| 1 | Senate Bill No. 137 |
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| 2 | (By Senators Snyder and Unger) |
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| 4 | [Introduced January 11, 2012; referred to the Committee on the |
| 5 | Judiciary; and then to the Committee on Finance.] |
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| 10 | A BILL to amend and reenact $\$29-22C-27$ of the Code of West |
| 11 | Virginia, 1931, as amended, relating to use of lottery funds |
| 12 | for public works projects. |
| 13 | Be it enacted by the Legislature of West Virginia: |
| 14 | That §29-22C-27 of the Code of West Virginia, 1931, as |
| 15 | amended, be amended and reenacted to read as follows: |
| 16 | ARTICLE 22C. WEST VIRGINIA LOTTERY RACETRACK TABLE GAMES ACT. |
| 17 | §29-22C-27. West Virginia Lottery Racetrack Table Games Fund; |
| 18 | Community-Based Service Fund; State Debt Reduction |
| 19 | Fund; distribution of funds. |
| 20 | (a) (1) The special fund in the State Treasury known as the |
| 21 | West Virginia Lottery Racetrack Table Games Fund is continued and |
| 22 | all tax collected under this article shall be deposited with the |
| | |

1 State Treasurer and placed in the West Virginia Lottery Racetrack
2 Table Games Fund. The fund shall be <u>is</u> an interest-bearing account
3 with all interest or other return earned on the money of the fund
4 credited to and deposited in the fund.

5 (2) Notwithstanding any provision of this article to the 6 contrary, all racetrack table games license fees received by the 7 commission pursuant to section eight of this article shall be 8 deposited into the Community-Based Service Fund which is continued 9 in the State Treasury. Moneys of the fund shall be expended by the 10 Bureau of Senior Services upon appropriation of the Legislature 11 solely for the purpose of enabling the aged and disabled citizens 12 of this state to maintain their residency in the community-based 13 setting through the provision of home and community-based services. 14 (b) From the gross amounts deposited into the Racetrack Table 15 Games Fund pursuant to subsection (a) of this section, the 16 commission shall:

17 (1) Retain an amount for the administrative expenses of the 18 commission as determined by the commission in accordance with 19 subsection (e) of this section;

20 (2) Transfer two and one-half percent of adjusted gross 21 receipts from all thoroughbred racetracks with West Virginia 22 Lottery table games to the special funds established by each 23 thoroughbred racetrack table games licensees for the payment of

1 regular racetrack purses, the amount being divided on a pro rata 2 basis between the special funds of each thoroughbred racetrack 3 table games licensee and transfer two and one-half percent of 4 adjusted gross receipts from all greyhound racetracks with West 5 Virginia Lottery table games to the special funds established by 6 each greyhound racetrack table games licensees for the payment of 7 regular racetrack purses, the amount being divided equally between 8 the special funds of each greyhound racetrack table games licensee;

9 (3) Transfer two percent of the adjusted gross receipts from 10 all licensed racetracks to the West Virginia Thoroughbred 11 Development Fund created under section thirteen-b, article twenty-12 three, chapter nineteen of this code and the West Virginia 13 Greyhound Breeding Development Fund created under section ten, 14 article twenty-three, chapter nineteen of this code. The total 15 amount transferred under this subdivision shall be divided pro rata 16 among the development funds for each racetrack table games licensee 17 based on relative adjusted receipts from each racetrack. The 18 amounts transferred to these funds may not be used for the benefit 19 of any person or activity other than at or associated with a 20 racetrack table games licensee;

(4) Transfer one percent of the adjusted gross receipts from 22 each licensed racetrack to the county commissions of the counties 23 where racetracks with West Virginia Lottery table games are

1 located. County commissions may pledge this money to make payments 2 on lottery revenue bonds issued pursuant to article two-h, chapter 3 thirteen of this code. The one percent transferred under this 4 subdivision shall be divided pro rata among the counties with a 5 racetrack with West Virginia Lottery table games based on relative 6 adjusted gross receipts from each county's racetrack: Provided, 7 That the county board of education of a growth county, as that term 8 is defined in section three, article twenty, chapter seven of this 9 code, which has enacted the Local Powers Act, and in which county 10 a racetrack is located that has participated in the West Virginia 11 Thoroughbred Development Fund since on or before January 1, 1991, 12 shall receive the one percent of adjusted gross receipts as 13 provided in this subdivision for the purpose of public projects, as 14 defined in section two, article two-h, chapter thirteen of this 15 code or to make payments on lottery revenue bonds issued to finance 16 public projects;

(5) Transfer two percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located. Municipalities may pledge the money to make payments on lottery revenue bonds issued pursuant to article two-h, chapter thirteen of this code. This money shall be allocated as follows:

1 (A) One half of the amounts transferred under this subdivision 2 shall be allocated to the municipalities within each county having 3 a racetrack table games licensee, based on relative adjusted gross 4 receipts from West Virginia Lottery table games from those 5 racetracks and the total amount allocated to the municipalities 6 within a county shall be divided pro rata among the municipalities 7 based on each municipality's population determined at the most 8 recent United States decennial census of population: Provided, (i) For each allocation, when a municipality is physically 9 That: 10 located in two or more counties, only that portion of its 11 population residing in the county where the authorized table games 12 are located shall be considered; (ii) a single municipality in a 13 county where West Virginia Lottery racetrack table games are played 14 may not receive a total share under this paragraph that is in 15 excess of seventy-five percent of the total distribution under this 16 paragraph for the county in which the municipality is located; and 17 (iii) a municipality receiving moneys under this paragraph may not 18 receive an amount which is less than that received by a 19 municipality under provisions of subdivision (4), subsection (d) of 20 this section; and

(B) One half of the amounts transferred under this subdivision 22 shall be allocated pro rata to the municipalities within all the 23 counties, having a racetrack table games licensee based on each

1 municipality's population determined at the most recent United 2 States decennial census of population: Provided, That: (i) A 3 municipality which received funds above its pro rata share pursuant 4 to subpart (iii), paragraph (A) of this subdivision may not receive 5 an allocation under this paragraph; (ii) for each allocation, when 6 a municipality is physically located in two or more counties, only 7 that portion of its population residing in the county where the 8 authorized table games are located shall be considered; and (iii) 9 a single municipality in a county where West Virginia Lottery 10 racetrack games are played may not receive a total share under this 11 paragraph that is in excess of twenty-five percent of the total 12 transfers under this paragraph: Provided, however, That the county 13 board of education of a growth county, as that term is defined in 14 section three, article twenty, chapter seven of this code, which 15 has enacted the Local Powers Act, and in which county a racetrack 16 is located that has participated in the West Virginia Thoroughbred 17 Development Fund since on or before January 1, 1991, shall receive 18 the two percent of adjusted gross receipts as provided in this 19 subdivision for the purpose of public projects, as defined in 20 section two, article two-h, chapter thirteen of this code, or to 21 make payments on lottery revenue bonds issued to finance the public 22 projects;

23 (6) Transfer one half of one percent of the adjusted gross

1 receipts to the governing bodies of municipalities in which a 2 racetrack table games licensee is located. The municipalities 3 shall each receive an equal share of the total amount allocated 4 under this subdivision *Provided*, <u>except</u> that distribution under 5 this subdivision may not be made to any municipality which did not 6 have a licensed racetrack within its municipal boundaries as they 7 existed on January 1, 2007. *Provided*, *however*, That If no 8 racetrack table games licensee is located within a municipality, a 9 transfer may not be made under this subdivision. The municipality 10 may pledge this money to make payments on lottery revenue bonds 11 issued pursuant to article two-h, chapter thirteen of this code; 12 and

(7) Distribute the remaining amounts, hereinafter referred to
14 as the net amounts in the Racetrack Table Games Funds, in
15 accordance with the provisions of subsection (d) of this section.
(c) Beginning with the fiscal year following the licensing of
17 every licensed racetrack to offer West Virginia Lottery racetrack
18 table games under this article, subsection (b) of this section
19 shall be is superseded and replaced by this subsection for
20 distribution of the balances in the fund established by subsection
21 (a) of this section. From the gross amounts deposited into the

23 (1) Retain an amount for the administrative expenses of the

1 commission as determined by the commission in accordance with
2 subsection (e) of this section;

(2) Transfer two and one-half percent of adjusted gross 3 4 receipts from all thoroughbred racetracks with West Virginia 5 Lottery table games to the special funds established by each 6 thoroughbred racetrack table games licensee for the payment of 7 regular racetrack purses, the amount being divided on a pro rata 8 basis between the special funds of each thoroughbred racetrack 9 table games licensee and transfer two and one-half percent of 10 adjusted gross receipts from all greyhound racetracks with West 11 Virginia Lottery table games to the special funds established by 12 each greyhound racetrack table games licensee for the payment of 13 regular racetrack purses, the amount being divided equally between 14 the special funds of each greyhound racetrack table games licensee; 15 (3) Transfer two percent of the adjusted gross receipts from licensed racetracks West Virginia 16 all to the Thoroughbred 17 Development Fund created under section thirteen-b, article twenty-18 three, chapter nineteen of this code and the West Virginia 19 Greyhound Breeding Development Fund created under section ten, 20 article twenty-three, chapter nineteen of this code. The total 21 amount transferred under this subdivision shall be divided pro rata 22 among the development funds for each racetrack table games licensee 23 based on relative adjusted receipts from each racetrack. The

1 amounts transferred to these funds may not be used for the benefit 2 of any person or activity other than at or associated with a 3 racetrack table games licensee;

(4) Transfer two percent of the adjusted gross receipts from 4 5 each licensed racetrack to the county commissions of the counties 6 where racetracks with West Virginia Lottery table games are The money transferred under this subdivision shall be 7 located. 8 divided pro rata among the counties with a racetrack with West 9 Virginia Lottery table games based on relative adjusted gross 10 receipts from each county's racetrack: *Provided*, That the county 11 board of education of a growth county, as that term is defined in 12 section three, article twenty, chapter seven of this code, which 13 has enacted the Local Powers Act, and in which a racetrack is 14 located that has participated in the West Virginia Thoroughbred 15 Development Fund since on or before January 1, 1991, shall receive 16 one half of that county's share of adjusted gross receipts as 17 provided in this subdivision for the purpose of capital 18 improvements; public projects, as defined in section two, article 19 two-h, chapter thirteen of this code, or to make payments on 20 lottery revenue bonds issued pursuant to article two-h, chapter 21 thirteen of this code to finance public projects.

(5) Transfer three percent of the adjusted gross receipts from23 each licensed racetrack to the governing bodies of municipalities

1 within counties where racetracks with West Virginia Lottery table
2 games are located, which shall be allocated as follows:

(A) One half of the money transferred by this subdivision 3 4 shall be allocated to the municipalities within each county, other 5 than a county described in paragraph (C) of this subdivision, 6 having a racetrack table games licensee based on relative adjusted 7 gross receipts from West Virginia Lottery table games from those 8 racetracks and the total amount allocated to the municipalities 9 within a county shall be divided pro rata among the municipalities 10 based on each municipality's population determined at the most 11 recent United States decennial census of population: Provided, (i) For each allocation, when a municipality is physically 12 That: 13 located in two or more counties, only that portion of its 14 population residing in the county where the authorized table games 15 are located shall be considered; (ii) a single municipality in a 16 county where West Virginia Lottery racetrack table games are played 17 may not receive a total share under this paragraph that is in 18 excess of seventy-five percent of the total distribution under this 19 paragraph for the county in which the municipality is located; and 20 (iii) a municipality receiving moneys under this paragraph may not 21 receive an amount which is less than that received by a 22 municipality under provisions of subdivision (4), subsection (d) of 23 this section.

1 (B) One half of the money transferred under this subdivision 2 shall be allocated pro rata to the municipalities within all the 3 counties, other than a county described in paragraph (C) of this 4 subdivision, having a racetrack table games licensee based on each 5 municipality's population determined at the most recent United 6 States decennial census of population: Provided, That: (i) A 7 municipality which received funds above its pro rata share pursuant 8 to subparagraph (iii), paragraph (A) of this subdivision shall not 9 receive an allocation under this paragraph; (ii) for each 10 allocation, when a municipality is physically located in two or 11 more counties, only that portion of its population residing in the 12 county where the authorized table games are located shall be 13 considered; and (iii) a single municipality in a county where West 14 Virginia Lottery racetrack games are played may not receive a total 15 share under this paragraph that is in excess of twenty-five percent 16 of the total transfers under this paragraph.

17 (C) Notwithstanding the provisions of paragraphs (A) and (B) 18 of this subdivision, when a racetrack is located in a growth 19 county, as that term is defined in section three, article twenty, 20 chapter seven of this code, which has enacted the Local Powers Act, 21 and in which county a racetrack is located that has participated in 22 the West Virginia Thoroughbred Development Fund since on or before 23 January 1, 1991, the county board of education shall receive two

1 thirds of the share of adjusted gross receipts from West Virginia 2 Lottery table games from the racetrack in the county as provided in 3 this subdivision and the municipalities within the county shall 4 share the remaining one third of the total amount allocated as 5 provided in this paragraph. The municipal one-third share shall be municipalities based 6 divided pro rata among the on each 7 municipality's population determined at the most recent United 8 States decennial census of population. All money transferred under 9 this paragraph shall be used by the county board of education and 10 by the municipalities for the purpose of capital improvements; 11 public projects, as defined in section two, article two-h, chapter 12 thirteen of this code, or to make payments on lottery revenue bonds 13 issued pursuant to article two-h, chapter thirteen of this code to 14 finance public projects.

15 (6) Transfer one half of one percent of the adjusted gross 16 receipts to the governing bodies of municipalities in which a 17 racetrack table games licensee is located. The municipalities 18 shall each receive an equal share of the total amount allocated 19 under this subdivision *Provided*, <u>except</u> that distribution under 20 this subdivision may not be made to any municipality that did not 21 have a licensed racetrack within its municipal boundaries as they 22 existed on January 1, 2007, *Provided*, *however*, That <u>and</u> if no 23 racetrack table games licensee is located within a municipality, a

1 transfer may not be made under this subdivision; and

2 (7) Distribute the remaining amounts, hereinafter referred to
3 as the net amounts in the Racetrack Table Games Funds, in
4 accordance with the provisions of subsection (d) of this section.
5 (d) From the net amounts in the Racetrack Table Games Fund,
6 the commission shall:

7 (1) Transfer seventy-six percent to the State Debt Reduction 8 Fund which is hereby continued in the State Treasury. Moneys of 9 the fund shall be expended solely for the purpose of accelerating 10 the reduction of existing unfunded liabilities and existing bond 11 indebtedness of the state and shall be expended or transferred only 12 upon appropriation of the Legislature;

(2) Transfer four percent, divided pro rata based on relative adjusted gross receipts from the individual licensed racetracks for and on behalf of all employees of each licensed racing association, into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;

19 (3) Transfer ten percent, to be divided and paid in equal 20 shares, to each county commission in the state that is not eligible 21 to receive a distribution under subdivision (4), subsection (b) of 22 this section *Provided*, That funds transferred to county commissions 23 under this subdivision shall to be used only to pay regional jail

1 expenses and the costs of infrastructure improvements and other 2 capital improvements *Provided, however,* <u>except</u> that up to fifty 3 percent of these funds may be pledged to make payments on lottery 4 revenue bonds issued pursuant to article two-h, chapter thirteen of 5 this code; and

6 (4) Transfer ten percent, to be divided and paid in equal 7 shares, to the governing bodies of each municipality in the state 8 that is not eligible to receive a distribution under subdivisions 9 (5) and (6), subsection (b) of this section *Provided*, That funds 10 transferred to municipalities under this subdivision shall <u>to</u> be 11 used only to pay for debt reduction in municipal police and fire 12 pension funds and the costs of infrastructure improvements and 13 other capital improvements *Provided*, *however*, <u>except</u> that up to 14 fifty percent of these funds may be pledged to make payments on 15 lottery revenue bonds issued pursuant to article two-h, chapter 16 thirteen of this code.

17 (e) All expenses of the commission incurred in the 18 administration and enforcement of this article shall be paid from 19 the Racetrack Table Games Fund, including reimbursement of state 20 law-enforcement agencies for services performed at the request of 21 the commission pursuant to this article. The commission's expenses 22 associated with a particular racetrack with authorized table games 23 under this article may not exceed three percent of the total annual

1 adjusted gross receipts received from that licensee's operation of 2 table games under this article, including, but not limited to, all 3 license fees or other amounts attributable to the licensee's 4 operation of table games under this article, except as provided in 5 subdivision (2), subsection (a) of this section. However, for the 6 fiscal year following the licensing of every licensed racetrack to 7 offer West Virginia Lottery racetrack table games under this 8 article and for the fiscal year thereafter, the commission's 9 expenses associated with a particular racetrack with authorized 10 table games under this article may not exceed four percent of the 11 total annual adjusted gross receipts received from that licensee's 12 operation of table games under this article, including, but not 13 limited to, all license fees or other amounts attributable to the 14 licensee's operation of table games under this article, except as 15 provided in subdivision (2), subsection (a) of this section. These 16 expenses shall either be allocated to the racetrack with West 17 Virginia Lottery table games for which the expense is incurred, if 18 practicable, or be treated as general expenses related to all 19 racetrack table games facilities and be allocated pro rata among 20 the racetrack table games facilities based on the ratio that annual 21 adjusted gross receipts from operation of table games at each 22 racetrack with West Virginia Lottery table games bears to total 23 annual adjusted gross receipts from operation of table games at all

1 racetracks with West Virginia Lottery table games during the fiscal 2 year of the state. From this allowance, the commission shall 3 transfer at least \$100,000 but not more than \$500,000 into the 4 Compulsive Gambling Treatment Fund created in section nineteen, 5 article twenty-two-a of this chapter.