

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 HOUSE BILL 2456

By: Shelton

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5
6 AS INTRODUCED

7 An Act relating to the 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 2015, Section 713), which relates to net lottery
11 proceeds; eliminating net proceeds minimum
12 requirement; clarifying language; providing an
13 effective date; and declaring an emergency.

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

15 SECTION 1. AMENDATORY 3A O.S. 2011, Section 713, as
16 amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2015,
17 Section 713), is amended to read as follows:

18 Section 713. A. All gross proceeds shall be the property of
19 the Oklahoma Lottery Commission. From its gross proceeds, the
20 Commission shall pay the operating expenses of the Commission. At
21 least forty-five percent (45%) of gross proceeds shall be made
22 available as prize money. However, the provisions of this
23 subsection shall be deemed not to create any lien, entitlement,
24 cause of action, or other private right, and any rights of holders
of tickets or shares shall be determined by the Commission in

1 setting the terms of its lottery or lotteries. ~~For each fiscal~~
2 ~~year, net proceeds shall equal at least thirty-five percent (35%) of~~
3 ~~the gross proceeds. However, for the purpose of repaying~~
4 ~~indebtedness issued pursuant to Section 732 of this title, for the~~
5 ~~first two (2) full fiscal years and any partial first fiscal year of~~
6 ~~the Commission, net proceeds need only equal at least thirty percent~~
7 ~~(30%) of the gross proceeds.~~ All of the net proceeds shall be
8 transferred to the Oklahoma Education Lottery Trust Fund as provided
9 in subsection B of this section.

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

21 Upon their deposit into the State Treasury, any monies
22 representing a deposit of net proceeds shall then become the
23 unencumbered property of this state, and neither the Commission nor
24 the board of trustees shall have the power to agree or undertake

1 otherwise. The monies shall be invested by the State Treasurer in
2 accordance with state investment practices. All earnings
3 attributable to such investments shall likewise be the unencumbered
4 property of the state and shall accrue to the credit of the fund.

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

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

8 a. kindergarten through twelfth grade public education,
9 including but not limited to compensation and benefits
10 for public school teachers and support employees, and

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

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

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

1 is not accredited by the Oklahoma State Regents for
2 Higher Education,

3 b. construction of educational facilities for elementary
4 school districts, independent school districts, The
5 Oklahoma State System of Higher Education, and career
6 and technology education,

7 c. capital outlay projects for elementary school
8 districts, independent school districts, The Oklahoma
9 State System of Higher Education, and career and
10 technology education,

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

1 wide distance learning network and costs associated
2 with repairing and maintaining advanced electronic
3 instructional technology,

4 e. endowed chairs for professors at institutions of
5 higher education operated by The Oklahoma State System
6 of Higher Education, and

7 f. programs and personnel of the Oklahoma School for the
8 Deaf and the Oklahoma School for the Blind;

9 3. Five percent (5%) to the School Consolidation and Assistance
10 Fund. When the total amount in the School Consolidation and
11 Assistance Fund from all sources equals Five Million Dollars
12 (\$5,000,000.00), all monies appropriated pursuant to this paragraph
13 which would otherwise be deposited in the School Consolidation and
14 Assistance Fund in excess of Five Million Dollars (\$5,000,000.00)
15 shall be allocated by the State Department of Education to public
16 schools based on the audited end-of-year average daily membership in
17 grades 8 through 12 during the preceding school year for the purpose
18 of purchasing technology equipment in order to conduct on-line
19 testing as required by the Achieving Classroom Excellence Act of
20 2005. If at any time the total amount in the School Consolidation
21 and Assistance Fund drops below Five Million Dollars
22 (\$5,000,000.00), the monies appropriated pursuant to this paragraph
23 shall be deposited in the School Consolidation and Assistance Fund
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1 until the Fund again reaches Five Million Dollars ~~(\$5,000,000~~
2 (\$5,000,000.00); and

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

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

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

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

22 G. There is hereby created in the State Treasury a revolving
23 fund to be designated the "Oklahoma Education Lottery Revolving
24 Fund". The fund shall be a continuing fund, not subject to fiscal

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

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

19 H. When appropriations from the Oklahoma Education Lottery
20 Trust Fund are made to common education pursuant to the provisions
21 of paragraph 1 of subsection C of this section, the appropriations
22 shall be made available on a monthly basis. In addition to the
23 provisions of subsection B of this section, the following process
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1 shall be used to ~~insure~~ ensure that the appropriations are made
2 available to common education in a timely manner:

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

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

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

21 I. When appropriations from the Oklahoma Education Lottery
22 Trust Fund are made to The Oklahoma State System of Higher
23 Education, the appropriations shall be made available to the System
24 on a monthly basis. In addition to the provisions of subsection B

1 of this section, the following process shall be used to ensure that
2 the appropriations are made available to The Oklahoma State System
3 of Higher Education in a timely manner:

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

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

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

23 SECTION 2. This act shall become effective July 1, 2016.
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1 SECTION 3. It being immediately necessary for the preservation
2 of the public peace, health and 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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