

---

SENATE BILL 5338

---

State of Washington

54th Legislature

1995 Regular Session

By Senators Morton, West, Finkbeiner, McCaslin, Hochstatter, Moyer, Deccio, Winsley, Long, Sellar and Franklin

Read first time 01/19/95. Referred to Committee on Ways & Means.

1 AN ACT Relating to financing the construction of common school  
2 facilities through the dedication of excess state lottery revenues;  
3 amending RCW 67.70.040, 67.70.240, and 28A.515.320; and creating a new  
4 section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that funding for  
7 school construction can be substantially enhanced by ensuring that all  
8 net proceeds from the state lottery are utilized for the exclusive  
9 benefit and use of public education. Such exclusive use will ensure  
10 that citizen expectations for the enhancement of public education from  
11 the creation of a state lottery are realized and that a clear and  
12 compelling purpose for the continuation of the state lottery and  
13 citizen participation is objectively established.

14 **Sec. 2.** RCW 67.70.040 and 1994 c 218 s 4 are each amended to read  
15 as follows:

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

17 (1) To promulgate such rules governing the establishment and  
18 operation of a state lottery as it deems necessary and desirable in

1 order that such a lottery be initiated at the earliest feasible and  
2 practicable time, and in order that such lottery produce the maximum  
3 amount of net revenues for the state consonant with the dignity of the  
4 state and the general welfare of the people. Such rules shall include,  
5 but shall not be limited to, the following:

6 (a) The type of lottery to be conducted which may include the  
7 selling of tickets or shares. The use of electronic or mechanical  
8 devices or video terminals which allow for individual play against such  
9 devices or terminals shall be prohibited. Approval of the legislature  
10 shall be required before entering any agreement with other state  
11 lotteries to conduct shared games;

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

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

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

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

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

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

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

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

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

33 (k) The apportionment of the total revenues accruing from the sale  
34 of lottery tickets or shares and from all other sources among: (i) The  
35 payment of prizes to the holders of winning tickets or shares, which  
36 shall not be less than forty-five percent of the gross annual revenue  
37 from such lottery, (ii) transfers to the lottery administrative account  
38 created by RCW 67.70.260, and (iii) transfers to the (~~state's~~  
39 ~~general~~) common school construction fund. Transfers to the (~~state~~

1 ~~general~~) common school construction fund shall be made in compliance  
2 with RCW 43.01.050;

3 (1) Such other matters necessary or desirable for the efficient and  
4 economical operation and administration of the lottery and for the  
5 convenience of the purchasers of tickets or shares and the holders of  
6 winning tickets or shares.

7 (2) To ensure that in each place authorized to sell lottery tickets  
8 or shares, on the back of the ticket or share, and in any advertising  
9 or promotion there shall be conspicuously displayed an estimate of the  
10 probability of purchasing a winning ticket.

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

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

15 **Sec. 3.** RCW 67.70.240 and 1987 c 513 s 7 are each amended to read  
16 as follows:

17 The moneys in the state lottery account shall be used only: (1)  
18 For the payment of prizes to the holders of winning lottery tickets or  
19 shares; (2) for purposes of making deposits into the reserve account  
20 created by RCW 67.70.250 and into the lottery administrative account  
21 created by RCW 67.70.260; (3) for purposes of making deposits into the  
22 ~~((state's general)) common school construction~~ fund; (4) ~~((for purposes~~  
23 ~~of making deposits into the housing trust fund under the provisions of~~  
24 ~~section 7 of this 1987 act; (5))~~) for the purchase and promotion of  
25 lottery games and game-related services; and ~~((+6))~~ (5) for the  
26 payment of agent compensation.

27 The office of financial management shall require the allotment of  
28 all expenses paid from the account and shall report to the ways and  
29 means committees of the senate and house of representatives any changes  
30 in the allotments.

31 **Sec. 4.** RCW 28A.515.320 and 1991 sp.s. c 13 s 58 are each amended  
32 to read as follows:

33 The common school construction fund is to be used exclusively for  
34 the purpose of financing the construction of facilities for the common  
35 schools. The sources of said fund shall be: (1) Those proceeds  
36 derived from sale or appropriation of timber and other crops from  
37 school and state land other than those granted for specific purposes;

1 (2) the interest accruing on the permanent common school fund less the  
2 allocations to the state treasurer's service account pursuant to RCW  
3 43.08.190 and the state investment board expense account pursuant to  
4 RCW 43.33A.160 together with all rentals and other revenue derived  
5 therefrom and from land and other property devoted to the permanent  
6 common school fund; (3) all moneys received by the state from the  
7 United States under the provisions of section 191, Title 30, United  
8 State Code, Annotated, and under section 810, chapter 12, Title 16,  
9 (Conservation), United States Code, Annotated, except moneys received  
10 before June 30, 2001, and when thirty megawatts of geothermal power is  
11 certified as commercially available by the receiving utilities and the  
12 state energy office, eighty percent of such moneys, under the  
13 Geothermal Steam Act of 1970 pursuant to RCW 43.140.030; ((and)) (4)  
14 transfers from the state lottery account pursuant to chapter 67.70 RCW;  
15 and (5) such other sources as the legislature may direct. That portion  
16 of the common school construction fund derived from interest on the  
17 permanent common school fund may be used to retire such bonds as may be  
18 authorized by law for the purpose of financing the construction of  
19 facilities for the common schools.

20 The interest accruing on the permanent common school fund less the  
21 allocations to the state treasurer's service account pursuant to RCW  
22 43.08.190 and the state investment board expense account pursuant to  
23 RCW 43.33A.160 together with all rentals and other revenues accruing  
24 thereto pursuant to subsection (2) of this section prior to July 1,  
25 1967, shall be exclusively applied to the current use of the common  
26 schools.

27 To the extent that the moneys in the common school construction  
28 fund are in excess of the amount necessary to allow fulfillment of the  
29 purpose of said fund, the excess shall be available for deposit to the  
30 credit of the permanent common school fund or available for the current  
31 use of the common schools, as the legislature may direct. Any money  
32 from the common school construction fund which is made available for  
33 the current use of the common schools shall be restored to the fund by  
34 appropriation, including interest income foregone, before the end of  
35 the next fiscal biennium following such use.

--- END ---