

- SUBJECT:** Lottery ticket sales at a location with an alcoholic beverage permit
- COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment
- VOTE:** 7 ayes — Flores, Isett, Goolsby, Hamilton, Jones, Quintanilla, Thompson
0 nays
2 absent — Geren, Miles
- WITNESSES:** For — None
Against — None
On — (*Registered, but did not testify:* Anthony J. Sadberry, Texas Lottery Commission)
- BACKGROUND:** The State Lottery Act (Government Code, ch. 466) governs operations of the state lottery. In 1997, the Legislature dedicated lottery revenue to public schools.

Under Government Code, sec. 466.155 (a), certain individuals do not qualify for a license to sell lottery tickets, including a person whose location for the sales is a location for which a person holds a wine and beer retailer's permit, mixed beverage permit, mixed beverage late hours permit, private club registration permit, or private club late hours permit issued under the Alcoholic Beverage Code.
- DIGEST:** HB 2739 would allow the Lottery Commission to grant licenses for the sale of lottery tickets to applicants whose location for the sales would be one where the qualifying applicant also held one or more of the following permits:
- wine and beer retailer's permit
 - mixed beverage permit
 - mixed beverage late hours permit
 - private club registration permit
 - private club late hours permit

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

By allowing lottery tickets to be sold at locations where a person held a permit to sell alcohol for on-premises consumption, HB 2739 would provide an additional opportunity to generate revenue while applying standards that would help to ensure that only responsible sales agencies could sell lottery tickets. Patrons drinking alcoholic beverages would be at least 21 years old and presumably could exercise reasonable judgment about their spending.

Other state lotteries allow the sale of tickets at locations with alcoholic beverage permits. The sale of lottery tickets at such locations in Texas would allow for additional marketing opportunities of lottery products to adult Texans. It would be likely to increase lottery ticket sales, resulting in increased state revenue. The bill would benefit the foundation school fund, an important source of funding for public schools.

**OPPONENTS
SAY:**

HB 2739 would repeal the sensible prohibition on the sale of lottery tickets in private clubs, wine and beer retailers, and other locations where people buy and consume alcohol. The restriction provides some separation between a temptation created by the state and the impulses of people who may be suffering from impaired judgment, inebriation, or alcoholism. The buffer between lottery sales and alcohol consumption should remain in effect.

NOTES:

According to the fiscal note, HB 2739 would result in a positive revenue gain in the foundation school fund, amounting to an estimated \$10.97 million in fiscal 2008 and \$13.16 million in fiscal 2009. Additionally, the unclaimed prizes would lead to a gain in the general revenue fund of \$877,000 in fiscal 2008 and \$1 million in fiscal 2009.