

1 ENGROSSED SENATE
2 BILL NO. 2173

By: Ford of the Senate

3 and

4 Peters of the House

5
6 [amusements and sports - Oklahoma Education Lottery
7 Privatization Act - Oklahoma Lottery Asset Review
8 Board - codification - noncodification -
9 emergency]

10

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

12 SECTION 1. NEW LAW A new section of law not to be
13 codified in the Oklahoma Statutes reads as follows:

14 This act shall be known and may be cited as the "Oklahoma
15 Education Lottery Privatization Act".

16 SECTION 2. AMENDATORY Section 4, Chapter 58, O.S.L. 2003
17 (3A O.S. Supp. 2007, Section 703), is amended to read as follows:

18 Section 703. As used in the Oklahoma Education Lottery Act:

19 1. "Administrative expenses" means operating expenses,
20 excluding amounts set aside for prizes, regardless of whether such
21 prizes are claimed and excluding amounts deposited to the Fidelity
22 Revolving Fund pursuant to Section ~~20~~ 719 of this ~~act~~ title;

23 2. "Asset Review Board" means the Oklahoma Lottery Asset Review
24 Board;

1 3. "Board" means the board of trustees of the Oklahoma Lottery
2 Commission;

3 ~~3.~~ 4. "Capital outlay projects" means the acquisition,
4 construction, installation, modification, renovation, repair,
5 extension, renewal, replacement, or rehabilitation of land,
6 interests in land, buildings, structures, facilities, or other
7 improvements and the acquisition, installation, modification,
8 renovation, repair, extension, renewal, replacement, rehabilitation,
9 or furnishing of fixtures, machinery, equipment, computers,
10 software, laboratories, furniture, textbooks, and reference material
11 or other property of any nature whatsoever used on, in, or in
12 connection with educational facilities;

13 ~~4.~~ 5. "Concession agreement" means that agreement, and all
14 schedules, exhibits and attachments thereto, entered into subject to
15 competitive standards adopted by the Asset Review Board, pursuant to
16 which the Asset Review Board grants a lease, license or other
17 contractual right to a third party to manage or operate the state's
18 ongoing oversight;

19 6. "Commission" means the Oklahoma Lottery Commission;

20 ~~5.~~ 7. "Educational facilities" means land, structures, and
21 buildings owned or operated by and through the Oklahoma State
22 Regents for Higher Education, the State Board of Education, the
23 Oklahoma Department of Career and Technology Education, or by any
24 school district within this state. A public road or highway leading

1 to an educational facility shall not be considered an educational
2 facility;

3 ~~6.~~ 8. "Executive director" means the chief executive officer
4 and administrator of the Oklahoma Lottery Commission;

5 ~~7.~~ 9. "Gross proceeds" means all revenue derived from the sale
6 of lottery tickets or shares and all other monies derived from the
7 lottery;

8 ~~8.~~ 10. "Instant ticket" means a lottery ticket that requires
9 the player to remove a coating to determine if a prize has been won;

10 ~~9.~~ 11. "Lottery", "lotteries", "lottery game", or "lottery
11 games" means an activity conducted by the Commission, Asset Review
12 Board or third party under the Oklahoma Education Lottery Act
13 through which prizes are awarded or distributed by chance among
14 persons who have paid for a chance or other opportunity to receive a
15 prize, including, but not limited to, instant tickets and on-line
16 games, but excluding charity bingo and games conducted pursuant to
17 the Oklahoma Charity Games Act, poker, blackjack, slot machines,
18 pulltab machines, card games, dice, dominos, roulette wheels, or
19 other similar forms of gambling, or electronic or video forms of
20 these gambling activities, or games where winners are determined by
21 the outcome of a sports contest, or pari-mutuel betting conducted
22 pursuant to the Oklahoma Horse Racing Act;

23 ~~10.~~ 12. "Major procurement contract" means any gaming product
24 or service costing in excess of Twenty-five Thousand Dollars

1 (\$25,000.00), including, but not limited to, major advertising
2 contracts, annuity contracts, prize payment agreements, consulting
3 services, equipment, tickets, and other products and services unique
4 to the Oklahoma lottery, but not including materials, supplies,
5 equipment, and services common to the ordinary operations of the
6 Commission;

7 ~~11.~~ 13. "Member" or "members" means a trustee or trustees of
8 the board of trustees of the Oklahoma Lottery Commission;

9 ~~12.~~ 14. "Member of a minority" means an individual who is a
10 member of a race which comprises less than fifty percent (50%) of
11 the total population of Oklahoma;

12 ~~13.~~ 15. "Minority business" means any business which is owned
13 by:

- 14 a. an individual who is a member of a minority who
15 reports as the personal income of the individual for
16 Oklahoma income tax purposes the income of the
17 business,
- 18 b. a partnership in which a majority of the ownership
19 interest is owned by one or more members of a minority
20 who report as their personal income for Oklahoma
21 income tax purposes more than fifty percent (50%) of
22 the income of the partnership, or
- 23 c. a corporation organized under the laws of this state
24 in which a majority of the common stock is owned by

1 one or more members of a minority who report as their
2 personal income for Oklahoma income tax purposes more
3 than fifty percent (50%) of the distributed earnings
4 of the corporation;

5 ~~14.~~ 16. "Net proceeds" means all revenue derived from the sale
6 of lottery tickets or shares and all other monies derived from the
7 lottery less operating expenses;

8 ~~15.~~ 17. "On-line games" means a game where tickets or shares
9 are purchased through a network of computer terminals located at
10 retail outlets, and such terminals are linked to a central computer
11 that records the purchases;

12 ~~16.~~ 18. "Operating expenses" means all costs of doing business,
13 including but not limited to, prizes, commissions, and other
14 compensation paid to retailers, advertising and marketing costs,
15 personnel costs, capital costs, amounts held in or paid from the
16 Fidelity Revolving Fund pursuant to Section ~~20~~ 719 of this ~~act~~
17 title, debt service payments for the payment of the initial expenses
18 of start-up, administration, and operation of the Commission and the
19 lottery, and other operating costs;

20 ~~17.~~ 19. "Pari-mutuel betting" means the pari-mutuel system of
21 wagering as defined in Section 200.1 of ~~Title 3A of the Oklahoma~~
22 ~~Statutes~~ this title. Such term shall not include a lottery game
23 which may be predicated on a horse-racing scheme that does not
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1 involve actual track events or traditional lottery games which may
2 involve the distribution of winnings by pools;

3 ~~18.~~ 20. "Person" means any individual, corporation,
4 partnership, unincorporated association, limited liability company,
5 or other legal entity;

6 ~~19.~~ 21. "Retailer" means a person who sells lottery tickets or
7 shares on behalf of the Commission pursuant to a contract;

8 ~~20.~~ 22. "Share" means any intangible evidence of participation
9 in a lottery game;

10 ~~21.~~ 23. "Ticket" means any tangible evidence issued by the
11 lottery to provide participation in a lottery game; and

12 ~~22.~~ 24. "Vendor" means a person who provides or proposes to
13 provide goods or services to the Commission, Asset Review Board or
14 third party pursuant to a major procurement contract, but does not
15 include an employee of the Commission, a retailer, or a state agency
16 or instrumentality thereof. Such term does not include any
17 corporation whose shares are publicly traded and which is the parent
18 company of the contracting party in a major procurement contract.

19 SECTION 3. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 736 of Title 3A, unless there is
21 created a duplication in numbering, reads as follows:

22 A. There is hereby created the Oklahoma Lottery Asset Review
23 Board, to be composed of the Lieutenant Governor, who shall serve as
24 the chair, President Pro Tempore of the Senate or designee, Speaker

1 of the House of Representatives or designee, State Treasurer,
2 Attorney General, State Superintendent of Public Instruction,
3 Chancellor of the Oklahoma State Regents for Higher Education and
4 the Executive Director of the Oklahoma Department of Career
5 Technology Education. The Asset Review Board shall terminate
6 effective December 31, 2008.

7 B. The Asset Review Board shall have general responsibility for
8 the implementation of this section, the lease, license or concession
9 of the lottery and the oversight and implementation of any
10 concession agreements for the lease, license or concession of the
11 lottery. The Asset Review Board shall be authorized, subject to
12 standards approved by the Asset Review Board, to consider
13 qualifications and proposals for the lease, license or concession of
14 the lottery. The Asset Review Board may enter into such concession
15 agreements if such agreements are approved by a vote of at least six
16 of the eight members of the Asset Review Board. The concession
17 agreements are subject to the final approval of the Governor. The
18 Governor has fourteen calendar days to approve such agreements and
19 if the Governor takes no action during the specified time period,
20 the agreement will not become effective. The Asset Review Board
21 exercises supervisory authority over the concession sufficient to
22 implement the terms of the concession agreement and to affect the
23 purposes of this section.

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