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SENATE BILL 13

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Michael S. Sanchez

AN ACT

RELATING TO LOTTERY REVENUE; PROVIDING FOR LEGISLATIVE SUCCESS SCHOLARSHIPS; PROVIDING FOR DISTRIBUTION OF ALL LOTTERY REVENUE TO LEGISLATIVE SUCCESS SCHOLARSHIPS.

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

Section 1. Section 6-24-3 NMSA 1978 (being Laws 1995, Chapter 155, Section 3) is amended to read:

"6-24-3. PURPOSES. -- The purposes of the New Mexico Lottery Act are to:

A. establish and provide for the conduct of a fair and honest lottery for the entertainment of the public; and

B. provide the maximum amount of revenues, without imposing additional taxes or using other state revenues, for the purposes of [~~(1) funding critical capital outlay needs of the public schools; and~~]

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1                   (2)] providing tuition assistance to resident  
2 undergraduates at New Mexico post-secondary educational  
3 institutions, which shall be known as "legislative success  
4 scholarships". "

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

7                   "6-24-23. [~~LOTTERY TUITION~~] LEGISLATIVE SUCCESS  
8 SCHOLARSHIP FUND CREATED--PURPOSE. --

9                   A. The "~~lottery tuition~~ legislative success  
10 scholarship fund" is created in the state treasury. The fund  
11 shall be administered by the commission on higher education.  
12 Earnings from investment of the fund shall accrue to the  
13 credit of the fund. Any balance in the fund at the end of any  
14 fiscal year shall remain in the fund for appropriation by the  
15 legislature as provided in this section.

16                   B. After appropriation, if any, by the legislature  
17 for scholarships pursuant to Subsection C of Section 21-1-2  
18 NMSA 1978, the remaining money in the [~~lottery tuition~~]  
19 legislative success scholarship fund is appropriated to the  
20 commission on higher education for distribution to New  
21 Mexico's public post-secondary educational institutions to  
22 provide tuition assistance for New Mexico resident  
23 undergraduates as provided by law. "

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

1 "6-24-24. DISPOSITION OF REVENUE. --

2 A. As nearly as practical, an amount equal to at  
3 least fifty percent of the gross annual revenues from the sale  
4 of lottery tickets shall be returned to the public in the form  
5 of lottery prizes.

6 B. The authority shall transmit all net revenues  
7 to the state treasurer, who shall deposit [ ~~sixty percent of~~  
8 ~~the revenues in the public school capital outlay fund for~~  
9 ~~expenditure pursuant to the provisions of the Public School~~  
10 ~~Capital Outlay Act and forty percent~~ ] them in the [ ~~lottery~~  
11 ~~tuition~~ ] legislative success scholarship fund. Estimated net  
12 revenues shall be transmitted monthly to the state treasurer  
13 for deposit in the [ ~~funds, provided~~ ] fund, and the total  
14 amount of annual net revenues for the fiscal year shall be  
15 transmitted no later than August 1 each year.

16 C. In determining net revenues, operating expenses  
17 of the lottery include all costs incurred in the operation and  
18 administration of the lottery and all costs resulting from any  
19 contracts entered into for the purchase or lease of goods or  
20 services required by the lottery, including [ ~~but not limited~~  
21 ~~to~~ ] the costs of supplies, materials, tickets, independent  
22 audit services, independent studies, data transmission,  
23 advertising, promotion, incentives, public relations,  
24 communications, commissions paid to lottery retailers,  
25 printing, distribution of tickets, purchases of annuities or

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1 investments to be used to pay future installments of winning  
2 lottery tickets, debt service and payment of any revenue bonds  
3 issued, contingency reserves, transfers to the reserve fund  
4 and any other necessary costs incurred in carrying out the  
5 provisions of the New Mexico Lottery Act.

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

19 Section 4. Section 6-24-27 NMSA 1978 (being Laws 1995,  
20 Chapter 155, Section 27) is amended to read:

21 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--  
22 INDEPENDENT AUDITS.--

23 A. The board shall:  
24 (1) submit quarterly and annual reports to  
25 the governor, legislative finance committee and lottery

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1 oversight committee disclosing the total lottery revenue,  
2 prizes, commissions, ticket costs, operating expenses and net  
3 revenues of the authority during the reporting period and, in  
4 the annual report, describe the organizational structure of  
5 the authority and summarize the functions performed by each  
6 organizational division within the authority;

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

12 (3) use the state government fiscal year.

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

22 C. The board shall contract with an independent  
23 certified public accountant or firm for an annual financial  
24 audit of the authority. The certified public accountant or  
25 firm shall have no financial interest in any lottery

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

16 Section 5. Section 21-1-4.3 NMSA 1978 (being Laws 1996,  
17 Chapter 71, Section 3) is amended to read:

18 "21-1-4.3. [TUITION] LEGISLATIVE SUCCESS SCHOLARSHIPS  
19 AUTHORIZED--CERTAIN EDUCATIONAL INSTITUTIONS.--

20 A. To the extent that funds are made available by  
21 the legislature from the [~~lottery tuition~~] legislative success  
22 scholarship fund, the boards of regents of New Mexico state  
23 university, New Mexico institute of mining and technology,  
24 eastern New Mexico university, western New Mexico university,  
25 the university of New Mexico, New Mexico highlands university

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1 and northern New Mexico state school shall award [ ~~tuition~~  
2 legislative success scholarships for qualified resident  
3 students attending their respective institutions and branches  
4 of those institutions.

5 B. Except as authorized in Subsection C of this  
6 section, the [ ~~tuition~~ ] legislative success scholarships  
7 authorized in this section shall apply only to full-time  
8 resident students who, immediately upon completion of a high  
9 school curriculum at a public or accredited private New Mexico  
10 high school or upon receiving a graduate equivalent diploma,  
11 are accepted for entrance to and attend one of the state  
12 educational institutions set forth in this section or one of  
13 the branches of those institutions. Each [ ~~tuition~~ ]  
14 legislative success scholarship shall be awarded for up to  
15 four consecutive years beginning the second semester of the  
16 recipient's first year of enrollment [ ~~provided that~~ ] if the  
17 recipient has maintained residency in New Mexico and  
18 maintained a grade point average of 2.5 or higher on a 4.0  
19 scale during his first semester of full-time enrollment.

20 C. The [ ~~tuition~~ ] legislative success scholarships  
21 authorized in this section shall also apply to full-time  
22 resident students who, immediately upon completion of a high  
23 school curriculum at a public or accredited private New Mexico  
24 high school or upon receiving a graduate equivalent diploma,  
25 attend a two-year public post-secondary educational

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1 institution in New Mexico and who, upon the completion of that  
2 curriculum or at the end of two years, whichever is sooner,  
3 transfer to one of the post-secondary state educational  
4 institutions set forth in this section. Those students shall  
5 be eligible for a [~~tuition~~] legislative success scholarship  
6 for two consecutive years [~~provided that~~] if those students  
7 maintain residency in New Mexico, maintain a grade-point  
8 average of 2.5 or higher on a 4.0 scale and attend the  
9 institution full time during the regular academic year.

10 D. The commission on higher education shall  
11 prepare guidelines setting forth explicit student continuing  
12 eligibility criteria and guidelines for administration of the  
13 [~~tuition~~] legislative success scholarship program. Guidelines  
14 shall be distributed to the board of regents of each  
15 institution to enable a uniform availability of the [~~resident~~  
16 ~~student tuition~~] legislative success scholarships. "

17 Section 6. Section 21-1-4.4 NMSA 1978 (being Laws 1996,  
18 Chapter 71, Section 4) is amended to read:

19 "21-1-4.4. COMMISSION ON HIGHER EDUCATION-- DETERMINATION  
20 OF [~~TUITION~~] LEGISLATIVE SUCCESS SCHOLARSHIPS-- USE OF [~~LOTTERY~~  
21 ~~TUITION~~] LEGISLATIVE SUCCESS SCHOLARSHIP FUND.-- Prior to June  
22 1 of each year, the commission on higher education shall  
23 determine the amount of money available for [~~tuition~~]  
24 legislative success scholarships at state public post-  
25 secondary educational institutions. Based on the amount



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1 appropriated by the legislature from the [~~lottery tuition~~]  
2 legislative success scholarship fund and on the projected  
3 enrollment at all public post-secondary educational  
4 institutions, the commission on higher education shall  
5 establish the percentage of tuition that shall be awarded for  
6 qualified resident students attending New Mexico public post-  
7 secondary educational institutions. The percentage of tuition  
8 awarded shall be the same for each institution, regardless of  
9 the actual cost of tuition at each institution. "

10 Section 7. REPEAL. --Laws 1995, Chapter 155, Section 38 is  
11 repealed.

12 Section 8. EFFECTIVE DATE. --The effective date of the  
13 provisions of this act is July 1, 1999.

1 FORTY-FOURTH LEGISLATURE

SB 13/a

2 FIRST SESSION, 1999

3  
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6 March 10, 1999

7  
8 Mr. President:

9  
10 Your EDUCATION COMMITTEE, to whom has been referred

11  
12 SENATE BILL 13

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14 has had it under consideration and reports same with  
15 recommendation that it DO PASS, amended as follows:

16  
17 1. On page 9, line 13, after "of" insert "Sections 1  
18 through 6 of".

19  
20 2. On page 9, line 13, strike "1999" and insert in lieu  
21 thereof "2000".

22 and thence referred to the FINANCE COMMITTEE.

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24 Respectfully submitted,

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Cynthia Nava, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 7 For 1 Against

Yes: 7

No: Gorham

Excused: Adair, Pinto

Absent: None

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