By: Hall S.B. No. 442

A BILL TO BE ENTITLED

AN ACT

relating to prohibited lottery games involving drawings and the time allotted for a lottery prize payment.

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

SECTION 1. Section 466.015(c), Government Code, is amended to read as follows:

(c) The commission may adopt rules governing the establishment and operation of the lottery, including rules governing:

(1) the type of lottery games to be conducted;

(2) the price of each ticket;

(3) the number of winning tickets and amount of the prize paid on each winning ticket;

(4) [~~the frequency of the drawing or selection of a winning ticket;~~

[~~(5)~~] the number and types of locations at which a ticket may be sold;

(5) [~~(6)~~] the method to be used in selling a ticket;

(6) [~~(7)~~] the use of vending machines or electronic or mechanical devices of any kind, other than machines or devices that dispense currency or coins as prizes;

(7) [~~(8)~~] the manner of paying a prize to the holder of a winning ticket;

(8) [~~(9)~~] the investigation of possible violations of

this chapter or any rule adopted under this chapter;

(9) [~~(10)~~] the means of advertising to be used for the lottery;

(10) [~~(11)~~] the qualifications of vendors of lottery services or equipment;

(11) [~~(12)~~] the confidentiality of information relating to the operation of the lottery, including:

(A) trade secrets;

(B) security measures, systems, or procedures;

(C) security reports;

(D) bids or other information regarding the commission's contracts, if disclosure of the information would impair the commission's ability to contract for facilities, goods, or services on terms favorable to the commission;

(E) personnel information unrelated to compensation, duties, qualifications, or responsibilities; and

(F) information obtained by commission security officers or investigators;

(12) [~~(13)~~] the development and availability of a model agreement governing the division of a prize among multiple purchasers of a winning ticket purchased through a group purchase or pooling arrangement;

(13) [~~(14)~~] the criteria to be used in evaluating bids for contracts for lottery facilities, goods, and services; or

(14) [~~(15)~~] any other matter necessary or desirable as determined by the commission, to promote and ensure:

(A) the integrity, security, honesty, and

fairness of the operation and administration of the lottery; and

(B) the convenience of players and holders of winning tickets.

SECTION 2. Section 466.020(e), Government Code, is amended to read as follows:

(e) At least once every two years, the executive director shall employ an independent firm that is experienced in security, including computer security and systems security, to conduct a comprehensive study of all aspects of lottery security, including:

(1) lottery personnel security;

(2) sales agent security;

(3) lottery operator and vendor security;

(4) security against ticket counterfeiting and alteration and other means of fraudulent winning;

(5) [~~security of lottery drawings;~~

[~~(6)~~] lottery computer, data communications, database, and systems security;

(6) [~~(7)~~] lottery premises and warehouse security;

(7) [~~(8)~~] security of distribution of tickets;

(8) [~~(9)~~] security of validation and payment procedures;

(9) [~~(10)~~] security involving unclaimed prizes;

(10) [~~(11)~~] security aspects of each lottery game;

(11) [~~(12)~~] security against the deliberate placement of winning tickets in lottery games that involve preprinted winning tickets by persons involved in the production, storage, transportation, or distribution of tickets; and

(12) [~~(13)~~] other security aspects of lottery operations.

SECTION 3. Section 466.022(b), Government Code, is amended to read as follows:

(b) In addition to department 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 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

(3) [~~(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 4. Section 466.024(b), Government Code, is amended

to read as follows:

(b) The commission shall adopt rules prohibiting the operation of any game:

(1) using a video lottery machine or machine; or

(2) involving a drawing.

SECTION 5. Sections 466.109(a) and (b), Government Code, are amended to read as follows:

(a) A state officer, including a commission member or the executive director, or an officer or employee of the department, may not appear in an advertisement or promotion for the lottery that is sponsored by the department [~~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.

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

SECTION 6. 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 for the lottery not be of a nature that unduly influences any person to purchase a lottery ticket [~~or number~~].

SECTION 7. Section 466.308(c), Government Code, is amended

to read as follows:

(c) An offense under this section is a Class A misdemeanor unless it is shown on the trial of the offense that:

(1) the amount claimed is greater than $200 but not more than $10,000, in which event the offense is a felony of the third degree;

(2) the amount claimed is greater than $10,000, in which event the offense is a felony of the second degree; or

(3) the person has previously been convicted of an offense under Section 466.306, [~~466.307,~~] 466.309, 466.310, or this section, in which event the offense is a felony of the third degree, unless the offense is designated as a felony of the second degree under Subdivision (2).

SECTION 8. The heading to Section 466.401, Government Code, is amended to read as follows:

Sec. 466.401. TICKET VALIDATION[~~, DRAWINGS~~].

SECTION 9. Section 466.401(a), Government Code, is amended to read as follows:

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

SECTION 10. Sections 466.408(a), (b), (c), (d), and (h), Government Code, are amended to read as follows:

(a) The department shall retain an unclaimed prize on a winning ticket of a lottery game authorized by this chapter for payment or delivery to the person entitled to the prize until the expiration of the 180th day following the official end of the game as determined by the commission [~~for 180 days after the date on~~

~~which the winner was selected~~].

(b) If a claim is not made for prize money [~~on or~~] before the expiration of the 180th day following [~~after~~] the official end of the lottery game as determined by the commission [~~date on which the winner was selected~~], the prize money shall be used in the following order of priority:

(1) subject to legislative appropriation, not more than $20 million in prize money each year may be deposited to the Department of State Health Services state-owned multicategorical teaching hospital account, which is an account in the general revenue fund, or appropriated from that account to provide indigent health care services as specified in Chapter 61, Health and Safety Code;

(2) not more than $5 million in prize money each year may be appropriated to the Health and Human Services Commission and shall be used to support the provision of inpatient hospital services in hospitals located in the 15 counties that comprise the Texas-Mexico border area, with payment for those services to be not less than the amount established under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) cost reimbursement methodology for the hospital providing the services;

(3) the remaining amount, not to exceed $5 million in prize money in each state fiscal year less any amount deposited in the fund in that year attributable to the lottery game operated under Section 466.027, shall be deposited to the fund for veterans' assistance; and

(4) all prize money subject to this section and not

deposited or appropriated in accordance with Subdivision (1), (2), or (3) shall be deposited to the credit of the foundation school fund.

(c) If a claim is not made for a prize other than prize money [~~on or~~] before the expiration of the 180th day following [~~after~~] the official end of the lottery game as determined by the commission [~~date on which the winner was selected~~], the prize shall revert to the department for use in subsequent games.

(d) Except as provided by Subsection (e), a ticket holder forfeits any claim or entitlement to a prize for the lottery[~~:~~

[~~(1) an on-line game after the expiration of the 180th day following the draw date; and~~

[~~(2) an instant~~] game after the expiration of the 180th day following the official end of the game [~~"end of game"~~] as determined by the commission.

(h) In this section, "eligible person" means a person entitled to a lottery prize who:

(1) while on active military duty in this state was transferred out of the state:

(A) as a result of a war or national emergency declared in accordance with federal law; and

(B) before the expiration of the 180th day following [~~after~~] the official end of the lottery game as determined by the commission [~~date on which the winner of the lottery prize was selected~~]; or

(2) while serving in the reserve forces in this state was placed on active military duty and transferred out of the state:

(A) as a result of a war or national emergency declared in accordance with federal law; and

(B) before the expiration of the 180th day [~~after the date on which the drawing occurred for on-line games or before the expiration of the 180th day~~] following the official end of the lottery game [~~"end of game" for instant games~~] as determined by the commission.

SECTION 11. The following provisions of Chapter 466, Government Code, are repealed:

(1) Sections 466.108, 466.1555, and 466.307;

(2) Sections 466.401(b) and (c); and

(3) Subchapter J.

SECTION 12. (a) Notwithstanding the amendment or repeal by this Act of a provision of Chapter 466, Government Code, that chapter as it existed immediately before the effective date of this Act continues in effect for the payment of lottery prizes and the assessment and enforcement of penalties until each lottery prize and installment prize payment is made to the lottery prize winner entitled to the payment and each penalty assessment is finally determined as required by that chapter and rules adopted under that chapter as they existed immediately before the effective date of this Act.

(b) On or after the effective date of this Act, a lottery sales agent may not sell or offer to sell a lottery ticket for a lottery game involving a drawing, the operation of which is prohibited by Section 466.024(b), Government Code, as amended by this Act.

SECTION 13. 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, 2027.