

- SUBJECT:** Creating lottery game with proceeds to veterans' assistance
- COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment
- VOTE:** 7 ayes — Kuempel, Thompson, Geren, Gutierrez, Hamilton, Jones, Menendez
- 0 nays
- 2 absent — Chisum, Quintanilla
- WITNESSES:** For — Jennifer Cernoch, Operation Homefront of Texas; Bob Cole, radio talk show, KVET 98.1, owner of Tavern Hills, Frisco; Renee Hopper; Rhonda Meller; John Miterko, Texas Coalition of Veterans Organizations; Janis Roznowski, Operation Comfort; Dan West, Texas Veterans of Foreign Wars; (*Registered, but did not testify:* James Cunningham, Texas Council of Chapters Military Officers Association of America; Jim Duncan, Korea War Veterans-Lone Star Chapter; Roy Grona, Department of Texas Veterans of Foreign Wars, Michael Simon and Robert Squyres, American Legion Department of Texas; Morgan Little; Thomas G. Smith; David Weaver)
- Against — None
- On — Gary Grief, Nelda Trevino, Texas Lottery Commission; (*Registered, but did not testify:* Charles Buerschinger, Tina Carnes, and James E. Nier, Texas Veterans Commission)
- BACKGROUND:** The fund for veterans' assistance is a special fund outside of the General Revenue Fund and is composed of money transferred into it by the Legislature, gifts, grants, and fund earnings.
- DIGEST:** HB 1299 would require the Lottery Commission to operate an instant-ticket lottery game to benefit the state's fund for veterans' assistance. The commission would have to market and advertise the game so that the public knew that the proceeds were used for veterans' programs, and the tickets would have to state that the proceeds benefitted veterans. The commission would have to encourage sales agents to sell the tickets.

The commission would determine the details of the game, such as price and payout. It would have to make the tickets available for sale continuously, to the extent practicable, and change the design regularly. The Veterans Commission would be authorized to make recommendations to the Lottery Commission about the game's marketing and advertising.

The current authority given to the comptroller to solicit gifts and grants to the fund would be transferred to the Texas Veterans Commission, and it would be given new authority to accept services and property and to refuse gifts, grants, services, and property.

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, 2009. The Lottery Commission would have to establish the new game and begin selling tickets by March 2, 2010.

**SUPPORTERS  
SAY:**

HB 1299 would provide much-needed revenue for veterans' assistance programs in Texas, while potentially helping boost overall state lottery sales. Providing resources and assistance to Texas' approximately 1.7 million veterans is the best way to honor them for their service and sacrifice. HB 1299 would let Texans choose to help our veterans.

The need to assist Texas veterans is great. Funds generated by HB 1299 would go into the fund for veterans assistance. The fund was created to aid those who have served the nation, but it has only about \$11,200. After an upcoming \$10,000 grant to help veterans traveling far distances for medical care, the fund will be almost empty. Without adequate revenue in the fund, veterans' advocates have had to look to other states for assistance and have had difficulty funding programs and services for Texas veterans. The bill would create a renewable source of funds so that support for veterans could be on-going and stable.

Funds from the game would go to organizations that provide direct assistance to veterans and their families, such as job placement, supplements for nursing home care, scholarships, counseling, and more. The positive impact of the revenue from HB 1299 on veterans and their families would be immense. The LBB estimates that HB 1299 would provide \$5.5 million in fiscal 2010 for the fund and \$8 million to \$9 million annually after that with no impact to general revenue-related funds.

HB 1299 would not hurt current lottery sales and may even help boost those sales. The veterans game would be a new, unique game that would not take anything away from current games. It would provide increased positive exposure for the lottery, which could drive new sales and bring new players to the game. The estimate of the proceeds from ticket sales from a veterans game amount to less than 1 percent of the lottery's total proceeds. Iowa has experienced success with its lottery game that benefits a veterans trust fund.

Veterans are a unique group deserving of this show of support. If the bill leads other groups to suggest similar games, they could come before the Legislature and make their case.

OPPONENTS  
SAY:

The lottery should remain dedicated solely to education. Since 1997 lottery proceeds have been transferred to the Foundation School Fund to support public education. Almost \$1 billion was contributed in fiscal 2008. HB 1299 would divert ticket sales from the state lottery, which would reduce money from that source for the Foundation School Fund. While Texas veterans are worthy of support, it would be better to fund programs and services for them directly.

HB 1299 would lead to other groups making efforts to carve out a portion of the lottery's proceeds for their causes.

NOTES:

The companion bill, SB 421 by Van de Putte, has been referred to the Senate State Affairs Committee.