

SUBJECT: Lottery disqualifications

COMMITTEE: Licensing and Administrative Procedures — favorable, without amendment

VOTE: 7 ayes — Wilson, Goolsby, Haggerty, D. Jones, Pickett, Torres, Yarbrough

1 nay — Hamric

1 absent — Kubiak

WITNESSES: For — None

Against — None

On — Nelda Trevino, Texas Lottery Commission

BACKGROUND : The Government Code places certain restrictions on who may be employed by or participate in the Texas lottery. The lottery commission may not employ a person who owns a financial interest in a lottery or bingo-related business, or whose immediate family holds such interest. Officers or employees of the lottery commission or a lottery operator or contractor or their immediate family members may not purchase lottery tickets or receive or a share in lottery prizes.

Under the code, the commission must deny, suspend or revoke the application of a sales agent convicted of certain felonies, including fraud and gambling, delinquent with any state tax, employed by the commission or a lottery operator, or married to such a person.

DIGEST: HB 2459 would prohibit the lottery commission from employing anyone who would be denied a sales agent license.

The bill also would prohibit any officer or employee of a contractor that sells or leases goods used in lottery operations and who was directly involved in the execution of the contract from purchasing a lottery ticket or receiving a prize.

HB 2459 would take effect September 1, 1997.

**SUPPORTERS
SAY:**

HB 2459 would promote fairness and security in the operations of the state lottery. The disqualifications for sales agents also applied to commission employees in the original lottery act, but were inadvertently omitted when the lottery laws were codified. HB 2459 would reinstate this provision to ensure that commission employees are held to high ethical standards.

HB 2459 also would provide some needed flexibility in the lottery's contracting policies. The current law prohibiting employees of lottery contractors from buying tickets or sharing prizes could be interpreted over broadly to exclude individuals whose jobs are totally unrelated to the contract from buying tickets and winning prizes. For example, if Southwestern Bell supplied phone service to the lottery commission, all its employees could be barred from participating, even though they might have no connection with the lottery contract. In the past, this has caused potential contractors to remove themselves from consideration because they did not want to limit their employees' ability to play the lottery.

The Comptroller's Office has already put similar provisions in place. The comptroller's treasury division often handles investments for lottery jackpot winners. Only employees in the treasury division, rather than all employees of the Comptroller's Office, are prohibited from playing the lottery. The bill would simply extend this common sense policy to lottery contractors. HB 2459 would not allow fraud in awarding lottery prizes because employees of contractors who are not working on lottery contracts would have no opportunity even to appear to influence the selection of lottery winners. The selection of lottery winners is tightly supervised by a security agency, and contractors have nothing to do with this process, but anyone who did try to influence the lottery outcome could be charged with a felony.

**OPPONENTS
SAY:**

HB 2459 could make the Texas lottery more vulnerable to accusations of fraud. As controversy continues to swirl around its activities, the Texas lottery needs to guard against even the appearance of impropriety. Allowing individuals with the slightest connection to the lottery to gain financially by playing or winning prizes would endanger the credibility of the game.