

1 ENGROSSED HOUSE
2 BILL NO. 1584

By: Fields, Kern, Dorman, Buck,
Tibbs, Hickman and Martin
(Steve) of the House

3
4 and

Paddack of the Senate

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8 (schools - amending 3A O.S., Section 713 - Oklahoma
9 Education Lottery Trust Fund - Common Education
10 Lottery Revolving Fund - expenditure of monies -
11 investment of monies - State Board of Education to
12 distribute a portion of the monies -
13 codification)

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

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

1 least forty-five percent (45%) of gross proceeds shall be made
2 available as prize money. However, the provisions of this
3 subsection shall be deemed not to create any lien, entitlement,
4 cause of action, or other private right, and any rights of holders
5 of tickets or shares shall be determined by the Commission in
6 setting the terms of its lottery or lotteries. For each fiscal
7 year, net proceeds shall equal at least thirty-five percent (35%) of
8 the gross proceeds. However, for the purpose of repaying
9 indebtedness issued pursuant to Section 732 of this title, for the
10 first two (2) full fiscal years and any partial first fiscal year of
11 the Commission, net proceeds need only equal at least thirty percent
12 (30%) of the gross proceeds. All of the net proceeds shall be
13 transferred to the Oklahoma Education Lottery Trust Fund as provided
14 in subsection B of this section.

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

1 Upon their deposit into the State Treasury, any monies
2 representing a deposit of net proceeds shall then become the
3 unencumbered property of this state, and neither the Commission nor
4 the board of trustees shall have the power to agree or undertake
5 otherwise. The monies shall be invested by the State Treasurer in
6 accordance with state investment practices. All earnings
7 attributable to such investments shall likewise be the unencumbered
8 property of the state and shall accrue to the credit of the fund.

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

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

12 a. until one hundred percent (100%) of the monies are
13 appropriated to the Common Education Revolving Fund as
14 provided for in subparagraph b of this paragraph,
15 kindergarten through twelfth grade public education,
16 including but not limited to compensation and benefits
17 for public school teachers and support employees, and
18 ~~b.~~ early childhood development programs, which shall
19 include but not be limited to costs associated with
20 prekindergarten and full-day kindergarten programs, or

21 b. (1) seventy-five percent (75%) to the support of
22 public schools through the State Aid formula and
23 twenty-five percent (25%) to the Common Education
24 Lottery Revolving Fund created in Section 2 of

1 this act or one hundred percent (100%) to the
2 Common Education Revolving Fund; provided, the
3 appropriations required in this subparagraph
4 shall be contingent upon the Legislature
5 appropriating funds for the support of public
6 schools through the State Aid formula from
7 nonlottery funds in an amount equal to replace
8 the twenty-five-percent or one-hundred-percent
9 amount of trust fund monies appropriated to the
10 Common Education Revolving Fund,

11 (2) the first fiscal year after implementation of the
12 appropriations as set forth in division (1) of
13 this subparagraph, fifty percent (50%) to the
14 support of public schools through the State Aid
15 formula and fifty percent (50%) to the Common
16 Education Lottery Revolving Fund created in
17 Section 2 of this act or one hundred percent
18 (100%) to the Common Education Revolving Fund
19 with the Legislature appropriating funds for the
20 support of public schools through the State Aid
21 formula from nonlottery funds in an amount equal
22 to replace the fifty-percent or one-hundred-
23 percent amount of trust fund monies appropriated
24 to the Common Education Revolving Fund,

1 (3) the second fiscal year after implementation of
2 the appropriations as set forth in division (1)
3 of this subparagraph, twenty-five percent (25%)
4 to the support of public schools through the
5 State Aid formula and seventy-five percent (75%)
6 to the Common Education Lottery Revolving Fund
7 created in Section 2 of this act or one hundred
8 percent (100%) to the Common Education Revolving
9 Fund with the Legislature appropriating funds for
10 the support of public schools through the State
11 Aid formula from nonlottery funds in an amount
12 equal to replace the seventy-five-percent or one-
13 hundred-percent amount of trust fund monies
14 appropriated to the Common Education Revolving
15 Fund, and

16 (4) the third fiscal year after implementation of the
17 appropriations as set forth in division (1) of
18 this subparagraph, one hundred percent (100%) to
19 the Common Education Revolving Fund with the
20 Legislature appropriating funds for the support
21 of public schools through the State Aid formula
22 from nonlottery funds in an amount equal to
23 replace the one-hundred-percent amount of trust

1 fund monies appropriated to the Common Education
2 Revolving Fund;

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

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

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

23 3. Five percent (5%) to the School Consolidation and Assistance
24 Fund. When the total amount in the School Consolidation and

1 Assistance Fund from all sources equals Five Million Dollars
2 (\$5,000,000.00), all monies appropriated pursuant to this paragraph
3 which would otherwise be deposited in the School Consolidation and
4 Assistance Fund in excess of Five Million Dollars (\$5,000,000.00)
5 shall be allocated by the State Department of Education to public
6 schools based on the audited end-of-year average daily membership in
7 grades 8 through 12 during the preceding school year for the purpose
8 of purchasing technology equipment in order to conduct on-line
9 testing as required by the Achieving Classroom Excellence Act of
10 2005. If at any time the total amount in the School Consolidation
11 and Assistance Fund drops below Five Million Dollars
12 (\$5,000,000.00), the monies appropriated pursuant to this paragraph
13 shall be deposited in the School Consolidation and Assistance Fund
14 until the Fund again reaches Five Million Dollars (\$5,000,000; and
15 4. Five percent (5%) to the Teachers' Retirement System
16 Dedicated Revenue Revolving Fund.

17 D. The Legislature shall appropriate funds from the Oklahoma
18 Education Lottery Trust Fund only for the purposes specified in
19 subsection C of this section. Even when funds from the trust fund
20 are used for these purposes, the Legislature shall not use funds
21 from the trust fund to supplant or replace other state funds
22 supporting common education, higher education, or career and
23 technology education.

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

15 F. Except as otherwise provided by this subsection, no
16 deficiency in the Oklahoma Education Lottery Trust Fund shall be
17 replenished by reducing any nonlottery funds, including specifically
18 but without limitation, the General Revenue Fund, the Constitutional
19 Reserve Fund or the Education Reform Revolving Fund of the State
20 Department of Education. No program or project started specifically
21 from lottery proceeds shall be continued from the General Revenue
22 Fund, the Constitutional Reserve Fund or the Education Reform
23 Revolving Fund of the State Department of Education. Such programs
24 must be adjusted or discontinued according to available lottery

1 proceeds unless the Legislature by general law establishes
2 eligibility requirements and appropriates specific funds therefor.
3 No surplus in the Oklahoma Education Lottery Trust Fund shall be
4 reduced or transferred to correct any nonlottery deficiencies in
5 sums available for general appropriations. The provisions of this
6 subsection shall not apply to bonds or other obligations issued
7 pursuant to or to the repayment of bonds or other obligations issued
8 pursuant to the Oklahoma Higher Education Promise of Excellence Act
9 of 2005.

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

1 prescribed by law with the Director of State Finance for approval
2 and payment.

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

7 H. When appropriations from the Oklahoma Education Lottery
8 Trust Fund are made to either common education or the Common
9 Education Lottery Revolving Fund pursuant to the provisions of
10 paragraph 1 of subsection C of this section, the appropriations
11 shall be made available on a monthly basis. In addition to the
12 provisions of subsection B of this section, the following process
13 shall be used to insure that the appropriations are made available
14 to either common education or the Common Education Lottery Revolving
15 Fund in a timely manner:

16 1. Beginning in July of the fiscal year in which appropriations
17 are made to either common education or the Common Education Lottery
18 Revolving Fund from the Oklahoma Education Lottery Trust Fund, the
19 Commission, on or before the ninth day of each month, shall transfer
20 to the State Treasurer, for credit to the Oklahoma Education Lottery
21 Trust Fund, the amount of net proceeds accruing during the preceding
22 month equal to the amount of total monthly collections due to either
23 common education or the Common Education Lottery Revolving Fund as
24 required by paragraph 1 of subsection C of this section;

1 2. The Director of the Office of State Finance shall allocate
2 the transfers provided for in paragraph 1 of this subsection to
3 either the State Department of Education or the Common Education
4 Lottery Revolving Fund on a monthly basis, not to exceed one-twelfth
5 (1/12) of the annual apportionment for the fiscal year; and

6 3. The total amount of transfers to the Oklahoma Education
7 Lottery Trust Fund of net lottery proceeds made pursuant to this
8 subsection shall not exceed the total appropriations made to either
9 common education or the Common Education Lottery Revolving Fund from
10 the Oklahoma Education Lottery Trust Fund for the specific fiscal
11 year.

12 I. When appropriations from the Oklahoma Education Lottery
13 Trust Fund are made to The Oklahoma State System of Higher
14 Education, the appropriations shall be made available to the System
15 on a monthly basis. In addition to the provisions of subsection B
16 of this section, the following process shall be used to insure that
17 the appropriations are made available to The Oklahoma State System
18 of Higher Education in a timely manner:

19 1. Beginning in July of the fiscal year in which appropriations
20 are made to The Oklahoma State System of Higher Education from the
21 Oklahoma Education Lottery Trust Fund, the Commission, on or before
22 the ninth day of each month, shall transfer to the State Treasurer,
23 for credit to the Oklahoma Education Lottery Trust Fund, the amount
24 of net proceeds accruing during the preceding month equal to the

1 amount of total monthly collections due to the Oklahoma State
2 Regents for Higher Education as required by paragraph 2 of
3 subsection C of this section;

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

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

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

17 A. There is hereby created in the State Treasury a revolving
18 fund for the State Board of Education to be designated the "Common
19 Education Lottery Revolving Fund". The fund shall be a continuing
20 fund, not subject to fiscal year limitations, and shall consist of
21 all monies received by the State Board of Education from
22 appropriations made from the Oklahoma Education Lottery Trust Fund
23 pursuant to paragraph 1 of subsection C of Section 713 of Title 3A
24 of the Oklahoma Statutes and any other funds obtained or received by

1 the Board. All monies accruing to the credit of the fund are hereby
2 appropriated and may be budgeted and expended by the State Board of
3 Education as authorized in subsection B of this section.
4 Expenditures from the fund shall be made upon warrants issued by the
5 State Treasurer against claims filed as prescribed by law with the
6 Director of State Finance for approval and payment. The monies in
7 the fund shall be invested by the State Treasurer in accordance with
8 state investment practices. All earnings attributable to such
9 investments shall likewise accrue to the credit of the fund.

10 B. On or before August 15 of the fiscal year for which funds
11 are appropriated to the Common Education Lottery Revolving Fund as
12 provided for in paragraph 1 of subsection C of Section 713 of Title
13 3A of the Oklahoma Statutes, and on or before the fifteenth day of
14 each calendar month thereafter, all monies accruing to the credit of
15 the Common Education Lottery Revolving Fund shall be distributed by
16 the State Board of Education to all common school districts on a per
17 capita basis. Common school districts may use the monies for
18 kindergarten through twelfth grade public education, including but
19 not limited to compensation and benefits for public school teachers
20 and support employees, and for early childhood development programs,
21 including but not limited to costs associated with prekindergarten
22 and full-day kindergarten programs. For distributions made each
23 year from August through December, payments shall be calculated
24 based upon the preceding school year enrollment. For the January

1 payment and every other payment distributed through the end of the
2 fiscal year, payments shall be calculated based on the current
3 school year enrollment.

4 Passed the House of Representatives the 12th day of March, 2009.

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7 Presiding Officer of the House of
8 Representatives

9 Passed the Senate the ____ day of _____, 2009.

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Presiding Officer of the Senate

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