

# House File 596 - Introduced

HOUSE FILE \_\_\_\_\_  
BY PAULSEN

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to state funding of education by creating a  
2 lottery fund for education and providing for the crediting of  
3 lottery revenues.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2558YH 82  
6 jp/es/88

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1 1 Section 1. NEW SECTION. 8.57D LOTTERY FUND FOR  
1 2 EDUCATION.

1 3 1. The lottery fund for education is created under the  
1 4 authority of the department of management. The fund shall  
1 5 consist of appropriations made to the fund and transfers of  
1 6 interest, earnings, and moneys from other funds as provided by  
1 7 law. The fund shall be separate from the general fund of the  
1 8 state and the balance in the fund shall not be considered part  
1 9 of the balance of the general fund of the state. However, the  
1 10 fund shall be considered a special account for the purposes of  
1 11 section 8.53, relating to generally accepted accounting  
1 12 principles.

1 13 2. Notwithstanding section 12C.7, subsection 2, interest  
1 14 or earnings on moneys in the fund shall be credited to the  
1 15 fund.

1 16 3. Moneys in the fund in a fiscal year shall be used as  
1 17 appropriated by the general assembly to provide additional  
1 18 support for the education of the children of Iowa.

1 19 Sec. 2. Section 8.58, Code 2007, is amended to read as  
1 20 follows:

1 21 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

1 22 1. To the extent that moneys appropriated under section  
1 23 8.57 do not result in moneys being credited to the general  
1 24 fund under section 8.55, subsection 2, moneys appropriated  
1 25 under section 8.57 and moneys contained in the cash reserve  
1 26 fund, rebuild Iowa infrastructure fund, environment first  
1 27 fund, lottery fund for education, and Iowa economic emergency  
1 28 fund shall not be considered in the application of any  
1 29 formula, index, or other statutory triggering mechanism which  
1 30 would affect appropriations, payments, or taxation rates,  
1 31 contrary provisions of the Code notwithstanding.

1 32 2. To the extent that moneys appropriated under section  
1 33 8.57 do not result in moneys being credited to the general  
1 34 fund under section 8.55, subsection 2, moneys appropriated  
1 35 under section 8.57 and moneys contained in the cash reserve  
2 1 fund, rebuild Iowa infrastructure fund, environment first  
2 2 fund, lottery fund for education, and Iowa economic emergency  
2 3 fund shall not be considered by an arbitrator or in  
2 4 negotiations under chapter 20.

2 5 Sec. 3. Section 99G.2, subsection 1, Code 2007, is amended  
2 6 to read as follows:

2 7 1. That net proceeds of lottery games conducted pursuant  
2 8 to this chapter should be transferred to the general lottery  
2 9 fund of the state for education created in section 8.57D in  
2 10 support of a variety of education programs and services.

2 11 Sec. 4. Section 99G.7, subsection 1, paragraph h, Code  
2 12 2007, is amended to read as follows:

2 13 h. Report quarterly and annually to the board, the  
2 14 governor, the auditor of state, and the general assembly a  
2 15 full and complete statement of lottery revenues and expenses  
2 16 for the preceding quarter, and with respect to the annual  
2 17 report, for the preceding year, and transfer proceeds to the  
2 18 general lottery fund for education within thirty days  
2 19 following the end of the quarter.

2 20 Sec. 5. Section 99G.39, subsection 3, paragraph a, Code  
2 21 2007, is amended to read as follows:  
2 22 a. Notwithstanding subsection 1, if gaming revenues under  
2 23 sections 99D.17 and 99F.11 are insufficient in a fiscal year  
2 24 to meet the total amount of such revenues directed to be  
2 25 ~~deposited in credited to~~ the vision Iowa fund and the school  
2 26 infrastructure fund during the fiscal year pursuant to section  
2 27 8.57, subsection 6, paragraph "e", the difference shall be  
2 28 paid from lottery revenues prior to ~~deposit transfer~~ of the  
2 29 lottery revenues ~~in the general to the lottery fund for~~  
2 30 ~~education~~. If lottery revenues are insufficient during the  
2 31 fiscal year to pay the difference, the remaining difference  
2 32 shall be paid from lottery revenues in subsequent fiscal years  
2 33 as such revenues become available.

2 34 Sec. 6. Section 99G.40, subsections 2, 3, and 4, Code  
2 35 2007, are amended to read as follows:

3 1 2. A lottery fund is created in the office of the  
3 2 treasurer of state and shall exist as the recipient fund for  
3 3 authority receipts. The fund consists of all revenues  
3 4 received from the sale of lottery tickets or shares and all  
3 5 other moneys lawfully credited or transferred to the fund.  
3 6 The chief executive officer shall certify quarterly that  
3 7 portion of the fund that ~~has been transferred to the general~~  
3 8 ~~fund of the state will be transferred to the lottery fund for~~  
3 9 ~~education~~ under this chapter and shall cause that portion to  
3 10 be transferred ~~to the general fund of the state to the lottery~~  
3 11 ~~fund for education~~. However, upon the request of the chief  
3 12 executive officer and subject to the approval by the treasurer  
3 13 of state, an amount sufficient to cover the foreseeable  
3 14 administrative expenses of the lottery for a period of  
3 15 twenty-one days may be retained from the lottery fund. Prior  
3 16 to the quarterly transfer to the ~~general lottery fund of the~~  
3 17 ~~state for education~~, the chief executive officer may direct  
3 18 that lottery revenue shall be deposited in the lottery fund  
3 19 and in interest-bearing accounts designated by the treasurer  
3 20 of state. Interest or earnings paid on the deposits or  
3 21 investments is considered lottery revenue and shall be  
3 22 transferred to the ~~general lottery fund of the state for~~  
3 23 ~~education~~ in the same manner as other lottery revenue.

3 24 3. The chief executive officer shall certify before the  
3 25 last day of the month following each quarter that portion of  
3 26 the lottery fund resulting from the previous quarter's sales  
3 27 to be transferred to the ~~general lottery fund of the state for~~  
3 28 ~~education~~.

3 29 4. For informational purposes only, the chief executive  
3 30 officer shall submit to the department of management by  
3 31 October 1 of each year a proposed operating budget for the  
3 32 authority for the succeeding fiscal year. This budget  
3 33 proposal shall also be accompanied by an estimate of the net  
3 34 proceeds to be ~~deposited into the general fund transferred to~~  
3 35 ~~the lottery fund for education~~ during the succeeding fiscal  
4 1 year. This budget shall be on forms prescribed by the  
4 2 department of management. A copy of the information required  
4 3 to be submitted to the department of management pursuant to  
4 4 this subsection shall be submitted to the legislative  
4 5 government oversight committees and the legislative services  
4 6 agency by October 1 of each year.

#### 4 7 EXPLANATION

4 8 This bill relates to state funding of education by creating  
4 9 a lottery fund for education and providing for the crediting  
4 10 of lottery revenues.

4 11 New Code section 8.57D creates the lottery fund for  
4 12 education under the control of the department of management.  
4 13 The fund is separate from the general fund of the state except  
4 14 for determining state fund balances under generally accepted  
4 15 accounting principles. The fund retains interest and  
4 16 earnings. The purpose of the fund is to provide additional  
4 17 support for the education of the children of Iowa.

4 18 Code chapter 99G provisions are amended to provide that  
4 19 lottery revenues that would otherwise be credited to the state  
4 20 general fund under current law are instead required to be  
4 21 transferred to the lottery fund for education.

4 22 LSB 2558YH 82

4 23 jp:nh/es/88