

E2SSB 6409 - H AMD 1650

By Representative Chase

NOT CONSIDERED 3/11/2010

1 Strike everything after the enacting clause and insert the
2 following:

3
4 "NEW SECTION. Sec. 1. The legislature finds that in every school
5 district there are older youth who have become disengaged with the
6 traditional education program of public high schools. They may have
7 failed multiple classes and are far behind in accumulating credits
8 to graduate. They do not see a high school diploma as an achievable
9 goal. They are not likely to become reengaged in their education by
10 the prospect of reenrollment in a traditional or even an alternative
11 high school. Additionally, the legislature finds that dropout
12 reengagement programs could be expanded and could benefit from
13 additional funding. Therefore, it is the intent of the legislature
14 to direct a portion of lottery account moneys toward stabilizing and
15 increasing existing resources for dropout reengagement programs and
16 for the purposes of engrossed second substitute house bill 1418
17 (establishing a statewide dropout reengagement program).

18
19 NEW SECTION. Sec. 2. A new section is added to chapter 28B.76
20 RCW to read as follows:

21 The Washington opportunity pathways account is created in the
22 state treasury. Expenditures from the account may be used only for
23 Washington state dropout reengagement programs and for
24 implementation of Chapter _____, Laws of 2010 (Engrossed Second
25 Substitute House Bill No. 1418)(dropout reengagement system).

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27

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

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

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

6 (2) For purposes of making deposits into the reserve account
7 created by RCW 67.70.250 and into the lottery administrative account
8 created by RCW 67.70.260;

9 (3) For purposes of making deposits into the ~~((education~~
10 ~~construction fund created in RCW 43.135.045))~~ Washington opportunity
11 pathways account. On and after July 1, 2004, all deposits not
12 otherwise obligated under this section shall be placed in the
13 ~~((education construction fund))~~ Washington opportunity pathways
14 account. Moneys in the state lottery account deposited in the
15 ~~((education construction fund))~~ Washington opportunity pathways
16 account are included in "general state revenues" under RCW
17 39.42.070;

18 (4) For distribution to a county for the purpose of paying the
19 principal and interest payments on bonds issued by the county to
20 construct a baseball stadium, as defined in RCW 82.14.0485,
21 including reasonably necessary preconstruction costs. Three million
22 dollars shall be distributed under this subsection during calendar
23 year 1996. During subsequent years, such distributions shall equal
24 the prior year's distributions increased by four percent.
25 Distributions under this subsection shall cease when the bonds
26 issued for the construction of the baseball stadium are retired, but
27 not more than twenty years after the tax under RCW 82.14.0485 is
28 first imposed;

29 (5) For distribution to the stadium and exhibition center
30 account, created in RCW 43.99N.060. Subject to the conditions of RCW
31 19 43.99N.070, six million dollars shall be distributed under this
32 subsection during the calendar year 1998. During subsequent years,
33 such distribution shall equal the prior year's distributions
34 increased by four percent. No distribution may be made under this

1 subsection after December 31, 1999, unless the conditions for
2 issuance of the bonds under RCW 43.99N.020(2) are met. Distributions
3 under this subsection shall cease when the bonds are retired, but
4 not later than December 31, 2020;

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

7 (7) For the payment of agent compensation.

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

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13 **Sec. 4.** RCW 67.70.340 and 2009 c 576 s 2 and 2009 c 479 s 45 are
14 each reenacted and amended to read as follows:

15 (1) The legislature recognizes that creating a shared game lottery
16 could result in less revenue being raised by the existing state
17 lottery ticket sales. The legislature further recognizes that the
18 fund most impacted by this potential event is the education
19 construction account. Therefore, it is the intent of the legislature
20 to use some of the proceeds from the shared game lottery to make up
21 the difference that the potential state lottery revenue loss would
22 have on the education construction account. The legislature further
23 intends to use some of the proceeds from the shared game lottery to
24 fund programs and services related to problem and pathological
25 gambling.

26 (2) The ((~~education construction account~~)) Washington opportunity
27 pathways account is expected to receive one hundred two million
28 dollars annually from state lottery games other than the shared game
29 lottery. For fiscal year 2003 and thereafter, if the amount of
30 lottery revenues earmarked for the ((~~education construction account~~))
31 Washington opportunity pathways account is less than one hundred two
32 million dollars, the commission, after making the transfer required
33 under subsection (3) of this section, must transfer sufficient moneys
34 from revenues derived from the shared game lottery into the

1 (~~education construction account~~) Washington opportunity pathways
2 account to bring the total revenue up to one hundred two million
3 dollars.

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

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

17 (4) The commission shall transfer the remaining net revenues, if
18 any, derived from the shared game lottery "Powerball" authorized in
19 RCW 67.70.044(1) after the transfers pursuant to this section into the
20 state general fund for the student achievement program under RCW
21 28A.505.220.

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

26
27 NEW SECTION. **Sec. 5.** The joint legislative audit and review
28 committee shall conduct a review of marketing and vendor expenditures
29 and incentive payment programs at the state lottery commission to
30 identify cost savings and efficiencies to maximize contributions to
31 beneficiaries under this act. This review shall include examination
32 of the following:

33 (1) The expenditures at the state lottery commission related to
34 marketing and vendors compared with ticket sales. This review shall

1 include an analysis of: Marketing expenses for fiscal years 2005 to
2 2010 and the impact on ticket sales; the impact to sales of tickets
3 from the change in lottery beneficiaries provided in this act from the
4 education construction fund to the Washington opportunity pathways
5 account; and the competitive bidding process for vendors in
6 Washington. In its final report on this subject, due to the
7 legislature by November 2010, the joint legislative audit and review
8 committee shall provide: A description of the competitive contracting
9 processes for marketing services and vendors, and any marketing
10 programs or expenditures funded through the lottery administrative
11 account; an all-state survey of marketing and vendor contractors for
12 other state lotteries; identification of whether there are duplicative
13 or unproductive marketing activities; identification of whether
14 savings may occur from changing vendors; and an analysis of marketing
15 expenses and ticket sales for fiscal year 2000 through the months of
16 fiscal year 2011 for which data are available.

17 (2) The incentive payment program for employees at the state
18 lottery commission. This review shall include an analysis of the
19 state's laws, policies, procedures, and practices as they relate to
20 incentive payments. In its final report on this subject, due to the
21 legislature by November 2010, the joint legislative audit and review
22 committee shall provide: A description of how the incentive payment
23 program at the state lottery commission operates, and comparison to
24 best practices for outcome-based performance payments."

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26 Correct the title.

EFFECT: Strikes all provisions of the underlying bill and
replaces them with the following:

- Expresses legislative intent to use lottery account revenue for stabilizing and increasing funding for statewide dropout reengagement programs.
- Creates the Washington Opportunity Pathways account. Funding from the account may only be used for state dropout reengagement programs and the purposes of Engrossed Second Substitute House

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Bill 1418 (establishing a statewide dropout reengagement program).

- Provides that of all net lottery revenue not otherwise obligated for paying lottery administration, lottery prizes, debt service on Safeco Stadium, or Qwest Field and Exhibition Center, and gambling education is to be deposited into the Washington Opportunity Pathways Account.
- Requires that additional net revenues from shared lottery games that were previously directed to the state general fund are now directed to the Washington Opportunity Pathway Account.
- Requires the Joint Legislative Audit and Review Committee to complete a performance review of the Lottery Commission's marketing expenditures and incentive pay structure by November 2010.

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