

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 481

Short Title: Restore Lottery Revenue Distrib. Structure. (Public)

Sponsors: Representatives Boles and McNeill (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations

March 28, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO RESTORE THE ORIGINAL REVENUE DISTRIBUTION STRUCTURE OF
3 THE NORTH CAROLINA EDUCATION LOTTERY.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 7 of Chapter 18C of the General Statutes reads as rewritten:

6 "Article 7.

7 "North Carolina State Lottery Fund.

8 ...

9 **"§ 18C-162. Allocation of revenues.**

10 (a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in
11 order to increase and maximize the available revenues for education purposes, and to the extent
12 practicable, shall adhere to the following guidelines:

13 (1) At least fifty percent (50%) of the total annual revenues, as described in this
14 Chapter, shall be returned to the public in the form of prizes.

15 (2) At least thirty-five percent (35%) of the total annual revenues, as described
16 in this Chapter, shall be transferred as provided in G.S. 18C-164.

17 (3) No more than eight percent (8%) of the total annual revenues, as described
18 in this Chapter, shall be allocated for payment of expenses of the Lottery.
19 Advertising expenses shall not exceed one percent (1%) of the total annual
20 revenues.

21 (4) No more than seven percent (7%) of the ~~face value of tickets or shares,~~total
22 annual revenues, as described in this Chapter, shall be allocated for
23 compensation paid to lottery game retailers.

24 ...

25 **"§ 18C-164. Transfer of net revenues.**

26 (a) The funds remaining in the North Carolina State Lottery Fund after receipt of all
27 revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes
28 and expenses shall be considered to be the net revenues of the North Carolina State Lottery
29 Fund. The net revenues of the North Carolina State Lottery Fund shall be transferred ~~at least~~
30 ~~four times a year~~periodically to the Education Lottery Fund, which shall be created in the State
31 treasury.

32 (b) From the Education Lottery Fund, the Office of State Budget and Management shall
33 transfer a sum equal to five percent (5%) of the net revenue of the prior year to the Education
34 Lottery Reserve Fund. A special revenue fund for this purpose shall be established in the State
35 treasury to be known as the Education Lottery Reserve Fund, and that fund shall be capped at



1 fifty million dollars (\$50,000,000). Monies in the Education Lottery Reserve Fund may be
2 appropriated only as provided in subsection (e) of this section.

3 ~~(c) The General Assembly shall appropriate the remaining net revenue of the Education~~
4 ~~Lottery Fund annually in the Current Operations Appropriations Act for education related~~
5 ~~purposes, based upon estimates of lottery net revenue to the Education Lottery Fund provided~~
6 ~~by the Office of State Budget and Management and the Fiscal Research Division of the~~
7 ~~Legislative Services Commission. A security interest shall not be granted in funds appropriated~~
8 ~~pursuant to this subsection. The Commission shall distribute the remaining net revenue of the~~
9 ~~Education Lottery Fund as follows:~~

10 (1) A sum equal to fifty percent (50%) to support reduction of class size in early
11 grades to class size allotments not exceeding 1:18 in order to eliminate
12 achievement gaps and to support academic pre-kindergarten programs for
13 at-risk four-year-olds who would otherwise not be served in a high-quality
14 education program in order to help those four-year-olds be prepared
15 developmentally to succeed in school.

16 (2) A sum equal to forty percent (40%) to the Public School Building Capital
17 Fund in accordance with G.S. 115C-546.2.

18 (3) A sum equal to ten percent (10%) to the State Educational Assistance
19 Authority to fund college and university scholarships in accordance with
20 Article 35A of Chapter 115C of the General Statutes.

21 (d) Repealed by Session Laws 2013-360, s. 6.11(c), effective June 30, 2013.

22 (d1) Of the sums transferred under subsection (c) of this section, the General Assembly
23 shall appropriate the funds annually based upon estimates of lottery net revenue to the
24 Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal
25 Research Division of the North Carolina General Assembly.

26 (e) If the actual net revenues are less than the appropriation for that given year, then the
27 Governor may transfer from the Education Lottery Reserve Fund an amount sufficient to equal
28 the appropriation by the General Assembly. If the monies available in the Education Lottery
29 Reserve Fund are insufficient to reach a full appropriation, the Governor shall transfer monies
30 in order of priority to the following:

31 (1) To support academic pre-kindergarten programs for at-risk four-year-olds
32 who would otherwise not be served in a high-quality education program in
33 order to help those four-year-olds be prepared developmentally to succeed in
34 school.

35 (2) To reduce class size.

36 (3) To provide financial aid for needy students to attend college.

37 (4) To the Public School Building Capital Fund to be spent in accordance with
38 this section.

39 ~~(f) Actual~~ If the actual net revenues in excess of exceed the amounts appropriated in a
40 that fiscal year-year, the excess net revenues shall remain in the Education Lottery Fund.Fund
41 and then be transferred as follows:

42 (1) Fifty percent (50%) to the Public School Building Capital Fund to be spent
43 in accordance with this section.

44 (2) Fifty percent (50%) to the State Educational Assistance Authority to be
45 spent in accordance with this section."

46 **SECTION 2.** This act becomes effective July 1, 2017.