

March 7, 2005

H 493. NC LOTTERY FOR EDUCATION. TO CREATE A NORTH CAROLINA LOTTERY FOR EDUCATION. Enacts new GS Chapter 143D, North Carolina State Lottery for Education. Creates NC State Lottery for Education Comm'n (Comm'n), consisting of seven members, three appointed by Governor, two by the General Assembly on recommendation of the President Pro Tempore of the Senate, and two by the General Assembly on recommendation of the Speaker of the House. Establishes staggered five-year terms for Comm'n members. Comm'n selects a chair annually.

Comm'n is to establish lottery policies and rules, including appointing a director and other Comm'n personnel, contracting with lottery vendors and retailers, operation of lottery games and payment of prizes, and all related matters. It must report quarterly and annually on its operations to the Governor, Attorney General, State Treasurer, and Joint Legislative Comm'n on Governmental Operations. Reports are to include full and complete statements of all financial transactions involving lottery funds.

Prohibits sales taxes on the sale of lottery tickets. Preempts regulation or legislation by local governments with respect to Comm'n and lottery games. Specifies that other laws that govern distribution of lottery tickets or operation of lottery games do not apply to the Comm'n or lottery games established by bill.

Makes it a Class 1 misdemeanor to sell lottery tickets to persons under 18. Comm'n must issue rules setting out procedures to be followed by lottery retailers in determining potential purchasers' ages. Makes it a defense to this violation if retailer follows procedures specified in bill. Bill specifically does not prevent persons 18 years or older from giving or assigning lawfully purchased tickets to any person of any age.

Comm'n is to allocate as prizes at least 50% of the total projected revenue as computed on a year-round basis for the total of all lottery games. It is to use at least 34% of the total annual revenues for scholarships and reserves, as described in bill. No more than 16% of the total annual revenues can be allocated for Comm'n expenses, as specified in bill.

Creates NC State Lottery for Education Fund (Lottery Fund), an enterprise fund, within the State treasury. Fund is continuously appropriated to the Comm'n to operate the Comm'n and the lottery games. All funds credited to the Comm'n from ticket sales, State funds for initial start-up costs, and other sources are to be credited to Lottery Fund.

Also creates Lottery Scholarship Fund (Scholarship Fund), a special revenue fund, within the State treasury. Scholarship Fund is continuously appropriated to the State Educational Assistance Authority (Authority) to provide scholarships for NC citizens to attend NC colleges and universities. Authority is to administer the Scholarship Fund. Lottery funds are to supplement and not supplant other State funds appropriated for scholarships and tuition assistance. Provides for a scholarship shortfall reserve subaccount within the Scholarship Fund, to be operated as provided in bill.

Establishes new Article 35A, College Scholarships and Grants, in GS Chapter 115C, that defines scholarship eligibility requirements for students and institutions. Establishes residency and academic standards for scholarship recipients. Scholarships may be used at The University of NC, NC community colleges, and nonpublic postsecondary educational institutions licensed pursuant to GS 116-15. The amount of the scholarship at The University of NC and NC community colleges is to include tuition, approved mandatory fees, and a specified book allowance. Scholarship amount at nonpublic institutions is to be an amount equivalent to tuition and mandatory fees at UNC at Chapel Hill for full-time enrollment, or half that amount for half-time enrollment, along with a specified book allowance. Authorizes Authority to set each year's scholarship amounts, based on the net income available, with adjustments as specified in bill. If net income available is not sufficient to fund all scholarships to the maximum amount, each eligible full-time student applicant is to receive the same scholarship amount, with half-time applicants receiving half that amount. Authority must report annually, beginning by June 1, 2008, to the Joint Legislative Education Oversight Committee, on the amount of money disbursed, the number of eligible students, the number of such students receiving the funds, and which institutions received the funds.

Intro. by Holliman.

Ref. to Rules

GS 115C, 116, 143D