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HOUSE BILL NO. 1977

Offered January 12, 2011

Prefiled January 11, 2011

A BILL to amend and reenact § 58.1-4022 of the Code of Virginia, and to amend the Code of Virginia by adding sections numbered 37.2-312.2 and 37.2-312.3, relating to the Problem Gambling Treatment Fund.

Patrons—Greason, Albo, Comstock, Cosgrove, Cox, M.K., Gilbert, Hope, Janis, Loupassi, Peace, Plum and Pogge

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-4022 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding sections numbered 37.2-312.2 and 37.2-312.3 as follows:

§ 37.2-312.2. Problem Gambling Treatment Fund established.

There is hereby created in the state treasury a special nonreverting fund to be known as the Problem Gambling Treatment Fund, hereafter referred to as the Fund. The Fund shall be established on the books of the Comptroller. One-sixth of one percent of the gross lottery proceeds shall be paid into the state treasury and credited to the Fund annually, subject to the constitutionally required four-fifths vote. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the prevention and treatment of gambling addiction and other problems related to gambling, and for the administration of such programs. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Behavioral Health and Developmental Services.

§ 37.2-312.3. Department to develop problem gambling treatment plan.

The Department shall, by July 1, 2012, develop a plan for the coordination and administration of statewide prevention and treatment of gambling addiction and other problems related to gambling, and the delivery of program services.

§ 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. The Comptroller shall transfer to the Lottery Proceeds Fund established pursuant to § 58.1-4022.1, less the special reserve fund, the audited balances of the State Lottery Fund at the close of each fiscal year. The transfer for each year shall be made in two parts: (i) on or before June 30, the Comptroller shall transfer balances of the State Lottery Fund for the fiscal year, based on an estimate determined by the State Lottery Department, and (ii) no later than ten days after receipt of the annual audit report required by § 58.1-4023, the Comptroller shall transfer to the Lottery Proceeds Fund the remaining audited balances of the State Lottery Fund for the fiscal year. If such annual audit discloses that the actual revenue is less than the estimate on which the transfer was based, the State Comptroller shall transfer the difference between the actual revenue and the estimate from the Lottery Proceeds Fund to

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58 the State Lottery Fund.

59 D. In addition to such other funds as may be appropriated, 100 percent of the lottery revenues
60 transferred to the Lottery Proceeds Fund shall be appropriated entirely and solely for the purpose of
61 public education in the Commonwealth unless otherwise redirected pursuant to Article X, Section 7-A of
62 the Constitution of Virginia. The additional appropriation of lottery revenues to local school divisions
63 for public education purposes consistent with this provision shall be used for operating, capital outlay, or
64 debt service expenses, as determined by the appropriation act. The additional appropriation of lottery
65 revenues shall not be used by any local school division to reduce its total local expenditures for public
66 education in accordance with the provisions of the general appropriation act.

67 E. As a function of the administration of this chapter, funds may be expended for the purposes of
68 reasonably informing the public concerning (i) the facts embraced in the subjects contained in
69 subdivisions 1 through 7 of subsection A of § 58.1-4007, ~~and~~ (ii) the fact that the net proceeds are paid
70 into the Lottery Proceeds Fund of the Commonwealth, *and (iii) the prevention and treatment of*
71 *gambling addiction and other problems related to gambling*; but no funds shall be expended for the
72 primary purpose of inducing persons to participate in the lottery.