

HOUSE BILL NO. 373

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF EXCESS LOTTERY REVENUE TO SCHOOLS; PROVIDING FOR QUARTERLY DISTRIBUTIONS TO SCHOOLS BASED ON A PER-QUALITY-EDUCATOR FORMULA; PROVIDING A STATUTORY APPROPRIATION; REVISING ELIGIBLE USES OF A SCHOOL'S FLEXIBILITY FUND; AMENDING SECTIONS 20-9-543, 23-7-202, AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Distribution of lottery revenues. (1) The office of public instruction shall distribute lottery revenues received pursuant to 23-7-402 on a quarterly basis and within 30 days of receiving the funds. The funds must be distributed to schools on a per-quality-educator basis, with the amount to be distributed to each district calculated by dividing the total funds available for distribution by the total number of quality educators, as defined in 20-4-502, employed by each school district in the state in the immediately preceding school fiscal year.

(2) A school district receiving funds under this section shall deposit the funds in its flexibility fund established under 20-9-543.

Section 2. Section 20-9-543, MCA, is amended to read:

"20-9-543. School flexibility fund -- uses. (1) The trustees of a district may establish a school flexibility fund and may use the fund, in their discretion, for school district expenditures incurred for:

(a) technological equipment enhancements and expansions considered by the trustees to support enhanced educational programs in the classroom;

1 (b) facility expansion and remodeling considered by the trustees to support the delivery of
2 educational programs, to address health or safety hazards, or to support the removal and replacement of
3 obsolete facilities;

4 (c) supplies and materials considered by the trustees to support the delivery of enhanced
5 educational programs;

6 (d) student assessment and evaluation;

7 (e) the development of curriculum materials;

8 (f) training for classroom staff considered by the trustees to support the delivery of enhanced
9 educational programs;

10 (g) purchase, lease, or rental of real property that must be used to provide free or reduced price
11 housing for classroom teachers;

12 (h) salaries, benefits, bonuses, and other incentives for the recruitment and retention of classroom
13 teachers and other certified staff, subject to collective bargaining when applicable; or

14 (i) increases in energy costs caused by an increase in energy rates from the rates paid by the
15 district in fiscal year 2001 or from increased use of energy as a result of the expansion of facilities, equipment,
16 or other resources of the district.

17 (2) The financial administration of the school flexibility fund must be in accordance with the
18 financial administration provisions of this title for a budgeted fund."

19

20 **Section 3.** Section 23-7-202, MCA, is amended to read:

21 **"23-7-202. Powers and duties of commission.** The commission shall:

22 (1) establish and operate a state lottery;

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

27 (3) maximize the net revenue paid to the ~~state general fund~~ office of public instruction for
28 distribution to schools as provided for in [section 1] and to the Montana STEM scholarship program special

- 1 revenue account under 23-7-402 and ensure that all policies and rules adopted further revenue maximization;
- 2 (4) subject to 23-7-402(1), determine the percentage of the money paid for tickets, chances,
3 wagers, or bets to be paid out as prizes;
- 4 (5) determine the price of each ticket, chance, wager, or bet and the number and size of prizes;
- 5 (6) provide for the conduct of drawings of winners of lottery games and sports wagering;
- 6 (7) carry out, with the director, a continuing study of the state lottery in Montana and other states'
7 lotteries and sports wagering operations to make the state lottery more efficient, profitable, and secure from
8 violations of the law;
- 9 (8) study and may enter into agreements with:
- 10 (a) other lottery states and countries to offer lottery games; or
11 (b) an association for the purpose of participating in multistate lottery games or games offered in
12 other states and other countries;
- 13 (9) prepare quarterly and annual reports on all aspects of the operation of the state lottery,
14 including but not limited to types of games, gross revenue, prize money paid, operating expenses, net revenue
15 to the state, contracts with gaming suppliers, and recommendations for changes to this part, and deliver a copy
16 of each report to the governor, the department of administration, the legislative auditor, and to the legislature in
17 accordance with 5-11-210;
- 18 (10) adopt rules relating to lottery and sports wagering and any other rules necessary to carry out
19 this part, including but not limited to:
- 20 (a) acceptance of wagers on a sports event or a series of sports events;
21 (b) the type of wagering tickets that may be used;
22 (c) method of issuing tickets;
23 (d) method of accounting and associated reporting minimums to be used by sales agent;
24 (e) sales agent licensing requirements and prohibitions;
25 (f) method of age verification;
26 (g) player exclusion requirements;
27 (h) protections for an individual placing a wager;
28 (i) contribution and participation in responsible gaming and consumer protection activities and

1 programs; and

2 (j) ensuring game integrity through monitoring and reporting of suspicious betting activity and
3 equipment tampering; and

4 (11) prescribe policies relating to sports wagering sales agents' commissions without conducting
5 rulemaking under Title 2, chapter 4, but otherwise meet the requirements of this chapter."
6

7 **Section 4.** Section 23-7-402, MCA, is amended to read:

8 **"23-7-402. Disposition of revenue -- statutory appropriations.** (1) A minimum of 45% of the money
9 paid for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as
10 provided in 17-7-502, to the state lottery.

11 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating
12 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-
16 401 in the following order:

17 (a) the first \$2.25 million of net revenue in each fiscal year must be transferred quarterly in equal
18 payments of \$562,500 to the Montana STEM scholarship program special revenue account established in 20-
19 26-617; and

20 (b) net revenue in excess of \$2.25 million in each fiscal year ~~must be transferred to the state~~
21 general fund is statutorily appropriated, as provided in 17-7-502, to the office of public instruction to distribute to
22 schools pursuant to [section 1].

23 (4) The spending authority of the state lottery may be increased in accordance with this section
24 upon review and approval of a revised operation plan by the office of budget and program planning."
25

26 **NEW SECTION. Section 5. Codification instruction.** [Section 1] is intended to be codified as an
27 integral part of Title 20, chapter 9, part 5, and the provisions of Title 20, chapter 9, part 5, apply to [section 1].
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