GOVERNMENT CODE

TITLE 4. EXECUTIVE BRANCH

SUBTITLE E. OTHER EXECUTIVE AGENCIES AND PROGRAMS

CHAPTER 466. STATE LOTTERY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 466.001. SHORT TITLE. This chapter may be cited as the State Lottery Act.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.002. DEFINITIONS. In this chapter:

(1) "Commission" means the Texas Commission of Licensing and Regulation.

(2) "Director" means the director of the division.

(3) "Department" or "division" means the Texas Department of Licensing and Regulation.

(4) "Director" or "executive director" means the executive director of the department.

(5) "Lottery" means the procedures operated by the state under this chapter through which prizes are awarded or distributed by chance among persons who have paid, or unconditionally agreed to pay, for a chance or other opportunity to receive a prize.

(6) "Lottery game" includes a lottery activity.

(7) "Lottery operator" means a person selected under Section 466.014(b) to operate a lottery.

(8) "Player" means a person who contributes any part of the consideration for a ticket.

(9) "Sales agent" or "sales agency" means a person licensed under this chapter to sell tickets.

(10) "Ticket" means any tangible evidence issued to provide participation in a lottery game authorized by this chapter.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.01, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 3, eff. June 20, 2025.

Sec. 466.004. EXEMPTION FROM TAXATION. (a) A political subdivision of this state may not impose:

(1) a tax on the sale of a ticket;

(2) a tax on the payment of a prize under this chapter; or

(3) an ad valorem tax on tickets.

(b) The receipts from the sale, use, or other consumption of a ticket are exempt from taxation under Chapter 151, Tax Code.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

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) assessing whether the department has sufficient tools, programs, and procedures to ensure the integrity of the state lottery program;

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

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

(4) 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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 4, eff. June 20, 2025.

SUBCHAPTER B. ADMINISTRATION

Sec. 466.014. POWERS AND DUTIES OF DEPARTMENT AND EXECUTIVE DIRECTOR. (a) The department 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.

(b) The executive director may contract with or employ a person to perform a function, activity, or service in connection with the operation of the lottery as prescribed by the executive director. A person with whom the executive director contracts to operate a lottery must be eligible for a sales agent license under Section 466.155.

(c) The executive director may award a contract for lottery supplies or services, including a contract under Subsection (b), pending the completion of any investigation authorized by this chapter. A contract awarded under this subsection must include a provision permitting the executive director to terminate the contract without penalty if the investigation reveals that the person to whom the contract is awarded would not be eligible for a sales agent license under Section 466.155.

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

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.03, eff. Sept. 1, 1995.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 993 (H.B. 2197), Sec. 1, eff. September 1, 2013.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 5, eff. June 20, 2025.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 6, eff. June 20, 2025.

Sec. 466.015. RULES. (a) The commission shall adopt all rules necessary to administer this chapter. The executive director may propose rules to be adopted by the commission, but the executive director's proposed rules have no effect until adopted by the commission.

(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.

(b-1) The commission shall adopt rules governing nondisclosure of the personally identifiable information of certain lottery prize winners under Section 466.411.

(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;

(6) the method to be used in selling a ticket;

(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;

(8) the manner of paying a prize to the holder of a

winning ticket;

(9) the investigation of possible violations of this chapter or any rule adopted under this chapter;

(10) the means of advertising to be used for the lottery;

(11) the qualifications of vendors of lottery services or equipment;

(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;

(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;

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

(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.

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

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(83), (94), 6.04, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 592, Sec. 3.01,

eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1353, Sec. 1, 2, eff. June 19, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 74 (H.B. 1963), Sec. 1, eff. May 20, 2009.

Acts 2017, 85th Leg., R.S., Ch. 689 (H.B. 59), Sec. 1, eff. September 1, 2017.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 7, eff. June 20, 2025.

Sec. 466.0161. REVIEW BY COMPTROLLER. (a) Annually, the comptroller shall review the management and operations of the lottery. The comptroller may examine books, records, documents, things, or persons as necessary for that purpose.

(b) The comptroller shall report the results of the review to the governor, the lieutenant governor, and the speaker of the house of representatives.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 6.05, eff. Sept. 1, 1995.

Sec. 466.017. AUDITS. (a) The executive director shall provide for a certified public accountant to conduct an independent audit for each fiscal year of all accounts and transactions of the lottery. The certified public accountant may not have, as determined by the executive director, a significant financial interest in a sales agent, lottery vendor, or lottery operator. The certified public accountant shall present an audit report to the executive director, the commission, the governor, the comptroller, and the legislature not later than the 30th day after the submission date for the annual financial report required by the General Appropriations Act. The report must contain recommendations to enhance the earnings capability of the lottery and improve the efficiency of lottery operations. The state auditor may review the results of and working papers related to the audit.

(b) Each lottery operator's and sales agent's records are subject to audit by the commission and the state auditor. For the purpose of carrying out this chapter, the executive director or

state auditor may examine all books, records, papers, or other objects that the executive director or state auditor determines are necessary for conducting a complete examination under this chapter and may also examine under oath any officer, director, or employee of a lottery operator or sales agent. The executive director or state auditor may conduct an examination at the principal office or any other office of the lottery operator or sales agent or may require the lottery operator or sales agent to produce the records at the office of the commission or state auditor. If a sales agent refuses to permit an examination or to answer any question authorized by this subsection, the executive director may summarily suspend the license of the sales agent under Section 466.160 until the examination is completed as required. Section 321.013(h) does not apply to an audit of a lottery operator or sales agent.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.06, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1035, Sec. 66, eff. Sept. 1, 1997.

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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 8, eff. June 20, 2025.

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 or its employees, a sales agent, a lottery vendor, or a

lottery operator.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.07, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 9, eff. June 20, 2025.

Sec. 466.019. ENFORCEMENT. (a) The executive director or designated personnel of the department 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, 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.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03, eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.07, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 10, eff. June 20, 2025.

Sec. 466.020. SECURITY. (a) The executive director shall maintain an office of security within the department. 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.

(b) Repealed by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 76(5), eff. June 20, 2025.

(c) A security officer or investigator employed by the office of security or a peace officer who is working in conjunction with the department 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 request, shall perform a full criminal background investigation of a prospective investigator of the office of security. The department shall reimburse the Department of Public Safety for the actual costs of an investigation.

(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;

(7) lottery premises and warehouse security;

(8) security of distribution of tickets;

(9) security of validation and payment procedures;

(10) security involving unclaimed prizes;

(11) security aspects of each lottery game;

(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

(13) other security aspects of lottery operations.

(f) The executive director shall provide the commission with a complete report of the security study conducted under Subsection (e). The commission shall provide the governor and the legislature, before the convening of each regular legislative session, with a summary of the security study that shows the overall evaluation of the lottery's security.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.08, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 11, eff. June 20, 2025.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 76(5), eff. June 20, 2025.

Sec. 466.021. DEMOGRAPHIC STUDIES. (a) The executive director shall, every two years, employ an independent firm experienced in demographic analysis to conduct a demographic study of lottery players. The study must include the income, age, sex, race, education, and frequency of participation of players.

(b) The executive director shall report the results of the demographic study conducted under Subsection (a) to the commission, the governor, and the legislature before the convening of each regular legislative session.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.09, eff. Sept. 1, 1995.

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

(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

(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.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(94), 6.09, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 792, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 689 (H.B. 59), Sec. 2, eff. September 1, 2017.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 12, eff. June 20, 2025.

Sec. 466.023. DEPARTMENT OF PUBLIC SAFETY RECORDS. (a) Except as otherwise provided by this chapter, all files, records, information, compilations, documents, photographs, reports, summaries, and reviews of information and related matters collected, retained, or compiled by the Department of Public Safety in the discharge of its duties under this chapter are confidential and are not subject to public disclosure. Each of those items is subject to discovery by a person that is the subject of the item.

(b) An investigation report or other document submitted by the Department of Public Safety to the department becomes part of the investigative files of the department and is subject to

discovery by a person that is the subject of the investigation report or other document.

(c) Information that is in the form available to the public is not privileged or confidential under this section and is subject to public disclosure.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.10, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 13, eff. June 20, 2025.

Sec. 466.024. PROHIBITED GAMES. (a) The executive director or a lottery operator may not establish or operate a lottery game in which the winner is chosen on the basis of the outcome of a sports event.

(b) The commission shall adopt rules prohibiting the operation of any game using a video lottery machine or machine.

(c) In this section:

(1) "Sports event" means a football, basketball, baseball, or similar game, or a horse or dog race on which pari-mutuel wagering is allowed.

(2) "Video lottery machine" or "machine" means any electronic video game machine that, upon insertion of cash, is available to play or simulate the play of a video game, including video poker, keno, and blackjack, using a video display and microprocessors in which the player may receive free games or credits that can be redeemed for cash, coins, or tokens, or that directly dispenses cash, coins, or tokens.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.11, eff. Sept. 1, 1995.

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 shall disseminate Amber Alert information at its retail locations through the lottery

operator system.

Added by Acts 2003, 78th Leg., ch. 544, Sec. 1, eff. Sept. 1, 2003.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 14, eff. June 20, 2025.

Sec. 466.027. VETERANS' ASSISTANCE GAME. (a) The department shall operate an instant-ticket lottery game to benefit the fund for veterans' assistance established by Section 434.017.

(b) The department 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.

(c) The department 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 relating to the marketing and advertising of the game.

(d) The department 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.

(e) No organization that would otherwise be eligible to receive funds from the state lottery account attributable to any lottery game authorized by this section may receive any such funds if it conducts illegal gambling or the illegal operation of gambling devices as defined by Chapter 47, Penal Code, or allows illegal gambling or the illegal operation of gambling devices to be conducted on its property or in its facilities.

Added by Acts 2009, 81st Leg., R.S., Ch. 1385 (S.B. 1655), Sec. 5(a), eff. June 19, 2009.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 15, eff. June 20, 2025.

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).

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 16, eff. June 20, 2025.

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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 16, eff. June 20, 2025.

SUBCHAPTER C. PROCUREMENT; ADVERTISING

Sec. 466.1005. PROCUREMENTS. (a) The commission may purchase or lease facilities, goods, and services and make any purchases, leases, or contracts necessary for carrying out the purposes of this chapter.

(b) The commission shall review and must approve all major procurements as provided by commission rule. The commission by rule shall establish a procedure to determine what constitutes a major procurement based on the cumulative value of a contract and other relevant factors. This subsection does not require a

commission member to sign the contract.

(c) The commission may delegate to the executive director the authority to approve procurements other than major procurements.

Added by Acts 2013, 83rd Leg., R.S., Ch. 993 (H.B. 2197), Sec. 3, eff. September 1, 2013.

Sec. 466.101. PROCUREMENT PROCEDURES. (a) The commission and executive director may establish procedures for the purchase or lease of facilities, goods, and services and make any purchases, leases, or contracts that are necessary for carrying out the purposes of this chapter. The procedures must, as determined feasible and appropriate by the commission and executive director, promote competition to the maximum extent possible.

(b) In all procurement decisions, the commission and executive director shall take into account the particularly sensitive nature of the lottery and shall act to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery and the objective of producing revenues for the state treasury.

(c) The procurement procedures adopted by the executive director must, as determined feasible and appropriate by the executive director, afford any party who is aggrieved by the terms of a solicitation or the award of a contract an opportunity to protest the executive director's action to the commission. The protest procedures must provide for an expedient resolution of the protest in order to avoid substantially delaying a solicitation or contract award that is necessary for the timely implementation of a lottery game. A protest must be in writing and be filed with the commission not later than 72 hours after receipt of notice of the executive director's action.

(d) A party who is aggrieved by the commission's resolution of a protest under Subsection (c) may file an action in the district court of Travis County. The court shall give preference to hearings and trials of actions under this section. If the party filing the action seeks to enjoin the implementation of a solicitation or contract, the party shall post a bond that is payable to the state

if the party does not prevail in the appeal, and is in an amount sufficient to compensate the state for the revenue that would be lost due to the delay in lottery operations.

(e) The commission shall require any person seeking to contract for goods or services relating to the implementation and administration of this chapter to submit to competitive bidding procedures in accordance with rules adopted by the commission. The procedures must be for the purpose of ensuring fairness and integrity.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.12, eff. Sept. 1, 1995.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 993 (H.B. 2197), Sec. 4, eff. September 1, 2013.

Sec. 466.102. LIQUIDATED DAMAGES; PERFORMANCE BOND. A contract for the acquisition or provision of facilities, supplies, equipment, materials, or services related to the operation of the lottery must provide for liquidated damages and a performance bond in an amount equal to the executive director's best available estimate of the revenue that would be lost if the contractor fails to meet deadlines specified in the contract.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.12, eff. Sept. 1, 1995.

Sec. 466.103. PROHIBITED CONTRACTS. (a) Except as provided by Subsection (b), the executive director may not award a contract for the purchase or lease of facilities, goods, or services related to lottery operations to a person who would be denied a license as a sales agent under Section 466.155.

(b) Subsection (a) does not prohibit the executive director from awarding a contract for the purpose of conducting a promotional event to a person who would be denied a license as a sales agent under Section 466.155(a)(4)(C) but not under any other provision of Section 466.155.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.12, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 678, Sec. 1, eff. Sept. 1, 1999.

Sec. 466.104. ASSISTANCE OF COMPTROLLER. (a) On request of the executive director, the comptroller shall assist the executive director in:

(1) acquiring facilities, supplies, materials, equipment, and services under Subtitle D, Title 10; or

(2) establishing procedures for the executive director's accelerated acquisition of facilities, supplies, materials, equipment, and services for the operation of the lottery.

(b) The comptroller may request assistance from the Texas Facilities Commission in performing its facilities-related duties under this section.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.12, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 165, Sec. 17.19(5), eff. Sept. 1, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 937 (H.B. 3560), Sec. 1.51, eff. September 1, 2007.

Sec. 466.105. APPLICABILITY OF OTHER LAW. (a) A contract for the acquisition or provision of facilities, supplies, equipment, materials, or services related to the operation of the lottery is not subject to:

(1) Chapter 2054 or 2254; or

(2) Subtitle D, Title 10.

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

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(14), 6.13, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 165, Sec. 17.19(5), eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 18.21, eff. Sept. 1, 1999.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 17, eff. June 20, 2025.

Sec. 466.106. PREFERENCE FOR TEXAS BUSINESSES. (a) In all contracts for lottery equipment, supplies, services, and advertising, the department 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.

(b) If equipment or supplies produced in this state or services or advertising offered by a bidder from this state are not equal in cost and quality, then equipment or supplies produced in another state or services or advertising offered by a bidder from another state shall be given preference over foreign equipment, supplies, services, or advertising.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.14, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 18, eff. June 20, 2025.

Sec. 466.107. MINORITY BUSINESSES. (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;

(B) provide services, including advertising, to the department 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; and

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

(b) In this section:

(1) "Minority business" means a business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares of which are owned by minority group members, and that:

(A) is managed and, in daily operations, is controlled by minority group members; and

(B) is a domestic business entity with a home or branch office located in this state and is not a branch or subsidiary of a foreign corporation, firm, or other business entity.

(2) "Minority group members" includes:

(A) African Americans;

(B) American Indians;

(C) Asian Americans; and

(D) Mexican Americans and other Americans of Hispanic origin.

(c) The department shall annually report to the legislature and the governor on the level of minority business participation as pertains to both the department's contracts and the licensing of sales agents. The report must include recommendations for the improvement of minority business opportunities in lottery-related business.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.15, eff.

Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 19, eff. June 20, 2025.

Sec. 466.108. TELEVISION CONTRACTS. If the drawing or selection of winning tickets is televised under a contract with the department, 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.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.16, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 20, eff. June 20, 2025.

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, 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.

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

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.16, eff.

Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 21, eff. June 20, 2025.

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.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.17, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 22, eff. June 20, 2025.

SUBCHAPTER D. LICENSING OF SALES AGENTS

Sec. 466.151. LICENSE REQUIRED. (a) If the executive director authorizes a person who is not an employee of the department to sell tickets, the person must be licensed as a sales agent by the department.

(b) The executive director may establish a provisional license or other classes of licenses necessary to regulate and administer the quantity and type of lottery games provided at each licensed location.

(c) The director shall attempt to license minority businesses as sales agents in at least 20 percent of the licenses issued. Implementation of this subsection must be consistent with Sections 466.152-466.154 and the rest of this section.

(d) The director may license as a sales agent each person the director believes will best serve the public convenience. The director may not issue a license to a person to engage in business exclusively as a sales agent. A license may not be transferred or assigned to any other person or location.

(e) The director may issue a license to a person only if the director finds that the person's experience, character, and general

fitness are such that the person's participation as a sales agent will not detract from the integrity, security, honesty, and fairness of the operation of the lottery.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.18, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 23, eff. June 20, 2025.

Sec. 466.152. LICENSE APPLICATION; FEE. (a) An applicant for a license under this subchapter must apply to the division under rules adopted by the commission, provide information necessary to determine the applicant's eligibility for a license under Section 466.155, and provide other information considered necessary by the commission.

(b) The applicant must include an application fee with each application. The director shall set the application fee in an amount that is at least sufficient to cover the costs incurred by the division and by the Department of Public Safety to process the application. The director shall determine from information provided by the department the amount required for costs incurred by the department and shall allocate those amounts to the department at least monthly. If the director denies an application for a license based on a factor listed in Section 466.154, the director shall refund one-half of the application fee to the applicant. If the director denies an application based on another factor, the director may not refund any part of the application fee.

(c) Applications for licenses must be available for public inspection during regular office hours.

(d) A separate license is required for each location at which tickets are to be sold. A person who desires to operate more than one location to sell tickets must submit a separate application for each location.

(e) Fees collected under this section shall be deposited in the state treasury to the credit of the state lottery account.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30,

1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.19, eff. Sept. 1, 1995.

Sec. 466.153. CHANGE IN APPLICATION INFORMATION. (a) Except as provided by Subsection (b), an applicant or sales agent shall notify the director of any change in the information in the applicant's or sales agent's most recent application for a license or renewal of a license. The applicant or sales agent shall notify the director of the change in the information not later than the 10th day after the date of the change.

(b) A corporate applicant or sales agent is not required to notify the director under Subsection (a) of a transfer of less than 10 percent of the corporate stock unless the transfer results in a shareholder who previously held 10 percent or less of the stock holding more than 10 percent of the stock.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.154. RULES. The commission shall adopt rules under which, before issuing a license to an applicant, the director shall consider:

(1) the financial responsibility and security of the applicant and the business or activity in which the applicant is engaged;

(2) the public accessibility of the applicant's place of business or activity;

(3) the sufficiency of existing sales agents to serve the public convenience;

(4) whether individuals under 18 years of age constitute a majority of the applicant's customers or as customers provide a majority of the applicant's sales volume;

(5) the volume of expected sales; and

(6) any other factor that the director considers appropriate.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.20, eff. Sept. 1, 1995.

Sec. 466.155. DENIAL OF APPLICATION OR SUSPENSION OR REVOCATION OF LICENSE. (a) After a hearing, the executive director shall deny an application for a license or the department shall suspend or revoke a license if the executive director or department, 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 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 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 records. A notice must be served or mailed not later than the 20th day before the date of the hearing. The department shall provide for a formal administrative hearings process.

(b-1) A hearing under this section must be conducted by the State Office of Administrative Hearings and is subject to Section 2001.058(e).

(c) At a hearing, an applicant or sales agent must show by a preponderance of the evidence why the application should not be denied or the license suspended or revoked.

(d) The director shall give an applicant or sales agent written notice of a denial of an application or a suspension or revocation of a license.

(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.).

(g) For purposes of Subsection (a)(3), the comptroller, Texas Workforce Commission, and Texas Alcoholic Beverage Commission shall each provide the executive director with a report of persons who have been finally determined to be delinquent in the payment of any money owed to or collected by that agency. The commission shall adopt rules regarding the form and frequency of reports under this subsection.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.21, eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 696, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1275, Sec. 51, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 394, Sec. 1, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 14.760, eff. Sept. 1, 2001.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 993 (H.B. 2197), Sec. 5, eff. September 1, 2013.

Acts 2017, 85th Leg., R.S., Ch. 141 (H.B. 1555), Sec. 1, eff. May 26, 2017.

Acts 2019, 86th Leg., R.S., Ch. 506 (S.B. 37), Sec. 6, eff. June 7, 2019.

Acts 2019, 86th Leg., R.S., Ch. 1359 (H.B. 1545), Sec. 391, eff. September 1, 2021.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 24, eff. June 20, 2025.

Sec. 466.1555. PROHIBITED SALES TO PERSONS ATTEMPTING TO PURCHASE ALL OR SUBSTANTIALLY ALL POSSIBLE WINNING LOTTERY TICKETS. (a) A sales agent may not knowingly sell or allow the sale of tickets for a lottery game involving a drawing to one or more persons attempting to purchase all or substantially all possible winning tickets for the drawing.

(b) After a hearing, the commission shall revoke a license issued under this chapter to a sales agent who violates Subsection (a) for each of the sales agent's licensed locations.

(c) A person whose license is revoked under Subsection (b) may not apply for a sales agent license under this chapter before the first anniversary of the license revocation date.

Added by Acts 2025, 89th Leg., R.S., Ch. 820 (S.B. 1346), Sec. 1, eff. September 1, 2025.

Sec. 466.156. BOND; INSURANCE. (a) Each sales agent shall post a cash bond, surety bond, letter of credit, certificate of deposit, or other security approved by the executive director, including the contribution of cash to a pooled bond fund established by the executive director to protect the state from possible losses. The amount of the security shall be determined by the executive director and must reflect the possible losses to the state from the operation of the sales agent. The total amount retained in a pooled bond fund established under this subsection may not exceed $5 million.

(b) The executive director may also require a sales agent to maintain insurance if necessary to protect the interests of the state.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.22, eff.

Sept. 1, 1995; Acts 1999, 76th Leg., ch. 458, Sec. 1, eff. Sept. 1, 1999.

Sec. 466.157. DISPLAY OF LICENSE. As prescribed by rule, each sales agent shall prominently display the license in each place of business or activity at which the sales agent sells tickets.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.22, eff. Sept. 1, 1995.

Sec. 466.158. EXPIRATION OF LICENSE; RENEWAL. (a) Unless suspended or revoked, a license expires on the date specified in the license, which may not be later than the second anniversary of its date of issuance.

(b) The commission shall adopt rules for the renewal of licenses. The director shall set the fee for a renewal of a license in an amount at least sufficient to cover the cost of processing the renewal.

(c) A sales agent must file a renewal application and pay the renewal fee before the sales agent's license expires.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.23, eff. Sept. 1, 1995.

Sec. 466.159. DEATH, DISSOLUTION, OR BANKRUPTCY OF SALES AGENT. (a) A license issued under this chapter expires on:

(1) the death of a sales agent who is an individual;

(2) the dissolution of a sales agent that is not an individual; or

(3) the bankruptcy or receivership of a sales agent.

(b) If a license expires under Subsection (a) and the sales agent's successor in interest desires to operate the sales agency, the successor shall file an application for an extended license not later than the 30th day after the date the license expired. The application must state the basis for the applicant's claim to be the successor in interest to the sales agent and must contain a

certification that the applicant would be eligible for a license under Section 466.155. The director shall permit a qualified applicant to operate under an extended license for not more than one year or until a new license is issued to the applicant, whichever occurs first.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.160. SUMMARY SUSPENSION OF LICENSE. (a) The department may suspend a sales agent's license summarily without notice or hearing if the department 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, 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 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.

(c) At the preliminary hearing, the sales agent must show cause why the license should not remain suspended pending a final hearing on suspension or revocation. The rules governing a hearing on any other license suspension or revocation under this chapter govern a final administrative hearing under this subsection. A hearing under this section is subject to Section

2001.058(e).

(d) To initiate a proceeding to summarily suspend a sales agent's license, the department 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 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. If notice is served by mail, the sales agent shall immediately return the license to the department. 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 lottery computer at the time:

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

(2) the department 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).

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(50), 6.24, eff. Sept. 1, 1995.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 993 (H.B. 2197), Sec. 6, eff. September 1, 2013.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 25, eff. June 20, 2025.

Sec. 466.161. IMMUNITY; CIVIL ACTIONS. (a) A sales agent acting in good faith is immune from civil liability for an act or omission within the course and scope of the agent's license under

this chapter.

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

(c) This section does not create a cause of action against this state, the department, a department employee, or a sales agent.

(d) The immunity provided by Subsection (a) does not apply to a cause of action for personal injury or wrongful death.

Added by Acts 2005, 79th Leg., Ch. 713 (S.B. 442), Sec. 1, eff. June 17, 2005.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 26, eff. June 20, 2025.

SUBCHAPTER E. CRIMINAL HISTORY INVESTIGATIONS

Sec. 466.201. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION. (a) The department 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 in connection with the procurement of

goods or services by the department, 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 to supply goods or services to the department; 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 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) a prospective executive director; or

(2) a prospective employee of the department who the executive director determines:

(A) has or will have access to sensitive or

confidential data relating to this chapter or Chapter 2001, Occupations Code; or

(B) has or will have as the employee's or prospective employee's primary role the administration of this chapter or Chapter 2001, Occupations Code.

(c) Not later than the first anniversary after the date of each renewal, the department 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.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.25, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 27, eff. June 20, 2025.

Sec. 466.202. FINGERPRINTS. (a) The executive director may discharge from employment or refuse to consider, as applicable, an employee or prospective employee of the department 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).

(b) The executive director may deny an application for a license or the department 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.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.26, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 28, eff. June 20, 2025.

Sec. 466.203. DEPARTMENT OF PUBLIC SAFETY ASSISTANCE; COSTS OF INVESTIGATION. (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 for the actual cost of an investigation.

(b) The executive director may require a person who is subject to investigation to pay all costs of the investigation and to provide any information, including fingerprints, necessary to carry out the investigation or facilitate access to state or federal criminal history record information. Payments made to the executive director under this subsection shall be deposited in the general revenue fund and may be used to reimburse the Department of Public Safety for the actual costs 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 shall notify the executive director of any change in information provided to the executive director when the Department of Public Safety learns of the change.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.27, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 29, eff. June 20, 2025.

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;

(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 in connection with the procurement of goods or services by the department;

(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 to supply goods or services to the department.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.27, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 30, eff. June 20, 2025.

Sec. 466.205. CONFIDENTIAL INFORMATION. (a) All information received by the executive director from the Internal Revenue Service is confidential and may only be used as provided by the contract between the comptroller and the Internal Revenue Service under which the information was obtained.

(b) The commission shall adopt rules governing the custody and use of criminal history record information obtained under this subchapter. The comptroller shall adopt necessary rules governing the custody and use of information obtained from the Internal Revenue Service under this subchapter.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.28, eff. Sept. 1, 1995.

Sec. 466.251. TICKETS. (a) The executive director shall prescribe the form of tickets.

(b) Repealed by Acts 2003, 78th Leg., ch. 198, Sec. 2.72(b).

(c) The overall estimated odds of winning a prize in a particular lottery game must be printed on each ticket and prominently displayed in association with the sale of lottery products. The estimate must be based on reasonable projections and past experience.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.29, eff. Sept. 1, 1995; Acts 2003, 78th Leg., ch. 198, Sec. 2.72(b), eff. Sept. 1, 2003.

Sec. 466.252. PURCHASE OF TICKET AGREEMENT TO ABIDE BY RULES. (a) By purchasing a ticket in a particular lottery game, a player agrees to abide by and be bound by the commission's rules, including the rules applicable to the particular lottery game involved. The player also acknowledges that the determination of whether the player is a valid winner is subject to:

(1) the commission's rules and claims procedures, including those developed for the particular lottery game involved; and

(2) any validation tests established by the commission for the particular lottery game involved.

(b) If the lottery uses tickets, an abbreviated form of the rules or a reference to the rules may appear on the tickets.

(c) The commission by rule shall require that a ticket that contains a number of words, as determined by commission rule, in a language other than English must include disclosures in that language.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.30, eff. Sept. 1, 1995.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 993 (H.B. 2197), Sec. 7, eff.

September 1, 2013.

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 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;

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

(3) an officer or employee of the department; 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.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.32, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 678, Sec. 2, eff. Sept. 1, 1999.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 31, eff. June 20, 2025.

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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 32, eff. June 20, 2025.

Sec. 466.256. REPRESENTATIVES BY PERSON CLAIMING LOTTERY PRIZE. A person claiming or attempting to claim a lottery prize or a share of a lottery prize represents that the ticket or other item showing that the person is entitled to the prize or share was lawfully obtained, is not stolen, forged, or altered, and has not previously been redeemed.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 6.34, eff. Sept. 1, 1995.

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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 32, eff. June 20, 2025.

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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 32, eff. June 20, 2025.

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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 32, eff. June 20, 2025.

SUBCHAPTER G. OFFENSES

Sec. 466.3011. VENUE. Venue is proper in Travis County or any county in which venue is proper under Chapter 13A, Code of Criminal Procedure, for:

(1) an offense under this chapter;

(2) an offense under the Penal Code, if the accused:

(A) is a lottery operator, lottery vendor, sales agent, or employee of the division; and

(B) is alleged to have committed the offense while engaged in lottery activities; or

(3) an offense that involves property consisting of or including lottery tickets under Title 7 or 11, Penal Code.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 6.35, eff. Sept. 1, 1995.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 765 (H.B. 4504), Sec. 2.094, eff. January 1, 2025.

Sec. 466.3012. AGGREGATION OF AMOUNTS INVOLVED. When amounts are claimed, attempted to be claimed, or obtained in violation of this chapter pursuant to one scheme or continuing course of conduct, whether from the same or several sources, the conduct may be considered as one offense and the amounts aggregated in determining the grade of the offense.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 6.35, eff. Sept. 1, 1995.

Sec. 466.302. SALE OF TICKET AT PRICE GREATER THAN FIXED PRICE. (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 or by the lottery operator authorized to set that price.

(b) An offense under this section is a Class A misdemeanor.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.36, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 33, eff. June 20, 2025.

Sec. 466.303. SALE OF TICKET BY UNAUTHORIZED PERSON. (a) Except as provided by Subsection (b), a person who is not a sales agent or an employee of a sales agent commits an offense if the person intentionally or knowingly sells a ticket.

(b) A lottery operator may sell tickets to a sales agent. A person who is not a sales agent may distribute tickets as premiums to customers, employees, or other persons who deal with the person if no purchase is required to entitle the recipient to the ticket. A qualified organization as defined in Section 2002.002, Occupations Code, may distribute tickets as a prize in a raffle authorized by Chapter 2002, Occupations Code.

(c) An offense under this section is a felony of the third degree.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.37, eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 1420, Sec. 14.761, eff. Sept. 1, 2001.

Sec. 466.304. SALE OF TICKET AT UNAUTHORIZED LOCATION. (a) A person commits an offense if the person sells a ticket at a location other than the location of a sales agency.

(b) An offense under this section is a Class A misdemeanor.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.305. SALE OF TICKET ON CREDIT. (a) A sales agent

or an employee of a sales agent commits an offense if the person intentionally or knowingly sells a ticket to another person by extending credit or lending money to the person to enable the person to purchase the ticket.

(b) An offense under this section is a Class C misdemeanor. Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.3051. SALE OF TICKET TO OR PURCHASE OF TICKET BY PERSON YOUNGER THAN 18 YEARS OF AGE. (a) A sales agent or an employee of a sales agent commits an offense if with criminal negligence the person sells or offers to sell a ticket to an individual that the person knows is younger than 18 years of age.

(b) An individual who is younger than 18 years of age commits an offense if the individual:

(1) purchases a ticket; or

(2) falsely represents the individual to be 18 years of age or older by displaying evidence of age that is false or fraudulent or misrepresents in any way the individual's age in order to purchase a ticket.

(c) A person 18 years of age or older may purchase a ticket to give as a gift to another person, including an individual 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 or other appropriate governmental entity regarding compliance with this section.

(e) An offense under Subsection (a) is a Class C misdemeanor.

(f) An offense under Subsection (b) is punishable by a fine not to exceed $250.

(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.

Added by Acts 1993, 73rd Leg., R.S., Ch. 107 (H.B. 947), Sec. 4.03(b), eff. August 30, 1993.

Renumbered from Sec. 466.253 and amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.31, eff. Sept. 1, 1995.

Amended by:

Acts 2001, 77th Leg., ch. 696, Sec. 1, eff. Sept. 1, 2001.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 34, eff. June 20, 2025.

Sec. 466.3052. PURCHASE AND SALE OF TICKETS. (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 for purposes of purchasing a lottery ticket; or

(5) a mail order subscription on a mail order subscription form authorized by the department.

(b) An offense under this section is a Class C misdemeanor.

Added by Acts 1993, 73rd Leg., R.S., Ch. 107 (H.B. 947), Sec. 4.03(b), eff. August 30, 1993.

Renumbered from Sec. 466.255 and amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.33, eff. Sept. 1, 1995.

Amended by:

Acts 1999, 76th Leg., ch. 687, Sec. 1, eff. Sept. 1, 1999.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 35, eff. June 20, 2025.

Sec. 466.3053. PURCHASE OF TICKET WITH PROCEEDS OF AFDC CHECK OR FOOD STAMPS. (a) A person commits an offense if the person intentionally or knowingly purchases a ticket with:

(1) the proceeds of a check issued as a payment under the Aid to Families with Dependent Children program administered under Chapter 31, Human Resources Code; or

(2) a food stamp coupon issued under the food stamp program administered under Chapter 33, Human Resources Code.

(b) An offense under this section is a Class C misdemeanor.

Added by Acts 1993, 73rd Leg., R.S., Ch. 107 (H.B. 947), Sec. 4.03(b), eff. August 30, 1993.

Renumbered from Sec. 466.255 and amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.33, eff. Sept. 1, 1995.

Sec. 466.3054. GROUP PURCHASE ARRANGEMENTS. (a) A person commits an offense if, for financial gain, the person establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the person intentionally or knowingly:

(1) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or

(2) retains a share of any prize awarded as compensation for establishing or promoting the group purchase or pooling arrangement.

(b) An offense under this section is a felony of the third degree.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 6.38, eff. Sept. 1, 1995.

Sec. 466.306. FORGERY; ALTERATION OF TICKET. (a) A person commits an offense if the person intentionally or knowingly alters or forges a ticket.

(b) An offense under this section is a felony of the third degree unless it is shown on the trial of the offense that the prize

alleged to be authorized by the ticket forged or altered is greater than $10,000, in which event the offense is a felony of the second degree.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.307. INFLUENCING SELECTION OF WINNER. (a) A person commits an offense if the person intentionally or knowingly influences or attempts to influence the selection of the winner of a lottery game.

(b) An offense under this section is a felony of the third degree unless it is shown on the trial of the offense that a prize in the game influenced or attempted to be influenced is greater than $10,000, in which event the offense is a felony of the second degree.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.308. CLAIMING LOTTERY PRIZE BY FRAUD. (a) A person commits an offense if the person intentionally or knowingly:

(1) claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or

(2) aids or agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation.

(b) In this section, "claim" includes an attempt to claim, without regard to whether the attempt is successful.

(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).

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.39, eff. Sept. 1, 1995.

Sec. 466.309. TAMPERING WITH LOTTERY EQUIPMENT. (a) A person commits an offense if the person intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game.

(b) An offense under this section is a felony of the third degree.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.310. CERTAIN TRANSFERS OF CLAIMS. (a) A person commits an offense if the person:

(1) induces another person to assign or transfer a right to claim a prize;

(2) offers for sale the right to claim a prize; or

(3) offers, for compensation, to claim the prize of another person.

(b) An offense under this section is a felony of the third degree, unless it is shown on the trial of the offense that the prize involved is greater than $10,000, in which event the offense is a felony of the second degree.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.311. REPORTING AND RECORD VIOLATIONS. (a) A person commits an offense if the person, in a license application, in a book or record required to be maintained by this chapter or a rule adopted under this chapter, or in a report required to be submitted by this chapter or a rule adopted under this chapter:

(1) intentionally or knowingly makes a statement or entry that the person knows to be false or misleading; or

(2) fails to maintain or make an entry the person knows is required to be maintained or made.

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

(c) An offense under this section is a Class A misdemeanor.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.40, eff. Sept. 1, 1995.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 36, eff. June 20, 2025.

Sec. 466.312. FALSE, INCORRECT, OR DECEPTIVE STATEMENT. (a) A person commits an offense if the person intentionally or knowingly makes a material and false, incorrect, or deceptive statement to a person conducting an investigation or exercising discretion under this chapter or a rule adopted under this chapter.

(b) In this section, "statement" includes:

(1) a written or oral statement; and

(2) a sworn or unsworn statement.

(c) An offense under this section is a Class A misdemeanor.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.41, eff. Sept. 1, 1995.

Sec. 466.313. CONSPIRACY. (a) A person commits an offense of conspiracy if, with intent that an offense under this chapter be committed:

(1) the person agrees with one or more other persons that they or one or more of them engage in conduct that would constitute the offense; and

(2) one or more of the persons agreeing under Subdivision (1) performs an overt act in pursuance of the agreement.

(b) An agreement constituting a conspiracy may be inferred from acts of the parties.

(c) It is no defense to prosecution for conspiracy under this section that:

(1) one or more of the coconspirators is not criminally responsible for the object offense;

(2) one or more of the coconspirators has been acquitted, so long as at least two coconspirators have not been acquitted;

(3) one or more of the coconspirators has not been prosecuted or convicted, has been convicted of a different offense, or is immune from prosecution;

(4) the actor belongs to a class of persons that by definition of the object offense is legally incapable of committing the object offense in an individual capacity; or

(5) the object offense was not actually committed.

(d) An offense under this section is one category lower than the most serious offense under this chapter that is the object of the conspiracy, and if the most serious offense under this chapter that is the object of the conspiracy is a felony of the third degree, the offense is a Class A misdemeanor.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.317. PROHIBITION AGAINST SALE OF CERTAIN LOTTERY TICKETS. (a) Except as permitted by a compact entered into under Subsection (b), a person may not sell or offer for sale in this state any interest in a lottery of another state or state government or an Indian tribe or tribal government, including an interest in an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest.

(b) The state may enter into a compact with another state or state government or an Indian tribe or tribal government to permit the sale of lottery tickets of this state in the state's, tribe's, or government's jurisdiction and to allow the sale of the state's, tribe's, or government's lottery tickets in this state.

(c) A person commits an offense if the person violates this

section. An offense under this section is a Class A misdemeanor.
Added by Acts 1995, 74th Leg., ch. 696, Sec. 2, eff. Sept. 1, 1995.

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.
Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 37, eff. June 20, 2025.

SUBCHAPTER H. REVENUE

Sec. 466.351. DELIVERY OF FUNDS. (a) Except as provided by Subsection (d), all revenue received from the sale of tickets and all money credited to the state lottery account from any other source shall be deposited in the state treasury through approved state depositories on the settlement day or days established by the director.

(b) The director may require sales agents to establish

separate electronic funds transfer accounts for the purposes of depositing money from ticket sales, making payments to the division, and receiving payments from the division. The commission by rule shall establish the procedures for depositing money from ticket sales into electronic funds transfer accounts, as well as other procedures regarding the handling of money from ticket sales.

(c) The director may not permit a sales agent to make payments to the division or a lottery operator in cash.

(d) The director may provide for a sales agent to retain from the money received from the sale of tickets the amount of prizes paid by the agent or the agent's commission, if any, and may establish how often the agent will make settlement payments to the treasury.

(e) The director may provide for a sales agent to pay amounts received for the sale of tickets directly to an officer or employee of the division for immediate deposit in the state treasury.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.45, eff. Sept. 1, 1995.

Sec. 466.352. REPORTING BY SALES AGENT; RECORDS. (a) The director may require a sales agent to file with the division reports of receipts and transactions relating to the sale of tickets in the form and containing the information that the director requires.

(b) Each sales agent shall maintain records adequate to establish the disposition of each ticket provided to the sales agent, the amounts of money received for the sale of those tickets, and any prizes awarded by the sales agent.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.353. LIABILITY OF SALES AGENT. (a) A sales agent is liable to the division for all tickets accepted or generated by the sales agent or any employee or agent of the sales agent, and tickets shall be deemed to have been purchased by the sales agent unless returned to the division within the time and manner

prescribed by the division.

(b) Money received by a sales agent from the sales of tickets, less the amount retained for prizes paid by the sales agent or for the agent's commission, if any, together with any unsold tickets, shall be held in trust for the benefit of the state before delivery to a lottery operator or the division or electronic transfer to the state treasury, and the sales agent is liable to the division for the full amount of the money or unsold tickets so held. If the sales agent is not an individual, each officer, director, or owner of the sales agent is personally liable to the division for the full amount of the money or unsold tickets held in trust for the benefit of the state.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.354. DUTIES OF COMPTROLLER. (a) The comptroller, in consultation with the director, shall establish procedures for the efficient implementation and operation of an electronic funds transfer system to meet the needs of the director under this chapter.

(b) The comptroller periodically shall file reports with the executive director providing information regarding the revenue credited to the state lottery account, the investments of the money in the account, and the distributions made from the account.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.46, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.2, eff. Sept. 1, 1997.

Sec. 466.355. STATE LOTTERY ACCOUNT. (a) The state lottery account is a special account in the general revenue fund. The account consists of all revenue received from the sale of tickets, license and application fees under this chapter, and all money credited to the account from any other fund or source under law. Interest earned by the state lottery account shall be deposited in the unobligated portion of the general revenue fund.

(b) Money in the state lottery account may be used only for

the following purposes and shall be distributed as follows:

(1) the payment of prizes to the holders of winning tickets;

(2) the payment of costs incurred in the operation and administration of the lottery, including any fees received by a lottery operator, provided that the costs incurred in a fiscal biennium may not exceed an amount equal to 12 percent of the gross revenue accruing from the sale of tickets in that biennium;

(3) the establishment of a pooled bond fund, lottery prize reserve fund, unclaimed prize fund, and prize payment account; and

(4) the balance, after creation of a reserve sufficient to pay the amounts needed or estimated to be needed under Subdivisions (1) through (3), to be transferred on or before the 15th day of each month as follows:

(A) the portion of the balance attributable to the lottery game operated under Section 466.027 to the fund for veterans' assistance established by Section 434.017; and

(B) the remainder to the foundation school fund.

(c) Each August the comptroller shall:

(1) estimate the amount to be transferred to the foundation school fund on or before September 15; and

(2) notwithstanding Subsection (b)(4), transfer the amount estimated in Subdivision (1) to the foundation school fund before August installment payments are made under Section 48.273, Education Code.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.47, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 592, Sec. 3.02, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1178, Sec. 1, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1158, Sec. 29, eff. June 15, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1385 (S.B. 1655), Sec. 7(a), eff. June 19, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 1.02, eff. September 28, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 431 (S.B. 559), Sec. 2, eff.

June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1410 (S.B. 758), Sec. 2, eff. June 14, 2013.

Reenacted and amended by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. 3), Sec. 3.078, eff. September 1, 2019.

Sec. 466.357. APPLICABILITY OF CONSTITUTIONAL PROVISIONS. For purposes of Article III, Section 49a, and Article VIII, Section 22, of the Texas Constitution:

(1) funds received from the operation of a lottery are not revenue; and

(2) expenses of operating the lottery and paying prizes are not expenses of state government.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.358. COMPENSATION OF SALES AGENT. (a) The director and each lottery operator shall determine the compensation to be paid to sales agents for the sale of tickets as provided by this section. The compensation paid to a sales agent may not be an amount less than five percent of the retail price of the tickets sold plus, at the discretion of the director or lottery operator supervising the lottery game involved, an incentive bonus based on attainment of sales volume, the redemption of winning tickets, or other objectives specified by the director or lottery operator for each type of lottery.

(b) The division or a lottery operator may run sales agent incentive games for sales agents using the incentive bonus amount or other amounts allocated by the director as compensation for sales agents.

(c) to (e) Repealed by Acts 2001, 77th Leg., ch. 394, Sec. 4, eff. Sept. 1, 2001.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1997, 75th Leg., ch. 1104, Sec. 2, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 394, Sec. 4, eff. Sept. 1, 2001.

Sec. 466.359. COMPENSATION OF SALES AGENT FOR PURPOSES OF CONTRACTUAL RENTAL PAYMENT. If a sales agent's rental payments for premises are contractually computed in whole or in part on the basis of a percentage of the lessee's retail sales and if the computation of the lessee's rental payment is not explicitly defined to include sales of tickets in a state-operated lottery, the compensation received by the sales agent from the lottery is considered to be the net amount of the lessee's retail sales of tickets for the purpose of computing the rental payment.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

SUBCHAPTER I. PRIZES

Sec. 466.4001. DEFINITION. In this subchapter, "prize winner" means a person who presents a valid winning ticket, claims a lottery prize, and is recognized by the commission as the person entitled to receive lottery prize payments. The term does not include an assignee of a lottery prize.

Added by Acts 2011, 82nd Leg., R.S., Ch. 403 (S.B. 626), Sec. 1, eff. June 17, 2011.

Sec. 466.401. TICKET VALIDATION; DRAWINGS. (a) The office of security shall supervise ticket validation and lottery drawings.

(b) If a lottery game involves a drawing, the drawing must be open to the public. An independent certified public accountant must witness the drawing.

(c) An employee of the division and the independent certified public accountant witnessing the drawing shall inspect any equipment used in the drawing. The equipment must be inspected immediately before and after the drawing. The drawing and inspections must be recorded on video and audio tape.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 38,

eff. June 20, 2025.

Sec. 466.402. PAYMENT OF PRIZES GENERALLY. (a) The director may authorize prizes to be paid by warrants to be drawn on the state lottery account.

(b) The payment of a prize in an amount of $600 or more may be made only by the director.

(c) The director may authorize a sales agent to pay a prize in an amount less than $600 after performing procedures to validate the winning ticket as required by the director. A prize paid under this subsection is not required to be paid by warrant on the state lottery account.

(d) The state is discharged of all further liability on the payment of a prize under Section 466.403, 466.404, 466.406, 466.407, or 466.410 or this section or under any additional procedures established by rule.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1999, 76th Leg., ch. 1394, Sec. 1, eff. Sept. 1, 1999.

Sec. 466.403. PAYMENT OF PRIZE IN INSTALLMENTS. If the director determines that prize money is to be paid in installments, the comptroller shall invest funds from the state lottery account as necessary to ensure the payment of the installments. The investments may be in securities, annuities, or other instruments as determined by the comptroller.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 8.21, eff. Sept. 1, 1997.

Sec. 466.404. PAYMENT OF PRIZE TO MULTIPLE WINNERS. (a) A specific prize as set forth by the prize structure of a specific lottery game may not be paid more than once. If the director determines that more than one claimant has been awarded a specific unpaid prize in a specific lottery game, each claimant is entitled only to an equal share of the prize.

(b) The director shall pay the cash equivalent of a prize

other than prize money if more than one person is entitled to share the prize as provided by Subsection (a).

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Sec. 466.405. PAYMENT OF PRIZE AWARDED TO MINOR. (a) If a minor is entitled to prize money on a winning ticket in an amount less than $600, the director may make payment by delivery to an adult member of the minor's family, or to the minor's guardian, of a warrant payable to the order of the minor.

(b) If a minor is entitled to prize money on a winning ticket in an amount of $600 or more, the director may direct payment to the minor by depositing the amount of the prize in any financial institution to the credit of an adult member of the minor's family or of the minor's guardian as custodian for the minor.

(c) The director shall pay the cash equivalent of a prize other than prize money if the person entitled to claim the prize is a minor. Payment of the cash equivalent of a prize other than prize money to a minor shall be made as provided by Subsections (a) and (b).

(d) A person designated to receive payment on behalf of a minor has the powers and duties of a custodian under Chapter 141, Property Code.

(e) In this section:

(1) "Adult" means an individual who is at least 18 years of age.

(2) "Custodian," "financial institution," "guardian," and "member of the minor's family," have the meanings assigned by Section 141.002, Property Code.

(3) "Minor" means an individual who is younger than 18 years of age.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 190 (H.B. 2509), Sec. 1, eff. September 1, 2009.

Sec. 466.406. RIGHT TO PRIZE NOT GENERALLY ASSIGNABLE. (a) Except as provided by this section and Section 466.410, the right of any person to a prize is not assignable.

(b) Payment of prize payments not previously assigned as provided by this section or Section 466.410 shall be made to the estate of a deceased prize winner if the prize winner was an individual.

(c) A prize to which a winner is otherwise entitled may be paid to any person under an appropriate judicial order.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1999, 76th Leg., ch. 1394, Sec. 2, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 403 (S.B. 626), Sec. 2, eff. June 17, 2011.

Sec. 466.407. DEDUCTIONS FROM PRIZES.

(a) The executive director shall deduct the amount of a delinquent tax or other money from the winnings of a prize winner who has been finally determined to be:

(1) delinquent in the payment of a tax or other money to a state agency and that delinquency is reported to the comptroller under Section 403.055;

(2) in default on a loan made under Chapter 52, Education Code; or

(3) in default on a loan guaranteed under Chapter 57, Education Code.

(a-1) The executive director shall deduct delinquent child support payments from the winnings of a prize winner in the amount of the delinquency as determined by a court or a Title IV-D agency under Chapter 231, Family Code.

(b) If the winnings of a prize winner exceed the amount of a delinquency under Subsection (a) or (a-1), the director shall pay the balance to the prize winner. The director shall transfer the amount deducted to the appropriate agency or to the state disbursement unit under Chapter 234, Family Code, as applicable.

(c) Repealed by Acts 2011, 82nd Leg., R.S., Ch. 403, Sec.

6(a), eff. June 17, 2011.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.48, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 135, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1104, Sec. 3, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1153, Sec. 3.04(a), eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1423, Sec. 8.22, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 403 (S.B. 626), Sec. 3, eff. June 17, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 403 (S.B. 626), Sec. 6(a), eff. June 17, 2011.

Sec. 466.4075. DEDUCTIONS OF CHILD SUPPORT FROM CERTAIN LOTTERY WINNINGS. (a) This section applies only to a prize that is awarded by the director under Section 466.402(b), including a prize paid in periodic installments.

(b) In the event of a single payment, the executive director shall deduct from winnings of the prize winner an amount for delinquent child support owed by the prize winner if the executive director has been provided with a certified copy of a court order or a writ of withholding issued under Chapter 158, Family Code, or notice of a child support lien created under Subchapter G, Chapter 157, Family Code.

(c) If the prize is paid in periodic installments, the executive director shall deduct from periodic installment winnings paid to a prize winner amounts owed by the prize winner for child support if the executive director has been provided with a certified copy of a court order or a writ of withholding issued under Chapter 158, Family Code, or notice of a child support lien created under Subchapter G, Chapter 157, Family Code. This subsection does not apply to the payment of amounts to a person to whom the prize winner assigns the right to receive prize payments under Section 466.410.

(d) The court order, writ of withholding, or notice of a child support lien provided under Subsection (c) must direct child support to be paid in the manner in which the periodic installment

prize is paid. The executive director is not required to receive the court order, the writ of withholding, or notice of child support lien until the executive director determines there is a periodic installment prize to which the prize winner is entitled.

(e) If the winnings of a prize winner exceed the amount deducted under Subsection (b) or (c) and Section 466.407 or any other section of this chapter allowing a deduction from the winnings of a prize winner, the executive director shall pay the balance to the prize winner. The executive director shall transfer the money deducted under Subsection (b) or (c) to the appropriate person as determined by court order, the clerk of the court that issued the order for placement in the registry of the court, or the state disbursement unit under Chapter 234, Family Code, as appropriate.

(f) The commission may adopt rules necessary to administer this section.

(g) Section 9.406, Business & Commerce Code, does not apply to periodic payments of lottery prize winnings under this section.

Added by Acts 1997, 75th Leg., ch. 1104, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 403 (S.B. 626), Sec. 4, eff. June 17, 2011.

Sec. 466.408. UNCLAIMED PRIZES. (a) The department 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.

(b) If a claim is not made for prize money on or before the 180th day after the 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.

(b-1) Notwithstanding Subsection (b), if the legislature appropriates money from the general revenue fund to the programs described by Subsection (b) in an amount equal to the maximum amount of money that could be appropriated from unclaimed prize money to those programs under that subsection, all unclaimed prize money must 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 180th day after the 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:

(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 game" as determined by the commission.

(e) An eligible person serving on active military duty in any branch of the United States armed forces during a war or national emergency declared in accordance with federal law may

claim a lottery prize not later than the 90th day after the date on which the earliest of the following occurs:

(1) the person is discharged from active military duty;

(2) the person returns to this state for more than 10 consecutive days;

(3) the person returns to nonactive military duty status in the reserve or national guard; or

(4) the war or national emergency ends.

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

(g) For purposes of this section, a person is considered to be on active military duty if the person is covered by the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App. U.S.C. Sections 501-594) or the Uniformed Services Employment and Reemployment Rights Act of 1994 (38 U.S.C. Sections 4301-4333), as amended.

(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 180th day after the 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 game" for instant games as determined by the commission.

Added by Acts 1993, 73rd Leg., ch. 107, Sec. 4.03(b), eff. Aug. 30, 1993. Amended by Acts 1999, 76th Leg., ch. 1394, Sec. 3, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1128, Sec. 6, eff. June 15, 2001; Acts 2003, 78th Leg., ch. 198, Sec. 2.34, eff. Sept. 1, 2003; Acts

2003, 78th Leg., ch. 781, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1385 (S.B. 1655), Sec. 8, eff. June 19, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 993 (H.B. 2197), Sec. 8, eff. September 1, 2013.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 39, eff. June 20, 2025.

Sec. 466.409. TREATMENT OF PRIZE PAYABLE ON TICKET PURCHASED BY INELIGIBLE PERSON. If an individual listed in Section 466.254 purchases a ticket or claims or otherwise attempts to collect or receive a lottery prize or a share of a lottery prize or an individual younger than 18 years of age directly purchases a ticket, the individual is not eligible to receive a prize or share of a prize, and the prize or share of a prize otherwise payable on the ticket is treated as an unclaimed prize as provided by Section 466.408.

Added by Acts 1993, 73rd Leg., R.S., Ch. 107 (H.B. 947), Sec. 4.03(b), eff. August 30, 1993.

Renumbered from Sec. 466.253 and amended by Acts 1995, 74th Leg., ch. 76, Sec. 6.31, eff. Sept. 1, 1995.

Sec. 466.410. ASSIGNMENT OF PRIZES. (a) A person may assign, in whole or in part, the right to receive prize payments that are paid by the department 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 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 may intervene in a proceeding to protect the interests of the department 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, 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.

(c) It shall be the responsibility of the assignor to bring to the attention of the court, either by sworn testimony or by written declaration submitted under penalty of perjury, the existence or nonexistence of a current spouse. If married, the assignor shall identify his or her spouse and submit to the court a sworn and notarized statement wherein the spouse consents to the assignment. If the assignor is married and the sworn and notarized statement is not presented to the court, the court shall determine, to the extent necessary and as appropriate under applicable law, the ability of the assignor to make the proposed assignment without the spouse's consent.

(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 to divide any single prize payment among more than three different persons.

(e) The court order shall include specific findings as to compliance with the requirements of Subsections (b), (c), and (d) and shall specify the prize payment or payments assigned, or any portion thereof, including the dates and amounts of the payments to be assigned, the years in which each payment is to begin and end, the gross amount of the annual payments assigned before taxes, and the name of the prize winner as it appears on the lottery claim form.

(f) A certified copy of a court order granted under this section shall be delivered to the department and such order must be provided to the department 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 shall acknowledge in writing to both the assignor and

the assignee its receipt of said court order. Unless the department provides written notice to the assignor and assignee that the department cannot comply with the court order, the department shall thereafter make the prize payments in accordance with the court order.

(g) The department 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 of any processing fee imposed by a private annuity provider. The department shall establish the amount of the fee to reflect the direct and indirect costs associated with processing the assignment.

(h) An assignment pursuant to court order may not include or cover payments or portions of payments that are subject to any offset provided by this chapter.

(i) Notwithstanding any other provision of this section, there will be no right to assign prize payments following:

(1) the issuance, by the Internal Revenue Service, of a technical rule letter, revenue ruling, or other public ruling of the Internal Revenue Service that determines that, based on the right of assignment as provided by this section, a lottery prize winner who does not assign prize payments would be subject to an immediate income tax liability for the value of the entire prize rather than annual income tax liability for each installment when paid; or

(2) the issuance by a court of a published decision holding that, based on the right of assignment as provided by this section, a lottery prize winner who does not assign prize payments would be subject to an immediate income tax liability for the value of the entire prize rather than annual income tax liability for each installment when paid.

(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 shall not make any payment to an assignee pursuant to a court order entered after the date of such letter or ruling.

(k) Section 9.406, Business & Commerce Code, does not apply to periodic payments of lottery prize winnings under this section.

Added by Acts 1999, 76th Leg., ch. 1394, Sec. 4, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 403 (S.B. 626), Sec. 5, eff. June 17, 2011.

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 40, eff. June 20, 2025.

Sec. 466.411. CHOICE BY CERTAIN PRIZE WINNERS TO REMAIN ANONYMOUS. (a) Subject to Subsection (b), a natural person who is a prize winner of a lottery prize in an amount equal to $1 million or more, or who is an owner of a beneficial interest in a legal entity that is a prize winner of a lottery prize in an amount equal to $1 million or more, may on the date the winner claims the prize choose to remain anonymous and prohibit all personally identifiable information from being released to the public.

(b) The department 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 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).

(c) For purposes of this section, the amount of a lottery prize is the total amount of prize money paid to a prize winner for a single lottery prize claim, whether paid in one payment or in periodic installments, before deducting any federal tax withholdings or other deductions required by law.

(d) This section does not prohibit release of a natural person prize winner's city or county of residence or prevent the department 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.

Added by Acts 2017, 85th Leg., R.S., Ch. 689 (H.B. 59), Sec. 3, eff. September 1, 2017.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 41, eff. June 20, 2025.

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.

Added by Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 42, eff. June 20, 2025.

SUBCHAPTER J. PARTICIPATION IN MULTIJURISDICTION LOTTERY GAME

Sec. 466.451. MULTIJURISDICTION AGREEMENT AUTHORIZED. The department 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.

Acts 2003, 78th Leg., ch. 201, Sec. 78, eff. Sept. 1, 2003.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 43, eff. June 20, 2025.

Sec. 466.452. REVENUE FROM MULTIJURISDICTION LOTTERY. (a) Except as provided by this section, revenue received from the sale of tickets in this state for a multijurisdiction lottery game is subject to Subchapter H.

(b) The department 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 participates. The department 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.

Acts 2003, 78th Leg., ch. 201, Sec. 78, eff. Sept. 1, 2003.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 44, eff. June 20, 2025.

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

Acts 2003, 78th Leg., ch. 201, Sec. 78, eff. Sept. 1, 2003.

Amended by:

Acts 2025, 89th Leg., R.S., Ch. 1160 (S.B. 3070), Sec. 45, eff. June 20, 2025.