

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill No: SB 364

48th Legislature, 1st Session, 2007

Short Title: Lottery Board & Fund Distribution

Sponsor(s): Senator Michael S. Sanchez and Others

Analyst: James Ball

Date: January 29, 2007

Bill Summary:

SB 364 proposes several changes to the *New Mexico Lottery Act*:

- Changes the composition of the Lottery Board of Directors to add a representative of a four year public postsecondary educational institution and a representative of a two-year public postsecondary institution;
- Requires that no later than 15 days after the end of each month at least 30 percent of the gross revenue collected for that month be transmitted to the State Treasurer to be deposited in the Lottery Tuition Fund;
- Eliminates the Lottery Reserve Fund consisting of up to 2.0 percent of the gross annual revenues used to reward retailers, make special promotions, hold promotional events, support compulsive gambling prevention and other purposes deemed desirable by the Board of Directors;
- Requires the Lottery Authority comply with provisions of the *New Mexico Procurement Code*, including requirements that the Authority:
 - approve or disapprove all procurements over \$75,000;
 - assure that procurements are based on competitive proposals; and
 - assure that all procurements are not simply “in keeping with the general principals” of the *New Mexico Procurement Code*, but in “accordance” with the Code.

Fiscal Impact:

SB 364 does not carry an appropriation.

Issues:

The Lottery Board of Directors currently consists of seven members which SB 364 would increase to nine. Members are appointed by the Governor and must be New Mexico residents. Currently, three categories of membership are required. These are:

- a law enforcement officer with at least five years of experience;
- an attorney; and
- a certified public accountant.

The two additional categories of representatives from higher education proposed in SB 364 would provide an education perspective to the Board.

According to the “2005 Think New Mexico Report,” New Mexico ranked fifth highest of the 41 states with lotteries for the percentage of lottery revenue spent on operating costs and administration. Think New Mexico recommends establishing a statutory minimum percentage of the lottery revenues to be awarded to the beneficiaries, which are high school seniors, before paying operating and administrative costs. In 2005, nearly 24 percent of the lottery revenues were transferred to the Lottery Success Scholarships. Ten states have adopted minimum percentages for beneficiaries, generally between 30 to 35 percent.

Related Bills:

None