

**OKLAHOMA STATE SENATE
JOINT COMMITTEE REPORT**

May 16, 2019

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

SB 1047

By: Thompson and Rader of the Senate and Wallace and Hilbert of the House

Title: Appropriations; making an appropriation to the State Board of Education. Effective date. Emergency.

Recommendation: **DO PASS AS AMENDED**

Aye: Bice, Brooks, Daniels, Dossett, Dugger, Floyd, Hall, Ikley-Freeman, Jech, Kidd, Matthews, Montgomery, Pemberton, Pugh, Rosino, Scott, Shaw, Simpson, Stanislawski, Rader, Thompson

Nay:

Constitutional Privilege:

Senator Roger Thompson, Chair

Committee Substitute, motion by Senator THOMPSON - Adopted (Request No: 2314)

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

SB1047

By: Wallace et al of the House

Thompson et al of the Senate

Title: Appropriations; making an appropriation to the State Board of Education. Effective date. Emergency.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached

 Chr.
Representative Kevin Wallace

YEAS: 20

Bennett, Echols, Fetgatter, Ford, Hilbert, Kannady, Lawson, Lepak, McEntire, Munson, Nichols, O'Donnell, Ortega, Osburn, Pfeiffer, Sanders, Virgin, Walke, Wallace, West (J)

NAYS: 4

Roberts (D), Taylor, West (K), Worthen

CONSTITUTIONAL PRIVILEGE: 0

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 1047

By: Thompson and Rader of the
Senate

and

Wallace and Hilbert of the
House

COMMITTEE SUBSTITUTE

An Act relating to amusements and sports; amending 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), which relates to the Oklahoma Education Lottery Act; removing provisions related to disposition of net proceeds; modifying contents of annual report; modifying certain date; modifying purposes of funds; repealing Section 2, Chapter 178, O.S.L. 2017 (3A O.S. Supp. 2018, Section 713.1), which relates to the Oklahoma Lottery Trust Fund; providing an effective date; and declaring an emergency.

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:

1 Section 713. A. All gross proceeds shall be the property of
2 the Oklahoma Lottery Commission. From its gross proceeds, the
3 Commission shall pay the operating expenses of the Commission. At
4 least forty-five percent (45%) of gross proceeds shall be made
5 available as prize money. However, the provisions of this
6 subsection shall be deemed not to create any lien, entitlement,
7 cause of action, or other private right, and any rights of holders
8 of tickets or shares shall be determined by the Commission in
9 setting the terms of its lottery or lotteries.

10 B. ~~For each fiscal year, the first Fifty Million Dollars~~
11 ~~(\$50,000,000.00) of net proceeds shall be transferred to the~~
12 ~~Oklahoma Education Lottery Trust Fund.~~

13 C. ~~All of the proceeds remaining after the apportionment~~
14 ~~required by subsection B of this section shall be transferred to the~~
15 ~~Oklahoma Education Lottery Trust Fund as provided in Section 2 of~~
16 ~~this act.~~ The Oklahoma Lottery Commission shall submit a written
17 report of its findings and any recommendations regarding the impact
18 of ~~having the net proceeds minimum requirement set at a fixed dollar~~
19 ~~amount~~ removing the requirement that net proceeds shall equal at
20 least thirty-five percent (35%) of the gross proceeds. The report
21 shall be submitted to the Governor, the Speaker of the Oklahoma
22 House of Representatives and the President Pro Tempore of the
23 Oklahoma State Senate not later than ~~October 1, 2019~~ October 1,
24 2020, and annually thereafter.

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

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

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

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

- a. kindergarten through twelfth grade public education, including but not limited to compensation and benefits for public school teachers and support employees, and
- b. early childhood development programs, which shall include but not be limited to costs associated with prekindergarten and full-day kindergarten programs;

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

- a. tuition grants, loans and scholarships to citizens of this state to enable such citizens to attend colleges and universities located within this state, regardless of whether such colleges and universities are owned or operated by the Oklahoma State Regents for Higher Education, or to attend institutions operated under the authority of the Oklahoma Department of Career and Technology Education; provided such tuition grants, loans and scholarships shall not be made to a citizen of this state to attend a college or university which is not accredited by the Oklahoma State Regents for Higher Education,
- b. construction of educational facilities for elementary school districts, independent school districts, The Oklahoma State System of Higher Education, and career and technology education,

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

1 f. programs and personnel of the Oklahoma School for the
2 Deaf and the Oklahoma School for the Blind;

3 3. Five percent (5%) to the School Consolidation and Assistance
4 Fund. When the total amount in the School Consolidation and
5 Assistance Fund from all sources equals Five Million Dollars
6 (\$5,000,000.00), all monies appropriated pursuant to this paragraph
7 which would otherwise be deposited in the School Consolidation and
8 Assistance Fund in excess of Five Million Dollars (\$5,000,000.00)
9 shall be allocated by the State Department of Education to public
10 schools based on the audited end-of-year average daily membership in
11 grades 8 through 12 during the preceding school year for the purpose
12 of purchasing technology equipment ~~in order to conduct on-line~~
13 ~~testing as required by the Achieving Classroom Excellence Act of~~
14 ~~2005~~. If at any time the total amount in the School Consolidation
15 and Assistance Fund drops below Five Million Dollars
16 (\$5,000,000.00), the monies appropriated pursuant to this paragraph
17 shall be deposited in the School Consolidation and Assistance Fund
18 until the Fund again reaches Five Million Dollars (\$5,000,000.00);
19 and

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

22 In no instance shall the annual maximum percentage for
23 administrative costs, not including marketing and advertising costs,
24 funds set aside for prizes, commissions paid to retailers, contract

1 fees paid to gaming system vendors and instant ticket providers or
2 emergency-related capital expenses, exceed three percent (3%) of
3 sales.

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

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

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

20 ~~J.~~ I. There is hereby created in the State Treasury a revolving
21 fund to be designated the "Oklahoma Education Lottery Revolving
22 Fund". The fund shall be a continuing fund, not subject to fiscal
23 year limitations, and shall consist of all monies received by the
24 Commission. The Commission shall make payments of net proceeds from

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

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

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

24

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

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

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

19 ~~H.~~ K. When appropriations from the Oklahoma Education Lottery
20 Trust Fund are made to The Oklahoma State System of Higher
21 Education, the appropriations shall be made available to the System
22 on a monthly basis. In addition to the provisions of subsections ~~D~~
23 ~~and E~~ C and D of this section, the following process shall be used
24

1 to ensure that the appropriations are made available to The Oklahoma
2 State System of Higher Education in a timely manner:

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

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

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

22 SECTION 2. REPEALER Section 2, Chapter 178, O.S.L. 2017
23 (3A O.S. Supp. 2018, Section 713.1), is hereby repealed.

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

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

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