

AN ACT

RELATING TO LOTTERY PROCEEDS; PROVIDING THAT ALL NET REVENUE BE DEPOSITED IN THE LOTTERY TUITION FUND; MAKING AN APPROPRIATION.

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 purpose of providing tuition assistance to resident undergraduates at New Mexico post-secondary educational institutions."

Section 2. Section 6-24-23 NMSA 1978 (being Laws 1995, Chapter 155, Section 23, as amended) is amended to read:

"6-24-23. LOTTERY TUITION FUND CREATED--PURPOSE. --

A. The "lottery tuition fund" is created in the state treasury. The fund shall be administered by the commission on higher education. Earnings from investment of the fund shall accrue to the credit of the fund. Any balance in the fund at the end of any fiscal year shall

remain in the fund for appropriation by the legislature as provided in this section.

B. Money in the lottery tuition fund is appropriated to the commission on higher education for distribution to New Mexico's public post-secondary educational institutions to provide tuition assistance for New Mexico resident undergraduates as provided by law. "

Section 3. Section 6-24-24 NMSA 1978 (being Laws 1995, Chapter 155, Section 24, as amended) 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 the state treasurer, who shall deposit them in the lottery tuition fund. Estimated net revenues shall be transmitted monthly to the state treasurer for deposit in the fund; provided that the total amount of annual net revenues for the fiscal year shall be transmitted no later than August 1 each year.

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

including the costs of supplies, materials, tickets, independent audit services, independent studies, data transmission, advertising, promotion, incentives, public relations, communications, commissions paid to lottery retailers, printing, distribution of tickets, purchases of annuities or investments to be used to pay future installments of winning lottery tickets, debt service and payment of any revenue bonds issued, contingency reserves, transfers to the reserve fund and any other necessary costs incurred in carrying out the provisions of the New Mexico Lottery Act.

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