

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 SENATE BILL 336

By: Holt

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5
6 AS INTRODUCED

7 An Act relating to Oklahoma Education Lottery;
8 amending 3A O.S. 2011, Section 713, as amended by
9 Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp.
10 2016, Section 713), which relates to disposition of
11 proceeds; modifying minimum requirement for net
12 proceeds; deleting obsolete language; requiring
13 Oklahoma Lottery Commission to certify certain
14 amounts; requiring certain funds be deposited to
15 credit of specified fund; deleting obsolete language;
16 requiring submittal of certain report by Oklahoma
17 Lottery Commission on specified timeline and
18 specifying contents thereof; correcting language;
19 providing effective date; and declaring an emergency.

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

21 SECTION 1. AMENDATORY 3A O.S. 2011, Section 713, as
22 amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2016,
23 Section 713), is amended to read as follows:

24 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. For each fiscal
5 year, which begins prior to July 1, 2017, net proceeds shall equal
6 at least thirty-five percent (35%) of the gross proceeds. ~~However,~~
7 ~~for the purpose of repaying indebtedness issued pursuant to Section~~
8 ~~732 of this title, for the first two (2) full fiscal years and any~~
9 ~~partial first fiscal year of the Commission, net proceeds need only~~
10 ~~equal at least thirty percent (30%) of the gross proceeds.~~ All of
11 the net proceeds shall be transferred to the Oklahoma Education
12 Lottery Trust Fund as provided in subsection B of this section. For
13 each fiscal year beginning on or after July 1, 2017:

14 1. Net proceeds shall equal at least twenty-five percent (25%)
15 of gross proceeds; and

16 2. The Commission shall certify the amount of gross proceeds
17 received that is in excess of the amount of gross proceeds received
18 in the fiscal year which began on July 1, 2016, and shall deposit
19 such excess to the credit of the Oklahoma Education Lottery Trust
20 Fund to be apportioned specifically for compensation and benefits
21 for public school teachers and support employees as authorized in
22 subparagraph a of paragraph 1 of subsection C of this section.

23 The Commission shall submit a written report of its findings and
24 any recommendations regarding the impact of having the net proceeds

1 minimum requirement lowered in 2017. The report shall be submitted
2 to the Governor, the Speaker of the House of Representatives and the
3 President Pro Tempore of the Senate no later than October 1, 2019,
4 and annually thereafter.

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

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

24

1 C. Monies in the Oklahoma Education Lottery Trust Fund shall
2 only be appropriated as follows:

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

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

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

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

1 Oklahoma State System of Higher Education, and career
2 and technology education,

3 c. capital outlay projects for elementary school
4 districts, independent school districts, the Oklahoma
5 State System of Higher Education, and career and
6 technology education,

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

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

4 f. programs and personnel of the Oklahoma School for the
5 Deaf and the Oklahoma School for the Blind;

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

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

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

8 E. 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 F. 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 G. 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 B 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 H. 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 C of this section, the appropriations
17 shall be made available on a monthly basis. In addition to the
18 provisions of subsection B of this section, the following process
19 shall be used to ~~insure~~ ensure that the appropriations are made
20 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 C 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 I. 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 subsection B
19 of this section, the following process shall be used to ensure that
20 the appropriations are made available to The Oklahoma State System
21 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 C 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. This act shall become effective July 1, 2017.

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

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