

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 362

Short Title: Reallocate Lottery Funds. (Public)

Sponsors: Senators Tillman, Tucker; Apodaca, Brock, Brown, East, Newton, Pate, Preston, Rabon, and Stevens.

Referred to: Education/Higher Education.

March 17, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO REALLOCATE LOTTERY FUNDING FROM CLASS SIZE REDUCTION
3 AND PRE-K PROGRAMS TO SCHOOL CONSTRUCTION.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 18C-164 reads as rewritten:

6 **"§ 18C-164. Transfer of net revenues.**

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

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

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

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

26 (2) A sum equal to ~~forty percent (40%)~~ ninety percent (90%) to the Public
27 School Building Capital Fund in accordance with G.S. 115C-546.2.

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

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

35 (e) If the actual net revenues are less than the appropriation for that given year, then the
36 Governor may transfer from the Education Lottery Reserve Fund an amount sufficient to equal



1 the appropriation by the General Assembly. If the monies available in the Education Lottery
2 Reserve Fund are insufficient to reach a full appropriation, the Governor shall transfer monies
3 in order of priority, to the following:

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

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

9 (3) To provide financial aid for needy students to attend college.

10 (4) To the Public School Building Capital Fund to be spent in accordance with
11 this section.

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

15 (1) Fifty percent (50%) to the Public School Building Capital Fund to be spent
16 in accordance with this section.

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

19 **SECTION 2.** This act becomes effective July 1, 2011.