

Senate Bill 373

By: Senators Ramsey, Sr. of the 43rd, McKoon of the 29th, Henson of the 41st, Williams of the 19th, Crosby of the 13th and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 1 of Chapter 27 of Title 50 of the Official Code of Georgia Annotated,
2 relating to general provisions regarding the lottery, so as to enact the "HOPE Chest Act"; to
3 require that net proceeds equal at least 35 percent of lottery proceeds; to require the Georgia
4 Lottery Corporation to submit certain financial reports to the legislative oversight committee;
5 to require the legislative oversight committee to meet quarterly to review the operations of
6 the Georgia Lottery Corporation; to provide for related matters; to repeal conflicting laws;
7 and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 This Act shall be known and may be cited as the "HOPE Chest Act."

11 **SECTION 2.**

12 Article 1 of Chapter 27 of Title 50 of the Official Code of Georgia Annotated, relating to
13 general provisions regarding the lottery, is amended by revising paragraph (3) of subsection
14 (a) of Code Section 50-27-13, relating to disposition of lottery proceeds, as follows:

15 "~~(3) As nearly as practical, for~~ For each fiscal year, net proceeds shall equal at least 35
16 percent of the lottery proceeds. ~~However, for the first two full fiscal years and any partial~~
17 ~~first fiscal year of the corporation, net proceeds need only equal 30 percent of the~~
18 ~~proceeds as nearly as practical."~~

19 **SECTION 3.**

20 Said article is further amended by revising subsection (a) of Code Section 50-27-11, relating
21 to the duties of the chief executive officer, as follows:

22 "(a) The chief executive officer of the corporation shall direct and supervise all
23 administrative and technical activities in accordance with the provisions of this chapter and

24 with the regulations, policies, and procedures adopted by the board. It shall be the duty of
25 the chief executive officer to:

- 26 (1) Facilitate the initiation and supervise and administer the operation of the lottery
27 games;
- 28 (2) Employ and direct such personnel as deemed necessary;
- 29 (3) Employ by contract and compensate such persons and firms as deemed necessary;
- 30 (4) Promote or provide for promotion of the lottery and any functions related to the
31 corporation;
- 32 (5) Prepare a budget for the approval of the board;
- 33 (6) Require bond from such retailers and vendors in such amounts as required by the
34 board;
- 35 (7) Report quarterly to the state auditor, the state accounting officer, ~~and the board,~~ and
36 the oversight committee created by Code Section 50-27-34 a full and complete statement
37 of lottery revenues and expenses for the preceding quarter; and
- 38 (8) Perform other duties generally associated with a chief executive officer of a
39 corporation of an entrepreneurial nature."

40 **SECTION 4.**

41 Said article is further amended by revising Code Section 50-27-33, relating to reports by the
42 corporation, audits, budget, and fiscal year, as follows:

43 "50-27-33.

44 To ensure the financial integrity of the lottery, the corporation through its board of directors
45 shall:

- 46 (1) Submit quarterly and annual reports to the Governor, state auditor, the state
47 accounting officer, and the oversight committee created by Code Section 50-27-34,
48 disclosing the total lottery revenues, prize disbursements, operating expenses, and
49 administrative expenses of the corporation during the reporting period. The annual report
50 shall additionally describe the organizational structure of the corporation and summarize
51 the functions performed by each organizational division within the corporation;
- 52 (2) Adopt a system of internal audits;
- 53 (3) Maintain weekly or more frequent records of lottery transactions, including the
54 distribution of tickets or shares to retailers, revenues received, claims for prizes, prizes
55 paid, prizes forfeited, and other financial transactions of the corporation;
- 56 (4) Contract with a certified public accountant or firm for an annual financial audit of the
57 corporation. The certified public accountant or firm shall have no financial interest in
58 any vendor with whom the corporation is under contract. The certified public accountant
59 or firm shall present an audit report not later than four months after the end of the fiscal

60 year. The certified public accountant or firm shall evaluate the internal auditing controls
 61 in effect during the audit period. The cost of this annual financial audit shall be an
 62 operating expense of the corporation. The state auditor may at any time conduct an audit
 63 of any phase of the operations of the Georgia Lottery Corporation at the expense of the
 64 state and shall receive a copy of the annual independent financial audit. A copy of any
 65 audit performed by the certified public accountant or firm or the state auditor shall be
 66 transmitted to the Governor, the Lieutenant Governor, and the Speaker of the House of
 67 Representatives, the state auditor, the state accounting officer, and the oversight
 68 committee ~~chairperson~~ members;

69 (5) Submit to the Office of Planning and Budget, the state auditor, and the state
 70 accounting officer by June 30 of each year a copy of the annual operating budget for the
 71 corporation for the next fiscal year. This annual operating budget shall be approved by
 72 the board and be on such forms as prescribed by the Office of Planning and Budget;

73 (6) For informational purposes only, submit to the Office of Planning and Budget on
 74 September 1 of each year a proposed operating budget for the corporation for the
 75 succeeding fiscal year. This budget proposal shall also be accompanied by an estimate
 76 of the net proceeds to be deposited into the Lottery for Education Account during the
 77 succeeding fiscal year. This budget shall be on such forms as prescribed by the Office
 78 of Planning and Budget; and

79 (7) Adopt the same fiscal year as that used by state government."

80 SECTION 5.

81 Said article is further amended by revising Code Section 50-27-34, relating to the legislative
 82 oversight committee, as follows:

83 "50-27-34.

84 (a) There is created as a joint committee of the General Assembly, the Georgia Lottery
 85 Corporation Legislative Oversight Committee, to be composed of the members of the
 86 House Committee on Regulated Industries and the Senate Economic Development
 87 Committee. The chairpersons of such committees shall serve as cochairpersons of the
 88 oversight committee. The oversight committee shall ~~periodically inquire into and meet~~
 89 quarterly to review the operations of the Georgia Lottery Corporation, ~~as well as~~
 90 ~~periodically~~ and to review and evaluate the success with which the ~~authority~~ corporation
 91 is accomplishing its statutory duties and functions as provided in this chapter. The
 92 oversight committee ~~may~~ shall conduct any independent audit or investigation of the
 93 authority it deems necessary based on such quarterly review and evaluation.

94 (b) The Georgia Lottery Corporation shall provide the oversight committee not later than
95 December 1 of each year with a complete report of the level of participation of minority
96 businesses in all retail and major procurement contracts awarded by the corporation."

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SECTION 6.

98 All laws and parts of laws in conflict with this Act are repealed.