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SECOND SUBSTITUTE SENATE BILL 6409

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State of Washington

61st Legislature

2010 Regular Session

By Senate Ways & Means (originally sponsored by Senators Kastama, Rockefeller, Shin, and Kohl-Welles)

READ FIRST TIME 02/24/10.

1 AN ACT Relating to creating the Washington opportunity pathways  
2 account; reenacting and amending RCW 67.70.240, 67.70.340, and  
3 43.135.045; adding a new section to chapter 28B.76 RCW; and creating  
4 new sections.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that institutions of  
7 higher education are key to the future employment opportunities of  
8 Washington citizens and to the economic well-being of the state. The  
9 legislature finds that the recruitment of entrepreneurial researchers  
10 at institutions of higher education and the formation of research  
11 innovation teams will further enhance faculty recruitment and economic  
12 development. The legislature further finds that current financial aid  
13 and early childhood education programs are underfunded and subject to  
14 the unpredictability of the state budget. It is the intent of the  
15 legislature to direct lottery account moneys toward the Washington  
16 opportunity pathways account and that those funds stabilize and  
17 increase existing resources for the recruitment of entrepreneurial  
18 researchers, innovation partnership zones and research teams, early  
19 childhood education, opportunity grants, educational opportunity

1 grants, get ready for math and science scholarships, passport to  
2 college promise scholarships, college bound scholarships, the state  
3 work study program, the state need grant, Washington scholars awards,  
4 the Washington award for vocational excellence, and Washington promise  
5 scholarships. It is also the intent of the legislature to continue  
6 funding the education construction fund by redirecting a portion of  
7 general state revenues to that fund.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.76 RCW  
9 to read as follows:

10 The Washington opportunity pathways account is created in the state  
11 treasury. Expenditures from the account may be used only for programs  
12 in chapter 28B.12 RCW (state work-study), chapter 28B.50 RCW  
13 (opportunity grant), RCW 28B.76.660 (Washington scholars award), RCW  
14 28B.76.670 (Washington award for vocational excellence), chapter 28B.92  
15 RCW (state need grant program), chapter 28B.101 RCW (educational  
16 opportunity grant), chapter 28B.105 RCW (GET ready for math and science  
17 scholarship), chapter 28B.117 RCW (passport to college promise),  
18 chapter 28B.118 RCW (college bound scholarship), chapter 28B.119 RCW  
19 (Washington promise scholarship), chapter 43.215 RCW (early childhood  
20 education and assistance program), and RCW 43.330.280 (recruitment of  
21 entrepreneurial researchers, innovation partnership zones and research  
22 teams).

23 **Sec. 3.** RCW 67.70.240 and 2009 c 500 s 11 and 2009 c 479 s 44 are  
24 each reenacted and amended to read as follows:

25 The moneys in the state lottery account shall be used only:

26 (1) For the payment of prizes to the holders of winning lottery  
27 tickets or shares;

28 (2) For purposes of making deposits into the reserve account  
29 created by RCW 67.70.250 and into the lottery administrative account  
30 created by RCW 67.70.260;

31 (3) For purposes of making deposits into the education construction  
32 fund created in RCW 43.135.045 and the Washington opportunity pathways  
33 account created in section 2 of this act. On and after July 1,  
34 ((2004)) 2010, all deposits not otherwise obligated under this section  
35 shall be placed in the ((~~education construction fund~~)) Washington  
36 opportunity pathways account. Moneys in the state lottery account

1 deposited in the (~~education construction fund~~) Washington opportunity  
2 pathways account are included in "general state revenues" under RCW  
3 39.42.070;

4 (4) For distribution to a county for the purpose of paying the  
5 principal and interest payments on bonds issued by the county to  
6 construct a baseball stadium, as defined in RCW 82.14.0485, including  
7 reasonably necessary preconstruction costs. Three million dollars  
8 shall be distributed under this subsection during calendar year 1996.  
9 During subsequent years, such distributions shall equal the prior  
10 year's distributions increased by four percent. Distributions under  
11 this subsection shall cease when the bonds issued for the construction  
12 of the baseball stadium are retired, but not more than twenty years  
13 after the tax under RCW 82.14.0485 is first imposed;

14 (5) For distribution to the stadium and exhibition center account,  
15 created in RCW 43.99N.060. Subject to the conditions of RCW  
16 43.99N.070, six million dollars shall be distributed under this  
17 subsection during the calendar year 1998. During subsequent years,  
18 such distribution shall equal the prior year's distributions increased  
19 by four percent. No distribution may be made under this subsection  
20 after December 31, 1999, unless the conditions for issuance of the  
21 bonds under RCW 43.99N.020(2) are met. Distributions under this  
22 subsection shall cease when the bonds are retired, but not later than  
23 December 31, 2020;

24 (6) For the purchase and promotion of lottery games and game-  
25 related services; and

26 (7) For the 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 67.70.340 and 2009 c 576 s 2 and 2009 c 479 s 45 are  
32 each reenacted and amended to read as follows:

33 (1) The legislature recognizes that creating a shared game lottery  
34 could result in less revenue being raised by the existing state lottery  
35 ticket sales. The legislature further recognizes that the fund most  
36 impacted by this potential event is the (~~education construction~~)  
37 Washington opportunity pathways account. Therefore, it is the intent

1 of the legislature to use some of the proceeds from the shared game  
2 lottery to make up the difference that the potential state lottery  
3 revenue loss would have on the (~~(education-construction))~~ Washington  
4 opportunity pathways account. The legislature further intends to use  
5 some of the proceeds from the shared game lottery to fund programs and  
6 services related to problem and pathological gambling.

7 (2) The (~~(education-construction))~~ Washington opportunity pathways  
8 account is expected to receive one hundred two million dollars annually  
9 from state lottery games other than the shared game lottery. For  
10 fiscal year (~~(2003))~~ 2011 and thereafter, if the amount of lottery  
11 revenues earmarked for the (~~(education-construction))~~ Washington  
12 opportunity pathways account is less than one hundred two million  
13 dollars, the commission, after making the transfer required under  
14 subsection (3) of this section, must transfer sufficient moneys from  
15 revenues derived from the shared game lottery into the (~~(education~~  
16 ~~construction))~~ Washington opportunity pathways account to bring the  
17 total revenue up to one hundred two million dollars.

18 (3)(a) The commission shall transfer, from revenue derived from the  
19 shared game lottery, to the problem gambling account created in RCW  
20 43.20A.892, an amount equal to the percentage specified in (b) of this  
21 subsection of net receipts. For purposes of this subsection, "net  
22 receipts" means the difference between (i) revenue received from the  
23 sale of lottery tickets or shares and revenue received from the sale of  
24 shared game lottery tickets or shares; and (ii) the sum of payments  
25 made to winners.

26 (b) In fiscal year 2006, the percentage to be transferred to the  
27 problem gambling account is one-tenth of one percent. In fiscal year  
28 2007 and subsequent fiscal years, the percentage to be transferred to  
29 the problem gambling account is thirteen one-hundredths of one percent.

30 (4) The commission shall transfer the remaining net revenues, if  
31 any, derived from the shared game lottery "Powerball" authorized in RCW  
32 67.70.044(1) after the transfers pursuant to this section into the  
33 state general fund for the student achievement program under RCW  
34 28A.505.220.

35 (5) The remaining net revenues, if any, in the shared game lottery  
36 account after the transfers pursuant to this section shall be deposited  
37 into the general fund.

1           **Sec. 5.** RCW 43.135.045 and 2009 c 564 s 939 and 2009 c 479 s 37  
2 are each reenacted and amended to read as follows:

3           The education construction fund is hereby created in the state  
4 treasury.

5           (1) Funds may be appropriated from the education construction fund  
6 exclusively for common school construction or higher education  
7 construction. During the 2007-2009 fiscal biennium, funds may also be  
8 used for higher education facilities preservation and maintenance.  
9 During the 2009-2011 fiscal biennium, the legislature may transfer from  
10 the education construction fund to the state general fund such amounts  
11 as reflect the excess fund balance of the fund.

12           (2) Funds may be appropriated for any other purpose only if  
13 approved by a two-thirds vote of each house of the legislature and if  
14 approved by a vote of the people at the next general election. An  
15 appropriation approved by the people under this subsection shall result  
16 in an adjustment to the state expenditure limit only for the fiscal  
17 period for which the appropriation is made and shall not affect any  
18 subsequent fiscal period.

19           (3) Funds for the student achievement program in RCW 28A.505.210  
20 and 28A.505.220 shall be appropriated to the superintendent of public  
21 instruction strictly for distribution to school districts to meet the  
22 provisions set out in the student achievement act. Allocations shall  
23 be made on an equal per full-time equivalent student basis to each  
24 school district.

25           (4) After July 1, 2010, the state treasurer shall transfer one  
26 hundred two million dollars from the general fund to the education  
27 construction fund by June 30th of each year.

28           NEW SECTION. **Sec. 6.** In consultation with independent experts and  
29 in collaboration with the higher education coordinating board, the  
30 state lottery commission shall develop a strategy and plan for actively  
31 marketing the state lottery as an essential contributor to Washington's  
32 opportunity pathways. The commission shall report to the economic  
33 development, higher education, and commerce committees of the  
34 legislature on the key messages, components, performance objectives,  
35 and anticipated revenue impacts of the strategy by September 1, 2010,  
36 and by December 1, 2010.

1        NEW SECTION.    **Sec. 7.**    The joint legislative audit and review  
2 committee shall conduct a review of marketing and vendor expenditures  
3 and incentive payment programs at the state lottery commission to  
4 identify cost savings and efficiencies to maximize contributions to  
5 beneficiaries under this act. This review shall include examination of  
6 the following:

7        (1) The expenditures at the state lottery commission related to  
8 marketing and vendors compared with ticket sales. This review shall  
9 include an analysis of: Marketing expenses for fiscal years 2005 to  
10 2010 and the impact on ticket sales; the impact to sales of tickets  
11 from the change in lottery beneficiaries provided in this act from the  
12 education construction fund to the Washington opportunity pathways  
13 account; and the competitive bidding process for vendors in Washington.  
14 In its final report on this subject, due to the legislature by November  
15 2010, the joint legislative audit and review committee shall provide:  
16 A description of the competitive contracting processes for marketing  
17 services and vendors, and any marketing programs or expenditures funded  
18 through the lottery administrative account; an all-state survey of  
19 marketing and vendor contractors for other state lotteries;  
20 identification of whether there are duplicative or unproductive  
21 marketing activities; identification of whether savings may occur from  
22 changing vendors; and an analysis of marketing expenses and ticket  
23 sales for fiscal year 2000 through the months of fiscal year 2011 for  
24 which data are available.

25        (2) The incentive payment program for employees at the state  
26 lottery commission. This review shall include an analysis of the  
27 state's laws, policies, procedures, and practices as they relate to  
28 incentive payments. In its final report on this subject, due to the  
29 legislature by November 2010, the joint legislative audit and review  
30 committee shall provide: A description of how the incentive payment  
31 program at the state lottery commission operates, and comparison to  
32 best practices for outcome-based performance payments.

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