

# HOUSE BILL No. 4565

April 22, 1999, Introduced by Reps. Stallworth and Vaughn and referred to the Committee on Education.

A bill to amend 1972 PA 239, entitled "McCauley-Traxler-Law-Bowman-McNeely lottery act," by amending sections 41 and 43 (MCL 432.41 and 432.43), as amended by 1997 PA 72.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 41. (1) A special fund to be known as the "state lot-  
2 tery fund" is created in the department of treasury. Except as  
3 provided in subsection (3), the state lottery fund consists of  
4 all revenues received from the sale of state lottery tickets or  
5 shares and all other money credited or transferred to the fund  
6 from any other fund or sources pursuant to law including interest  
7 earnings on common cash attributable to the state lottery fund.  
8 Revenue derived from the sale of tickets or shares of ~~any~~ A  
9 joint enterprise shall be treated in the manner provided for in  
10 the joint enterprise participation agreement executed by the

1 commissioner. The commissioner shall deposit net revenue from  
2 ~~any~~ A joint enterprise in the state lottery fund. Earnings  
3 resulting from installment payment of any lottery prizes shall be  
4 used for payment of prizes to lottery winners and the prize  
5 structure formulated ~~pursuant to~~ UNDER sections 11 and 12 shall  
6 be established accordingly.

7 (2) The investment authority of the state treasurer with  
8 regard to the state lottery fund shall be the same as his or her  
9 investment authority with regard to retirement system funds. To  
10 assure a continuing availability of money with which to pay state  
11 lottery prize installments and to compensate for variations in  
12 the yield on investments, every 6 months the commissioner and the  
13 state treasurer shall review the status of the installment prize  
14 investments and shall agree on an amount to be restricted out of  
15 the total revenues of the state lottery fund as a reserve against  
16 a drop in yield. If the commissioner and the state treasurer  
17 fail to agree on the amount to be reserved, the matter shall be  
18 referred to the state administrative board for a decision on the  
19 amount to be reserved.

20 (3) Except as provided in subsection (4), after the payment  
21 of prizes to the holders of winning state lottery tickets or  
22 shares or the payment ~~pursuant to~~ UNDER section 32 of the  
23 liabilities to this state of holders of winning state lottery  
24 tickets or shares, and the payment of the reasonable expenses of  
25 the bureau in its operation of the lottery, the net revenue in  
26 the state lottery fund and any money or interest generated by the  
27 state lottery fund and share of common cash shall be deposited in

1 the state school aid fund ESTABLISHED IN SECTION 11 OF ARTICLE IX  
2 OF THE STATE CONSTITUTION OF 1963 and shall be distributed ~~as~~  
3 ~~provided by law~~ BY APPROPRIATION TO THE SCHOOL DISTRICTS OF THIS  
4 STATE IN PROPORTION TO THE AMOUNT OF NET LOTTERY REVENUE GENER-  
5 ATED BY EACH SCHOOL DISTRICT DURING THE PRECEDING STATE FISCAL  
6 YEAR. NO NET LOTTERY REVENUE SHALL BE DISTRIBUTED TO A SCHOOL  
7 DISTRICT FROM THE STATE SCHOOL AID FUND UNTIL THE K-12 BUDGET FOR  
8 THE STATE FISCAL YEAR FOLLOWING THE STATE FISCAL YEAR IN WHICH  
9 THE NET LOTTERY REVENUE IS GENERATED IS ENACTED INTO LAW.

10 (4) Ten percent of each year's state lottery advertising  
11 budget but not to exceed \$1,000,000.00 shall be deposited in the  
12 compulsive gaming prevention fund created in the compulsive  
13 gaming prevention act.

14 Sec. 43. Subject to section 41(1), the money in the state  
15 lottery fund is appropriated only for the payment of prizes to  
16 the holders of winning state lottery tickets or shares, for the  
17 payment pursuant to section 32 of the liabilities to this state  
18 of holders of winning state lottery tickets or shares, for rea-  
19 sonable expenses of the bureau in its operation of the state lot-  
20 tery, for deposit in the compulsive gaming prevention fund as  
21 provided in section 41(4), and for deposit in the state school  
22 aid fund AND FOR DISTRIBUTION as provided in section 41(3).