

1999 SESSION

LEGISLATION NOT PREPARED BY DLS
INTRODUCED

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HOUSE BILL NO. 2606

Offered January 21, 1999

A BILL to amend and reenact §§ 58.1-4020 and 58.1-4022 of the Code of Virginia, relating to moneys to be deposited in the Virginia Public School Construction Grants Fund.

Patron—Jackson

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-4020 and 58.1-4022 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-4020. Unclaimed prizes.

A. Unclaimed prizes for a winning ticket or share shall be retained by the Director for the person entitled thereto for 180 days after the drawing in which the prize was won in the case of a drawing prize and for 180 days after the announced end of the lottery game in the case of a prize determined in any manner other than by means of a drawing. If no claim is made for the prize within the 180 days, the Director shall deem such prize forfeited by the person entitled to claim such winnings.

B. All prizes deemed forfeited pursuant to subsection A shall be paid into the ~~Literary~~ Virginia Public School Construction Grants Fund. The Director may develop procedures, to be approved by the Auditor of Public Accounts, for estimating the cumulative total of such unclaimed prizes in any lottery game in lieu of specifically identifying unclaimed prizes where such specific identification would not be cost effective. The Director, within sixty days after the end of each 180-day retention period, shall report the total value of prizes forfeited at the end of such period to the Comptroller, who shall promptly transfer the total of such prizes to the ~~Literary~~ Virginia Public School Construction Grants Fund. The total value of prizes forfeited during the fiscal year shall be audited by the Auditor of Public Accounts in accordance with § 58.1-4023. In the case of a prize payable over time on one or more winning tickets, if one or more winning tickets is not claimed within the 180-day redemption period, the Department shall transfer the then current monetary value of such portion of the prize remaining unclaimed to the ~~Literary~~ Virginia Public School Construction Grants Fund in accordance with procedures approved by the State Treasurer. "Current monetary value" shall be determined by the net proceeds from the sale of that portion of jackpot securities allocated to the unclaimed winner plus the amount of the initial cash payment.

C. Subsection B of this section shall not apply to prizes of twenty-five dollars or less resulting from any lottery game other than a lottery game in which a drawing determined the prize. The Board shall adopt regulations for the disposition of all such unclaimed prizes of twenty-five dollars or less not resulting from a drawing. Such disposition shall be directed in whole or in part to either the State Lottery Fund or to other forms of compensation to licensed sales agents.

D. For purposes of this section, "prize" refers to a cash prize. In the case of a prize payable over time and not as a lump sum payment, "prize" means the present cash value of the prize, not the value paid over time.

E. In accordance with the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App. U.S.C.A. § 525), any person whose unclaimed prize was deemed forfeited pursuant to subsection A while he was in active military service may claim such forfeited prize by presenting his winning ticket to the Director no later than 180 days after his discharge from active military service. Within thirty days of such presentation, the Director shall verify the claim and report the verification to the Comptroller. The Comptroller shall promptly pay the verified claim first from funds available in the Unclaimed Property Trust Fund in § 3-2.00 of the general appropriations act; if such funds are insufficient, then, from any undesignated, unreserved year-end balance of the general fund. All verified claims shall be paid in accordance with the Board's rules and regulations then in effect regarding the manner of payment of prizes to the holders of winning tickets or shares.

§ 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

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HB2606

60 compensation, shall at no time exceed ten percent of the total annual estimated gross revenues to be
61 generated from lottery sales. However, should it be anticipated at any time by the Director that such
62 operational and administrative costs for a fiscal year will exceed the limitation provided herein, the
63 Director shall immediately report such information to the Board, the Governor and the Chairmen of
64 Senate Finance and House Appropriations Committees. From the moneys in the Fund, the Comptroller
65 shall establish a special reserve fund in such amount as shall be provided by regulation of the
66 Department for (i) operation of the lottery, (ii) use if the game's pay-out liabilities exceed its cash on
67 hand, or (iii) enhancement of the prize pool with income derived from lending securities held for
68 payment of prize installments, which lending of securities shall be conducted in accordance with lending
69 programs approved by the Department of the Treasury.

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

73 D. Appropriation of lottery revenues shall be made only upon actual and audited collections as
74 transferred to the general fund and shall in no event be predicated upon an estimation of such revenues.
75 No later than ten days after receipt of the audit report required by § 58.1-4023, the Comptroller shall
76 transfer to the general fund, less the special reserve fund, the audited balances of the State Lottery Fund.
77 ~~In addition to such other funds as may be appropriated, 100 percent of the~~ *The* lottery revenues
78 transferred to the general fund shall be appropriated entirely and solely for the purpose of public
79 education in the Commonwealth, which purposes shall include, but not be limited to, those programs
80 specified in § 22.1-199.1; *however, for fiscal year 2000, up to fifteen percent of the lottery revenues*
81 *transferred to the general fund as provided for in this section shall be deposited in the Virginia Public*
82 *School Construction Grants Fund as provided for in § 22.1-175.1. In fiscal year 2001, up to twenty-five*
83 *percent of the lottery revenues transferred to the general fund as provided for in this section shall be*
84 *deposited in the Virginia Public School Construction Grants Fund. In fiscal year 2002, up to fifty*
85 *percent of the lottery revenues transferred to the general fund as provided for in this section shall be*
86 *deposited in the Virginia Public School Construction Grants Fund. In fiscal year 2003, up to*
87 *seventy-five percent of the lottery revenues transferred to the general fund as provided for in this section*
88 *shall be deposited in the Virginia Public School Construction Grants Fund. In fiscal year 2004 and*
89 *thereafter, up to 100 percent of the lottery revenues transferred to the general fund as provided for in*
90 *this section shall be deposited in the Virginia Public School Construction Grants Fund.*

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