



Oklahoma
State
Senate

Legislative Brief

June 2004

GAMING

Issue Background:

In 2003 the Oklahoma Legislature ordered both a legislative referendum which would establish a state run lottery and a constitutional amendment which would direct the expenditure of lottery revenues to be sent to a vote of the people. (See House Bill No. 1278 and Senate Joint Resolution No. 22, discussed below.) The 2004 Legislative Session continued the practice of sending gaming measures to a vote of the people. Senate Bill No. 553 passed both houses of the Legislature without an emergency clause and was signed by the Governor on March 8, 2004. It would have authorized a limited number of games at three of the four horserace tracks in the state and would have provided a model compact which Indian tribes in this state could enter into to conduct such gaming on Indian lands. On April 20, 2004, a group called "Oklahomans for Good Government" filed Referendum Petition No. 23 (State Question No. 709) with the Oklahoma Secretary of State seeking to repeal the provisions of Senate Bill No. 553. Concerned that this petition could garner the necessary signatures but become mired in court proceedings for an extended period of time, the Legislature passed Senate Bill No. 1252 on May 12, 2004 (discussed below). This measure repealed the provisions of Senate Bill No. 553 and sent essentially those same provisions to a vote of the people on November 2, 2004 (State Question No. 712; Legislative Referendum No. 335). NOTE: As of June 8, 2004, Referendum Petition No. 23 has not been withdrawn and is pending circulation.

Legislative Measures:

House Bill No. 1278 was approved by both houses of the Legislature in 2003. It sends to a vote of the people a proposal for a state lottery (State Question No. 705; Legislative Referendum No. 330). The proposal provides for the creation of a state entity, the Oklahoma Lottery Commission, which would operate the lottery. The measure also requires that at least 45% of the revenue from ticket sales will be returned as prizes. It requires that the net proceeds from the lottery be used for education purposes. The referendum specifically prohibits the operation of any lottery game using a video lottery machine. It also prohibits the sale or gift of lottery tickets to minors. It directs the first \$500,000 of unclaimed prize money annually be transferred to the Department of Human Services for the treatment of compulsive gambling disorder. The Oklahoma Lottery Commission is authorized to issue up to \$10,000,000 in bonds for start-up costs of the lottery to be repaid from future lottery revenue.

Senate Joint Resolution No. 22 was also approved by both houses of the Legislature in 2003. It is a companion measure to House Bill No. 1278 and sends to a vote of the people a proposed constitutional amendment to create the Oklahoma Education Lottery Trust Fund (State Question No. 706; Legislative Referendum No. 331). Monies in the fund could only be expended for kindergarten through twelfth grade public education, including but not limited to

compensation and benefits for public school teachers and support employees; early childhood development programs; tuition grants, loans and scholarships to citizens of this state to enable such citizens to attend colleges and universities located within this state which are accredited by the Oklahoma State Regents for Higher Education or to attend institutions operated under the authority of the Oklahoma Department of Career and Technology Education; construction of educational facilities for elementary school districts, independent school districts, the Oklahoma State System of Higher Education, and career and technology education; capital outlay projects for elementary school districts, independent school districts, the Oklahoma State System of Higher Education, and career and technology education; technology for public elementary school district, independent school district, state higher education, and career and technology education facilities; endowed chairs for professors at institutions of higher education operated by the Oklahoma State System of Higher Education; programs and personnel of the Oklahoma School for the Deaf and the Oklahoma School for the Blind; the School Consolidation and Assistance Fund; and the Teachers' Retirement System Dedicated Revenue Revolving Fund. The State Board of Equalization would examine appropriations from the fund each year to ensure that monies in the trust fund are not used to supplant other funding for education. It would only become effective if a majority of the people vote for the measure and a majority of the people vote for House Bill No. 1278.

Senate Bill No. 1252 was approved by both houses of the Legislature and sends a legislative referendum to a vote of the people on November 2, 2004, which provides for the creation of the State-Tribal Gaming Act (State Question No. 712; Legislative Referendum No. 335). This Act authorizes a limited number of electronic games at three of the four horserace tracks in this state and provides a model compact which Indian tribes in this state may enter into to conduct such gaming on Indian lands. The bill authorizes electronic bonanza-style bingo games, electronic instant bingo games and electronic amusement games. It defines these games and imposes requirements which the games are required to meet. From 10% to 30% of the adjusted gross revenue from these games which are played at horserace tracks will go to the state, depending on the level of gaming revenue generated and the track at which the revenue is generated. From 20% to 30% of the adjusted gross revenue from these games which are played at horserace tracks will go to purses, depending on the level of gaming revenue generated and the track at which the revenue is generated. From 50% to 65% of the adjusted gross revenue from these games which are played at horserace tracks will go to the track, depending on the level of gaming revenue generated and the track at which the revenue is generated.

The model compact provides for 4% of the first \$10,000,000, 5% of the next \$10,000,000 and 6% of all subsequent adjusted gross revenues received by a tribe in a calendar year from the play of these games to go to the state. It also provides for 10% of the monthly net win of the common pools from which prizes are paid for nonhouse-banked card games to go to the state. It requires each tribe which agrees to the compact to pay a start-up assessment of \$50,000 and an annual oversight assessment of \$35,000 to offset the cost to the state for the oversight of the games authorized in the model compact. The bill provides for a portion of the revenue produced at Indian gaming facilities within 20 miles from a "fair meet" track to go to the track and a portion to go to purses at all the tracks in the state. Senate Bill No. 1252 provides for the Oklahoma Horse Racing Commission to oversee and regulate the electronic gaming authorized in the bill for horserace tracks and for the Office of State Finance to oversee such gaming conducted by Indian tribes pursuant to the model compact set out in the Act. The measure provides for \$250,000 per year to go for treatment of compulsive gambling.

Senate Bill No. 1005 authorizes the Oklahoma Horse Racing Commission to charge an application fee of \$50,000 to each horserace track which desires to engage in the type of gaming authorized in the State-Tribal Gaming Act. In addition to such application fee, the Oklahoma Horse Racing Commission is also authorized to assess an additional fee upon each horserace track authorized to conduct gaming pursuant to the State-Tribal Gaming Act in an amount necessary to provide funding to the Commission for the regulation of such gaming. This measure will only become effective if the voters approve the provisions of Senate Bill No. 1252

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