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**HOUSE BILL 18**

**43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997**

**INTRODUCED BY**

**DANIEL P. SILVA**

**AN ACT**

**RELATING TO STATE LOTTERY REVENUES; EARMARKING FIFTY PERCENT OF  
LOTTERY NET REVENUES FOR DISTRIBUTION TO PUBLIC SCHOOLS FOR  
EDUCATIONAL TECHNOLOGY PURSUANT TO THE TECHNOLOGY FOR EDUCATION  
ACT; AMENDING SECTIONS OF THE NMSA 1978; MAKING AN  
APPROPRIATION.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. Section 6-24-24 NMSA 1978 (being Laws 1995,  
Chapter 155, Section 24) is amended to read:**

**"6-24-24. DISPOSITION OF REVENUE. --**

**A. As nearly as practical, an amount equal to at  
least fifty percent of the gross annual revenues from the sale  
of lottery tickets shall be returned to the public in the form  
of lottery prizes.**

**B. The authority shall transmit all net revenues to**

Underscored material = new  
[bracketed material] = delete

1 the state treasurer who shall deposit [~~sixty~~] fifty percent of  
2 the revenues in the [~~public school capital outlay~~] educational  
3 technology fund for expenditure pursuant to the provisions of  
4 the [~~Public School Capital Outlay~~] Technology for Education Act  
5 and [~~forty~~] fifty percent in the lottery tuition fund.

6 Estimated net revenues shall be transmitted monthly to the state  
7 treasurer for deposit in the funds; provided the total amount of  
8 annual net revenues for the fiscal year shall be transmitted no  
9 later than August 1 [~~each~~] of the following fiscal year.

10 C. In determining net revenues, operating expenses  
11 of the lottery include all costs incurred in the operation and  
12 administration of the lottery and all costs resulting from any  
13 contracts entered into for the purchase or lease of goods or  
14 services required by the lottery, including [~~but not limited to~~]  
15 the costs of supplies, materials, tickets, independent audit  
16 services, independent studies, data transmission, advertising,  
17 promotion, incentives, public relations, ~~communications,~~  
18 ~~commissions~~ paid to lottery retailers, printing, distribution of  
19 tickets, purchases of annuities or investments to be used to pay  
20 future installments of winning lottery tickets, debt service and  
21 payment of any revenue bonds issued, contingency reserves,  
22 transfers to the reserve fund and any other necessary costs  
23 incurred in carrying out the provisions of the New Mexico  
24 Lottery Act.

25 D. An amount up to two percent of the gross annual

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1 revenues shall be set aside as a reserve fund to cover bonuses  
2 and incentive plans for lottery retailers, special promotions  
3 for retailers, purchasing special promotional giveaways,  
4 sponsoring special promotional events, compulsive gambling  
5 rehabilitation and such other purposes as the board deems  
6 necessary to maintain the integrity and meet the revenue goals  
7 of the lottery. The board shall report annually to the governor  
8 and each regular session of the legislature on the use of the  
9 money in the reserve fund. Any balance in excess of fifty  
10 thousand dollars (\$50,000) at the end of any fiscal year shall  
11 be transferred to the lottery tuition fund. "

12 Section 2. Section 6-24-27 NMSA 1978 (being Laws 1995,  
13 Chapter 155, Section 27) is amended to read:

14 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--INDEPENDENT  
15 AUDITS. --

16 A. The board shall:

17 (1) submit quarterly and annual reports to the  
18 governor, legislative finance committee and lottery oversight  
19 committee disclosing the total lottery revenue, prizes,  
20 commissions, ticket costs, operating expenses and net revenues  
21 of the authority during the reporting period and, in the annual  
22 report, describe the organizational structure of the authority  
23 and summarize the functions performed by each organizational  
24 division within the authority;

25 (2) maintain weekly or more frequent records of

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1 lottery transactions, including the distribution of lottery  
2 tickets to retailers, revenue received, claims for prizes,  
3 prizes paid, prizes forfeited and other financial transactions  
4 of the authority; and

5 (3) use the state government fiscal year.

6 B. The board shall provide, for informational  
7 purposes, to the department of finance and administration and  
8 the legislative finance committee, by December 1 of each year, a  
9 copy of the annual proposed operating budget for the authority  
10 for the succeeding fiscal year. This budget proposal shall also  
11 be accompanied by an estimate of the net revenues to be  
12 deposited in the [~~public school capital outlay~~] educational  
13 technology fund and the lottery tuition fund for the current and  
14 succeeding fiscal years.

15 C. The board shall contract with an independent  
16 certified public accountant or firm for an annual financial  
17 audit of the authority. The certified public accountant or firm  
18 shall have no financial interest in any lottery contractor. The  
19 certified public accountant or firm shall present an audit  
20 report no later than March 1 for the prior fiscal year. The  
21 certified public accountant or firm shall evaluate the internal  
22 auditing controls in effect during the audit period. The cost  
23 of this financial audit shall be an operating expense of the  
24 authority. The legislative finance committee may, at any time,  
25 order an audit of any phase of the operations of the authority,

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1 at the expense of the authority, and shall receive a copy of the  
2 annual independent financial audit. A copy of any audit  
3 performed by the certified public accountant or ordered by the  
4 legislative finance committee shall be transmitted to the  
5 governor, the speaker of the house of representatives, the  
6 president pro tempore of the senate, the legislative finance  
7 committee and the lottery oversight committee. "

8 Section 3. Section 22-15A-9 NMSA 1978 (being Laws 1994,  
9 Chapter 96, Section 9) is amended to read:

10 "22-15A-9. EDUCATIONAL TECHNOLOGY FUND--DISTRIBUTION.--

11 A. Upon annual review and approval of a school  
12 district's educational technology plan, the bureau shall  
13 determine a separate distribution from the educational  
14 technology fund for each school district.

15 B. On or before July 31 of each year, the bureau  
16 shall distribute money in the educational technology fund  
17 directly to each school district in an amount equal to ninety  
18 percent of the district's estimated entitlement as determined by  
19 the projected membership for the school year. A school  
20 district's entitlement is that portion of the total amount of  
21 the annual appropriation that the projected membership bears to  
22 the projected membership of the state. Kindergarten membership  
23 shall be calculated on a one-half full-time equivalent basis.

24 C. On or before January 30 of each year, the bureau  
25 shall recompute each entitlement using the final funded

1 membership for that year and shall allocate the balance of the  
2 annual appropriation adjusting for any over- or under- projection  
3 of membership.

4 D. Any school district receiving funding pursuant to  
5 the Technology for Education Act is responsible for the  
6 purchase, distribution, use and maintenance of educational  
7 technology.

8 E. As used in this section:

9 (1) "annual appropriation" means for any fiscal  
10 year the sum of appropriations to the educational technology  
11 fund for the fiscal year and all state lottery revenues  
12 distributed to the fund in the prior fiscal year; and

13 (2) "membership" means the total enrollment of  
14 qualified students, as defined in the Public School Finance Act,  
15 on the current roll of class or school on a specified day. The  
16 current roll is established by the addition of original entries  
17 and re-entries minus withdrawals. Withdrawal of students, in  
18 addition to students formally withdrawn from the public school,  
19 includes students absent from the public school for as many as  
20 ten consecutive school days. "

21 Section 4. EFFECTIVE DATE. -- The effective date of the  
22 provisions of this act is July 1, 1997.