

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

H

D

HOUSE DRH30393-LBx-248 (3/8)

Short Title: Lottery Funds. (Public)

Sponsors: Representatives Justus, Howard, Johnson, and Ray (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT AMENDING THE CONSTITUTION OF NORTH CAROLINA TO REQUIRE LOTTERY PROCEEDS TO BE KEPT IN A SEPARATE FUND, TO REQUIRE THE FUNDS TO BE SPENT ONLY FOR EDUCATIONAL PURPOSES, AND TO PROHIBIT SUPPLANTING OTHER EDUCATION FUNDS WITH LOTTERY FUNDS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 5 of the North Carolina Constitution is amended by adding the following new section:

"Sec. 15. Lottery proceeds.

If the General Assembly authorizes a State lottery, gross revenues shall be placed in a separate fund within the State treasury and all expenditures paid from that fund. Net proceeds after payment of operating expenses and prizes shall be separately accounted for and shall be specifically identified by the Governor in the proposed budget presented to the General Assembly as a separate budget category entitled "Lottery Proceeds", and the Governor shall make specific recommendations as to educational programs and educational purposes to which said net proceeds shall be appropriated. The General Assembly shall appropriate all net proceeds of the lottery to educational programs and educational purposes. Such net proceeds shall be used to support improvements and enhancements for educational programs and purposes, and such net proceeds shall be used to supplement, not supplant, nonlottery educational resources for educational programs and purposes. The nonsupplant requirement means in any year where the State lottery is in operation State funds (other than lottery proceeds) appropriated for educational programs and educational purposes may not be reduced below those appropriated (other than lottery proceeds) in the year that the lottery began operations, except that if a financial or other emergency occurs, and the percentage reduction in education expenditures is no greater than the average reduction in all State expenditures,

1 the General Assembly may authorize a reduction in education expenditures by a vote of
2 two-thirds of all the members of each house, with such reduction being authorized in a
3 bill that contains no other provisions."

4 **SECTION 2.** The amendment set out in Section 1 of this act shall be
5 submitted to the qualified voters of the State at the statewide general election to be held
6 November 7, 2006, which election shall be conducted under the laws then governing
7 elections in the State. Ballots, voting systems, or both may be used in accordance with
8 Chapter 163 of the General Statutes. The question to be used in the voting systems and
9 ballots shall be:

10 FOR AGAINST

11 Constitutional amendment to provide that if a State lottery is created, lottery
12 proceeds must be placed in a separate fund, that lottery proceeds may be only used for
13 education, and that lottery proceeds must be in addition to regular funding for education
14 rather than instead of replacing funding for education."

15 **SECTION 3.** If a majority of votes cast on the question are in favor of the
16 amendment set out in Section 1 of this act, the State Board of Elections shall certify the
17 amendment to the Secretary of State. The Secretary of State shall enroll the amendment
18 so certified among the permanent records of that office. The amendment set out in
19 Section 1 of this act becomes effective January 1, 2007.

20 **SECTION 4.** This act is effective when it becomes law.