

# An Act

ENROLLED HOUSE  
BILL NO. 1837

By: Osborn (Leslie) of the  
House

and

David and Sharp of the  
Senate

An Act relating to amusements and sports; amending 3A O.S. 2011, Section 713, as amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2016, Section 713), which relates to the Oklahoma Education Lottery Act; modifying provisions related to disposition of net proceeds; requiring annual reports; setting maximum percentage for administrative costs; providing for disposition of net proceeds in excess of designated amount; requiring appropriation; specifying purpose of expenditures; and providing for codification.

SUBJECT: Oklahoma Education Lottery Act

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 3A O.S. 2011, Section 713, as amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2016, Section 713), is amended to read as follows:

Section 713. A. All gross proceeds shall be the property of the Oklahoma Lottery Commission. From its gross proceeds, the Commission shall pay the operating expenses of the Commission. At least forty-five percent (45%) of gross proceeds shall be made available as prize money. However, the provisions of this subsection shall be deemed not to create any lien, entitlement, cause of action, or other private right, and any rights of holders of tickets or shares shall be determined by the Commission in setting the terms of its lottery or lotteries.

B. For each fiscal year, the first Fifty Million Dollars (\$50,000,000.00) of net proceeds shall equal at least thirty-five percent (35%) of the gross proceeds. However, for the purpose of repaying indebtedness issued pursuant to Section 732 of this title, for the first two (2) full fiscal years and any partial first fiscal year of the Commission, net proceeds need only equal at least thirty percent (30%) of the gross proceeds be transferred to the Oklahoma Education Lottery Trust Fund.

C. All of the ~~net~~ proceeds remaining after the apportionment required by subsection B of this section shall be transferred to the Oklahoma Education Lottery Trust Fund as provided in subsection B Section 2 of this section act. The Oklahoma Lottery Commission shall submit a written report of its findings and any recommendations regarding the impact of having the net proceeds minimum requirement set at a fixed dollar amount. The report shall be submitted to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the Oklahoma State Senate not later than October 1, 2019, and annually thereafter.

~~B.~~ D. There is hereby created in the State Treasury a fund to be designated the "Oklahoma Education Lottery Trust Fund". Except as otherwise provided in subsections ~~H~~ C, J and K of this section, on or before the fifteenth day of each calendar quarter, the Commission shall transfer to the State Treasurer, for credit to the Oklahoma Education Lottery Trust Fund, the amount of all net proceeds accruing during the preceding calendar quarter. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

E. Upon their deposit into the State Treasury, any monies representing a deposit of net proceeds shall then become the unencumbered property of this state, and neither the Commission nor the board of trustees shall have the power to agree or undertake otherwise. The monies shall be invested by the State Treasurer in accordance with state investment practices. All earnings attributable to such investments shall likewise be the unencumbered property of the state and shall accrue to the credit of the ~~fund~~ funds provided for in subsections B and C of this section.

~~C.~~ F. Monies in the Oklahoma Education Lottery Trust Fund deposited pursuant to subsection B of this section shall only be appropriated as follows:

1. Forty-five percent (45%) for the following:
  - a. kindergarten through twelfth grade public education, including but not limited to compensation and benefits for public school teachers and support employees, and
  - b. early childhood development programs, which shall include but not be limited to costs associated with prekindergarten and full-day kindergarten programs;
2. Forty-five percent (45%) for the following:
  - a. tuition grants, loans and scholarships to citizens of this state to enable such citizens to attend colleges and universities located within this state, regardless of whether such colleges and universities are owned or operated by the Oklahoma State Regents for Higher Education, or to attend institutions operated under the authority of the Oklahoma Department of Career and Technology Education; provided such tuition grants, loans and scholarships shall not be made to a citizen of this state to attend a college or university which is not accredited by the Oklahoma State Regents for Higher Education,
  - b. construction of educational facilities for elementary school districts, independent school districts, The Oklahoma State System of Higher Education, and career and technology education,
  - c. capital outlay projects for elementary school districts, independent school districts, The Oklahoma State System of Higher Education, and career and technology education,
  - d. technology for public elementary school district, independent school district, state higher education, and career and technology education facilities, which shall include but not be limited to costs of providing to teachers at accredited public institutions who teach levels kindergarten through twelfth grade, personnel at technology centers under the authority of the Oklahoma State Department of Career and Technology Education, and professors and instructors within The

Oklahoma State System of Higher Education, the necessary training in the use and application of computers and advanced electronic instructional technology to implement interactive learning environments in the classroom and to access the ~~state-wide~~ statewide distance learning network and costs associated with repairing and maintaining advanced electronic instructional technology,

- e. endowed chairs for professors at institutions of higher education operated by The Oklahoma State System of Higher Education, and
- f. programs and personnel of the Oklahoma School for the Deaf and the Oklahoma School for the Blind;

3. Five percent (5%) to the School Consolidation and Assistance Fund. When the total amount in the School Consolidation and Assistance Fund from all sources equals Five Million Dollars (\$5,000,000.00), all monies appropriated pursuant to this paragraph which would otherwise be deposited in the School Consolidation and Assistance Fund in excess of Five Million Dollars (\$5,000,000.00) shall be allocated by the State Department of Education to public schools based on the audited end-of-year average daily membership in grades 8 through 12 during the preceding school year for the purpose of purchasing technology equipment in order to conduct on-line testing as required by the Achieving Classroom Excellence Act of 2005. If at any time the total amount in the School Consolidation and Assistance Fund drops below Five Million Dollars (\$5,000,000.00), the monies appropriated pursuant to this paragraph shall be deposited in the School Consolidation and Assistance Fund until the Fund again reaches Five Million Dollars ~~(\$5,000,000~~ (\$5,000,000.00); and

4. Five percent (5%) to the Teachers' Retirement System Dedicated Revenue Revolving Fund.

In no instance shall the annual maximum percentage for administrative costs, not including marketing and advertising costs, funds set aside for prizes, commissions paid to retailers, contract fees paid to gaming system vendors and instant ticket providers or emergency-related capital expenses, exceed three percent (3%) of sales.

D. G. The Legislature shall appropriate funds from the Oklahoma Education Lottery Trust Fund only for the purposes specified in subsection E F of this section and Section 2 of this act. Even when funds from the trust fund are used for these purposes, the Legislature shall not use funds from the trust fund to supplant or replace other state funds supporting common education, higher education, or career and technology education.

E. H. In order to ensure that the funds from the trust fund are used to enhance and not supplant funding for education, the State Board of Equalization shall examine and investigate appropriations from the trust fund each year. At the meeting of the State Board of Equalization held within five (5) days after the monthly apportionment in February of each year, the State Board of Equalization shall issue a finding and report which shall state whether appropriations from the trust fund were used to enhance or supplant education funding. If the State Board of Equalization finds that education funding was supplanted by funds from the trust fund, the Board shall specify the amount by which education funding was supplanted. In this event, the Legislature shall not make any appropriations for the ensuing fiscal year until an appropriation in that amount is made to replenish the trust fund.

F. I. Except as otherwise provided by this subsection, no deficiency in the Oklahoma Education Lottery Trust Fund shall be replenished by reducing any nonlottery funds, including specifically but without limitation, the General Revenue Fund, the Constitutional Reserve Fund or the Education Reform Revolving Fund of the State Department of Education. No program or project started specifically from lottery proceeds shall be continued from the General Revenue Fund, the Constitutional Reserve Fund or the Education Reform Revolving Fund of the State Department of Education. Such programs must be adjusted or discontinued according to available lottery proceeds unless the Legislature by general law establishes eligibility requirements and appropriates specific funds therefor. No surplus in the Oklahoma Education Lottery Trust Fund shall be reduced or transferred to correct any nonlottery deficiencies in sums available for general appropriations. The provisions of this subsection shall not apply to bonds or other obligations issued pursuant to or to the repayment of bonds or other obligations issued pursuant to the Oklahoma Higher Education Promise of Excellence Act of 2005.

G. J. There is hereby created in the State Treasury a revolving fund to be designated the "Oklahoma Education Lottery Revolving

Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Commission. The Commission shall make payments of net proceeds from the fund to the Oklahoma Education Lottery Trust Fund on or before the fifteenth day of each calendar quarter as provided in subsection B D of this section. All monies accruing to the credit of the Oklahoma Education Lottery Revolving Fund are hereby appropriated and may be budgeted and expended for the payment of net proceeds, prizes, commissions to retailers, administrative expenses and all other expenses arising out of the operation of the education lottery, subject to the limitations provided in the Oklahoma Education Lottery Act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

The monies in the fund shall be invested by the State Treasurer in accordance with state investment practices. All earnings attributable to such investments shall likewise accrue to the credit of the fund.

H. K. When appropriations from the Oklahoma Education Lottery Trust Fund are made to common education pursuant to the provisions of paragraph 1 of subsection E F of this section, the appropriations shall be made available on a monthly basis. In addition to the provisions of ~~subsection B~~ subsections D and E of this section, the following process shall be used to ~~insure~~ ensure that the appropriations are made available to common education in a timely manner:

1. Beginning in July of the fiscal year in which appropriations are made to common education from the Oklahoma Education Lottery Trust Fund, the Commission, on or before the ninth day of each month, shall transfer to the State Treasurer, for credit to the Oklahoma Education Lottery Trust Fund, the amount of net proceeds accruing during the preceding month equal to the amount of total monthly collections due to common education as required by paragraph 1 of subsection E F of this section;

2. The Director of the Office of Management and Enterprise Services shall allocate the transfers provided for in paragraph 1 of this subsection to the State Department of Education on a monthly basis, not to exceed one-twelfth (1/12) of the annual apportionment for the fiscal year; and

3. The total amount of transfers to the Oklahoma Education Lottery Trust Fund of net lottery proceeds made pursuant to this subsection shall not exceed the total appropriations made to common education from the Oklahoma Education Lottery Trust Fund for the specific fiscal year.

~~I.~~ L. When appropriations from the Oklahoma Education Lottery Trust Fund are made to The Oklahoma State System of Higher Education, the appropriations shall be made available to the System on a monthly basis. In addition to the provisions of ~~subsection B~~ subsections D and E of this section, the following process shall be used to ensure that the appropriations are made available to The Oklahoma State System of Higher Education in a timely manner:

1. Beginning in July of the fiscal year in which appropriations are made to The Oklahoma State System of Higher Education from the Oklahoma Education Lottery Trust Fund, the Commission, on or before the ninth day of each month, shall transfer to the State Treasurer, for credit to the Oklahoma Education Lottery Trust Fund, the amount of net proceeds accruing during the preceding month equal to the amount of total monthly collections due to the Oklahoma State Regents for Higher Education as required by paragraph 2 of ~~subsection E~~ F of this section;

2. The Director of the Office of Management and Enterprise Services shall allocate the transfers provided for in paragraph 1 of this subsection to the Oklahoma State Regents for Higher Education on a monthly basis, not to exceed one-twelfth (1/12) of the annual apportionment for the fiscal year; and

3. The total amount of transfers to the Oklahoma Education Lottery Trust Fund of net lottery proceeds made pursuant to this subsection shall not exceed the total appropriations made to The Oklahoma State System for Higher Education from the Oklahoma Education Lottery Trust Fund for the specific fiscal year.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 713.1 of Title 3A, unless there is created a duplication in numbering, reads as follows:

The portion of lottery annual net proceeds deposited to the Oklahoma Education Lottery Trust Fund that exceeds Fifty Million Dollars (\$50,000,000.00) shall be appropriated by the Legislature on a cash basis to be allocated by the State Department of Education to public schools based on the audited end-of-year average daily

membership in grades PK-12 during the preceding school year for the purpose of implementing prekindergarten-through-third-grade reading intervention initiatives or science, technology, engineering and math (STEM) programs.

Passed the House of Representatives the 7th day of March, 2017.

Ly. Harold Wright  
Presiding Officer of the House  
of Representatives

Passed the Senate the 25th day of April, 2017.

Matthew DeWine  
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 26<sup>th</sup>  
day of April, 20 17, at 1:51 o'clock P M.  
By: Audrey Lockwell

Approved by the Governor of the State of Oklahoma this 2<sup>nd</sup>  
day of May, 20 17, at 2:50 o'clock P M.

Mary Fallin  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 2<sup>nd</sup>  
day of May, 20 17, at 4:44 o'clock P. M.  
By: Dave Jones