

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

HOUSE BILL NO. 1817

By: Ross

AS INTRODUCED

An Act relating to amusements and sports; directing the Secretary of State to refer a proposed act to the people for their approval or rejection; enacting the Oklahoma Lottery Act; defining terms; creating the Oklahoma Lottery Commission; specifying membership, terms of office and organization of the Commission; creating the Oklahoma Lottery; stating duties; providing for executive director and other personnel of the lottery; providing procedures related to the Commission and Oklahoma Lottery; providing for legal services; stating duties of the Oklahoma Lottery Commission; stating powers and duties of the executive director; providing procedure for selecting lottery retailers; creating the Lottery Operating Fund and providing procedures related thereto; creating the Lottery Prize Payment Account and providing procedures related thereto; providing for distribution of monies; providing procedure for repayment of any General Revenue Fund appropriation; providing for law enforcement officer status for certain employees of the Oklahoma Lottery; stating illegal actions; providing penalties; providing procedure for

awarding prizes; amending 21 O.S. 1991, Section 1051, which relates to lotteries; excepting lotteries conducted pursuant to the Oklahoma Lottery Act from prohibition against lotteries; amending 62 O.S. 1991, Section 7.2, as amended by Section 1, Chapter 176, O.S.L. 1992 (62 O.S. Supp. 1992, Section 7.2), which relates to agency special accounts; modifying purposes for which agency special accounts may be used; amending 68 O.S. 1991, Section 1357, as amended by Section 2, Chapter 383, O.S.L. 1992 (68 O.S. Supp. 1992, Section 1357), which relates to sales tax; exempting sales of lottery tickets and shares from sales tax; amending 74 O.S. 1991, Section 85.12, as last amended by Section 1, Chapter 246, O.S.L. 1992 (74 O.S. Supp. 1992, Section 85.12), which relates to Oklahoma Central Purchasing Act; exempting certain purchases of the Oklahoma Lottery from the Oklahoma Central Purchasing Act; making an appropriation to the Oklahoma Lottery; stating purpose; providing lapse date; amending 21 O.S. 1991, Section 944, which relates to slot machines; limiting scope of prohibition against slot machines; authorizing slot machines in state lodges; providing for distribution of revenues; providing for codification; providing ballot title; directing filing; and ordering a special election.

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

SECTION 1. The Secretary of State shall refer to the people for their approval or rejection, as and in the manner provided for by law, the following proposed statutes.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 501 of Title 3A, unless there is created a duplication in numbering, reads as follows:

Sections 2 through 19 of this act shall be known and may be cited as the "Oklahoma Lottery Act".

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 502 of Title 3A, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Lottery Act:

1. "Commission" means the Oklahoma Lottery Commission;
2. "Executive director" means the executive director of the Oklahoma lottery;
3. "Oklahoma Lottery" means the state agency created to operate a lottery or lotteries pursuant to the Oklahoma Lottery Act;
4. "Lottery retailer" means any person with whom the Oklahoma Lottery has contracted to sell lottery tickets or shares, or both, to the public;
5. "Lottery" or "state lottery" means the lottery or lotteries operated pursuant to the Oklahoma Lottery Act;
6. "Major procurement" means any gaming product or service, including but not limited to facilities, advertising and promotional services, drawing equipment, lottery tickets, on-line lottery terminals and other equipment unique to the Oklahoma Lottery, but not including materials, supplies, equipment and services common to the ordinary operations of state agencies;
7. "Person" means any natural person, association, corporation or partnership;
8. "Share" means any intangible manifestation authorized by the Oklahoma Lottery to prove participation in a lottery game;

9. "Ticket" means any tangible evidence issued by the Oklahoma Lottery to prove participation in a lottery game; and

10. "Vendor" means any person who has participated in a major procurement contract with the Oklahoma Lottery.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 503 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Oklahoma Lottery Commission, which shall be composed of five (5) members as follows:

1. The Director of Central Services; and

2. Four members appointed by the Governor, subject to confirmation by the Senate.

One of the members appointed by the Governor shall have at least five (5) years of experience as a law enforcement officer with the Federal Bureau of Investigation or the Oklahoma State Bureau of Investigation. All members of the Commission shall be citizens of the United States and residents of this state. Not more than three of the five members shall be members of the same political party. A chairperson of the Commission shall be chosen annually from the membership of the Commission by a majority of its members at the first meeting of the Commission each fiscal year.

B. The appointed members of the Commission shall serve for terms of office of four (4) years and until their successors are appointed and qualified, except that the members first appointed shall serve for terms designated by the Governor as follows: One member shall serve for a term of one (1) year, one shall serve for a term of two (2) years, one shall serve for a term of three (3) years and one member shall serve for a term of four (4) years. The initial members of the Oklahoma Lottery Commission shall be appointed not later than thirty (30) days after the Oklahoma Lottery Act becomes effective. Any vacancy occurring in the membership of

the Commission shall be filled for the remainder of the unexpired term in the same manner as the original appointment.

C. The Commission shall hold at least four regular meetings each year and such additional meetings as the chairperson deems desirable. Special meetings shall be called by the chairperson upon written request of the executive director or any three members of the Commission. All meetings shall be held at a place and time fixed by the chairperson. A majority of the members of the Commission shall constitute a quorum to transact its business.

D. The Commission shall consult with and advise the executive director relating to the operation of the state lottery and the establishment of policies and shall review and approve the proposed annual budget for the Oklahoma Lottery prepared by the executive director.

E. The Commission, in conjunction with the executive director, shall make an ongoing study of the operation and administration of lotteries in operation in other states or countries, of available literature on the subject, of federal laws and regulations which may affect the operation of the lottery and of the reaction of citizens of this state to existing or proposed features of lottery games, with a view toward implementing improvements that will tend to serve the purposes of the Oklahoma Lottery Act.

F. Major procurements recommended by the executive director shall be subject to the approval of the Commission.

G. Members of the Commission shall be reimbursed for expenses incurred in the performance of their duties as provided for in the State Travel Reimbursement Act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 504 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. There is hereby established a state agency to be called the Oklahoma Lottery. Under the supervision of the executive director,

the Oklahoma Lottery shall administer the state lottery. The overall management of the state lottery and control over the operation of its games shall rest solely with the Oklahoma Lottery.

B. The executive director shall be appointed by the Governor, subject to confirmation by the Senate. The executive director shall be in the unclassified service and shall receive an annual salary set by law. The executive director shall devote his entire time and attention to the duties of his office and shall not be engaged in any other profession or occupation.

C. The executive director shall appoint persons to the following positions to serve as full-time employees of the state in the unclassified service:

1. A deputy executive director;
2. A director of security;
3. A director of administration;
4. A director of marketing and such professional marketing and sales related positions as may be necessary within the marketing division;
5. One personal secretary; and
6. One special assistant to the executive director.

D. Until such time as the Oklahoma Lottery begins the operation of its games, temporary staffing, budgeting, purchasing and related management functions shall be provided by the Oklahoma Tax Commission and other state agencies as directed by the Governor to achieve maximum coordination in the planning and implementation of the Oklahoma Lottery.

E. For a period of six (6) months after the effective date of the Oklahoma Lottery Act, the Director of Central Services, upon request of the executive director, shall authorize purchases which shall not be subject to the Oklahoma Central Purchasing Act, when the timely implementation of the Oklahoma Lottery requires the

immediate delivery of supplies, materials or equipment or the immediate performance of services.

F. Sales of lottery tickets or shares pursuant to the Oklahoma Lottery Act shall begin not later than one hundred thirty-five (135) days after the Oklahoma Lottery Act becomes effective.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 505 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The Attorney General shall provide legal services for the Commission and the Oklahoma Lottery. The Attorney General shall make reasonable efforts to ensure that there is continuity in the legal services provided and that the attorneys providing legal services to the Commission and the Oklahoma Lottery have expertise in such field.

B. The executive director shall cause the Attorney General to make investigations and to prosecute and defend, on behalf of and in the name of the Commission, suits and proceedings for any of the purposes necessary and proper for implementing the functions of the Commission.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 506 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The Commission shall adopt rules and regulations governing the establishment and operation of a state lottery as necessary to implement the purposes of the Oklahoma Lottery Act. The state lottery shall produce the maximum amount of revenue consonant with the dignity and the general welfare of the people of this state. The rules and regulations may include but shall not be limited to:

1. The types of lottery games to be conducted, including but not limited to instant lottery, on-line and other games, provided, no lottery game shall use the game theme of bingo;

2. Upon recommendation by the executive director, the game play rules which shall include but not be limited to:

- a. the method of playing each lottery game,
- b. the number and value of prizes in each lottery game,
- c. the method of determining the winners of each lottery game,
- d. the retail sales price for tickets or shares in each lottery game,
- e. the procedure for validation and payment of prizes in each lottery game, and
- f. the procedure for distribution or dissemination of tickets or shares in each lottery game;

3. The manner of selecting the winning tickets or shares, except that, if a lottery game utilizes a drawing of winning numbers, a drawing among entries or a drawing among finalists, such drawings shall always be open to the public and shall be recorded on both video and audio tape;

4. The manner of payment of prizes to the holders of winning tickets or shares;

5. The frequency of the drawings or selections of winning tickets or shares;

6. The type or types of locations at which tickets or shares may be sold;

7. The method or methods to be used in selling tickets or shares;

8. Additional qualifications for the selection of lottery retailers and the amount of application fees to be paid by each;

9. The amount and method of compensation to be paid to lottery retailers, including special bonuses and incentives;

10. Deadlines for claims for prizes by winners of each lottery game;

11. Provisions for confidentiality of information submitted by vendors pursuant to paragraph 3 of Section 8 of this act; and

12. Information required to be submitted by vendors, in addition to that required by paragraph 3 of Section 8 of this act.

B. The Commission shall:

1. Conduct hearings upon complaints charging violations of the Oklahoma Lottery Act or rules and regulations promulgated pursuant to the Oklahoma Lottery Act; and

2. Require such reports from the executive director as it considers necessary.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 507 of Title 3A, unless there is created a duplication in numbering, reads as follows:

The executive director shall have the power to:

1. Supervise and administer the operation of the state lottery in accordance with the provisions of the Oklahoma Lottery Act and such rules and regulations as adopted pursuant to the Oklahoma Lottery Act;

2. Employ all other employees of the Oklahoma Lottery, which employees shall be in the classified service unless otherwise specifically provided by the Oklahoma Lottery Act;

3. Enter into contracts for such promotional services, annuities or other methods deemed appropriate for the payment of prizes, data processing and other technical products, equipment and services, and facilities as needed to operate the Oklahoma Lottery, including but not limited to gaming equipment, tickets and other services involved in major procurement contracts, in accordance with the following procedures:

- a. the executive director shall utilize an open and competitive bid process and weighted evaluation criteria which reflects the best interest of the State of Oklahoma, considering all relevant factors

including security, competence, experience, integrity, timely performance and maximization of net revenues to the state,

- b. major procurement contracts entered into pursuant to this paragraph are subject to approval of the Commission and shall not be subject to the provisions of the Oklahoma Central Purchasing Act, and
- c. before a major procurement contract is awarded, the executive director shall conduct a background investigation of:
 - (1) the vendor to whom the contract is to be awarded,
 - (2) all officers and directors of such vendor,
 - (3) all persons who own a five percent (5%) or more interest in such vendor, and
 - (4) any subsidiary or other business in which such vendor owns a controlling interest.

The vendor shall submit appropriate investigation authorizations to facilitate such investigation. The executive director, in accordance with rules and regulations of the Commission, may require that a vendor submit any additional information considered appropriate to preserve the integrity and security of the lottery. In addition, the executive director may conduct a background investigation of any person having a beneficial interest in a vendor. Upon request of the executive director, the Oklahoma Tax Commission, the Department of Securities, the Attorney General and the Oklahoma State Bureau of Investigation shall assist in any investigation pursuant to this subparagraph. Whenever the Oklahoma Tax Commission, the Department of Securities, the Attorney General or the Oklahoma State Bureau of Investigation assists in

such an investigation and incurs costs in addition to those attributable to the operations of the office, such additional costs shall be paid by the Oklahoma Lottery;

4. Contract with persons for the sale of lottery tickets or shares to the public, as provided by the Oklahoma Lottery Act and rules and regulations adopted pursuant to the Oklahoma Lottery Act;

5. Enter into written agreements with one or more other states for the operation, marketing and promotion of a joint lottery or joint lottery games and which conform to the provisions of the Oklahoma Lottery Act;

6. Require lottery retailers to furnish proof of financial stability or furnish surety in an amount based upon the expected volume of sales of lottery tickets or shares;

7. Examine, or cause to be examined by any agent or representative designated by the executive director, any books, papers, records or memoranda of any lottery retailer for the purpose of ascertaining compliance with the provisions of the Oklahoma Lottery Act or rules and regulations adopted pursuant to the Oklahoma Lottery Act;

8. Issue subpoenas to compel access to or for the production of any books, papers, records or memoranda in the custody or control of any lottery retailer, or to compel the appearance of any lottery retailer or employee of any lottery retailer, for the purpose of ascertaining compliance with the provisions of the Oklahoma Lottery Act or rules and regulations adopted pursuant to the Oklahoma Lottery Act. Subpoenas issued pursuant to the provisions of this subsection may be served upon natural persons and corporations in the manner provided for the service of process by any officer authorized to serve subpoenas in civil actions or by the executive director or an agent or representative designated by the executive director. If any person refuses to comply with any such subpoena,

the executive director may make application to the district court of any county where such books, papers, records, memoranda or person is located for an order to comply; and

9. Administer oaths and take depositions to the same extent and subject to the same limitations as would apply if the deposition were in aid of a civil action in the district court.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 508 of Title 3A, unless there is created a duplication in numbering, reads as follows:

The executive director shall:

1. Make and keep books and records which accurately and fairly reflect each day's transactions, including but not limited to:

- a. the distribution of tickets and shares to lottery retailers,
- b. receipt of funds, prize claims, prize disbursements or prizes liable to be paid, and
- c. expenses and other financial transactions of the Oklahoma Lottery necessary so as to permit daily accountability;

2. Make quarterly and annual financial reports to the Commission, the Governor, the State Treasurer, the Speaker of the House of Representatives and the President Pro Tempore of the Senate. Such reports shall be based upon generally accepted accounting principles and include a full and complete statement of lottery revenues, prize disbursements, expenses, net revenues and other financial transactions for the reporting period;

3. Make available for inspection by the Commission, upon request, all books, records, files and other information and documents of the Oklahoma Lottery;

4. Engage an independent firm of certified public accountants to conduct an annual financial audit of the accounts and transactions of the Oklahoma Lottery, the report of which shall be

presented to the Commission, the Governor, the State Treasurer, the Speaker of the House of Representatives and the President Pro Tempore of the Senate;

5. Engage an independent firm experienced in security procedures, including but not limited to computer security and systems security, to periodically conduct a comprehensive study and evaluation of all aspects of security in the operation of the Oklahoma Lottery;

6. Engage an independent firm experienced in marketing research and analysis to periodically conduct an evaluation to determine the effectiveness of marketing, promotion and public information programs used by the Oklahoma Lottery and make recommendations which will enhance such programs;

7. Prepare and submit budgets and proposals for the operation of the Oklahoma Lottery;

8. Operate the Oklahoma Lottery in such a manner that, after the initial state appropriation, it is self-sustaining and self-funded;

9. Include in printed promotional materials and information published for each lottery game, a list of the odds of winning such game, based upon the number of tickets or shares projected to be sold; and

10. Make provision for the timely and efficient transfer of funds due from lottery retailers to the Lottery Operating Fund, including the use of electronic funds transfers whenever possible.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 509 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The executive director shall select as lottery retailers such persons as deemed best able to serve the public convenience and promote the sale of tickets or shares in accordance with marketing plans developed by the Oklahoma Lottery. In the selection of

lottery retailers, the executive director shall consider factors such as financial responsibility, security of the applicant's place of business or activity, accessibility of the applicant's place of business or activity, integrity, reputation, volume of expected sales and such other factors as the executive director may deem appropriate. Persons lawfully engaged in nongovernmental business on state property may be selected as lottery retailers.

B. The executive director may charge an application fee to persons applying to become lottery retailers.

C. All lottery retailer contracts shall be renewable annually after issuance unless sooner canceled or terminated. No lottery retailer contract shall be transferred or assignable. Each lottery retailer shall be issued a lottery retailer certificate which shall be conspicuously displayed at the place where the lottery retailer is authorized to sell lottery tickets or shares. Lottery tickets or shares shall only be sold by the lottery retailer at the location stated on the lottery retailer certificate.

D. To be selected as a lottery retailer, a natural person acting as a sole proprietor must:

1. Be at least eighteen (18) years of age;
2. Be of good character and reputation in such person's community;
3. Have sufficient financial resources to support the activities required to sell lottery tickets or shares;
4. Be current in payment of all taxes, interest and penalties owed to the State of Oklahoma, excluding items under formal dispute or appeal pursuant to applicable statutes; and
5. Not be engaged exclusively in the sale of lottery tickets and shares.

E. No natural person shall be selected as a lottery retailer who:

1. Has been convicted of a felony in this or any other jurisdiction;

2. Has been convicted of an illegal gambling activity in this or any other jurisdiction;

3. Has been found to have violated the provisions of the Oklahoma Lottery Act or any rule and regulation adopted pursuant to the Oklahoma Lottery Act;

4. Is a vendor or an employee or agent of any vendor doing business with the Oklahoma Lottery;

5. Resides in the same household of an employee of the Oklahoma Lottery or of a member of the Commission; or

6. Has made a statement of material fact to the Oklahoma Lottery, knowing such statement to be false.

F. For a partnership to be selected as a lottery retailer, the partnership must meet the requirements of paragraphs 3 and 4 of subsection D of this section and each partner must meet the requirements of paragraphs 1 and 2 of subsection D of this section and paragraphs 1 through 6 of subsection E of this section.

G. For a corporation to be selected as a lottery retailer, the corporation must meet the requirements of paragraphs 3 and 4 of subsection D of this section and each officer or director and each stockholder who owns five percent (5%) or more of the stock of such corporation must meet the requirements of paragraphs 1 and 2 of subsection D of this section and paragraphs 1 through 6 of subsection E of this section.

H. For an unincorporated association to be selected as a lottery retailer, the association must meet the requirements of paragraphs 3 and 4 of subsection D of this section and each officer or director must meet the requirements of paragraphs 1 and 2 of subsection D of this section and paragraphs 1 through 6 of subsection E of this section.

I. If a lottery retailer's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales, and such computation of retail sales is not explicitly defined to include sale of tickets or shares in a state-operated lottery, the compensation received by the lottery retailer from the lottery shall be considered the amount of the retail sale for purposes of computing the rental payment.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 510 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. There is hereby established in the State Treasury the Lottery Operating Fund.

B. The executive director shall remit at least weekly to the State Treasurer all monies collected from the sale of lottery tickets and shares and any other monies received by or on behalf of the Oklahoma Lottery. Upon receipt of any such remittance, the State Treasurer shall deposit the entire amount thereof in the State Treasury and credit it to the Lottery Operating Fund. Monies credited to the fund shall be expended or transferred only as provided by the Oklahoma Lottery Act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

C. The State Treasurer may invest and reinvest monies credited to the Lottery Operating Fund in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any depository located in Oklahoma. If the State Treasurer determines that it is impossible to deposit the monies in time deposits, the State Treasurer shall enter into repurchase agreements of less than thirty (30) days' duration with an Oklahoma bank for direct obligations of, or obligations that are insured as

to principal and interest by the United States government or any agency thereof. Any income or interest earned by the investments shall be credited to the Lottery Operating Fund.

D. Monies in the Lottery Operating Fund shall be used for:

1. The payment of expenses of the lottery, which shall include:

a. all costs incurred in the operation and administration of the Oklahoma Lottery,

b. all costs resulting from contracts entered into for the purchase or lease of goods and services needed for operation of the lottery, including but not limited to supplies, materials, tickets, independent studies and surveys, data transmission, advertising, printing, promotion, incentives, public relations, communications, and distribution of tickets and shares, and

c. reimbursement of costs of facilities and services provided by other state agencies;

2. The payment of compensation to lottery retailers;

3. Transfers of monies to the Lottery Prize Payment Account;

4. Transfers of monies to the General Revenue Fund pursuant to Section 13 of this act; and

5. Transfers of monies to the General Revenue Fund pursuant to subsection E of this section. Such monies shall be used for education, health, and social services programs, as determined by the Legislature.

E. The State Treasurer shall transfer monies in the General Revenue Fund at least quarterly as follows:

1. For the fiscal year commencing July 1, 1994, in an amount equal to the monies in the fund in excess of those needed for the purposes described in paragraphs 1 through 4 of subsection D of this section, as certified by the executive director; and

2. For fiscal years commencing on or after July 1, 1995, in an amount equal to the amount specified by paragraph 1 of this subsection or an amount equal to not less than thirty-five percent (35%) of total revenues from the sales of lottery tickets and shares during the fiscal year, whichever is greater.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 511 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. There is hereby established in the State Treasury the Lottery Prize Payment Account. The account shall be an agency special account created in accordance with the provisions of Section 7.2 of Title 62 of the Oklahoma Statutes.

B. The executive director shall certify periodically to the State Treasurer such amounts as the executive director determines necessary to pay prizes to the holders of valid winning lottery tickets or shares. Upon receipt of such certification, the State Treasurer shall promptly transfer the amount certified from the Lottery Operating Fund to the Lottery Prize Payment Account. Monies credited to the account shall be expended only for the payment of prizes to the holders of valid winning lottery tickets or shares. Expenditures from the account shall be made upon warrants of the State Treasurer issued pursuant to vouchers approved by the executive director or by a person designated by the executive director.

C. The State Treasurer may invest and reinvest monies credited to the Lottery Prize Payment Account in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any depository located in this state. If the State Treasurer determines that it is impossible to deposit the monies in time deposits, the State Treasurer shall enter into repurchase agreements of less than thirty (30) days' duration

with an Oklahoma bank for direct obligations of, or obligations that are insured as to principal and interest by the United States government or any agency thereof. Any income or interest earned by the investments shall be credited to the Lottery Prize Payment Account.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 512 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Any appropriation of General Revenue Fund monies for the operation of the Oklahoma Lottery and other expenses incurred in connection with the conduct of lotteries pursuant to the Oklahoma Lottery Act shall be repaid with interest to the General Revenue Fund as excess monies are available in the Lottery Operating Fund, but in no case later than twelve (12) months from the effective date of the appropriation of such General Revenue Fund monies. The interest shall be based upon the principal amount outstanding each month until repaid and the average interest rate on time deposit, open accounts for each such month.

B. The executive director shall certify periodically to the State Treasurer such amounts as are available in the Lottery Operating Fund for repayment of any monies pursuant to subsection A of this section and payment of any interest thereon. Upon receipt of such certification, the State Treasurer shall promptly transfer the amount certified from the Lottery Operating Fund to the General Revenue Fund.

C. Except as provided by subsection A of this section, monies credited to the General Revenue Fund shall not be used or obligated to pay the expenses of the Oklahoma Lottery or prizes of the lottery and no claim for the payment of an expense of the lottery or the payment of a lottery prize shall be made against any monies other than monies credited to the Lottery Operating Fund, moneys credited

to the Lottery Prize Payment Account or monies collected from the sale of lottery tickets or shares.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 513 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Employees of the Oklahoma Lottery designated by the executive director are hereby vested with the power and authority of law enforcement officers in the execution of the duties imposed upon the executive director by the Oklahoma Lottery Act and in enforcing the provisions of the Oklahoma Lottery Act.

B. Employees designated by the executive director pursuant to subsection A of this section shall have the authority to:

1. Make arrests, conduct searches and seizures and carry firearms while investigating violations of the Oklahoma Lottery Act and during routine conduct of their duties as determined by the executive director or designee of the executive director;

2. Make arrests, conduct searches and seizures and generally to enforce all the criminal laws of the state as violations of those laws are encountered by such employees during the routine performance of their duties; and

3. Issue notices to appear.

C. No employee of the Oklahoma Lottery shall be designated a law enforcement officer pursuant to the provisions of this section without having first been certified as a police or peace officer by the Council on Law Enforcement Education and Training.

D. The Commission may adopt rules and regulations prescribing other training required for such employees.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 514 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. It is unlawful for the executive director, a member of the Commission or any employee of the Oklahoma Lottery, or any person residing in the household thereof to:

1. Have, either directly or indirectly, an interest in a business knowing that such business contracts with the Oklahoma Lottery for a major procurement, whether such interest is as a natural person, partner, member of an association, stockholder or director or officer of a corporation; or

2. Accept or agree to accept any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality or service from a person knowing that such person:

a. contracts or seeks to contract with the state to supply gaming equipment, materials, tickets or consulting services for use in the lottery, or

b. is a lottery retailer or an applicant for lottery retailer.

B. It is unlawful for a lottery retailer, an applicant for lottery retailer or a person who contracts or seeks to contract with the state to supply gaming equipment, materials, tickets or consulting services for use in the lottery to offer, pay, give or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality or service to a person, knowing such person is the executive director, a member of the Commission or an employee of the Oklahoma Lottery, or a person residing in the household thereof.

C. Violation of this section is a misdemeanor.

D. If the executive director, a member of the Commission or an employee of the Oklahoma Lottery, or any person residing in the household thereof, is convicted of an act described by this section, such executive director, member or employee shall be removed from office or employment with the Oklahoma Lottery.

E. In addition to the provisions of this section, all other provisions of law relating to conflicts of interest of state employees shall apply to the members of the Commission and employees of the Oklahoma Lottery.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 515 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. It is unlawful to falsely make, alter, forge, pass or counterfeit, with intent to defraud, a lottery ticket or share, or receipt for the purchase thereof, issued or purported to have been issued by the Oklahoma Lottery.

B. Violation of this section is a felony.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 516 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. It is unlawful for:

1. Any person to sell a lottery ticket or share at a price other than that fixed by the rules and regulations adopted pursuant to the Oklahoma Lottery Act;

2. Any person other than a lottery retailer authorized by the Oklahoma Lottery to sell or resell any lottery ticket or share; or

3. Any person to sell a lottery ticket or share to any person, knowing such person to be under eighteen (18) years of age.

B. Violation of this section is a misdemeanor upon conviction of the first offense and a felony upon conviction of a second or subsequent offense.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 517 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. It is unlawful for any person listed in this subsection to purchase a lottery ticket or share, or for another individual to pay a prize to such person, knowing that such person is:

1. The executive director, a member of the Commission or an employee of the Oklahoma Lottery;

2. An officer or employee of a business which is currently engaged in supplying equipment, supplies or services being used directly in the operation of any lottery conducted pursuant to the Oklahoma Lottery Act;

3. A spouse, child, stepchild, brother, stepbrother, sister, stepsister, parent or stepparent of a person described by paragraph 1 or 2 of this subsection; and

4. A person who resides in the same household as any person described by paragraph 1 or 2 of this subsection.

B. Violation of this section is a misdemeanor upon conviction of the first offense and a felony upon conviction of a second or subsequent offense.

C. Notwithstanding subsection A of this section, the executive director may authorize in writing any employee of the Oklahoma Lottery and any employee of a lottery vendor to purchase a lottery ticket for the purposes of verifying the proper operation of the state lottery with respect to security, systems operation and lottery retailer contract compliance. Any prize awarded as a result of such ticket purchase shall become the property of the Oklahoma Lottery and be added to the prize pools of subsequent lottery games.

D. Nothing in this section shall prohibit lottery retailers or their employees from purchasing lottery tickets and shares or from being paid a prize of a winning ticket or share.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 518 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. As nearly as practical, an amount equal to not less than forty-five percent (45%) of the total sales of lottery tickets or shares, computed on an annual basis, shall be allocated for payment of lottery prizes.

B. The prize to be paid or awarded for each winning ticket or share shall be paid to one natural person who is adjudged by the executive director or the director's designee to be the holder of such winning ticket or share, except that the prize of a deceased winner shall be paid to the duly appointed representative of the estate of such winner or to such other person or persons appearing to be legally entitled thereto.

C. The executive director shall award the designated prize to the holder of the ticket or share upon the validation of a claim or confirmation of a winning share. The executive director shall have the authority to make payment for prizes by any means deemed appropriate upon the validation of winning tickets or shares.

D. The right of a person to a prize drawn or awarded is not assignable.

E. All prizes awarded shall be taxed as income and shall be subject to all state and federal income tax laws and rules and regulations.

F. Holders of tickets or shares shall have the right to claim prizes for one hundred eighty (180) days after the drawing or the end of the lottery game or play in which the prize was won. The game play rules may provide shorter time periods for eligibility for entry into drawings involving entries or finalists. If a valid claim is not made for a prize payable directly by the Oklahoma Lottery pursuant to the game play rules within the applicable time period, the unclaimed prize money shall revert to the Lottery Operating Fund.

G. The State of Oklahoma, members of the Commission and employees of the Oklahoma Lottery shall be discharged of all further liability upon payment of a prize pursuant to this section.

SECTION 20. AMENDATORY 21 O.S. 1991, Section 1051, is amended to read as follows:

Section 1051. A lottery is any scheme for the disposal or distribution of property by chance among persons who have paid, or promised, or agreed to pay any valuable consideration for the chance of obtaining such property, or a portion of it, or for any share of or interest in such property, upon any agreement, understanding or expectation that it is to be distributed or disposed of by a lot or chance, whether called a lottery, a raffle, or a gift enterprise, or by whatever name the same may be known. Valuable consideration shall be construed to mean money or goods of actual pecuniary value. Provided, it shall not be a violation of the lottery or gambling laws of this state for (1) the Oklahoma Lottery to conduct a lottery pursuant to the provisions of the Oklahoma Lottery Act; (2) a bona fide resident merchant or merchants of a city or town, acting in conjunction with the Chamber of Commerce or Commercial Club of this state thereof, to issue free of charge numbered tickets on sales of his merchandise, the corresponding stub of one or more of which tickets to be drawn or chosen by lot by a representative or representatives of said Chamber of Commerce or of said Commercial Club in the manner set forth on said tickets, the numbered stub or stubs so drawn to entitle the holder of the corresponding numbered issued ticket to a valuable prize donated by said merchant; ~~(2) or~~ (3) a bona fide community chest welfare fund on a military post or reservation to issue numbered tickets in conjunction with voluntary contributions to said fund, the corresponding stub or stubs of one or more of said tickets to be drawn by lot under the supervision of a military commander, the stub or stubs so drawn entitling the ticket holder to a prize of some value. Provided however, that no person shall sell tickets or receive contributions to said fund off the military reservation.

SECTION 21. AMENDATORY 62 O.S. 1991, Section 7.2, as amended by Section 1, Chapter 176, O.S.L. 1992 (62 O.S. Supp. 1992, Section 7.2), is amended to read as follows:

Section 7.2 A. There is hereby re-created, to continue until July 1, 1996, in accordance with the provisions of the Oklahoma Sunset Law, Section 3901 et seq. of Title 74 of the Oklahoma Statutes, a Special Agency Account Board, to consist of the Director of State Finance, the State Treasurer and the Director of the Legislative Service Bureau. The Board shall have the authority to approve the establishment of agency special accounts in the official depository of the State Treasury. In the case of institutions of higher education, the Special Agency Account Board acting in conjunction with the Oklahoma State Regents for Higher Education shall establish special agency accounts as appropriate which shall be consistent with provisions of the Oklahoma Budget Law of 1947, Section 41.1 et seq. of this title, as it relates to institutions in The Oklahoma State System of Higher Education.

B. The Board, created by this section, shall adopt procedures including application forms, justification and other pertinent information as to the basis for a state agency application for the establishment of agency special accounts.

C. The Board may approve agency special accounts for money received by state agencies for the following purposes:

1. Benefit programs for individuals, including, but not limited to, unemployment compensation, workers' compensation and state retirement programs;

2. Revenues produced by activities or facilities ancillary to the operation of a state agency which receive no money, directly or indirectly, from or through that state agency, including, but not limited to, revenues from the sales of food at retail level, sales at canteens, sales at student unions, sales at student bookstores, receipts from athletic programs and receipts from housing.

Provided, however, that a state institution of higher learning may purchase necessary equipment and instructional supplies and office supplies from a student bookstore, or, subject to authorization by

the Oklahoma State Regents for Higher Education, may rent building space for institutional use in a building operated by an organization or entity whose existence is ancillary to the operation of a state agency, and whose cost was financed in whole or in part with revenue-type bonds; provided, further, that the cost of such office supplies or space rental shall not exceed the cost of similar supplies or rentals available commercially;

3. Gifts, devises and bequests with an agency as beneficiary, unless otherwise provided by statute;

4. Evidence funds for law enforcement agencies;

5. Student loan funds and scholarship funds;

6. Funds held in escrow;

7. Land Commission funds;

8. Funds for which the state agency acts as custodian, including, but not limited to, fees from employee earnings approved by the governing board of the agency, funds of student organizations including student activity fees collected by an educational institution as a separate item in enrollment procedures, professional organizations, patients and inmates;

9. Funds used by the Oklahoma Tax Commission to pay for the filing of liens with the Federal Aviation Administration;

10. Funds used by the Oklahoma Lottery for payment of prizes;

11. Temporary accounts for funds arising from new or amended legislation not otherwise provided for in statute or for other emergency situations. Such accounts are to be utilized only pending legislative action directing custody of such funds;

~~11.~~ 12. Payment of liability claims against the state;

~~12.~~ 13. Activities of the various Armory Boards of the Oklahoma Military Department to receive and dispense funds derived by the Armory Boards pursuant to Sections 232.6 and 232.7 of Title 44 of the Oklahoma Statutes; and

~~13.~~ 14. Payment of expenses incurred in connection with the acceptance of payments made with nationally recognized credit cards.

D. The State Treasurer is authorized to accept deposit of money made directly to agency special accounts approved by the Board. All money received by a state agency, as described in Section 7.1 of this title, shall be deposited in State Treasury funds or accounts and no money shall be deposited in banks or other depositories unless the said bank accounts are maintained by the State Treasurer or are for the deposit of authorized petty cash funds.

E. The balances in agency bank accounts or depository accounts, as of July 1, 1973, shall be transferred to agency clearing accounts or agency special accounts created by law. However, a sufficient balance to fund outstanding checks and vouchers, if any, shall be retained in said bank or depository accounts for a period of one (1) year. A list of all outstanding checks or vouchers for each bank or depository account so abolished shall be furnished to the State Treasurer by the state agency as of July 1, 1973.

F. Money deposited in agency special accounts shall be disbursed on vouchers issued by the state agency concerned to accomplish the purpose for which the money was intended.

G. Funds and revenues of the Grand River Dam Authority are exempt from the requirements of this section.

H. Funds and revenues of the Oklahoma Municipal Power Authority are exempt from the requirements of this section.

I. Monies used for investment purposes by the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, the Oklahoma Public Employees Retirement System, the Teachers' Retirement System of Oklahoma, the State Insurance Fund, the State and Education Employees Group Insurance Board and the Oklahoma State Regents for Higher Education for its Endowment Trust Fund are exempt

from the requirements of this section, and shall be placed with the respective custodian bank or trust company.

SECTION 22. AMENDATORY 68 O.S. 1991, Section 1357, as amended by Section 2, Chapter 383, O.S.L. 1992 (68 O.S. Supp. 1992, Section 1357), is amended to read as follows:

Section 1357. Exemption - General.

There are hereby specifically exempted from the tax levied by this article:

(A) Transportation of school pupils to and from elementary schools or high schools in motor or other vehicles;

(B) Transportation of persons where the fare of each person does not exceed One Dollar (\$1.00), or local transportation of persons within the corporate limits of a municipality except by taxicabs;

(C) Sales for resale to persons engaged in the business of reselling the articles purchased, whether within or without the state, provided that such sales to residents of this state are made to persons to whom sales tax permits have been issued as provided in this article. This exemption shall not apply to the sales of articles made to persons holding permits when such persons purchase items for their use and which they are not regularly engaged in the business of reselling; neither shall this exemption apply to sales of tangible personal property to peddlers, solicitors and other salesmen who do not have an established place of business and a sales tax permit. The exemption provided by this subsection shall apply to sales of motor fuel or diesel fuel to a Group Five vendor, but the use of such motor fuel or diesel fuel by the Group Five vendor shall not be exempt from the tax levied by this article. The purchase of motor fuel or diesel fuel is exempt from sales tax when the motor fuel is for shipment outside this state and consumed by a common carrier by rail in the conduct of its business. The sales tax shall apply to the purchase of motor fuel or diesel fuel in

Oklahoma by a common carrier by rail when such motor fuel is purchased for fueling, within this state, of any locomotive or other motorized flanged wheel equipment;

(D) Sales of advertising space in newspapers and periodicals and billboard advertising service, and any advertising through the electronic media, including radio, television and cable television;

(E) Eggs, feed, supplies, machinery and equipment purchased by persons regularly engaged in the business of raising worms, fish, any insect or any other form of terrestrial or aquatic animal life and used for the purpose of raising same for marketing. This exemption shall only be granted and extended to the purchaser when the items are to be used and in fact are used in the raising of animal life as set out above. Each purchaser shall certify, in writing, on the invoice or sales ticket retained by the vendor that he is regularly engaged in the business of raising such animal life and that the items purchased will be used only in such business. The vendor shall certify to the Oklahoma Tax Commission that the price of the items has been reduced to grant the full benefit of the exemption. Violation hereof by the purchaser or vendor shall be a misdemeanor;

(F) Sale of natural or artificial gas and electricity when sold exclusively for residential use after December 31, 1980. Provided, nothing herein shall be construed as limiting or prohibiting cities and towns, and counties levying a tax pursuant to the provisions of ~~Section 5 of Enrolled House Bill No. 1001 of the 1st Extraordinary Session of the 43rd Oklahoma Legislature~~ 1370.2 of this title, from levying and collecting taxes on the sale of natural or artificial gas and electricity. Provided further, any sales tax levied by a city or town, or a county levying a tax pursuant to the provisions of ~~Section 5 of Enrolled House Bill No. 1001 of the 1st Extraordinary Session of the 43rd Oklahoma Legislature~~ 1370.2 of this title, on natural or artificial gas and electricity shall be in

effect regardless of ordinance or contractual provisions referring to previously imposed state sales tax on such items;

(G) In addition to the exemptions authorized by Section ~~16~~ 1357.6 of this ~~act~~ title, sales of medicines or drugs prescribed for the treatment of human beings by a person licensed to prescribe the medicines or drugs. Provided, this exemption shall not apply to proprietary or patent medicines as defined by Section 353.1 of Title 59 of the Oklahoma Statutes;

(H) Transfers of title or possession of empty, partially filled, or filled returnable oil and chemical drums to any person who is not regularly engaged in the business of selling, reselling or otherwise transferring empty, partially filled, or filled returnable oil drums;

(I) Sales of one-way utensils, paper napkins, paper cups, disposable hot containers and other one-way carry out materials to a vendor of meals or beverages;

(J) Sales of food or food products for home consumption which are purchased in whole or in part with coupons issued pursuant to the federal food stamp program as authorized by Sections 2011 through 2029 of Title 7 of the United States Code, as to that portion purchased with such coupons. The exemption provided for such sales shall be inapplicable to such sales upon the effective date of any federal law that removes the requirement of the exemption as a condition for participation by the State of Oklahoma in the federal food stamp program;

(K) Sales of computers, data processing equipment, related peripherals and telephone, telegraph or telecommunications service and equipment to a new or expanding business. In order to qualify for the exemption provided for by this subsection, the sale of said items shall equal or exceed the sum of Two Million Dollars (\$2,000,000.00). For purposes of this subsection, qualified purchaser means any new or expanding business which adds at least

one hundred (100) new full-time-equivalent employees, as certified by the Employment Security Commission. Only sales of computers, data processing equipment, related peripherals and telephone, telegraph or telecommunications service and equipment made within thirty-six (36) months of the effective date of this act shall be eligible for the exemption provided by this subsection;

(L) Sales of computers, data processing equipment, related peripherals and telephone, telegraph or telecommunications service and equipment for use in a qualified aircraft maintenance or manufacturing facility. For purposes of this subsection, "qualified aircraft maintenance or manufacturing facility" means a new or expanding facility primarily engaged in aircraft repair, building or rebuilding whether or not on a factory basis, whose total cost of construction exceeds the sum of Five Million Dollars (\$5,000,000.00) and which employs at least two hundred fifty (250) new full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission, upon completion of the facility. In order to qualify for the exemption provided for by this subsection, the cost of said items purchased by the qualified aircraft maintenance or manufacturing facility shall equal or exceed the sum of Two Million Dollars (\$2,000,000.00);

(M) Sales of tangible personal property consumed or incorporated in the construction or expansion of a qualified aircraft maintenance or manufacturing facility as defined in subsection (L) of this section. For purposes of this subsection, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified aircraft maintenance or manufacturing facility for construction or expansion of such a facility shall be considered sales made to a qualified aircraft maintenance or manufacturing facility;

(N) Effective July 1, 1993, and thereafter, sales of repair machinery, repair equipment and repair parts, and fuel, oil,

lubricants and other substances used for the operation and maintenance of such repair machinery, repair equipment and repair parts, all of which are to be used directly within a nongovernmental aircraft maintenance facility which is primarily engaged in aircraft repair, building or rebuilding whether or not on a factory basis and:

1. Which has been certified by the Oklahoma Employment Security Commission as employing at least two thousand (2,000) full-time-equivalent employees; or

2. Whose total cost of construction exceeds the sum of Five Million Dollars (\$5,000,000.00) and which employs at least two hundred fifty (250) new full-time-equivalent employees and which is owned or leased by an aircraft manufacturing facility which employs at least two thousand (2,000) full-time-equivalent employees in this state as certified by the Oklahoma Employment Security Commission.

Provided, the provisions of this subsection shall be null and void unless and until there are two (2) or more such aircraft maintenance facilities located in this state; ~~and~~

(O) Sales of any interstate telecommunications services which:

1. Entitle the subscriber to inward or outward calling respectively between a station associated with an access line in the local telephone system area or a station directly connected to any interexchange carrier's facilities and telephone or radiotelephone stations in diverse geographical locations specified by the subscriber; or

2. Entitle the subscriber to private communications services which allow exclusive or priority use of a communications channel or group of channels between exchanges.

For the fiscal year ending June 30, 1993, the exemption provided for in this paragraph shall not become effective until sales tax collections pursuant to subparagraph (2) of paragraph (D) of Section

1354 of this title reach Five Million Six Hundred Thousand Dollars (\$5,600,000.00); and

P. Sales of lottery tickets and shares pursuant to the Oklahoma Lottery Act.

SECTION 23. AMENDATORY 74 O.S. 1991, Section 85.12, as last amended by Section 1, Chapter 246, O.S.L. 1992 (74 O.S. Supp. 1992, Section 85.12), is amended to read as follows:

Section 85.12 A. The provisions of this section shall not be construed to affect any law relating to fiscal or accounting procedure except such as may be directly in conflict herewith; and all claims, warrants and bonds shall be examined, inspected and approved as now provided by law.

B. The following acquisitions shall not be included within the purview of the Oklahoma Central Purchasing Act, Section 85.1 et seq. of this title:

1. Food and other products produced by state institutions and agencies;

2. Contracts for construction of new buildings and for the repair, maintenance or modernization of old buildings by state educational institutions included within The Oklahoma State System of Higher Education;

3. The printing or duplication of publications or forms of whatsoever kind or character by state agencies, which service is performed upon their own equipment, by their own employees;

4. Acquisitions by The Oklahoma State System of Higher Education on any institution or entity comprising the same insofar as such acquisitions relate to textbooks, laboratory supplies, instructional materials and specialized laboratory equipment;

5. Department of Transportation and Transportation Commission contractual services or right-of-way purchases. Contracts awarded pursuant to bids let by the Transportation Commission for the maintenance or construction of streets, roads, highways, bridges, or

underpasses, or any other transportation facilities under the control of the Department of Transportation, the acquisitions of equipment or materials accruing to the Department of Transportation required in Federal-Aid contracts, and contracts for public service type announcements initiated by the Department of Transportation. Contractual services as used herein shall not include advertising or public relations services;

6. Utility services where rates therefor are regulated by a state or federal regulatory commission, or by city ordinance or by an Indian Tribal Council for use by the Department of Corrections only;

7. Purchases of products by Oklahoma Medical Center. The Commission for Human Services shall develop standards for the purchase of products and may elect to utilize Central Purchasing when appropriate. Such standards shall foster economy, short response time, and include appropriate safeguards to assure appropriate competition and economical and efficient purchasing;

8. Contracts for custom harvesting by the Department of Corrections for the Department or its institutions;

9. Contracts with private prison contractors which are subject to the contracting procedures of Section 561 of Title 57 of the Oklahoma Statutes;

10. Acquisitions of aircraft by agencies authorized by the Legislature to purchase aircraft;

11. Purchases by the Oklahoma Municipal Power Authority;

12. Grand River Dam Authority;

13. Purchases by rural water, sewer, gas or solid waste management districts created pursuant to Section 1324.1 et seq. of Title 82 of the Oklahoma Statutes;

14. Purchases by the Oklahoma Ordnance Works Authority or Midwestern Oklahoma Development Authority, except that the Oklahoma Ordnance Works Authority and the Midwestern Oklahoma Development

Authority shall remain subject to the provisions of Section 85.32 of this title;

15. Contracts entered into by the Oklahoma Industrial Finance Authority for the services of an appraiser or for acquisition of insurance when it is determined by its Board of Directors that an emergency exists and for the services of legal counsel when approved by the Attorney General;

16. Contracts entered into by the State Department of Education for the purpose of implementing the provisions of Section 6-156 of Title 70 of the Oklahoma Statutes;

17. Expenditure of monies appropriated to the State Board of Education for the purpose of Local, State-supported Programs and State-supported Programs except monies appropriated for the Administrative and Support Functions of the State Department of Education;

18. Contracts entered into by the State Department of Vocational and Technical Education for the development, revision or updating of vocational curriculum materials;

19. Contracts entered into by the Oklahoma Center for the Advancement of Science and Technology for professional services;

20. Contracts entered into by the Oklahoma Department of Commerce pursuant to the provisions of Section 5009.1 et seq. of this title and Section 5 of this act;

21. Purchases made by the Oklahoma Historical Society from monies used to administer the White Hair Memorial;

22. Purchases of products available to an agency through a General Services Administration contract or other federal contract if the item is on current state contract and the terms of such contract are more favorable to the agency than the terms of a state contract for the same products as determined by the State Purchasing Director;

23. Purchases of products by the Forestry Service of the State Department of Agriculture as authorized by the federal General Services Administration through a General Services Administration contract or other federal contract if the item is not on current state contract or the terms of such federal contract are more favorable to the agency than the terms of a state contract for the same products; ~~and~~

24. Purchases by the Oklahoma Lottery which are specifically exempted from the Oklahoma Central Purchasing Act pursuant to the Oklahoma Lottery Act; and

25. Purchases amounting to less than that requiring competitive bid pursuant to Section 85.7 of this title. The Director of Public Affairs shall promulgate rules related to such purchases in excess of Seven Hundred Fifty Dollars (\$750.00) and not exceeding Two Thousand Five Hundred Dollars (\$2,500.00) to ensure competitiveness and fairness in such purchases.

C. Notwithstanding the exclusions provided herein, any agency or common schools of Oklahoma, any municipality of the state, any rural fire protection district and county officers may, unless the contract with the state specifies otherwise, avail themselves of the provisions of the Oklahoma Central Purchasing contracts and the services of the Purchasing Director. Provided further, however, that any subdivision of government and any rural fire protection district of the state may designate the office of Oklahoma Central Purchasing as its agent for the purchase or procurement of any item or service contracted or available to the state.

D. Further, notwithstanding the exclusions provided herein, the purchasing policies and procedures of the Oklahoma Ordnance Works Authority and the Midwestern Oklahoma Development Authority shall be subject to approval by the Director of the Office of Public Affairs, and said Director shall make periodic audits of the purchasing policies and procedures of the Oklahoma Ordnance Works Authority and

the Midwestern Oklahoma Development Authority to assure that said purchasing policies and procedures, as approved by him, are being followed.

SECTION 24. There is hereby appropriated to the Oklahoma Lottery from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 1994, the sum of Four Million Dollars (\$4,000,000.00) or so much thereof as may be necessary to perform the duties imposed upon the Oklahoma Lottery by law.

SECTION 25. The appropriation made by Section 24 of this act shall be subject to fiscal year limitations and may be encumbered through June 30, 1994. Any unexpended funds remaining after November 15, 1994, shall lapse and be transferred to the credit of the proper fund for the then current fiscal year.

SECTION 26. AMENDATORY 21 O.S. 1991, Section 944, is amended to read as follows:

Section 944. A. Any person who sets up, operates or conducts, or who permits to be set up, operated or conducted in or about his place of business, whether as owner, employee or agent, any slot machine for the purpose of having or allowing the same to be placed by others for money, property, checks, credits or any representative of value shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than Twenty-five Dollars (\$25.00), nor more than One Hundred Dollars (\$100.00); or by imprisonment in the county jail for a term of not more than thirty (30) days, or by both such fine and imprisonment.

B. The provisions of this section shall not apply to any state lodge operated by the Tourism and Recreation Department.

SECTION 27. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1811.9 of Title 74, unless there is created a duplication in numbering, reads as follows:

The Tourism and Recreation Department may place slot machines, as defined by Section 964 of Title 21 of the Oklahoma Statutes, in lodges operated by the Department. Any revenues received from the operation of the slot machines shall be credited to the State Lodge Revolving Fund.

SECTION 28. The Ballot Title for the proposed act shall be in the following form:

BALLOT TITLE

Legislative Referendum No. _____ State Question No. _____

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

This measure would be to approve a state lottery. It creates the Oklahoma Lottery Commission and the Oklahoma Lottery to run the lottery. It provides procedures for running the lottery. Tickets would be sold by lottery retailers. Money earned by the lottery would be put in the lottery funds. The money would be used for prizes. The money would also be used for costs of running the lottery. The rest of the money would be used by the state to finance education reform. The measure gives money to the lottery to start. That sum would be repaid to the state. The measure also allows slot machines in state lodges.

SHALL THIS ACT BE APPROVED BY THE PEOPLE?

 / YES, FOR THE ACT

 / NO, AGAINST THE ACT

SECTION 29. The Chief Clerk of the House of Representatives, immediately after the passage of this act, shall prepare and file one copy thereof, including the Ballot Title set forth in SECTION 28 hereof, with the Secretary of State and one copy with the Attorney General.

SECTION 30. A special election is hereby ordered to be held throughout the State of Oklahoma on a date set by the Governor, at which time the proposed statute, as set forth in Sections 2 through

27 of this act, shall be submitted to the people of Oklahoma for their approval or rejection as and in the manner provided by law.

44-1-6059

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