

# State of South Dakota

SEVENTY-SIXTH SESSION  
LEGISLATIVE ASSEMBLY, 2001

316E0576

## SENATE BILL NO. 195

Introduced by: Senators Hutmacher, Dennert, Koetzle, Reedy, and Volesky and  
Representatives Olson (Mel), Bartling, Bradford, Flowers, Hundstad,  
Lange, Nesselhuf, Sigdestad, Valandra, and Van Norman

1 FOR AN ACT ENTITLED, An Act to revise the distribution of revenue from the video lottery.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. There is hereby created in the state treasury a separate fund to be known as the  
4 South Dakota scholarship fund. Money in the South Dakota scholarship fund shall be used to  
5 provide scholarships to South Dakota students as may be prescribed by an Act of the Legislature.

6 Section 2. That § 42-7A-24 be amended to read as follows:

7 42-7A-24. Net proceeds from the sale of instant lottery tickets shall be transferred to the  
8 state general fund on an annual basis after July first each year. The commission shall maximize  
9 the net proceeds to the state from the sale of instant and on-line lottery tickets. In no event may  
10 yearly lottery expenses for the sale of lottery tickets, excluding expenditures from retained  
11 earnings, exceed the amount of combined net proceeds transferred to the state general fund, the  
12 state corrections facility construction fund, and the state capital construction fund. Net machine  
13 income from video lottery games shall be directly deposited ~~in the state property tax reduction~~  
14 ~~fund upon receipt~~ according to the following schedule: for fiscal year 2002, ninety-eight percent

1 into the state property tax reduction fund, and two percent into the South Dakota scholarship  
2 fund; for fiscal year 2003, ninety-six percent into the state property tax reduction fund, and four  
3 percent into the South Dakota scholarship fund; for fiscal year 2004, ninety-four percent into the  
4 state property tax reduction fund, and six percent into the South Dakota scholarship fund; for  
5 fiscal year 2005, ninety-two percent into the state property tax reduction fund, and eight percent  
6 into the South Dakota scholarship fund; for fiscal year 2006 and thereafter, ninety percent into  
7 the state property tax reduction fund, and ten percent into the South Dakota scholarship fund.

8 Net proceeds are funds in the lottery operating fund which are not needed for the payment of  
9 prizes, lottery expenses, and total retained earnings up to one and one-half million dollars cash  
10 deemed necessary by the executive director and commission for replacement, maintenance, and  
11 upgrade of business systems, product development, legal and operating contingencies of the  
12 lottery.

13       Beginning in fiscal year 1997 and each year thereafter, the commission shall transfer the first  
14 one million four hundred thousand dollars from the net proceeds from the sale of on-line video  
15 lottery tickets collected pursuant to § 42-7A-24 to the general fund. The commission shall then  
16 transfer an amount equal to the remaining net proceeds from the sale of on-line lottery tickets  
17 collected pursuant to § 42-7A-24 to the state capital construction fund created in § 5-27-1.