

Amend SB 3070 (senate engrossment) by striking all below the enacting clause and substituting the following:

SECTION 1. Section 411.093(a), Government Code, is amended to read as follows:

(a) The Texas Department of Licensing and Regulation is entitled to obtain criminal history record information as provided by Subsection (b) that relates to:

(1) an applicant for or the holder of:

(A) a driver education instructor license under Chapter 1001, Education Code;

(B) a license under Chapter 466;

(C) a license under Chapter 202, Occupations Code;

(D) [~~(C)~~] a license under Chapter 401, Occupations Code;

(E) [~~(D)~~] a license under Chapter 402, Occupations Code; [~~or~~]

(F) a license under Chapter 2001, Occupations Code; or

(G) [~~(F)~~] an instructor license or motorcycle school license under Chapter 662, Transportation Code;

(2) a person who is:

(A) an applicant for or the holder of a license under Chapter 91, Labor Code; or

(B) a controlling person, as defined by Chapter 91, Labor Code, of an entity described by Paragraph (A); or

(3) a person who:

(A) is an applicant for or the holder of a license under Chapter 455, Occupations Code; or

(B) has an interest described under Section 455.1525(e), Occupations Code, in an entity described by Paragraph (A).

SECTION 2. Section 411.467(d), Government Code, is amended to read as follows:

(d) The department shall also send the alert to:

(1) any appropriate law enforcement agency;

(2) the Texas Department of Transportation;

(3) the Texas Department of Licensing and Regulation [~~Lottery Commission~~]; and

(4) the Independent Bankers Association of Texas.

SECTION 3. Sections 466.002(1), (3), and (4), Government Code, are amended to read as follows:

(1) "Commission" means the Texas [~~Lottery~~] Commission of Licensing and Regulation.

(3) "Department" or "division [~~Division~~]" means the Texas Department of Licensing and Regulation [~~lottery division established by the commission under Chapter 467~~].

(4) "Director" or "executive [~~Executive~~] director" means the executive director of the department [~~commission~~].

SECTION 4. Subchapter A, Chapter 466, Government Code, is amended by adding Section 466.005 to read as follows:

Sec. 466.005. LIMITED-SCOPE SUNSET REVIEW OF STATE LOTTERY PROGRAM. (a) The Sunset Advisory Commission shall conduct a limited-scope review of the state lottery program during the state fiscal biennium ending August 31, 2029, in the manner provided by Chapter 325 (Texas Sunset Act).

(b) In conducting the limited-scope review under this section, the Sunset Advisory Commission's staff evaluation and report must be limited to:

(1) the transfer of the state lottery program to the department;

(2) the extent to which the department is implementing and enforcing statutory changes enacted by the 89th and 90th Legislatures; and

(3) whether the department remains the appropriate agency to administer the state lottery program.

(c) Unless continued in existence, the state lottery is abolished and this chapter expires September 1, 2029.

SECTION 5. The heading to Section 466.014, Government Code, is amended to read as follows:

Sec. 466.014. POWERS AND DUTIES OF DEPARTMENT [~~COMMISSION~~] AND EXECUTIVE DIRECTOR.

SECTION 6. Sections 466.014(a) and (d), Government Code, are amended to read as follows:

(a) The department [~~commission~~] and executive director have broad authority and shall exercise strict control and close supervision over all lottery games conducted in this state to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery.

(d) A contract between the department [~~division~~] and a lottery operator under Subsection (b) must contain a provision allowing the contract to be terminated without penalty if the department [~~division~~] is abolished.

SECTION 7. Section 466.015, Government Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) The commission shall adopt rules to the extent they are not inconsistent with Chapters 551 and 552 governing the:

(1) security for the lottery and the commission, including the development of an internal security plan;

(2) apportionment of the total revenues from the sale of tickets and from all other sources in the amounts provided by this chapter;

(3) enforcement of prohibitions on the sale of tickets to or by an individual younger than 18 years of age; and

(4) enforcement of prohibitions on a person playing or facilitating the play of a lottery game by telephone or through an Internet application or mobile Internet application in violation of Section 466.318.

(d) The commission may not adopt a rule under this section that is inconsistent with any provision of state law.

SECTION 8. Subchapter B, Chapter 466, Government Code, is amended by adding Section 466.0171 to read as follows:

Sec. 466.0171. ANNUAL AUDIT. (a) The state auditor shall annually conduct a comprehensive audit of the department's state lottery program, including any department action taken relating to the program.

(b) Each audit required by Subsection (a) must specifically identify any lottery program action or activity that varies from a lottery program action or activity identified in a preceding audit conducted by the state auditor.

SECTION 9. Section 466.018, Government Code, is amended to read as follows:

Sec. 466.018. INVESTIGATIONS. The attorney general, the district attorney for Travis County, or the district attorney, criminal district attorney, or county attorney performing the duties of district attorney for the county in which the violation or alleged violation occurred may investigate a violation or alleged violation of this chapter and of the penal laws of this state by the department [~~commission~~] or its employees, a sales agent, a lottery vendor, or a lottery operator.

SECTION 10. Section 466.019, Government Code, is amended to read as follows:

Sec. 466.019. ENFORCEMENT. (a) The executive director or designated personnel of the department [~~commission~~] may investigate violations of this chapter and violations of the rules adopted under this chapter. After conducting investigations, the executive director, a person designated by the department [~~commission~~], or any law enforcement agency may file a complaint with the district attorney of Travis County or with the district attorney of the county in which a violation is alleged to have occurred.

(b) The executive director has the administrative, enforcement, and collection powers provided by Subtitle B, Title 2, Tax Code, in regard to the lottery. For purposes of the application of Title 2 of the Tax Code:

(1) the state's share of proceeds from the sale of lottery tickets is treated as if it were a tax; and

(2) a power granted to the comptroller may be exercised by the department [~~commission~~].

SECTION 11. Sections 466.020(a), (c), and (d), Government Code, are amended to read as follows:

(a) The executive director shall maintain an office [~~a department~~] of security within the department [~~in the commission~~]. The office of security shall assist the executive director in addressing any security-related matter arising under this chapter or Chapter 2001, Occupations Code. The office may coordinate as necessary with the financial crimes intelligence center

established under Chapter 2312, Occupations Code, for assistance with investigations, to receive guidance on security-related matters, and to provide information relevant to the office's operations ~~[The executive director shall appoint a deputy to administer the department. The deputy must be qualified by training and experience in law enforcement or security to supervise, direct, and administer the activities of the department]~~.

(c) A security officer or investigator employed by the office ~~[department]~~ of security or a peace officer who is working in conjunction with the department ~~[commission]~~ or the Department of Public Safety in the enforcement of this chapter, without a search warrant, may search and seize a lottery vending machine, lottery computer terminal, or other lottery equipment that is located on premises for which a person holds a sales agent license issued under this chapter.

(d) The Department of Public Safety, at the department's ~~[commission's]~~ request, shall perform a full criminal background investigation of a prospective ~~[deputy or]~~ investigator of the office ~~[department]~~ of security. The department ~~[commission]~~ shall reimburse the Department of Public Safety for the actual costs of an investigation.

SECTION 12. Section 466.022, Government Code, is amended to read as follows:

Sec. 466.022. CONFIDENTIAL INFORMATION. (a) Except as otherwise provided by law, all department ~~[commission]~~ records are subject to public inspection in accordance with Chapter 552.

(b) In addition to department ~~[commission]~~ records excepted from disclosure under Chapter 552, the following information is confidential and is exempt from disclosure:

(1) security plans and procedures of the department ~~[commission]~~ designed to ensure the integrity and security of the operation of the lottery;

(2) information of a nature that is designed to ensure the integrity and security of the selection of winning tickets or numbers in the lottery, other than information describing the general procedures for selecting winning tickets or numbers;

(3) the street address and telephone number of a prize winner, if the prize winner has not consented to the release of the information; and

(4) except as otherwise authorized by Section 466.411, all personally identifiable information of a natural person who is:

(A) a lottery prize winner and who has chosen to remain anonymous under Section 466.411; or

(B) an owner of a beneficial interest in a legal entity that is a lottery prize winner and who has chosen to remain anonymous under Section 466.411.

SECTION 13. Section 466.023(b), Government Code, is amended to read as follows:

(b) An investigation report or other document submitted by the Department of Public Safety to the department [~~commission~~] becomes part of the investigative files of the department [~~commission~~] and is subject to discovery by a person that is the subject of the investigation report or other document.

SECTION 14. Section 466.026, Government Code, is amended to read as follows:

Sec. 466.026. AMBER ALERT. On receipt of notice by the Department of Public Safety that the Statewide Texas Amber Alert Network has been activated, the department [~~commission~~] shall disseminate Amber Alert information at its retail locations through the lottery operator system.

SECTION 15. Sections 466.027(a), (b), (c), and (d), Government Code, are amended to read as follows:

(a) The department [~~commission~~] shall operate an instant-ticket lottery game to benefit the fund for veterans' assistance established by Section 434.017.

(b) The department [~~commission~~] shall:

(1) determine the ticket price, payout amounts, and manner in which the game is conducted;

(2) make tickets to the game available for sale continuously to the extent practicable; and

(3) change the design or theme of the game regularly to ensure that the game remains competitive with other instant-ticket lottery games offered by the department [~~commission~~].

(c) The department [~~commission~~] shall market and advertise the lottery game operated under this section in a manner intended to inform the public that the game tickets are available for purchase and that the game proceeds are used to fund veterans programs in this state. The game tickets must clearly state that the game proceeds are used to benefit the veterans in this state. The Texas Veterans Commission may make recommendations to the department [~~Texas Lottery Commission~~] relating to the marketing and advertising of the game.

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

SECTION 16. Subchapter B, Chapter 466, Government Code, is amended by adding Sections 466.029 and 466.030 to read as follows:

Sec. 466.029. PRESERVATION OF LOTTERY-RELATED DOCUMENTS.

(a) Notwithstanding any other law, the department shall preserve all department records, including e-mails, relating to the operation of the state lottery until at least the first anniversary of the last date the record is modified.

(b) The department may not use a software program to automatically delete a record relating to the operation of the state lottery on a date earlier than the last day of the period specified by Subsection (a).

Sec. 466.030. REQUIRED RECORDING OF CERTAIN STATE LOTTERY MEETINGS. (a) The department shall make and maintain a recording of any formal meeting of the commission related to the state lottery or of the lottery advisory committee.

(b) The department shall maintain the recording described by Subsection (a) until at least the fifth anniversary of the meeting date.

SECTION 17. Section 466.105(b), Government Code, is amended to read as follows:

(b) Notwithstanding the provisions of Title 2, Utilities Code, the department [~~commission~~] may negotiate rates and execute contracts with telecommunications service providers for the interexchange services necessary for the operation of the

lottery. The department [~~commission~~] may acquire transmission facilities by lease, purchase, or lease-purchase. The acquisition of transmission facilities must be done on a competitive bid basis if possible.

SECTION 18. Section 466.106(a), Government Code, is amended to read as follows:

(a) In all contracts for lottery equipment, supplies, services, and advertising, the department [~~commission~~] and each lottery operator shall give preference to equipment or supplies produced in this state or services or advertising offered by bidders from this state, the cost to the state and quality being equal.

SECTION 19. Sections 466.107(a) and (c), Government Code, are amended to read as follows:

(a) The executive director and each lottery operator shall take positive steps to:

(1) inform minority businesses of opportunities to:

(A) provide lottery equipment and supplies to the department [~~commission~~];

(B) provide services, including advertising, to the department [~~commission~~] for the operation of the lottery; or

(C) obtain a license to sell lottery tickets;

(2) waive or modify bond requirements, if feasible;

(3) award contracts for lottery equipment or supplies to minority businesses when possible;

(4) award contracts for lottery services, including advertising, to minority businesses when possible;

(5) license minority businesses as sales agents;

(6) monitor the effectiveness of the efforts to increase the ability of minority businesses to do business with the department [~~commission~~]; and

(7) require all bidders or contractors, when appropriate, to include specific plans or arrangements to use subcontracts with minority businesses.

(c) The department [~~commission~~] shall annually report to the legislature and the governor on the level of minority business participation as pertains to both the department's [~~commission's~~]

contracts and the licensing of sales agents. The report must include recommendations for the improvement of minority business opportunities in lottery-related business.

SECTION 20. Section 466.108, Government Code, is amended to read as follows:

Sec. 466.108. TELEVISION CONTRACTS. If the drawing or selection of winning tickets is televised under a contract with the department [~~commission~~], the contract must be awarded by competitive bid. The commission shall adopt rules governing the competitive bidding process. Money received under the contract shall be deposited in the state lottery account established under Section 466.355.

SECTION 21. Section 466.109, Government Code, is amended to read as follows:

Sec. 466.109. PUBLICITY OF INDIVIDUALS PROHIBITED. (a) A state officer, including a commission member or the executive director, or an officer or employee of the department [~~commission~~], may not appear in an advertisement or promotion for the lottery that is sponsored by the department [~~commission~~] or in a televised lottery drawing. An advertisement or promotion for the lottery may not contain the likeness or name of a state officer, including a commission member or the executive director, or an officer or employee of the department [~~commission~~].

(b) In connection with providing security for the lottery, this section does not prohibit a security officer or investigator employed by the department [~~commission~~] from appearing in a televised lottery drawing or other promotion for the lottery that is sponsored by the department [~~commission~~].

(c) Notwithstanding this section, the executive director may designate an employee of the department [~~commission~~] to participate in a promotional event.

SECTION 22. Section 466.110, Government Code, is amended to read as follows:

Sec. 466.110. PROHIBITED ADVERTISEMENTS. The legislature intends that advertisements or promotions sponsored by the department [~~commission or the division~~] for the lottery not be of a nature that unduly influences any person to purchase a lottery

ticket or number.

SECTION 23. Section 466.151(a), Government Code, is amended to read as follows:

(a) If the executive director authorizes a person who is not an employee of the department [~~commission~~] to sell tickets, the person must be licensed as a sales agent by the department [~~commission~~].

SECTION 24. Sections 466.155(a), (b), (e), and (f), Government Code, are amended to read as follows:

(a) After a hearing, the executive director shall deny an application for a license or the department [~~commission~~] shall suspend or revoke a license if the executive director or department [~~commission~~], as applicable, finds that the applicant or sales agent:

(1) is an individual who:

(A) has been convicted of a felony, criminal fraud, gambling or a gambling-related offense, or a misdemeanor involving moral turpitude, if less than 10 years has elapsed since the termination of the sentence, parole, mandatory supervision, or probation served for the offense;

(B) is or has been a professional gambler;

(C) is married to an individual:

(i) described in Paragraph (A) or (B); or

(ii) who is currently delinquent in the payment of any state tax;

(D) is an officer or employee of the department [~~commission~~] or a lottery operator; or

(E) is a spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of a person described by Paragraph (D);

(2) is not an individual, and an individual described in Subdivision (1):

(A) is an officer or director of the applicant or sales agent;

(B) holds more than 10 percent of the stock in the applicant or sales agent;

(C) holds an equitable interest greater than 10

percent in the applicant or sales agent;

(D) is a creditor of the applicant or sales agent who holds more than 10 percent of the applicant's or sales agent's outstanding debt;

(E) is the owner or lessee of a business that the applicant or sales agent conducts or through which the applicant will conduct a ticket sales agency;

(F) shares or will share in the profits, other than stock dividends, of the applicant or sales agent; or

(G) participates in managing the affairs of the applicant or sales agent;

(3) has been finally determined to be delinquent in the payment of a tax or other money collected by the comptroller, the Texas Workforce Commission, or the Texas Alcoholic Beverage Commission;

(4) is a person whose location for the sales agency is:

(A) a location licensed for games of bingo under Chapter 2001, Occupations Code;

(B) on land that is owned by:

(i) this state; or

(ii) a political subdivision of this state and on which is located a public primary or secondary school, an institution of higher education, or an agency of the state; or

(C) a location for which a person holds a wine and malt beverage retailer's permit, mixed beverage permit, mixed beverage permit with a retailer late hours certificate, private club registration permit, or private club registration permit with a retailer late hours certificate issued under Chapter 25, 28, 29, or 32, Alcoholic Beverage Code, other than a location for which a person holds a wine and malt beverage retailer's permit issued under Chapter 25, Alcoholic Beverage Code, that derives less than 30 percent of the location's gross receipts from the sale or service of alcoholic beverages; or

(5) has violated this chapter or a rule adopted under this chapter.

(b) If the executive director proposes to deny an application for a license or the department [~~commission~~] proposes

to suspend or revoke a license under this section, the applicant or sales agent is entitled to written notice of the time and place of the hearing. A notice may be served on an applicant or sales agent personally or sent by certified or registered mail, return receipt requested, to the person's mailing address as it appears on the department's [~~commission's~~] records. A notice must be served or mailed not later than the 20th day before the date of the hearing. The department [~~commission~~] shall provide for a formal administrative hearings process.

(e) The executive director may not issue a license to a person who has previously had a license under this chapter revoked unless the executive director is satisfied the person will comply with this chapter and the rules adopted under this chapter. The executive director may prescribe the terms under which a suspended license will be reissued.

(f) The executive director may not issue a license to an applicant who fails to certify to the executive director the applicant's compliance with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.).

SECTION 25. Sections 466.160(a), (b), and (d), Government Code, are amended to read as follows:

(a) The department [~~commission~~] may suspend a sales agent's license summarily without notice or hearing if the department [~~commission~~] finds that the action is necessary to maintain the integrity, security, honesty, or fairness of the operation or administration of the lottery or to prevent financial loss to the state and:

(1) the sales agent fails to deposit money received from ticket sales under Section 466.351;

(2) an event occurs that would render the sales agent ineligible for a license under Section 466.155;

(3) the sales agent refuses to permit the executive director, the department [~~director, the commission~~], or the state auditor to examine the agent's books, records, papers, or other objects under Section 466.017(b); or

(4) the executive director learns the sales agent has failed to disclose information that would, if disclosed, render the

sales agent ineligible for a license under Section 466.155.

(b) The department [~~commission~~] may summarily suspend a sales agent's license if proceedings for a preliminary hearing before the State Office of Administrative Hearings are initiated simultaneously with the summary suspension. The preliminary hearing shall be set for a date not later than 10 days after the date of the summary suspension, unless the parties agree to a later date.

(d) To initiate a proceeding to summarily suspend a sales agent's license, the department [~~commission~~] must serve notice to the sales agent informing the agent of the right to a preliminary hearing and of the time and place of the preliminary hearing. The notice must be personally served on the sales agent or an officer, employee, or agent of the sales agent or sent by certified or registered mail, return receipt requested, to the sales agent's mailing address as it appears on the department's [~~commission's~~] records. The notice must state the alleged violations that constitute grounds for summary suspension. The suspension is effective at the time the notice is served. If notice is served in person, the sales agent shall immediately surrender the license to the department [~~commission~~]. If notice is served by mail, the sales agent shall immediately return the license to the department [~~commission~~]. If the sales agent uses an on-line electronic terminal to sell tickets, the executive director or a lottery operator on the instructions of the executive director may terminate the connection of the terminal to the department's [~~commission's~~] lottery computer at the time:

(1) the proceeding to summarily suspend the license is initiated; or

(2) the department [~~division~~] discovers the sales agent has failed to deposit money received from ticket sales, if the sales agent's license is being summarily suspended under Subsection (a)(1).

SECTION 26. Sections 466.161(b) and (c), Government Code, are amended to read as follows:

(b) This section does not waive any immunity of the department [~~commission~~] or this state.

(c) This section does not create a cause of action against

this state, the department [~~commission~~], a department [~~commission~~] employee, or a sales agent.

SECTION 27. Section 466.201, Government Code, is amended to read as follows:

Sec. 466.201. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION. (a) The department [~~commission~~] is entitled to conduct an investigation of and is entitled to obtain criminal history record information maintained by the Department of Public Safety, the Federal Bureau of Investigation Identification Division, or another law enforcement agency to assist in the investigation of:

(1) a sales agent or an applicant for a sales agent license;

(2) a person required to be named in a license application;

(3) a lottery operator or prospective lottery operator;

(4) an employee of a lottery operator or prospective lottery operator, if the employee is or will be directly involved in lottery operations;

(5) a person who manufactures or distributes lottery equipment or supplies, or a representative of a person who manufactures or distributes lottery equipment or supplies offered to the lottery;

(6) a person who has submitted a written bid or proposal to the department [~~commission~~] in connection with the procurement of goods or services by the department [~~commission~~], if the amount of the bid or proposal exceeds \$500;

(7) an employee or other person who works for or will work for a sales agent or an applicant for a sales agent license;

(8) a person who proposes to enter into or who has a contract with the department [~~commission~~] to supply goods or services to the department [~~commission~~]; or

(9) if a person described in Subdivisions (1) through (8) is not an individual, an individual who:

(A) is an officer or director of the person;

(B) holds more than 10 percent of the stock in the

person;

(C) holds an equitable interest greater than 10 percent in the person;

(D) is a creditor of the person who holds more than 10 percent of the person's outstanding debt;

(E) is the owner or lessee of a business that the person conducts or through which the person will conduct lottery-related activities;

(F) shares or will share in the profits, other than stock dividends, of the person;

(G) participates in managing the affairs of the person; or

(H) is an employee of the person who is or will be involved in:

(i) selling tickets; or

(ii) handling money from the sale of tickets.

(b) The department [~~commission~~] shall conduct an investigation of and obtain criminal history record information maintained by the Department of Public Safety, the Federal Bureau of Investigation Identification Division, or another law enforcement agency to assist in the investigation of:

(1) the executive director or a prospective executive director; or

(2) an employee or prospective employee of the department who the executive director determines has or will have access to sensitive or confidential data relating to this chapter or Chapter 2001, Occupations Code [~~commission~~].

(c) Not later than the first anniversary after the date of each renewal, the department [~~commission~~] shall obtain criminal history record information maintained by the Department of Public Safety on a sales agent whose license is renewed under Section 466.158.

SECTION 28. Section 466.202, Government Code, is amended to read as follows:

Sec. 466.202. FINGERPRINTS. (a) The executive director may discharge from employment or [~~an employee of the commission who~~]

~~fails to provide a complete legible set of fingerprints on request. The executive director may~~ refuse to consider, as applicable, an employee or [a] prospective employee of the department [commission] who fails to provide a complete legible set of fingerprints for purposes of conducting an investigation and obtaining criminal history record information under Section 466.201(b)(2) [on request].

(b) The executive director may deny an application for a license or the department [commission] may suspend or revoke a license if the applicant or sales agent fails on request to provide a complete legible set of fingerprints of a person required to be named in a license application.

SECTION 29. Sections 466.203(a) and (c), Government Code, are amended to read as follows:

(a) The executive director may request the cooperation of the Department of Public Safety to perform a background investigation of a person listed in Section 466.201(a) or (b). The executive director shall reimburse the Department of Public Safety [department] for the actual cost of an investigation.

(c) Unless otherwise prohibited by law, the Department of Public Safety may retain any record or information submitted to it under this section. The Department of Public Safety [department] shall notify the executive director of any change in information provided to the executive director when the Department of Public Safety [department] learns of the change.

SECTION 30. Section 466.204, Government Code, is amended to read as follows:

Sec. 466.204. ACCESS TO INTERNAL REVENUE SERVICE INFORMATION. The executive director may obtain information relating to a person's qualification for licensing, employment, or contracting under this chapter from the Internal Revenue Service under a contract between the comptroller and the Internal Revenue Service on:

(1) a sales agent or an applicant for a sales agent license;

(2) an employee or prospective employee of the department [commission];

(3) a person required to be named in a license application;

(4) a lottery operator or prospective lottery operator;

(5) an employee of a lottery operator or prospective lottery operator, if the employee is or will be directly involved in lottery operations;

(6) a person who manufactures or distributes lottery equipment or supplies, or a representative of a person who manufactures or distributes lottery equipment or supplies offered to the lottery;

(7) a person who has submitted a written bid or proposal to the department [~~commission~~] in connection with the procurement of goods or services by the department [~~commission~~];

(8) an employee or other person who works for or will work for a sales agent or an applicant for a sales agent license; or

(9) a person who proposes to enter into or who has a contract with the department [~~commission~~] to supply goods or services to the department [~~commission~~].

SECTION 31. Section 466.254, Government Code, is amended to read as follows:

Sec. 466.254. PURCHASE OF TICKET BY OR PAYMENT OF PRIZE TO CERTAIN PERSONS; CRIMINAL OFFENSE. (a) A person may not purchase a ticket or claim, collect, or receive a lottery prize or a share of a lottery prize if the person is:

(1) a member, officer, or employee of a person that has a contract with the department [~~commission~~] to sell or lease goods or services used in the operation of the lottery, and the member, officer, or employee is directly involved in selling or leasing the goods or performing the services that are the subject of the contract with the department [~~commission~~];

(2) a member, officer, or employee of a lottery operator;

(3) an officer or employee of the department [~~commission~~]; or

(4) a spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of

residence of a person described by Subdivision (1), (2), or (3).

(b) A person commits an offense if the person violates Subsection (a). An offense under this subsection is a Class A misdemeanor.

SECTION 32. Subchapter F, Chapter 466, Government Code, is amended by adding Sections 466.255, 466.257, 466.258, and 466.259 to read as follows:

Sec. 466.255. LIMITATION ON NUMBER OF LOTTERY TICKETS PER TRANSACTION; CRIMINAL OFFENSE. (a) A person may not sell to one individual more than 100 lottery tickets in a single transaction.

(b) A person commits an offense if the person violates Subsection (a). An offense under this subsection is a Class B misdemeanor.

Sec. 466.257. METHOD, LOCATION, AND HOURS FOR PURCHASE OF TICKET. A person may only purchase a ticket:

- (1) in person;
- (2) at the location of a licensed sales agency; and
- (3) during the normal business hours of the licensed sales agency.

Sec. 466.258. REQUIRED AGE VERIFICATION OF TICKET PURCHASER; CRIMINAL OFFENSE. (a) A licensed sales agent or an employee of a sales agent shall use an age verification process prescribed by commission rule to verify the age of each ticket purchaser at the point of sale.

(b) A person who violates Subsection (a) commits an offense. An offense under this subsection is a Class B misdemeanor.

Sec. 466.259. LIMITATION ON CERTAIN LOTTERY EQUIPMENT. (a) The commission by rule shall limit the access at a sales agent's licensed location to lottery vending machines, lottery computer terminals, or other equipment that prints lottery tickets in a number disproportionate to the amount of legitimate retail business conducted at the location.

(b) Unless otherwise provided by commission rules adopted under Subsection (a), the department may not provide to a sales agent's licensed location more than five lottery vending machines, lottery computer terminals, or other equipment dedicated to printing lottery tickets.

SECTION 33. Section 466.302(a), Government Code, is amended to read as follows:

(a) A person commits an offense if the person intentionally or knowingly sells a ticket at a price the person knows is greater than that fixed by the department [~~commission~~] or by the lottery operator authorized to set that price.

SECTION 34. Section 466.3051, Government Code, is amended by amending Subsections (a) and (d) and adding Subsection (g) to read as follows:

(a) A sales agent or an employee of a sales agent commits an offense if with criminal negligence the person [~~intentionally or knowingly~~] sells or offers to sell a ticket to an individual that the person knows is younger than 18 years of age.

(d) It is a defense to the application of Subsection (b) that the individual younger than 18 years of age is participating in an inspection or investigation on behalf of the department [~~commission~~] or other appropriate governmental entity regarding compliance with this section.

(g) The commission or department may not take any disciplinary action against a sales agent to whom Subsection (a) applies if:

(1) the sales agent's employee electronically accessed the electronically readable information on the ticket purchaser's driver's license, commercial driver's license, or personal identification certificate; and

(2) the transaction scan device used to electronically access the purchaser's electronically readable information identified the license or certificate as valid and the purchaser as 18 years of age or older on the purchase date.

SECTION 35. 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 department [~~commission~~] for purposes of purchasing a lottery ticket; or

(5) a mail order subscription on a mail order subscription form authorized by the department [~~commission~~].

SECTION 36. Section 466.311(b), Government Code, is amended to read as follows:

(b) A person commits an offense if the person knowingly refuses to produce for inspection by the [~~director,~~] executive director, department [~~commission~~], or state auditor a book, record, or document required to be maintained or made by this chapter or a rule adopted under this chapter.

SECTION 37. Subchapter G, Chapter 466, Government Code, is amended by adding Section 466.318 to read as follows:

Sec. 466.318. PLAY OR FACILITATING PLAY BY TELEPHONE OR BY INTERNET OR MOBILE INTERNET APPLICATION. (a) A person may not by telephone or through an Internet application or mobile Internet application:

(1) purchase or order the purchase of a ticket for a lottery game; or

(2) for compensation:

(A) accept an order for a ticket for a lottery game from a player;

(B) sell a ticket for a lottery game to a player;
or

(C) arrange:

(i) to purchase a ticket on behalf of a person playing a lottery game; or

(ii) for another person to purchase a ticket on behalf of a person playing a lottery game.

(b) A person commits an offense if the person violates this section.

(c) An offense under Subsection (a)(1) is a Class A misdemeanor.

(d) An offense under Subsection (a)(2) is a Class A misdemeanor.

SECTION 38. Section 466.401(a), Government Code, is amended to read as follows:

(a) The office [~~department~~] of security shall supervise ticket validation and lottery drawings.

SECTION 39. Sections 466.408(a), (c), and (f), Government Code, are amended to read as follows:

(a) The department [~~division~~] shall retain an unclaimed prize on a winning ticket for payment or delivery to the person entitled to the prize for 180 days after the date on which the winner was selected.

(c) If a claim is not made for a prize other than prize money on or before the 180th day after the date on which the winner was selected, the prize shall revert to the department [~~division~~] for use in subsequent games.

(f) The department [~~commission~~] may deduct money paid to an eligible person under Subsection (e) from prize money that would otherwise be deposited under Subsection (b).

SECTION 40. Sections 466.410(a), (b), (d), (f), (g), and (j), Government Code, are amended to read as follows:

(a) A person may assign, in whole or in part, the right to receive prize payments that are paid by the department [~~commission~~] in installments over time if the assignment is made to a person designated by an order of a district court of Travis County, except that a person may not assign the right to receive prize payments if the person is subject to a child support order and is delinquent in making support payments under that order.

(b) A district court shall issue an order approving a voluntary assignment and directing the department [~~commission~~] to direct prize payments in whole or in part to the assignee if:

(1) a copy of the petition for the order and copies of all notices of any hearing in the matter have been served on the executive director not later than 20 days prior to any hearing or entry of any order. The department [~~commission~~] may intervene in a proceeding to protect the interests of the department [~~commission~~] but shall not be considered an indispensable or necessary party. A petition filed under this section shall include in the caption the prize winner's name as it appears on the lottery claim form;

(2) the assignment is in writing, executed by the assignor and assignee (or designated agent), and by its terms subject to the laws of this state; and

(3) the assignor provides a sworn and notarized affidavit stating that the assignor:

(A) is of sound mind, over 18 years of age, is in full command of the person's faculties, and is not acting under duress;

(B) is not delinquent in payment of child support under a court or administrative order issued in this state or another state;

(C) has been advised regarding the assignment by independent legal counsel and has had the opportunity to receive independent financial and tax advice concerning the effects of the assignment;

(D) understands that the assignor will not receive the prize payments, or portions of the prize payments, for the assigned years;

(E) understands and agrees that with regard to the assigned payments, the state, the department [~~commission~~], and its officials and employees will have no further liability or responsibility to make the assigned payments to the assignor;

(F) has been provided a one-page written disclosure statement stating, in boldfaced type, 14 points or larger:

(i) the payments being assigned, by amounts and payment dates;

(ii) the purchase price being paid, if any;

(iii) if a purchase price is paid, the rate of discount to the present value of the prize, assuming daily compounding and funding on the contract date; and

(iv) the amount, if any, of any origination or closing fees that will be charged to the assignor; and

(G) was advised in writing, at the time the assignment was signed, that the assignor had the right to cancel without any further obligation not later than the third business day after the date the assignment was signed.

(d) With respect to any given prize, the order shall also recite and identify all prior assignments by amount of or fraction of payment assigned, the identity of the assignee, and the date(s) of payment(s) assigned. A court order obtained pursuant to this section, together with all such prior orders, shall not require the department [~~commission~~] to divide any single prize payment among more than three different persons.

(f) A certified copy of a court order granted under this section shall be delivered to the department [~~commission~~] and such order must be provided to the department [~~commission~~] no later than 20 days prior to the date upon which the first assigned payment is to be paid to the assignee. Within 20 days of receipt of the court order, the department [~~commission~~] shall acknowledge in writing to both the assignor and the assignee its receipt of said court order. Unless the department [~~commission~~] provides written notice to the assignor and assignee that the department [~~commission~~] cannot comply with the court order, the department [~~commission~~] shall thereafter make the prize payments in accordance with the court order.

(g) The department [~~commission~~] shall establish and collect a reasonable fee to defray any administrative expenses associated with an assignment made under this section, including the cost to the department [~~commission~~] of any processing fee imposed by a private annuity provider. The department [~~commission~~] shall establish the amount of the fee to reflect the direct and indirect costs associated with processing the assignment.

(j) After receiving a letter or ruling from the Internal Revenue Service or a published decision of a court as provided by Subsection (i)(1) or (2), the executive director shall immediately file a copy of the letter, ruling, or published decision with the secretary of state. When the executive director files a copy of the letter, ruling, or published decision with the secretary of state, an assignor is ineligible to assign a prize under this section, and the department [~~commission~~] shall not make any payment to an assignee pursuant to a court order entered after the date of such letter or ruling.

SECTION 41. Sections 466.411(b) and (d), Government Code,

are amended to read as follows:

(b) The department [~~commission~~] may release or disclose the personally identifiable information of a natural person who is a lottery prize winner if the person chooses to have the prize paid in periodic installments. The department [~~commission~~] may only disclose the information on or after the 30th day after the date the person claims the lottery prize if the person chooses to remain anonymous under Subsection (a).

(d) This section does not prohibit release of a natural person prize winner's city or county of residence or prevent the department [~~commission~~] from releasing the person's personally identifiable information to the Health and Human Services Commission or as necessary to comply with Section 466.407 or 466.4075.

SECTION 42. Subchapter I, Chapter 466, Government Code, is amended by adding Section 466.412 to read as follows:

Sec. 466.412. REQUIRED FORM FOR PRIZE WINNERS. Notwithstanding any other law, the director may not authorize payment of a prize until the prize winner submits to the department any form required by the Internal Revenue Service and the department independently verifies the form information.

SECTION 43. Section 466.451, Government Code, is amended to read as follows:

Sec. 466.451. MULTI JURISDICTION AGREEMENT AUTHORIZED. The department [~~commission~~] may enter into a written agreement with the appropriate officials of one or more other states or other jurisdictions, including foreign countries, to participate in the operation, marketing, and promotion of a multijurisdiction lottery game or games. The commission may adopt rules relating to a multijurisdiction lottery game or games.

SECTION 44. Section 466.452(b), Government Code, is amended to read as follows:

(b) The department [~~commission~~] may deposit a portion of the revenue received from the sale of multijurisdiction lottery game tickets in this state into a fund shared with other parties to an agreement under this subchapter for the payment of prizes awarded in multijurisdiction lottery games in which the department

~~[commission]~~ participates. The department ~~[commission]~~ may retain that revenue in the fund for as long as necessary to pay prizes claimed during the period designated for claiming a prize in the multijurisdiction lottery game.

SECTION 45. Section 466.453, Government Code, is amended to read as follows:

Sec. 466.453. PAYMENT OF COSTS AUTHORIZED. The department ~~[commission]~~ may share in the payment of costs associated with participating in multijurisdiction lottery games.

SECTION 46. Section 544.0456(c), Government Code, is amended to read as follows:

(c) On a monthly basis, the commission shall:

(1) conduct electronic data matches with the Texas Department of Licensing and Regulation ~~[Lottery Commission]~~ to determine whether a recipient of supplemental nutrition assistance benefits or a recipient's household member received reportable lottery winnings;

(2) use the database system developed under Section 532.0201 to:

(A) match vital statistics unit death records with a list of individuals eligible for financial assistance or supplemental nutrition assistance benefits; and

(B) ensure that any individual receiving assistance under either program who is discovered to be deceased has the individual's eligibility for assistance promptly terminated; and

(3) review the out-of-state electronic benefit transfer card transactions a recipient of supplemental nutrition assistance benefits made to determine whether those transactions indicate a possible change in the recipient's residence.

SECTION 47. Sections 572.003(b) and (c), Government Code, are amended to read as follows:

(b) The term means:

(1) the banking commissioner ~~[Banking Commissioner]~~ of the Texas ~~[The Banking]~~ Department of Banking ~~[Texas]~~;

(2) the administrative director of the Office of Court Administration of the Texas Judicial System;

(3) the chief executive of the Office of Public Utility Counsel;

(4) the executive director of the State Bar of Texas;

(5) ~~[the director of the lottery division of the Texas Lottery Commission;~~

~~[(6) the deputy in charge of the department of security in the lottery division of the Texas Lottery Commission;~~

~~[(7)]~~ the executive director of the ~~[bingo division of the]~~ Texas Department of Licensing and Regulation ~~[Lottery Commission]; or~~

(6) ~~[(8)]~~ the secretary of state.

(c) The term means a member of:

(1) the Public Utility Commission of Texas;

(2) the Texas Commission on Environmental Quality;

(3) the Texas Alcoholic Beverage Commission;

(4) the Finance Commission of Texas;

(5) the Texas Facilities Commission;

(6) the Texas Board of Criminal Justice;

(7) the board of trustees of the Employees Retirement System of Texas;

(8) the Texas Transportation Commission;

(9) the Texas Department of Insurance;

(10) the Parks and Wildlife Commission;

(11) the Public Safety Commission;

(12) the Texas Ethics Commission;

(13) the State Securities Board;

(14) the Texas Water Development Board;

(15) the governing board of a public senior college or university as defined by Section 61.003, Education Code, or of The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M. D. Anderson Cancer Center, The University of Texas Health Science Center at Tyler, University of North Texas Health Science Center at Fort Worth, Texas Tech University Health Sciences Center, Texas State Technical College--Harlingen, Texas State Technical College--Marshall, Texas

State Technical College--Sweetwater, or Texas State Technical College--Waco;

- (16) the Texas Higher Education Coordinating Board;
- (17) the Texas Workforce Commission;
- (18) the board of trustees of the Teacher Retirement System of Texas;
- (19) the Credit Union Commission;
- (20) the School Land Board;
- (21) the board of the Texas Department of Housing and Community Affairs;
- (22) the Texas Racing Commission;
- (23) the State Board of Dental Examiners;
- (24) the Texas Medical Board;
- (25) the Board of Pardons and Paroles;
- (26) the Texas State Board of Pharmacy;
- (27) the Department of Information Resources governing board;
- (28) the board of the Texas Department of Motor Vehicles;
- (29) the Texas Real Estate Commission;
- (30) the board of directors of the State Bar of Texas;
- (31) the Bond Review Board;
- (32) the Health and Human Services Commission;
- (33) the Texas Funeral Service Commission;
- (34) the board of directors of a river authority created under the Texas Constitution or a statute of this state; or
- (35) ~~[the Texas Lottery Commission; or~~
- ~~[(36)]~~ the Cancer Prevention and Research Institute of Texas.

SECTION 48. Section 2054.007(a), Government Code, is amended to read as follows:

(a) The lottery program ~~[division]~~ of the Texas ~~[Lottery]~~ Commission of Licensing and Regulation is not subject to the planning and procurement requirements of this chapter.

SECTION 49. Sections 467.001(3), (4), (5), (6), (7), (8), (9), (10), and (11), Government Code, are transferred to Section 51.001, Occupations Code, redesignated as Sections 51.001(1-b),

(2-a), (2-b), (4-a), (4-b), (4-c), (4-d), (4-e), and (4-f), Occupations Code, and amended to read as follows:

(1-b) [~~(3)~~] "Communicate directly with" has the meaning assigned by Section 305.002, Government Code.

(2-a) [~~(4)~~] "Gift" includes a gratuity, trip, meal, or other thing of value for which the recipient does not compensate the person making the gift and that is not conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient.

(2-b) [~~(5)~~] "Legislation" has the meaning assigned by Section 305.002, Government Code.

(4-a) [~~(6)~~] "Member of the legislative branch" has the meaning assigned by Section 305.002, Government Code.

(4-b) [~~(7)~~] "Participated" means to have taken action as an officer or employee through decision, approval, disapproval, recommendation, giving advice, or similar action.

(4-c) [~~(8)~~] "Particular matter" includes an investigation, an application, a request for a ruling or determination, a license proceeding, rulemaking, a contract, a controversy, a claim, a charge, an accusation, an arrest, or a judicial or other proceeding.

(4-d) [~~(9)~~] "Person that has a significant financial interest in the lottery" means:

(A) a person or a board member, officer, trustee, or general partner of a person that manufactures, distributes, sells, or produces lottery equipment, supplies, services, or advertising;

(B) an employee of a person that manufactures, distributes, sells, or produces lottery equipment, supplies, services, or advertising and that employee is directly involved in the manufacturing, distribution, selling, or production of lottery equipment, supplies, services, or advertising;

(C) a person or a board member, officer, trustee, or general partner of a person that has made a bid to operate the lottery in the preceding two years or that intends to make a bid to operate the lottery or an employee of the person if the employee is directly involved in making the bid; or

(D) a sales agent.

(4-e) [~~(10)~~] "Political committee" has the meaning assigned by Section 251.001, Election Code.

(4-f) [~~(11)~~] "Political contribution" has the meaning assigned by Section 251.001, Election Code.

SECTION 50. Section 51.053, Occupations Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) In addition to the eligibility requirements provided by Subsection (b), a person is not eligible for appointment as a member of the commission if the person:

(1) has been convicted of a felony or of any crime involving moral turpitude; or

(2) is not a citizen of the United States.

SECTION 51. Section 467.025, Government Code, is transferred to Subchapter B, Chapter 51, Occupations Code, redesignated as Section 51.061, Occupations Code, and amended to read as follows:

Sec. 51.061 [~~467.025~~]. PROHIBITED CONDUCT. (a) A commission member may not:

(1) accept any employment or remuneration from:

(A) a person that has a significant financial interest in the lottery; or

(B) a bingo commercial lessor, bingo distributor, or bingo manufacturer;

(2) play any lottery or bingo game conducted in this state;

(3) accept or be entitled to accept any part of the winnings to be paid from a lottery or bingo game conducted in this state;

(4) use the member's official authority to affect the result of an election or nomination for public office; or

(5) directly or indirectly coerce, attempt to coerce, command, or advise a person to pay, lend, or contribute anything of value to another person for political purposes.

(b) A commission member or former commission member or the spouse of a commission member or former commission member may not solicit or accept employment from a person regulated by the

commission before the second anniversary of the date on which the commission member's service on the commission ends.

SECTION 52. Section 467.036, Government Code, is transferred to Subchapter B, Chapter 51, Occupations Code, redesignated as Section 51.062, Occupations Code, and amended to read as follows:

Sec. 51.062 [~~467.036~~]. ACCESS TO CRIMINAL HISTORY RECORDS. (a) The governor shall conduct an investigation of and is entitled to obtain criminal history record information maintained by the Department of Public Safety, the Federal Bureau of Investigation Identification Division, or another law enforcement agency relating to an individual the governor intends to appoint to the commission.

(b) The department [~~commission~~] shall conduct an investigation of and is entitled to obtain criminal history record information maintained by the Department of Public Safety, the Federal Bureau of Investigation Identification Division, or another law enforcement agency relating to an individual the department employs or [~~commission~~] intends to employ who has or will have access to sensitive or confidential data relating to this chapter, Chapter 466, Government Code, or Chapter 2001 of this code.

SECTION 53. Section 467.101, Government Code, is transferred to Subchapter D, Chapter 51, Occupations Code, redesignated as Section 51.2011, Occupations Code, and amended to read as follows:

Sec. 51.2011 [~~467.101~~]. POWERS AND DUTIES OF COMMISSION REGARDING STATE LOTTERY AND BINGO REGULATION. (a) The commission has broad authority and shall exercise strict control and close supervision over all activities authorized and conducted in this state under:

- (1) Chapter 2001[~~, Occupations Code~~]; and
- (2) Chapter 466, Government Code [~~of this code~~].

(b) The commission shall ensure that games are conducted fairly and in compliance with the law.

(c) The commission also has the powers and duties granted under:

(1) Chapter 2001 [~~Occupations Code~~]; and

(2) Chapter 466, Government Code [~~of this code~~].

SECTION 54. Section 467.104, Government Code, is transferred to Subchapter D, Chapter 51, Occupations Code, redesignated as Section 51.212, Occupations Code, and amended to read as follows:

Sec. 51.212 [~~467.104~~]. LOTTERY AND BINGO PROGRAM RECORDS.

(a) Except as otherwise provided by law, all commission records relating to the state lottery under Chapter 466, Government Code, and the regulation of charitable bingo under Chapter 2001 are subject to public inspection in accordance with Chapter 552, Government Code.

(b) The executive director shall keep the records described by Subsection (a) [~~of the commission~~].

SECTION 55. Section 467.105, Government Code, is transferred to Subchapter D, Chapter 51, Occupations Code, redesignated as Section 51.213, Occupations Code, and amended to read as follows:

Sec. 51.213 [~~467.105~~]. LEGAL REPRESENTATION. (a) The attorney general shall designate at least one member of the attorney general's staff to counsel and advise the commission and to represent the commission in legal proceedings. The attorney general shall make available to the appropriate prosecuting attorneys any information obtained regarding a violation of a law under the commission's jurisdiction.

(b) The attorney general may apply for injunctive or declaratory relief to enforce a law under the commission's jurisdiction or a rule adopted by the commission. Action by the attorney general under this subsection does not limit the authority of the attorney general or a prosecuting attorney to bring a criminal proceeding.

SECTION 56. Section 467.106, Government Code, is transferred to Subchapter D, Chapter 51, Occupations Code, redesignated as Section 51.214, Occupations Code, and amended to read as follows:

Sec. 51.214 [~~467.106~~]. GIFT OR POLITICAL CONTRIBUTION TO OFFICER OR EMPLOYEE. (a) A commission member, the executive

director, or an employee of the department [~~commission~~] may not intentionally or knowingly accept a gift or political contribution from:

(1) a person that has a significant financial interest in the lottery;

(2) a person related in the first degree of consanguinity or affinity to a person that has a significant financial interest in the lottery;

(3) a person that owns more than a 10 percent interest in an entity that has a significant financial interest in the lottery;

(4) a political committee that is directly established, administered, or controlled, in whole or in part, by a person that has a significant financial interest in the lottery; or

(5) a person who, within the two years preceding the date of the gift or contribution, won a lottery prize exceeding \$600 in amount or value.

(b) A person may not make a gift or political contribution to a person known by the actor to be a commission member, the executive director, or an employee of the department [~~commission~~], if the actor:

(1) has a significant financial interest in the lottery;

(2) is related in the first degree of consanguinity or affinity to a person that has a significant financial interest in the lottery;

(3) owns more than a 10 percent interest in an entity that has a significant financial interest in the lottery;

(4) is a political committee that is directly established, administered, or controlled, in whole or in part, by a person that has a significant financial interest in the lottery; or

(5) within the two years preceding the date of the gift or contribution, won a lottery prize exceeding \$600 in amount or value.

(c) A person commits an offense if the person violates this section. An offense under this section is a Class A misdemeanor.

SECTION 57. Section 467.107, Government Code, is

transferred to Subchapter D, Chapter 51, Occupations Code, redesignated as Section 51.215, Occupations Code, and amended to read as follows:

Sec. 51.215 [~~467.107~~]. GIFT OR POLITICAL CONTRIBUTION TO FORMER OFFICER OR EMPLOYEE. (a) A former commission member, former executive director, or former employee of the department [~~commission~~] may not, before the second anniversary of the date that the person's service in office or employment with the department [~~commission~~] ceases, intentionally or knowingly accept a gift or political contribution from:

(1) a person that has a significant financial interest in the lottery;

(2) a person related in the first degree of consanguinity or affinity to a person that has a significant financial interest in the lottery;

(3) a person that owns more than a 10 percent interest in an entity that has a significant financial interest in the lottery;

(4) a political committee that is directly established, administered, or controlled, in whole or in part, by a person that has a significant financial interest in the lottery; or

(5) a person who, within the two years preceding the date of the gift or contribution, won a lottery prize exceeding \$600 in amount or value.

(b) A person may not make a gift or political contribution to a person known by the actor to be a former commission member, former executive director, or former employee of the department [~~commission~~], if the actor:

(1) has a significant financial interest in the lottery;

(2) is related in the first degree of consanguinity or affinity to a person that has a significant financial interest in the lottery;

(3) owns more than a 10 percent interest in an entity that has a significant financial interest in the lottery;

(4) is a political committee that is directly established, administered, or controlled, in whole or in part, by a

person that has a significant financial interest in the lottery; or

(5) within the two years preceding the date of the gift or contribution, won a lottery prize exceeding \$600 in amount or value.

(c) A person commits an offense if the person violates this section. An offense under this section is a Class A misdemeanor.

SECTION 58. Section 467.108, Government Code, is transferred to Subchapter D, Chapter 51, Occupations Code, redesignated as Section 51.216, Occupations Code, and amended to read as follows:

Sec. 51.216 [~~467.108~~]. REPRESENTATION BY FORMER OFFICER OR EMPLOYEE. (a) A former commission member or[~~7~~] former executive director[~~, or former director~~] may not:

(1) for compensation, represent a person that has made or intends to make a bid to operate the lottery before the department or commission before the second anniversary of the date that the person's service in office or employment with the department or commission ceases;

(2) represent any person or receive compensation for services rendered on behalf of any person regarding a particular matter in which the former officer or employee participated during the period of service or employment with the department or commission, either through personal involvement or because the matter was within the scope of the officer's or employee's official responsibility; or

(3) for compensation communicate directly with a member of the legislative branch to influence legislation on behalf of a person that has a significant financial interest in the lottery, before the second anniversary of the date that the person's service in office or employment with the department or commission ceases.

(b) A person commits an offense if the person violates this section. An offense under this section is a Class A misdemeanor.

SECTION 59. Subchapter D, Chapter 51, Occupations Code, is amended by adding Sections 51.217 and 51.218 to read as follows:

Sec. 51.217. LOTTERY ADVISORY COMMITTEE. (a) The commission shall establish a lottery advisory committee to provide

external expertise on the lottery. The commission shall appoint to the advisory committee members who represent a balance of interests, including representatives of:

- (1) the public;
- (2) licensed sales agents;
- (3) interest groups with divergent viewpoints on the lottery and lottery operations; and
- (4) entities associated with or benefiting from the lottery's contributions to this state.

(b) In appointing advisory committee members under Subsection (a), the commission shall appoint:

- (1) one member with experience in lottery law enforcement;
- (2) one member with experience in lottery legal matters; and
- (3) one member with experience in lottery finance.

(c) A lottery advisory committee member serves at the pleasure of the commission.

(d) A lottery advisory committee member is not entitled to receive compensation or reimbursement for serving as a member.

(e) The lottery advisory committee shall:

- (1) advise the commission and department on the needs and problems of this state's lottery industry;
- (2) provide input on proposed lottery rules during development and before final adoption unless an emergency requires immediate action by the commission;
- (3) report regularly to the commission and department on the advisory committee's activities;
- (4) regularly brief the commission and department on advancements and challenges in this state's lottery industry; and
- (5) perform other duties as determined by the commission or department.

(f) The commission shall adopt rules to govern the lottery advisory committee, including rules on:

- (1) member composition, appointment procedures, and terms;
- (2) quorum requirements for advisory committee

meetings;

(3) additional representation requirements for and qualifications of advisory committee members, including experience or geographic location;

(4) any necessary training requirements for advisory committee members; and

(5) the method for the public to provide comments on issues the advisory committee considers.

(g) The lottery advisory committee shall meet quarterly or at the commission's or department's request.

(h) The commission may not adopt a rule that restricts the lottery advisory committee from discussing any lottery-related topic.

(i) Each meeting of the lottery advisory committee shall be open to the public.

Sec. 51.218. ANNUAL REPORT. (a) The department annually shall submit a report to the governor and the legislature that:

(1) includes a summary of lottery revenue, prize disbursements, and other expenses for the state fiscal year preceding the report;

(2) includes a comprehensive business plan to guide the department's major lottery initiatives that contains:

(A) specific goals for the department; and

(B) an evaluation of:

(i) the department's overall performance on lottery operations;

(ii) the effectiveness of specific lottery programs and initiatives;

(iii) the efficiency of the department's lottery operations;

(iv) the amount of lottery revenue generated for state purposes other than the payment of prizes; and

(v) the factors affecting the amount of lottery revenue received and disbursed, including ticket sales and administrative efficiency;

(3) addresses the trends and issues related to violations of state laws under the department's lottery and bingo

jurisdiction identified:

(A) in complaints submitted under Section 51.252 as analyzed to identify the trends and issues by alleged violation type and to evaluate the effectiveness of the department's enforcement process; and

(B) through an inspection, audit, or other means of regulating lottery operations under Chapter 466, Government Code, and bingo under Chapter 2001;

(4) includes for the preceding calendar year charitable bingo information on:

(A) the total amount reported by licensed authorized organizations of adjusted gross receipts from bingo operations under Chapter 2001;

(B) the total amount reported by licensed authorized organizations of net proceeds from bingo operations under Chapter 2001; and

(C) a comparison of the amounts reported under Paragraphs (A) and (B), including the percentage the net proceeds represents compared to the adjusted gross receipts; and

(5) provides biennial recommendations to the legislature on emerging trends, technological advancements, regulatory developments, and market dynamics affecting the lottery and bingo industries.

(b) For purposes of Subsection (a)(4):

(1) the term "adjusted gross receipts" means the amount remaining after deducting prizes paid but excluding prize fees collected from bingo players; and

(2) the department shall determine the total amount of net proceeds in a manner that does not reduce gross receipts by the amount of rent paid for the rental of bingo premises by a licensed authorized organization to another licensed authorized organization if the other organization pays rent for the premises to a licensed commercial lessor.

SECTION 60. Section 2001.002, Occupations Code, is amended by amending Subdivisions (8) and (25-a) and adding Subdivisions (8-a) and (10) to read as follows:

(8) "Commission" means the Texas [~~Lottery~~] Commission

of Licensing and Regulation.

(8-a) "Department" means the Texas Department of Licensing and Regulation.

(10) "Executive director" means the executive director of the department.

(25-a) "Regular license" means a license to conduct bingo issued by the department [~~commission~~] under Subchapter C that is not a temporary license.

SECTION 61. Section 2001.003, Occupations Code, is amended to read as follows:

Sec. 2001.003. REGULATORY FUNDING FROM LICENSE FEES AND BINGO PRIZE FEES. It is the intent of the legislature that the funding necessary for the administration of this chapter by the department [~~commission~~] be collected by the department [~~commission~~] from commercial lessor, manufacturer, and distributor license fees and money paid to the department [~~commission~~] by bingo players as bingo prize fees.

SECTION 62. The heading to Subchapter B, Chapter 2001, Occupations Code, is amended to read as follows:

SUBCHAPTER B. DEPARTMENT [~~COMMISSION~~] POWERS AND DUTIES

SECTION 63. Subchapter B, Chapter 2001, Occupations Code, is amended by adding Section 2001.0501 to read as follows:

Sec. 2001.0501. ALLOCATION OF POWERS AND DUTIES. A power granted or duty assigned to the commission under this chapter is a power or duty of the executive director, the department, or the commission, as established by commission rule.

SECTION 64. Section 2001.053, Occupations Code, is amended to read as follows:

Sec. 2001.053. OFFICERS AND INVESTIGATORS. The department [~~commission~~] may employ officers or investigators the department [~~commission~~] considers necessary to administer this chapter.

SECTION 65. Sections 2001.056(b), (c), (d), and (e), Occupations Code, are amended to read as follows:

(b) A license holder may not use or distribute a bingo card unless the card has been approved by the department [~~commission~~].

(c) The department [~~commission~~] may set the price or adopt a schedule of prices for the sale or provision of bingo cards by a

licensed authorized organization.

(d) A licensed authorized organization may not sell or provide a bingo card at a price other than a price authorized by the department [~~commission~~] or a schedule adopted by the department [~~commission~~].

(e) The commission by rule may require a licensed authorized organization to notify the department [~~commission~~] of the price for bingo cards the organization will use for one or more reporting periods.

SECTION 66. Section 2001.057, Occupations Code, is amended by amending Subsections (a), (d), (e), (f), and (g) and adding Subsection (h) to read as follows:

(a) The commission shall [~~may~~] appoint a bingo advisory committee consisting of nine members. The commission shall appoint members representing a balance of interests including representatives of:

- (1) the public;
- (2) charities that operate bingo games; and
- (3) commercial and charity lessors that participate in the bingo industry.

(d) A committee member is not entitled to receive compensation or reimbursement for serving as a member. [~~A committee member is entitled to reimbursement for reasonable expenses incurred in performing duties as a member.~~]

(e) The bingo advisory committee shall [~~may~~]:

- (1) advise the commission and department on the needs and problems of the state's bingo industry;
- (2) provide input [~~comment~~] on rules involving bingo during their development and before final adoption unless an emergency requires immediate action by the commission;
- (3) report regularly [~~annually~~] to the commission and department on the committee's activities; [~~and~~]
- (4) regularly brief the commission and department on advancements and challenges in this state's bingo industry; and
- (5) perform other duties as determined by the commission or department.

(f) The bingo advisory committee shall [~~may~~] meet quarterly

or at the commission's or department's request.

(g) The commission shall ~~[may]~~ adopt rules:

(1) to govern the operations of the bingo advisory committee; and

(2) to prohibit the committee's involvement in committee member selection.

(h) The commission may not adopt a rule that prohibits or restricts the bingo advisory committee from discussing any bingo-related topic. This subsection may not be construed to require action by the commission on each item submitted by the committee or otherwise alter the commission's decision-making authority.

SECTION 67. Section 2001.058, Occupations Code, is amended to read as follows:

Sec. 2001.058. PUBLIC INFORMATION. (a) The department ~~[commission]~~ shall provide to any person on request a printed copy of this chapter and the rules applicable to the enforcement of this chapter.

(b) The department ~~[commission]~~ may charge a reasonable amount for a copy provided under this section.

SECTION 68. Sections 2001.059(b) and (f), Occupations Code, are amended to read as follows:

(b) The commission shall respond to a request under Subsection (a) not later than the later of the second commission meeting or the 60th day after the date a request is received, unless the commission determines that the request does not contain sufficient facts to provide an answer on which the requestor may rely. In that event, the commission shall request additional information from the requestor not later than the 10th day after the date the request is received. If the commission requests additional information, the commission shall respond to the request not later than the later of the second commission meeting or the 60th day after the date additional information is received pursuant to the request for additional information.

(f) The commission may delegate all or part of the authority and procedures for issuing advisory opinions under this section to an employee of the department ~~[commission]~~.

SECTION 69. Section 2001.152, Occupations Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) Notwithstanding Subsection (a) and subject to Subsection (c), a person who was a licensed commercial lessor on June 10, 1989, whose license has been in effect continuously since that date, and who is otherwise eligible for the license may renew the license.

(c) The commission may place an administrative hold on the license of a licensed commercial lessor described by Subsection (b) for a period the commission determines not to exceed 10 years. If the administrative hold on the license remains on the last day of that period:

(1) the commission shall remove the administrative hold; and

(2) the lessor is not eligible to renew the license as a continuous license holder under Subsection (b).

SECTION 70. Section 2001.557, Occupations Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) The department [~~commission~~], its officers or agents, or a state, municipal, or county peace officer may enter and inspect the contents of premises where:

(1) bingo is being conducted or intended to be conducted; or

(2) equipment used or intended for use in bingo is found.

(c) In developing and implementing a policy or procedure under Subsection (b), the commission shall consult with the bingo advisory committee established under Section 2001.057 to collaboratively define and implement specific fiscal accountability criteria for inspections of premises.

SECTION 71. Sections 2001.560(c), (c-1), (c-2), and (e), Occupations Code, are amended to read as follows:

(c) The department [~~commission~~] or a person authorized in writing by the department [~~commission~~] may examine the books, papers, records, equipment, and place of business of a license

holder and may investigate the character of the license holder's business to verify the accuracy of a return, statement, or report made, or, if no return is made by the license holder, to ascertain and determine the amount required to be paid.

(c-1) The commission by rule shall develop a policy for auditing license holders. The department [~~bingo division~~] shall use audit risk analysis procedures established by the commission to:

(1) annually identify the [~~which~~] license holders [~~are~~] most at risk of violating this chapter or rules adopted under this chapter, including consideration of license holder compliance history in the identification; and

(2) develop a plan for auditing the identified license holders that includes:

(A) a schedule for the audits of the identified license holders;

(B) procedures to annually update the plan based on successive risk analyses; and

(C) a completion date for each audit that is not later than the fifth anniversary of the date the license holder was identified as a candidate for audit.

(c-2) The department [~~bingo division~~] shall provide to the commission a copy of the auditing plan developed under Subsection (c-1).

(e) If the department [~~commission~~] determines that a person is not complying with this chapter, the department [~~commission~~] shall notify the attorney general and the governing body of the appropriate political subdivision.

SECTION 72. Section 47.09(a), Penal Code, is amended to read as follows:

(a) It is a defense to prosecution under this chapter that the conduct:

(1) was authorized under:

(A) Chapter 2001, Occupations Code;

(B) Chapter 2002, Occupations Code;

(C) Chapter 2004, Occupations Code;

(D) Subtitle A-1, Title 13, Occupations Code

(Texas Racing Act); or

(E) Chapter 280, Finance Code;

(2) consisted entirely of participation in the state lottery authorized by Chapter 466, Government Code; or

(3) was a necessary incident to the operation of the state lottery and was directly or indirectly authorized by:

(A) Chapter 466, Government Code;

(B) ~~[the lottery division of the Texas Lottery Commission,~~

~~[(C)]~~ the Texas Department of Licensing and Regulation ~~[Lottery Commission]~~; or

(C) ~~[(D)]~~ the executive director of ~~[the lottery division of]~~ the Texas Department of Licensing and Regulation ~~[Lottery Commission]~~.

SECTION 73. Section 721.003(a), Transportation Code, is amended to read as follows:

(a) The governing bodies of the following state agencies or divisions by rule may exempt from the requirements of Section 721.002 a motor vehicle that is under the control and custody of the agency or division:

(1) Texas Commission on Fire Protection;

(2) Texas State Board of Pharmacy;

(3) Department of State Health Services ~~[and Department of Aging and Disability Services]~~;

(4) Department of Public Safety of the State of Texas;

(5) Texas Department of Criminal Justice;

(6) Board of Pardons and Paroles;

(7) Parks and Wildlife Department;

(8) Railroad Commission of Texas;

(9) Texas Alcoholic Beverage Commission;

(10) Texas Department of Banking;

(11) Department of Savings and Mortgage Lending;

(12) Texas Juvenile Justice Department;

(13) Texas Commission on Environmental Quality;

(14) Texas Department of Licensing and Regulation ~~[Lottery Commission]~~;

(15) the office of the attorney general;

(16) Texas Department of Insurance;
(17) Texas Military Department; and
(18) an agency that receives an appropriation under an article of the General Appropriations Act that appropriates money to the legislature.

SECTION 74. The following provisions are repealed:

- (1) Section 232.0021, Family Code;
- (2) Section 411.108, Government Code;
- (3) Section 466.012, Government Code;
- (4) Section 466.016, Government Code;
- (5) Section 466.020(b), Government Code;
- (6) Section 466.028, Government Code;
- (7) Sections 467.001(1) and (2), Government Code;
- (8) the heading to Section 467.001, Government Code;
- (9) Section 467.002, Government Code;
- (10) Section 467.021, Government Code;
- (11) Section 467.022, Government Code;
- (12) Section 467.023, Government Code;
- (13) Section 467.024, Government Code;
- (14) Section 467.0255, Government Code;
- (15) Section 467.026, Government Code;
- (16) Section 467.027, Government Code;
- (17) Section 467.028, Government Code;
- (18) Section 467.029, Government Code;
- (19) Section 467.030, Government Code;
- (20) Section 467.031, Government Code;
- (21) Section 467.032, Government Code;
- (22) Section 467.033, Government Code;
- (23) Section 467.034, Government Code;
- (24) Section 467.035, Government Code;
- (25) Section 467.037, Government Code;
- (26) Section 467.102, Government Code;
- (27) Section 467.103, Government Code;
- (28) Section 467.109, Government Code;
- (29) Section 467.110, Government Code;
- (30) Section 467.111, Government Code;
- (31) the headings to Subchapters A, B, and C, Chapter

467, Government Code;

- (32) the heading to Chapter 467, Government Code;
- (33) Section 2001.051, Occupations Code;
- (34) Section 2001.052, Occupations Code;
- (35) Section 2001.060, Occupations Code;
- (36) Section 2001.061, Occupations Code;
- (37) Section 2001.307, Occupations Code; and
- (38) Section 721.003(e), Transportation Code.

SECTION 75. (a) On September 1, 2025:

(1) all functions and activities performed by the Texas Lottery Commission relating to the state lottery under Chapter 466, Government Code, and the regulation of bingo operations under Chapter 2001, Occupations Code, immediately before that date are transferred to the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable;

(2) a rule, policy, procedure, decision, or form adopted by the Texas Lottery Commission relating to Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code, is a rule, policy, procedure, decision, or form of the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable, and remains in effect until amended or repealed by that commission or department unless the rule, policy, procedure, decision, or form conflicts with the changes in law made by this Act;

(3) unless the context clearly indicates otherwise, a reference to the Texas Lottery Commission in a law or administrative rule that relates to Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code, means the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable;

(4) a complaint, investigation, or other proceeding before the Texas Lottery Commission that is related to Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code, is transferred without change in status to the Texas Department of Licensing and Regulation, and the Texas Department of Licensing and Regulation assumes, as appropriate and without a change in status,

the position of the Texas Lottery Commission in an action or proceeding to which the Texas Lottery Commission is a party;

(5) a license, permit, certification, or registration in effect that was issued by the Texas Lottery Commission under Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code, is continued in effect as a license, permit, certification, or registration of the Texas Department of Licensing and Regulation;

(6) all money, contracts, leases, property, and obligations of the Texas Lottery Commission relating to Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code, are transferred to the Texas Department of Licensing and Regulation; and

(7) the unexpended and unobligated balance of any money appropriated by the legislature for the Texas Lottery Commission related to Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code, is transferred to the Texas Department of Licensing and Regulation.

(b) On the effective date of this Act, the Texas Lottery Commission shall grant the Texas Department of Licensing and Regulation inquiry-only security access to:

(1) all licensing, enforcement, and examination software or computer systems used by the Texas Lottery Commission in administering or enforcing Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code; and

(2) the uniform statewide accounting system, the state property accounting system, the uniform statewide payroll system, and the human resources information system for the Texas Lottery Commission.

(c) On the effective date of this Act, the Texas Lottery Commission may agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Lottery Commission to the Texas Department of Licensing and Regulation to implement the transfers required by this Act.

(d) The Texas Department of Licensing and Regulation and the Texas Lottery Commission shall coordinate implementation of this section. The Texas Lottery Commission shall cooperate with the

Texas Department of Licensing and Regulation in transferring all data and records necessary to implement the transfers required by this Act.

(e) Not later than December 1, 2025, the Texas Lottery Commission and the Texas Department of Licensing and Regulation shall develop and enter into a memorandum of understanding regarding the transfers required by this Act. The memorandum must include a transition plan with a timetable and specific steps and deadlines required to complete the transfer.

(f) Not later than December 1, 2025, a manufacturer of bingo equipment or supplies that submitted to the Texas Lottery Commission a bond as required under Section 2001.204, Occupations Code, before September 1, 2025, that is in effect on the effective date of this Act must amend the bond to name the Texas Department of Licensing and Regulation as the payee for the bond.

SECTION 76. The changes in law made by this Act to Chapter 2001, Occupations Code, apply only to a tax or fee charged on or after September 1, 2025. A tax or fee charged before September 1, 2025, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 77. (a) The change in law made by this Act applies only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

(b) Section 2001.152, Occupations Code, as amended by this Act, applies to a license placed on an administrative hold on or after the effective date of this Act.

SECTION 78. As soon as practicable after the effective date of this Act, the Texas Commission of Licensing and Regulation shall adopt rules necessary to implement this Act.

SECTION 79. On September 1, 2025, all full-time equivalent employee positions at the Texas Lottery Commission become positions at the Texas Department of Licensing and Regulation.

SECTION 80. (a) Not later than December 1, 2025, the Texas Department of Licensing and Regulation shall initiate an independent review of each existing contract of the Texas Lottery Commission relating to Chapter 466 or 467, Government Code, or Chapter 2001, Occupations Code, to determine whether to renew, amend, or terminate the contract.

(b) Not later than September 1, 2026, the Texas Department of Licensing and Regulation shall amend the existing contract for lottery operations and services to extend the contract term for not more than two years beyond the expiration date of the contract.

SECTION 81. Not later than March 1, 2026, the Texas Commission of Licensing and Regulation shall:

(1) appoint members to the lottery advisory committee and adopt rules to govern the operations of the committee as required by Section 51.217, Occupations Code, as added by this Act; and

(2) appoint members to the bingo advisory committee and adopt rules to govern the operations of the committee as required by Section 2001.057, Occupations Code, as amended by this Act.

SECTION 82. Not later than December 1, 2026, the Texas Department of Licensing and Regulation shall submit to the Sunset Advisory Commission and each standing committee of the legislature with primary jurisdiction over the state lottery or regulation of charitable bingo any legislative recommendations necessary to improve the lottery or charitable bingo.

SECTION 83. Not later than January 1, 2027, the Texas Department of Licensing and Regulation shall submit the first annual report required by Section 51.218, Occupations Code, as added by this Act.

SECTION 84. Not later than August 31, 2028, the State Auditor's Office shall complete the first annual audit required by Section 466.0171, Government Code, as added by this Act.

SECTION 85. Unless otherwise provided by this Act, the changes in law made by this Act apply beginning September 1, 2025.

SECTION 86. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each

house, as provided by Section 39, Article III, Texas Constitution.
If this Act does not receive the vote necessary for immediate
effect, this Act takes effect September 1, 2025.