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HOUSE BILL NO. 2145

Offered January 20, 1999

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

Patrons—Puller and Jackson

Consent to introduce

Referred to 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.

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.

Any lottery revenues which are, in the 1999 and 2000 fiscal years pursuant to the appropriation act, appropriated for educational purposes to local school boards or localities shall be designated solely for the support of one or more educational incentive programs. These educational incentive programs shall be entirely voluntary and funds shall be distributed only upon the application of the local school board. Lottery revenues so appropriated shall not be utilized by any local school board or governing body in the 1999 or 2000 fiscal years for meeting the local required cost of maintaining an educational program meeting the prescribed Standards of Quality pursuant to Section 2 of Article VIII of the Constitution of Virginia. Therefore, as a condition of applying for and receiving these lottery funds for such voluntary educational incentive programs, local school boards and governing bodies shall certify to the Board of Education that any required local match, as set forth in the appropriation act for such voluntary educational incentive program, shall be appropriated and that local appropriations to the relevant school board for support of the local education program in the relevant school division, regardless of whether such local funding exceeds the amount required by Section 2 of Article VIII of the Constitution of Virginia, shall be maintained in the local budget for the 1999 and 2000 fiscal years. This certification shall verify that local appropriations for public K-12 education have not been and shall not be reduced or supplanted with any lottery funds received hereunder for any voluntary educational incentive program in the 1999 and 2000 fiscal years.

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

65 **2. That an emergency exists and this act is in force from its passage.**