1	SENATE BILL 169					
2	43rd LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998					
3	INTRODUCED BY					
4	MI CHAEL S. SANCHEZ					
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10	AN ACT					
11	RELATING TO LOTTERY REVENUE; AMENDING SECTIONS OF THE NEW					
12	MEXICO LOTTERY ACT TO PROVIDE FOR DISTRIBUTION OF ALL LOTTERY					
13	REVENUE TO THE LOTTERY TUITION FUND.					
14						
15	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:					
16	Section 1. Section 6-24-3 NMSA 1978 (being Laws 1995,					
17	Chapter 155, Section 3) is amended to read:					
18	"6-24-3. PURPOSESThe purposes of the New Mexico					
19	Lottery Act are to:					
20	A. establish and provide for the conduct of a fair					
21	and honest lottery for the entertainment of the public; and					
22	B. provide the maximum amount of revenues, without					
23	imposing additional taxes or using other state revenues, for					
24	the purposes of					
25	[(1) funding critical capital outlay needs of					
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the public schools; and

2 (2)] providing tuition assistance to resident
3 undergraduates at New Mexico post-secondary educational
4 institutions."

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

"6-24-24. DI SPOSITI ON 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 [sixty percent of the revenues in the public school capital outlay fund for expenditure pursuant to the provisions of the Public School Capital Outlay Act and forty percent] them in the lottery tuition fund. Estimated net revenues shall be transmitted monthly to the state treasurer for deposit in the [funds] <u>fund</u>, provided 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

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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."

Section 3. Section 6-24-27 NMSA 1978 (being Laws 1995, Chapter 155, Section 27) is amended to read:

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1 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS-2 INDEPENDENT AUDITS. --

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A. The board shall:

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

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

(3) use the state government fiscal year.

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

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succeeding fiscal years.

2 **C**. The board shall contract with an independent certified public accountant or firm for an annual financial 3 audit of the authority. The certified public accountant or 4 5 firm shall have no financial interest in any lottery The certified public accountant or firm shall 6 contractor. 7 present an audit report no later than March 1 for the prior 8 fiscal year. The certified public accountant or firm shall 9 evaluate the internal auditing controls in effect during the 10 The cost of this financial audit shall be an audit period. 11 operating expense of the authority. The legislative finance 12 committee may, at any time, order an audit of any phase of the 13 operations of the authority, at the expense of the authority, 14 and shall receive a copy of the annual independent financial A copy of any audit performed by the certified public 15 audit. 16 accountant or ordered by the legislative finance committee 17 shall be transmitted to the governor, the speaker of the house 18 of representatives, the president pro tempore of the senate, 19 the legislative finance committee and the lottery oversight 20 committee."

Section 4. EFFECTIVE DATE. -- The effective date of the provisions of this act is July 1, 1998.

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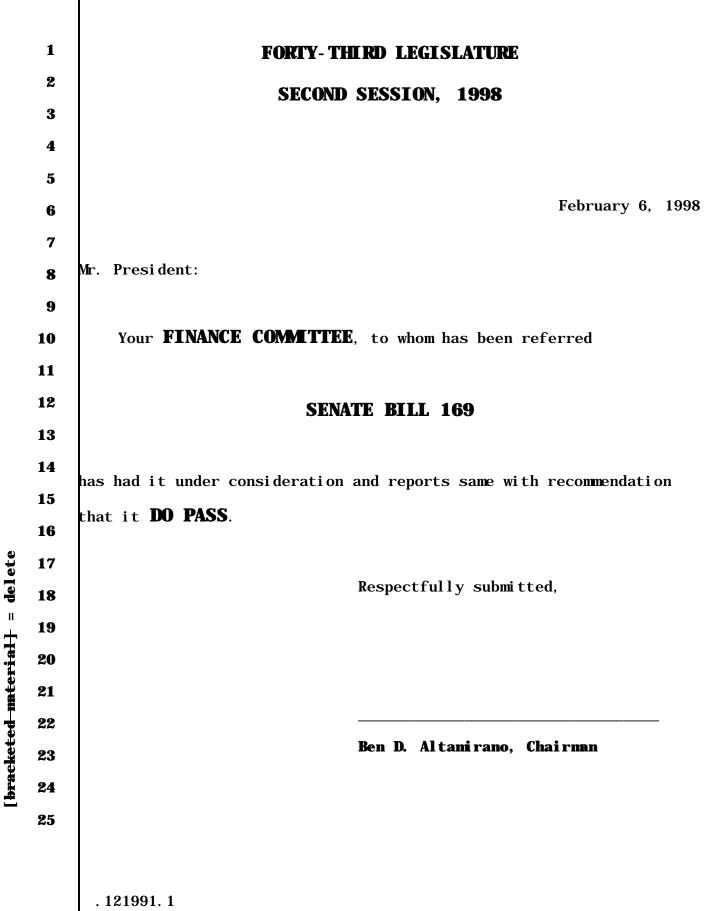
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		1	FORTY- THIRD LEGISLATURE		
		2	SECOND SESSION, 1998		
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		6	January 30, 1998		
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		0	Mr. President:		
		9	Vern CONATTEES! COMATTEE to show here been referred		
		10 11	Your COMMITTEES' COMMITTEE , to whom has been referred		
		11			
		12	SENATE BILL 169		
		14			
			has had it under consideration and finds same to be GERMANE , in		
		16	accordance with constitutional provisions, and thence referred to the		
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		25	Manny M Aragon, Chairnan		
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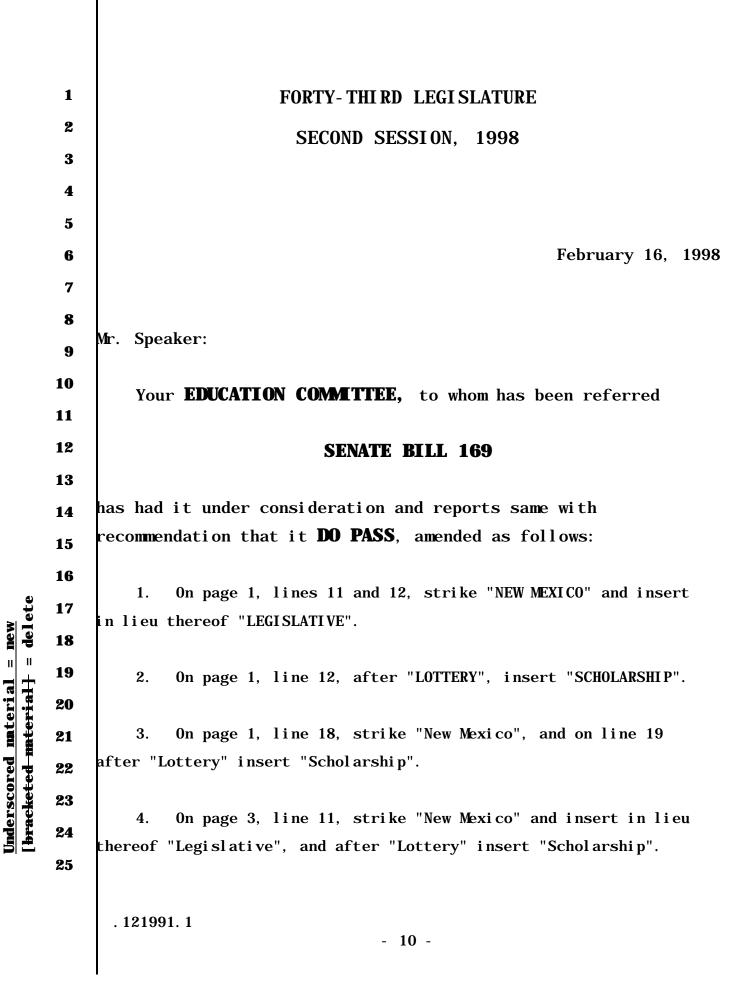


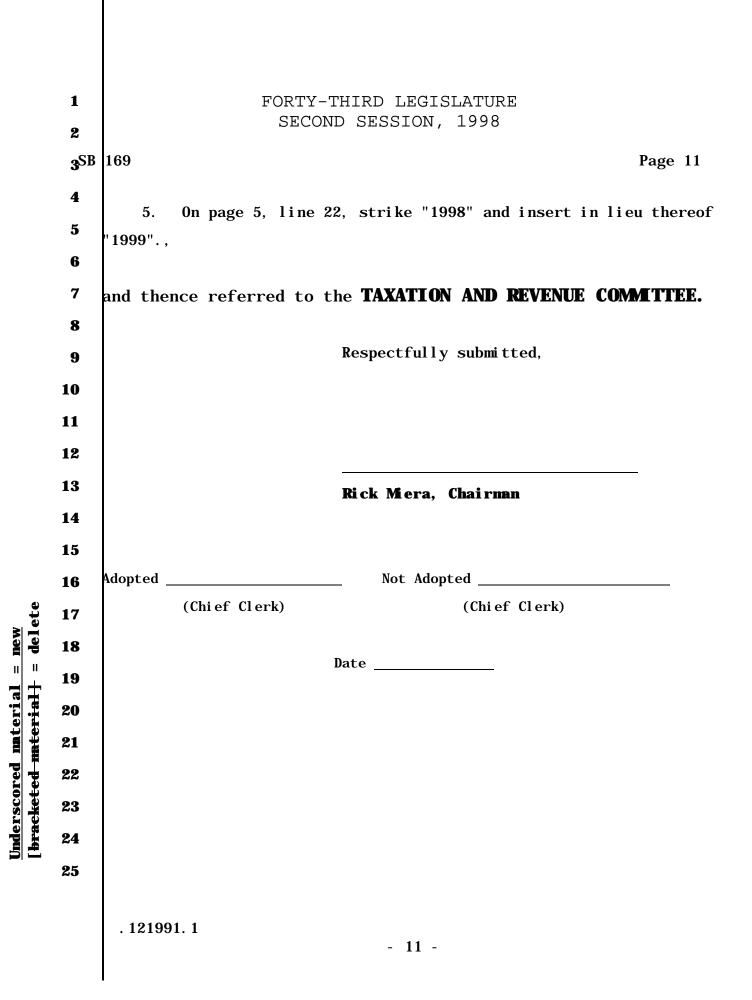
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7	The roll	call vote was <u>6</u> For <u>0</u> Against
8	Yes:	6
9	No:	None
10	Excused:	Carraro, Eisenstadt, Ingle, Lyons, McKibben
11	Absent:	None
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	2	SECOND SESSION, 1998						
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	3°-		,•					
		The roll call vote was <u>8</u> For <u>2</u> Against						
		Yes: 8						
		No: Mallory, Wright						
		Excused: Nicely, Vigil, Weeks						
		Absent: None						
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