

By: Middleton, et al.

S.B. No. 2402

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Lottery Commission.

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

SECTION 1. Section 466.3051(a), Government Code, is amended 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.

SECTION 2. Section 467.002, Government Code, is amended to read as follows:

Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is subject to review under Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished ~~[and this chapter, Chapter 466 of this code, and Chapter 2001, Occupations Code, expire]~~ September 1, 2037 ~~[2025]~~.

SECTION 3. Subchapter A, Chapter 467, Government Code, is amended by adding Section 467.003 to read as follows:

Sec. 467.003. LIMITED-SCOPE SUNSET REVIEW OF COMMISSION.

(a) Separate from the review of the commission required under Section 467.002, the commission is subject to a limited-scope review under Chapter 325 (Texas Sunset Act) of the commission's compliance with the statutory changes enacted by the 89th

1 Legislature and the management actions adopted by the Sunset  
2 Advisory Commission as part of its review of state agencies  
3 scheduled to be abolished in 2025. The limited-scope review  
4 required under this section must be completed before the regular  
5 session of the 91st Legislature is convened.

6 (b) This section expires September 1, 2029.

7 SECTION 4. Section 467.0255, Government Code, is amended by  
8 amending Subsection (b) and adding Subsection (d) to read as  
9 follows:

10 (b) The training program must provide the person with  
11 information regarding:

12 (1) the law governing [~~legislation that created the~~]  
13 commission operations;

14 (2) the programs, functions, rules, and budget of the  
15 commission;

16 (3) the scope of and limitations on the rulemaking  
17 authority of the commission;

18 (4) the results of the most recent formal audit of the  
19 commission;

20 (5) [~~(4)~~] the requirements of:

21 (A) laws relating to open meetings, public  
22 information, administrative procedure, and disclosing conflicts of  
23 interest; and

24 (B) other laws applicable to members of a state  
25 policy-making body in performing their duties; and

26 (6) [~~(5)~~] any applicable ethics policies adopted by  
27 the commission or the Texas Ethics Commission.

1       (d) The executive director shall create a training manual  
2 that includes the information required by Subsection (b). The  
3 executive director shall distribute a copy of the training manual  
4 annually to each member of the commission. Each member of the  
5 commission shall sign and submit to the executive director a  
6 statement acknowledging the member received and has reviewed the  
7 training manual.

8       SECTION 5. Section 467.033, Government Code, is amended to  
9 read as follows:

10       Sec. 467.033. DIVISION DIRECTORS. (a) The executive  
11 director shall employ a lottery director to oversee the lottery  
12 ~~[each]~~ division. The lottery [A division] director serves at the  
13 will of the executive director and is specifically exempted from  
14 Chapter 654.

15       (b) The commission shall employ a bingo director to oversee  
16 the bingo division as described by Section 2001.052, Occupations  
17 Code. The bingo director serves at the will of the commission and  
18 is specifically exempted from Chapter 654.

19       SECTION 6. Section 467.101, Government Code, is amended by  
20 adding Subsections (d), (e), and (f) to read as follows:

21       (d) The commission shall establish subcommittees of the  
22 commission to improve opportunities for commission members to  
23 engage commission personnel and oversee policy development. The  
24 subcommittees at a minimum must include:

- 25               (1) an audit subcommittee;  
26               (2) a legal subcommittee; and  
27               (3) a planning subcommittee.

1       (e) The commission by rule shall establish a formal  
2 procedure for:

3           (1) resolving questions regarding the commission's  
4 statutory and rulemaking authority; and

5           (2) addressing the commission's approach to statutory  
6 ambiguity.

7       (f) The procedure established under Subsection (e) must at a  
8 minimum provide a process for the commission to:

9           (1) request an opinion from the attorney general; and

10          (2) present questions regarding the commission's  
11 statutory and rulemaking authority to the legislature through the  
12 report required under Section 467.113.

13       SECTION 7. Subchapter C, Chapter 467, Government Code, is  
14 amended by adding Sections 467.112 and 467.113 to read as follows:

15       Sec. 467.112. LOTTERY ADVISORY COMMITTEE. (a) The  
16 commission shall establish a lottery advisory committee to provide  
17 external expertise on the lottery. The commission shall appoint to  
18 the advisory committee members who represent a balance of  
19 interests, including representatives of:

20           (1) the public;

21           (2) licensed sales agents;

22           (3) interest groups with divergent viewpoints on the  
23 lottery and lottery operations; and

24           (4) entities associated with or benefiting from the  
25 lottery's contributions to this state.

26       (b) A lottery advisory committee member serves at the  
27 pleasure of the commission.

1        (c) A lottery advisory committee member is not entitled to  
2 receive compensation for serving as a member. A member is entitled  
3 to reimbursement for reasonable expenses incurred in performing  
4 duties as a member.

5        (d) The lottery advisory committee shall:

6            (1) advise the commission on the needs and problems of  
7 this state's lottery industry;

8            (2) comment on proposed lottery rules during  
9 development and before final adoption unless an emergency requires  
10 immediate action by the commission;

11           (3) annually report to the commission on the advisory  
12 committee's activities;

13           (4) annually brief the commission on advancements and  
14 challenges in this state's lottery industry; and

15           (5) perform other duties as determined by the  
16 commission.

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

19           (1) member composition, appointment procedures, and  
20 terms;

21           (2) quorum requirements for advisory committee  
22 meetings;

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

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

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

3           (f) The lottery advisory committee shall meet quarterly or  
4 at the commission's request.

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

8           Sec. 467.113. ANNUAL REPORT. (a) The commission annually  
9 shall submit a report to the governor and the legislature that:

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

13           (2) includes a comprehensive business plan to guide  
14 the commission's major initiatives that contains:

15                   (A) specific goals for the commission; and

16                   (B) an evaluation of:

17                           (i) the commission's overall performance;

18                           (ii) the effectiveness of specific  
19 commission programs and initiatives;

20                           (iii) the efficiency of commission  
21 operations;

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

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

27           (3) addresses the trends and issues related to

violations of state laws under the commission's jurisdiction identified in complaints under Section 467.111(e) and identified through an inspection, audit, or other means, including the regulation of lottery operations under Chapter 466 and of bingo under Chapter 2001, Occupations Code;

(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, Occupations Code;

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

1 authorized organization to another licensed authorized  
2 organization if the other organization pays rent for the premises  
3 to a licensed commercial lessor.

4 SECTION 8. Section 2001.052, Occupations Code, is amended  
5 by amending Subsection (b) and adding Subsection (c) to read as  
6 follows:

7 (b) The director of bingo operations shall administer the  
8 bingo division under the direction of the executive director of the  
9 commission.

10 (c) At each regular commission meeting, the director of  
11 bingo operations shall report to the commission on bingo operations  
12 and regulation.

13 SECTION 9. Section 2001.057, Occupations Code, is amended  
14 by amending Subsections (a), (e), (f), and (g) and adding  
15 Subsection (h) to read as follows:

16 (a) The commission shall ~~may~~ appoint a bingo advisory  
17 committee consisting of nine members. The commission shall appoint  
18 members representing a balance of interests including  
19 representatives of:

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

24 (e) The bingo advisory committee shall ~~may~~:

25 (1) advise the commission on the needs and problems of  
26 the state's bingo industry;

27 (2) comment on rules involving bingo during their



development and before final adoption unless an emergency requires immediate action by the commission;

(3) report annually to the commission on the committee's activities; ~~and~~

(4) annually brief the commission on advancements and challenges in this state's bingo industry; and

(5) perform other duties as determined by the commission.

(f) The bingo advisory committee shall ~~may~~ meet quarterly or at the commission'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 10. Section [2001.059](#)(b), Occupations Code, is 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.

SECTION 11. 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 12. Section 2001.557, Occupations Code, is amended by adding Subsection (c) to read as follows:

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

6        SECTION 13. Section 2001.560(c-1), Occupations Code, is  
7 amended to read as follows:

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

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

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

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

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

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

24        SECTION 14. The following provisions are repealed:

25            (1) Section 466.016, Government Code;

26            (2) Section 466.028, Government Code;

27            (3) Section 467.111(f), Government Code;

(4) Section 2001.059(f), Occupations Code; and

(5) Section 2001.060, Occupations Code.

SECTION 15. (a) Except as provided by Subsection (b) of this section, Section 467.0255, Government Code, as amended by this Act, applies to a member of the Texas Lottery Commission appointed before, on, or after the effective date of this Act.

(b) A member of the Texas Lottery Commission who, before the effective date of this Act, completed the training program required by Section 467.0255, Government Code, as that law existed before the effective date of this Act, is only required to complete additional training on the subjects added by this Act to the training program required by Section 467.0255, Government Code. A member described by this subsection may not vote, deliberate, or be counted as a member in attendance at a meeting of the Texas Lottery Commission held on or after December 1, 2025, until the member completes the additional training.

SECTION 16. (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 17. As soon as practicable after the effective date of this Act, the Texas Lottery Commission shall:

(1) establish audit, legal, and planning subcommittees as required by Section 467.101(d), Government Code, as added by this Act;

(2) appoint members to the lottery advisory committee and adopt rules to govern the operations of the committee as required by Section 467.112, Government Code, as added by this Act; and

(3) adopt rules necessary to implement this Act.

SECTION 18. This Act takes effect September 1, 2025.