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SENATE BILL NO. 521

Offered January 24, 2000

A BILL to amend and reenact § 58.1-4022 of the Code of Virginia, relating to the State Lottery Fund.

Patron—Forbes

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-4022 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-4022. State Lottery Fund.

A. All moneys received from the sale of lottery tickets or shares, less payment for prizes and compensation of agents as authorized by regulation and any other revenues received under this chapter, shall be placed in a special fund known as the "State Lottery Fund." Notwithstanding any other provisions of law, interest earned from moneys in the State Lottery Fund shall accrue to the benefit of such Fund.

B. The total costs for the operation and administration of the lottery shall be funded from the State Lottery Fund and shall be in such amount as provided in the general appropriation act. Appropriations to the Department during any fiscal year beginning on and after July 1, 1989, exclusive of agent compensation, shall at no time exceed ten percent of the total annual estimated gross revenues to be generated from lottery sales. However, should it be anticipated at any time by the Director that such operational and administrative costs for a fiscal year will exceed the limitation provided herein, the Director shall immediately report such information to the Board, the Governor and the Chairmen of Senate Finance and House Appropriations Committees. From the moneys in the Fund, the Comptroller shall establish a special reserve fund in such amount as shall be provided by regulation of the Department for (i) operation of the lottery, (ii) use if the game's pay-out liabilities exceed its cash on hand, or (iii) enhancement of the prize pool with income derived from lending securities held for payment of prize installments, which lending of securities shall be conducted in accordance with lending programs approved by the Department of the Treasury.

C. Any start-up sums appropriated from the general fund of the Commonwealth necessary to commence operation of a state lottery shall be repaid within the first twelve months of initial lottery sales.

D. Appropriation of lottery revenues shall be made only upon actual and audited collections as transferred to the general fund and shall in no event be predicated upon an estimation of such revenues. No later than ten days after receipt of the audit report required by § 58.1-4023, the Comptroller shall transfer to the general fund, less the special reserve fund, the audited balances of the State Lottery Fund.

E. In addition to such other funds as may be appropriated, 100 percent of the lottery revenues transferred to the general fund shall be appropriated entirely and solely for the purpose of public education in the Commonwealth, which purposes shall include, but not be limited to, those programs specified in § 22.1-199.1.

Pursuant to the appropriation act, any lottery revenues remaining after lottery funds are specified, together with such other general funds as may be appropriated for the Standards of Quality, to be used to fund the state's share of Basic Aid Payments in any budget item or budget subprogram relating to appropriation, apportionment, and distribution of lottery proceeds to localities shall be appropriated, apportioned, and distributed upon the following conditions:

1. No more than fifty percent of such funds shall be used by the relevant school division for recurring costs, and at least fifty percent of the funds shall be spent on nonrecurring expenditures by the relevant school division.

2. The funds shall be matched by the local government, based on the composite index of local ability-to-pay.

3. In order to receive this funding, the locality in which the school division is located shall appropriate these funds solely for educational purposes and shall not use such funds to reduce total local operating expenditures for public education below the amount expended by the locality for such purposes in the year upon which the relevant biennial Standards of Quality expenditure data were based.

4. No locality shall, however, be required to maintain a per-pupil expenditure that is greater than the per-pupil amount expended by the locality for such purposes in the year upon which the relevant biennial Standards of Quality expenditure data were based.

5. Nonrecurring costs shall include school construction, additions, infrastructure, site acquisition,

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60 *renovations, technology, and other expenditures related to modernizing classroom equipment, and debt*
61 *service payments on school projects completed during the last ten years.*

62 EF. As a function of the administration of this chapter, funds may be expended for the purposes of
63 reasonably informing the public concerning (i) the facts embraced in the subjects contained in
64 subdivisions 1 through 7 of subsection A of § 58.1-4007 and (ii) the fact that the net proceeds are paid
65 into the general fund of the Commonwealth; but no funds shall be expended for the primary purpose of
66 inducing persons to participate in the lottery.