

SJR 40

1 THE STATE SENATE  
2 Monday, February 25, 2002

3 Senate Joint  
4 Resolution No. 40  
5 As Amended

6 SENATE JOINT RESOLUTION NO. 40 - By: HENRY of the Senate and KIRBY  
7 of the House.

8 [ amusements and sports - Oklahoma Lottery for Education Act  
9 - effective date - ballot title -  
10 filing ]

11 BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE  
12 2ND SESSION OF THE 48TH OKLAHOMA LEGISLATURE:

13 SECTION 1. Pursuant to Section 3 of Article V of the Oklahoma  
14 Constitution, there is hereby ordered the following legislative  
15 referendum which shall be filed with the Secretary of State and  
16 addressed to the Governor of the state, who shall submit the same to  
17 the people for their approval or rejection at the next General  
18 Election.

19 SECTION 2. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 701 of Title 3A, unless there is  
21 created a duplication in numbering, reads as follows:

22 This act shall be known and may be cited as the "Oklahoma  
23 Lottery for Education Act".

1           SECTION 3.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 702 of Title 3A, unless there is  
3 created a duplication in numbering, reads as follows:

4           It is the intent of the people of the State of Oklahoma:

5           1. That net proceeds of lottery games conducted pursuant to  
6 this act shall be used to support improvements and enhancements for  
7 educational purposes and programs and that such net proceeds shall  
8 be used to supplement rather than replace existing resources for  
9 educational purposes and programs;

10          2. That the lottery is an entrepreneurial enterprise and that  
11 there shall be created a public body, corporate and politic, known  
12 as the Oklahoma Lottery for Education Corporation, with  
13 comprehensive and extensive powers as generally exercised by  
14 corporations engaged in  
15 entrepreneurial pursuits, and with requirements for full public  
16 disclosure of its operations and finances;

17          3. That lottery games shall be operated and managed in a manner  
18 which provides full and complete public disclosure of lottery  
19 operations, provides continuing entertainment to the public,  
20 maximizes revenues, and ensures that the lottery is operated with  
21 integrity and dignity and free of political influence;

22          4. That the Oklahoma Lottery for Education be operated in such  
23 a manner that, after the initial state appropriation, to be repaid

1 pursuant to the provisions of Section XX of this act, it is  
2 self-sustaining and self-funded; and

3 5. That the Oklahoma Lottery for Education Corporation shall be  
4 accountable to the Legislature and to the people of this state  
5 through availability to the public of its records pursuant to the  
6 Oklahoma Open Records Act, access to all meetings pursuant to the  
7 Oklahoma Open Meeting Act, and development and monitoring of a  
8 comprehensive system of public audits and reports.

9 SECTION 4. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 703 of Title 3A, unless there is  
11 created a duplication in numbering, reads as follows:

12 As used in this act:

13 1. "Administrative expenses" means operating expenses,  
14 excluding amounts set aside for prizes, regardless of whether such  
15 prizes are claimed and excluding amounts held as a fidelity fund  
16 pursuant to Section 20 of this act;

17 2. "Board" means the board of directors of the Oklahoma Lottery  
18 for Education Corporation;

19 3. "Capital outlay projects" means the acquisition,  
20 construction, installation, modification, renovation, repair,  
21 extension, renewal, replacement, or rehabilitation of land,  
22 interests in land, buildings, structures, facilities, or other  
23 improvements and the acquisition, installation, modification,

1 renovation, repair, extension, renewal, replacement, rehabilitation,  
2 or furnishing of fixtures, machinery, equipment, computers,  
3 software, laboratories, furniture, textbooks, and reference material  
4 or other property of any nature whatsoever used on, in, or in  
5 connection with educational facilities;

6 4. "Casino gambling" means a location or business for the  
7 purpose of conducting illegal gambling activities, but excluding the  
8 sale and purchase of lottery tickets or shares as authorized by this  
9 act;

10 5. "Chief executive officer" means the chief executive officer  
11 of the Oklahoma Lottery for Education Corporation;

12 6. "Corporation" means the Oklahoma Lottery for Education  
13 Corporation;

14 7. "Educational facilities" means land, structures, and  
15 buildings owned or operated by and through the Oklahoma State  
16 Regents for Higher Education, the State Board of Education, the  
17 Oklahoma State Department of Career and Technology Education, or by  
18 any school district within this state; provided, however, that a  
19 public road or highway leading to an educational facility shall not  
20 be considered an educational facility;

21 8. "Educational purposes and programs" means:

22 a. capital outlay projects for educational facilities,

- 1           b.   tuition grants, scholarships, or loans to citizens of  
2                   this state to enable such citizens to attend colleges  
3                   and universities located within this state, regardless  
4                   of whether such colleges and universities are owned or  
5                   operated by the Oklahoma State Regents for Higher  
6                   Education, or to attend institutions operated under  
7                   the authority of the Oklahoma State Department of  
8                   Career and Technology Education,
- 9           c.   costs of providing to teachers at accredited public  
10                   institutions who teach levels K-12, personnel at  
11                   technology centers under the authority of the Oklahoma  
12                   State Department of Career and Technology Education,  
13                   and professors and instructors within the Oklahoma  
14                   State System of Higher Education the necessary  
15                   training in the use and application of computers and  
16                   advanced electronic instructional technology to  
17                   implement interactive learning environments in the  
18                   classroom and to access the state-wide distance  
19                   learning network,
- 20           d.   costs associated with repairing and maintaining  
21                   advanced electronic instructional technology,
- 22           e.   costs associated with pre-kindergarten and full-day  
23                   kindergarten programs, and

1           f.    an education shortfall reserve;

2           9.    "Lottery", "lotteries", "lottery game", or "lottery games"  
3 means any game of chance approved by the board and operated pursuant  
4 to this act, including, but not limited to, instant tickets, on-line  
5 games, and games using mechanical or electronic devices but  
6 excluding charity games conducted pursuant to the Oklahoma Charity  
7 Games Act, pari-mutuel betting conducted pursuant to the Oklahoma  
8 Horse Racing Act and casino gambling as defined in this section;

9           10.   "Major procurement contract" means any gaming product or  
10 service costing in excess of Seventy-five Thousand Dollars  
11 (\$75,000.00), including, but not limited to, major advertising  
12 contracts, annuity contracts, prize payment agreements, consulting  
13 services, equipment, tickets, and other products and services unique  
14 to the Oklahoma lottery, but not including materials, supplies,  
15 equipment, and services common to the ordinary operations of a  
16 corporation;

17           11.   "Member" or "members" means a director or directors of the  
18 board of directors of the Oklahoma Lottery for Education  
19 Corporation;

20           12.   "Member of a minority" means an individual who is a member  
21 of a race which comprises less than fifty percent (50%) of the total  
22 population of the state;

23           13.   "Minority business" means any business which is owned by:

- 1           a.    an individual who is a member of a minority who  
2                    reports as his or her personal income for Oklahoma  
3                    income tax purposes the income of such business,  
4           b.    a partnership in which a majority of the ownership  
5                    interest is owned by one or more members of a minority  
6                    who report as their personal income for Oklahoma  
7                    income tax purposes more than fifty percent (50%) of  
8                    the income of the partnership, or  
9           c.    a corporation organized under the laws of this state  
10                   in which a majority of the common stock is owned by  
11                   one or more members of a minority who report as their  
12                   personal income for Oklahoma income tax purposes more  
13                   than fifty percent (50%) of the distributed earnings  
14                   of the corporation;

15           14. "Net proceeds" means all revenue derived from the sale of  
16 lottery tickets or shares and all other moneys derived from the  
17 lottery less operating expenses;

18           15. "Operating expenses" means all costs of doing business,  
19 including, but not limited to, prizes, commissions, and other  
20 compensation paid to retailers, advertising and marketing costs,  
21 personnel costs, capital costs, depreciation of property and  
22 equipment, funds for compulsive gambling education and treatment,

1 amounts held in or paid from a fidelity fund pursuant to Section 20  
2 of this act, and other operating costs;

3 16. "Pari-mutuel betting" means the pari-mutuel system of  
4 wagering as defined in Section 200.1 of Title 3A of the Oklahoma  
5 Statutes. Such term shall not include a lottery game which may be  
6 predicated on a horse racing scheme that does not involve actual  
7 track events or traditional lottery games which may involve the  
8 distribution of winnings by pools;

9 17. "Person" means any individual, corporation, partnership,  
10 unincorporated association, limited liability company, or other  
11 legal entity;

12 18. "Retailer" means a person who sells lottery tickets or  
13 shares on behalf of the corporation pursuant to a contract;

14 19. "Share" means any intangible evidence of participation in a  
15 lottery game;

16 20. "Ticket" means any tangible evidence issued by the lottery  
17 to provide participation in a lottery game; and

18 21. "Vendor" means a person who provides or proposes to provide  
19 goods or services to the corporation pursuant to a major procurement  
20 contract, but does not include an employee of the corporation, a  
21 retailer, or a state agency or instrumentality thereof. Such term  
22 does not include any corporation whose shares are publicly traded

1 and which is the parent company of the contracting party in a major  
2 procurement contract.

3 SECTION 5. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 704 of Title 3A, unless there is  
5 created a duplication in numbering, reads as follows:

6 There is hereby created a body corporate and politic to be known  
7 as the Oklahoma Lottery for Education Corporation which shall be  
8 deemed to be an instrumentality of the state, and not a state  
9 agency, and a public corporation. The principal office of the  
10 corporation shall be located in Oklahoma County. The records of the  
11 Oklahoma Lottery for Education Corporation shall be subject to the  
12 Oklahoma Open Records Act.

13 SECTION 6. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 705 of Title 3A, unless there is  
15 created a duplication in numbering, reads as follows:

16 A. The corporation shall be governed by a board of directors  
17 composed of seven (7) members to be appointed by the Governor with  
18 the advice and consent of the Senate. Not more than two members  
19 shall be appointed from any single congressional district.

20 B. Members shall be residents of the State of Oklahoma, shall  
21 be prominent persons in their businesses or professions, and shall  
22 not have been convicted of any felony offense. At least one member  
23 of the board shall be engaged in the practice of law, at least one

1 member shall be engaged in the practice of accounting and at least  
2 one member shall have expertise in marketing.

3 C. Members shall serve terms of five (5) years, except that of  
4 the initial members appointed, three shall be appointed for initial  
5 terms of two (2) years, two shall be appointed for initial terms of  
6 four (4) years, and two shall be appointed for initial terms of five  
7 (5) years. Any vacancy occurring on the board shall be filled by  
8 the Governor by appointment for the remainder of the unexpired term.

9 D. Members of the board shall not have any direct or indirect  
10 interest in an undertaking that puts their personal interest in  
11 conflict with that of the corporation, including, but not limited  
12 to, an interest in a major procurement contract or a participating  
13 retailer.

14 E. Members of the board shall be reimbursed for travel expenses  
15 pursuant to the State Travel Reimbursement Act.

16 F. The members shall elect from their membership a chair, vice-  
17 chair, secretary, and treasurer. Such officers shall serve for such  
18 terms as shall be prescribed by the bylaws of the corporation or  
19 until their respective successors are elected and qualified. No  
20 member of the board shall hold more than any one office of the  
21 corporation, except that the same person may serve as secretary and  
22 treasurer.

1 G. The board of directors shall employ a chief executive  
2 officer of the corporation.

3 H. The board of directors may delegate to any one or more of  
4 its members, to the chief executive officer, or to any agent or  
5 employee of the corporation such powers and duties as it may deem  
6 proper.

7 I. A majority of members in office shall constitute a quorum  
8 for the transaction of any business and for the exercise of any  
9 power or function of the corporation.

10 J. All meetings of the board shall be subject to the Oklahoma  
11 Open Meeting Act. Action may be taken and motions and resolutions  
12 adopted by the board at any meeting thereof by the affirmative vote  
13 of a majority of present and voting board members.

14 K. No vacancy in the membership of the board shall impair the  
15 right of the members to exercise all the powers and perform all the  
16 duties of the board.

17 SECTION 7. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 706 of Title 3A, unless there is  
19 created a duplication in numbering, reads as follows:

20 A. The chair of the board of directors shall appoint a Lottery  
21 Retailer Advisory Board to be composed of ten (10) lottery retailers  
22 representing the broadest possible spectrum of geographical, racial,  
23 and business characteristics of lottery retailers. The function of

1 the advisory board shall be to advise the board of directors on  
2 retail aspects of the lottery and to present the concerns of lottery  
3 retailers throughout the state.

4 B. Members appointed to the Lottery Retailer Advisory Board  
5 shall serve terms of two (2) years; provided, however, that five of  
6 the initial appointees shall serve initial terms of one (1) year.

7 C. The advisory board shall establish its own rules and  
8 internal operating procedures. Meeting of the advisory board shall  
9 be subject to the Oklahoma Open Meeting Act. Members of the  
10 advisory board shall serve without compensation or reimbursement of  
11 expenses. The advisory board may report to the board of directors  
12 or to the oversight committee created in Section 35 of this act in  
13 writing at any time. The board of directors may invite the advisory  
14 board to make an oral presentation to the board of directors at  
15 regular meetings of the board.

16 SECTION 8. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 707 of Title 3A, unless there is  
18 created a duplication in numbering, reads as follows:

19 The board of directors shall provide the chief executive officer  
20 with private-sector perspectives of a large marketing enterprise.  
21 The board shall:

22 1. Approve, disapprove, amend, or modify the budget recommended  
23 by the chief executive officer for the operation of the corporation;

1        2. Approve, disapprove, amend, or modify the terms of major  
2 lottery procurements recommended by the chief executive officer;

3        3. Hear appeals of hearings required by this act;

4        4. Promulgate rules relating to the conduct of lottery games  
5 and as specified in the Administrative Procedures Act; and

6        5. Perform such other functions as specified by this act.

7        SECTION 9.        NEW LAW        A new section of law to be codified  
8 in the Oklahoma Statutes as Section 708 of Title 3A, unless there is  
9 created a duplication in numbering, reads as follows:

10        The board of directors shall appoint and shall provide for the  
11 compensation of a chief executive officer who shall be an employee  
12 of the corporation and who shall direct the day-to-day operations  
13 and management of the corporation and shall be vested with such  
14 powers and duties as specified by the board and by law. The chief  
15 executive officer shall serve at the pleasure of the board.

16        SECTION 10.        NEW LAW        A new section of law to be codified  
17 in the Oklahoma Statutes as Section 709 of Title 3A, unless there is  
18 created a duplication in numbering, reads as follows:

19        A. The corporation shall have any and all powers necessary or  
20 convenient to its usefulness in carrying out and effectuating the  
21 purposes and provisions of this act which are not in conflict with  
22 the Oklahoma Constitution and laws of this state and which are  
23 generally exercised by corporations engaged in entrepreneurial

1 pursuits, including, but without limiting the generality of the  
2 foregoing, the following powers:

3 1. To sue and be sued in contract and in tort and to complain  
4 and defend in all courts;

5 2. To adopt and alter a seal;

6 3. To adopt, amend, and repeal bylaws, regulations, and  
7 policies and procedures for the regulation of its affairs and the  
8 conduct of its business, to elect and prescribe the duties of  
9 officers and employees of the corporation, and to perform such other  
10 matters as the corporation may determine. In the adoption of  
11 bylaws, regulations, policies, and procedures or in the exercise of  
12 any regulatory power, the corporation shall be subject to the  
13 Administrative Procedures Act;

14 4. To procure or to provide insurance;

15 5. To hold copyrights, trademarks, and service marks and  
16 enforce its rights with respect thereto;

17 6. To initiate, supervise, and administer the operation of the  
18 lottery in accordance with the provisions of this act and  
19 regulations, policies, and procedures adopted pursuant thereto;

20 7. To enter into written agreements with one or more other  
21 states or sovereigns for the operation, participation in marketing,  
22 and promotion of a joint lottery or joint lottery games;

1           8. To conduct such market research as is necessary or  
2 appropriate, which may include an analysis of the demographic  
3 characteristics of the players of each lottery game and an analysis  
4 of advertising, promotion, public relations, incentives, and other  
5 aspects of communication;

6           9. To acquire or lease real property and make improvements  
7 thereon and acquire by lease or by purchase personal property,  
8 including, but not limited to, computers, mechanical, electronic,  
9 and on-line equipment and terminals, and intangible property,  
10 including, but not limited to, computer programs, systems, and  
11 software;

12          10. To enter into contracts to incur debt in its own name and  
13 enter into financing agreements with the state, agencies or  
14 instrumentalities of the state, or with any commercial financial  
15 institution or credit provider; provided, however, that any such  
16 debt must be approved by the Attorney General and State Treasurer.  
17 Provided further, any such debt shall not constitute a debt of the  
18 state and under no circumstances shall the general funds of the  
19 state be reached in order to satisfy any obligation of the  
20 corporation;

21          11. To be authorized to administer oaths, take depositions,  
22 issue subpoenas, and compel the attendance of witnesses and the

1 production of books, papers, documents, and other evidence relative  
2 to any investigation or proceeding conducted by the corporation;

3 12. To appoint and select officers, agents, and employees,  
4 including professional and administrative staff and personnel and  
5 hearing officers to conduct hearings required by this act, and to  
6 fix their compensation, pay their expenses, and provide a benefit  
7 program, including, but not limited to, a retirement plan and a  
8 group insurance plan;

9 13. To select and contract with vendors and retailers;

10 14. To enter into contracts or agreements with state or local  
11 law enforcement agencies for the performance of law enforcement,  
12 background investigations, and security checks;

13 15. To enter into contracts of any and all types on such terms  
14 and conditions as the corporation may determine;

15 16. To establish and maintain banking relationships, including,  
16 but not limited to, establishment of checking and savings accounts  
17 and lines of credit;

18 17. To advertise and promote the lottery and lottery games;

19 18. To act as a retailer, to conduct promotions which involve  
20 the dispensing of lottery tickets or shares, and to establish and  
21 operate a sales facility to sell lottery tickets or shares and any  
22 related merchandise; and

1        19. To adopt and amend such regulations, policies, and  
2 procedures as necessary to carry out and implement its powers and  
3 duties, organize and operate the corporation, regulate the conduct  
4 of lottery games in general, and any other matters necessary or  
5 desirable for the efficient and effective operation of the lottery  
6 or the convenience of the public. The promulgation of any such  
7 regulations, policies, and procedures shall be subject to the  
8 Administrative Procedures Act.

9        B. The powers enumerated in subsection A of this section are  
10 cumulative of and in addition to those powers enumerated elsewhere  
11 in this act, and no such powers limit or restrict any other powers  
12 of the corporation.

13        SECTION 11.        NEW LAW        A new section of law to be codified  
14 in the Oklahoma Statutes as Section 710 of Title 3A, unless there is  
15 created a duplication in numbering, reads as follows:

16        The board may promulgate rules, subject to the Administrative  
17 Procedures Act, regulating the conduct of lottery games in general,  
18 including, but not limited to, rules specifying:

19        1. The type of games to be conducted, including, but not  
20 limited to, instant lotteries, on-line games, and other games  
21 traditional to the lottery. Such games may include the selling of  
22 tickets or shares or the use of electronic or mechanical devices;

1           2. The sale price of tickets or shares and the manner of sale;  
2 provided, however, that all sales shall be for cash only and payment  
3 by checks, credit cards, charge cards, or any form of deferred  
4 payment is prohibited;

5           3. The number and amount of prizes;

6           4. The method and location of selecting or validating winning  
7 tickets or shares;

8           5. The manner and time of payment of prizes, which may include  
9 lump sum payments or installments over a period of years;

10          6. The manner of payment of prizes to the holders of winning  
11 tickets or shares, including without limitation provision for  
12 payment of prizes by retailers not exceeding Six Hundred Dollars  
13 (\$600.00) after deducting the price of the ticket or share and after  
14 performing validation procedures appropriate to the game and as  
15 specified by the board. The board may provide for a limited number  
16 of retailers who can pay prizes of up to Five Thousand Dollars  
17 (\$5,000.00) after performing validation procedures appropriate to  
18 the game and as specified by the board without regard to where such  
19 ticket or share was purchased;

20          7. The frequency of games and drawings or selection of winning  
21 tickets or shares;

22          8. The means of conducting drawings;

1           9. The method to be used in selling tickets or shares, which  
2 may include the use of electronic or mechanical devices, but such  
3 devices may be placed only in locations on the premises of the  
4 lottery retailer which are within the view of such retailer or an  
5 employee of such retailer. All electronic or mechanical devices  
6 shall bear a conspicuous label prohibiting the use of such device by  
7 persons under eighteen (18) years of age. A lottery retailer who  
8 knowingly allows a person under eighteen (18) years of age to  
9 purchase a lottery ticket or share from an electronic or mechanical  
10 device shall be subject to the penalties provided in Section 27 of  
11 this act;

12           10. The manner and amount of compensation to lottery retailers;  
13 and

14           11. Any and all other matters necessary, desirable, or  
15 convenient toward ensuring the efficient and effective operation of  
16 lottery games, the continued entertainment and convenience of the  
17 public, and the integrity of the lottery.

18           SECTION 12.           NEW LAW           A new section of law to be codified  
19 in the Oklahoma Statutes as Section 711 of Title 3A, unless there is  
20 created a duplication in numbering, reads as follows:

21           A. The chief executive officer of the corporation shall direct  
22 and supervise all administrative and technical activities in  
23 accordance with the provisions of this act and with the rules

1 promulgated by the board. It shall be the duty of the chief  
2 executive officer to:

3 1. Facilitate the initiation and supervise and administer the  
4 operation of the lottery games;

5 2. Employ and direct such personnel as deemed necessary;

6 3. Employ by contract and compensate such persons and firms as  
7 deemed necessary;

8 4. Promote or provide for promotion of the lottery and any  
9 functions related to the corporation;

10 5. Prepare a budget for the approval of the board;

11 6. Require bond from such retailers and vendors in such amounts  
12 as required by the board;

13 7. Report quarterly to the State Auditor and Inspector and the  
14 board a full and complete statement of lottery revenues and expenses  
15 for the preceding quarter; and

16 8. Perform other duties generally associated with a chief  
17 executive officer of a corporation of an entrepreneurial nature.

18 B. The chief executive officer may for good cause suspend,  
19 revoke, or refuse to renew any contract entered into in accordance  
20 with the provisions of this act or the rules of the board.

21 C. The chief executive officer or designee may conduct hearings  
22 and administer oaths to persons for the purpose of assuring the

1 security or integrity of lottery operations or to determine the  
2 qualifications of or compliance by vendors and retailers.

3 SECTION 13. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 712 of Title 3A, unless there is  
5 created a duplication in numbering, reads as follows:

6 A. The corporation shall establish and maintain a personnel  
7 program for its employees and fix the compensation and terms of  
8 compensation of its employees, including, but not limited to,  
9 production incentive payments.

10 B. No employee of the corporation shall have a financial  
11 interest in any vendor doing business or proposing to do business  
12 with the corporation.

13 C. No employee of the corporation with decision-making  
14 authority shall participate in any decision involving a retailer  
15 with whom the employee has a financial interest.

16 D. No employee of the corporation who leaves the employment of  
17 the corporation may represent any vendor or lottery retailer before  
18 the corporation for a period of two (2) years following termination  
19 of employment with the corporation.

20 E. A background investigation shall be conducted on each  
21 applicant who has reached the final selection process prior to  
22 employment by the corporation at the level of division director and  
23 above and at any level within any division of security and as

1 otherwise required by the board. The corporation shall be  
2 authorized to pay for the actual cost of such investigations and may  
3 contract with the Oklahoma State Bureau of Investigation for the  
4 performance of such investigations. The results of such a  
5 background investigation shall not be considered a record open to  
6 the public pursuant to the Oklahoma Open Records Act.

7 F. No person who has been convicted of a felony or bookmaking  
8 or other forms of illegal gambling or of a crime involving moral  
9 turpitude shall be employed by the corporation.

10 G. The corporation shall bond corporation employees with access  
11 to corporation funds or lottery revenue in such an amount as  
12 provided by the board and may bond other employees as deemed  
13 necessary.

14 SECTION 14. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 713 of Title 3A, unless there is  
16 created a duplication in numbering, reads as follows:

17 A. All lottery proceeds shall be the property of the  
18 corporation. From its lottery proceeds the corporation shall pay  
19 the operating expenses of the corporation. As nearly as practical,  
20 at least forty-five percent (45%) of the amount of money from the  
21 actual sale of lottery tickets or shares shall be made available as  
22 prize money; provided, however, that the provisions of this  
23 subsection shall be deemed not to create any lien, entitlement,

1 cause of action, or other private right, and any rights of holders  
2 of tickets or shares shall be determined by the corporation in  
3 setting the terms of its lottery or lotteries. As nearly as  
4 practical, for each fiscal year, net proceeds shall equal at least  
5 thirty-five percent (35%) of the lottery proceeds. However, for the  
6 first two full fiscal years and any partial first fiscal year of the  
7 corporation, net proceeds need only equal thirty percent (30%) of  
8 the proceeds as nearly as practical.

9 B. On or before the fifteenth day of each calendar quarter, the  
10 corporation shall transfer to the State Treasurer, for credit to the  
11 Lottery for Education Revolving Fund, the amount of all net proceeds  
12 during the preceding calendar quarter. There is hereby created in  
13 the State Treasury a revolving fund to be designated the "Lottery  
14 for Education Revolving Fund". The fund shall be a continuing fund,  
15 not subject to fiscal year limitations, and shall consist of all  
16 monies received by the State Treasurer as provided in this  
17 subsection. All moneys accruing to the credit of the fund are  
18 hereby appropriated and may be budgeted and expended as provided in  
19 subsection E of this section. Expenditures from the fund shall be  
20 made upon warrants issued by the State Treasurer against claims  
21 filed as prescribed by law with the Director of State Finance for  
22 approval and payment.

1       Upon their deposit into the state treasury, any moneys  
2 representing a deposit of net proceeds shall then become the  
3 unencumbered property of the State of Oklahoma and the corporation  
4 shall have no power to agree or undertake otherwise. Such moneys  
5 shall be invested by the State Treasurer in accordance with state  
6 investment practices. All earnings attributable to such investments  
7 shall likewise be the unencumbered property of the state and shall  
8 accrue to the credit of the fund.

9       C. Any appropriation of General Revenue Fund monies for the  
10 operation of the Oklahoma Lottery for Education and other expenses  
11 incurred in connection with the conduct of lotteries pursuant to the  
12 Oklahoma Lottery for Education Act shall be repaid with interest to  
13 the General Revenue Fund as excess monies are available in the  
14 Lottery for Education Revolving Fund, but in no case later than  
15 twelve (12) months from the effective date of the appropriation of  
16 such General Revenue Fund monies. The interest shall be based upon  
17 the principal amount outstanding each month until repaid and the  
18 average interest rate on time deposit, open accounts for each such  
19 month.

20       D. 1. A scholarship shortfall reserve account shall be  
21 maintained within the fund. An amount equal to ten percent (10%) of  
22 the total amount of lottery proceeds disbursed during the preceding  
23 fiscal year in the form of scholarships and grants for higher

1 education from the fund shall be deposited from lottery proceeds  
2 each year until such amount equals fifty percent (50%) of such sum.  
3 Thereafter, only an amount necessary to maintain the scholarship  
4 shortfall reserve account in an amount equal to fifty percent (50%)  
5 of the amount of lottery proceeds disbursed during the preceding  
6 fiscal year shall be deposited into the account. If the net  
7 proceeds paid into the fund in any year are not sufficient to meet  
8 the amount appropriated for higher education scholarships, the  
9 shortfall reserve account may be drawn upon to meet the deficiency.  
10 In the event it becomes necessary to draw from the reserve account  
11 in any fiscal year, the scholarship program shall be reviewed and  
12 shall be reduced to accommodate available lottery proceeds,  
13 exclusive of the scholarship shortfall reserve account, through such  
14 methods as reducing the family income cap qualification, reducing or  
15 eliminating grants for student fees and books, and reducing the  
16 academic years funded.

17 2. A shortfall reserve account shall be maintained within the  
18 fund. The amount of the shortfall reserve account shall be equal to  
19 ten percent (10%) of the total amount of lottery proceeds deposited  
20 into the fund for the preceding fiscal year. If the net proceeds  
21 deposited into the fund in any year, exclusive of the amount in the  
22 shortfall reserve account, are not sufficient to meet the amount  
23 appropriated for education purposes pursuant to subsection E of this

1 section, the shortfall reserve account may be drawn upon to meet the  
2 deficiency. In the event the shortfall reserve account is drawn  
3 upon, the account shall be brought back to the appropriate level  
4 with the first available funds duly deposited into the fund.

5 E. On or before February 1 of each year, the Office of State  
6 Finance shall estimate and report to the Governor and the  
7 Legislature the amount of net proceeds and treasury earnings thereon  
8 to be credited to the fund during the following fiscal year and the  
9 amount of unappropriated surplus estimated to be accrued in the fund  
10 at the beginning of the following fiscal year. The sum of estimated  
11 net proceeds, treasury earnings thereon, and unappropriated surplus  
12 shall be designated lottery proceeds.

13 F. There is hereby created the Lottery for Education  
14 Expenditure Approval Board, which shall consist of seven (7)  
15 members, one appointed by each of the following appointing  
16 authorities:

- 17 1. The Governor;
- 18 2. The President Pro Tempore of the Senate;
- 19 3. The Speaker of the House of Representatives;
- 20 4. The Attorney General;
- 21 5. The State Treasurer;
- 22 6. The State Auditor and Inspector; and
- 23 7. The State Superintendent of Public instruction.

1           The initial appointed members shall serve staggered terms of  
2 office as provided for by law. Thereafter, the appointed members of  
3 the Board shall serve seven-year terms of office. At least one  
4 appointee shall be appointed from each congressional district, and  
5 not more than two appointees shall be appointed from any single  
6 congressional district. Not more than four appointees shall be  
7 members of the same political party. An appointee shall have been a  
8 member of the political party to which the appointee belongs for at  
9 least one (1) year prior to the date of appointment. Appointees  
10 shall have demonstrated expertise in education. The Board shall  
11 meet at least one time each calendar quarter.

12           The Board shall approve and oversee the expenditure of lottery  
13 proceeds for programs and services for the benefit of the children  
14 of Oklahoma, with particular emphasis on common and higher  
15 education, before- and after-school and pre-school programs, and  
16 other programs and services designed to improve the health and  
17 quality of life of children.

18           If, for any educational purpose or program, less is expended in  
19 or during the fiscal year than is authorized, the excess shall be  
20 available for expenditure the following fiscal year and shall not  
21 retain its character as funds for the particular purpose.

22           G. No deficiency in the Lottery for Education Revolving Fund  
23 shall be replenished by reducing any nonlottery funds, including

1 specifically but without limitation the General Revenue Fund or the  
2 Constitutional Reserve Fund; nor shall any program or project  
3 started specifically from lottery proceeds be continued from the  
4 General Revenue Fund or the Constitutional Reserve Fund. Such  
5 programs must be adjusted or discontinued according to available  
6 lottery proceeds unless the Legislature by general law establishes  
7 eligibility requirements and appropriates specific funds therefor.  
8 Except as otherwise provided in subsection C of this section, no  
9 surplus in the Lottery for Education Revolving Fund shall be reduced  
10 or transferred to correct any nonlottery deficiencies in sums  
11 available for general appropriations.

12 SECTION 15. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 714 of Title 3A, unless there is  
14 created a duplication in numbering, reads as follows:

15 It is the intent of the people of this state that the  
16 corporation encourage participation by minority businesses.  
17 Accordingly, the board of directors shall adopt a plan which  
18 achieves to the greatest extent possible a level of participation by  
19 minority businesses taking into account the total number of all  
20 retailers and vendors, including any subcontractors. The  
21 corporation is authorized and directed to undertake training  
22 programs and other educational activities to enable such minority  
23 businesses to compete for contracts on an equal basis. The board

1 shall monitor the results of minority business participation and  
2 shall report the results of minority business participation to the  
3 Governor and the Legislature at least on an annual basis.

4 SECTION 16. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 715 of Title 3A, unless there is  
6 created a duplication in numbering, reads as follows:

7 A. The corporation shall investigate the financial  
8 responsibility, security, and integrity of any lottery system vendor  
9 who is a finalist in submitting a bid, proposal, or offer as part of  
10 a major procurement. At the time of submitting such bid, proposal,  
11 or offer to the corporation, the corporation may require the  
12 following items:

13 1. A disclosure of the vendor's name and address and, as  
14 applicable, the names and addresses of the following:

15 a. if the vendor is a corporation, the officers,  
16 directors, and each stockholder in such corporation;  
17 provided, however, that in the case of owners of  
18 equity securities of a publicly traded corporation,  
19 only the names and addresses of those known to the  
20 corporation to own beneficially five percent (5%) or  
21 more of such securities need be disclosed,

22 b. if the vendor is a trust, the trustee and all persons  
23 entitled to receive income or benefits from the trust,

- 1           c.    if the vendor is an association, the members,  
2                   officers, and directors, and
- 3           d.    if the vendor is a partnership or joint venture, all  
4                   of the general partners, limited partners, or joint  
5                   venturers;

6           2.    A disclosure of all the states and jurisdictions in which  
7 the vendor does business and the nature of the business for each  
8 such state or jurisdiction;

9           3.    A disclosure of all the states and jurisdictions in which  
10 the vendor has contracts to supply gaming goods or services,  
11 including, but not limited to, lottery goods and services, and the  
12 nature of the goods or services involved for each such state or  
13 jurisdiction;

14          4.    A disclosure of all the states and jurisdictions in which  
15 the vendor has applied for, has sought renewal of, has received, has  
16 been denied, has pending, or has had revoked a lottery or gaming  
17 license of any kind or had fines or penalties assessed to the  
18 vendor's license, contract, or operation and the disposition of such  
19 in each such state or jurisdiction.  If any lottery or gaming  
20 license or contract has been revoked or has not been renewed or any  
21 lottery or gaming license or application has been either denied or  
22 is pending and has remained pending for more than six (6) months,

1 all of the facts and circumstances underlying the failure to receive  
2 such a license shall be disclosed;

3 5. A disclosure of the details of any finding or plea,  
4 conviction, or adjudication of guilt in a state or federal court of  
5 the vendor for any felony or any other criminal offense other than a  
6 traffic violation;

7 6. A disclosure of the details of any bankruptcy, insolvency,  
8 reorganization, or corporate or individual purchase or takeover of  
9 another corporation, including bonded indebtedness, or any pending  
10 litigation of the vendor; and

11 7. Such additional disclosures and information as the  
12 corporation may determine to be appropriate for the procurement  
13 involved.

14 If at least twenty-five percent (25%) of the cost of a vendor's  
15 contract is subcontracted, the vendor shall disclose all of the  
16 information required by this section for the subcontractor as if the  
17 subcontractor were itself a vendor.

18 B. A lottery procurement contract shall not be entered into  
19 with any lottery system vendor who has not complied with the  
20 disclosure requirements described in subsection A of this section,  
21 and any contract with such a vendor is voidable at the option of the  
22 corporation. Any contract with a vendor who does not comply with  
23 such requirements for periodically updating such disclosures during

1 the tenure of contract as may be specified in such contract may be  
2 terminated by the corporation. The provisions of this section shall  
3 be construed broadly and liberally to achieve the ends of full  
4 disclosure of all information necessary to allow for a full and  
5 complete evaluation by the corporation of the competence, integrity,  
6 background, and character of vendors for major procurements.

7 C. A major procurement contract shall not be entered into with  
8 any vendor who has been found guilty of a felony related to the  
9 security or integrity of the lottery in this or any other  
10 jurisdiction.

11 D. A major procurement contract shall not be entered into with  
12 any vendor if such vendor has an ownership interest in an entity  
13 that had supplied consultation services under contract to the  
14 corporation regarding the request for proposals pertaining to those  
15 particular goods or services.

16 E. No lottery system vendor nor any applicant for a major  
17 procurement contract may pay, give, or make any economic  
18 opportunity, gift, loan, gratuity, special discount, favor,  
19 hospitality, or service, to the chief executive officer, any board  
20 member, or any employee of the corporation or to a member of the  
21 immediate family residing in the same household as any such person.

1 SECTION 17. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 716 of Title 3A, unless there is  
3 created a duplication in numbering, reads as follows:

4 A. 1. Each vendor shall, at the execution of the contract with  
5 the corporation, post a performance bond or letter of credit from a  
6 bank or credit provider acceptable to the corporation in an amount  
7 as deemed necessary by the corporation for that particular bid or  
8 contract. In lieu of the bond, a vendor may, to assure the faithful  
9 performance of its obligations, deposit and maintain with the  
10 corporation securities that are interest bearing or accruing and  
11 that are rated in one of the three highest classifications by an  
12 established nationally recognized investment rating service.  
13 Securities eligible under this section are limited to:

- 14 a. certificates of deposit issued by solvent banks or  
15 savings associations approved by the corporation and  
16 which are organized and existing under the laws of  
17 this state or under the laws of the United States,  
18 b. United States bonds, notes, and bills for which the  
19 full faith and credit of the government of the United  
20 States is pledged for the payment of principal and  
21 interest, and

1           c.    corporate bonds approved by the corporation.  The  
2                    corporation which issued the bonds shall not be an  
3                    affiliate or subsidiary of the depositor.

4           Such securities shall be held in trust and shall have at all  
5 times a market value at least equal to the full amount estimated to  
6 be paid annually to the lottery vendor under contract.

7           2.  Because of certain economic considerations, minority  
8 businesses may not be able financially to comply with the bonding,  
9 deposit of securities, or letter of credit requirements of paragraph  
10 1 of this subsection.  Notwithstanding any other provisions of this  
11 subsection, in order to assure minority participation in major  
12 procurement contracts to the most feasible and practicable extent  
13 possible, the chief executive officer is authorized and directed to  
14 waive the bonding, deposit of securities, and letter of credit  
15 requirements of paragraph 1 of this subsection for a period of five  
16 (5) years from the time that a minority business enters into a major  
17 procurement contract for any minority business which substantiates  
18 financial hardship pursuant to the policies and procedures  
19 established by the board.

20           B.  Each vendor shall be qualified to do business in this state  
21 and shall file appropriate tax returns as provided by the laws of  
22 this state.  All contracts under this section shall be governed by  
23 the laws of this state.

1 C. No contract shall be let with any vendor in which a public  
2 official has an ownership interest of ten percent (10%) or more.

3 D. All major procurement contracts must be competitively bid  
4 pursuant to policies and procedures approved by the board unless  
5 there is only one qualified vendor and that vendor has an exclusive  
6 right to offer the service or product.

7 SECTION 18. NEW LAW A new section of law to be codified  
8 in the Oklahoma Statutes as Section 717 of Title 3A, unless there is  
9 created a duplication in numbering, reads as follows:

10 A. The people of this state recognize that to conduct a  
11 successful lottery, the corporation must develop and maintain a  
12 statewide network of lottery retailers that will serve the public  
13 convenience and promote the sale of tickets or shares and the  
14 playing of lottery games while ensuring the integrity of the lottery  
15 operations, games, and activities.

16 B. The corporation must make every effort to provide small  
17 retailers a chance to participate in the sales of lottery tickets or  
18 shares.

19 C. The corporation shall provide for compensation to lottery  
20 retailers in the form of commissions in an amount of not less than  
21 five percent (5%) of gross sales and may provide for other forms of  
22 compensation for services rendered in the sale or cashing of lottery  
23 tickets or shares.

1 D. The corporation shall issue a certificate of authority to  
2 each person with whom it contracts as a retailer for purposes of  
3 display. Every lottery retailer shall post and keep conspicuously  
4 displayed in a location on the premises accessible to the public its  
5 certificate of authority. No certificate shall be assignable or  
6 transferable.

7 E. The board shall develop a list of objective criteria upon  
8 which the qualification of lottery retailers shall be based.  
9 Separate criteria shall be developed to govern the selection of  
10 retailers of instant tickets and on-line retailers. In developing  
11 these criteria, the board shall consider such factors as the  
12 applicant's financial responsibility, security of the applicant's  
13 place of business or activity, accessibility to the public,  
14 integrity, and reputation. The board shall not consider political  
15 affiliation, activities, or monetary contributions to political  
16 organizations or candidates for any public office. The criteria  
17 shall include but not be limited to the following:

18 1. The applicant shall be current in filing all applicable tax  
19 returns to the State of Oklahoma and in payment of all taxes,  
20 interest, and penalties owed to the State of Oklahoma, excluding  
21 items under formal appeal pursuant to applicable statutes. The  
22 Oklahoma Tax Commission is authorized and directed to provide this  
23 information to the corporation;

1           2. No person, partnership, unincorporated association,  
2 corporation, or other business entity shall be selected as a lottery  
3 retailer who:

4           a. has been convicted of a criminal offense related to  
5 the security or integrity of the lottery in this or  
6 any other jurisdiction,

7           b. has been convicted of any illegal gambling activity,  
8 false statements, false swearing, or perjury in this  
9 or any other jurisdiction or convicted of any crime  
10 punishable by more than one year of imprisonment or a  
11 fine of more than One Thousand Dollars (\$1,000.00) or  
12 both unless the person's civil rights have been  
13 restored and at least five (5) years have elapsed from  
14 the date of the completion of the sentence without a  
15 subsequent conviction of a crime described in this  
16 subparagraph,

17           c. has been found to have violated the provisions of this  
18 act or any rule, regulation, policy, or procedure of  
19 the corporation unless either ten (10) years have  
20 passed since the violation or the board finds the  
21 violation both minor and unintentional in nature,

22           d. is a vendor or any employee or agent of any vendor  
23 doing business with the corporation,

- 1 e. resides in the same household as an officer of the  
2 corporation,  
3 f. has made a statement of material fact to the  
4 corporation knowing such statement to be false, or  
5 g. is engaged exclusively in the business of selling  
6 lottery tickets or shares; provided, however, that  
7 this subsection shall not preclude the corporation  
8 from selling or giving away lottery tickets or shares  
9 for promotional purposes;

10 3. Persons applying to become lottery retailers shall be  
11 charged a uniform application fee for each lottery outlet.

12 Retailers who participate in on-line games shall be charged a  
13 uniform application fee for each on-line outlet;

14 4. Any lottery retailer contract executed pursuant to this  
15 section may, for good cause, be suspended, revoked, or terminated by  
16 the chief executive officer or designee if the retailer is found to  
17 have violated any provision of this act or objective criteria  
18 established by the board. Review of such activities shall be in  
19 accordance with the procedures outlined in this act and shall not be  
20 subject to the Administrative Procedure Act; and

21 5. All lottery retailer contracts may be renewable annually in  
22 the discretion of the corporation unless sooner canceled or  
23 terminated.

1 F. No lottery retailer or applicant to be a lottery retailer  
2 shall pay, give, or make any economic opportunity, gift, loan,  
3 gratuity, special discount, favor, hospitality, or service, to the  
4 chief executive officer, any board member, or any employee of the  
5 corporation or to a member of the immediate family residing in the  
6 same household as any such person.

7 SECTION 19. NEW LAW A new section of law to be codified  
8 in the Oklahoma Statutes as Section 718 of Title 3A, unless there is  
9 created a duplication in numbering, reads as follows:

10 A. No lottery retailer contract shall be transferable or  
11 assignable. No lottery retailer shall contract with any person for  
12 lottery goods or services except with the approval of the board.

13 B. Lottery tickets and shares shall only be sold by the  
14 retailer stated on the lottery retailer certificate.

15 SECTION 20. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 719 of Title 3A, unless there is  
17 created a duplication in numbering, reads as follows:

18 A. The corporation may establish a fidelity fund separate from  
19 all other funds and shall assess each retailer a one-time fee not to  
20 exceed One Hundred Dollars (\$100.00) per sales location. The  
21 corporation is authorized to invest the funds or place such funds in  
22 one or more interest-bearing accounts. Moneys deposited to the fund  
23 may be used to cover losses the corporation experiences due to

1 nonfeasance, misfeasance, or malfeasance of a lottery retailer. In  
2 addition, the funds may be used to purchase blanket bonds covering  
3 the Oklahoma Lottery for Education Corporation against losses from  
4 all retailers. At the end of each fiscal year, the corporation  
5 shall pay to the Lottery for Education Revolving Fund any amount in  
6 the fidelity fund which exceeds Five Hundred Thousand Dollars  
7 (\$500,000.00), and such funds shall be commingled with and treated  
8 as net proceeds from the lottery.

9 B. A reserve account may be established as a general operating  
10 expense to cover amounts deemed uncollectible. The corporation  
11 shall establish procedures for minimizing any losses that may be  
12 experienced for the foregoing reasons and shall exercise and exhaust  
13 all available options in such procedures prior to amounts being  
14 written off to this account.

15 C. The corporation may require any retailer to post an  
16 appropriate bond, as determined by the corporation, using an  
17 insurance company acceptable to the corporation. The amount should  
18 not exceed the applicable district sales average of lottery tickets  
19 for two billing periods.

20 D. 1. In its discretion, the corporation may allow a retailer  
21 to deposit and maintain with the corporation securities that are  
22 interest bearing or accruing. Securities eligible under this  
23 paragraph shall be limited to:

- 1           a.    certificates of deposit issued by solvent banks or  
2                    savings associations organized and existing under the  
3                    laws of this state or under the laws of the United  
4                    States,  
5           b.    United States bonds, notes, and bills for which the  
6                    full faith and credit of the United States is pledged  
7                    for the payment of principal and interest, and  
8           c.    federal agency securities by an agency or  
9                    instrumentality of the United States government.

10           2.   Such securities shall be held in trust in the name of the  
11 Oklahoma Lottery for Education Corporation.

12           SECTION 21.       NEW LAW       A new section of law to be codified  
13 in the Oklahoma Statutes as Section 720 of Title 3A, unless there is  
14 created a duplication in numbering, reads as follows:

15           A.   Any retail contract executed by the corporation pursuant to  
16 this act shall specify the reasons for which a contract may be  
17 canceled, suspended, revoked, or terminated by the corporation,  
18 which reasons shall include but not be limited to:

19           1.   Commission of a violation of this act, a rule, a regulation,  
20 or a policy or procedure of the corporation;

21           2.   Failure to accurately or timely account for lottery tickets,  
22 lottery games, revenues, or prizes as required by the corporation;

23           3.   Commission of any fraud, deceit, or misrepresentation;

1           4. Insufficient sales;

2           5. Conduct prejudicial to public confidence in the lottery;

3           6. The retailer filing for or being placed in bankruptcy or  
4 receivership;

5           7. Any material change as determined in the sole discretion of  
6 the corporation in any matter considered by the corporation in  
7 executing the contract with the retailer; or

8           8. Failure to meet any of the objective criteria established by  
9 the corporation pursuant to this act.

10          B. If, in the discretion of the chief executive officer or  
11 designee, cancellation, denial, revocation, suspension, or rejection  
12 of renewal of a lottery retailer contract is in the best interest of  
13 the lottery, the public welfare, or the State of Oklahoma, the chief  
14 executive officer or designee may cancel, suspend, revoke, or  
15 terminate, after notice and a right to a hearing, any contract  
16 issued pursuant to this act. Such contract may, however, be  
17 temporarily suspended by the chief executive officer or designee  
18 without prior notice pending any prosecution, hearing, or  
19 investigation, whether by a third party or by the chief executive  
20 officer. A contract may be suspended, revoked, or terminated by the  
21 chief executive officer or designee for any one or more of the  
22 reasons enumerated in this section. Any hearing held shall be  
23 conducted by the chief executive officer or designee. A party to

1 the contract aggrieved by the decision of the chief executive  
2 officer or designee may appeal the adverse decision to the board.  
3 Such appeal shall be pursuant to the rules set by the board and is  
4 not subject to the Administrative Procedures Act.

5 SECTION 22. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 721 of Title 3A, unless there is  
7 created a duplication in numbering, reads as follows:

8 A. All proceeds from the sale of the lottery tickets or shares  
9 shall constitute a trust fund until paid to the corporation either  
10 directly or through the corporation's authorized collection  
11 representative. A lottery retailer and officers of a lottery  
12 retailer's business shall have a fiduciary duty to preserve and  
13 account for lottery proceeds and lottery retailers shall be  
14 personally liable for all proceeds. Proceeds shall include unsold  
15 instant tickets received by a lottery retailer and cash proceeds of  
16 the sale of any lottery products, net of allowable sales commissions  
17 and credit for lottery prizes sold to or paid to winners by lottery  
18 retailers. Sales proceeds and unused instant tickets shall be  
19 delivered to the corporation or its authorized collection  
20 representative upon demand.

21 B. The corporation shall require retailers to place all lottery  
22 proceeds due the corporation in accounts in institutions insured by  
23 the Federal Deposit Insurance Corporation not later than the close

1 of the next banking day after the date of their collection by the  
2 retailer until the date they are paid over to the corporation. At  
3 the time of such deposit, lottery proceeds shall be deemed to be the  
4 property of the corporation. The corporation may require a retailer  
5 to establish a single separate electronic funds transfer account  
6 where available for the purpose of receiving moneys from ticket or  
7 share sales, making payments to the corporation, and receiving  
8 payments for the corporation. Unless otherwise authorized in  
9 writing by the corporation, each lottery retailer shall establish a  
10 separate bank account for lottery proceeds which shall be kept  
11 separate and apart from all other funds and assets and shall not be  
12 commingled with any other funds or assets.

13 C. Whenever any person who receives proceeds from the sale of  
14 lottery tickets or shares in the capacity of a lottery retailer  
15 becomes insolvent or dies insolvent, the proceeds due the  
16 corporation from such person or the person's estate shall have  
17 preference over all debts or demands.

18 SECTION 23. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 722 of Title 3A, unless there is  
20 created a duplication in numbering, reads as follows:

21 If a lottery retailer's rental payments for the business  
22 premises are contractually computed, in whole or in part, on the  
23 basis of a percentage of retail sales and such computation of retail

1 sales is not explicitly defined to include sales of tickets or  
2 shares in a state operated or state managed lottery, only the  
3 compensation received by the lottery retailer from the corporation  
4 may be considered the amount of the lottery retail sale for purposes  
5 of computing the rental payment.

6 SECTION 24. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 723 of Title 3A, unless there is  
8 created a duplication in numbering, reads as follows:

9 A. No person shall sell a ticket or share at a price other than  
10 established by the corporation unless authorized in writing by the  
11 chief executive officer. No person other than a duly certified  
12 lottery retailer shall sell lottery tickets, but this subsection  
13 shall not be construed to prevent a person who may lawfully purchase  
14 tickets or shares from making a gift of lottery tickets or shares to  
15 another. Nothing in this act shall be construed to prohibit the  
16 corporation from designating certain of its agents and employees to  
17 sell or give lottery tickets or shares directly to the public.

18 B. Lottery tickets or shares may be given by merchants as a  
19 means of promoting goods or services to customers or prospective  
20 customers subject to prior approval by the corporation.

21 C. No lottery retailer shall sell a lottery ticket or share  
22 except from the locations listed in the retailer's contract and as  
23 evidenced by the certificate of authorization unless the corporation

1 authorizes in writing any temporary location not listed in the  
2 contract.

3 D. No lottery tickets or shares shall be sold to persons under  
4 eighteen (18) years of age, but this section does not prohibit the  
5 purchase of a lottery ticket or share by a person eighteen (18)  
6 years of age or older for the purpose of making a gift to any person  
7 of any age. In such case, the corporation shall direct payment of  
8 proceeds of any lottery prize to an adult member of the person's  
9 family or a legal representative of the person on behalf of such  
10 person.

11 SECTION 25. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 724 of Title 3A, unless there is  
13 created a duplication in numbering, reads as follows:

14 A. Proceeds of any lottery prize shall be subject to the  
15 Oklahoma state income tax.

16 B. Except as otherwise provided in this act, attachments,  
17 garnishments, or executions authorized and issued pursuant to law  
18 shall be withheld if timely served upon the corporation. This  
19 subsection shall not apply to a retailer.

20 C. The corporation shall adopt regulations, policies, and  
21 procedures to establish a system of verifying the validity of  
22 tickets or shares claimed to win prizes and to effect payment of  
23 such prizes, except that:

1           1. No prize, any portion of a prize, or any right of any person  
2 to a prize awarded shall be assignable. Any prize or any portion of  
3 a prize remaining unpaid at the death of a prize winner shall be  
4 paid to the estate of the deceased prize winner or to the trustee of  
5 a trust established by the deceased prize winner as settlor if a  
6 copy of the trust document or instrument has been filed with the  
7 corporation along with a notarized letter of direction from the  
8 settlor and no written notice of revocation has been received by the  
9 corporation prior to the settlor's death. Following a settlor's  
10 death and prior to any payment to such a successor trustee, the  
11 corporation shall obtain from the trustee a written agreement to  
12 indemnify and hold the corporation harmless with respect to any  
13 claims that may be asserted against the corporation arising from  
14 payment to or through the trust. Notwithstanding any other  
15 provisions of this section, any person, pursuant to an appropriate  
16 judicial order, shall be paid the prize to which a winner is  
17 entitled;

18           2. No prize shall be paid arising from claimed tickets that are  
19 stolen, counterfeit, altered, fraudulent, unissued, produced or  
20 issued in error, unreadable, not received, or not recorded by the  
21 corporation within applicable deadlines; lacking in captions that  
22 conform and agree with the play symbols as appropriate to the  
23 particular lottery game involved; or not in compliance with such

1 additional specific regulations and public or confidential  
2 validation and security tests of the corporation appropriate to the  
3 particular lottery game involved;

4 3. No particular prize in any lottery game shall be paid more  
5 than once, and in the event of a determination that more than one  
6 claimant is entitled to a particular prize, the sole remedy of such  
7 claimants is the award to each of them of an equal share in the  
8 prize; and

9 4. A holder of a winning cash ticket or share from a lottery  
10 game shall claim a cash prize within one hundred eighty (180) days,  
11 or for a multistate or multisovereign lottery game within one  
12 hundred eighty (180) days, after the drawing in which the cash prize  
13 was won. In any Oklahoma lottery game in which the player may  
14 determine instantly if the player has won or lost, the player shall  
15 claim a cash prize within ninety (90) days, or for a multistate  
16 lottery game within one hundred eighty (180) days, after the end of  
17 the lottery game. If a valid claim is not made for a cash prize  
18 within the applicable period, the cash prize shall constitute an  
19 unclaimed prize for purposes of this act.

20 D. No prize shall be paid upon a ticket or share purchased or  
21 sold in violation of this act. Any such prize shall constitute an  
22 unclaimed prize for purposes of this act.

1 E. The corporation is discharged of all liability upon payment  
2 of a prize.

3 F. No ticket or share shall be purchased by and no prize shall  
4 be paid to any member of the board of directors, any officer or  
5 employee of the corporation, or to any spouse, child, brother,  
6 sister, or parent residing as a member of the same household in the  
7 principal place of residence of any such person. No ticket or share  
8 shall be purchased by and no prize shall be paid to any officer,  
9 employee, agent, or subcontractor of any vendor or to any spouse,  
10 child, brother, sister, or parent residing as a member of the same  
11 household in the principal place of residence of any such person if  
12 such officer, employee, agent, or subcontractor has access to  
13 confidential information which may compromise the integrity of the  
14 lottery.

15 G. No lottery game utilizing an electronic or mechanical  
16 machine may use a machine which dispenses coins or currency.

17 H. Unclaimed prize money shall not constitute net lottery  
18 proceeds. A portion of unclaimed prize money, not to exceed Two  
19 Hundred Thousand Dollars (\$200,000.00) annually, shall be  
20 transferred to the Department of Human Services for the treatment of  
21 compulsive gambling disorder and educational programs related to  
22 such disorder. In addition, unclaimed prize money may be added to

1 the pool from which future prizes are to be awarded or used for  
2 special prize promotions.

3 SECTION 26. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 725 of Title 3A, unless there is  
5 created a duplication in numbering, reads as follows:

6 A. Except as authorized in this act, the corporation is subject  
7 to the provisions of the Oklahoma Open Records Act. The corporation  
8 is specifically authorized to determine which information relating  
9 to the operation of the lottery is confidential as provided in the  
10 Oklahoma Open Records Act. Such information includes trade secrets,  
11 security measures, systems, or procedures, security reports,  
12 information concerning bids or other contractual data, the  
13 disclosure of which would impair the efforts of the corporation to  
14 contract for goods or services on favorable terms, employee  
15 personnel information unrelated to compensation, duties,  
16 qualifications, or responsibilities, and information obtained  
17 pursuant to investigations which is otherwise confidential.  
18 Information deemed confidential pursuant to this section is exempt  
19 from the provisions of the Oklahoma Open Records Act. Meetings or  
20 portions of meetings devoted to discussing information deemed  
21 confidential pursuant to this section may be held in executive  
22 session pursuant to the Oklahoma Open Meeting Act.

1           B. The corporation shall perform full criminal background  
2 investigations prior to the execution of any vendor contract.

3           C. The corporation or its authorized agent shall:

4           1. Conduct criminal background investigations and credit  
5 investigations on all potential retailers;

6           2. Supervise ticket or share validation and lottery drawings;

7           3. Inspect at times determined solely by the corporation the  
8 facilities of any vendor or lottery retailer in order to determine  
9 the integrity of the vendor's product or the operations of the  
10 retailer in order to determine whether the vendor or the retailer  
11 is in compliance with its contract;

12          4. Report any suspected violations of this act to the  
13 appropriate district attorney or the Attorney General and to any law  
14 enforcement agencies having jurisdiction over the violation; and

15          5. Upon request, provide assistance to any district attorney,  
16 the Attorney General, or a law enforcement agency investigating a  
17 violation of this act.

18           SECTION 27.       NEW LAW       A new section of law to be codified  
19 in the Oklahoma Statutes as Section 726 of Title 3A, unless there is  
20 created a duplication in numbering, reads as follows:

21           Any person who knowingly sells a lottery ticket or share to a  
22 person under eighteen (18) years of age or permits a person under  
23 eighteen (18) years of age to play any lottery games shall, upon

1 conviction, be guilty of a misdemeanor and shall be fined not less  
2 than One Hundred Dollars (\$100.00) nor more than Five Hundred  
3 Dollars (\$500.00) for the first offense and for each subsequent  
4 offense not less than Two Hundred Dollars (\$200.00) nor more than  
5 One Thousand Dollars (\$1,000.00). It shall be an affirmative  
6 defense to a charge of a violation under this section that the  
7 retailer reasonably and in good faith relied upon representation of  
8 proof of age in making the sale.

9 SECTION 28. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 727 of Title 3A, unless there is  
11 created a duplication in numbering, reads as follows:

12 A. Any person who, with intent to defraud, falsely makes,  
13 alters, forges, utters, passes, or counterfeits a state lottery  
14 ticket shall, upon conviction, be punished by a fine not to exceed  
15 Fifty Thousand Dollars (\$50,000.00), by imprisonment for not longer  
16 than five (5) years, or by both such fine and imprisonment.

17 B. Any person who influences or attempts to influence the  
18 winning of a prize through the use of coercion, fraud, deception, or  
19 tampering with lottery equipment or materials shall, upon  
20 conviction, be punished by a fine not to exceed Fifty Thousand  
21 Dollars (\$50,000.00), by imprisonment for not longer than five (5)  
22 years, or by both such fine and imprisonment.

1 SECTION 29. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 728 of Title 3A, unless there is  
3 created a duplication in numbering, reads as follows:

4 No person shall knowingly or intentionally make a material false  
5 statement in any application for a license or proposal to conduct  
6 lottery activities or make a material false entry in any book or  
7 record which is compiled or maintained or submitted to the board  
8 pursuant to the provisions of this act. Any person who violates the  
9 provisions of this section shall, upon conviction, be punished by a  
10 fine not to exceed Twenty-five Thousand Dollars (\$25,000.00) or the  
11 dollar amount of the false entry or statement, whichever is greater,  
12 by imprisonment for not longer than five (5) years, or by both such  
13 fine and imprisonment.

14 SECTION 30. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 729 of Title 3A, unless there is  
16 created a duplication in numbering, reads as follows:

17 A. The corporation may enter into intelligence sharing,  
18 reciprocal use, or restricted use agreements with the federal  
19 government, law enforcement agencies, lottery regulation agencies,  
20 and gaming enforcement agencies of other jurisdictions which provide  
21 for and regulate the use of information provided and received  
22 pursuant to the agreement.

1           B. Records, documents, and information in the possession of the  
2 corporation received pursuant to an intelligence-sharing, reciprocal  
3 use, or restricted use agreement entered into by the corporation  
4 with a federal department or agency, any law enforcement agency, or  
5 the lottery regulation or gaming enforcement agency of any  
6 jurisdiction shall be considered investigative records of a law  
7 enforcement agency and are not subject to the Oklahoma Open Records  
8 Act and shall not be released under any condition without the  
9 permission of the person or agency providing the record or  
10 information.

11           SECTION 31.           NEW LAW           A new section of law to be codified  
12 in the Oklahoma Statutes as Section 730 of Title 3A, unless there is  
13 created a duplication in numbering, reads as follows:

14           A. The corporation shall enter into its contracts for major  
15 procurements after competitive bidding. The requirement for  
16 competitive bidding does not apply in the case of a single vendor  
17 having exclusive rights to offer a particular service or product.  
18 Procedures adopted by the board shall be designed to allow the  
19 selection of proposals that provide the greatest long-term benefit  
20 to the state, the greatest integrity for the corporation, and the  
21 best service and products for the public.

1           B. In any bidding process, the corporation may administer its  
2 own bidding and procurement or may utilize the services of the  
3 Department of Central Services.

4           SECTION 32.       NEW LAW       A new section of law to be codified  
5 in the Oklahoma Statutes as Section 731 of Title 3A, unless there is  
6 created a duplication in numbering, reads as follows:

7           A. Any retailer, vendor, or applicant for a retailer or vendor  
8 contract aggrieved by an action of the board may appeal that  
9 decision to the District Court of Oklahoma County.

10          B. The District Court of Oklahoma County shall hear appeals  
11 from decisions of the board and based upon the record of the  
12 proceedings before the board may reverse the decision of the board  
13 only if the appellant proves the decision to be:

- 14           1. Clearly erroneous;
- 15           2. Arbitrary and capricious;
- 16           3. Procured by fraud;
- 17           4. A result of substantial misconduct by the board; or
- 18           5. Contrary to the United States Constitution or the Oklahoma  
19 Constitution or the provisions of this act.

20          C. The court may remand an appeal to the board to conduct  
21 further hearings.

22          D. Any person who appeals the award of a major procurement  
23 contract for the supply of a lottery ticket system, share system, or

1 an on-line or other mechanical or electronic system shall be liable  
2 for all costs of appeal and defense in the event the appeal is  
3 denied or the contract award upheld. Cost of appeal and defense  
4 shall specifically include but not be limited to court costs, bond,  
5 legal fees, and loss of income to the corporation resulting from  
6 institution of the appeal if, upon the motion of the corporation,  
7 the court finds the appeal to have been frivolous.

8 SECTION 33. NEW LAW A new section of law to be codified  
9 in the Oklahoma Statutes as Section 732 of Title 3A, unless there is  
10 created a duplication in numbering, reads as follows:

11 A. The corporation may borrow, or accept and expend, in  
12 accordance with the provisions of this act, such moneys as may be  
13 received from any source, including income from the corporation's  
14 operations, for effectuating its corporate purposes, including the  
15 payment of the initial expenses of initiation, administration, and  
16 operation of the corporation and the lottery.

17 B. The corporation shall be self-sustaining and self-funded.  
18 Moneys in the General Revenue Fund shall not be used or obligated to  
19 pay the expenses of the corporation or prizes of the lottery, and no  
20 claim for the payment of an expense of the lottery or prizes of the  
21 lottery may be made against any moneys other than moneys credited to  
22 the corporation operating account.

1 C. The corporation may purchase, lease, or lease-purchase such  
2 goods or services as are necessary for effectuating the purposes of  
3 this act. The corporation may make procurements which integrate  
4 functions such as lottery game design, lottery ticket distribution  
5 to retailers, supply of goods and services, and advertising. In all  
6 procurement decisions, the corporation shall take into account the  
7 particularly sensitive nature of the state lottery and shall act to  
8 promote and ensure security, honesty, fairness, and integrity in the  
9 operation and administration of the lottery and the objectives of  
10 raising net proceeds for the benefit of educational programs and  
11 purposes.

12 SECTION 34. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 733 of Title 3A, unless there is  
14 created a duplication in numbering, reads as follows:

15 To ensure the financial integrity of the lottery, the  
16 corporation through its board of directors shall:

17 1. Submit quarterly and annual reports to the Governor, State  
18 Auditor and Inspector, and the oversight committee created by  
19 Section 35 of this act, disclosing the total lottery revenues, prize  
20 disbursements, operating expenses, and administrative expenses of  
21 the corporation during the reporting period. The annual report  
22 shall additionally describe the organizational structure of the

1 corporation and summarize the functions performed by each  
2 organizational division within the corporation;

3 2. Adopt a system of internal audits;

4 3. Maintain weekly or more frequent records of lottery  
5 transactions, including the distribution of tickets or shares to  
6 retailers, revenues received, claims for prizes, prizes paid,  
7 prizes forfeited, and other financial transactions of the  
8 corporation;

9 4. Contract with a certified public accountant or firm for an  
10 annual financial audit of the corporation. The certified public  
11 accountant or firm shall have no financial interest in any vendor  
12 with whom the corporation is under contract. The certified public  
13 accountant or firm shall present an audit report not later than  
14 seven months after the end of the fiscal year. The certified public  
15 accountant or firm shall evaluate the internal auditing controls in  
16 effect during the audit period. The cost of this annual financial  
17 audit shall be an operating expense of the corporation. The State  
18 Auditor and Inspector may at any time conduct an audit of any phase  
19 of the operations of the Oklahoma Lottery for Education Corporation  
20 at the expense of the state and shall receive a copy of the annual  
21 independent financial audit. A copy of any audit performed by the  
22 certified public accountant or firm or the state auditor shall be  
23 transmitted to the Governor, the President Pro Tempore of the

1 Senate, and the Speaker of the House of Representatives, the State  
2 Auditor and Inspector, and the chairperson of the oversight  
3 committee created in Section 35 of this act;

4 5. Submit to the Office of State Finance and the State Auditor  
5 and Inspector by June 30 of each year a copy of the annual operating  
6 budget for the corporation for the next fiscal year. This annual  
7 operating budget shall be approved by the board and be on such forms  
8 as prescribed by the Office of State Finance;

9 6. For informational purposes only, submit to the Office of  
10 State Finance on September 1 of each year a proposed operating  
11 budget for the corporation for the succeeding fiscal year. This  
12 budget proposal shall also be accompanied by an estimate of the net  
13 proceeds to be deposited into the Lottery for Education Revolving  
14 Fund during the succeeding fiscal year. This budget shall be on  
15 such forms as prescribed by the Office of State Finance; and

16 7. Adopt the same fiscal year as that used by state government.

17 SECTION 35. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 734 of Title 3A, unless there is  
19 created a duplication in numbering, reads as follows:

20 A. There is hereby created as a joint committee of the  
21 Legislature the Oklahoma Lottery for Education Corporation  
22 Legislative Oversight Committee, to be composed of the members of  
23 the Senate Finance Committee and the House Revenue and Taxation

1 Committee. The chair of such committees shall serve as cochair of  
2 the oversight committee. The oversight committee shall periodically  
3 inquire into and review the operations of the Oklahoma Lottery for  
4 Education Corporation, as well as periodically review and evaluate  
5 the success with which the corporation is accomplishing its  
6 statutory duties and functions as provided in this act. The  
7 oversight committee may conduct any independent audit or  
8 investigation of the corporation it deems necessary.

9 B. The Oklahoma Lottery for Education Corporation shall provide  
10 the oversight committee not later than December 1 of each year with  
11 a complete report of the level of participation of minority  
12 businesses in all retail and major procurement contracts awarded by  
13 the corporation.

14 SECTION 36. AMENDATORY 21 O.S. 2001, Section 1051, is  
15 amended to read as follows:

16 Section 1051. A lottery is any scheme for the disposal or  
17 distribution of property by chance among persons who have paid, or  
18 promised, or agreed to pay any valuable consideration for the chance  
19 of obtaining such property, or a portion of it, or for any share of  
20 or interest in such property, upon any agreement, understanding or  
21 expectation that it is to be distributed or disposed of by a lot or  
22 chance, whether called a lottery, a raffle, or a gift enterprise, or  
23 by whatever name the same may be known. Valuable consideration

1 shall be construed to mean money or goods of actual pecuniary value.  
2 Provided, it shall not be a violation of the lottery or gambling  
3 laws of this state for ~~(1) a~~:

4 1. The Oklahoma Lottery for Education Corporation to conduct a  
5 lottery pursuant to the provisions of the Oklahoma Lottery for  
6 Education Act;

7 2. A bona fide resident merchant or merchants of a city or  
8 town, acting in conjunction with the Chamber of Commerce or  
9 Commercial Club of this state thereof, to issue free of charge  
10 numbered tickets on sales of ~~his~~ merchandise, the corresponding stub  
11 of one or more of which tickets to be drawn or chosen by lot by a  
12 representative or representatives of ~~said the~~ Chamber of Commerce or  
13 of ~~said the~~ Commercial Club in the manner set forth on ~~said the~~  
14 tickets, the numbered stub or stubs so drawn to entitle the holder  
15 of the corresponding numbered issued ticket to a valuable prize  
16 donated by ~~said the~~ merchant; ~~(2) a~~ or

17 3. A bona fide community chest welfare fund on a military post  
18 or reservation to issue numbered tickets in conjunction with  
19 voluntary contributions to ~~said the~~ fund, the corresponding stub or  
20 stubs of one or more of ~~said the~~ tickets to be drawn by lot under  
21 the supervision of a military commander, the stub or stubs so drawn  
22 entitling the ticket holder to a prize of some value. Provided,

1 however, that no person shall sell tickets or receive contributions  
2 to ~~said~~ the fund off the military reservation.

3 SECTION 37. AMENDATORY 62 O.S. 2001, Section 7.2, is  
4 amended to read as follows:

5 Section 7.2 A. There is hereby re-created, to continue until  
6 July 1, 2002, in accordance with the provisions of the Oklahoma  
7 Sunset Law, Section 3901 et seq. of Title 74 of the Oklahoma  
8 Statutes, a Special Agency Account Board, to consist of the Director  
9 of State Finance, the State Treasurer and the Director of the  
10 Legislative Service Bureau. The Board shall have the authority to  
11 approve the establishment of agency special accounts in the official  
12 depository of the State Treasury. In the case of institutions of  
13 higher education, the Special Agency Account Board, acting in  
14 conjunction with the Oklahoma State Regents for Higher Education,  
15 shall establish special agency accounts as appropriate which shall  
16 be consistent with provisions of the Oklahoma Budget Law of 1947,  
17 Section 41.1 et seq. of this title, as it relates to institutions in  
18 The Oklahoma State System of Higher Education.

19 B. The Board, created by this section, shall adopt procedures  
20 including application forms, justification and other pertinent  
21 information as to the basis for a state agency application for the  
22 establishment of agency special accounts.

1 C. The Board may approve agency special accounts for money  
2 received by state agencies for the following purposes:

3 1. Benefit programs for individuals, including, but not limited  
4 to, unemployment compensation, workers' compensation and state  
5 retirement programs;

6 2. Revenues produced by activities or facilities ancillary to  
7 the operation of a state agency which receive no money, directly or  
8 indirectly, from or through that state agency, including, but not  
9 limited to, revenues from the sales of food at retail level, sales  
10 at canteens, sales at student unions, sales at student bookstores,  
11 receipts from athletic programs and receipts from housing.

12 Provided, however, that a state institution of higher learning may  
13 purchase necessary equipment and instructional supplies and office  
14 supplies from a student bookstore, or, subject to authorization by  
15 the Oklahoma State Regents for Higher Education, may rent building  
16 space for institutional use in a building operated by an  
17 organization or entity whose existence is ancillary to the operation  
18 of a state agency, and whose cost was financed in whole or in part  
19 with revenue-type bonds; provided, further, that the cost of such  
20 office supplies or space rental shall not exceed the cost of similar  
21 supplies or rentals available commercially;

22 3. Gifts, devises and bequests with an agency as beneficiary,  
23 unless otherwise provided by statute;

- 1        4. Evidence funds for law enforcement agencies;
- 2        5. Student loan funds and scholarship funds;
- 3        6. Funds held in escrow;
- 4        7. Land Commission funds;
- 5        8. Funds for which the state agency acts as custodian,
- 6 including, but not limited to, fees from employee earnings approved
- 7 by the governing board of the agency, funds of student organizations
- 8 including student activity fees collected by an educational
- 9 institution as a separate item in enrollment procedures,
- 10 professional organizations, patients and inmates;
- 11        9. Funds used by the Oklahoma Tax Commission to pay for the
- 12 filing of liens with the Federal Aviation Administration;
- 13        10. Temporary accounts for funds arising from new or amended
- 14 legislation not otherwise provided for in statute or for other
- 15 emergency situations. Such accounts are to be utilized only pending
- 16 legislative action directing custody of such funds;
- 17        11. Payment of liability claims against the state;
- 18        12. Activities of the various Armory Boards of the Oklahoma
- 19 Military Department to receive and dispense funds derived by the
- 20 Armory Boards pursuant to Sections 232.6 and 232.7 of Title 44 of
- 21 the Oklahoma Statutes; ~~and~~

1       13. Payment of expenses incurred in connection with the  
2 acceptance of payments made with nationally recognized credit cards;  
3 and

4       14. Funds used by the Oklahoma Lottery for Education  
5 Corporation for payment of prizes.

6       D. The State Treasurer is authorized to accept deposit of money  
7 made directly to agency special accounts approved by the Board. All  
8 money received by a state agency, as described in Section 7.1 of  
9 this title, shall be deposited in State Treasury funds or accounts  
10 and no money shall be deposited in banks or other depositories  
11 unless the bank accounts are maintained by the State Treasurer or  
12 are for the deposit of authorized petty cash funds.

13       E. Money deposited in agency special accounts shall be  
14 disbursed on vouchers issued by the state agency concerned to  
15 accomplish the purpose for which the money was intended.

16       F. Funds and revenues of the Grand River Dam Authority are  
17 exempt from the requirements of this section.

18       G. Funds and revenues of the Oklahoma Municipal Power Authority  
19 are exempt from the requirements of this section.

20       H. Monies used for investment purposes by the Oklahoma  
21 Firefighters Pension and Retirement System, the Oklahoma Police  
22 Pension and Retirement System, the Uniform Retirement System for  
23 Justices and Judges, the Oklahoma Law Enforcement Retirement System,

1 the Oklahoma Public Employees Retirement System, the Teachers'  
2 Retirement System of Oklahoma, the State Insurance Fund, the State  
3 and Education Employees Group Insurance Board, the Commissioners of  
4 the Land Office, and the Oklahoma State Regents for Higher Education  
5 for its Endowment Trust Fund are exempt from the requirements of  
6 this section, and shall be placed with the respective custodian bank  
7 or trust company.

8 SECTION 38. This act shall become effective July 1, 2003, upon  
9 approval by the people.

10 SECTION 39. The Ballot Title for the proposed act shall be in  
11 the following form:

12 BALLOT TITLE  
13 Legislative Referendum No. \_\_\_\_\_ State Question No. \_\_\_\_\_

14 THE GIST OF THE PROPOSITION IS AS FOLLOWS:

15 This measure creates the Oklahoma Lottery for Education Act. It  
16 creates the Oklahoma Lottery for Education Corporation, governed  
17 by a board of directors and run by a chief executive officer.  
18 Records of the corporation are subject to the Oklahoma Open  
19 Records Act and meetings of the board are subject to the  
20 Oklahoma Open Meeting Act. The corporation will run a state  
21 lottery. At least 45% of ticket sales will be returned as  
22 prizes. The net proceeds of the lottery, at least 35% of ticket  
23 proceeds except for the first two years, will be used for

1 education and other children's programs. The Lottery for  
2 Education Expenditure Approval Board will decide which programs  
3 will be funded with lottery proceeds. The act contains many  
4 provisions relating to selection of retailers, ticket sales to  
5 minors, contracts entered into by the corporation, and other  
6 issues relating to the conduct of a state lottery.

7 SHALL THIS ACT BE APPROVED BY THE PEOPLE?

8  YES, FOR THE ACT

9  NO, AGAINST THE ACT

10 SECTION 40. The President Pro Tempore of the Senate shall,  
11 immediately after the passage of this order for legislative  
12 referendum, prepare and file in accordance with Section 3 of Article  
13 V of the Oklahoma Constitution, one copy of this order for  
14 legislative referendum, including the Ballot Title set forth in  
15 SECTION 39, with the Secretary of State and one copy with the  
16 Attorney General.

17 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-20-02 - DO  
18 PASS, As Amended and Coauthored.