

**HOUSE OF REPRESENTATIVES  
COMPILATION OF PUBLIC COMMENTS**

Submitted to the Committee on Licensing & Administrative Procedures

For Hearing Date: Wednesday, October 16, 2024 9:00 AM

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COMMENTS FOR Lottery Courier Services

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These lottery courier services are operating contrary to the law and represent a significant expansion of gambling in the State. As such, these lottery courier services must be prohibited from operating.

Lottery courier services facilitate and encourage the online play of lottery games, which is an expansion of gambling in the State. These companies allow for an entirely online gambling experience: (1) the player purchases the ticket online or with a mobile app, (2) electronic image of the ticket is sent to the player, (3) the result of the ticket is electronically transmitted to the player and (4) any winnings are automatically deposited into the player's online account. Only if a win is above a certain threshold is the physical ticket sent to the player to be redeemed in person. In most cases, the player never receives the physical ticket.

Lottery courier services—such as those operating in Texas—do not simply act as “delivery services” whose employees travel to brick-and-mortar lottery retailers to purchase lottery tickets in-person on behalf of their customers. Rather, they provide comprehensive online gaming experiences to their users that have the ability to mimic otherwise unlawful internet gaming. Each purchase of a “lottery ticket” is in essence the placement of a bet, and each “lottery” drawing is the outcome of that bet. This is an express attempt to work around the State’s prohibition on internet gaming, and, achieving this result—i.e., unregulated internet gaming—is the end goal for many of these lottery courier services. At least one courier services was purchased by a top online sports betting company because of the online gaming capabilities of the courier service.

The Tribe opposes the use of lottery courier services in Texas for several reasons. First, allowing lottery courier services unlawfully expands gaming in the State and violates the State Lottery Act. Second, allowing lottery courier services to operate is bad policy and creates a slippery slope for the State’s restrictions and prohibitions on internet gaming. Third, the existence and ongoing proliferation of online lottery sales directly harms the Tribe and severely detracts from the Tribe’s lawful gaming facility, which is vital to the Tribe and its ability to generate essential governmental revenue to provide for its members.

First, allowing lottery courier services to continue operating unlawfully expands gaming in Texas. The State Lottery Act and the Texas Lottery Commission’s accompanying regulations provide certain restrictions on the sale of lottery tickets. One such restriction is the prohibition of playing lottery “by telephone,” i.e., internet gaming. Further, the State’s gaming laws prohibit all lottery ticket sales made by “a person who is not a sales agent or an employee of a sales agent . . .” Tex. Gov’t Code § 466. 303(a). The lottery courier services have no such licenses and are not sales agents or employees of sales agents.

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