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SENATE BILL NO. 1179

Offered January 20, 1997

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

Patrons—Hanger, Bolling, Newman, Schrock and Williams

Referred to the 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; Lottery School Construction 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. ~~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. Beginning with lottery proceeds collected from lottery sales on July 1, 1998, and continuing thereafter, the following percentages of the lottery revenues transferred to the general fund shall be placed in a special nonreverting fund in the state treasury known as the "Lottery School Construction Fund," which Fund is hereby created:~~

<i>Fiscal Year</i>	<i>Percentage</i>
1998-1999	10%
1999-2000	20%
2000-2001	30%
2001-2002	40%
2002-2003	50%
2003-2004	60%
2004-2005	70%
2005-2006	80%
2006-2007	90%
2007-2008 and thereafter	100%

Notwithstanding any other provision of law, interest earned from moneys in the Lottery School

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59 *Construction Fund shall accrue to the benefit of such Fund. The Comptroller shall distribute*
60 *seventy-five percent of the moneys in the Fund to counties, cities, and incorporated towns constituting a*
61 *separate special school district, and shall distribute the balance of the moneys in the Fund only for*
62 *capital projects at state institutions of higher education as provided in the general appropriations act.*

63 *The portion of the seventy-five percent of the moneys in the Lottery School Construction Fund to be*
64 *distributed to each county, city, and incorporated town constituting a separate special school district*
65 *shall be determined by multiplying (i) the moneys available for such distribution by (ii) the percentage*
66 *of the state funds appropriated for providing educational programs meeting the Standards of Quality*
67 *that was apportioned to the locality's school board during the previous year. The amounts shall be*
68 *distributed within thirty days after the Comptroller transfers the audited balances of the State Lottery*
69 *Fund to the general fund. The amount distributed to any locality shall be used only for school*
70 *construction and renovation, including the repayment of debt and interest thereon incurred for school*
71 *capital outlay projects.*

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