

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 5, 2025

TO: Honorable Dade Phelan, Chair, House Committee on Licensing & Administrative Procedures

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB28 by Hall (Relating to a lottery game played or facilitated for play by telephone or through an Internet or mobile Internet application; creating criminal offenses.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB28, As Engrossed: a negative impact of (\$52,460,000) through the biennium ending August 31, 2027.

Additionally, the bill would have a positive, but indeterminate fiscal impact to the state due to increases in court cost revenue associated with an increase in the number of misdemeanors from new offenses created by the bill; however, the number of additional misdemeanors cannot be estimated.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$26,230,000)
2027	(\$26,230,000)
2028	(\$26,240,000)
2029	(\$26,240,000)
2030	(\$26,250,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Probable Revenue Gain/(Loss) from <i>Lottery Acct</i> 5025
2026	(\$26,230,000)	(\$8,540,000)
2027	(\$26,230,000)	(\$8,580,000)
2028	(\$26,240,000)	(\$8,610,000)
2029	(\$26,240,000)	(\$8,640,000)
2030	(\$26,250,000)	(\$8,660,000)

Fiscal Analysis

The bill would prohibit a person from purchasing or ordering the purchase of a lottery ticket by telephone, Internet application, or mobile Internet application.

The bill would also prohibit a person from being compensated for 1) accepting an order for a lottery ticket from a player; 2) selling a lottery ticket to a player; or 3) arranging to purchase a ticket on behalf of a person playing a lottery game, or for another person to purchase a ticket on behalf of a person playing a lottery game.

The bill would create a new offense when a person, by means of telephone, internet, or mobile internet, either purchases or orders a lottery ticket, which would be punishable as a Class C misdemeanor, or to facilitate for compensation for the order, sale, or purchase of a lottery ticket, which would be punishable as a Class A misdemeanor.

This bill would require the Texas Lottery Commission (TLC) to adopt rules with respect to the enforcement of prohibitions on playing or facilitating the playing of a lottery game through an Internet application or mobile Internet application.

The bill would take effect September 1, 2025.

Methodology

This estimate is based on the analysis of the Comptroller of Public Accounts using data provided by the Texas Lottery Commission (TLC). In fiscal year 2024, sales from retailers that are known to sell to courier companies (as reported by the TLC) totaled \$229.4 million, about 2.7 percent of lottery gross sales.

The state share of the overall lottery after accounting for prizes paid and administration is approximately 24 percent of the total ticket sales. Bases on these figures, this estimate assumes that the share of the courier sales for lottery tickets in fiscal year 2024 would be approximately \$55.1 million.

This estimate assumes that while most lottery ticket sales would be expected to continue as players would purchase tickets through a brick-and-mortar retailer, an estimated 2.7 percent of lottery sales that are currently associated with courier activity would cease by September 1, 2025. This estimated revenue loss would reduce allocations to General Revenue-Dedicated State Lottery Account No. 5025 in amounts as shown in the tables above. Additionally, under current law, Lottery Proceeds are a method of finance for the Foundation School Program (FSP). The CPA assumes the bill would decrease future Lottery Proceeds revenues for the FSP in the 2026-27 biennium, which would increase the amount of unrestricted GR required to fund the FSP by the same amount as shown in the tables above.

This estimate assumes creating a new criminal offense may result in an increase in demands upon state correctional resources due to a possible increase in the number of individuals placed under supervision in the community. The impact on state correctional populations, on the demand for state correctional resources, and on Court Cost revenue increases resulting from an increase in misdemeanor convictions cannot be determined due to a lack of data to estimate the prevalence of conduct outlined in the bill's provisions that would be subject to criminal penalties.

Local Government Impact

The fiscal implications of the bill cannot be determined because the impact on local correctional populations or on the demand for local correction resources cannot be determined. No fiscal implication to other units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

LBB Staff: JMc, TUf, WP, GDZ, JBeI, CMA