

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

SENATE JOINT
RESOLUTION 24

By: Henry

AS INTRODUCED

A Joint Resolution relating to amusements and sports; ordering a legislative referendum pursuant to the Oklahoma Constitution; creating the Oklahoma Lottery Act; providing short title; stating purpose; 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 Quality Education Initiative Revolving Fund; providing for deposits thereto and expenditures therefrom; creating the Lottery Prize Payment Account and providing procedures related thereto; 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 last amended by Section 12, Chapter 2, O.S.L. 1997 (62 O.S. Supp. 2000, Section 7.2), which relates to agency special accounts; modifying purposes for which agency special accounts may be used; making an appropriation to the Oklahoma Lottery; stating purpose; providing lapse date; providing for codification; providing ballot title; and directing filing.

BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE
1ST SESSION OF THE 48TH OKLAHOMA LEGISLATURE:

SECTION 1. Pursuant to Section 3 of Article V of the Oklahoma Constitution, there is hereby ordered the following legislative referendum which shall be filed with the Secretary of State and

addressed to the Governor of the state, who shall submit the same to the people for their approval or rejection at the next General Election.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 701 of Title 3A, unless there is created a duplication in numbering, reads as follows:

Sections 2 through 20 of this resolution 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 702 of Title 3A, unless there is created a duplication in numbering, reads as follows:

The purpose of the Oklahoma Lottery Act is to provide funding for the education reforms and programs known as the Quality Education Initiative as set forth in Senate Bill No. ___ of the 1st Session of the 48th Oklahoma Legislature. The net proceeds of the Oklahoma Lottery, which shall be not less than thirty-five percent (35%) of the total revenues from the sale of lottery tickets and shares, shall be used solely and exclusively for such purposes and shall be supplemental to other revenues dedicated to or appropriated for education.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 703 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, partnership or other legal entity;

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 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 704 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 chair deems desirable. Special meetings shall be called by the chair 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 chair. A majority of the members of the Commission shall constitute a quorum to transact its business. Meetings of the Commission shall be subject to the Oklahoma Open Meetings Act.

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 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 705 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 or her entire time and attention to the duties of the 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;
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. All purchases made pursuant to the Oklahoma Lottery Act shall be subject to the Oklahoma Central Purchasing Act.

F. Sales of lottery tickets or shares pursuant to the Oklahoma Lottery Act shall begin not later than July 1, 2003.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 706 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The Attorney General shall provide legal services for the Oklahoma Lottery 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 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 707 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Lottery Commission shall promulgate rules 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 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 9 of this act; and

12. Information required to be submitted by vendors, in addition to that required by paragraph 3 of Section 9 of this act.

B. The Commission shall:

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

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

C. All records of the Commission and the Oklahoma Lottery shall be subject to the Oklahoma Open Records Act.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 708 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 as promulgated 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 Oklahoma Lottery Commission, 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 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 promulgated 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 promulgated 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 promulgated 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 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 709 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 Oklahoma Lottery 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 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 710 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 promulgated 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 Oklahoma Lottery 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 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 711 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 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 financial institution 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 14 of this act; and

5. Transfers of monies to the Quality Education Initiative Revolving Fund pursuant to subsection E of this section.

E. The State Treasurer shall transfer monies in the Lottery Operating Fund to the Quality Education Initiative Revolving Fund at least quarterly as follows:

1. For the fiscal year commencing July 1, 2003, 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, 2004, 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.

F. There is hereby created in the State Treasury a revolving fund to be designated the "Quality Education Initiative Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received pursuant to the provisions of subsection E of this section. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended as directed annually by the Legislature for reforms and programs known as the Quality Education Initiative as set forth in Senate Bill No. ___ of the 1st Session of the 48th Oklahoma Legislature, including but not limited to:

1. Tuition grants and scholarships;
2. Construction of common and higher education facilities;
3. Technology for common and higher education facilities; and
4. Early childhood education programs.

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.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 712 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 financial institution 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 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 713 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 and subsections D and E of Section 6 of this resolution, 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 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 714 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 Oklahoma Lottery Commission may promulgate rules prescribing other training required for such employees.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 715 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 Oklahoma Lottery 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 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 716 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 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 717 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 promulgated 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 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 718 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 Oklahoma Lottery 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 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 719 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 Oklahoma Lottery Commission and employees of the Oklahoma Lottery shall be discharged of all further liability upon payment of a prize pursuant to this section.

SECTION 21. 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)~~ a:

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~~ the Chamber of Commerce or of ~~said~~ the Commercial Club in the manner set forth on ~~said~~ the 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~~ the merchant; ~~(2)~~ a 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~~ the fund, the corresponding stub or stubs of one or more of ~~said~~ the 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~~ the fund off the military reservation.

SECTION 22. AMENDATORY 62 O.S. 1991, Section 7.2, as last amended by Section 12, Chapter 2, O.S.L. 1997 (62 O.S. Supp. 2000, Section 7.2), is amended to read as follows:

Section 7.2 A. There is hereby re-created, to continue until July 1, 2002, 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. 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. Payment of liability claims against the state;

12. 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. Payment of expenses incurred in connection with the acceptance of payments made with nationally recognized credit cards; and

14. Funds used by the Oklahoma Lottery for payment of prizes.

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 bank accounts are maintained by the State Treasurer or are for the deposit of authorized petty cash funds.

E. 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.

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

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

H. 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, the Commissioners of the Land Office, 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 23. 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, 2003, 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 24. The appropriation made by Section 23 of this resolution shall not be subject to fiscal year limitations and may be encumbered through June 30, 2004. Any unexpended funds remaining after November 15, 2004, shall lapse and be transferred to the credit of the proper fund for the then current fiscal year.

SECTION 25. 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 enact 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 certain education programs. The measure gives money to the lottery to start. That sum would be repaid to the state.

SHALL THIS ACT BE APPROVED BY THE PEOPLE?

YES, FOR THE ACT

NO, AGAINST THE ACT

SECTION 26. The President Pro Tempore of the Senate shall immediately after the passage of this order for legislative referendum, prepare and file in accordance with Section 3 of Article V of the Oklahoma Constitution, one copy of this order for legislative referendum, including the Ballot Title set forth in SECTION 25 hereof, with the Secretary of State and one copy with the Attorney General.

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