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HOUSE BILL NO. 1435

Offered January 13, 1999

Prefiled July 17, 1998

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

Patron—Day

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, (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.

Of the lottery revenues transferred to the general fund and appropriated entirely and solely for the purpose of public education in the Commonwealth, such funds shall be distributed to the school divisions of the Commonwealth as follows: (i) thirty-three percent shall be distributed in fiscal year 2000; (ii) sixty-six percent shall be distributed in fiscal year 2001; and (iii) one hundred percent shall be distributed in fiscal year 2002 and after. These amounts shall be apportioned and distributed among the school divisions of the Commonwealth as follows: (i) forty percent of the available funds shall be allocated and distributed equally to each school division; (ii) forty percent of the available funds shall be allocated and distributed to each school division on a pro rata basis according to the school division's average daily membership adjusted by the locality's composite index; and (iii) twenty percent of the available funds shall be allocated and distributed to each school division on a pro rata basis according to the school division's average daily membership.

E. 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 inducing persons to participate in the lottery.

INTRODUCED

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