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## HOUSE BILL NO. 2513

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance  
on February 18, 1999)

(Patrons Prior to Substitute—Delegates Bloxom and Jackson [HB2606])

*A BILL to amend and reenact § 58.1-4022 of the Code of Virginia, relating to distributions from the State Lottery Fund for public education.*

**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 to the counties and cities, and to any town constituting a school division. Such revenues shall be apportioned and distributed on a pro rata basis according to each school division's average daily membership and the locality's composite index of ability to pay as set forth in the general appropriation act. The amount of each distribution for a school division shall be matched by funds of the school division based on the locality's composite index of ability to pay. As a condition on the distribution of such revenues, the superintendent of the school division shall (i) inform the Superintendent of Public Instruction of the public education purpose for which such funds shall be used and (ii) certify that the funds shall be used for such public education purpose.~~

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.

**2. That in order to ensure that the distribution for each school division during the 1998-2000 biennium pursuant to this act is not less than the distribution of net lottery profits that the school division would have received pursuant to Senate Bill 800 (1999) as introduced, a portion of the net lottery proceeds shall be distributed to school divisions as provided in Item 139. B. 4 of Senate Bill 800 (1999) as amended.**

SENATE SUBSTITUTE

HB2513S1