

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 COMMITTEE SUBSTITUTE
4 FOR
5 HOUSE BILL NO. 1584

By: Fields

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8 COMMITTEE SUBSTITUTE

9 An Act relating to schools; amending Section 14, Chapter 58, O.S.L. 2003, as
10 last amended by Section 1, Chapter 389, O.S.L. 2008 (3A O.S. Supp. 2008,
11 Section 713), which relates to the disposition of proceeds from the Oklahoma
12 Education Lottery Trust Fund; changing distribution of a portion of the monies;
13 creating the Common Education Lottery Revolving Fund; making the fund a
14 continuing fund; stating source of monies; providing for expenditure of monies;
15 requiring expenditures to be made upon warrants; providing for investment of
16 monies; directing the State Board of Education to distribute a portion of the
17 monies in the fund to common school districts on a per capita basis; providing
18 for codification; providing an effective date; and declaring an emergency.

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

22 SECTION 1. AMENDATORY Section 14, Chapter 58, O.S.L. 2003, as last amended by
23 Section 1, Chapter 389, O.S.L. 2008 (3A O.S. Supp. 2008, Section 713), is amended to read as
24 follows:

Section 713. A. All gross proceeds shall be the property of the Oklahoma Lottery Commission.
From its gross proceeds, the Commission shall pay the operating expenses of the Commission. At
least forty-five percent (45%) of gross proceeds shall be made available as prize money. However, the
provisions of this subsection shall be deemed not to create any lien, entitlement, cause of action, or

1 other private right, and any rights of holders of tickets or shares shall be determined by the
2 Commission in setting the terms of its lottery or lotteries. For each fiscal year, net proceeds shall equal
3 at least thirty-five percent (35%) of the gross proceeds. However, for the purpose of repaying
4 indebtedness issued pursuant to Section 732 of this title, for the first two (2) full fiscal years and any
5 partial first fiscal year of the Commission, net proceeds need only equal at least thirty percent (30%) of
6 the gross proceeds. All of the net proceeds shall be transferred to the Oklahoma Education Lottery
7 Trust Fund as provided in subsection B of this section.

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

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

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

22 1. Forty-five percent (45%) for the following:
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- 1 a. kindergarten through twelfth grade public education, including but not limited to
2 compensation and benefits for public school teachers and support employees, and
3 b. early childhood development programs, which shall include but not be limited to
4 costs associated with prekindergarten and full-day kindergarten programs, or
5 c. (1) for the first fiscal year in which the Legislature appropriates funds in an
6 amount equal to the amount appropriated to the Common Education
7 Lottery Revolving Fund, as created in Section 2 of this act, seventy-five
8 percent (75%) shall be appropriated to the State Aid formula, and twenty-
9 five percent (25%) shall be appropriated to the Common Education
10 Lottery Revolving Fund,
11 (2) for the second fiscal year in which the Legislature appropriates funds in an
12 amount equal to the amount appropriated to the Common Education
13 Lottery Revolving Fund, as created in Section 2 of this act, fifty percent
14 (50%) shall be appropriated to the State Aid formula, and fifty percent
15 (50%) shall be appropriated to the Common Education Lottery Revolving
16 Fund,
17 (3) for the third fiscal year in which the Legislature appropriates funds in an
18 amount equal to the amount appropriated to the Common Education
19 Lottery Revolving Fund, as created in Section 2 of this act, twenty-five
20 percent (25%) shall be appropriated to the State Aid formula, and seventy-
21 five percent (75%) shall be appropriated to the Common Education
22 Lottery Revolving Fund, and
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1 (4) for the fourth fiscal year in which the Legislature appropriates funds in an
2 amount equal to the amount appropriated to the Common Education
3 Lottery Revolving Fund, as created in Section 2 of this act, one hundred
4 percent (100%) shall be appropriated to the Common Education Lottery
5 Revolving Fund;

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

- 7 a. tuition grants, loans and scholarships to citizens of this state to enable such
8 citizens to attend colleges and universities located within this state, regardless of
9 whether such colleges and universities are owned or operated by the Oklahoma
10 State Regents for Higher Education, or to attend institutions operated under the
11 authority of the Oklahoma Department of Career and Technology Education;
12 provided such tuition grants, loans and scholarships shall not be made to a citizen
13 of this state to attend a college or university which is not accredited by the
14 Oklahoma State Regents for Higher Education,
- 15 b. construction of educational facilities for elementary school districts, independent
16 school districts, The Oklahoma State System of Higher Education, and career and
17 technology education,
- 18 c. capital outlay projects for elementary school districts, independent school
19 districts, The Oklahoma State System of Higher Education, and career and
20 technology education,
- 21 d. technology for public elementary school district, independent school district, state
22 higher education, and career and technology education facilities, which shall
23 include but not be limited to costs of providing to teachers at accredited public
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1 institutions who teach levels kindergarten through twelfth grade, personnel at
2 technology centers under the authority of the Oklahoma State Department of
3 Career and Technology Education, and professors and instructors within The
4 Oklahoma State System of Higher Education, the necessary training in the use
5 and application of computers and advanced electronic instructional technology to
6 implement interactive learning environments in the classroom and to access the
7 state-wide distance learning network and costs associated with repairing and
8 maintaining advanced electronic instructional technology,

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

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

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

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

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

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

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

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

20 H. When appropriations from the Oklahoma Education Lottery Trust Fund are made to ~~common~~
21 ~~education~~ the Common Education Lottery Revolving Fund pursuant to the provisions of paragraph 1 of
22 subsection C of this section, the appropriations shall be made available on a monthly basis. In addition
23 to the provisions of subsection B of this section, the following process shall be used to insure that the
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1 appropriations are made available to ~~common education~~ the Common Education Lottery Revolving
2 Fund in a timely manner:

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

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

14 3. The total amount of transfers to the Oklahoma Education Lottery Trust Fund of net lottery
15 proceeds made pursuant to this subsection shall not exceed the total appropriations made to ~~common~~
16 ~~education~~ the Common Education Lottery Revolving Fund from the Oklahoma Education Lottery
17 Trust Fund for the specific fiscal year.

18 I. When appropriations from the Oklahoma Education Lottery Trust Fund are made to The
19 Oklahoma State System of Higher Education, the appropriations shall be made available to the System
20 on a monthly basis. In addition to the provisions of subsection B of this section, the following process
21 shall be used to insure that the appropriations are made available to The Oklahoma State System of
22 Higher Education in a timely manner:
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1 1. Beginning in July of the fiscal year in which appropriations are made to The Oklahoma State
2 System of Higher Education from the Oklahoma Education Lottery Trust Fund, the Commission, on or
3 before the ninth day of each month, shall transfer to the State Treasurer, for credit to the Oklahoma
4 Education Lottery Trust Fund, the amount of net proceeds accruing during the preceding month equal
5 to the amount of total monthly collections due to the Oklahoma State Regents for Higher Education as
6 required by paragraph 2 of subsection C of this section;

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

10 3. The total amount of transfers to the Oklahoma Education Lottery Trust Fund of net lottery
11 proceeds made pursuant to this subsection shall not exceed the total appropriations made to The
12 Oklahoma State System for Higher Education from the Oklahoma Education Lottery Trust Fund for
13 the specific fiscal year.

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

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

5 B. On or before August 15, 2009, and on or before the fifteenth day of each calendar month
6 thereafter, all monies accruing to the credit of the Common Education Lottery Revolving Fund shall be
7 distributed by the State Board of Education to all common school districts on a per capita basis.
8 Common school districts may use the monies for kindergarten through twelfth grade public education,
9 including but not limited to compensation and benefits for public school teachers and support
10 employees, and for early childhood development programs, including but not limited to costs
11 associated with prekindergarten and full-day kindergarten programs. For distributions made each year
12 from August through December, payments shall be calculated based upon the preceding school year
13 enrollment. For the January payment and every other payment distributed through the end of the fiscal
14 year, payments shall be calculated based on the current school year enrollment.

15 SECTION 3. This act shall become effective July 1, 2009.

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

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