
By: **Delegates Howard and Conroy**

Introduced and read first time: February 6, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Education - Maryland Public School Supplemental Fund - Lotteries**

3 FOR the purpose of establishing a Maryland Public School Supplemental Fund in
4 order to assist the counties in the State to fund the operations of the public
5 schools in the respective counties; establishing a funding mechanism for the
6 Fund; establishing procedures for holding moneys in the Fund; requiring the
7 State Board of Education to administer the Fund; establishing criteria for
8 determining grants from the Fund; specifying certain duties of the State
9 Superintendent of Schools and the State Comptroller under this Act; requiring
10 the State Lottery Agency to deposit into the Fund the proceeds, after certain
11 expenses, of certain lotteries; requiring the State Lottery Agency to conduct a
12 certain number of education lotteries; requiring the State Lottery Agency to
13 meet certain advertising criteria in conducting the education lotteries; making a
14 stylistic change; defining a certain term; and generally relating to establishing
15 the Maryland Public School Supplemental Fund.

16 BY adding to
17 Article - Education
18 Section 5-211.1
19 Annotated Code of Maryland
20 (2004 Replacement Volume and 2005 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article - Education
23 Section 5-212 and 5-213
24 Annotated Code of Maryland
25 (2004 Replacement Volume and 2005 Supplement)

26 BY repealing and reenacting, with amendments,
27 Article - State Government
28 Section 9-120
29 Annotated Code of Maryland
30 (2004 Replacement Volume and 2005 Supplement)

1 BY adding to
2 Article - State Government
3 Section 9-120.2
4 Annotated Code of Maryland
5 (2004 Replacement Volume and 2005 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article - Education**

9 5-211.1.

10 (A) IN THIS SECTION, "FUND" MEANS THE MARYLAND PUBLIC SCHOOL
11 SUPPLEMENTAL FUND.

12 (B) IT IS THE POLICY OF THE STATE THAT THE PUBLIC SCHOOLS BE
13 ADEQUATELY FUNDED.

14 (C) THERE IS A MARYLAND PUBLIC SCHOOL SUPPLEMENTAL FUND
15 ESTABLISHED TO ASSIST IN THE IMPLEMENTATION OF THIS POLICY.

16 (D) THE PURPOSE OF THE FUND IS TO SUPPLEMENT COUNTY FUNDING FOR
17 THE OPERATION OF PUBLIC SCHOOLS.

18 (E) THE FUND CONSISTS OF THE PROFITS DERIVED FROM THE EDUCATION
19 LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE STATE GOVERNMENT
20 ARTICLE.

21 (F) THE FUND IS:

22 (1) A SPECIAL, NONLAPSING FUND; AND

23 (2) NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND
24 PROCUREMENT ARTICLE.

25 (G) (1) THE TREASURER SHALL HOLD THE FUND SEPARATELY.

26 (2) THE COMPTROLLER SHALL:

27 (I) ACCOUNT FOR THE FUND; AND

28 (II) DEPOSIT INTO THE FUND FOR USE BY THE STATE BOARD THE
29 PROFITS DERIVED FROM THE EDUCATION LOTTERIES.

30 (H) (1) THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE
31 SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

32 (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO
33 THE GENERAL FUND OF THE STATE.

1 (I) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS
2 SUBSECTION, THE STATE BOARD SHALL ADMINISTER THE FUND.

3 (2) THE STATE BOARD SHALL USE THE FUND SOLELY TO SUPPLEMENT
4 FUNDING FOR THE OPERATION OF THE PUBLIC SCHOOLS IN THE STATE.

5 (J) SUBJECT TO § 5-213(B)(3)(II) OF THIS SUBTITLE, A COUNTY IS ELIGIBLE TO
6 RECEIVE A GRANT FROM THE FUND WITHOUT CONDITION AND SUBJECT TO THE
7 PROVISIONS OF § 9-120(C)(2) OF THE STATE GOVERNMENT ARTICLE.

8 (K) A GRANT UNDER SUBSECTION (J) OF THIS SECTION:

9 (1) SHALL BE CERTIFIED AND PAID UNDER § 5-212 OF THIS SUBTITLE;
10 AND

11 (2) MAY NOT BE CONSIDERED A GRANT TO THE COUNTY FOR:

12 (I) STATE ASSISTANCE FOR PUBLIC EDUCATION UNDER § 5-202 OF
13 THIS SUBTITLE; OR

14 (II) STATE AID FOR SCHOOL CONSTRUCTION UNDER SUBTITLE 3 OF
15 THIS TITLE.

16 5-212.

17 (a) (1) Ten days before the end of July, September, November, January,
18 March, and May, the State Superintendent shall certify to the State Comptroller the
19 amount due at the end of each of these months to each county board for the annual
20 State share of:

21 [(1)] (I) Funding for the foundation program under § 5-202 of this
22 subtitle;

23 [(2)] (II) Transportation aid under § 5-205 of this subtitle;

24 [(3)] (III) Funding for compensatory education under § 5-207 of this
25 subtitle;

26 [(4)] (IV) Funding for students with limited English proficiency under §
27 5-208 of this subtitle;

28 [(5)] (V) Funding for special education students under § 5-209 of this
29 subtitle;

30 [(6)] (VI) Funding for the guaranteed tax base program under § 5-210 of
31 this subtitle; and

32 [(7)] (VII) Any money provided in the Department's budget for special
33 education services under § 8-414 of this article.

1 (2) DURING THE SAME TIME INTERVALS SPECIFIED IN PARAGRAPH (1)
2 OF THIS SUBSECTION AND SUBJECT TO THE PROVISIONS OF § 9-120(C)(2) OF THE
3 STATE GOVERNMENT ARTICLE, THE STATE SUPERINTENDENT SHALL CERTIFY TO
4 THE COMPTROLLER THE AMOUNT OF MONEY DUE AT THE END OF EACH OF THESE
5 MONTHS, IF ANY, FROM THE MARYLAND PUBLIC SCHOOL SUPPLEMENTAL FUND TO
6 EACH QUALIFYING COUNTY BOARD.

7 (b) Amounts due shall be made in equal payments once every 2 months.

8 (c) Within 5 days before the end of each of these months, the State
9 Comptroller shall draw the Comptroller's warrant on the State Treasurer for the
10 amount due to the treasurer of each county board.

11 (d) On receipt of the warrant of the State Comptroller, the State Treasurer
12 immediately shall pay the amount due to the treasurer of each county board.

13 5-213.

14 (a) After notification from the State Superintendent that a county is not
15 complying with the provisions of the State program of public education, the State
16 Comptroller shall withhold any installment due the county from the General State
17 School Fund.

18 (b) (1) If the Superintendent finds that a county is not complying with the
19 maintenance of local effort provisions of § 5-202 of this subtitle or that a county fails
20 to meet the requirements of Subtitle 4 of this title, the Superintendent shall notify the
21 county of such noncompliance.

22 (2) If a county disputes the finding within 30 days of the issuance of such
23 notice, the dispute shall be promptly referred to the State Board of Education which
24 shall make a final determination.

25 (3) Upon receipt of certification of noncompliance by the Superintendent
26 or the State Board, as the case may be, the Comptroller shall suspend, until
27 notification of compliance is received, payment of:

28 (I) [any] ANY funds due the county for the current fiscal year, as
29 provided under § 5-202 of this subtitle which are appropriated in the General State
30 School Fund, to the extent that the State's aid due the county in the current fiscal
31 year under that section in the Fund exceeds the amount which the county received in
32 the prior fiscal year; AND

33 (II) UNLESS THE GENERAL ASSEMBLY EXEMPTS A COUNTY FROM
34 THE MAINTENANCE OF LOCAL EFFORT PROVISIONS OF § 5-202 OF THIS SUBTITLE,
35 ANY MONEY DUE THE COUNTY FROM THE MARYLAND PUBLIC SCHOOL
36 SUPPLEMENTAL FUND UNDER § 5-211.1 OF THIS SUBTITLE.

Article - State Government

1
2 9-120.

3 (a) The Comptroller shall distribute the State Lottery Fund to pay:

4 (1) on a pro rata basis for the daily and nondaily State lottery games, the
5 expenses of administering and operating the State lottery, as authorized under this
6 subtitle and the State budget; and

7 (2) then, except as provided in § 10-113.1 of the Family Law Article and
8 § 11-618 of the Criminal Procedure Article, the holder of each winning ticket or share.

9 (b) (1) Promptly after the 1st day of each month, the Comptroller shall pay:

10 (i) into the Maryland Stadium Facilities Fund the money that
11 remains in the State Lottery Fund from the proceeds of the sports lotteries conducted
12 for the benefit of the Maryland Stadium Authority, after the distribution under
13 subsection (a) of this section; [and]

14 (II) SUBJECT TO THE PROVISIONS OF SUBSECTION (C)(2) OF THIS
15 SECTION, IF AN EDUCATION LOTTERY WAS CONDUCTED DURING THE PREVIOUS
16 MONTH, INTO THE MARYLAND PUBLIC SCHOOL SUPPLEMENTAL FUND THE MONEY
17 THAT REMAINS IN THE STATE LOTTERY FUND FROM THE PROCEEDS OF THE
18 EDUCATION LOTTERY, AFTER THE DISTRIBUTION UNDER SUBSECTION (A) OF THIS
19 SECTION; AND

20 [(ii)] (III) into the General Fund of the State the money that
21 remains in the State Lottery Fund from the proceeds of all other lotteries after the
22 distribution under subsection (a) of this section.

23 (2) The money paid into the General Fund under this subsection is
24 available in the fiscal year in which the money accumulates in the State Lottery
25 Fund.

26 (c) (1) [The] SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS
27 SUBSECTION, THE regulations of the Agency shall apportion the money in the State
28 Lottery Fund.

29 (2) (I) WHEN DISTRIBUTING MONEY TO THE MARYLAND PUBLIC
30 SCHOOL SUPPLEMENTAL FUND UNDER SUBSECTION (B)(1)(II) OF THIS SECTION, THE
31 COMPTROLLER SHALL INDICATE, BY COUNTY, THE AMOUNT OF MONEY COLLECTED
32 FROM:

33 1. SELLERS OF EDUCATION LOTTERY TICKETS IN EACH
34 COUNTY; AND

35 2. IF APPLICABLE, SUBSCRIBERS TO THE EDUCATION
36 LOTTERY WHO RESIDE IN EACH COUNTY.

1 (II) THE AMOUNT OF MONEY ATTRIBUTED TO A COUNTY UNDER
2 SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE DISTRIBUTED SOLELY FOR USE
3 BY THAT COUNTY.

4 9-120.2.

5 (A) DURING EACH FISCAL YEAR THE AGENCY SHALL CONDUCT AT LEAST
6 TWO, BUT NO MORE THAN FOUR, EDUCATION LOTTERIES FOR THE BENEFIT OF THE
7 MARYLAND PUBLIC SCHOOL SUPPLEMENTAL FUND.

8 (B) IN ALL ADVERTISING AND ON ALL TICKETS, THE AGENCY SHALL IDENTIFY
9 ANY LOTTERY UNDER THIS SECTION AS BEING CONDUCTED FOR THE BENEFIT OF
10 THE MARYLAND PUBLIC SCHOOL SUPPLEMENTAL FUND.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
12 effect July 1, 2006.