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HOUSE BILL NO. 2616

Offered February 6, 1995

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

Patron—Forbes

Introduced at the request of the Governor

Referred to Committee on Appropriations

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, or (ii) use if the game's pay-out liabilities exceed its cash on hand.

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.

The following percentages of the lottery revenues transferred to the general fund shall be distributed to Virginia's counties, cities and towns:

<i>Fiscal Year</i>	<i>Percentage</i>
1998-1999	15%
1999-2000	35%
2000-2001	60%
2001-2002 and thereafter	90%

E. Lottery revenues transferred to the general fund shall be distributed as follows:

1. Beginning in fiscal year 1997 and continuing thereafter, ten percent shall be appropriated to any program or special fund established by the General Assembly for public school construction.

2. Beginning in fiscal year 1998 and continuing thereafter, the balance to Virginia's counties, cities and towns, which may use the funds for any of the following purposes: (i) purchase of educational equipment or technology, maintenance or upgrading of school buildings, or other educational purposes; (ii) public safety and law-enforcement; or (iii) reduction of local taxes.

Beginning in fiscal year 1998, the distribution of funds to counties, cities and towns shall be made pursuant to a formula to be prescribed in the appropriations act.

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

59 inducing persons to participate in the lottery.