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**HOUSE BILL NO. 1130**

Offered January 26, 1998

*A BILL to amend and reenact §§ 22.1-162, 22.1-165, 22.1-166.2 and 58.1-4022 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 22.1-166.3, relating to funds for school projects.*

Patrons—Jackson, Abbitt, Almand, Armstrong, Barlow, Behm, Bennett, Brink, Christian, Clement, Councill, Crittenden, Croshaw, Darner, Davies, Day, Deeds, Diamonstein, Johnson, Jones, D.C., Jones, J.C., Keating, McEachin, Phillips, Plum, Puller, Robinson, Scott, Shuler, Spruill, Stump, Tate, Thomas, Van Landingham, Van Yahres, Watts, Williams and Woodrum; Senators: Couric, Edwards, Houck, Howell, Lambert, Lucas, Marye, Miller, Y.B., Reasor, Reynolds, Saslaw, Ticer and Whipple

Referred to Committee on Appropriations

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 22.1-162, 22.1-165, 22.1-166.2 and 58.1-4022 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 22.1-166.3 as follows:**

§ 22.1-162. Definitions.

As used in this chapter:

1. "Authority" means the Virginia Public School Authority.

2. "Board of Commissioners" means the Board of Commissioners of the Authority.

3. "Bonds of the Authority" includes notes and other obligations issued by the Authority for any of its purposes.

4. "Local school bonds" means bonds or other obligations issued by counties, cities and towns under the provisions of Chapter 26 (§ 15.2-2600 et seq.) of Title 15.2 solely for the purpose of financing capital projects for public schools.

"Matching amount" means the locality's contribution for the school construction project. Such matching amount shall be based on the composite index.

"Matching school grant" means a grant made to a local school board for a school construction project.

"School construction project" means any capital project for any public elementary, middle or high school.

"Virginia Public School Construction Trust Fund" means the special fund receiving lottery revenues for school construction.

§ 22.1-165. Management and administration of moneys, etc.

A. The Authority shall manage and administer as provided in this chapter all moneys or obligations that may be set aside and transferred to it from the principal of the Literary Fund by the General Assembly for public school purposes pursuant to Article VIII, Section 8 of the Constitution of Virginia and any funds authorized by the General Assembly from the Literary Fund or otherwise appropriated by the General Assembly for public school purposes.

B. The Authority shall manage and administer as provided in this chapter all moneys or obligations that may be set aside and transferred to it from the lottery revenues and deposited to the Virginia Public School Construction Trust Fund.

C. Subject to the provisions of § 22.1-166.3 and upon proper application of a local school board, the Authority shall make matching grants from the Virginia Public School Construction Trust Fund to the extent moneys are available in such account.

§ 22.1-166.2. Grants to local school boards.

The Authority is authorized to make grants of money, from any of the funds of the Authority available for such purpose, to local school boards for the purchase school construction projects and other purchases of capital projects for school purposes.

§ 22.1-166.3. Matching grants.

The local school boards of the several school divisions may make written application to the Authority for a matching grant. The application shall contain the school board chairman's certified statement that (i) within three years of the date of the application, the school board will spend its own funds in an amount at least equal to the matching amount for a school construction project, (ii) the school construction project is necessary and (iii) the matching grant will be spent only for a school construction project.

§ 58.1-4022. State Lottery Fund.

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

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

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

81 D. Appropriation of lottery revenues shall be made only upon actual and audited collections as  
82 transferred to the general fund and shall in no event be predicated upon an estimation of such revenues.  
83 No later than ten days after receipt of the audit report required by § 58.1-4023, the Comptroller shall  
84 transfer to the general fund, less the special reserve fund, the audited balances of the State Lottery Fund.  
85 ~~In addition to such other funds as may be appropriated, 100 percent of the~~ The lottery revenues  
86 transferred to the general fund shall be appropriated entirely and solely for the purpose of public  
87 education in the Commonwealth, which purposes shall include, but not be limited to, those programs  
88 specified in § 22.1-199.1; *however, after July 1, 1998 one hundred percent of the lottery revenues*  
89 *transferred to the general fund shall be transferred to the Virginia Public School Construction Trust*  
90 *Fund as defined in § 22.1-162 and held separately to be used for school construction projects as set*  
91 *forth in § 22.1-165.*

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