

TRANSCRIPT OF PROCEEDINGS

BEFORE THE

TEXAS LOTTERY COMMISSION

AUSTIN, TEXAS

PUBLIC HEARING TO RECEIVE COMMENTS REGARDING THE PROPOSED AMENDMENTS
TO 16 TAC §§401.101 (LOTTERY PROCUREMENT PROCEDURES), 401.102
(PROTESTS OF THE TERMS OF A FORMAL COMPETITIVE SOLICITATION), 401.103
(PROTESTS OF CONTRACT AWARD), 401.104 (CONTRACT MONITORING ROLES AND
RESPONSIBILITIES), 401.153 (QUALIFICATIONS FOR LICENSE), 401.158
(SUSPENSION OR REVOCATION OF LICENSE), 401.160 (STANDARD PENALTY
CHART), 401.301 (GENERAL DEFINITIONS), 401.302 (SCRATCH TICKET GAME
RULES), 401.304 (DRAW GAME RULES (GENERAL)), 401.355 (RESTRICTED
SALES), AND 401.501 (LOTTERY SECURITY)

JANUARY 15, 2025

1:00 p.m.

AT

1801 Congress Avenue
George H. W. Bush Building
4th Floor, Board Room 4.300
Austin, Texas 78701

APPEARANCES

ASSISTANT GENERAL COUNSEL: KYLE WOLFE

AUDIO/VISUAL SPECIALIST: PHILIP BATES

PROCEEDINGS

WEDNESDAY, JANUARY 15, 2025 (1:00 p.m.)

MR. WOLFE: Good morning. We're on the record. It is 1:15 p.m. on January 15, 2025. My name's Kyle Wolfe, I'm an assistant general counsel with the Texas Lottery Commission, and with me today also with the Lottery is Philip Bates, a specialist with the Media Relations Division. The purpose of this hearing is to receive public comment on the recently proposed amendments to the following rules: 401.101 relating to Lottery Procurement Procedures; 401.102 relating to Protests of the Terms of a Formal Competitive Solicitation; Rule 401.103 relating to Protests of Contract Award; Rule 401.104 relating to Contract Monitoring Roles and Responsibilities; Rule 401.153 relating to Qualifications for License; Rule 401.158 relating to Suspension or Revocation of License; Rule 401.160 relating to Standard Penalty Chart; Rule 401.301 relating to General Definitions; and Rule 401.302 relating to Scratch Ticket Game Rules; Rule 401.304 relating to Draw Game Rules; Rule 401.355 relating to Restricted Sales; and, finally, Rule 401.501 relating to Lottery Security.

In addition to this public comment hearing, the Commission is accepting written comments by mail, email and facsimile. Written comments should be submitted no later than January 21, 2025. This hearing notice was published in the Texas Register on November 29, 2024. The proposals were published on December 6, 2024 at 49 Texas Register 9855.

The rule amendments are the result of the Commission's recent rule review conducted in accordance with the Texas Government Code §2001.039, as well as the agency's recent review by the Texas Sunset Advisory Commission. Among the more significant changes, this proposal

1 addresses issues identified as rulemaking gaps in the May 2024 Texas
2 Sunset Advisory Commission Staff Report. Specifically, the Staff Report
3 noted that there was "no clarification as to whether internet sales of
4 lottery products are prohibited," and that is addressed in Rules
5 401.153(b)(12), 401.158(b)(27), 401.160(h), and 401.355(a), and the
6 other gap identified is "no explanation of what it means for a person
7 to 'engage in a business exclusively as a (lottery) sales agent' for
8 purposes of licensure," addressed in Rule 401.153(b)(13).

9 The rule amendments also clarify procurement procedures and
10 the time period a bidder or proposer has to respond to an appeal of
11 certain protest decisions issued by the agency in procurements; update
12 several definitions; update a provision in the scratch ticket game rule
13 to make it more consistent with the draw game rule; update the scratch
14 and draw ticket prize claim processes; and update the language regarding
15 lottery security to state that several divisions of the Commission are
16 responsible for developing and maintaining security plans and
17 procedures, and confirming that these plans and procedures are protected
18 from required public disclosure as allowed under the Texas Public
19 Information Act.

20 At this time, at this hearing today, we have not received any
21 witness affirmation forms. If anyone has not turned in a form and they
22 wish to speak, you may submit a form now. I don't see a form, and no one
23 is coming forward to provide any forms, so I think we will just go ahead
24 and proceed.

25 If there is no more witnesses we will conclude this hearing.
26 The time now is 1:19 p.m., and we stand adjourned. Thank you. This public

comment session is adjourned and concluded on January 15, 2025 at 1:19
p.m.

(Adjourned and concluded at 1:19 p.m.)