

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 298

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

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

Referred to: Commerce, if favorable, Rules, Calendar, and Operations of the House

March 11, 2019

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

6 "**§ 18C-162. Allocation of revenues.**

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

- 10 (1) At least fifty percent (50%) of the total annual revenues, as described in this
11 Chapter, shall be returned to the public in the form of prizes.
12 (2) At least thirty-five percent (35%) of the total annual revenues, as described in
13 this Chapter, shall be transferred as provided in
14 ~~G.S. 18C-164.~~G.S. 18C-164.1.
15 (3) No more than eight percent (8%) of the total annual revenues, as described in
16 this Chapter, shall be allocated for payment of expenses of the Lottery.
17 Advertising expenses shall not exceed one percent (1%) of the total annual
18 revenues.
19 (4) No more than seven percent (7%) of the ~~face value of tickets or shares,~~ total
20 annual revenues, as described in this Chapter, shall be allocated for
21 compensation paid to lottery game retailers.

22"

23 **SECTION 2.(a)** G.S. 18C-164 is repealed.

24 **SECTION 2.(b)** Article 7 of Chapter 18C of the General Statutes is amended by
25 adding a new section to read:

26 "**§ 18C-164.1 Transfer of net revenues.**

27 (a) The funds remaining in the North Carolina State Lottery Fund after receipt of all
28 revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes
29 and expenses shall be considered to be the net revenues of the North Carolina State Lottery Fund.
30 The net revenues of the North Carolina State Lottery Fund shall be transferred four times a year
31 to the Education Lottery Fund, which shall be created in the State 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 Commission shall distribute the remaining net revenue of the Education Lottery
4 Fund as follows:

5 (1) A sum equal to fifty percent (50%) to support attainment of the class size
6 allotment ratios pursuant to G.S. 115C-301(c).

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

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

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

16 (e) If the actual net revenues exceed the amounts appropriated in that fiscal year, the
17 excess net revenues shall remain in the Education Lottery Fund and then be transferred as
18 follows:

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

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

23 **SECTION 3.** G.S. 115C-499.3(a) reads as rewritten:

24 "(a) Subject to the amount of net income available under ~~G.S. 18C-164(b)(2)~~,
25 G.S. 18C-164.1 a scholarship awarded under this Article to a student at an eligible postsecondary
26 institution shall be based upon the enrollment status and expected family contribution of the
27 student and shall not exceed four thousand dollars (\$4,000) per academic year, including any
28 federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs."

29 **SECTION 4.** This act becomes effective July 1, 2019.