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**SENATE BILL 5234**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senators Benton, Johnson, Finkbeiner, Roach, Schow, Deccio, Morton, Rossi, McDonald, West, Oke and Hale

Read first time 01/20/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to dedicating revenue to K through 12 education  
2 through state lottery revenues; amending RCW 67.70.040, 67.70.190, and  
3 67.70.240; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 67.70.040 and 1994 c 218 s 4 are each amended to read  
6 as follows:

7 The commission shall have the power, and it shall be its duty:

8 (1) To promulgate such rules governing the establishment and  
9 operation of a state lottery as it deems necessary and desirable in  
10 order that such a lottery be initiated at the earliest feasible and  
11 practicable time, and in order that such lottery produce the maximum  
12 amount of net revenues for the state consonant with the dignity of the  
13 state and the general welfare of the people. Such rules shall include,  
14 but shall not be limited to, the following:

15 (a) The type of lottery to be conducted which may include the  
16 selling of tickets or shares. The use of electronic or mechanical  
17 devices or video terminals which allow for individual play against such  
18 devices or terminals shall be prohibited. Approval of the legislature

1 shall be required before entering any agreement with other state  
2 lotteries to conduct shared games;

3 (b) The price, or prices, of tickets or shares in the lottery;

4 (c) The numbers and sizes of the prizes on the winning tickets or  
5 shares;

6 (d) The manner of selecting the winning tickets or shares;

7 (e) The manner and time of payment of prizes to the holder of  
8 winning tickets or shares which, at the director's option, may be paid  
9 in lump sum amounts or installments over a period of years;

10 (f) The frequency of the drawings or selections of winning tickets  
11 or shares. Approval of the legislature is required before conducting  
12 any on-line game in which the drawing or selection of winning tickets  
13 occurs more frequently than once every twenty-four hours;

14 (g) Without limit as to number, the type or types of locations at  
15 which tickets or shares may be sold;

16 (h) The method to be used in selling tickets or shares;

17 (i) The licensing of agents to sell or distribute tickets or  
18 shares, except that a person under the age of eighteen shall not be  
19 licensed as an agent;

20 (j) The manner and amount of compensation, if any, to be paid  
21 licensed sales agents necessary to provide for the adequate  
22 availability of tickets or shares to prospective buyers and for the  
23 convenience of the public;

24 (k) The apportionment of the total revenues accruing from the sale  
25 of lottery tickets or shares and from all other sources among: (i) The  
26 payment of prizes to the holders of winning tickets or shares, which  
27 shall not be less than forty-five percent of the gross annual revenue  
28 from such lottery, (ii) transfers to the lottery administrative account  
29 created by RCW 67.70.260, and (iii) transfer to the (~~state's general~~  
30 ~~fund~~) education support account. Transfers to the (~~state's general~~  
31 ~~fund~~) education support account shall be made in compliance with RCW  
32 43.01.050;

33 (l) Such other matters necessary or desirable for the efficient and  
34 economical operation and administration of the lottery and for the  
35 convenience of the purchasers of tickets or shares and the holders of  
36 winning tickets or shares.

37 (2) To ensure that in each place authorized to sell lottery tickets  
38 or shares, on the back of the ticket or share, and in any advertising

1 or promotion there shall be conspicuously displayed an estimate of the  
2 probability of purchasing a winning ticket.

3 (3) To amend, repeal, or supplement any such rules from time to  
4 time as it deems necessary or desirable.

5 (4) To advise and make recommendations to the director for the  
6 operation and administration of the lottery.

7 **Sec. 2.** RCW 67.70.190 and 1994 c 218 s 5 are each amended to read  
8 as follows:

9 (1) Unclaimed prizes shall be retained in the state lottery account  
10 for the person entitled thereto for one hundred eighty days after the  
11 drawing in which the prize is won, or after the official end of the  
12 game for instant prizes. If no claim is made for the prize within this  
13 time, the prize shall be ((retained in the state lottery fund for  
14 further use as prizes)) used as provided in subsection (2) of this  
15 section, and all rights to the prize shall be extinguished.

16 (2) Moneys from unclaimed prizes shall be used as follows:

17 (a) Fifty percent of the moneys, not exceeding one million dollars,  
18 shall be deposited quarterly in the education support account.

19 (b) The remainder of the moneys shall be retained in the state  
20 lottery account for further use as prizes.

21 **Sec. 3.** RCW 67.70.240 and 1995 3rd sp.s. c 1 s 105 are each  
22 amended to read as follows:

23 The moneys in the state lottery account shall be used only: (1)  
24 For the payment of prizes to the holders of winning lottery tickets or  
25 shares; (2) for purposes of making deposits into the reserve account  
26 created by RCW 67.70.250 and into the lottery administrative account  
27 created by RCW 67.70.260; (3) for purposes of making deposits into the  
28 ~~((state's general fund; (4) for purposes of making deposits into the~~  
29 ~~housing trust fund under the provisions of section 7 of this 1987 act;~~  
30 ~~(+5))~~ education support account; (4) for distribution to a county for  
31 the purpose of paying the principal and interest payments on bonds  
32 issued by the county to construct a baseball stadium, as defined in RCW  
33 82.14.0485, including reasonably necessary preconstruction costs;  
34 ~~((+6))~~ (5) for the purchase and promotion of lottery games and game-  
35 related services; and ((+7)) (6) for the payment of agent  
36 compensation. Three million dollars shall be distributed under  
37 subsection ((+5)) (4) of this section during calendar year 1996.

1 During subsequent years, such distributions shall equal the prior  
2 year's distributions increased by four percent. Distributions under  
3 subsection (~~(5)~~) (4) of this section shall cease when the bonds  
4 issued for the construction of the baseball stadium are retired, but  
5 not more than twenty years after the tax under RCW 82.14.0485 is first  
6 imposed.

7 The office of financial management shall require the allotment of  
8 all expenses paid from the account and shall report to the ways and  
9 means committees of the senate and house of representatives any changes  
10 in the allotments.

11 NEW SECTION. **Sec. 4.** The education support account is created in  
12 the state treasury. All receipts from the state lottery directed to  
13 this account shall be deposited into the account. Moneys in the  
14 account may be spent only after appropriation. Only the superintendent  
15 of public instruction or the superintendent's designee may authorize  
16 expenditures from the account.

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