
4 receive the revenue resulting from the long-term concession
5 agreement.

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

7 SECTION 1. Section 466.002, Government Code is amended to
8 read as follows:

9 (2) "Concession agreement" means an agreement between
10 the state and private entity that authorizes the private entity to
11 operate and maintain the lottery on behalf of the state and retain
12 the revenues derived from the operation and maintenance of the
13 lottery.

14 (~~3~~[2]) "Director" means the director of the division.

15 (~~4~~[3]) "Division" means the lottery division
16 established by the commission under Chapter 467.

17 (~~5~~[4]) "Executive director" means the executive
18 director of the commission.

19 (~~6~~[5]) "Lottery" means the procedures operated by the
20 state under this chapter through which prizes are awarded or
21 distributed by chance among persons who have paid, or
22 unconditionally agreed to pay, for a chance or other opportunity to
23 receive a prize.

24 (~~7~~[6]) "Lottery game" includes a lottery activity.

1 (8[7]) "Lottery operator" means a person selected
2 under Section 466.014(b) to operate a lottery.

3 (9[8]) "Player" means a person who contributes any
4 part of the consideration for a ticket.

5 (10[9]) "Sales agent" or "sales agency" means a person
6 licensed under this chapter to sell tickets.

7 (11[10]) "Ticket" means any tangible evidence issued
8 to provide participation in a lottery game authorized by this
9 chapter.

10 SECTION 2. Section 466.014, Government Code is amended by
11 adding Subsection (d) to read as follows:

12 (d) The commission may, in the exercise of authority granted
13 under Subsections (b) and (c) of this Section, execute a long-term
14 concession agreement for operation of the lottery.

15 SECTION 3. Section 466.0141, Government Code, is added to
16 read as follows:

17 The commission shall be advised by the Governor and
18 Legislative Budget Board in the development of a long-term
19 concession agreement authorized by Section 466.014(d). Any
20 agreement must provide:

21 (1) At least \$ billion cash to be received by the
22 state not later than the third day after the date the concession
23 agreement is executed;

24 (2) The term in years of the concession;

25 (3) Exclusivity of games to be operated;

26 (4) Approval process for technological developments;

27 (5) Background requirements for concession owners and

1 operators;

2 (6) Advertising and marketing terms;

3 (7) Treatment of unclaimed prizes; and

4 (8) Reversion terms.

5 SECTION 4. Section 466.015(a), Government Code, is amended
6 to read as follows:

7 (a) The commission shall adopt all rules necessary to
8 administer this chapter. If the commission executes a long-term
9 concession agreement as authorized under Section 466.014(d), then
10 the commission shall adopt rules necessary to administer the
11 concession agreement. If the commission adopts rules necessary to
12 administer the concession agreement, then the commission shall
13 abate existing rules that conflict with the long-term concession
14 agreement. The executive director may propose rules to be adopted
15 by the commission, but the executive director's proposed rules have
16 no effect until adopted by the commission.

17 SECTION 5. Section 466.0161(a), Government Code, is amended
18 to read as follows:

19 (a) Annually, the comptroller [~~shall review the management~~
20 ~~and operations of the lottery. The comptroller]~~ may examine
21 persons, tangible objects, books, records, documents, or things[~~7~~
22 ~~or persons]~~ of the commission [~~as necessary for that purpose~~].

23 SECTION 6. Section 466.101(c), Government Code, is
24 amended to read as follows:

25 (c) The procurement procedures adopted by the executive
26 director must, as determined feasible and appropriate by the
27 executive director, afford any party who is aggrieved by the terms

1 of a solicitation or the award of a contract, other than a contract
2 awarded under Section 466.014(d), an opportunity to protest the
3 executive director's action to the commission. The protest
4 procedures must provide for an expedient resolution of the protest
5 in order to avoid substantially delaying a solicitation or contract
6 award that is necessary for the timely implementation of a lottery
7 game. A protest must be in writing and be filed with the commission
8 not later than 72 hours after receipt of notice of the executive
9 director's action.

10 SECTION 7. Section 466.351(a), Government Code, is amended
11 to read as follows:

12 Sec. 466.351. DELIVERY OF FUND. (a) Except as provided by
13 Subsection (d), all revenue received from the sale of tickets,
14 except revenue received from the sale of tickets after the
15 execution of a long-term concession agreement authorized under
16 Section 466.014(d), and all money credited to the state lottery
17 account from any other source shall be deposited in the state
18 treasury through approved state depositories on the settlement day
19 or days established by the director.

20 SECTION 8. Section 466.351, Government Code, is amended by
21 adding Subsections (f), (g) and (h) to read as follows:

22 (f) Revenue resulting from a concession agreement
23 authorized under Section 466.014(d) shall be deposited into three
24 trust funds established to receive the revenue in the following
25 ratios:

26 (1) \$2.7 billion into the Uninsured Partnership Trust
27 Fund;

1 (2) \$3 billion into the Texas Cancer Research
2 Initiative Trust Fund; and

3 (3) all remaining revenue into the Texas Public
4 Education Trust Fund.

5 (g) Appropriations from the earnings of the trust funds
6 established by Section 466.351(f) are subject to ratification under
7 Section 317.002(a), Government Code.

8 (h) All revenue resulting from a concession agreement
9 authorized under Section 466.014(d) received later than the third
10 day after the concession agreement is executed shall be deposited
11 in the unobligated portion of the general revenue fund.

12 SECTION 9. Section 466.355(a), Government Code, is amended
13 to read as follows:

14 Sec. 466.355. STATE LOTTERY ACCOUNT. (a) The state
15 lottery account is a special account in the general revenue fund.
16 Excluding revenue received pursuant to a long-term concession
17 agreement authorized under Section 466.014(d), t[he] account
18 consists of all revenue received from the sale of tickets, license
19 and application fees under this chapter, and all money credited to
20 the account from any other fund or source under law. Interest
21 earned by the state lottery account shall be deposited in the
22 unobligated portion of the general revenue fund.

23 SECTION 10. This Act takes effect immediately if it
24 receives a vote of two-thirds of the member elected to each house,
25 as provided by Section 39, Article III, Texas Constitution. If it
26 does not receive the necessary votes for immediate effect, it takes
27 effect September 1, 2007.