

FLOOR AMENDMENT  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB1795  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the printed Bill  
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: \_\_\_\_\_

Amendment submitted by: Gary Banz

\_\_\_\_\_

\_\_\_\_\_  
Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 FLOOR SUBSTITUTE  
4 FOR ENGROSSED

5 SENATE BILL NO. 1795

By: Johnson (Mike) of the  
Senate

6 and

7 Jones of the House

8  
9  
10 FLOOR SUBSTITUTE

11 An Act relating to amusements and sports; amending 3A  
12 O.S. 2001, Sections 201, as last amended by Section  
13 2, Chapter 177, O.S.L. 2006, 202, as amended by  
14 Section 2, Chapter 217, O.S.L. 2005 and 203.1, as  
15 amended by Section 3, Chapter 217, O.S.L. 2005 (3A  
16 O.S. Supp. 2007, Sections 201, 202 and 203.1), which  
17 relate to the Oklahoma Horse Racing Commission;  
18 modifying eligibility requirements for appointment to  
19 the Oklahoma Horse Racing Commission; modifying the  
20 prohibitions to membership on the Oklahoma Horse  
21 Racing Commission; deleting language relating to the  
22 receiving of purses by members of the Oklahoma Horse  
23 Racing Commission; amending Section 14, Chapter 58,  
24 O.S.L. 2003 (3A O.S. Supp. 2007, Section 713), as  
last amended by Section 3 of Enrolled Senate Bill No.  
1830 of the 2nd Session of the 51st Oklahoma  
Legislature, which relates to the Oklahoma Education  
Lottery Trust Fund; changing distribution of certain  
percentage of appropriations from the Oklahoma  
Education Lottery Trust Fund; specifying manner of  
appropriations from the Trust Fund to The Oklahoma  
State System of Higher Education; requiring the  
Commission to transfer monthly net proceeds by a  
certain date; directing the Director of the Office of  
State Finance to allocate transferred funds on a  
monthly basis to the Oklahoma State Regents for

1 Higher Education; limiting total amount transferred  
2 in a fiscal year; specifying manner of appropriations  
3 from the Trust Fund to Common Education Lottery  
4 Revolving Fund; requiring the Commission to transfer  
5 monthly net proceeds by a certain date; directing the  
6 Director of the Office of State Finance to allocate  
7 transferred funds on a monthly basis to the Common  
8 Education Lottery Revolving Fund; limiting total  
9 amount transferred in a fiscal year; creating the  
10 Common Education Lottery Revolving Fund; making the  
11 fund a continuing fund; stating source of monies;  
12 providing for expenditure of funds on warrants;  
13 directing the State Treasurer to invest monies in the  
14 fund; requiring earnings to accrue to the credit of  
15 the fund; directing the State Board of Education to  
16 make monthly distributions to common school  
17 districts; providing for codification; providing  
18 effective dates; and declaring an emergency.

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

20 SECTION 1. AMENDATORY 3A O.S. 2001, Section 201, as last  
21 amended by Section 2, Chapter 177, O.S.L. 2006 (3A O.S. Supp. 2007,  
22 Section 201), is amended to read as follows:

23 Section 201. A. There is hereby created the Oklahoma Horse  
24 Racing Commission, which shall consist of nine (9) members appointed  
by the Governor with the advice and consent of the Senate. At least  
one member shall be appointed from each congressional district, and  
at least three of the remaining members shall be experienced in the  
horse industry and shall be appointed from the state at large.  
However, when congressional districts are redrawn each member  
appointed prior to July 1 of the year in which such modification  
becomes effective shall complete the current term of office, and

1 appointments made after July 1 of the year in which such  
2 modification becomes effective shall be based on the redrawn  
3 districts. Appointments made after July 1 of the year in which such  
4 modification becomes effective shall be from any redrawn districts  
5 which are not represented by a board member until such time as each  
6 of the modified congressional districts is represented by a board  
7 member.

8 B. To be eligible for appointment to the Commission, a person  
9 shall:

10 1. Be a citizen of the United States;

11 2. Have been a resident of this state for five (5) years  
12 immediately preceding the appointment; ~~and~~

13 3. Not have been convicted of a felony pursuant to the laws of  
14 this state, the laws of any other state, or the laws of the United  
15 States as established by a national criminal history record check as  
16 defined by Section 150.9 of Title 74 of the Oklahoma Statutes; and

17 4. Not hold a license issued by the Oklahoma Horse Racing  
18 Commission.

19 C. The term of office of a member of the Commission shall be  
20 for six (6) years and until a successor is appointed and qualified.

21 D. The Governor may remove any member of the Commission for  
22 incompetence, neglect of duty, or malfeasance in office upon first  
23 giving the member a copy of the charges and an opportunity to be  
24

1 heard. A vacancy on the Commission shall be filled for the  
2 unexpired term by appointment made by the Governor.

3 SECTION 2. AMENDATORY 3A O.S. 2001, Section 202, as  
4 amended by Section 2, Chapter 217, O.S.L. 2005 (3A O.S. Supp. 2007,  
5 Section 202), is amended to read as follows:

6 Section 202. No individual shall be a member of the Commission  
7 if the individual or a member of the family of the individual has a  
8 financial interest in any organization licensee ~~and no individual~~  
9 ~~other than an individual required by the provisions of Section 201~~  
10 ~~of this title to be experienced in the horse industry shall be a~~  
11 ~~member of~~ or holds a license issued by the Commission, or if the  
12 individual or a member of the family of the individual has a  
13 financial interest in any business entity which does business with  
14 any organization licensee or owns an interest in any racehorse which  
15 participates in any race meeting supervised by the Commission.

16 SECTION 3. AMENDATORY 3A O.S. 2001, Section 203.1, as  
17 amended by Section 3, Chapter 217, O.S.L. 2005 (3A O.S. Supp. 2007,  
18 Section 203.1), is amended to read as follows:

19 Section 203.1 A. A member of the Oklahoma Horse Racing  
20 Commission shall not accept any gift, loan, entertainment, or favor  
21 from any occupation or organization licensee, except such suitable  
22 facilities and services within the enclosure of an organization  
23 licensee as may be required by the member to facilitate the proper  
24 performance of his or her duties. A member of the Oklahoma Horse

1 Racing Commission, other than a member required by the provisions of  
2 Section 201 of this title to be experienced in the horse industry,  
3 shall not accept any compensation or service from any occupation or  
4 organization licensee, except such suitable facilities and services  
5 within the enclosure of an organization licensee as may be required  
6 by the member to facilitate the proper performance of his or her  
7 duties.

8 B. No member of the Commission or Commission employee shall  
9 place any wagers on any horse race over which the Commission has  
10 jurisdiction.

11 C. Members of the Commission and members of their immediate  
12 families, and Commission employees and members of their immediate  
13 families are prohibited from receiving purse supplements, stakes,  
14 rewards, stallion awards, broodmare awards, or breeders awards of  
15 any kind, or marketing, promotion, or advertising monies of any kind  
16 from the Oklahoma Breeding Development Fund Special Account  
17 administered by the Commission pursuant to Section 208.3 of this  
18 title. "Immediate family" has the meaning provided by Rule 257:1-1-  
19 2 of the Rules of the Ethics Commission, Chapter 62, App. of Title  
20 74 of the Oklahoma Statutes.

21 ~~D. Nothing in this section shall prohibit members of the~~  
22 ~~Commission, who are required by the provisions of Section 201 of~~  
23 ~~this title to be experienced in the horse industry, from receiving~~  
24 ~~purse for participating horses from an organization licensee.~~

1       ~~E. Provided, any~~ Any member of the Commission who has an  
2 ownership interest in any horse shall be prohibited from  
3 participating in the discussion on, voting on, influencing or  
4 attempting to influence the official action of the Commission in any  
5 matter affecting the eligibility of such horse to participate in any  
6 race or which determines the amount or receipt of any purse by the  
7 Commission member or any member of the family of the Commission  
8 member. A commissioner shall be eligible to participate in the  
9 discussion on, vote on, influence or attempt to influence the  
10 official action of the Commission if the only benefit to accrue to  
11 the Commissioner or any member of the Commissioner's family is a  
12 benefit which accrues to the Commissioner or a member of the  
13 Commissioner's family as a result of being a member of a large class  
14 to no greater extent than could reasonably be foreseen to accrue to  
15 all other members of the large class.

16       SECTION 4.       AMENDATORY       Section 14, Chapter 58, O.S.L.  
17 2003 (3A O.S. Supp. 2007, Section 713), as last amended by Section 3  
18 of Enrolled Senate Bill No. 1830 of the 2nd Session of the 51st  
19 Oklahoma Legislature, is amended to read as follows:

20       Section 713. A. All gross proceeds shall be the property of  
21 the Oklahoma Lottery Commission. From its gross proceeds, the  
22 Commission shall pay the operating expenses of the Commission. At  
23 least forty-five percent (45%) of gross proceeds shall be made  
24 available as prize money. However, the provisions of this

1 subsection shall be deemed not to create any lien, entitlement,  
2 cause of action, or other private right, and any rights of holders  
3 of tickets or shares shall be determined by the Commission in  
4 setting the terms of its lottery or lotteries. For each fiscal  
5 year, net proceeds shall equal at least thirty-five percent (35%) of  
6 the gross proceeds. However, for the purpose of repaying  
7 indebtedness issued pursuant to Section 732 of this title, for the  
8 first two (2) full fiscal years and any partial first fiscal year of  
9 the Commission, net proceeds need only equal at least thirty percent  
10 (30%) of the gross proceeds. All of the net proceeds shall be  
11 transferred to the Oklahoma Education Lottery Trust Fund as provided  
12 in subsection B of this section.

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

23 Upon their deposit into the State Treasury, any monies  
24 representing a deposit of net proceeds shall then become the

1 unencumbered property of this state, and neither the Commission nor  
2 the board of trustees shall have the power to agree or undertake  
3 otherwise. The monies shall be invested by the State Treasurer in  
4 accordance with state investment practices. All earnings  
5 attributable to such investments shall likewise be the unencumbered  
6 property of the state and shall accrue to the credit of the fund.

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

9 1. Forty-five percent (45%) ~~for~~ to the following:

- 10 a. ~~kindergarten through twelfth grade public education,~~  
11 ~~including but not limited to compensation and benefits~~  
12 ~~for public school teachers and support employees, and~~  
13 b. ~~early childhood development programs, which shall~~  
14 ~~include but not be limited to costs associated with~~  
15 ~~prekindergarten and full-day kindergarten programs~~  
16 Common Education Lottery Revolving Fund, as created in  
17 Section 5 of this act;

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

- 19 a. tuition grants, loans and scholarships to citizens of  
20 this state to enable such citizens to attend colleges  
21 and universities located within this state, regardless  
22 of whether such colleges and universities are owned or  
23 operated by the Oklahoma State Regents for Higher  
24 Education, or to attend institutions operated under

1 the authority of the Oklahoma Department of Career and  
2 Technology Education; provided such tuition grants,  
3 loans and scholarships shall not be made to a citizen  
4 of this state to attend a college or university which  
5 is not accredited by the Oklahoma State Regents for  
6 Higher Education,

7 b. construction of educational facilities for elementary  
8 school districts, independent school districts, The  
9 Oklahoma State System of Higher Education, and career  
10 and technology education,

11 c. capital outlay projects for elementary school  
12 districts, independent school districts, the Oklahoma  
13 State System of Higher Education, and career and  
14 technology education,

15 d. technology for public elementary school district,  
16 independent school district, state higher education,  
17 and career and technology education facilities, which  
18 shall include but not be limited to costs of providing  
19 to teachers at accredited public institutions who  
20 teach levels kindergarten through twelfth grade,  
21 personnel at technology centers under the authority of  
22 the Oklahoma State Department of Career and Technology  
23 Education, and professors and instructors within The  
24 Oklahoma State System of Higher Education, the

1 necessary training in the use and application of  
2 computers and advanced electronic instructional  
3 technology to implement interactive learning  
4 environments in the classroom and to access the state-  
5 wide distance learning network and costs associated  
6 with repairing and maintaining advanced electronic  
7 instructional technology,

8 e. endowed chairs for professors at institutions of  
9 higher education operated by The Oklahoma State System  
10 of Higher Education, and

11 f. programs and personnel of the Oklahoma School for the  
12 Deaf and the Oklahoma School for the Blind;

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

1 and Assistance Fund drops below Five Million Dollars  
2 (\$5,000,000.00), the monies appropriated pursuant to this paragraph  
3 shall be deposited in the School Consolidation and Assistance Fund  
4 until the Fund again reaches Five Million Dollars (\$5,000,000; and

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

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

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

1 was supplanted. In this event, the Legislature shall not make any  
2 appropriations for the ensuing fiscal year until an appropriation in  
3 that amount is made to replenish the trust fund.

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

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

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

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

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

1 the appropriations are made available to The Oklahoma State System  
2 of Higher Education in a timely manner:

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

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

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

22 I. When appropriations from the Oklahoma Education Lottery  
23 Trust Fund are made to the Common Education Lottery Revolving Fund  
24 as created in Section 5 of this act, the appropriations shall be

1 made available to the Revolving Fund on a monthly basis. In  
2 addition to the provisions of subsection B of this section, the  
3 following process shall be used to insure that the appropriations  
4 are made available to The Common Education Lottery Revolving Fund in  
5 a timely manner:

6 1. Beginning in July of the fiscal year in which appropriations  
7 are made to the Common Education Lottery Revolving Fund from the  
8 Oklahoma Education Lottery Trust Fund, the Commission, on or before  
9 the ninth day of each month, shall transfer to the State Treasurer,  
10 for credit to the Oklahoma Education Lottery Trust Fund, the amount  
11 of net proceeds accruing during the preceding month equal to the  
12 amount of total monthly collections due to the Common Education  
13 Lottery Revolving Fund as required by paragraph 1 of subsection C of  
14 this section;

15 2. The Director of the Office of State Finance shall allocate  
16 the transfers provided for in paragraph 1 of this subsection to the  
17 Common Education Lottery Revolving Fund on a monthly basis, not to  
18 exceed one-twelfth (1/12) of the annual apportionment for the fiscal  
19 year; and

20 3. The total amount of transfers to the Oklahoma Lottery Trust  
21 Fund of net lottery proceeds made pursuant to this subsection shall  
22 not exceed the total appropriations made to the Common Education  
23 Lottery Revolving Fund from the Oklahoma Education Lottery Trust  
24 Fund for the specific fiscal year.

1           SECTION 5.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 3-163 of Title 70, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. There is hereby created in the State Treasury a revolving  
5 fund for the State Board of Education to be designated the "Common  
6 Education Lottery Revolving Fund". The fund shall be a continuing  
7 fund, not subject to fiscal year limitations, and shall consist of  
8 all monies received by the State Board of Education from  
9 appropriations made from the Oklahoma Education Lottery Trust Fund  
10 pursuant to paragraph 1 of subsection C of Section 713 of Title 3A  
11 of the Oklahoma Statutes and any other funds obtained or received by  
12 the Board. All monies accruing to the credit of the fund are hereby  
13 appropriated and may be budgeted and expended by the State Board of  
14 Education as authorized in subsection B of this section.  
15 Expenditures from the fund shall be made upon warrants issued by the  
16 State Treasurer against claims filed as prescribed by law with the  
17 Director of State Finance for approval and payment. The monies in  
18 the fund shall be invested by the State Treasurer in accordance with  
19 state investment practices. All earnings attributable to such  
20 investments shall likewise accrue to the credit of the fund.

21           B. On or before August 15, 2008, and on or before the fifteenth  
22 day of each calendar month thereafter, all monies accruing to the  
23 credit of the Common Education Lottery Revolving Fund shall be  
24 distributed by the State Board of Education to all common school

1 districts based on the audited end-of-year Average Daily Membership  
2 (ADM) for the preceding school year.

3 SECTION 6. Sections 1, 2 and 3 of this act shall become  
4 effective January 1, 2009.

5 SECTION 7. Sections 4 and 5 of this act shall become effective  
6 July 1, 2008.

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

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