

Underscored material = new
[bracketed material] = delete

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE BILL 1025

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

INTRODUCED BY

DEBBIE A. RODELLA

AN ACT

RELATING TO NEW MEXICO LOTTERY REVENUES; AUTHORIZING A
DISTRIBUTION OF FIFTY PERCENT OF NET LOTTERY REVENUES TO THE
INSTRUCTIONAL MATERIAL FUND; ABOLISHING THE DISTRIBUTION OF
LOTTERY REVENUES FOR PUBLIC SCHOOL CAPITAL OUTLAY; CREATING THE
LOTTERY TUITION TRUST FUND; AMENDING AND ENACTING SECTIONS OF
THE NMSA 1978; REPEALING LAWS 1995, CHAPTER 155, SECTION 38.

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

Section 1. A new section of the New Mexico Lottery Act is
enacted to read:

"[NEW MATERIAL] LOTTERY TUITION TRUST FUND CREATED--
PURPOSE. --

A. The "lottery tuition trust fund" is created in
the state treasury. The fund shall be administered by the
commission on higher education as a permanent trust fund.

Underscored material = new
[bracketed material] = delete

1 Earnings from investment of the fund shall accrue to the credit
2 of the fund. Any balance in the fund at the end of any fiscal
3 year shall remain in the fund and shall not be appropriated for
4 any purpose as provided in this section.

5 B. Beginning in fiscal year 2003, an amount not to
6 exceed five percent of the balance in the lottery tuition trust
7 fund on June 30 of the prior fiscal year may be appropriated
8 annually by the legislature to the commission on higher
9 education for distribution to New Mexico's public post-secondary
10 educational institutions to provide tuition assistance for New
11 Mexico resident undergraduates as provided by law. "

12 Section 2. Section 6-24-3 NMSA 1978 (being Laws 1995,
13 Chapter 155, Section 3) is amended to read:

14 "6-24-3. PURPOSES. --The purposes of the New Mexico Lottery
15 Act are to:

16 A. establish and provide for the conduct of a fair
17 and honest lottery for the entertainment of the public; and

18 B. provide the maximum amount of revenues, without
19 imposing additional taxes or using other state revenues, for the
20 purposes of:

21 (1) funding [~~critical capital outlay~~]
22 instructional material needs of the public schools; and

23 (2) providing tuition assistance to resident
24 undergraduates at New Mexico post-secondary educational
25 institutions. "

Underscored material = new
[bracketed material] = delete

1 Section 3. Section 6-24-24 NMSA 1978 (being Laws 1995,
2 Chapter 155, Section 24) is amended to read:

3 "6-24-24. DISPOSITION OF REVENUE. --

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

8 B. The authority shall transmit all net revenues to
9 the state treasurer who shall deposit [~~sixty~~] fifty percent of
10 the revenues in the [~~public school capital outlay fund for~~
11 ~~expenditure pursuant to the provisions of the Public School~~
12 ~~Capital Outlay Act~~] instructional material fund pursuant to the
13 Instructional Material Law, ten percent in the lottery tuition
14 trust fund and forty percent in the lottery tuition fund.

15 Estimated net revenues shall be transmitted monthly to the state
16 treasurer for deposit in the funds, provided the total amount of
17 annual net revenues for the fiscal year shall be transmitted no
18 later than August 1 each year.

19 C. In determining net revenues, operating expenses
20 of the lottery include all costs incurred in the operation and
21 administration of the lottery and all costs resulting from any
22 contracts entered into for the purchase or lease of goods or
23 services required by the lottery, including [~~but not limited to~~]
24 the costs of supplies, materials, tickets, independent audit
25 services, independent studies, data transmission, advertising,

Underscored material = new
[bracketed material] = delete

1 promotion, incentives, public relations, communications,
2 commissions paid to lottery retailers, printing, distribution of
3 tickets, purchases of annuities or investments to be used to pay
4 future installments of winning lottery tickets, debt service and
5 payment of any revenue bonds issued, contingency reserves,
6 transfers to the reserve fund and any other necessary costs
7 incurred in carrying out the provisions of the New Mexico
8 Lottery Act.

9 D. An amount up to two percent of the gross annual
10 revenues shall be set aside as a reserve fund to cover bonuses
11 and incentive plans for lottery retailers, special promotions
12 for retailers, purchasing special promotional giveaways,
13 sponsoring special promotional events, compulsive gambling
14 rehabilitation and such other purposes as the board deems
15 necessary to maintain the integrity and meet the revenue goals
16 of the lottery. The board shall report annually to the governor
17 and each regular session of the legislature on the use of the
18 money in the reserve fund. Any balance in excess of fifty
19 thousand dollars (\$50,000) at the end of any fiscal year shall
20 be transferred to the lottery tuition fund."

21 Section 4. Section 6-24-27 NMSA 1978 (being Laws 1995,
22 Chapter 155, Section 27) is amended to read:

23 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--INDEPENDENT
24 AUDITS.--

25 A. The board shall:

. 115397. 1

Underscored material = new
[bracketed material] = delete

1 (1) submit quarterly and annual reports to the
2 governor, legislative finance committee and lottery oversight
3 committee disclosing the total lottery revenue, prizes,
4 commissions, ticket costs, operating expenses and net revenues
5 of the authority during the reporting period and, in the annual
6 report, describe the organizational structure of the authority
7 and summarize the functions performed by each organizational
8 division within the authority;

9 (2) maintain weekly or more frequent records of
10 lottery transactions, including the distribution of lottery
11 tickets to retailers, revenue received, claims for prizes,
12 prizes paid, prizes forfeited and other financial transactions
13 of the authority; and

14 (3) use the state government fiscal year.

15 B. The board shall provide, for informational
16 purposes, to the department of finance and administration and
17 the legislative finance committee, by December 1 of each year, a
18 copy of the annual proposed operating budget for the authority
19 for the succeeding fiscal year. This budget proposal shall also
20 be accompanied by an estimate of the net revenues to be
21 deposited in the [~~public school capital outlay~~] instructional
22 material fund, the lottery tuition trust fund and the lottery
23 tuition fund for the current and succeeding fiscal years.

24 C. The board shall contract with an independent
25 certified public accountant or firm for an annual financial

Underscored material = new
[bracketed material] = delete

1 audit of the authority. The certified public accountant or firm
2 shall have no financial interest in any lottery contractor. The
3 certified public accountant or firm shall present an audit
4 report no later than March 1 for the prior fiscal year. The
5 certified public accountant or firm shall evaluate the internal
6 auditing controls in effect during the audit period. The cost
7 of this financial audit shall be an operating expense of the
8 authority. The legislative finance committee may, at any time,
9 order an audit of any phase of the operations of the authority,
10 at the expense of the authority, and shall receive a copy of the
11 annual independent financial audit. A copy of any audit
12 performed by the certified public accountant or ordered by the
13 legislative finance committee shall be transmitted to the
14 governor, the speaker of the house of representatives, the
15 president pro tempore of the senate, the legislative finance
16 committee and the lottery oversight committee. "

17 Section 5. REPEAL. --Laws 1995, Chapter 155, Section 38 is
18 repealed.

19 Section 6. EFFECTIVE DATE. --The effective date of the
20 provisions of this act is July 1, 1997.

21 - 6 -
22
23
24
25