

1 the legislature intends to provide one hundred fifty million dollars
2 from the budget stabilization account to assist with public school
3 construction.

4 **PART II**
5 **BOND AUTHORIZATION**

6 NEW SECTION. **Sec. 201.** LOTTERY REVENUE BONDS AUTHORIZED. (1)
7 For the purpose of providing needed construction assistance to
8 support public school facility needs, the state finance committee is
9 authorized to issue a total of two hundred fifty million dollars of
10 lottery revenue bonds with a maturity length of ten years, or as much
11 thereof as may be required, payable from the Washington opportunity
12 pathways account revenues under RCW 28B.76.526, which consist of net
13 lottery revenues deposited in the state lottery account created in
14 RCW 67.70.230, and net shared game lottery revenues deposited in the
15 shared game lottery account in RCW 67.70.044, as such revenues are
16 defined in section 202 of this act, to finance these projects and all
17 costs incidental thereto.

18 (2) Bonds authorized in this section may be sold at such price as
19 the state finance committee shall determine. No bonds authorized in
20 this section may be offered for sale without prior legislative
21 appropriation of the net proceeds of the sale of the bonds.

22 (3) The state finance committee may determine and include in any
23 resolution authorizing the issuance of any bonds authorized by this
24 section and sections 202 through 207, chapter . . ., Laws of 2017
25 (this act) such terms, provisions, covenants, and conditions as it
26 may deem appropriate in order to assist with the marketing and sale
27 of the bonds, confer rights upon the owners of bonds, and safeguard
28 rights of the owners of bonds including, among other things:

29 (a) Provisions that the bonds shall be payable solely from and
30 secured solely by the Washington opportunity pathways account
31 revenues under RCW 28B.76.526, as such revenues are defined in
32 section 202 of this act;

33 (b) The conditions that must be satisfied prior to the issuance
34 of any additional bonds that are to be payable from and secured by
35 the Washington opportunity pathways account revenues, as such
36 revenues are defined in section 202 of this act, on equal basis with
37 previously issued and outstanding bonds payable from the net lottery
38 revenues and net shared game lottery revenues;

1 (c) Provisions regarding debt service reserves and credit
2 enhancement; and

3 (d) Whether bonds may be issued as tax exempt bonds or must be
4 issued as taxable bonds under the applicable provisions of the
5 federal internal revenue code.

6 NEW SECTION. **Sec. 202.** WASHINGTON OPPORTUNITY PATHWAYS ACCOUNT/
7 LOTTERY REVENUES PLEDGED TO BONDS. (1) Each bond issued under the
8 authority of this section and sections 201 and 203 through 207 of
9 this act shall distinctly state that payment or redemption of the
10 bond and payment of the principal thereof and the interest thereon is
11 payable solely from and secured solely by a pledge of the Washington
12 opportunity pathways account revenues under RCW 28B.76.526, which
13 consist of net lottery revenues received in the state lottery account
14 created in RCW 67.70.230 and net shared game lottery revenues
15 received in the shared game lottery account in RCW 67.70.044 and is
16 not a general obligation of the state to which the full faith and
17 credit of the state is pledged. The legislature covenants to
18 appropriate the Washington opportunity pathways account revenues
19 pledged to the payment of the bonds issued under this section and
20 sections 201 and 203 through 207 of this act. The legislature further
21 agrees for the benefit of the owners of outstanding bonds issued by
22 the state under this section and sections 201 and 203 through 207 of
23 this act to continue in effect and not to impair the operation of the
24 state lottery as authorized in chapter 67.70 RCW for the payment and
25 security of the bonds. The state finance committee shall include this
26 pledge and agreement of the state to owners of any bonds issued under
27 this section and sections 201 and 203 through 207 of this act. The
28 owner of any bond or the trustee for the owner of any of the bonds
29 may by mandamus or other appropriate proceeding require the transfer
30 and payment of pledged revenues as directed in this section.

31 (2) For purposes of this section and sections 201 and 203 through
32 209 of this act:

33 (a) "Washington opportunity pathways account revenues" means all
34 revenues of the Washington opportunity pathways account in RCW
35 28B.76.526 including, but not limited to, net lottery revenues and
36 net shared game lottery revenues;

37 (b) "Net lottery revenues" means all revenues deposited in the
38 state lottery account, excluding revenues used to make the following
39 distributions under RCW 67.70.240: Payment of prizes under RCW

1 67.70.240(1)(a) other than unclaimed prizes under RCW 67.70.190;
2 deposits made by the lottery commission in the reserve account and
3 lottery administrative account under RCW 67.70.240(1)(b); amounts
4 obligated under RCW 67.70.240(1)(d); amounts used for the purchase
5 and promotion of games and services under RCW 67.70.240(1)(e); and
6 payments to agents under RCW 67.70.240(1)(f); and

7 (c) "Net shared game lottery revenues" means all moneys deposited
8 in the shared game lottery account in RCW 67.70.044 excluding direct
9 expenses of the shared game.

10 **Sec. 203.** RCW 67.70.230 and 2010 1st sp.s. c 37 s 941 are each
11 amended to read as follows:

12 NET LOTTERY REVENUES PLEDGED TO BONDS. There is hereby created
13 and established a separate account, to be known as the state lottery
14 account. Such account shall be managed, maintained, and controlled by
15 the commission and shall consist of all revenues received from the
16 sale of lottery tickets or shares, and all other moneys credited or
17 transferred thereto from any other fund or source pursuant to law.
18 The account shall be a separate account outside the state treasury.
19 No appropriation is required to permit expenditures and payment of
20 obligations from the account. (~~During the 2009-2011 fiscal biennium,~~
21 ~~the legislature may transfer from the state lottery account to the~~
22 ~~education legacy trust account such amounts as reflect the excess~~
23 ~~fund balance of the account.)) As set forth in section 202 of this
24 act, net lottery revenues are pledged to principal and interest
25 payments on bonds issued under section 201 of this act, including any
26 required reserves as provided in the bond proceedings, and must be
27 transferred for this purpose by the commission into the Washington
28 opportunity pathways account in RCW 28B.76.526.~~

29 **Sec. 204.** RCW 67.70.044 and 2010 1st sp.s. c 37 s 940 are each
30 amended to read as follows:

31 NET SHARED GAME LOTTERY REVENUES PLEDGED TO BONDS. (1) Pursuant
32 to RCW 67.70.040(1)(a), the commission may enter into the multistate
33 agreement establishing a shared game lottery known as "The Big Game,"
34 that was entered into by party state lotteries in August 1996 and
35 subsequently amended and a shared game lottery known as "Powerball."

36 (2) The shared game lottery account is created as a separate
37 account outside the state treasury. The account is managed,
38 maintained, and controlled by the commission and consists of all

1 revenues received from the sale of shared game lottery tickets or
2 shares, and all other moneys credited or transferred to it from any
3 other fund or source under law. The account is allotted according to
4 chapter 43.88 RCW. (~~During the 2009-2011 fiscal biennium, the~~
5 ~~legislature may transfer from the shared game lottery account to the~~
6 ~~education legacy trust account such amounts as reflect the excess~~
7 ~~fund balance of the account.))~~

8 (3) As set forth in section 202 of this act, net shared game
9 lottery revenues deposited in the shared game lottery account are
10 pledged to principal and interest payments on bonds issued under
11 section 201 of this act, including any required reserves as provided
12 in the bond proceedings, and must be transferred for this purpose by
13 the commission into the Washington opportunity pathways account in
14 RCW 28B.76.526.

15 NEW SECTION. Sec. 205. BOND PROCEEDS DEPOSITED INTO EDUCATION
16 CONSTRUCTION REVENUE BOND PROCEEDS ACCOUNT. The proceeds from the
17 sale of bonds authorized in section 201 of this act shall be
18 deposited in the education construction revenue bond proceeds account
19 hereby created in the state treasury. Moneys in the account may be
20 spent only after appropriation and only for the purposes stated in
21 section 201 of this act, for the payment of bond anticipation notes
22 or other interim financing, if any, capitalizing interest on the
23 bonds, and payment of expenses incurred in the sale and issuance of
24 the bonds, including underwriter compensation. The state treasurer
25 may establish subaccounts in the account for the purpose of
26 segregating bond proceeds, including separate subaccounts for
27 segregating proceeds of tax exempt bonds and taxable bonds.

28 **Sec. 206.** RCW 28B.76.526 and 2016 c 241 s 201 are each amended
29 to read as follows:

30 WASHINGTON OPPORTUNITY PATHWAYS ACCOUNT PLEDGED TO BONDS. (1) The
31 Washington opportunity pathways account is created in the state
32 treasury. Deposits to the account must include net lottery revenues
33 as defined in section 202 of this act that are required to be
34 deposited in the account pursuant to RCW 67.70.230, net shared game
35 lottery revenues as defined in section 202 of this act that are
36 required to be deposited in the account pursuant to RCW 67.70.044,
37 and any other amounts directed by the legislature to be transferred
38 to or deposited in the account.

1 (2) As set forth in sections 202, 208, and 209 of this act, net
2 lottery revenues and net shared game lottery revenues deposited in
3 the account are pledged to principal and interest payments on bonds
4 issued under section 201 of this act, including any required reserves
5 as provided in the bond proceedings. This pledge of Washington
6 opportunity pathways account revenues to pay and secure bonds issued
7 under section 201 of this act takes priority over the use of
8 Washington opportunity pathways account revenues to make any other
9 expenditures from the account for any other purpose. Before any other
10 expenditures may be made from the account, moneys in the account must
11 have been expended or set aside on or before the applicable payment
12 date for debt service requirements and debt service reserve
13 requirements of the bonds issued under section 201 of this act in the
14 amounts certified from time to time by the state finance committee
15 pursuant to section 207 of this act. The state finance committee in
16 the bond proceedings may provide for the establishment of a special
17 subaccount in the account to serve as a debt service reserve fund for
18 bonds issued under section 201 of this act.

19 (3) After applicable debt service requirements and debt service
20 reserve requirements for bonds issued under section 201 of this act
21 have been satisfied or provided for pursuant to subsection (2) of
22 this section, other expenditures from the account may be used only
23 for programs in chapter 28A.710 RCW (charter schools), chapter 28B.12
24 RCW (state work-study), chapter 28B.50 RCW (opportunity grant), RCW
25 28B.76.660 (Washington scholars award), RCW 28B.76.670 (Washington
26 award for vocational excellence), chapter 28B.92 RCW (state need
27 grant program), chapter 28B.105 RCW (GET ready for math and science
28 scholarship), chapter 28B.117 RCW (passport to college promise),
29 chapter 28B.118 RCW (college bound scholarship), chapter 28B.119 RCW
30 (Washington promise scholarship), and chapter 43.215 RCW (early
31 childhood education and assistance program).

32 NEW SECTION. Sec. 207. RETIREMENT OF BONDS. (1) The nondebt-
33 limit revenue bond retirement account shall be used for the payment
34 of principal of and interest on the bonds authorized in section 201
35 of this act.

36 (2) The state finance committee shall, on or before June 30th of
37 each year, certify to the state treasurer the amount required for
38 principal and interest payments on the bonds and the amounts, if any,

1 required for the funding or replenishment of any debt service reserve
2 fund for the bonds in accordance with the bond proceedings.

3 (3) On each date on which any principal and interest payment is
4 due on bonds or on which any amount is required for the funding or
5 replenishment of any debt service reserve fund for bonds issued for
6 the purposes of section 201 of this act, the state treasurer shall
7 withdraw from the Washington opportunity pathways account an amount
8 equal to the amount certified by the state finance committee to be
9 due or required on such date.

10 **Sec. 208.** RCW 67.70.240 and 2015 3rd sp.s. c 31 s 2 are each
11 amended to read as follows:

12 USE OF STATE LOTTERY ACCOUNT. (1) The moneys in the state lottery
13 account may be used only: (a) For the payment of prizes to the
14 holders of winning lottery tickets or shares;

15 (b) For purposes of making deposits into the reserve account
16 created by RCW 67.70.250 and into the lottery administrative account
17 created by RCW 67.70.260;

18 (~~For purposes of making deposits into the Washington~~
19 ~~opportunity pathways account created in RCW 28B.76.526. Moneys in the~~
20 ~~state lottery account deposited in the Washington opportunity~~
21 ~~pathways account are included in "general state revenues" under RCW~~
22 ~~39.42.070)) For deposits in the Washington opportunity pathways
23 account for purposes of debt service payments and any required
24 reserve on bonds issued under section 201 of this act and for other
25 authorized purposes of the account after such payments are made;~~

26 (d) For distribution to the stadium and exhibition center
27 account, created in RCW 43.99N.060. Subject to the conditions of RCW
28 43.99N.070, six million dollars must be distributed under this
29 subsection during the calendar year 1998. During subsequent years,
30 such distribution must equal the prior year's distributions increased
31 by four percent. No distribution may be made under this subsection
32 after December 31, 1999, unless the conditions for issuance of the
33 bonds under RCW 43.99N.020(2) are met. Distributions under this
34 subsection must cease when the bonds are retired, but not later than
35 December 31, 2020;

36 (e) For the purchase and promotion of lottery games and game-
37 related services;

38 (f) For the payment of agent compensation; and

1 (g) For distribution to the gambling revolving fund, created in
2 RCW 9.46.100, in amounts specified in the omnibus appropriations act.
3 To meet the cash flow needs of both agencies, the director of the
4 state lottery and the director of the Washington state gambling
5 commission may determine the timing of the distribution, which may
6 include incremental distributions over the course of the fiscal year.

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

11 **Sec. 209.** RCW 67.70.340 and 2012 1st sp.s. c 10 s 6 are each
12 amended to read as follows:

13 DISTRIBUTION OF SHARED GAME REVENUES. (1) ~~((The legislature
14 recognizes that creating a shared game lottery could result in less
15 revenue being raised by the existing state lottery ticket sales. The
16 legislature further recognizes that the fund most impacted by this
17 potential event is the Washington opportunity pathways account.
18 Therefore, it is the intent of the legislature to use some of the
19 proceeds from the shared game lottery to make up the difference that
20 the potential state lottery revenue loss would have on the Washington
21 opportunity pathways account. The legislature further intends to use
22 some of the proceeds from the shared game lottery to fund programs
23 and services related to problem and pathological gambling. (2) The
24 Washington opportunity pathways account is expected to receive one
25 hundred two million dollars annually from state lottery games other
26 than the shared game lottery. For fiscal year 2011 and thereafter, if
27 the amount of lottery revenues earmarked for the Washington
28 opportunity pathways account is less than one hundred two million
29 dollars, the commission, after making the transfer required under
30 subsection (3) of this section, must transfer sufficient moneys from
31 revenues derived from the shared game lottery into the Washington
32 opportunity pathways account to bring the total revenue up to one
33 hundred two million dollars.~~

34 ~~(3))~~ If at any time the amount available to be transferred from
35 the state lottery account in RCW 67.70.240 to the Washington
36 opportunity pathways account pursuant to section 207 of this act is
37 insufficient to satisfy the amount certified under RCW 28B.76.526,
38 then before the commission may make any transfers under this section
39 the commission must transfer net shared game lottery revenues from

1 the shared game lottery account to the Washington opportunity
2 pathways account.

3 (a) The commission shall transfer, from revenue derived from the
4 shared game lottery, to the problem gambling account created in RCW
5 43.20A.892, an amount equal to the percentage specified in (b) of
6 this subsection of net receipts. For purposes of this subsection,
7 "net receipts" means the difference between (i) revenue received from
8 the sale of lottery tickets or shares and revenue received from the
9 sale of shared game lottery tickets or shares; and (ii) the sum of
10 payments made to winners.

11 (b) In fiscal year 2006, the percentage to be transferred to the
12 problem gambling account is one-tenth of one percent. In fiscal year
13 2007 and subsequent fiscal years, the percentage to be transferred to
14 the problem gambling account is thirteen one-hundredths of one
15 percent.

16 ~~((+4))~~ (2) The commission shall transfer the remaining net
17 revenues, if any, derived from the shared game lottery "Powerball"
18 authorized in RCW 67.70.044(1) after the transfers pursuant to this
19 section into the state general fund for support for the program of
20 basic education under RCW 28A.150.200.

21 ~~((+5))~~ (3) The remaining net revenues, if any, in the shared
22 game lottery account after the transfers pursuant to this section
23 shall be deposited into the Washington opportunity pathways account.

24 **Sec. 210.** RCW 67.70.040 and 2006 c 290 s 3 are each amended to
25 read as follows:

26 LOTTERY COMMISSION DUTIES. The commission shall have the power,
27 and it shall be its duty: (1) To adopt rules governing the
28 establishment and operation of a state lottery as it deems necessary
29 and desirable in order that such a lottery be initiated at the
30 earliest feasible and practicable time, and in order that such
31 lottery produce the maximum amount of net revenues for the state
32 consonant with the dignity of the state and the general welfare of
33 the people. Such rules shall include, but shall not be limited to,
34 the following:

35 (a) The type of lottery to be conducted which may include the
36 selling of tickets or shares, but such tickets or shares may not be
37 sold over the internet. The use of electronic or mechanical devices
38 or video terminals which allow for individual play against such
39 devices or terminals shall be prohibited. An affirmative vote of

1 sixty percent of both houses of the legislature is required before
2 offering any game allowing or requiring a player to become eligible
3 for a prize or to otherwise play any portion of the game by
4 interacting with any device or terminal involving digital, video, or
5 other electronic representations of any game of chance, including
6 scratch tickets, pull-tabs, bingo, poker or other cards, dice,
7 roulette, keno, or slot machines. Approval of the legislature shall
8 be required before entering any agreement with other state lotteries
9 to conduct shared games;

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

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

13 (d) The manner of selecting the winning tickets or shares, except
14 as limited by (a) of this subsection;

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

18 (f) The frequency of the drawings or selections of winning
19 tickets or shares. Approval of the legislature is required before
20 conducting any online game in which the drawing or selection of
21 winning tickets occurs more frequently than once every twenty-four
22 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, except as
26 limited by (a) of this subsection;

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

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

34 (k) The apportionment of the total revenues accruing from the
35 sale of lottery tickets or shares and from all other sources among:

36 (i) The payment of prizes to the holders of winning tickets or
37 shares, which shall not be less than forty-five percent of the gross
38 annual revenue from such lottery, (ii) transfers to the lottery
39 administrative account created by RCW 67.70.260, ~~((and))~~ (iii)
40 ~~((transfer to the state's general fund. Transfers to the state~~

1 ~~general fund shall be made in compliance with RCW 43.01.050))~~
2 transfers of net lottery revenues and net shared game lottery
3 revenues to the Washington opportunity pathways account as required
4 by sections 202 through 204, 206, and 207 of this act, and (iv)
5 transfers established in RCW 67.70.240 and 67.70.340;

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

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

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

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

18 PART III

19 BUDGET STABILIZATION ACCOUNT TRANSFER

20 **Sec. 301.** RCW 43.79.496 and 2015 3rd sp.s. c 2 s 1 are each
21 amended to read as follows:

22 (1) By June 30, 2015, the treasurer shall transfer into the state
23 general fund the entire budget stabilization account deposit for the
24 2013-2015 fiscal biennium that is attributable to extraordinary
25 revenue growth, not to exceed fifty million dollars.

26 (2)(a) During the 2015-2017 fiscal biennium, the treasurer shall
27 transfer into the state general fund (~~the entire~~) a portion of the
28 budget stabilization account deposit for the 2015-2017 fiscal
29 biennium that is attributable to extraordinary revenue growth, not to
30 exceed seventy-five million dollars.

31 (b) In addition to the transfer in (a) of this subsection, during
32 the 2015-2017 fiscal biennium the treasurer shall transfer into the
33 education construction fund one hundred fifty million dollars of the
34 budget stabilization account deposit for the 2015-2017 fiscal
35 biennium that is attributable to extraordinary revenue growth. In the
36 2017-2019 omnibus capital appropriations act, the amount transferred
37 into the education construction fund under this subsection must be
38 appropriated to the office of the superintendent of public

1 instruction solely for grants to assist school districts to
2 construct, modernize, or replace public school facilities, including
3 but not limited to supporting state-funded all-day kindergarten and
4 class size reduction in kindergarten through third grade.

5 (c) In addition to the transfers in (a) and (b) of this
6 subsection, during the 2015-2017 fiscal biennium the treasurer shall
7 transfer into the Washington opportunity pathways account one hundred
8 forty million dollars of the budget stabilization account that is
9 attributable to the extraordinary revenue growth. The purpose of this
10 transfer is to offset the impacts on the operating budget during the
11 2017-2019 and 2019-2021 fiscal biennia of the debt service on the
12 bonds authorized in sections 201 through 210, chapter . . ., Laws of
13 2017 (this act).

14 (3) During the 2017-2019 fiscal biennium, the treasurer shall
15 transfer into the state general fund the entire budget stabilization
16 account deposit for the 2017-2019 fiscal biennium that is
17 attributable to extraordinary revenue growth, not to exceed five
18 hundred fifty million dollars.

19 (4) For purposes of RCW 43.88.055(4), the transfers in this
20 section do not alter the requirement to balance in ensuing biennia.

21 **PART IV**
22 **MISCELLANEOUS**

23 NEW SECTION. Sec. 401. CODIFICATION. Sections 201, 202, 205,
24 and 207 of this act constitute a new chapter in Title 43 RCW.

25 NEW SECTION. Sec. 402. EFFECTIVE DATE. This act is necessary
26 for the immediate preservation of the public peace, health, or
27 safety, or support of the state government and its existing public
28 institutions, and takes effect immediately.

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