

THE HOUSE OF REPRESENTATIVES  
Monday, March 3, 2008

Committee Substitute for  
House Bill No. 1441

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1441 - By: BANZ of the House and ALDRIDGE of the Senate.

( Schools - amending Section 14, Chapter 58, O.S.L. 2003, as last amended by Section 3, Chapter 355, O.S.L. 2007 (3A O.S. Supp. 2007, Section 713) - Oklahoma Education Lottery Trust Fund - Common Education Lottery Revolving Fund – 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. 2003, as last  
2 amended by Section 3, Chapter 355, O.S.L. 2007 (3A O.S. Supp. 2007, Section 713), is  
3 amended to read as follows:  
4 Section 713. A. All gross proceeds shall be the property of the Oklahoma Lottery  
5 Commission. From its gross proceeds, the Commission shall pay the operating expenses  
6 of the Commission. At least forty-five percent (45%) of gross proceeds shall be made  
7 available as prize money. However, the provisions of this subsection shall be deemed not  
8 to create any lien, entitlement, cause of action, or other private right, and any rights of  
9 holders of tickets or shares shall be determined by the Commission in setting the terms  
10 of its lottery or lotteries. For each fiscal year, net proceeds shall equal at least thirty-five  
11 percent (35%) of the gross proceeds. However, for the purpose of repaying indebtedness

1 issued pursuant to Section 33 of this act, for the first two (2) full fiscal years and any  
2 partial first fiscal year of the Commission, net proceeds need only equal at least thirty  
3 percent (30%) of the gross proceeds. All of the net proceeds shall be transferred to the  
4 Oklahoma Education Lottery Trust Fund as provided in subsection B of this section.

5 B. There is hereby created in the State Treasury a fund to be designated the  
6 "Oklahoma Education Lottery Trust Fund". On or before the fifteenth day of each  
7 calendar quarter, the Commission shall transfer to the State Treasurer, for credit to the  
8 Oklahoma Education Lottery Trust Fund, the amount of all net proceeds accruing during  
9 the preceding calendar quarter. Expenditures from the fund shall be made upon  
10 warrants issued by the State Treasurer against claims filed as prescribed by law with the  
11 Director of State Finance for approval and payment.

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

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

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

- 1 a. ~~kindergarten through twelfth grade public education, including but not~~  
2 ~~limited to compensation and benefits for public school teachers and~~  
3 ~~support employees, and~~  
4 b. ~~early childhood development programs, which shall include but not be~~  
5 ~~limited to costs associated with prekindergarten and full-day~~  
6 ~~kindergarten programs~~ Common Education Lottery Revolving Fund,  
7 as created in Section 2 of this act;

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

- 9 a. tuition grants, loans and scholarships to citizens of this state to enable  
10 such citizens to attend colleges and universities located within this  
11 state, regardless of whether such colleges and universities are owned  
12 or operated by the Oklahoma State Regents for Higher Education, or to  
13 attend institutions operated under the authority of the Oklahoma  
14 Department of Career and Technology Education; provided such  
15 tuition grants, loans and scholarships shall not be made to a citizen of  
16 this state to attend a college or university which is not accredited by  
17 the Oklahoma State Regents for Higher Education,  
18 b. construction of educational facilities for elementary school districts,  
19 independent school districts, the Oklahoma State System of Higher  
20 Education, and career and technology education,

- 1 c. capital outlay projects for elementary school districts, independent  
2 school districts, the Oklahoma State System of Higher Education, and  
3 career and technology education,  
4 d. technology for public elementary school district, independent school  
5 district, state higher education, and career and technology education  
6 facilities, which shall include but not be limited to costs of providing to  
7 teachers at accredited public institutions who teach levels  
8 kindergarten through twelfth grade, personnel at technology centers  
9 under the authority of the Oklahoma State Department of Career and  
10 Technology Education, and professors and instructors within the  
11 Oklahoma State System of Higher Education, the necessary training in  
12 the use and application of computers and advanced electronic  
13 instructional technology to implement interactive learning  
14 environments in the classroom and to access the state-wide distance  
15 learning network and costs associated with repairing and maintaining  
16 advanced electronic instructional technology,  
17 e. endowed chairs for professors at institutions of higher education  
18 operated by the Oklahoma State System of Higher Education, and  
19 f. programs and personnel of the Oklahoma School for the Deaf and the  
20 Oklahoma School for the Blind;  
21 3. Five percent (5%) to the School Consolidation and Assistance Fund; and

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

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

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

19           F. Except as otherwise provided by this subsection, no deficiency in the Oklahoma  
20 Education Lottery Trust Fund shall be replenished by reducing any nonlottery funds,  
21 including specifically but without limitation, the General Revenue Fund, the  
22 Constitutional Reserve Fund or the Education Reform Revolving Fund of the State

1 Department of Education. No program or project started specifically from lottery  
2 proceeds shall be continued from the General Revenue Fund, the Constitutional Reserve  
3 Fund or the Education Reform Revolving Fund of the State Department of Education.  
4 Such programs must be adjusted or discontinued according to available lottery proceeds  
5 unless the Legislature by general law establishes eligibility requirements and  
6 appropriates specific funds therefor. No surplus in the Oklahoma Education Lottery  
7 Trust Fund shall be reduced or transferred to correct any nonlottery deficiencies in sums  
8 available for general appropriations. The provisions of this subsection shall not apply to  
9 bonds or other obligations issued pursuant to or to the repayment of bonds or other  
10 obligations issued pursuant to the Oklahoma Higher Education Promise of Excellence  
11 Act of 2005.

12 G. There is hereby created in the State Treasury a revolving fund to be designated  
13 the "Oklahoma Education Lottery Revolving Fund". The fund shall be a continuing fund,  
14 not subject to fiscal year limitations, and shall consist of all monies received by the  
15 Commission. The Commission shall make payments of net proceeds from the fund to the  
16 Oklahoma Education Lottery Trust Fund on or before the fifteenth day of each calendar  
17 quarter as provided in subsection B of this section. All monies accruing to the credit of  
18 the Oklahoma Education Lottery Revolving Fund are hereby appropriated and may be  
19 budgeted and expended for the payment of net proceeds, prizes, commissions to retailers,  
20 administrative expenses and all other expenses arising out of the operation of the  
21 education lottery, subject to the limitations provided in this act. Expenditures from the

1 fund shall be made upon warrants issued by the State Treasurer against claims filed as  
2 prescribed by law with the Director of State Finance for approval and payment.

3 The monies in the fund shall be invested by the State Treasurer in accordance with  
4 state investment practices. All earnings attributable to such investments shall likewise  
5 accrue to the credit of the fund.

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

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

1           B. On August 1, 2009, and February 1, 2010, and each August 1 and February 1  
2 thereafter, all monies accruing to the credit of the Common Education Lottery Revolving  
3 Fund shall be distributed by the State Board of Education to all common school districts  
4 on a per capita basis, based on total statewide enrollment for the preceding school year.

5           SECTION 3. This act shall become effective July 1, 2008.

6           SECTION 4. It being immediately necessary for the preservation of the public  
7 peace, health and safety, an emergency is hereby declared to exist, by reason whereof  
8 this act shall take effect and be in full force from and after its passage and approval.

9           COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,  
10 dated 02-28-08 - DO PASS, As Amended and Coauthored.