

**Introduced by Committee on Governmental Organization (Senators Wright (Chair), Calderon, Denham, Florez, Harman, Negrete McLeod, Oropeza, Padilla, Price, Wyland, and Yee)**

March 8, 2010

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An act to amend Section 8880.4 of the Government Code, relating to the California State Lottery.

LEGISLATIVE COUNSEL'S DIGEST

SB 1482, as introduced, Committee on Governmental Organization. California State Lottery.

The California State Lottery Act of 1984, enacted by initiative, authorizes a California State Lottery for the purpose of providing additional moneys to benefit education. The act requires that 50% of the total annual lottery revenues be returned to the public in the form of prizes, and that at least 34% of those revenues be allocated to the benefit of public education. The act provides that all unclaimed prize money shall revert to the benefit of public education.

This bill would correct an erroneous cross-reference in these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 8880.4 of the Government Code is
- 2 amended to read:
- 3 8880.4. Revenues of the state lottery shall be allocated as
- 4 follows:

1 (a) Not less than 84 percent of the total annual revenues from  
2 the sale of state lottery tickets or shares shall be returned to the  
3 public in the form of prizes and net revenues to benefit public  
4 education.

5 (1) Fifty percent of the total annual revenues shall be returned  
6 to the public in the form of prizes as described in this chapter.

7 (2) At least 34 percent of the total annual revenues shall be  
8 allocated to the benefit of public education, as specified in Section  
9 8880.5. However, for the 1998–99 fiscal year and each fiscal year  
10 thereafter, 50 percent of any increase in the amount calculated  
11 pursuant to this paragraph from the amount calculated in the  
12 1997–98 fiscal year shall be allocated to school districts and  
13 community college districts for the purchase of instructional  
14 materials, on the basis of an equal amount per unit of average daily  
15 attendance, as defined by law, and through a fair and equitable  
16 distribution system across grade levels.

17 (3) All unclaimed prize money shall revert to the benefit of  
18 public education, as provided for in subdivision (e) of Section  
19 ~~8880.32~~ 8880.321.

20 (4) All of the interest earned upon funds held in the State Lottery  
21 Fund shall be allocated to the benefit of public education, as  
22 specified in Section 8880.5. This interest is in addition to, and shall  
23 not be considered as any part of, the 34 percent of the total annual  
24 revenues that is required to be allocated for the benefit of public  
25 education as specified in paragraph (2).

26 (5) No more than 16 percent of the total annual revenues shall  
27 be allocated for payment of expenses of the lottery as described  
28 in this chapter. To the extent that expenses of the lottery are less  
29 than 16 percent of the total annual revenues, any surplus funds  
30 also shall be allocated to the benefit of public education, as  
31 specified in this section or in Section 8880.5.

32 (b) Funds allocated for the benefit of public education pursuant  
33 to subdivision (a) are in addition to other funds appropriated or  
34 required under existing constitutional reservations for educational  
35 purposes. No program shall have the amount appropriated to  
36 support that program reduced as a result of funds allocated pursuant  
37 to subdivision (a). Funds allocated for the benefit of public  
38 education pursuant to subdivision (a) shall not supplant funds  
39 committed for child development programs.

1 (c) None of the following shall be considered revenues for the  
2 purposes of this section:

3 (1) Revenues recorded as a result of a nonmonetary exchange.  
4 “Nonmonetary exchange” means a reciprocal transfer, in  
5 compliance with generally accepted accounting principles, between  
6 the lottery and another entity that results in the lottery acquiring  
7 assets or services and the lottery providing assets or services.

8 (2) Reimbursements received by the lottery for the cost of goods  
9 or services provided by the lottery that are less than or equal to  
10 the cost of the same goods or services provided by the lottery.

11 (d) Reimbursements received in excess of the cost of the same  
12 goods and services provided by the lottery, as specified in  
13 paragraph (2) of subdivision (c), are not a part of the 34 percent  
14 of total annual revenues required to be allocated for the benefit of  
15 public education, as specified in paragraph (2) of subdivision (a).  
16 However, this amount shall be allocated for the benefit of public  
17 education as specified in Section 8880.5.