

**SUBJECT:** Permitting sale of lottery tickets by certain wine and beer retailers

**COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended

**VOTE:** *After recommitted:*  
6 ayes — Kuempel, Guillen, Goldman, Hernandez, Herrero, S. Thompson  
  
0 nays  
  
3 absent — Frullo, Geren, Paddie

**WITNESSES:** *March 27 public hearing:*  
For — Dya Campos, H-E-B; (*Registered, but did not testify:* Jim Sheer, Texas Retailers Association)  
  
Against — None  
  
On — (*Registered, but did not testify:* Gary Grief, Texas Lottery Commission)

**BACKGROUND:** Under Government Code, sec. 466.155(a)(4)(C), a license to sell Texas Lottery tickets must be denied to a person who would sell them at the same location for which the person holds a wine and beer retailer's permit.

**DIGEST:** CSHB 155 would allow lottery tickets to be sold at locations where a beer and wine retailer's permit was held if the location derived less than 30 percent of its gross receipts from the sale or service of alcoholic beverages.  
  
This 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, 2017.

**SUPPORTERS SAY:** CSHB 1555 would allow grocery and convenience stores to continue selling lottery tickets at locations that have expanded to include food and

beverage service areas that require a wine and beer retailer's permit. Grocery and convenience stores increasingly are expanding to provide in-store food and alcohol service areas at which customers also can refill growlers, which are half-gallon containers that allow customers to take beer home with them.

The bill would provide a way for stores to meet customer demand, be competitive, and still contribute to the Texas Lottery's success. Grocery stores provide a significant portion of the lottery's retail revenue base. It is important to the lottery's ongoing success that grocery and convenience stores continue as participating retailers even as some are expanding into limited on-premise consumption of beer and wine. CSHB 1555 would offer a sensible way to balance these interests.

The bill would narrowly target establishments that sold lottery tickets and whose main source of revenue was not alcohol sales and service, protecting consumers from mixing alcohol consumption and lottery purchases. The consumption of alcohol on premises would be in a distinct location separate from the sale of lottery tickets.

**OPPONENTS  
SAY:**

CSHB 1555 would blur a line that was deliberately drawn to keep separate those who sold lottery tickets from establishments where alcohol could be consumed. This sensible restriction was created to provide a buffer between lottery sales and on-site alcohol consumption.

**NOTES:**

A companion bill, SB 888 by Seliger, was considered in a public hearing of the Senate Committee on Business and Commerce on April 18.

CSHB 1555 was reported favorably as substituted by the House Committee on Licensing and Administrative Procedures on April 3, sent to Calendars on April 11, recommitted to committee, and again reported favorably on April 13.