

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

HOUSE BILL 1837

By: Osborn (Leslie)

AS INTRODUCED

An Act relating to amusements and sports; amending 3A O.S. 2011, Section 713, as amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2016, Section 713), which relates to the Oklahoma Lottery; modifying what constitutes net proceeds; establishing revolving fund; requiring annual reports; setting maximum percentage for administrative costs; and providing an effective date.

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

SECTION 1. AMENDATORY 3A O.S. 2011, Section 713, as amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2016, 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 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 other private right, and any rights of holders

1 of tickets or shares shall be determined by the Commission in  
2 setting the terms of its lottery or lotteries.

3 B. For each fiscal year, net proceeds shall equal at least  
4 ~~thirty-five percent (35%) of the gross proceeds~~ Fifty Million  
5 Dollars (\$50,000,000.00). The portion of net proceeds that exceeds  
6 Fifty Million Dollars (\$50,000,000.00) shall be put in a revolving  
7 fund designated lockbox administered by the State Department of  
8 Education for yearly grant applications from all public and charter  
9 schools in the state. Public and charter schools may apply for a  
10 grant from the certified dollar amount the revolving fund received  
11 from the last twelve (12) months divided by the number of public and  
12 charter school students in the state and then prorated to the number  
13 of students in the applying school. Dollars shall be granted when  
14 approved from the lockbox revolving fund for creative dollars to the  
15 classroom, not the formula, not administration, and not salaries.  
16 ~~However, for the purpose of repaying indebtedness issued pursuant to~~  
17 ~~Section 732 of this title, for the first two (2) full fiscal years~~  
18 ~~and any partial first fiscal year of the Commission, net proceeds~~  
19 ~~need only equal at least thirty percent (30%) of the gross proceeds.~~

20 C. All of the ~~net~~ proceeds remaining after the apportionment  
21 required by subsection B of this section shall be transferred to the  
22 Oklahoma Education Lottery Trust Fund as provided in subsection ~~B~~ D  
23 of this section. The Oklahoma Lottery Commission shall submit a  
24 written report of its findings and any recommendations regarding the

1 impact of having the net proceeds minimum requirement set at a fixed  
2 dollar amount. The report shall be submitted to the Governor, the  
3 Speaker of the Oklahoma House of Representatives and the President  
4 Pro Tempore of the Oklahoma State Senate not later than October 1,  
5 2019, and annually thereafter.

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

17 E. Upon their deposit into the State Treasury, any monies  
18 representing a deposit of net proceeds shall then become the  
19 unencumbered property of this state, and neither the Commission nor  
20 the board of trustees shall have the power to agree or undertake  
21 otherwise. The monies shall be invested by the State Treasurer in  
22 accordance with state investment practices. All earnings  
23 attributable to such investments shall likewise be the unencumbered  
24

1 property of the state and shall accrue to the credit of the ~~fund~~  
2 funds provided for in subsections B and C of this section.

3 ~~E.~~ F. Monies in the Oklahoma Education Lottery Trust Fund shall  
4 only be appropriated as follows:

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

6 a. kindergarten through twelfth grade public education,  
7 including but not limited to compensation and benefits  
8 for public school teachers and support employees, and

9 b. early childhood development programs, which shall  
10 include but not be limited to costs associated with  
11 prekindergarten and full-day kindergarten programs;

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

13 a. tuition grants, loans and scholarships to citizens of  
14 this state to enable such citizens to attend colleges  
15 and universities located within this state, regardless  
16 of whether such colleges and universities are owned or  
17 operated by the Oklahoma State Regents for Higher  
18 Education, or to attend institutions operated under  
19 the authority of the Oklahoma Department of Career and  
20 Technology Education; provided such tuition grants,  
21 loans and scholarships shall not be made to a citizen  
22 of this state to attend a college or university which  
23 is not accredited by the Oklahoma State Regents for  
24 Higher Education,

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

3 e. endowed chairs for professors at institutions of  
4 higher education operated by the Oklahoma State System  
5 of Higher Education, and

6 f. programs and personnel of the Oklahoma School for the  
7 Deaf and the Oklahoma School for the Blind;

8 3. Five percent (5%) to the School Consolidation and Assistance  
9 Fund. When the total amount in the School Consolidation and  
10 Assistance Fund from all sources equals Five Million Dollars  
11 (\$5,000,000.00), all monies appropriated pursuant to this paragraph  
12 which would otherwise be deposited in the School Consolidation and  
13 Assistance Fund in excess of Five Million Dollars (\$5,000,000.00)  
14 shall be allocated by the State Department of Education to public  
15 schools based on the audited end-of-year average daily membership in  
16 grades 8 through 12 during the preceding school year for the purpose  
17 of purchasing technology equipment in order to conduct on-line  
18 testing as required by the Achieving Classroom Excellence Act of  
19 2005. If at any time the total amount in the School Consolidation  
20 and Assistance Fund drops below Five Million Dollars  
21 (\$5,000,000.00), the monies appropriated pursuant to this paragraph  
22 shall be deposited in the School Consolidation and Assistance Fund  
23 until the Fund again reaches Five Million Dollars ~~(\$5,000,000)~~  
24 (\$5,000,000.00); and

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

3        5. In no instance shall the annual maximum percentage for  
4 administrative costs, not including marketing and advertising costs,  
5 exceed three percent (3%) of sales.

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

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

1 appropriations for the ensuing fiscal year until an appropriation in  
2 that amount is made to replenish the trust fund.

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

22 ~~G.~~ J. There is hereby created in the State Treasury a revolving  
23 fund to be designated the "Oklahoma Education Lottery Revolving  
24 Fund". The fund shall be a continuing fund, not subject to fiscal



1 year limitations, and shall consist of all monies received by the  
2 Commission. The Commission shall make payments of net proceeds from  
3 the fund to the Oklahoma Education Lottery Trust Fund on or before  
4 the fifteenth day of each calendar quarter as provided in subsection  
5 ~~B~~ D of this section. All monies accruing to the credit of the  
6 Oklahoma Education Lottery Revolving Fund are hereby appropriated  
7 and may be budgeted and expended for the payment of net proceeds,  
8 prizes, commissions to retailers, administrative expenses and all  
9 other expenses arising out of the operation of the education  
10 lottery, subject to the limitations provided in the Oklahoma  
11 Education Lottery Act. Expenditures from the fund shall be made  
12 upon warrants issued by the State Treasurer against claims filed as  
13 prescribed by law with the Director of the Office of Management and  
14 Enterprise Services for approval and payment.

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

19 ~~H.~~ K. When appropriations from the Oklahoma Education Lottery  
20 Trust Fund are made to common education pursuant to the provisions  
21 of paragraph 1 of subsection ~~E~~ F of this section, the appropriations  
22 shall be made available on a monthly basis. In addition to the  
23 provisions of subsection ~~B~~ D of this section, the following process  
24

1 shall be used to ~~insure~~ ensure that the appropriations are made  
2 available to common education in a timely manner:

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

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

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

21 ~~F.~~ L. When appropriations from the Oklahoma Education Lottery  
22 Trust Fund are made to The Oklahoma State System of Higher  
23 Education, the appropriations shall be made available to the System  
24 on a monthly basis. In addition to the provisions of subsection ~~B~~ D

1 of this section, the following process shall be used to ensure that  
2 the appropriations are made available to The Oklahoma State System  
3 of Higher Education in a timely manner:

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

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

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

SECTION 2. This act shall become effective November 1, 2017.

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