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HOUSE BILL 333

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

INTRODUCED BY

TED HOBBS

AN ACT

RELATING TO STATE LOTTERY REVENUES; CHANGING THE DISPOSITION OF
STATE LOTTERY REVENUES FOR PUBLIC SCHOOLS TO EARMARK THIRTY
PERCENT FOR EXPENDITURE PURSUANT TO THE PUBLIC SCHOOL CAPITAL
OUTLAY ACT AND THIRTY PERCENT FOR EXPENDITURE PURSUANT TO THE
TECHNOLOGY FOR EDUCATION ACT; 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

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1 the state treasurer who shall deposit [sixty] thirty percent of
2 the revenues in the public school capital outlay fund for
3 expenditure pursuant to the provisions of the Public School
4 Capital Outlay Act, thirty percent in the educational technology
5 fund for expenditure pursuant to the provisions of the
6 Technology for Education Act and forty percent in the lottery
7 tuition fund. Estimated net revenues shall be transmitted
8 monthly to the state treasurer for deposit in the funds,
9 provided the total amount of annual net revenues for the fiscal
10 year shall be transmitted no later than August 1 each year.

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

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

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

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

17 A. The board shall:

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

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1 (2) maintain weekly or more frequent records of
2 lottery transactions, including the distribution of lottery
3 tickets to retailers, revenue received, claims for prizes,
4 prizes paid, prizes forfeited and other financial transactions
5 of the authority; and

6 (3) use the state government fiscal year.

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

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

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

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

11 "22-15A-9. EDUCATIONAL TECHNOLOGY FUND--DISTRIBUTION.--

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

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

25 C. On or before January 30 of each year, the bureau

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1 shall recompute each entitlement using the final funded
2 membership for that year and shall allocate the balance of the
3 annual appropriation adjusting for any over- or under-projection
4 of membership.

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

9 E. As used in this section:

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

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