



September 14th, 2026

Chairman Hughes and Members
Senate Committee on State Affairs
Texas Senate

RE: Written Testimony on Monitoring Senate Bill 3070 (SB 3070), 89th Legislative Session (2025)

Chairman Hughes and Members of the Committee,

Thank you for the opportunity to provide comments regarding the implementation of Senate Bill 3070 and the Texas state lottery.

Texas Policy Research Action opposed SB 3070 during the 89th Legislative Session. Our concern was not that the Texas Lottery Commission deserved to remain intact. Its passive governance, handling of lottery couriers, and failure to seek legislative clarity demonstrated the need for decisive action. Our concern was that lawmakers responded to those failures by reorganizing and strengthening the lottery rather than abolishing it.

The central question remains unchanged: why is operating and promoting a gambling enterprise a proper function of Texas government?

We believe competent adults should generally be free to make their own decisions and bear the consequences. Government's proper role is to enforce contracts, punish fraud and coercion, protect minors, and provide neutral rules. Respecting an adult's liberty to gamble does not require the state to operate the gambling enterprise.

The Texas Lottery places government in conflicting roles as operator, promoter, regulator, and financial beneficiary. The state encourages participation in its own games while restricting many competing forms of wagering. It receives more revenue when Texans purchase more tickets while also claiming responsibility for restraining harmful practices.

Moving the program to the Texas Department of Licensing and Regulation does not eliminate that conflict. It may improve administration, but competent administration and legitimate government purpose are different questions. The Committee should therefore avoid evaluating implementation solely by whether TDLR operates the lottery better than the former commission. The more important question is whether SB 3070 reduced government or simply gave an unnecessary government enterprise a more credible institutional home.

The fiscal year 2025 audit illustrates why administrative reform is insufficient. Ticket sales declined, transfers to beneficiaries fell, scratch-off sales weakened, and long-term liabilities continued to overshadow unrestricted net position. These conditions predated TDLR and should not be attributed to the department. They nevertheless demonstrate that lottery revenue is not the stable fiscal foundation its defenders often suggest.

Public education remains the lottery's strongest political defense. Yet attaching lottery proceeds to the Foundation School Fund does not make state-sponsored gambling a necessary government function. If education merits funding, lawmakers should appropriate that money openly and predictably. Schools should not become politically dependent upon encouraging Texans to purchase more losing tickets.

The implementation period should be used to prepare for an honest continuation decision in 2029, not to further entrench the program. Contract reviews, extensions, technology investments, staffing decisions, and vendor relationships should preserve the Legislature's practical ability to abolish the lottery. The state should not create new obligations that make continuation appear unavoidable.

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The Committee should also reconsider government lottery advertising. Texas should not direct an agency to make gambling products competitive, encourage retailers to sell them, and increase participation. Any public communication should provide truthful information about odds, claims, and beneficiaries rather than market hope as a state product. Transparency remains essential while the program continues. Financial reports should separate ticket sales, prizes, administrative expenses, advertising, vendor payments, unclaimed winnings, liabilities, and transfers to beneficiaries. Audit findings, contract reviews, meeting materials, recordings, and corrective actions should be easily accessible to lawmakers and the public.

These principles align with the Texas Liberty Compact's calls to Make Government Transparent, Streamline and Modernize the Texas Code, and restore legislative supremacy. Major policy decisions should be made openly by elected lawmakers rather than perpetuated through agency practice, vendor dependence, or institutional inertia.

The limited-scope Sunset review will largely examine program integrity, implementation, and whether TDLR remains the appropriate administrator. A favorable administrative review should not be mistaken for an answer to the policy question. TDLR may administer the lottery competently without making state-sponsored gambling a proper function of limited government.

Before the 2029 continuation decision, lawmakers should require a practical abolition plan addressing outstanding prizes, contracts, employees, assets, liabilities, technology, retailer obligations, and replacement appropriations for any education or veterans spending they choose to preserve. Abolishing the state lottery should not become a justification for expanding criminal prohibitions against private adults. Ending state-sponsored gambling and respecting adult liberty are compatible positions. Texas can leave the gambling business while enforcing neutral rules for voluntary private activity.

Texas Policy Research Action opposed SB 3070 because it managed the lottery's failures without curing them. That remains our concern today. You can move the lottery. You can audit it. You can tighten its rules. None of those actions explains why the state should be selling lottery tickets in the first place.

The Legislature should use this implementation period to prepare for an orderly abolition of the Texas Lottery and return government to its proper role: protecting individual rights, enforcing neutral rules, and leaving adults responsible for their own voluntary choices.

Thank you for your consideration.

For Liberty, For Texas!

Jeremy D. Kitchen
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