

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE DRS85153-LE-74C (03/16)

Short Title: Distribution of Lottery Proceeds. (Public)

Sponsors: Senator Hartsell (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT PROVIDING FOR THE ALLOCATION OF LOTTERY PROCEEDS FOR PUBLIC  
3 SCHOOLS ON A POINT OF SALE BASIS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 115C-546.2(d) is repealed.

6 SECTION 2. G.S. 18C-164 reads as rewritten:

7 "§ 18C-164. Transfer of net revenues.

8 (a) The funds remaining in the North Carolina State Lottery Fund after receipt of all  
9 revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes  
10 and expenses shall be considered to be the net revenues of the North Carolina State Lottery  
11 Fund. The net revenues of the North Carolina State Lottery Fund shall be transferred four times  
12 a year to the Education Lottery Fund, which shall be created in the State treasury.

13 (b) From the Education Lottery Fund, the Commission shall transfer a sum equal to five  
14 percent (5%) of the net revenue of the prior year to the Education Lottery Reserve Fund. A  
15 special revenue fund for this purpose shall be established in the State treasury to be known as  
16 the Education Lottery Reserve Fund, and that fund shall be capped at fifty million dollars  
17 (\$50,000,000). Monies in the Education Lottery Reserve Fund may be appropriated only as  
18 provided in subsection (e) of this section.

19 (c) The Commission shall distribute the remaining net revenue of the Education Lottery  
20 Fund, as follows, in the following manner:

21 (1) ~~A sum equal to fifty percent (50%) to support reduction of class size in early~~  
22 ~~grades to class size allotments not exceeding 1:18 in order to eliminate~~  
23 ~~achievement gaps and to support academic prekindergarten programs for~~  
24 ~~at risk four year olds who would otherwise not be served in a high quality~~  
25 ~~education program in order to help those four year olds be prepared~~  
26 ~~developmentally to succeed in school.~~

27 (2) A sum equal to ~~forty percent (40%) to the Public School Building Capital~~  
28 ~~Fund in accordance with G.S. 115C-546.2,~~ ninety percent (90%) to the  
29 county school fund of each county on the basis of the point of sale of lottery  
30 tickets. These funds shall be allocated to local school administrative units  
31 located in whole or in part within each county on a per average daily  
32 membership basis according to the average daily membership for the budget  
33 year as determined and certified by the State Board of Education and shall  
34 be spent to support the public schools.



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1 (3) A sum equal to ten percent (10%) to the State Educational Assistance  
2 Authority to fund college and university scholarships in accordance with  
3 Article 35A of Chapter 115C of the General Statutes.

4 (d) Of the sums transferred under subsection (c) of this section, the General Assembly  
5 shall appropriate the funds annually based upon estimates of lottery net revenue to the  
6 Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal  
7 Research Division of the North Carolina General Assembly.

8 (e) If the actual net revenues are less than the appropriation for that given year, then the  
9 Governor may transfer from the Education Lottery Reserve Fund an amount sufficient to equal  
10 the appropriation by the General Assembly. If the monies available in the Education Lottery  
11 Reserve Fund are insufficient to reach a full appropriation, the Governor shall transfer monies  
12 ~~in order of priority, to the following:~~ as follows:

13 ~~(1) To support academic prekindergarten programs for at-risk four-year-olds~~  
14 ~~who would otherwise not be served in a high-quality education program in~~  
15 ~~order to help those four-year-olds be prepared developmentally to succeed in~~  
16 ~~school.~~

17 ~~(2) To reduce class size.~~

18 ~~(3) To Fifty percent (50%) of the available funds to provide financial aid for~~  
19 ~~needy students to attend college.~~

20 ~~(4) To the Public School Building Capital Fund Fifty percent (50%) of the~~  
21 ~~available funds to the county school fund of each county to be allocated and~~  
22 ~~spent in accordance with this section.~~

23 (f) If the actual net revenues exceed the amounts appropriated in that fiscal year, the  
24 excess net revenues shall remain in the Education Lottery Fund, and then be transferred as  
25 follows:

26 (1) Fifty percent (50%) to the ~~Public School Building Capital Fund~~ county  
27 school fund of each county to be allocated and spent in accordance with this  
28 section.

29 (2) Fifty percent (50%) to the State Educational Assistance Authority to be  
30 spent in accordance with this section."

31 **SECTION 3.** This act becomes effective July 1, 2013, and applies to funds  
32 transferred to the Education Lottery Fund on or after that date.