



# HOUSE BILL No. 6151

September 25, 1996, Introduced by Reps. DeHart, Kelly, Agee, Prusi, Baird, Brater, LaForge, Brewer and Cherry and referred to the Committee on Appropriations.

A bill to amend section 41 of Act No. 239 of the Public Acts of 1972, entitled as amended  
"McCauley-Traxler-Law-Bowman-McNeely lottery act,"  
as amended by Act No. 95 of the Public Acts of 1996, being  
section 432.41 of the Michigan Compiled Laws; and to add  
section 41a.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 41 of Act No. 239 of the Public Acts of  
2 1972, as amended by Act No. 95 of the Public Acts of 1996, being  
3 section 432.41 of the Michigan Compiled Laws, is amended and  
4 section 41a is added to read as follows:

5 Sec. 41. (1) A special fund to be known as the "state lot-  
6 tery fund" is created in the department of treasury. Except as  
7 provided in subsection (3), the state lottery fund consists of  
8 all revenues received from the sale of state lottery tickets or

1 shares and all other money credited or transferred to the fund  
2 from any other fund or sources pursuant to law including interest  
3 earnings on common cash attributable to the state lottery fund.  
4 Revenue derived from the sale of tickets or shares of any joint  
5 enterprise shall be treated in the manner provided for in the  
6 joint enterprise participation agreement executed by the  
7 commissioner. The commissioner shall deposit net revenue from  
8 any joint enterprise in the state lottery fund. Earnings result-  
9 ing from installment payment of any lottery prizes shall be used  
10 for payment of prizes to lottery winners and the prize structure  
11 formulated pursuant to sections 11 and 12 shall be established  
12 accordingly.

13       (2) The investment authority of the state treasurer with  
14 regard to the state lottery fund shall be the same as his or her  
15 investment authority with regard to retirement system funds. To  
16 assure a continuing availability of money with which to pay state  
17 lottery prize installments and to compensate for variations in  
18 the yield on investments, every 6 months the commissioner and the  
19 state treasurer shall review the status of the installment prize  
20 investments and shall agree on an amount to be restricted out of  
21 the total revenues of the state lottery fund as a reserve against  
22 a drop in yield. If the commissioner and the state treasurer  
23 fail to agree on the amount to be reserved, the matter shall be  
24 referred to the state administrative board for decision.

25       (3) After the payment of prizes to the holders of winning  
26 state lottery tickets or shares or the payment pursuant to  
27 section 32 of the liabilities to this state of holders of winning

1 state lottery tickets or shares, and the payment of the  
2 reasonable expenses of the bureau in its operation of the lot-  
3 tery, the net revenue in the state lottery fund and any money or  
4 interest generated by the state lottery fund and share of common  
5 cash shall be deposited in the ~~state school aid~~ LOTTERY  
6 PRESERVATION fund CREATED IN SECTION 41A and shall be distributed  
7 as provided by law.

8 (4) EACH YEAR, THE LEGISLATURE SHALL APPROPRIATE TO THE  
9 STATE SCHOOL AID FUND FROM THE GENERAL FUND AN AMOUNT EQUAL TO  
10 THE AMOUNT DEPOSITED IN THE LOTTERY PRESERVATION FUND.

11 SEC. 41A. (1) THE LOTTERY PRESERVATION FUND IS CREATED  
12 WITHIN THE STATE TREASURY.

13 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS  
14 FROM ANY SOURCE FOR DEPOSIT INTO THE LOTTERY PRESERVATION FUND.  
15 THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE LOTTERY  
16 PRESERVATION FUND. THE STATE TREASURER SHALL CREDIT TO THE LOT-  
17 TERY PRESERVATION FUND INTEREST AND EARNINGS FROM FUND  
18 INVESTMENTS.

19 (3) MONEY IN THE LOTTERY PRESERVATION FUND AT THE CLOSE OF  
20 THE FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT LAPSE TO  
21 THE GENERAL FUND.

22 (4) MONEY IN THE FUND SHALL BE APPROPRIATED ONLY FOR K-12  
23 EDUCATION TO AUGMENT FUNDING FOR SCHOOL DISTRICTS. AN APPROPRIA-  
24 TION FROM THE FUND SHALL NOT RESULT IN A DIMINUTION IN THE AMOUNT  
25 OF MONEY APPROPRIATED FOR K-12 EDUCATION FROM OTHER SOURCES.