

082967288

SENATE BILL NO. 800

Offered March 4, 2008

A BILL to amend and reenact §§ 58.1-4022 and 58.1-4022.1 of the Code of Virginia, relating to proceeds from the state lottery.

Patrons—Obenshain, Blevins, Cuccinelli, Hurt, Martin, McDougle, Newman, Norment, Quayle, Ruff, Smith, Stosch, Stuart, Vogel, Wagner, Wampler and Watkins

Unanimous consent to introduce

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-4022 and 58.1-4022.1 of the Code of Virginia are 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. The Comptroller shall transfer to the Lottery Proceeds Fund established pursuant to § 58.1-4022.1, less the special reserve fund, *on a biweekly basis* the ~~audited~~ balances of the State Lottery Fund ~~at the close of each fiscal year that remain after payment of the costs to operate and administer the lottery as provided in this chapter. Moneys transferred or deposited into the Lottery Proceeds Fund shall not be commingled with any other funds or assets. Moneys in the Lottery Proceeds Fund shall be paid from the Fund to counties, cities, and towns, and the school divisions thereof, by check (or electronic funds transfer) issued by the State Treasurer on warrant of the Superintendent of Public Education, and such moneys shall be paid in accordance with the time frame set forth in the general appropriation act. The Auditor of Public Accounts shall perform such audits as are necessary for the purpose of effectuating the transfers and deposits described in this subsection. The transfer for each year shall be made in two parts: (i) on or before June 30, the Comptroller shall transfer balances of the State Lottery Fund for the fiscal year, based on an estimate determined by the State Lottery Department, and (ii) no later than ten days after receipt of the annual audit report required by § 58.1-4023, the Comptroller shall transfer to the Lottery Proceeds Fund the remaining audited balances of the State Lottery Fund for the fiscal year. If such annual audit discloses that the actual revenue is less than the estimate on which the transfer was based, the State Comptroller shall transfer the difference between the actual revenue and the estimate from the Lottery Proceeds Fund to the State Lottery Fund.~~

D. In addition to such other funds as may be appropriated, 100 percent of the lottery revenues transferred to the Lottery Proceeds Fund shall be appropriated entirely and solely for the purpose of public education in the Commonwealth unless otherwise redirected pursuant to Article X, Section 7-A of the Constitution of Virginia. The additional appropriation of lottery revenues to *counties, cities, and towns, and the local school divisions thereof*, for public education purposes consistent with this provision shall be used for operating, capital outlay, or debt service expenses, as determined by the appropriation act. The ~~additional~~ appropriation of lottery revenues shall not be used by any local school division to reduce its total local expenditures for public education in accordance with the provisions of

INTRODUCED

SB800

58 the general appropriation act.

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

64 § 58.1-4022.1. Lottery Proceeds Fund.

65 A. There is hereby created in the state treasury a special nonreverting fund to be known as the
66 Lottery Proceeds Fund, hereafter referred to as the "Fund." The Fund shall be established on the books
67 of the Comptroller and interest earned on moneys in the Fund shall remain in the Fund and be credited
68 to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall
69 not revert to the general fund but shall remain in the Fund. The Fund shall consist of amounts deposited
70 into it from the net revenues of any lottery conducted by the Commonwealth pursuant to Article X,
71 Section 7-A of the Constitution of Virginia.

72 B. For purposes of ~~any appropriation act enacted by the General Assembly~~ and for the purposes of
73 the Comptroller's preliminary and final annual reports required by § 2.2-813, all deposits to and
74 appropriations from the Lottery Proceeds Fund shall be ~~accounted for~~ and considered to be a part of the
75 general fund of the state treasury.