

1 ENGROSSED SENATE  
2 BILL NO. 1047

By: Thompson and Rader of the  
Senate

3 and

4 Wallace and Hilbert of the  
5 House

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7  
8 An Act relating to amusements and sports; amending 3A  
9 O.S. 2011, Section 713, as last amended by Section 1,  
10 Chapter 178, O.S.L. 2017 (3A O.S. Supp. 2018, Section  
11 713), which relates to the Oklahoma Education Lottery  
12 Act; removing provisions related to disposition of  
13 net proceeds; modifying contents of annual report;  
14 modifying certain date; modifying purposes of funds;  
15 repealing Section 2, Chapter 178, O.S.L. 2017 (3A  
16 O.S. Supp. 2018, Section 713.1), which relates to the  
17 Oklahoma Lottery Trust Fund; providing an effective  
18 date; and declaring an emergency.

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

SECTION 1. AMENDATORY 3A O.S. 2011, Section 713, as last  
amended by Section 1, Chapter 178, O.S.L. 2017 (3A O.S. Supp. 2018,  
Section 713), is amended to read as follows:

Section 713. A. All gross proceeds shall be the property of  
the Oklahoma Lottery Commission. From its gross proceeds, the  
Commission shall pay the operating expenses of the Commission. At  
least forty-five percent (45%) of gross proceeds shall be made  
available as prize money. However, the provisions of this

1 subsection shall be deemed not to create any lien, entitlement,  
2 cause of action, or other private right, and any rights of holders  
3 of tickets or shares shall be determined by the Commission in  
4 setting the terms of its lottery or lotteries.

5 B. ~~For each fiscal year, the first Fifty Million Dollars~~  
6 ~~(\$50,000,000.00) of net proceeds shall be transferred to the~~  
7 ~~Oklahoma Education Lottery Trust Fund.~~

8 C. ~~All of the proceeds remaining after the apportionment~~  
9 ~~required by subsection B of this section shall be transferred to the~~  
10 ~~Oklahoma Education Lottery Trust Fund as provided in Section 2 of~~  
11 ~~this act. The Oklahoma Lottery Commission shall submit a written~~  
12 ~~report of its findings and any recommendations regarding the impact~~  
13 ~~of having the net proceeds minimum requirement set at a fixed dollar~~  
14 ~~amount~~ removing the requirement that net proceeds shall equal at  
15 least thirty-five percent (35%) of the gross proceeds. The report  
16 shall be submitted to the Governor, the Speaker of the Oklahoma  
17 House of Representatives and the President Pro Tempore of the  
18 Oklahoma State Senate not later than ~~October 1, 2019~~ October 1,  
19 2020, and annually thereafter.

20 ~~D.~~ C. There is hereby created in the State Treasury a fund to  
21 be designated the "Oklahoma Education Lottery Trust Fund". Except  
22 as otherwise provided in subsections ~~C, J and K~~ I and J of this  
23 section, on or before the fifteenth day of each calendar quarter,  
24 the Commission shall transfer to the State Treasurer, for credit to

1 the Oklahoma Education Lottery Trust Fund, the amount of all net  
2 proceeds accruing during the preceding calendar quarter.

3 Expenditures from the fund shall be made upon warrants issued by the  
4 State Treasurer against claims filed as prescribed by law with the  
5 Director of the Office of Management and Enterprise Services for  
6 approval and payment.

7 ~~E.~~ D. Upon their deposit into the State Treasury, any monies  
8 representing a deposit of net proceeds shall then become the  
9 unencumbered property of this state, and neither the Commission nor  
10 the board of trustees shall have the power to agree or undertake  
11 otherwise. The monies shall be invested by the State Treasurer in  
12 accordance with state investment practices. All earnings  
13 attributable to such investments shall likewise be the unencumbered  
14 property of the state and shall accrue to the credit of the ~~funds~~  
15 fund provided for in ~~subsections B and~~ subsection C of this section.

16 ~~F.~~ E. Monies in the Oklahoma Education Lottery Trust Fund  
17 ~~deposited pursuant to subsection B of this section~~ shall only be  
18 appropriated as follows:

- 19 1. Forty-five percent (45%) for the following:
- 20 a. kindergarten through twelfth grade public education,  
21 including but not limited to compensation and benefits  
22 for public school teachers and support employees, and

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

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

5           a.    tuition grants, loans and scholarships to citizens of  
6                   this state to enable such citizens to attend colleges  
7                   and universities located within this state, regardless  
8                   of whether such colleges and universities are owned or  
9                   operated by the Oklahoma State Regents for Higher  
10                  Education, or to attend institutions operated under  
11                  the authority of the Oklahoma Department of Career and  
12                  Technology Education; provided such tuition grants,  
13                  loans and scholarships shall not be made to a citizen  
14                  of this state to attend a college or university which  
15                  is not accredited by the Oklahoma State Regents for  
16                  Higher Education,

17          b.    construction of educational facilities for elementary  
18                  school districts, independent school districts, The  
19                  Oklahoma State System of Higher Education, and career  
20                  and technology education,

21          c.    capital outlay projects for elementary school  
22                  districts, independent school districts, The Oklahoma  
23                  State System of Higher Education, and career and  
24                  technology education,

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

18 e. endowed chairs for professors at institutions of  
19 higher education operated by The Oklahoma State System  
20 of Higher Education, and

21 f. programs and personnel of the Oklahoma School for the  
22 Deaf and the Oklahoma School for the Blind;

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

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

16 4. Five percent (5%) to the Teachers' Retirement System  
17 Dedicated Revenue Revolving Fund.

18 In no instance shall the annual maximum percentage for  
19 administrative costs, not including marketing and advertising costs,  
20 funds set aside for prizes, commissions paid to retailers, contract  
21 fees paid to gaming system vendors and instant ticket providers or  
22 emergency-related capital expenses, exceed three percent (3%) of  
23 sales.

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1       ~~G.~~ F. The Legislature shall appropriate funds from the Oklahoma  
2 Education Lottery Trust Fund only for the purposes specified in  
3 subsection ~~F~~ E of this section and ~~Section 2 of this act~~. Even when  
4 funds from the trust fund are used for these purposes, the  
5 Legislature shall not use funds from the trust fund to supplant or  
6 replace other state funds supporting common education, higher  
7 education, or career and technology education.

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

22       ~~I.~~ H. Except as otherwise provided by this subsection, no  
23 deficiency in the Oklahoma Education Lottery Trust Fund shall be  
24 replenished by reducing any nonlottery funds, including specifically

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

17 ~~¶~~ I. There is hereby created in the State Treasury a revolving  
18 fund to be designated the "Oklahoma Education Lottery Revolving  
19 Fund". The fund shall be a continuing fund, not subject to fiscal  
20 year limitations, and shall consist of all monies received by the  
21 Commission. The Commission shall make payments of net proceeds from  
22 the fund to the Oklahoma Education Lottery Trust Fund on or before  
23 the fifteenth day of each calendar quarter as provided in subsection  
24 ~~¶~~ C of this section. All monies accruing to the credit of the



1 Oklahoma Education Lottery Revolving Fund are hereby appropriated  
2 and may be budgeted and expended for the payment of net proceeds,  
3 prizes, commissions to retailers, administrative expenses and all  
4 other expenses arising out of the operation of the education  
5 lottery, subject to the limitations provided in the Oklahoma  
6 Education Lottery Act. Expenditures from the fund shall be made  
7 upon warrants issued by the State Treasurer against claims filed as  
8 prescribed by law with the Director of the Office of Management and  
9 Enterprise Services for approval and payment.

10 The monies in the fund shall be invested by the State Treasurer  
11 in accordance with state investment practices. All earnings  
12 attributable to such investments shall likewise accrue to the credit  
13 of the fund.

14 ~~K.~~ J. When appropriations from the Oklahoma Education Lottery  
15 Trust Fund are made to common education pursuant to the provisions  
16 of paragraph 1 of subsection ~~F~~ E of this section, the appropriations  
17 shall be made available on a monthly basis. In addition to the  
18 provisions of subsections ~~D and E~~ C and D of this section, the  
19 following process shall be used to ensure that the appropriations  
20 are made available to common education in a timely manner:

21 1. Beginning in July of the fiscal year in which appropriations  
22 are made to common education from the Oklahoma Education Lottery  
23 Trust Fund, the Commission, on or before the ninth day of each  
24 month, shall transfer to the State Treasurer, for credit to the

1 Oklahoma Education Lottery Trust Fund, the amount of net proceeds  
2 accruing during the preceding month equal to the amount of total  
3 monthly collections due to common education as required by paragraph  
4 1 of subsection ~~F~~ E of this section;

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

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

15 ~~H~~ K. When appropriations from the Oklahoma Education Lottery  
16 Trust Fund are made to The Oklahoma State System of Higher  
17 Education, the appropriations shall be made available to the System  
18 on a monthly basis. In addition to the provisions of subsections ~~D~~  
19 ~~and E~~ C and D of this section, the following process shall be used  
20 to ensure that the appropriations are made available to The Oklahoma  
21 State System of Higher Education in a timely manner:

22 1. Beginning in July of the fiscal year in which appropriations  
23 are made to The Oklahoma State System of Higher Education from the  
24 Oklahoma Education Lottery Trust Fund, the Commission, on or before

1 the ninth day of each month, shall transfer to the State Treasurer,  
2 for credit to the Oklahoma Education Lottery Trust Fund, the amount  
3 of net proceeds accruing during the preceding month equal to the  
4 amount of total monthly collections due to the Oklahoma State  
5 Regents for Higher Education as required by paragraph 2 of  
6 subsection ~~F~~ E of this section;

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

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

17 SECTION 2. REPEALER Section 2, Chapter 178, O.S.L. 2017  
18 (3A O.S. Supp. 2018, Section 713.1), is hereby repealed.

19 SECTION 3. This act shall become effective July 1, 2019.

20 SECTION 4. It being immediately necessary for the preservation  
21 of the public peace, health or safety, an emergency is hereby  
22 declared to exist, by reason whereof this act shall take effect and  
23 be in full force from and after its passage and approval.

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1 Passed the Senate the 17th day of May, 2019.

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3 \_\_\_\_\_  
4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2019.

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9 Presiding Officer of the House  
10 of Representatives