

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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SENATE BILL 376

Short Title: Restore Lottery Funding for Schools. (Public)

Sponsors: Senators Burgin, Foushee, and Corbin (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 30, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO RESTORE THE ORIGINAL REVENUE DISTRIBUTION STRUCTURE OF
3 THE NORTH CAROLINA EDUCATION LOTTERY AND TO ALLOW FUNDS IN THE
4 NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND TO BE USED FOR REPAIRS AND
5 RENOVATIONS AND FOR THE RETIREMENT OF DEBT ASSOCIATED WITH
6 SCHOOL CONSTRUCTION AND REPAIRS AND RENOVATIONS.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 18C-162 reads as rewritten:

9 "**§ 18C-162. Allocation of revenues.**

10 (a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in
11 order to increase and maximize the available revenues for education purposes, and to the extent
12 practicable, shall adhere to the following guidelines:

13 (1) At least fifty percent (50%) of the total annual revenues, as described in this
14 Chapter, shall be returned to the public in the form of prizes.

15 (2) At least thirty-five percent (35%) of the total annual revenues, as described in
16 this Chapter, shall be transferred as provided in
17 ~~G.S. 18C-164.~~G.S. 18C-164.1.

18 (3) No more than eight percent (8%) of the total annual revenues, as described in
19 this Chapter, shall be allocated for payment of expenses of the Lottery.
20 Advertising expenses shall not exceed one percent (1%) of the total annual
21 revenues.

22 (4) No more than seven percent (7%) of the ~~face value of tickets or shares,~~total
23 annual revenues, as described in this Chapter, shall be allocated for
24 compensation paid to lottery game retailers.

25"

26 **SECTION 2.(a)** G.S. 18C-164 is repealed.

27 **SECTION 2.(b)** Article 7 of Chapter 18C of the General Statutes is amended by
28 adding a new section to read:

29 "**§ 18C-164.1 Transfer of net revenues.**

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

35 (b) From the Education Lottery Fund, the Office of State Budget and Management shall
36 transfer a sum equal to five percent (5%) of the net revenue of the prior year to the Education



1 Lottery Reserve Fund. A special revenue fund for this purpose shall be established in the State
2 treasury to be known as the Education Lottery Reserve Fund, and that fund shall be capped at
3 fifty million dollars (\$50,000,000). Monies in the Education Lottery Reserve Fund may be
4 appropriated only as provided in subsection (e) of this section.

5 (c) The Commission shall distribute the remaining net revenue of the Education Lottery
6 Fund as follows:

7 (1) A sum equal to fifty percent (50%) to support attainment of the class size
8 allotment ratios pursuant to G.S. 115C-301(c).

9 (2) A sum equal to forty percent (40%) to the Public School Building Capital
10 Fund in accordance with G.S. 115C-546.2.

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

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

18 (e) If the actual net revenues exceed the amounts appropriated in that fiscal year, the
19 excess net revenues shall remain in the Education Lottery Fund and then be transferred as
20 follows:

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

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

25 **SECTION 3.** G.S. 115C-499.3(a) reads as rewritten:

26 "(a) Subject to the amount of net income available under ~~G.S. 18C-164(b)(2)~~,
27 G.S. 18C-164.1, a scholarship awarded under this Article to a student at an eligible postsecondary
28 institution shall be based upon the enrollment status and expected family contribution of the
29 student and shall not exceed four thousand dollars (\$4,000) per academic year, including any
30 federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs."

31 **SECTION 4.** Section 5.3 of S.L. 2017-57, as amended by Section 1.1(a) of S.L.
32 2017-187, Section 1.2 of S.L. 2017-197, Section 1.1 of S.L. 2017-212, Section 5.3(a) of S.L.
33 2018-5, and Section 3A.1(a) of S.L. 2018-80, reads as rewritten:

34 "...

35 **"SECTION 5.3.(e)** Grant funds awarded under this section shall be subject to a matching
36 requirement from the recipient county as follows:

37 (1) For a county designated as a development tier one area, the grant shall not
38 exceed three dollars (\$3.00) in grant funds for every one dollar (\$1.00)
39 provided by the county. Grant funds awarded to a county designated as a
40 development tier one area shall not exceed fifteen million dollars
41 (\$15,000,000).

42 (2) For a county designated as a development tier two area, the grant shall not
43 exceed one dollar (\$1.00) for every one dollar (\$1.00) in grant funds provided
44 by the county. Grant funds awarded to a county designated as a tier two area
45 shall not exceed ten million dollars (\$10,000,000).

46 Grant funds shall be used for ~~(i) the construction of new school buildings only-buildings, (ii)~~
47 school building repairs and renovations, or (iii) the retirement of debt incurred for the purpose of
48 school building construction or repairs and renovations. Grant funds shall not be used for real
49 property acquisition. Grant funds shall be disbursed in a series of payments based on the progress
50 of the project. To obtain a payment, the grantee shall submit a request for payment along with
51 documentation of the expenditures for which the payment is requested and evidence that the

1 matching requirement contained in subsection (b) of this section has been met. Grant funds shall
2 not be awarded to any county that has received an aggregate amount exceeding eight million
3 seven hundred fifty thousand dollars (\$8,750,000) in funds from the Public School Building
4 Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal year. No county may receive
5 grant funds under this section more than once every five years. No portion of grant funds may be
6 used to acquire a Leadership in Energy and Environmental Design (LEED) certification. For
7 fiscal year 2018-2019, for the purposes of this section, a county shall be considered to be
8 designated as a development tier one area if (i) it was so designated by the Department of
9 Commerce in 2017 or 2018 and (ii) the county filed a grant application under this section in 2017.

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11 **SECTION 5.** This act becomes effective July 1, 2021.