

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE DRS65425-LB-279 (5/2)

Short Title: Lottery Proceeds.

(Public)

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Sponsors: Senator Hunt.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO CHANGE THE ALLOCATION OF LOTTERY PROCEEDS AND TO  
REQUIRE THEY BE USED FOR EDUCATION AND TECHNOLOGY.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 115C-546.2(d) reads as rewritten:

"(d) Monies transferred into the Fund in accordance with Chapter 18C of the General Statutes shall be allocated for capital projects for school construction projects and for school technology as follows:

(1) ~~A sum equal to sixty five percent (65%) of those monies transferred in accordance with G.S. 18C 164 shall be allocated on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education.~~

(2) ~~A sum equal to thirty five percent (35%) of those monies transferred in accordance with G.S. 18C 164 shall be allocated to those local school administrative units located in whole or part in counties in which the effective county tax rate as a percentage of the effective State average tax rate is greater than one hundred percent (100%), with the following definitions applying to this subdivision:~~

a. ~~"Effective county tax rate" means the actual county tax rate multiplied by a three year weighted average of the most recent annual sales assessment ratio studies.~~

b. ~~"State average effective tax rate" means the average effective county tax rates for all counties.~~

e. ~~"Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105 289(h).~~

- 1           (3) No county shall have to provide matching funds required under  
2 subsection (c) of this section.
- 3           (4) A county may use monies in this Fund to pay for school construction  
4 projects and school technology in local school administrative units and  
5 to retire indebtedness incurred for school construction projects  
6 incurred on or after January 1, 2003.
- 7           (5) ~~A county may not use monies in this Fund to pay for school  
8 technology needs."~~

9           **SECTION 2.** G.S. 18C-164 reads as rewritten:

10   **"§ 18C-164. Transfer of net revenues.**

11       (a) The funds remaining in the North Carolina State Lottery Fund after receipt of  
12 all revenues to the Lottery Fund and after accrual of all obligations of the Commission  
13 for prizes and expenses shall be considered to be the net revenues of the North Carolina  
14 State Lottery Fund. The net revenues of the North Carolina State Lottery Fund shall be  
15 transferred periodically to the Education Lottery Fund, which shall be created in the  
16 State treasury.

17       (b) From the Education Lottery Fund, the Commission shall transfer a sum equal  
18 to five percent (5%) of the net revenue of the prior year to the Education Lottery  
19 Reserve Fund. A special revenue fund for this purpose shall be established in the State  
20 treasury to be known as the Education Lottery Reserve Fund, and that fund shall be  
21 capped at fifty million dollars (\$50,000,000). Monies in the Education Lottery Reserve  
22 Fund may be appropriated only as provided in subsection (e) of this section.

23       (c) The Commission shall distribute the remaining net revenue of the Education  
24 Lottery Fund, as follows, in the following manner:

25           (1) ~~A sum equal to fifty percent (50%) to support reduction of class size in  
26 early grades to class size allotments not exceeding 1:18 in order to  
27 eliminate achievement gaps and to support academic prekindergarten  
28 programs for at risk four year olds who would otherwise not be served  
29 in a high quality education program in order to help those  
30 four year olds be prepared developmentally to succeed in school.~~

31           (2) A sum equal to ~~forty percent (40%)~~ ninety percent (90%) to the Public  
32 School Building Capital Fund in accordance with G.S. 115C-546.2.

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

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

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

1           (1) ~~To support academic prekindergarten programs for at risk~~  
2           ~~four year olds who would otherwise not be served in a high quality~~  
3           ~~education program in order to help those four year olds be prepared~~  
4           ~~developmentally to succeed in school.~~

5           (2) ~~To reduce class size.~~

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

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

9           (f) If the actual net revenues exceed the amounts appropriated in that fiscal year,  
10          the excess net revenues shall remain in the Education Lottery Fund, and then be  
11          transferred as follows:

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

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

16          **SECTION 3.** This act is effective when it becomes law.