

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Committee on Agriculture, Environment, and General Government

BILL: CS/SB 530

INTRODUCER: Regulated Industries Committee and Senator Simon and others

SUBJECT: State Lotteries

DATE: February 17, 2026

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Baird</u>	<u>Imhof</u>	<u>RI</u>	<u>Fav/CS</u>
2.	<u>Sanders</u>	<u>Betta</u>	<u>AEG</u>	<u>Pre-meeting</u>
3.	<u> </u>	<u> </u>	<u>FP</u>	<u> </u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 530 amends ch. 24, F.S., relating to the Department of the Lottery (Lottery), by making updates to the operational, security, and enforcement frameworks of the state's lottery system.

The bill introduces a formal definition for "ball machine" and refines the definitions for "retailer" by allowing the Lottery to become an authorized entity that can sell lottery tickets and "major procurement" by removing obsolete referencing to the startup of the Lottery. The bill makes other minor revisions that remove provisions dealing with the first year of ticket sales.

It also adjusts the Lottery's administrative duties, notably by revising the schedule for comprehensive security reports submitted to the Governor and the Legislature.

The bill removes the requirement that all lottery drawings and ticket validations be monitored and requires that only drawings where ball machines are used to select winning numbers be monitored.

The bill removes the requirement that the Lottery must lease all vending machines and removes the requirement that the Lottery requires a performance bond for the duration of a contract with a retailer.

The bill increases the maximum bond amount for a lottery retailer and further authorizes the Lottery to maintain an interest-bearing account to secure retailer deposits.

The bill also authorizes sworn law enforcement officers the authority to purchase and present lottery tickets to claim prizes under specific investigative circumstances.

Finally, the bill establishes a penalty for persons who knowingly submit a false claim for payment to the Lottery and for any retailer or retailer employee who knowingly facilitates, participates in, or otherwise assists in the theft of a lottery ticket.

The bill has an indeterminate impact to state revenues and expenditures. *See Section V., Fiscal Impact Statement.*

The bill provides an effective date of July 1, 2026.

II. Present Situation:

Overview of the Florida Lottery

In general gambling is illegal in Florida, however certain exceptions have been authorized.¹ In 1986, Florida voters approved an amendment to the Florida Constitution to allow the state to operate a lottery. Section 15 of Article X of the Florida Constitution provides as follows:

Lotteries may be operated by the state.... On the effective date of this amendment, the lotteries shall be known as the Florida Education Lotteries. Net proceeds derived from the lotteries shall be deposited to a state trust fund, to be designated The State Education Lotteries Trust Fund, to be appropriated by the Legislature. The schedule may be amended by general law.

In 1987, the Legislature created the Florida Public Education Lottery Act (act),² which established a state lottery system intended primarily to generate revenue for public education of the state.³

The Lottery is charged with supervising and operating the lottery in accordance with the provisions of the act and rules adopted pursuant thereto.⁴

In 1988, the Lottery began offering lottery games with a one dollar weekly drawing.⁵ Since then, the Lottery has grown to include approximately 85 different scratch-off games available at over 13,000 retailer locations, with lottery ticket prices ranging from one dollar to \$50.⁶

¹ Section 849.08, F.S.

² Subsections 24.101 – 24.124, F.S.

³ Section 24.102, F.S.

⁴ Section 24.105(2), F.S.

⁵ Florida Lottery, *About*, <https://floridalottery.com/about> (last visited Feb. 5, 2026). *See also*, Florida Lottery, *Our History: Over Three Decades of Fun, 1986 – 1999*, <https://floridalottery.com/about#accordion-fa2a0d8721-item-dd8693faba> (last visited Feb. 5, 2026).

⁶ Florida Lottery, *Scratch Offs*, <https://floridalottery.com/games/scratch-offs> (last visited Feb. 26, 2026).

The Lottery receives no funding from General Revenue and is fully funded through ticket sales. Proceeds from ticket sales are deposited into the Lottery's Operating Trust Fund.⁷ After covering administrative and other operational costs, the remaining funds are transferred monthly to the Educational Enhancement Trust Fund (EETF) to help support public education improvements, including the funding of the Florida Bright Future Scholarship Program.⁸

The Lottery consistently ranks near the top among U.S. lotteries in total sales. During its 37 years of operation the Lottery generated over \$155 billion in revenues and transferred more than \$48 billion to education.⁹ During Fiscal Year 2024-25, the Lottery achieved \$9.1 billion in sales and transferred over \$2.16 billion to the Educational Enhancement Trust Fund (EETF). Florida ranked first among U.S. lotteries in total sales and seventh in per capita sales for Fiscal Year 2024-25.¹⁰ The Lottery also maintains one of the lowest operating expense rates among state lotteries.¹¹

The Lottery is required to supervise and administer the operation of the lottery in a manner that maximizes revenue for education while maintaining the dignity of the state and the welfare of its citizens. Some of the notable requirements of the Lottery are as follows:

- Must submit monthly and annual reports to the Governor, Chief Financial Officer, and the leadership of both legislative chambers, detailing total revenues, prize disbursements, and all other expenses.¹²
- Maintain weekly or more frequent records of lottery transactions, including ticket distribution to retailers, revenue received, and claims for prizes.¹³
- Conduct a "continuing study" to identify any defects in the law or rules that could result in abuses in the administration of the lottery.¹⁴
- Every two years the Lottery must engage an independent firm to conduct a comprehensive study and evaluation of all security procedures, including computer and security systems.¹⁵
- Every single lottery drawing must be witnessed by an accountant from an independent firm who must inspect the equipment both before and after the drawing.¹⁶

The Lottery maintains an accredited, fully operational state law enforcement agency known as the Division of Security (Division), which is tasked with protecting the integrity of the lottery and ensuring compliance with all state gaming laws.¹⁷

⁷ Section 24.121, F.S.

⁸ *Id.*

⁹ Florida Lottery, *Annual Report Comprehensive Financial Report for the Fiscal Years Ended June 30, 2025, and 2024* (January 29, 2026), <https://floralottery.com/content/dam/flalottery-web/files/annual-reports/2025-financial-report.pdf>, (last visited Feb. 5, 2026).

¹⁰ Office of Program Policy Analysis and Government Accountability (OPPAGA), *Review of the Florida Lottery: 2025*, Report 26-01 (January 2026), p. 1, <https://oppaga.fl.gov/Documents/Reports/26-01.pdf> (last visited Feb. 5, 2026).

¹¹ *Id.* at p. i.

¹² Section 24.105(4), F.S.

¹³ Section 24.105(6), F.S.

¹⁴ Section 24.105(7), F.S.

¹⁵ Section 24.108(7), F.S.

¹⁶ Section 24.105(9), F.S.

¹⁷ Section 24.108, F.S.

Lottery Games

The Lottery is authorized to offer a diverse portfolio of gaming products, ranging from instant-win “scratch-off” tickets to terminal-generated draw games such as Powerball, Mega Millions, and the Florida Lotto.¹⁸ For games that rely on a physical random selection process, the Lottery utilizes specialized equipment that is designed to mechanically mix a set of numbered balls and randomly draw from that mix to determine the winning numbers for a specific game.¹⁹

The term “major procurement” refers to any contract for the printing of lottery tickets, startup consultation services, or the goods and services involving the official recording of player selections or the use of ball machines.²⁰ Because of the sensitive nature of these contracts, the Lottery is mandated to investigate the financial responsibility, security, and integrity of every vendor submitting a bid or proposal.²¹

The Lottery has competitively procured the services of Thomas Howell Ferguson, P.A. in Tallahassee and their staff assist Division employees in overseeing lottery draws.²²

Lottery Retailers

The Lottery utilizes a vast network of more than 13,000 authorized retailers²³ to bring lottery products to the public, selecting these business partners based on statutory criteria such as financial responsibility, integrity, reputation, and the security of their premises. The Lottery has the authority to enter any premises where lottery tickets are sold to perform their duties and may search and inspect these premises without a warrant if they have reason to believe a violation has occurred.²⁴ The Lottery is empowered to immediately suspend or terminate a retailer’s contract for the commission of any fraud, deceit, or misrepresentation.²⁵

Vending Machines

In 2012, the Lottery received authorization for vending machines to dispense draw-game tickets, scratch-off tickets, and to serve as full-service vending machines that sell both types of games.²⁶

¹⁸ Section 24.105(9)(a), F.S.

¹⁹ Section 24.103(1), F.S.

²⁰ Section 24.103(2), F.S.

²¹ Section 24.111(2), F.S.

²² Department of Lottery, *2026 Agency Legislative Bill Analysis for SB 530* (Dec. 4, 2025) (on file with the Senate Committee on Regulated Industries).

²³ Florida Lottery, *Do Business with Us, Retailers*, <https://floridalottery.com/business/retailers> (last visited Feb. 5, 2026).

²⁴ Section 24.108(2), F.S.

²⁵ Section 24.112(5), F.S.

²⁶ Florida Lottery, *About Us, 2010-2019*, <https://floridalottery.com/about#accordion-fa2a0d8721-item-981fabe38e> (last visited Feb. 5, 2026). *See also*, Department of Lottery, *2026 Agency Legislative Bill Analysis for SB 530* (Dec. 4, 2025) (on file with the Senate Committee on Regulated Industries), *available at*: The Florida Senate, Committees, Committee on Regulated Industries, 2026 Meeting Records, *January 27, 2026 Meeting Records, Post-Meeting Packet*, <https://www.flsenate.gov/Committees/DownloadMeetingDocument/8137>, p. 23 (last visited Feb. 5, 2026).

The Lottery is currently required to *lease all vending machines* that dispense online lottery tickets, instant lottery tickets or both.²⁷ The owner of the vending machines must post a performance bond for the duration of the contract.²⁸

Before a contract is signed, the Lottery must investigate the potential retailer's financial responsibility, integrity, reputation, and the security of their business premises.²⁹ Retailers using lottery vending must keep them in a direct line of sight to prevent sales to minors and ensure at least one employee is on duty during operation.³⁰ In addition to the line of sight and staffing requirements, every vending machine must be capable of being electronically deactivated for a period of at least five minutes.³¹

The lottery vending machines are prohibited from using video reels, mechanical reels, or any video depictions of slot machines or casino game themes for actual game play.³² Retailers must post a clear and conspicuous sign on every player-activated machine stating that the sale of tickets to persons under 18 is against the law and that proof of age is required.³³ Currently, the Legislature has capped the maximum number of authorized vending machines at 3,000 and there are currently 3,000 vending machines deployed across the state.³⁴

Section 24.112(15), F.S., also outlines specific requirements for a vending machine, including the requirement that a vending machine must “dispense a lottery ticket after a purchaser inserts a coin or currency in the machine.” This statutory limitation contrasts with evolving financial behavior of consumers, who increasingly rely on electronic payment methods like debit cards and digital wallets for retail transactions.

Lottery vending machines are provided by the Lottery's gaming system vendor, International Game Technology (IGT).³⁵

Enforcement of Lottery Crimes

Under current Florida law, lottery-specific theft and fraud are primarily addressed through a combination of administrative rules and general criminal statutes. Currently, s. 24.118, F.S., serves as the primary deterrent for fraud, classifying the knowing presentation of a counterfeit or altered lottery ticket as a felony of the third degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084, F.S.³⁶ The Division is the primary enforcement authority that deals with lottery crimes.

²⁷ Section 24.111(2)(h), F.S.

²⁸ Section 24.111(2)(i), F.S.

²⁹ Section 24.112(2), F.S.

³⁰ Section 24.112(15), F.S.

³¹ Section 24.112(15)(a), F.S.

³² Section 24.112(15)(d), F.S. The law does however allow casino-style themes and titles for their tickets or static signage.

³³ Section 24.1055(2), F.S.

³⁴ Department of Lottery, *2026 Agency Legislative Bill Analysis for SB 530* (Dec. 4, 2025) (on file with the Senate Committee on Regulated Industries)

³⁵ *Id.*

³⁶ Section 24.118(3)(d), F.S.

The Division is headed by a director who must be qualified in law enforcement, and all investigators are designated as sworn law enforcement officers with the power to investigate and arrest for any violation of the act.³⁷ These officers are legally authorized to enter any premises where lottery tickets are sold, without a warrant, if they have reason to believe a violation of the law is occurring.³⁸

During Fiscal Year 2024-25, the Division completed 286 claims investigations, shut down an unauthorized online lottery courier service,³⁹ completed 52 compliance investigations and 2,025 retailer inspections.⁴⁰ These investigations led to eight arrest warrants, eight arrests, four retailer terminations, and one retailer suspension.⁴¹

There is uncertainty as to whether s. 24.118, F.S., captures all the modern criminal schemes involved with the present-day lottery situation because the law focuses heavily on the physical tampering of tickets rather than the behavioral fraud committed by retailers, such as “micro-scratching” or deceiving a customer about a ticket’s winning status.⁴²

Additionally, officers and employees of the Lottery are prevented from purchasing a lottery ticket.⁴³ This limits the Lottery’s ability to conduct undercover operations that involve officers purchasing lottery tickets to draw out criminal activity by retailers.

Security Study

Currently, the Lottery is authorized to engage an independent firm experienced in security procedures to conduct a comprehensive study and evaluation of all aspects of the Lottery’s security. The report must be conducted as the Lottery deems appropriate, but at least once every two years. The report’s overall evaluation of security is provided to the Governor and the Legislature. Recommendations related to security are considered confidential and are only presented to the Governor and the Auditor General. If it is determined the confidential security recommendations should be disclosed for purposes of effecting legislative change, the report is disclosed to the Legislature. Such security recommendations remain confidential.

III. Effect of Proposed Changes:

Section 1 amends s. 24.103, F.S., relating to definitions, to define a “ball machine” as a device that mechanically mixes a set of numbered balls and then randomly draws from that mix to determine the winning numbers for a specific game. The term “retailer” is amended to include

³⁷ Section 24.108(1), F.S.

³⁸ Section 24.108(2), F.S.

³⁹ Office of Program Policy Analysis and Government Accountability (OPPAGA), *Review of the Florida Lottery: 2025*, Report 26-01 (January 2026), <https://oppaga.fl.gov/Documents/Reports/26-01.pdf> (last visited Feb. 5, 2026).

⁴⁰ *Id* at 11. Of the 286 investigations, 233 stemmed from altered ticket claims, 33 from lost or stolen ticket claims, 12 from false claims and eight from check fraud claims.

⁴¹ *Id* at 11.

⁴² OPPAGA Report No. 23-02, “*Review of the Florida Lottery*” (2022-2024), stating in part, that while security inspections have increased, “unauthorized activity” such as ticket alteration and retailer theft persists; <https://oppaga.fl.gov/Documents/Reports/23-02.pdf> (last visited Feb. 5, 2026).

⁴³ Section 24.116(2), F.S.

the Lottery as an option of who can sell lottery tickets. The term “major procurement” is amended to remove obsolete language related to the startup of the Lottery.

Section 2 amends s. 24.105, F.S., relating to powers and duties of the Lottery, to clarify that lottery games involving the use of a ball machine must be witnessed by the public and an accountant employed by an independent certified accounting firm. Additionally, the bill removes obsolete language referencing the first year of ticket sales.

Section 3 amends s. 24.108, F.S., relating to the Division of Security, to enhance operational flexibility for the Division in monitoring lottery draw games that do not use a ball machine. This section leaves in the stringent requirement ball machine game drawings are still monitored but allows the Division to *not* monitor games that do not involve a ball machine to select winning numbers.

This section removes obsolete language pertaining to the Lottery start up. The bill requires the Lottery to conduct the required biennial independent comprehensive security audit by July 1, 2027, and once every two years thereafter.

Section 4 amends s. 24.111, F.S., relating to lottery vendors, to remove the requirement the Lottery must lease all vending machines and that the Lottery must require a performance bond for the duration of any vendor contract.

Current law requires the Lottery to lease all vending machines, as opposed to purchasing the machines themselves, and requires that all contracts with vendors include a performance bond for the duration of the contract.

Section 5 amends s. 24.112, F.S., relating to retailers of lottery tickets and authorization of vending machines to dispense lottery tickets, by doing the following:

- Authorizes the Lottery to maintain an interest-bearing account for lottery retailers to deposit and maintain their securities.
- Increases the required retailer bond from twice to three times the average ticket sales and authorizes alternative deposit options.

Section 6 amends s. 24.116, F.S., relating to unlawful purchase of lottery tickets, to authorize Division employees, who are sworn law enforcement personnel, to purchase lottery tickets when such purchases are deemed necessary as part of an ongoing investigation, and compliance operations. This would keep the prohibition on officers not part of an ongoing investigation and employees and their family members from purchasing lottery tickets.

Section 7 amends s. 24.118, F.S., relating to other prohibited acts; to create a new third degree felony for persons who knowingly and willfully submit a false claim for payment to the Lottery.⁴⁴

⁴⁴ A third degree felony is punishable by a term of imprisonment not to exceed five years and up to a \$5,000 fine. Sections 775.082, 775.083, F.S., and 775.084. Under s. 775.084, violent career criminals, habitual felony offenders, habitual violent felony offenders or three-time felony offenders, the court may sentence such third degree felony offenders to five to 10 years, not exceeding 15 years, imprisonment.

Additionally, the bill creates an additional new third degree felony for any retailer or retailer's employee who knowingly facilitates, participates in, or otherwise assists in the theft of a lottery ticket as a felony in the third degree as provided in ss. 775.082, 775.083, and 775.084, F.S.⁴⁵

The bill amends the definitions of "patron" and "customer" to include a sworn law enforcement officer of the Lottery who, in the course of their official duties, presents a lottery ticket to a lottery retailer to claim a prize.

Section 8 of the bill provides an effective date of July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The increase in retailer bond from twice to three times the average ticket sales may effect retailers' insurance premiums, securities or available cash funds.

⁴⁵ A third degree felony is punishable by a term of imprisonment not to exceed five years and up to a \$5,000 fine. Sections 775.082, 775.083, F.S., and 775.084. Under s. 775.084, violent career criminals, habitual felony offenders, habitual violent felony offenders or three-time felony offenders, the court may sentence such third degree felony offenders to five to 10 years, not exceeding 15 years, imprisonment.

The bill creates third degree felonies related to false claims and theft of lottery tickets by a retailer or retailer's employee. To the extent the Division investigates, makes arrests and such cases are successfully prosecuted, retailers and their employees may incur costs associated with defense of such claims. Such convictions carry up to a five year prison sentence and a \$5,000 fine.

C. Government Sector Impact:

The bill has an indeterminate impact to state revenues and expenditures. The Lottery anticipates a positive fiscal impact on expenditures from cost savings due to a reduction in time required by a third-party auditor, increased flexibility, and the changes made to Division of Security personnel dedicated to monitoring promotional drawings.⁴⁶

The bill creates two new third degree felonies for violations of s. 24.118, F.S., which are punishable by up to five years in prison. The impact to prison beds and to the State Court system is indeterminate, but likely insignificant.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 24.103, 24.105, 24.108, 24.111, 24.112, 24.116, and 24.118.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Regulated Industries on January 27, 2026:

The committee substitute amended SB 530 in the following ways:

- Removed language that would allow the Department of the Lottery to create rules regarding the acceptable forms of payment for ticket purchases.
- Removed the provision that would allow the Department of the Lottery to accept noncredit/cashless (debit cards) payment methods at lottery vending machines.

B. Amendments:

None.

⁴⁶ *Id.*