

A BILL TO BE ENTITLED

AN ACT

relating to the creation of an instant-ticket lottery game with revenue dedicated to the TEXAS grant program.

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

SECTION 1. Subchapter G, Chapter 403, Government Code, is amended by adding Section 403.110 to read as follows:

Sec. 403.110. TEXAS GRANT FUND. (a) The TEXAS grant fund is a special fund in the state treasury outside the general revenue fund.

(b) The fund is composed of:

(1) gifts and grants contributed to the fund;

(2) earnings on the principal of the fund; and

(3) other amounts deposited to the credit of the fund,

including:

(A) legislative appropriations; and

(B) money deposited under Section 466.355.

(c) Except as provided by Subsection (d), money in the fund may not be appropriated for any purpose other than to fund the TEXAS grant program established by Subchapter M, Chapter 56, Education Code.

(d) A gift or grant to the fund may be appropriated in the same manner as money in the fund derived from other sources, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

1 (e) Sections 403.095 and 404.071 do not apply to the fund.

2 SECTION 2. Subchapter B, Chapter 466, Government Code, is
3 amended by adding Section 466.028 to read as follows:

4 Sec. 466.028. TEXAS GRANT GAME. (a) The commission shall
5 operate an instant-ticket lottery game to benefit the TEXAS grant
6 fund established by Section 403.110.

7 (b) The commission shall:

8 (1) except as provided by Subsection (f), annually
9 award to five grand prize winners of the game four years of
10 undergraduate tuition and required fees at an institution of higher
11 education;

12 (2) determine the ticket price, payout amounts for
13 prizes other than the five annual grand prizes, and manner in which
14 the game is conducted;

15 (3) make tickets to the game available for sale
16 continuously to the extent practicable; and

17 (4) change the design or theme of the game regularly to
18 ensure that the game remains competitive with other instant-ticket
19 lottery games offered by the commission.

20 (c) The commission shall market and advertise the lottery
21 game operated under this section in a manner intended to inform the
22 public that the game tickets are available for purchase, that the
23 grand prize is four years of paid undergraduate tuition and
24 required fees, and that the game proceeds are used to fund the TEXAS
25 grant program. The Texas Higher Education Coordinating Board may
26 make recommendations to the commission relating to the marketing
27 and advertising of the game.

1 (d) The commission shall encourage each sales agent that
2 sells tickets to instant-ticket games or similar types of lottery
3 games to sell tickets to the game operated under this section.

4 (e) An annual grand prize shall be awarded as a Type I Texas
5 Tuition Promise Fund plan redeemed through the prepaid higher
6 education tuition program under Subchapter H, Chapter 54, Education
7 Code.

8 (f) A person who wins a grand prize from the game may:

9 (1) assign the prize to another beneficiary; or

10 (2) exchange the prize for a one-time payment in an
11 amount determined by the commission of not less than \$20,000.

12 (g) Section 466.410 does not apply to an assignment of a
13 grand prize under Subsection (f).

14 SECTION 3. Section 466.355(b), Government Code, is amended
15 to read as follows:

16 (b) Money in the state lottery account may be used only for
17 the following purposes and shall be distributed as follows:

18 (1) the payment of prizes to the holders of winning
19 tickets;

20 (2) the payment of costs incurred in the operation and
21 administration of the lottery, including any fees received by a
22 lottery operator, provided that the costs incurred in a fiscal
23 biennium may not exceed an amount equal to 12 percent of the gross
24 revenue accruing from the sale of tickets in that biennium;

25 (3) the establishment of a pooled bond fund, lottery
26 prize reserve fund, unclaimed prize fund, and prize payment
27 account; and

1 (4) the balance, after creation of a reserve
2 sufficient to pay the amounts needed or estimated to be needed under
3 Subdivisions (1) through (3), to be transferred on or before the
4 15th day of each month as follows:

5 (A) the portion of the balance attributable to
6 the lottery game operated under Section 466.027 to the fund for
7 veterans' assistance established by Section 434.017; [~~and~~]

8 (B) the portion of the balance attributable to
9 the lottery game operated under Section 466.028 to the TEXAS grant
10 fund established by Section 403.110; and

11 (C) the remainder to the foundation school fund.

12 SECTION 4. Section 466.406(a), Government Code, is amended
13 to read as follows:

14 (a) Except as provided by this section, Section 466.028, or
15 [~~and~~] Section 466.410, the right of any person to a prize is not
16 assignable.

17 SECTION 5. Section 56.310(b), Education Code, is amended to
18 read as follows:

19 (b) The legislature may appropriate money for the purposes
20 of this subchapter, including money from the TEXAS grant fund
21 established by Section 403.110, Government Code.

22 SECTION 6. (a) Section 466.355, Government Code, as
23 amended by this Act, applies only to a transfer from the state
24 lottery account made on or after the effective date of this Act.

25 (b) The Texas Lottery Commission shall establish and begin
26 selling tickets to the lottery game as required by Section 466.028,
27 Government Code, as added by this Act, not later than March 1, 2012.

1 SECTION 7. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2011.