

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 HOUSE BILL 1712

By: Thomsen

4  
5  
6 AS INTRODUCED

7 An Act relating to schools; amending 3A O.S. 2011,  
8 Section 713, as amended by Section 27, Chapter 304,  
9 O.S.L. 2012 (3A O.S. Supp. 2012, Section 713), which  
10 relates to the disposition of proceeds from the  
11 Oklahoma Education Lottery Trust Fund; changing  
12 distribution of a portion of the monies; changing  
13 where appropriations are made from the Oklahoma  
14 Education Lottery Trust Fund; creating the Common  
15 Education Lottery Revolving Fund; making the fund a  
16 continuing fund; stating source of monies; providing  
17 for expenditure of monies; requiring expenditures to  
18 be made upon warrants; providing for investment of  
19 monies; directing the State Board of Education to  
20 distribute the monies in the fund to common school  
21 districts on a per capita basis; stating uses of  
22 monies; providing for codification; providing an  
23 effective date; and declaring an emergency.

16  
17  
18 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

19 SECTION 1. AMENDATORY 3A O.S. 2011, Section 713, as  
20 amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2012,  
21 Section 713), is amended to read as follows:

22 Section 713. A. All gross proceeds shall be the property of  
23 the Oklahoma Lottery Commission. From its gross proceeds, the  
24 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 the  
24

1 Office of Management and Enterprise Services for approval and  
2 payment.

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

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

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

14       a. kindergarten through twelfth grade public education,  
15 including but not limited to compensation and benefits  
16 for public school teachers and support employees, ~~and~~

17       b. early childhood development programs, which shall  
18 include but not be limited to costs associated with  
19 prekindergarten and full-day kindergarten programs,  
20 and

21       c. beginning in the fiscal year ending June 30, 2014, and  
22 each fiscal year thereafter, the Common Education  
23 Lottery Revolving Fund created in Section 2 of this  
24 act. The Legislature shall appropriate funds for the

1           financial support of public schools in an amount equal  
2           to the amount appropriated to the Common Education  
3           Lottery Revolving Fund;

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

- 5           a. tuition grants, loans and scholarships to citizens of  
6           this state to enable such citizens to attend colleges  
7           and universities located within this state, regardless  
8           of whether such colleges and universities are owned or  
9           operated by the Oklahoma State Regents for Higher  
10          Education, or to attend institutions operated under  
11          the authority of the Oklahoma Department of Career and  
12          Technology Education; provided such tuition grants,  
13          loans and scholarships shall not be made to a citizen  
14          of this state to attend a college or university which  
15          is not accredited by the Oklahoma State Regents for  
16          Higher Education,
- 17          b. construction of educational facilities for elementary  
18          school districts, independent school districts, the  
19          Oklahoma State System of Higher Education, and career  
20          and technology education,
- 21          c. capital outlay projects for elementary school  
22          districts, independent school districts, the Oklahoma  
23          State System of Higher Education, and career and  
24          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.

24

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 the Office of Management and  
2 Enterprise Services for approval 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 ~~common education~~ the Common Education Lottery  
9 Revolving Fund pursuant to the provisions of subparagraph c 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 ~~common education~~ the Common Education Lottery Revolving Fund in a  
15 timely manner:

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

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

7           3. The total amount of transfers to the Oklahoma Education  
8 Lottery Trust Fund of net lottery proceeds made pursuant to this  
9 subsection shall not exceed the total appropriations made to ~~common~~  
10 ~~education~~ the Common Education Lottery Revolving Fund from the  
11 Oklahoma Education Lottery Trust Fund for the specific fiscal 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 ensure 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 Management and Enterprise  
5 Services shall allocate the transfers provided for in paragraph 1 of  
6 this subsection to the Oklahoma State Regents for Higher Education  
7 on a monthly basis, not to exceed one-twelfth (1/12) of the annual  
8 apportionment for the 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 3-181 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 subparagraph c of paragraph 1 of subsection C of Section  
24 713 of Title 3A of the Oklahoma Statutes and any other funds

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

11 B. On or before August 15, 2013, and on or before the fifteenth  
12 day of each calendar month thereafter, all monies accruing to the  
13 credit of the Common Education Lottery Revolving Fund shall be  
14 distributed by the State Board of Education to all common school  
15 districts based on the preceding year average daily membership.  
16 Common school districts may use the monies for kindergarten through  
17 twelfth grade public education, including but not limited to  
18 compensation and benefits for public school teachers and support  
19 employees, and for early childhood development programs, including  
20 but not limited to costs associated with prekindergarten and full-  
21 day kindergarten programs.

22 SECTION 3. This act shall become effective July 1, 2013.

23 SECTION 4. It being immediately necessary for the preservation  
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and  
2 be in full force from and after its passage and approval.

3

4 54-1-5593 KB 01/04/13

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24