

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 638

Short Title: Public School Const. Grants & Lottery Changes. (Public)

Sponsors: Representatives Corbin, Garrison, Hunter, and Potts (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations

April 10, 2017

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE A PORTION OF LOTTERY REVENUES FOR K-12 SCHOOL
CONSTRUCTION BASED UPON COUNTY NEED AND ABILITY TO PAY FOR
SCHOOL CONSTRUCTION PROJECTS AND TO MAKE CHANGES TO
ADVERTISING COST LIMITATIONS IN THE NORTH CAROLINA EDUCATION
LOTTERY.

The General Assembly of North Carolina enacts:

PART I. PUBLIC SCHOOL CAPITAL FUND

SECTION 1.(a) There is created the Needs-Based Public School Capital Fund to be administered by the Superintendent of Public Instruction. The Fund shall be used to award grants to counties designated as a development tier one area or a development tier two area, as defined by G.S. 143B-437.08, to assist with their critical public school building capital needs. The Superintendent of Public Instruction shall award grants to counties in accordance with the following priorities:

- (1) Counties designated as development tier one areas.
- (2) Counties with greater need and less ability to generate sales tax and property tax revenue.
- (3) Counties with a high debt-to-tax revenue ratio.
- (4) The extent to which a project will address critical deficiencies in adequately serving the current and future student population.

SECTION 1.(b) Grant funds awarded under this section shall be subject to a matching requirement from the recipient county as follows:

- (1) For a county designated as a development tier one area, the grant shall not exceed two dollars (\$2.00) in grant funds for every one dollar (\$1.00) provided by the county.
- (2) For a county designated as a development tier two area, the grant shall not exceed one dollar (\$1.00) for every one dollar (\$1.00) provided by the county.

The total amount awarded to a single county in a fiscal year shall not exceed ten million dollars (\$10,000,000). The total aggregate amount awarded from the Fund in a fiscal year shall not exceed one hundred million dollars (\$100,000,000). Grant funds shall not be used for real property acquisition or for operational lease agreements.

SECTION 1.(c) On or before April 1 of each year, a grant recipient shall submit to the Superintendent of Public Instruction an annual report for the preceding year that describes



1 the progress of the project for which the grant was received. The grant recipient shall submit a
2 final report to the State Superintendent of Public Instruction within three months of the
3 completion of the project.

4 **SECTION 1.(d)** On or before May 1 of each year, the Superintendent of Public
5 Instruction shall submit a report to the Chairs of the Senate Appropriations Committee on
6 Education/Higher Education, the Chairs of the House Appropriations Committee on Education,
7 and the Fiscal Research Division. The report shall contain at least all of the following
8 information for the fiscal year:

- 9 (1) Number and description of projects awarded.
- 10 (2) Total cost of each project and amount supported by the Fund.
- 11 (3) Projections for local school administrative unit capital needs for the next 30
12 years, based upon present conditions and estimated demographic changes.
- 13 (4) Any legislative recommendations for improving the Fund program.

14 **SECTION 1.(e)** Notwithstanding G.S. 143C-5-2, there is appropriated from the
15 Education Lottery Fund to the Needs-Based Public School Capital Fund the sum of
16 seventy-five million dollars (\$75,000,000) in recurring funds for the 2017-2018 fiscal year to
17 be used to administer the grant program established by this section.

18 19 **PART II. EDUCATION LOTTERY CHANGES**

20 **SECTION 2.(a)** G.S. 18C-162 reads as rewritten:

21 "**§ 18C-162. Allocation of revenues.**

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

- 25 (1) At least fifty percent (50%) of the total annual revenues, as described in this
26 Chapter, shall be returned to the public in the form of prizes.
- 27 (2) At least thirty-five percent (35%) of the total annual revenues, as described
28 in this Chapter, shall be transferred as provided in G.S. 18C-164.
- 29 (3) No more than eight percent (8%) of the total annual revenues, as described
30 in this Chapter, shall be allocated for payment of expenses of the Lottery.
31 ~~Advertising expenses shall not exceed one percent (1%) of the total annual~~
32 ~~revenues.~~
- 33 (4) No more than seven percent (7%) of the face value of tickets or shares, as
34 described in this Chapter, shall be allocated for compensation paid to lottery
35 game retailers.

36 (a1) Advertising costs shall not exceed two percent (2%) of the total annual revenues, as
37 described in this Chapter.

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39 **SECTION 2.(b)** G.S. 18C-163(b) reads as rewritten:

40 "(b) Expenses of the lottery shall also include ~~all of the following~~:

- 41 (1) A transfer of two million one hundred thousand dollars (\$2,100,000)
42 annually to the Department of Public Safety, Alcohol Law Enforcement
43 Branch, for gambling enforcement activities.
- 44 (2) Advertising costs."

45 **SECTION 2.(c)** G.S. 18C-164(e) reads as rewritten:

46 "(e) If the actual net revenues are less than the appropriation for that given year, then the
47 Governor ~~may~~shall transfer from the Education Lottery Reserve Fund an amount sufficient to
48 equal the appropriation by the General Assembly."

49 50 **PART III. EFFECTIVE DATE**

51 **SECTION 3.** This act becomes effective July 1, 2017.