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HOUSE BILL 53

44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 200

INTRODUCED BY

Joe Nestor Chavez

FOR THE LOTTERY OVERSIGHT COMMITTEE

AN ACT

RELATING TO REVENUE; CHANGING THE DISTRIBUTION OF LOTTERY
REVENUE TO INCREASE MONEY AVAILABLE FOR LOTTERY SCHOLARSHIPS.

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

Section 1. Section 21-1-2 NMSA 1978 (being Laws 1970,
Chapter 9, Section 1, as amended) is amended to read:

"21-1-2. MATRICULATION AND TUITION FEES.--

A. Except as otherwise provided in this section
and in Section 21-1-4.3 NMSA 1978, the boards of regents of
the university of New Mexico, New Mexico state university,
New Mexico highlands university, western New Mexico
university, eastern New Mexico university, New Mexico
military institute, New Mexico institute of mining and
technology and New Mexico junior college shall establish and
charge matriculation fees and tuition fees as follows:

(1) each student shall be charged a
matriculation fee of not less than five dollars (\$5.00) upon

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1 enrolling in each institution;

2 (2) each student who is a resident of New
3 Mexico shall be charged a tuition fee of not less than twenty
4 dollars (\$20.00) a year;

5 (3) each student who is not a resident of
6 New Mexico shall be charged a tuition fee of not less than
7 fifty dollars (\$50.00) a year;

8 (4) each student shall be charged a tuition
9 fee of not less than ten dollars (\$10.00) for each summer
10 session; and

11 (5) each student may be charged a tuition
12 fee for extension courses.

13 B. Except as otherwise provided in this section
14 and in Section 21-1-4.3 NMSA 1978, the board of regents of
15 northern New Mexico state school shall establish and charge
16 each student a matriculation fee and a tuition fee.

17 C. The board of regents of each institution may
18 establish and grant gratis scholarships to students who are
19 residents of New Mexico in an amount not to exceed the
20 matriculation fee or tuition and fees, or both. [~~Except as~~
21 ~~provided~~] These scholarships are in addition to the lottery
22 tuition scholarships authorized in Section 21-1-4.3 NMSA
23 1978. The number of scholarships established and granted
24 pursuant to this subsection shall not exceed three percent of
25 the preceding fall semester enrollment in each institution
and shall not be established and granted for summer sessions.
The president of each institution shall select and recommend

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1 to the board of regents of his institution, as recipients of
2 scholarships, students who possess good moral character and
3 satisfactory initiative, scholastic standing and personality.
4 At least thirty-three and one-third percent of the gratis
5 scholarships established and granted by each board of regents
6 each year shall be granted on the basis of financial need.

7 D. The board of regents of each institution set
8 out in this subsection may establish and grant, in addition
9 to those scholarships provided for in Subsection C of this
10 section, athletic scholarships for tuition and fees. In no
11 event shall the board of regents of any institution be
12 allowed to award scholarships for tuition and fees for more
13 than the number of athletic scholarships set out in this
14 subsection and in no event shall more than seventy-five
15 percent of the scholarships granted be for out-of-state
16 residents:

17 (1) the board of regents of the university
18 of New Mexico may grant up to two hundred ninety-three
19 athletic scholarships;

20 (2) the board of regents of New Mexico state
21 university may grant up to two hundred seventy athletic
22 scholarships;

23 (3) the boards of regents of New Mexico
24 highlands university, eastern New Mexico university and
25 western New Mexico university may each grant up to one
hundred forty athletic scholarships; and

(4) the board of regents of New Mexico

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1 junior college may grant up to fifty-two athletic
2 scholarships.

3 E. In the event that the number of athletic
4 scholarships exceeds the number of athletic scholarships
5 permitted that institution by regulations and bylaws of the
6 national collegiate athletic association or the national
7 association of intercollegiate athletics of which that
8 institution is a member, the appropriate board of regents
9 shall reduce the number of authorized tuition scholarships to
10 comply with association rules and regulations.

11 F. Matriculation fees and tuition fees shall be
12 fixed and made payable as directed by the board of regents of
13 each institution, collected by the officers of each
14 institution and accounted for as are other funds of the
15 institutions. Matriculation fees shall be charged only once
16 for each institution in which a student enrolls."

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

19 "6-24-23. LOTTERY TUITION FUND CREATED--PURPOSE.--

20 A. The "lottery tuition fund" is created in the
21 state treasury. The fund shall be administered by the
22 commission on higher education. Earnings from investment of
23 the fund shall accrue to the credit of the fund. Any balance
24 in the fund at the end of any fiscal year shall remain in the
25 fund for appropriation by the legislature as provided in this
section.

B. ~~[After appropriation, if any, by the~~

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1 ~~legislature for scholarships pursuant to Subsection C of~~
2 ~~Section 21-1-2 NMSA 1978]~~ The ~~[remaining]~~ money in the
3 lottery tuition fund is appropriated to the commission on
4 higher education for distribution to New Mexico's public
5 post-secondary educational institutions to provide tuition
6 assistance for New Mexico resident undergraduates as provided
7 by law."

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

10 "6-24-24. DISPOSITION OF REVENUE.--

11 A. As nearly as ~~[practical]~~ practicable, an amount
12 equal to at least fifty percent of the gross annual revenues
13 from the sale of lottery tickets shall be returned to the
14 public in the form of lottery prizes.

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

25 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

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

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

Section 4. Section 6-24-27 NMSA 1978 (being Laws 1995,

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1 Chapter 155, Section 27) is amended to read:

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

4 A. The board shall:

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

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

18 (3) use the state government fiscal year.

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

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

Section 5. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2000.