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SENATE BILL 169

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

MICHAEL S. SANCHEZ

AN ACT

RELATING TO LOTTERY REVENUE; AMENDING SECTIONS OF THE NEW MEXICO LOTTERY ACT TO PROVIDE FOR DISTRIBUTION OF ALL LOTTERY REVENUE TO THE LOTTERY TUITION FUND.

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

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

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

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

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

~~[(1) funding critical capital outlay needs of~~

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1 ~~the public schools; and~~
2 (2)] providing tuition assistance to resident
3 undergraduates at New Mexico post-secondary educational
4 institutions. "

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

7 "6-24-24. DISPOSITION OF REVENUE. --

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

12 B. The authority shall transmit all net revenues
13 to the state treasurer, who shall deposit [~~sixty percent of~~
14 ~~the revenues in the public school capital outlay fund for~~
15 ~~expenditure pursuant to the provisions of the Public School~~
16 ~~Capital Outlay Act and forty percent~~] them in the lottery
17 tuition fund. Estimated net revenues shall be transmitted
18 monthly to the state treasurer for deposit in the [funds]
19 fund, provided the total amount of annual net revenues for the
20 fiscal year shall be transmitted no later than August 1 each
21 year.

22 C. In determining net revenues, operating expenses
23 of the lottery include all costs incurred in the operation and
24 administration of the lottery and all costs resulting from any
25 contracts entered into for the purchase or lease of goods or

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1 services required by the lottery, including [~~but not limited~~
2 ~~to~~] the costs of supplies, materials, tickets, independent
3 audit services, independent studies, data transmission,
4 advertising, promotion, incentives, public relations,
5 communications, commissions paid to lottery retailers,
6 printing, distribution of tickets, purchases of annuities or
7 investments to be used to pay future installments of winning
8 lottery tickets, debt service and payment of any revenue bonds
9 issued, contingency reserves, transfers to the reserve fund
10 and any other necessary costs incurred in carrying out the
11 provisions of the New Mexico Lottery Act.

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

24 Section 3. Section 6-24-27 NMSA 1978 (being Laws 1995,
25 Chapter 155, Section 27) is amended to read:

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1 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--
2 INDEPENDENT AUDITS. --

3 A. The board shall:

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

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

17 (3) use the state government fiscal year.

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

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1 succeeding fiscal years.

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

21 Section 4. EFFECTIVE DATE. --The effective date of the
22 provisions of this act is July 1, 1998.

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
3
4
5

6 January 30, 1998
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8 Mr. President:
9

10 Your COMMITTEES' COMMITTEE, to whom has been referred
11

12 SENATE BILL 169
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14 has had it under consideration and finds same to be GERMANE, in
15 accordance with constitutional provisions, and thence referred to the
16 FINANCE COMMITTEE.
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19 Respectfully submitted,
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Manny M. Aragon, Chairman

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Adopted _____ Not Adopted _____

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(Chief Clerk)

(Chief Clerk)

Date _____

S0169CC1

1 FORTY-THIRD LEGISLATURE

2 SECOND SESSION, 1998

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5
6 February 6, 1998

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8 Mr. President:

9
10 Your FINANCE COMMITTEE, to whom has been referred

11
12 SENATE BILL 169

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14 has had it under consideration and reports same with recommendation
15 that it DO PASS.

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18 Respectfully submitted,

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23 Ben D. Altamirano, Chairman
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Adopted _____ Not Adopted _____
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Date _____

The roll call vote was 6 For 0 Against

Yes: 6

No: None

Excused: Carraro, Eisenstadt, Ingle, Lyons, McKibben

Absent: None

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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
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6 February 16, 1998
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8 Mr. Speaker:
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10 Your EDUCATION COMMITTEE, to whom has been referred
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12 SENATE BILL 169
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14 has had it under consideration and reports same with
15 recommendation that it DO PASS, amended as follows:

16 1. On page 1, lines 11 and 12, strike "NEW MEXICO" and insert
17 in lieu thereof "LEGISLATIVE".

18 2. On page 1, line 12, after "LOTTERY", insert "SCHOLARSHIP".
19

20 3. On page 1, line 18, strike "New Mexico", and on line 19
21 after "Lottery" insert "Scholarship".
22

23 4. On page 3, line 11, strike "New Mexico" and insert in lieu
24 thereof "Legislative", and after "Lottery" insert "Scholarship".
25

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998

3 SB 169

Page 11

4 5. On page 5, line 22, strike "1998" and insert in lieu thereof
5 "1999".,

6
7 and thence referred to the TAXATION AND REVENUE COMMITTEE.

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9 Respectfully submitted,

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13 Rick Mi era, Chai rman

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16 Adopted _____ Not Adopted _____
17 (Chi ef Clerk) (Chi ef Clerk)

18 Date _____
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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

3 SB 169

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4 The roll call vote was 8 For 2 Against

5 Yes: 8

6 No: Mallory, Wright

7 Excused: Nicely, Vigil, Weeks

8 Absent: None

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