

E2SSB 6409 - H AMD 1644

By Representative Sells

WITHDRAWN 3/11/2010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 institutions of
5 higher education are key to the future employment opportunities of
6 Washington citizens and to the economic well-being of the state. The
7 legislature further finds that current student financial aid programs
8 are underfunded and subject to the unpredictability of the state
9 budget. It is the intent of the legislature to direct a portion of
10 lottery account moneys toward stabilizing and increasing existing
11 resources for opportunity grants, get ready for math and science
12 scholarships, passport to college scholarships, college bound
13 scholarships, the state work study program, the state need grant,
14 Washington scholars awards, and the Washington award for vocational
15 excellence.

16
17 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.76
18 RCW to read as follows:

19 The Washington opportunity pathways account is created in the
20 state treasury. Expenditures from the account may be used only for
21 programs in chapter 28B.12 RCW (state work-study), chapter 28B.50
22 RCW (opportunity grant), RCW 28B.76.660 (Washington scholars award),
23 RCW 28B.76.670 (Washington award for vocational excellence), chapter
24 28B.92 RCW (state need grant program), chapter 28B.105 RCW (GET
25 ready for math and science scholarship), chapter 28B.117 RCW
26 (passport to college promise), and 28B.118 RCW (college bound
27 scholarship).

1

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

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

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

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

10 (3) For purposes of making deposits into the education
11 construction fund created in RCW 43.135.045 and the Washington
12 opportunity pathways account. On and after July 1, 2004, all
13 deposits not otherwise obligated under this section shall be
14 deposited as follows: (a) fifty-four million dollars shall be placed
15 in the education construction fund and (b) any remaining moneys
16 shall be placed in the Washington opportunity pathways account.
17 Moneys in the state lottery account deposited in the education
18 construction fund and the Washington opportunity pathways account
19 are included in "general state revenues" under RCW 39.42.070;

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

31 (5) For distribution to the stadium and exhibition center
32 account, created in RCW 43.99N.060. Subject to the conditions of RCW
33 19 43.99N.070, six million dollars shall be distributed under this
34 subsection during the calendar year 1998. During subsequent years,

1 such distribution shall equal the prior year's distributions
2 increased by four percent. No distribution may be made under this
3 subsection after December 31, 1999, unless the conditions for
4 issuance of the bonds under RCW 43.99N.020(2) are met. Distributions
5 under this subsection shall cease when the bonds are retired, but
6 not later than December 31, 2020;

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

9 (7) For the payment of agent compensation.

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

14

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

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

28 (2) The education construction account is expected to receive
29 ~~((one hundred two))~~ fifty-four million dollars annually and the
30 Washington opportunity pathways account is expected to receive forty-
31 eight million dollars annually from state lottery games other than the
32 shared game lottery. For fiscal year 2003 and thereafter, if the
33 amount of lottery revenues earmarked for the education construction
34 account is less than ~~((one hundred two))~~ fifty-four million dollars

1 and the amount of lottery revenues earmarked for the Washington
2 opportunity pathways account is less than forty-eight million dollars,
3 the commission, after making the transfer required under subsection
4 (3) of this section, must transfer sufficient moneys from revenues
5 derived from the shared game lottery into the education construction
6 account to bring the total revenue up to (~~one hundred two~~) fifty-
7 four million dollars and into the Washington opportunity pathways
8 account to bring the total revenue up to forty-eight million dollars.

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

17 (b) In fiscal year 2006, the percentage to be transferred to the
18 problem gambling account is one-tenth of one percent. In fiscal year
19 2007 and subsequent fiscal years, the percentage to be transferred to
20 the problem gambling account is thirteen one-hundredths of one
21 percent.

22 (4) The commission shall transfer the remaining net revenues, if
23 any, derived from the shared game lottery "Powerball" authorized in
24 RCW 67.70.044(1) after the transfers pursuant to this section into the
25 state general fund for the student achievement program under RCW
26 28A.505.220.

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

31
32 NEW SECTION. **Sec. 5.** In consultation with independent experts
33 and in collaboration with the higher education coordinating board, the
34 state lottery commission shall upon the effective date of this act

1 develop and begin implementation of a strategy and plan for actively
2 marketing the state lottery as an essential contributor to higher
3 education. The commission shall report to the appropriate committees
4 of the legislature on the key messages, components, performance
5 objectives, and anticipated revenue impacts of the strategy by
6 December 1, 2010.

7

8 NEW SECTION. **Sec. 6.** The joint legislative audit and review
9 committee shall conduct a review of marketing and vendor expenditures
10 and incentive payment programs at the state lottery commission to
11 identify cost savings and efficiencies to maximize contributions to
12 beneficiaries under this act. This review shall include examination
13 of the following:

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

32 (2) The incentive payment program for employees at the state
33 lottery commission. This review shall include an analysis of the
34 state's laws, policies, procedures, and practices as they relate to

1 incentive payments. In its final report on this subject, due to the
2 legislature by November 2010, the joint legislative audit and review
3 committee shall provide: A description of how the incentive payment
4 program at the state lottery commission operates, and comparison to
5 best practices for outcome-based performance payments."

6

7 Correct the title.

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

- Expresses legislative intent to use a portion of lottery account revenue for stabilizing and increasing funding for higher education student financial aid.
- Creates the Washington Opportunity Pathways account. Funding from the account may only be used for the State Work Study, Opportunity Grant, Washington Scholars, Washington Award for Vocational Excellence, State Need Grant, GET Ready for Math and Science, Passport to College, and College Bound programs.
- 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, \$54 million dollars is to be deposited in the Education Construction Account and \$48 million dollars 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 Lottery Commission, in consultation with independent experts and the Higher Education Coordinating Board, to implement strategies to actively market the state lottery as an essential contributor to Washington higher education programs.
- Requires the Lottery Commission to report to the appropriate committees of the Legislature on key components, performance objectives, and anticipated revenue impacts of the marketing strategies by December 1, 2010.
- 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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