

HOUSE BILL 389

P1
HB 764/06 – W&M

71r0534

By: **Delegates Howard, Benson, Braveboy, Holmes, Ross, and Vaughn**
Introduced and read first time: February 2, 2007
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
14 certain stylistic changes; defining a certain term; and generally relating to
15 establishing the Maryland Public School Supplemental Fund.

16 BY adding to

17 Article – Education
18 Section 5–211.1
19 Annotated Code of Maryland
20 (2006 Replacement Volume)

21 BY repealing and reenacting, with amendments,

22 Article – Education
23 Section 5–212 and 5–213
24 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2006 Replacement Volume)

2 BY repealing and reenacting, with amendments,
3 Article – State Government
4 Section 9–120
5 Annotated Code of Maryland
6 (2004 Replacement Volume and 2006 Supplement)

7 BY adding to
8 Article – State Government
9 Section 9–120.2
10 Annotated Code of Maryland
11 (2004 Replacement Volume and 2006 Supplement)

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

14 **Article – Education**

15 **5–211.1.**

16 (A) IN THIS SECTION, “FUND” MEANS THE MARYLAND PUBLIC SCHOOL
17 SUPPLEMENTAL FUND.

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

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

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

24 (E) THE FUND CONSISTS OF THE PROFITS DERIVED FROM THE
25 EDUCATION LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE
26 STATE GOVERNMENT ARTICLE.

27 (F) THE FUND IS:

28 (1) A SPECIAL, NONLAPSING FUND; AND

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

3 **(G) (1) THE STATE TREASURER SHALL HOLD THE FUND**
4 **SEPARATELY.**

5 **(2) THE COMPTROLLER SHALL:**

6 **(I) ACCOUNT FOR THE FUND; AND**

7 **(II) DEPOSIT INTO THE FUND FOR USE BY THE STATE**
8 **BOARD THE PROFITS DERIVED FROM THE EDUCATION LOTTERIES.**

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

11 **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
12 **CREDITED TO THE GENERAL FUND OF THE STATE.**

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

15 **(2) THE STATE BOARD SHALL USE THE FUND SOLELY TO**
16 **SUPPLEMENT FUNDING FOR THE OPERATION OF THE PUBLIC SCHOOLS IN THE**
17 **STATE.**

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

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

23 **(1) SHALL BE CERTIFIED AND PAID UNDER § 5-212 OF THIS**
24 **SUBTITLE; AND**

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

1 (I) STATE ASSISTANCE FOR PUBLIC EDUCATION UNDER §
2 5-202 OF THIS SUBTITLE; OR

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

5 5-212.

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

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

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

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

15 [(4)] (IV) Funding for students with limited English proficiency under
16 § 5-208 of this subtitle;

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

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

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

23 (2) DURING THE SAME TIME INTERVALS SPECIFIED IN
24 PARAGRAPH (1) OF THIS SUBSECTION AND SUBJECT TO THE PROVISIONS OF §
25 9-120(C)(2) OF THE STATE GOVERNMENT ARTICLE, THE STATE
26 SUPERINTENDENT SHALL CERTIFY TO THE COMPTROLLER THE AMOUNT OF
27 MONEY DUE AT THE END OF EACH OF THESE MONTHS, IF ANY, FROM THE
28 MARYLAND PUBLIC SCHOOL SUPPLEMENTAL FUND TO EACH QUALIFYING
29 COUNTY BOARD.

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

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

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

7 5-213.

8 (a) After notification from the State Superintendent that a county is not
9 complying with the provisions of the State program of public education, the State
10 Comptroller shall withhold any installment due the county from the General State
11 School Fund.

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

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

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

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

27 (II) UNLESS THE GENERAL ASSEMBLY EXEMPTS A COUNTY
28 FROM THE MAINTENANCE OF LOCAL EFFORT PROVISIONS OF § 5-202 OF THIS
29 SUBTITLE, ANY FUNDS DUE THE COUNTY FROM THE MARYLAND PUBLIC
30 SCHOOL SUPPLEMENTAL FUND UNDER § 5-211.1 OF THIS SUBTITLE.

31 Article - State Government

1 9–120.

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

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

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

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

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

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

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

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

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

29 **(2) (I) WHEN DISTRIBUTING MONEY TO THE MARYLAND**
30 **PUBLIC SCHOOL SUPPLEMENTAL FUND UNDER SUBSECTION (B)(1)(II) OF THIS**

1 SECTION, THE COMPTROLLER SHALL INDICATE, BY COUNTY, THE AMOUNT OF
2 MONEY COLLECTED FROM:

3 1. SELLERS OF EDUCATION LOTTERY TICKETS IN
4 EACH COUNTY; AND

5 2. IF APPLICABLE, SUBSCRIBERS TO THE
6 EDUCATION LOTTERY WHO RESIDE IN EACH COUNTY.

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

10 **9-120.2.**

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

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

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
18 effect July 1, 2007.