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SENATE BILL 5906

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State of Washington                      55th Legislature                      1997 Regular Session

By Senators Swanson, Fraser, West and Oke

Read first time 02/19/97. 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,  
3 67.70.240, and 43.84.092; 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 account. Transfers to the (~~state general fund~~)  
31 education account shall be made in compliance with RCW 43.01.050;

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

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

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

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

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

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

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

15 (a) Fifty percent of the moneys shall be deposited quarterly in the  
16 education account.

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

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

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

1 subsection (~~((5))~~) (4) of this section shall cease when the bonds  
2 issued for the construction of the baseball stadium are retired, but  
3 not more than twenty years after the tax under RCW 82.14.0485 is first  
4 imposed.

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

9 NEW SECTION. **Sec. 4.** The education account is created in the  
10 state treasury. All receipts from the state lottery directed to this  
11 account shall be deposited into the account. Moneys in the account may  
12 be spent only after appropriation for the support of the common  
13 schools.

14 **Sec. 5.** RCW 43.84.092 and 1996 c 262 s 4 are each amended to read  
15 as follows:

16 (1) All earnings of investments of surplus balances in the state  
17 treasury shall be deposited to the treasury income account, which  
18 account is hereby established in the state treasury.

19 (2) The treasury income account shall be utilized to pay or receive  
20 funds associated with federal programs as required by the federal cash  
21 management improvement act of 1990. The treasury income account is  
22 subject in all respects to chapter 43.88 RCW, but no appropriation is  
23 required for refunds or allocations of interest earnings required by  
24 the cash management improvement act. Refunds of interest to the  
25 federal treasury required under the cash management improvement act  
26 fall under RCW 43.88.180 and shall not require appropriation. The  
27 office of financial management shall determine the amounts due to or  
28 from the federal government pursuant to the cash management improvement  
29 act. The office of financial management may direct transfers of funds  
30 between accounts as deemed necessary to implement the provisions of the  
31 cash management improvement act, and this subsection. Refunds or  
32 allocations shall occur prior to the distributions of earnings set  
33 forth in subsection (4) of this section.

34 (3) Except for the provisions of RCW 43.84.160, the treasury income  
35 account may be utilized for the payment of purchased banking services  
36 on behalf of treasury funds including, but not limited to, depository,  
37 safekeeping, and disbursement functions for the state treasury and

1 affected state agencies. The treasury income account is subject in all  
2 respects to chapter 43.88 RCW, but no appropriation is required for  
3 payments to financial institutions. Payments shall occur prior to  
4 distribution of earnings set forth in subsection (4) of this section.

5 (4) Monthly, the state treasurer shall distribute the earnings  
6 credited to the treasury income account. The state treasurer shall  
7 credit the general fund with all the earnings credited to the treasury  
8 income account except:

9 (a) The following accounts and funds shall receive their  
10 proportionate share of earnings based upon each account's and fund's  
11 average daily balance for the period: The capitol building  
12 construction account, the Cedar River channel construction and  
13 operation account, the Central Washington University capital projects  
14 account, the charitable, educational, penal and reformatory  
15 institutions account, the common school construction fund, the county  
16 criminal justice assistance account, the county sales and use tax  
17 equalization account, the data processing building construction  
18 account, the deferred compensation administrative account, the deferred  
19 compensation principal account, the department of retirement systems  
20 expense account, the Eastern Washington University capital projects  
21 account, the education account, the education construction fund, the  
22 emergency reserve fund, the federal forest revolving account, the  
23 health services account, the public health services account, the health  
24 system capacity account, the personal health services account, the  
25 highway infrastructure account, the industrial insurance premium refund  
26 account, the judges' retirement account, the judicial retirement  
27 administrative account, the judicial retirement principal account, the  
28 local leasehold excise tax account, the local real estate excise tax  
29 account, the local sales and use tax account, the medical aid account,  
30 the mobile home park relocation fund, the municipal criminal justice  
31 assistance account, the municipal sales and use tax equalization  
32 account, the natural resources deposit account, the perpetual  
33 surveillance and maintenance account, the public employees' retirement  
34 system plan I account, the public employees' retirement system plan II  
35 account, the Puyallup tribal settlement account, the resource  
36 management cost account, the site closure account, the special wildlife  
37 account, the state employees' insurance account, the state employees'  
38 insurance reserve account, the state investment board expense account,  
39 the state investment board commingled trust fund accounts, the

1 supplemental pension account, the teachers' retirement system plan I  
2 account, the teachers' retirement system plan II account, the  
3 transportation infrastructure account, the tuition recovery trust fund,  
4 the University of Washington bond retirement fund, the University of  
5 Washington building account, the volunteer fire fighters' relief and  
6 pension principal account, the volunteer fire fighters' relief and  
7 pension administrative account, the Washington judicial retirement  
8 system account, the Washington law enforcement officers' and fire  
9 fighters' system plan I retirement account, the Washington law  
10 enforcement officers' and fire fighters' system plan II retirement  
11 account, the Washington state patrol retirement account, the Washington  
12 State University building account, the Washington State University bond  
13 retirement fund, the water pollution control revolving fund, and the  
14 Western Washington University capital projects account. Earnings  
15 derived from investing balances of the agricultural permanent fund, the  
16 normal school permanent fund, the permanent common school fund, the  
17 scientific permanent fund, and the state university permanent fund  
18 shall be allocated to their respective beneficiary accounts. All  
19 earnings to be distributed under this subsection (4)(a) shall first be  
20 reduced by the allocation to the state treasurer's service fund  
21 pursuant to RCW 43.08.190.

22 (b) The following accounts and funds shall receive eighty percent  
23 of their proportionate share of earnings based upon each account's or  
24 fund's average daily balance for the period: The aeronautics account,  
25 the aircraft search and rescue account, the central Puget Sound public  
26 transportation account, the city hardship assistance account, the  
27 county arterial preservation account, the department of licensing  
28 services account, the economic development account, the essential rail  
29 assistance account, the essential rail banking account, the ferry bond  
30 retirement fund, the gasohol exemption holding account, the grade  
31 crossing protective fund, the high capacity transportation account, the  
32 highway bond retirement fund, the highway construction stabilization  
33 account, the highway safety account, the marine operating fund, the  
34 motor vehicle fund, the motorcycle safety education account, the  
35 pilotage account, the public transportation systems account, the Puget  
36 Sound capital construction account, the Puget Sound ferry operations  
37 account, the recreational vehicle account, the rural arterial trust  
38 account, the safety and education account, the small city account, the  
39 special category C account, the state patrol highway account, the

1 transfer relief account, the transportation capital facilities account,  
2 the transportation equipment fund, the transportation fund, the  
3 transportation improvement account, the transportation revolving loan  
4 account, and the urban arterial trust account.

5 (5) In conformance with Article II, section 37 of the state  
6 Constitution, no treasury accounts or funds shall be allocated earnings  
7 without the specific affirmative directive of this section.

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