

- SUBJECT:** Removing prohibitions on certain sweepstakes
- COMMITTEE:** Business and Industry — favorable, without amendment
- VOTE:** 7 ayes — Oliveira, Shine, Collier, Romero, Stickland, Villalba, Workman
0 nays
- WITNESSES:** For — Christopher Irving, Publishers Clearing House

Against — (*Registered, but did not testify:* Adam Cahn, Cahnman's Musings)
- BACKGROUND:** Business and Commerce Code, ch. 622, subch. C lists prohibited behaviors in conducting sweepstakes. These include using a scratch-off device, allowing winners to choose a prize, and awarding multiple prizes on different days.

Ch. 622, subch. B lists the sweepstakes exempted from the prohibited behavior requirements. Prohibitions do not apply to sweepstakes run by mail, sweepstakes with prizes valued under \$50,000, or sweepstakes advertised in certain publications, among others.

Some observers suggest that exempting certain monitored sweepstakes from current prohibitions would give Texans the same opportunity to enter multimillion-dollar sweepstakes as residents in other states.
- DIGEST:** HB 2828 would exempt certain sweepstakes from the prohibited behavior requirements in Business and Commerce Code, ch. 622, subch. C. The bill would exempt a sweepstakes that:
- had awarded by random selection at least one cash prize of at least \$1 million value in each of the preceding five years;
 - did not require purchase or payment for entry;
 - was operated by a person in voluntary compliance with a consent judgment with the state or similar agreement; and

- was operated by a person who had not been subject to an enforcement proceeding regarding advertising or marketing during the preceding five years.

The bill would define the value of a cash prize to mean the greater of the prize's face value, fair market value, or present financial value.

The bill would take effect September 1, 2017.

NOTES:

A companion bill, SB 1949 by Hughes, was referred to the Senate State Affairs Committee on March 27.