

1 ENGROSSED HOUSE AMENDMENT
TO
2 ENGROSSED SENATE BILL NO. 513

By: Wilcoxson of the Senate
and
Denney of the House

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(amusements and sports - Oklahoma Education Lottery
Act - payment of debt procedures - codification -
effective date -
emergency)

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AMENDMENT NO. 1. Strike the stricken title, enacting clause and
entire bill and insert

"(amusements and sports - Oklahoma Education Lottery
Act - payment of debt procedures - codification -
effective date -
emergency)

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

1 SECTION 1. AMENDATORY Section 14, Chapter 58, O.S.L.
2 2003, as amended by Section 13, Chapter 218, O.S.L. 2005 (3A O.S.
3 Supp. 2006, Section 713), is amended to read as follows:

4 Section 713. A. All gross proceeds shall be the property of
5 the Oklahoma Lottery Commission. From its gross proceeds, the
6 Commission shall pay the operating expenses of the Commission. At
7 least forty-five percent (45%) of gross proceeds shall be made
8 available as prize money. However, the provisions of this
9 subsection shall be deemed not to create any lien, entitlement,
10 cause of action, or other private right, and any rights of holders
11 of tickets or shares shall be determined by the Commission in
12 setting the terms of its lottery or lotteries. For each fiscal
13 year, net proceeds shall equal at least thirty-five percent (35%) of
14 the gross proceeds. However, for the purpose of repaying
15 indebtedness issued pursuant to Section ~~33~~ 732 of this ~~act~~ title,
16 for the first two (2) full fiscal years and any partial first fiscal
17 year of the Commission, net proceeds need only equal at least thirty
18 percent (30%) of the gross proceeds. All of the net proceeds shall
19 be transferred to the Oklahoma Education Lottery Trust Fund as
20 provided in subsection B of this section.

21 B. There is hereby created in the State Treasury a fund to be
22 designated the "Oklahoma Education Lottery Trust Fund". On or
23 before the fifteenth day of each calendar quarter, the Commission
24 shall transfer to the State Treasurer, for credit to the Oklahoma

1 Education Lottery Trust Fund, the amount of all net proceeds
2 accruing during the preceding calendar quarter. Expenditures from
3 the fund shall be made upon warrants issued by the State Treasurer
4 against claims filed as prescribed by law with the Director of State
5 Finance for approval and payment.

6 Upon their deposit into the State Treasury, any monies
7 representing a deposit of net proceeds shall then become the
8 unencumbered property of this state, and neither the Commission nor
9 the board of trustees shall have the power to agree or undertake
10 otherwise. The monies shall be invested by the State Treasurer in
11 accordance with state investment practices. All earnings
12 attributable to such investments shall likewise be the unencumbered
13 property of the state and shall accrue to the credit of the fund.

14 C. Monies in the Oklahoma Education Lottery Trust Fund shall
15 only be appropriated as follows:

- 16 1. Forty-five percent (45%) for the following:
- 17 a. kindergarten through twelfth grade public education,
18 including but not limited to compensation and benefits
19 for public school teachers and support employees, ~~and~~
 - 20 b. early childhood development programs, which shall
21 include but not be limited to costs associated with
22 prekindergarten and full-day kindergarten programs,
23 and

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1 c. common education components of residential regimented
2 training programs operated by the Oklahoma Military
3 Department;

4 2. Forty-five percent (45%) for the following:

5 a. tuition grants, loans and scholarships to citizens of
6 this state to enable such citizens to attend colleges
7 and universities located within this state, regardless
8 of whether such colleges and universities are owned or
9 operated by the Oklahoma State Regents for Higher
10 Education, or to attend institutions operated under
11 the authority of the Oklahoma Department of Career and
12 Technology Education, including but not limited to
13 such programs as the Oklahoma Higher Learning Access
14 Program; provided such tuition grants, loans and
15 scholarships shall not be made to a citizen of this
16 state to attend a college or university which is not
17 accredited by the Oklahoma State Regents for Higher
18 Education,

19 b. construction of educational facilities for elementary
20 school districts, independent school districts, the
21 Oklahoma State System of Higher Education, and career
22 and technology education,

23 c. capital outlay projects for elementary school
24 districts, independent school districts, the Oklahoma

1 State System of Higher Education, and career and
2 technology education,

3 d. technology for public elementary school district,
4 independent school district, state higher education,
5 and career and technology education facilities, which
6 shall include but not be limited to costs of providing
7 to teachers at accredited public institutions who
8 teach levels kindergarten through twelfth grade,
9 personnel at technology centers under the authority of
10 the Oklahoma State Department of Career and Technology
11 Education, and professors and instructors within the
12 Oklahoma State System of Higher Education, the
13 necessary training in the use and application of
14 computers and advanced electronic instructional
15 technology to implement interactive learning
16 environments in the classroom and to access the state-
17 wide distance learning network and costs associated
18 with repairing and maintaining advanced electronic
19 instructional technology,

20 e. endowed chairs for professors at institutions of
21 higher education operated by the Oklahoma State System
22 of Higher Education, and

23 f. programs and personnel of the Oklahoma School for the
24 Deaf and the Oklahoma School for the Blind;

1 3. Five percent (5%) to the School Consolidation and Assistance
2 Fund. When the total amount in the School Consolidation and
3 Assistance Fund from all sources equals Five Million Dollars
4 (\$5,000,000.00), all monies appropriated pursuant to this paragraph
5 which would otherwise be deposited in the School Consolidation and
6 Assistance Fund shall be deposited in the Teachers' Retirement
7 System Dedicated Revenue Revolving Fund. If at any time the total
8 amount in the School Consolidation and Assistance Fund drops below
9 Five Million Dollars (\$5,000,000.00), the monies appropriated
10 pursuant to this paragraph shall be deposited in the School
11 Consolidation and Assistance Fund until the Fund again reaches Five
12 Million Dollars (\$5,000,000.00). When the funded ratio of the
13 Teachers' Retirement System of Oklahoma equals eighty percent (80%),
14 the requirement set forth in this paragraph to deposit all monies
15 appropriated pursuant to this paragraph in the Teachers' Retirement
16 System Dedicated Revenue Revolving Fund shall cease and the monies
17 shall be deposited in the School Consolidation and Assistance Fund.
18 For purposes of this paragraph, "funded ratio" means the figure
19 derived by dividing the actuarial value of assets of the retirement
20 system by the actuarial accrued liability of the retirement system;
21 and

22 4. Five percent (5%) to the Teachers' Retirement System
23 Dedicated Revenue Revolving Fund.
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1 D. The Legislature shall appropriate funds from the Oklahoma
2 Education Lottery Trust Fund only for the purposes specified in
3 subsection C of this section. Even when funds from the trust fund
4 are used for these purposes, the Legislature shall not use funds
5 from the trust fund to supplant or replace other state funds
6 supporting common education, higher education, or career and
7 technology education.

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

22 F. Except as otherwise provided by this subsection, no
23 deficiency in the Oklahoma Education Lottery Trust Fund shall be
24 replenished by reducing any nonlottery funds, including specifically

1 but without limitation, the General Revenue Fund, the Constitutional
2 Reserve Fund or the Education Reform Revolving Fund of the State
3 Department of Education. No program or project started specifically
4 from lottery proceeds shall be continued from the General Revenue
5 Fund, the Constitutional Reserve Fund or the Education Reform
6 Revolving Fund of the State Department of Education. Such programs
7 must be adjusted or discontinued according to available lottery
8 proceeds unless the Legislature by general law establishes
9 eligibility requirements and appropriates specific funds therefor.
10 No surplus in the Oklahoma Education Lottery Trust Fund shall be
11 reduced or transferred to correct any nonlottery deficiencies in
12 sums available for general appropriations. The provisions of this
13 subsection shall not apply to bonds or other obligations issued
14 pursuant to or to the repayment of bonds or other obligations issued
15 pursuant to the Oklahoma Higher Education Promise of Excellence Act
16 of 2005.

17 G. There is hereby created in the State Treasury a revolving
18 fund to be designated the "Oklahoma Education Lottery Revolving
19 Fund". The fund shall be a continuing fund, not subject to fiscal
20 year limitations, and shall consist of all monies received by the
21 Commission. The Commission shall make payments of net proceeds from
22 the fund to the Oklahoma Education Lottery Trust Fund on or before
23 the fifteenth day of each calendar quarter as provided in subsection
24 B of this section. All monies accruing to the credit of the

1 Oklahoma Education Lottery Revolving Fund are hereby appropriated
2 and may be budgeted and expended for the payment of net proceeds,
3 prizes, commissions to retailers, administrative expenses and all
4 other expenses arising out of the operation of the education
5 lottery, subject to the limitations provided in this act.

6 Expenditures from the fund shall be made upon warrants issued by the
7 State Treasurer against claims filed as prescribed by law with the
8 Director of State Finance for approval and payment.

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

13 SECTION 2. AMENDATORY Section 25, Chapter 58, O.S.L.
14 2003, as amended by Section 1, Chapter 365, O.S.L. 2005 (3A O.S.
15 Supp. 2006, Section 724), is amended to read as follows:

16 Section 724. A. Proceeds of any lottery prize shall be subject
17 to the Oklahoma state income tax.

18 B. Attachments, garnishments, or executions authorized and
19 issued pursuant to law shall be withheld if timely served upon the
20 Oklahoma Lottery Commission. This subsection shall not apply to
21 payment of prizes by a retailer.

22 C. The Commission shall adopt policies and procedures to
23 establish a system of verifying the validity of tickets or shares
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1 claimed to win prizes and to effect payment of the prizes, except
2 that:

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

20 2. No prize shall be paid arising from claimed tickets that
21 are:

22 a. stolen, counterfeit, altered, fraudulent, unissued,
23 produced or issued in error, unreadable, not received,
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1 or not recorded by the Commission within applicable
2 deadlines,

3 b. lacking in captions that conform and agree with the
4 play symbols as appropriate to the particular lottery
5 game involved, or

6 c. not in compliance with such additional public or
7 confidential validation and security tests of the
8 Commission appropriate to the particular lottery game
9 involved;

10 3. No particular prize in any lottery game shall be paid more
11 than once, and in the event of a determination that more than one
12 claimant is entitled to a particular prize, the sole remedy of the
13 claimants is the award to each of them of an equal share in the
14 prize; ~~and~~

15 4. A holder of a winning cash ticket or share from a lottery
16 game shall claim a cash prize within one hundred eighty (180) days,
17 or for a multistate or multisoovereign lottery game within one
18 hundred eighty (180) days, after the drawing in which the cash prize
19 was won. In any Oklahoma lottery game in which the player may
20 determine instantly if the player has won or lost, the player shall
21 claim a cash prize within ninety (90) days, or for a multistate
22 lottery game within one hundred eighty (180) days, after the end of
23 the lottery game. If a valid claim is not made for a cash prize
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1 within the applicable period, the cash prize shall constitute an
2 unclaimed prize for purposes of the Oklahoma Education Lottery Act;

3 5. Any person or persons claiming a lottery prize exceeding Six
4 Hundred Dollars (\$600.00) shall provide the Commission with their
5 name, address, social security number, and sufficient valid
6 identification as proof of the same prior to payment of the prize by
7 the Commission; and

8 6. Any person or persons claiming a lottery prize exceeding Six
9 Hundred Dollars (\$600.00) as a trust shall provide for each person
10 entitled to any portion of the prize their name, address, social
11 security number, and sufficient valid identification as proof of the
12 same prior to payment of the prize by the Commission except that
13 such information specified in this paragraph shall be confidential
14 and not subject to the provisions of the Oklahoma Open Records Act.

15 D. No prize shall be paid upon a ticket or share purchased or
16 sold in violation of the Oklahoma Education Lottery Act. Any such
17 prize shall constitute an unclaimed prize for purposes of the
18 Oklahoma Education Lottery Act.

19 E. The Commission is discharged of all liability upon payment
20 of a prize.

21 F. No ticket or share shall be purchased by and no prize shall
22 be paid to any member of the board of trustees of the Oklahoma
23 Lottery Commission, any officer or employee of the Commission, or to
24 any spouse, child, brother, sister, or parent residing as a member

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

9 G. Unclaimed prize money shall not constitute net lottery
10 proceeds. The first Five Hundred Thousand Dollars (\$500,000.00) of
11 unclaimed prize money accruing annually shall be transferred to the
12 Department of Mental Health and Substance Abuse Services for the
13 treatment of compulsive gambling disorder and educational programs
14 related to such disorder. All other unclaimed prize money shall be
15 added to the pool from which future prizes are to be awarded or used
16 for special prize promotions.

17 SECTION 3. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 724.2 of Title 3A, unless there
19 is created a duplication in numbering, reads as follows:

20 A. The Oklahoma Lottery Commission shall withhold the amount of
21 delinquent debt as established by the Oklahoma Tax Commission from
22 the lottery prize monies won by an individual pursuant to Section
23 710 of Title 3A of the Oklahoma Statutes unless the prize winner or
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1 prize winners are currently on a repayment plan approved by the
2 Oklahoma Tax Commission.

3 B. The Oklahoma Lottery Commission shall pay the monies
4 withheld from the lottery prize, as provided in subsection A of this
5 section, to the Oklahoma Tax Commission, not to exceed the amount of
6 debt established by the Oklahoma Tax Commission.

7 C. The Oklahoma Tax Commission shall promulgate rules to define
8 the debts that will be submitted to the Oklahoma Lottery Commission
9 for withholding.

10 D. The Oklahoma Tax Commission shall develop procedures for
11 timely notifying the Oklahoma Lottery Commission of the debts that
12 should be processed for withholding. The information on debt
13 withholding will be reported to the Oklahoma Lottery Commission on a
14 periodic basis and should include, but not be limited to:

15 1. Identification of the persons who have been determined to be
16 delinquent in the repayment of debt established by the Oklahoma Tax
17 Commission; and

18 2. The amounts of debt to be withheld by the Oklahoma Lottery
19 Commission.

20 E. The Oklahoma Lottery Commission shall provide a report to
21 the Oklahoma Tax Commission upon withholding that includes, but is
22 not limited to, the following information:

23 1. Identification of the persons who have had monies withheld;
24 and

1 2. The amount of monies that will be paid to the Oklahoma Tax
2 Commission to be applied to the established debt.

3 SECTION 4. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 724.3 of Title 3A, unless there
5 is created a duplication in numbering, reads as follows:

6 In the event the total withholdings from lottery prizes required
7 by Section 724.1 of Title 3A of the Oklahoma Statutes and Section 3
8 of this act exceed the amount of the prize remaining after deduction
9 of the required state and federal income tax withholdings, the
10 amount withheld pursuant to Section 724.1 of Title 3A of the
11 Oklahoma Statutes shall take precedent and any remaining prize
12 amount, if any, shall be applied to the withholdings required
13 pursuant to Section 3 of this act.

14 SECTION 5. This act shall become effective July 1, 2007.

15 SECTION 6. It being immediately necessary for the preservation
16 of the public peace, health and safety, an emergency is hereby
17 declared to exist, by reason whereof this act shall take effect and
18 be in full force from and after its passage and approval."

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1 Passed the House of Representatives the 12th day of April, 2007.

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4 Presiding Officer of the House of
Representatives
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6 Passed the Senate the ____ day of _____, 2007.

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9 Presiding Officer of the Senate
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