

HOUSE BILL NO. 637

INTRODUCED BY SCHWADERER, B. BENNETT, COFFIN, HERTZ

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT ALL NET REVENUE FROM THE STATE LOTTERY MUST BE CREDITED TO THE TEACHERS' RETIREMENT SYSTEM THROUGH DEPOSIT IN THE PENSION ACCUMULATION ACCOUNT; AMENDING SECTIONS 23-7-202 AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 23-7-202, MCA, is amended to read:

"23-7-202. Powers and duties of commission. The commission shall:

(1) establish and operate a state lottery and may not become involved in any other gambling or gaming;

(2) determine policies for the operation of the state lottery, supervise the director and the staff, and meet with the director at least once every 3 months to make and consider recommendations, set policies, determine types and forms of lottery games to be operated by the state lottery, and transact other necessary business;

(3) maximize the net revenue paid to the state teachers' retirement system through the transfer of funds required under 23-7-402 and ensure that all policies and rules adopted further revenue maximization;

(4) subject to 23-7-402(1), determine the percentage of the money paid for tickets or chances to be paid out as prizes;

(5) determine the price of each ticket or chance and the number and size of prizes;

(6) provide for the conduct of drawings of winners of lottery games;

(7) carry out, with the director, a continuing study of the state lotteries of Montana and other states to make the state lottery more efficient, profitable, and secure from violations of the law;

(8) study and may enter into agreements with:

(a) other lottery states and countries to offer lottery games; or

(b) an association for the purpose of participating in multistate lottery games or games offered in other states and other countries;

(9) prepare quarterly and annual reports on all aspects of the operation of the state lottery, including but not limited to types of games, gross revenue, prize money paid, operating expenses, net revenue to the state,

1 contracts with gaming suppliers, and recommendations for changes to this part, and deliver a copy of each report
 2 to the governor, the department of administration, the legislative auditor, the president of the senate, the speaker
 3 of the house of representatives, and each member of the appropriate committee of each house of the legislature
 4 as determined by the president of the senate and the speaker of the house; and

5 (10) adopt rules relating to lottery staff sales incentives or bonuses and sales agents' commissions and
 6 any other rules necessary to carry out this part."

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8 **Section 2.** Section 23-7-402, MCA, is amended to read:

9 **"23-7-402. Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets or chances
 10 must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to the
 11 lottery.

12 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

13 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating
 14 expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise
 15 fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401
 16 to the ~~state general fund~~ pension accumulation account provided for in 19-20-605.

17 (4) The spending authority of the lottery may be increased in accordance with this section upon review
 18 and approval of a revised operation plan by the office of budget and program planning."

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20 COORDINATION SECTION. SECTION 3. COORDINATION INSTRUCTION. IF BOTH HOUSE BILL NO. 377 AND
 21 [THIS ACT] ARE PASSED AND APPROVED, THEN [SECTION 20] OF HOUSE BILL NO. 377 AMENDING 20-9-622 IS VOID AND
 22 20-9-622 MUST BE AMENDED AS FOLLOWS:

23 **"20-9-622. Guarantee account.** (1) There is a guarantee account in the state special revenue fund. The
 24 guarantee account is intended to:

25 (a) stabilize the long-term growth of the permanent fund; and

26 (b) maintain a constant and increasing distributable revenue stream. All realized capital gains and all
 27 distributable revenue must be deposited in the guarantee account.

28 (2) Except as provided in subsection ~~(2)~~ (3), the guarantee account is statutorily appropriated, as
 29 provided in 17-7-502, for distribution to school districts through school equalization aid as provided in 20-9-343.

30 ~~(2)(3) (a) As long as a portion of the coal severance tax loan authorized in section 8, Chapter 418, Laws~~

1 of 2001, is outstanding, the department of natural resources and conservation shall monthly transfer from the
2 guarantee account to the general fund an amount that represents the amount of interest income that would be
3 earned from the investment of the amount of the loan that is currently outstanding. When the loan is fully paid,
4 all mineral royalties deposited in the guarantee account must be transferred to the school facility and technology
5 account pursuant to 17-6-340. An amount equal to \$25 million minus the amount of lottery net revenue transferred
6 to the pension accumulation account pursuant to 23-7-402(3) each fiscal year is statutorily appropriated, as
7 provided in 17-7-502, to the teachers' retirement system established pursuant to 19-20-102.

8 (b) Amounts deposited to the guarantee account must be paid to the teachers' retirement system as soon
9 as feasible after the deposits are made until the full amount provided for in subsection (3)(a) is paid and prior to
10 any distribution to the school districts under subsection (2)."

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12 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 2013.

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