

- SUBJECT:** Denying or revoking lottery sales license for child support or tax delinquency
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 8 ayes — Wilson, Yarbrough, Flores, Goolsby, Haggerty, J. Moreno, A. Reyna, Wise
- 0 nays
- 1 absent — D. Jones
- WITNESSES:** For — None
- Against — None
- On — Alicia Key, Office of the Attorney General; *Registered, but did not testify:* Gary Grief, Texas Lottery Commission
- BACKGROUND:** Government Code, ch. 466 established the state lottery in 1991. Sec. 466.155 outlines which individuals can be denied an application for a lottery sales license or have their licenses revoked, including those who currently are delinquent in the payment of any state tax.
- Government Code, sec. 466.358 relates to compensation of lottery sales agents. Subsection (c) permits the executive director of the Lottery Commission to deduct the amount of delinquent tax or other money from compensation made to a sales agent who 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;
 - ! delinquent in making child support payments administered or collected by the attorney general; or
 - ! in default of a student loan made under ch. 52 or guaranteed under ch. 57 of the Education Code.

Sec. 466.358, subsection (d) requires the executive director to pay the balance to the sales agent if the compensation exceeds a delinquency under subsection (c), and then transfer the deducted amount to the appropriate agency. Subsection (e) requires the attorney general, comptroller, Texas Workforce Commission, Texas Alcoholic Beverage Commission, Texas Higher Education Coordinating Board, and Texas Guaranteed Student Loan Corporation to provide the executive director with reports of persons who have been finally determined to be delinquent in the payment of a tax or other money collected by those agencies.

Family Code, sec. 232.002 lists the licensing authorities whose license holders are subject to suspension of their license for failure to pay child support or comply with a subpoena.

Education Code, Chapters 52 and 57, outline the student loan and guaranteed student loan programs, respectively. Sec. 57.491 sets forth the guidelines that allow for the nonrenewal of professional or occupational licenses for individuals who default on their Texas Guaranteed Student Loans.

Chapter 2001 of the Occupations Code defines and describes the game of bingo and where it can be played.

DIGEST:

CSHB 965 would amend Government Code, sec. 466.155 to expand the list of parties qualified to have their lottery sales license denied or revoked. It would allow the Lottery Commission or its director to deny or revoke the lottery ticket sales license of a person who was finally determined to be:

- ! delinquent in the payment of a tax or other money collected by the comptroller, Texas Workforce Commission, or Texas Alcoholic Beverage Commission; or
- ! in default on a student loan made or guaranteed under chapters 52 or 57 of the Education Code.

For the purposes of determining if individuals were delinquent or in default, the comptroller, Texas Workforce Commission, Texas Alcoholic Beverage Commission, Texas Higher Education Coordinating Board (THECB), and Texas Guaranteed Student Loan Corporation would be required to provide the executive director of the Texas Lottery Commission with reports of

persons who were finally determined to be delinquent in the payment of a tax or other money collected by those agencies. The commission would be required to adopt rules regarding the form and frequency of those reports.

CSHB 965 would amend Family Code, sec. 232.002 to add the Texas Lottery Commission to the list of licensing authorities whose license holders are subject to the suspension of their license for failure to pay child support or to comply with a subpoena. The bill would add sec. 232.0021 to specify that ch. 232 would apply only to a lottery ticket sales agent license issued under Government Code, ch. 466.

CSHB 965 would repeal Government Code, secs. 466.358(c), (d), and (e). The bill also would make nonsubstantive changes to the code to clarify section numbering and agency naming discrepancies created when bills were enacted simultaneously by the 76th Legislature.

CSHB 965 would take effect on September 1, 2001.

SUPPORTERS
SAY:

CSHB 965 would save taxpayer dollars by providing incentives to noncustodial parents to fulfill their parental obligation to pay court-ordered child support. Under current law, licensees of 59 other state licensing authorities are held accountable by the Office of the Attorney General for nonpayment of child support. It would be common sense to add the Texas Lottery Commission to this list. Parents who owe child support would be provided ample opportunity to comply with a payment schedule before their licenses were suspended. The Office of the Attorney General or the court system would determine if a license should be denied or revoked, which would provide a better enforcement system than revocation through the Texas Lottery Commission.

CSHB 965 also would prevent a lottery sales agent from defaulting on a state-financed student loan while continuing to profit from sales through a state program. It would protect the taxpayer investment in higher education by holding lottery sales agents who default on their student loans accountable for nonpayment. Student loan defaults have resulted in a great expense to taxpayers as well as to the state and federal government. CSHB 965 would be a significant deterrent to default since scholarship and loan recipients would be aware that their default could result in licensure

suspension or denial.

People's obligations to their children and to repay their student loans are more important than the small potential loss in state revenue from revoking someone's license to sell lottery tickets.

OPPONENTS
SAY:

CSHB 965 would be too harsh on lottery sales agents who fell behind in paying child support. For some small-business owners, lottery ticket sales are significant source of income. Taking away that source of livelihood from a licensed sales agents could jeopardize not only their jobs, but also the jobs of employees. By taking away income, it also could deter the agent's potential ability to make good on child support obligations. A small-business owner could have his or her lottery sales license suspended for owing as little as 90 days' back child support.

Defaulting on student loans already carries financial penalties. CSHB 965 would increase the financial burden on licensed lottery sales agents by taking away their ability to earn money. Ironically, by punishing lottery sales agents who default on student loans, CSHB 965 would take away state dollars that would have gone to benefit Texas' educational system by preventing potential lottery sales.

NOTES:

The fiscal note for CSHB 965 found no anticipated significant fiscal implication to the state. However, it did note that THECB believes additional administrative workload would be added to the agency to perform delinquency checks. The LBB believes the costs associated with this additional workload would be minimal.

HB 965 as filed would have amended Government Code, sec. 466.155 to include those who are delinquent in making child support payments in the list of persons whose lottery sales agent licenses could be denied or revoked by the Texas Lottery Commission, rather than adding the agency to the list of licensing authorities in the Family Code from which the Attorney General's Office has the authority to revoke licenses.

In the 76th Legislature in 1999, HB 2452 by Dunnam, which was almost identical to HB 965 as filed, was placed on the Local, Consent, and Resolutions Calendar twice, but ultimately was transferred to the Calendars Committee and died there.