

20102156D

HOUSE BILL NO. 1390

Offered January 8, 2020

Prefiled January 8, 2020

A BILL to amend and reenact §§ 58.1-4007 and 58.1-4022 of the Code of Virginia and to amend the Code of Virginia by adding in Article 7 of Chapter 15 of Title 33.2 a section numbered 33.2-1533, relating to lottery funds; Rural Transportation Fund.

Patron—O'Quinn (By Request)

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-4007 and 58.1-4022 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 7 of Chapter 15 of Title 33.2 a section numbered 33.2-1533 as follows:

§ 33.2-1533. Rural Transportation Fund.

There is hereby created in the state treasury a special nonreverting fund to be known as the Rural Transportation Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. The amount allocated to the Fund pursuant to § 58.1-4022 and any other funds as may be appropriated by the General Assembly shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of funding transportation projects in (i) Planning District 1, 2, 3, 4, 5, or 6 or (ii) any locality with a population of no greater than 100,000. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Secretary of Transportation. No later than November 30 each year, the Commissioner of Highways shall submit a report to the Governor and General Assembly on the use of moneys in the Fund.

§ 58.1-4007. Powers of the Board.

A. The Board shall have the power to adopt regulations governing the establishment and operation of a lottery. The regulations governing the establishment and operation of the lottery shall be promulgated by the Board after consultation with the Director. Such regulations shall be in accordance with the Administrative Process Act (§ 2.2-4000 et seq.). The regulations shall provide for all matters necessary or desirable for the efficient, honest and economical operation and administration of the lottery and for the convenience of the purchasers of tickets or shares, and the holders of winning tickets or shares. The regulations, which may be amended, repealed or supplemented as necessary, shall include, but not be limited to, the following:

1. The type or types of lottery or game to be conducted in accordance with § 58.1-4001.
2. The price or prices of tickets or shares in the lottery.
3. The numbers and sizes of the prizes on the winning tickets or shares, including informing the public of the approximate odds of winning and the proportion of lottery revenues (i) disbursed as prizes and (ii) returned to the Commonwealth as net revenues.
4. The manner of selecting the winning tickets or shares.
5. The manner of payment of prizes to the holders of winning tickets or shares.
6. The frequency of the drawings or selections of winning tickets or shares without limitation.
7. Without limitation as to number, the type or types of locations at which tickets or shares may be sold.
8. The method to be used in selling tickets or shares.
9. The advertisement of the lottery in accordance with the provisions of subsection E F of § 58.1-4022.
10. The licensing of agents to sell tickets or shares who will best serve the public convenience and promote the sale of tickets or shares. No person under the age of 18 shall be licensed as an agent. A licensed agent may employ a person who is 16 years of age or older to sell or otherwise vend tickets at the agent's place of business so long as the employee is supervised in the selling or vending of tickets by the manager or supervisor in charge at the location where the tickets are being sold. Employment of such person shall be in compliance with Chapter 5 (§ 40.1-78 et seq.) of Title 40.1.
11. The manner and amount of compensation, if any, to be paid licensed sales agents necessary to provide for the adequate availability of tickets or shares to prospective buyers and for the convenience

INTRODUCED

HB1390

59 of the public. Notwithstanding the provisions of this subdivision, the Board shall not be required to
60 approve temporary bonus or incentive programs for payments to licensed sales agents.

61 12. Apportionment of the total revenues accruing from the sale of tickets or shares and from all other
62 sources and establishment of the amount of the special reserve fund as provided in § 58.1-4022 of this
63 chapter.

64 13. Such other matters necessary or desirable for the efficient and economical operation and
65 administration of the lottery.

66 The Department shall not be subject to the provisions of Chapter 43 (§ 2.2-4300 et seq.) of Title 2.2;
67 however, the Board shall promulgate regulations, after consultation with the Director, relative to
68 departmental procurement which include standards of ethics for procurement consistent with the
69 provisions of Article 6 (§ 2.2-4367 et seq.) of Chapter 43 of Title 2.2 and which ensure that
70 departmental procurement will be based on competitive principles.

71 The Board shall have the power to advise and recommend, but shall have no power to veto or
72 modify administrative decisions of the Director. However, the Board shall have the power to accept,
73 modify or reject any revenue projections before such projections are forwarded to the Governor.

74 B. The Board shall carry on a continuous study and investigation of the lottery throughout the
75 Commonwealth to:

76 1. Ascertain any defects of this chapter or the regulations issued hereunder which cause abuses in the
77 administration and operation of the lottery and any evasions of such provisions.

78 2. Formulate, with the Director, recommendations for changes in this chapter and the regulations
79 promulgated hereunder to prevent such abuses and evasions.

80 3. Guard against the use of this chapter and the regulations promulgated hereunder as a subterfuge
81 for organized crime and illegal gambling.

82 4. Ensure that this law and the regulations of the Board are in such form and are so administered as
83 to serve the true purpose of this chapter.

84 C. The Board shall make a continuous study and investigation of (i) the operation and the
85 administration of similar laws which may be in effect in other states or countries, (ii) any literature on
86 the subject which may be published or available, (iii) any federal laws which may affect the operation
87 of the lottery, and (iv) the reaction of Virginia citizens to the potential features of the lottery with a
88 view to recommending or effecting changes that will serve the purpose of this chapter.

89 D. The Board shall hear and decide an appeal of any denial by the Director of the licensing or
90 revocation of a license of a lottery agent pursuant to subdivision 10 of subsection A of this section and
91 subdivision 5 of subsection B of § 58.1-4006 of this chapter.

92 E. The Board shall have the authority to initiate procedures for the planning, acquisition, and
93 construction of capital projects as set forth in Article 4 (§ 2.2-1129 et seq.) of Chapter 11 and Article 3
94 (§ 2.2-1819 et seq.) of Chapter 18 of Title 2.2.

95 **§ 58.1-4022. Virginia Lottery Fund.**

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

101 B. The total costs for the operation and administration of the lottery shall be funded from the
102 Virginia Lottery Fund and shall be in such amount as provided in the general appropriation act.
103 Appropriations to the Department during any fiscal year beginning on and after July 1, 1989, exclusive
104 of agent compensation, shall at no time exceed 10 percent of the total annual estimated gross revenues
105 to be generated from lottery sales. However, should it be anticipated at any time by the Director that
106 such operational and administrative costs for a fiscal year will exceed the limitation provided herein, the
107 Director shall immediately report such information to the Board, the Governor and the Chairmen of
108 Senate Finance and House Appropriations Committees. From the moneys in the Fund, the Comptroller
109 shall establish a special reserve fund in such amount as shall be provided by regulation of the
110 Department for (i) operation of the lottery, (ii) use if the game's pay-out liabilities exceed its cash on
111 hand, or (iii) enhancement of the prize pool with income derived from lending securities held for
112 payment of prize installments, which lending of securities shall be conducted in accordance with lending
113 programs approved by the Department of the Treasury.

114 C. The Comptroller shall transfer to the Lottery Proceeds Fund established pursuant to § 58.1-4022.1,
115 less the special reserve fund, the audited balances of the Virginia Lottery Fund at the close of each
116 fiscal year. The transfer for each year shall be made in two parts: (i) on or before June 30, the
117 Comptroller shall transfer balances of the Virginia Lottery Fund for the fiscal year, based on an estimate
118 determined by the Virginia Lottery, and (ii) no later than 10 days after receipt of the annual audit report
119 required by § 58.1-4023, the Comptroller shall transfer to the Lottery Proceeds Fund the remaining
120 audited balances of the Virginia Lottery Fund for the fiscal year. If such annual audit discloses that the

121 actual revenue is less than the estimate on which the transfer was based, the State Comptroller shall
122 transfer the difference between the actual revenue and the estimate from the Lottery Proceeds Fund to
123 the Virginia Lottery Fund.

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

132 *E. For fiscal years 2020 through 2024, 10 percent of the lottery revenues transferred to the Lottery*
133 *Proceeds Fund shall be transferred to the Rural Transportation Fund established pursuant to §*
134 *33.2-1533. All lottery revenues transferred to the Rural Transportation Fund shall be used solely for the*
135 *purposes of funding transportation projects in (i) Planning District 1, 2, 3, 4, 5, or 6 or (ii) any locality*
136 *with a population of no greater than 100,000.*

137 ~~E.~~ F. As a function of the administration of this chapter, funds may be expended for the purposes of
138 reasonably informing the public concerning (i) the facts embraced in the subjects contained in
139 subdivisions A 1 through 7 of § 58.1-4007 and (ii) the fact that the net proceeds are paid into the
140 Lottery Proceeds Fund of the Commonwealth, but no funds shall be expended for the primary purpose
141 of inducing persons to participate in the lottery.