

1 ENGROSSED SENATE  
2 BILL NO. 1795

By: Johnson (Mike) of the  
Senate

3 and

4 Jones of the House

5  
6  
7 [ amusements and sports - Oklahoma Education Lottery  
8 Trust Fund - effective date -  
9 emergency ]

10

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

12 SECTION 1. AMENDATORY Section 14, Chapter 58, O.S.L.  
13 2003, as last amended by Section 3 of Enrolled Senate Bill No. 1830  
14 of the 2nd Session of the 51st Legislature, is amended to read as  
15 follows:

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

1 year, net proceeds shall equal at least thirty-five percent (35%) of  
2 the gross proceeds. However, for the purpose of repaying  
3 indebtedness issued pursuant to Section 732 of this title, for the  
4 first two (2) full fiscal years and any partial first fiscal year of  
5 the Commission, net proceeds need only equal at least thirty percent  
6 (30%) of the gross proceeds. All of the net proceeds shall be  
7 transferred to the Oklahoma Education Lottery Trust Fund as provided  
8 in subsection B of this section.

9 B. There is hereby created in the State Treasury a fund to be  
10 designated the "Oklahoma Education Lottery Trust Fund". ~~On~~ Except  
11 as otherwise provided in subsection H of this section, on or before  
12 the fifteenth day of each calendar quarter, the Commission shall  
13 transfer to the State Treasurer, for credit to the Oklahoma  
14 Education Lottery Trust Fund, the amount of all net proceeds  
15 accruing during the preceding calendar quarter. Expenditures from  
16 the fund shall be made upon warrants issued by the State Treasurer  
17 against claims filed as prescribed by law with the Director of State  
18 Finance for approval and payment.

19 Upon their deposit into the State Treasury, any monies  
20 representing a deposit of net proceeds shall then become the  
21 unencumbered property of this state, and neither the Commission nor  
22 the board of trustees shall have the power to agree or undertake  
23 otherwise. The monies shall be invested by the State Treasurer in  
24 accordance with state investment practices. All earnings

1 attributable to such investments shall likewise be the unencumbered  
2 property of the state and shall accrue to the credit of the fund.

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

5 1. Forty-five percent (45%) for the following:

6 a. kindergarten through twelfth grade public education,  
7 including but not limited to compensation and benefits  
8 for public school teachers and support employees, and

9 b. early childhood development programs, which shall  
10 include but not be limited to costs associated with  
11 prekindergarten and full-day kindergarten programs;

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

13 a. tuition grants, loans and scholarships to citizens of  
14 this state to enable such citizens to attend colleges  
15 and universities located within this state, regardless  
16 of whether such colleges and universities are owned or  
17 operated by the Oklahoma State Regents for Higher  
18 Education, or to attend institutions operated under  
19 the authority of the Oklahoma Department of Career and  
20 Technology Education; provided such tuition grants,  
21 loans and scholarships shall not be made to a citizen  
22 of this state to attend a college or university which  
23 is not accredited by the Oklahoma State Regents for  
24 Higher Education,

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

1 with repairing and maintaining advanced electronic  
2 instructional technology,

3 e. endowed chairs for professors at institutions of  
4 higher education operated by the Oklahoma State System  
5 of Higher Education, and

6 f. programs and personnel of the Oklahoma School for the  
7 Deaf and the Oklahoma School for the Blind;

8 3. Five percent (5%) to the School Consolidation and Assistance  
9 Fund. When the total amount in the School Consolidation and  
10 Assistance Fund from all sources equals Five Million Dollars  
11 (\$5,000,000.00), all monies appropriated pursuant to this paragraph  
12 which would otherwise be deposited in the School Consolidation and  
13 Assistance Fund in excess of Five Million Dollars (\$5,000,000.00)  
14 shall be allocated by the State Department of Education to public  
15 schools based on the audited end-of-year average daily membership in  
16 grades 8 through 12 during the preceding school year for the purpose  
17 of purchasing technology equipment in order to conduct on-line  
18 testing as required by the Achieving Classroom Excellence Act of  
19 2005. If at any time the total amount in the School Consolidation  
20 and Assistance Fund drops below Five Million Dollars  
21 (\$5,000,000.00), the monies appropriated pursuant to this paragraph  
22 shall be deposited in the School Consolidation and Assistance Fund  
23 until the Fund again reaches Five Million Dollars (\$5,000,000; and  
24

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

3       D. The Legislature shall appropriate funds from the Oklahoma  
4 Education Lottery Trust Fund only for the purposes specified in  
5 subsection C of this section. Even when funds from the trust fund  
6 are used for these purposes, the Legislature shall not use funds  
7 from the trust fund to supplant or replace other state funds  
8 supporting common education, higher education, or career and  
9 technology education.

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

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

20 G. There is hereby created in the State Treasury a revolving  
21 fund to be designated the "Oklahoma Education Lottery Revolving  
22 Fund". The fund shall be a continuing fund, not subject to fiscal  
23 year limitations, and shall consist of all monies received by the  
24 Commission. The Commission shall make payments of net proceeds from

1 the fund to the Oklahoma Education Lottery Trust Fund on or before  
2 the fifteenth day of each calendar quarter as provided in subsection  
3 B of this section. All monies accruing to the credit of the  
4 Oklahoma Education Lottery Revolving Fund are hereby appropriated  
5 and may be budgeted and expended for the payment of net proceeds,  
6 prizes, commissions to retailers, administrative expenses and all  
7 other expenses arising out of the operation of the education  
8 lottery, subject to the limitations provided in the Oklahoma  
9 Education Lottery Act. Expenditures from the fund shall be made  
10 upon warrants issued by the State Treasurer against claims filed as  
11 prescribed by law with the Director of State Finance for approval  
12 and payment.

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

17 H. When appropriations from the Oklahoma Education Lottery  
18 Trust Fund are made to the Oklahoma State System of Higher  
19 Education, the appropriations shall be made available to the System  
20 on a monthly basis. In addition to the provisions of subsection B  
21 of this section, the following process shall be used to insure that  
22 the appropriations are made available to the Oklahoma State System  
23 of Higher Education in a timely manner:

24

1       1. If the Director of the Office of State Finance does not  
2 create a cash-flow system for the Oklahoma Education Lottery Trust  
3 Fund, the Commission, on or before the twenty-fifth day of June of  
4 the fiscal year preceding the fiscal year for which the  
5 appropriations to the Oklahoma State System of Higher Education have  
6 been made, shall transfer to the State Treasurer, for credit to the  
7 Oklahoma Education Lottery Trust Fund, an amount of all net proceeds  
8 accruing during the preceding months for which net proceeds have not  
9 been previously transferred not to exceed Three Million Dollars  
10 (\$3,000,000.00);

11       2. Beginning in July of the fiscal year in which appropriations  
12 are made to the Oklahoma State System of Higher Education from the  
13 Oklahoma Education Lottery Trust Fund, the Commission, on or before  
14 the twenty-fifth day of each month, shall transfer to the State  
15 Treasurer, for credit to the Oklahoma Education Lottery Trust Fund,  
16 an amount of net proceeds accruing during the preceding month equal  
17 to one-twelfth of the amount of appropriations made for the Oklahoma  
18 State System for Higher Education from the Oklahoma Education  
19 Lottery Trust Fund;

20       3. The Director of the Office of State Finance shall allocate  
21 the transfers provided for in paragraph 2 of this subsection to the  
22 Oklahoma State Regents for Higher Education on a monthly basis; and

23       4. The total amount of transfers to the Oklahoma Lottery Trust  
24 Fund of net lottery proceeds made pursuant to this subsection shall

1 not exceed the total appropriations made to the Oklahoma State  
2 System for Higher Education from the Oklahoma Education Lottery  
3 Trust Fund for the specific fiscal year.

4 SECTION 2. This act shall become effective July 1, 2008.

5 SECTION 3. It being immediately necessary for the preservation  
6 of the public peace, health and safety, an emergency is hereby  
7 declared to exist, by reason whereof this act shall take effect and  
8 be in full force from and after its passage and approval.

9 Passed the Senate the 11th day of March, 2008.

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11 \_\_\_\_\_  
Presiding Officer of the Senate

12 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
13 2008.

14  
15 \_\_\_\_\_  
16 Presiding Officer of the House  
of Representatives