

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 SENATE BILL 164

By: Murdock

6 AS INTRODUCED

7 An Act relating to the Oklahoma Education Lottery
8 Act; amending 3A O.S. 2021, Section 703, as amended
9 by Section 1, Chapter 443, O.S.L. 2024 (3A O.S. Supp.
10 2024, Section 703), which relates to definitions;
11 updating statutory language; defining terms; amending
12 3A O.S. 2021, Section 709, which relates to the
13 powers of the Oklahoma Lottery Commission; updating
14 statutory reference; authorizing the board of
15 trustees to enter into agreements or contracts for
16 the implementation of sports pools; allowing for
17 certain agreements to be made; providing for
18 promulgation of rules for the implementation of
19 sports pools; authorizing the board of trustees to
20 develop criteria for licensure of retailers seeking
21 to operate sports pools; specifying certain criteria
22 for licensure; providing for licensing fees;
23 requiring the Oklahoma Lottery Commission to provide
24 annual reports, conduct internal audits, and maintain
records; exempting individuals from certain penalty
if played lawfully; providing for promulgation of
rules; creating the Sports Pools Fund; stating
purpose; establishing funding procedures; requiring a
certain appropriation; repealing 3A O.S. 2021,
Section 735, which relates to prohibition of other
Class III gaming; providing for codification; and
providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

1 SECTION 1. AMENDATORY 3A O.S. 2021, Section 703, as
2 amended by Section 1, Chapter 443, O.S.L. 2024 (3A O.S. Supp. 2024,
3 Section 703), is amended to read as follows:

4 Section 703. As used in the Oklahoma Education Lottery Act:

5 1. "Administrative expenses" means operating expenses,
6 excluding amounts set aside for prizes, regardless of whether such
7 prizes are claimed;

8 2. "Board" means the board of trustees of the Oklahoma Lottery
9 Commission;

10 3. "Capital outlay projects" means the acquisition,
11 construction, installation, modification, renovation, repair,
12 extension, renewal, replacement, or rehabilitation of land,
13 interests in land, buildings, structures, facilities, or other
14 improvements and the acquisition, installation, modification,
15 renovation, repair, extension, renewal, replacement, rehabilitation,
16 or furnishing of fixtures, machinery, equipment, computers,
17 software, laboratories, furniture, textbooks, and reference material
18 or other property of any nature whatsoever used on, in, or in
19 connection with educational facilities;

20 4. "Commission" means the Oklahoma Lottery Commission;

21 5. "Educational facilities" means land, structures, and
22 buildings owned or operated by and through the Oklahoma State
23 Regents for Higher Education, the State Board of Education, the
24 Oklahoma Department of Career and Technology Education, or by any

1 school district within this state. A public road or highway leading
2 to an educational facility shall not be considered an educational
3 facility;

4 6. "Executive director" means the chief executive officer and
5 administrator of the Oklahoma Lottery Commission;

6 7. "Gross proceeds" means all revenue derived from the sale of
7 lottery tickets or shares and all other monies derived from the
8 lottery;

9 8. "Instant ticket" means a lottery ticket that requires the
10 player to remove a coating to determine if a prize has been won;

11 9. "Lottery", "lotteries", "lottery game", or "lottery games"
12 means an activity conducted by the Commission under the Oklahoma
13 Education Lottery Act through which prizes are awarded or
14 distributed by chance among persons who have paid for a chance or
15 other opportunity to receive a prize, including, but not limited to,
16 instant tickets and ~~on-line~~ online games, but excluding charity
17 bingo and games conducted pursuant to the Oklahoma Charity Games
18 Act, poker, blackjack, slot machines, pulltab machines, card games,
19 dice, dominos, roulette wheels, or other similar forms of gambling,
20 or electronic or video forms of these gambling activities, or games
21 where winners are determined by the outcome of a sports contest, or
22 pari-mutuel betting conducted pursuant to the Oklahoma Horse Racing
23 Act;

1 10. "Major procurement contract" means any gaming product or
2 service costing in excess of Twenty-five Thousand Dollars
3 (\$25,000.00), including, but not limited to, major advertising
4 contracts, annuity contracts, prize payment agreements, consulting
5 services, equipment, tickets, and other products and services unique
6 to the Oklahoma lottery, but not including materials, supplies,
7 equipment, and services common to the ordinary operations of the
8 Commission;

9 11. "Member" or "members" means a trustee or trustees of the
10 board of trustees of the Oklahoma Lottery Commission;

11 12. "Member of a minority" means an individual who is a member
12 of a race which comprises less than fifty percent (50%) of the total
13 population of Oklahoma;

14 13. "Minority business" means any business which is owned by:

15 a. an individual who is a member of a minority who
16 reports as the personal income of the individual for
17 Oklahoma income tax purposes the income of the
18 business,

19 b. a partnership in which a majority of the ownership
20 interest is owned by one or more members of a minority
21 who report as their personal income for Oklahoma
22 income tax purposes more than fifty percent (50%) of
23 the income of the partnership, or

1 c. a corporation organized under the laws of this state
2 in which a majority of the common stock is owned by
3 one or more members of a minority who report as their
4 personal income for Oklahoma income tax purposes more
5 than fifty percent (50%) of the distributed earnings
6 of the corporation;

7 14. "Net proceeds" means all revenue derived from the sale of
8 lottery tickets or shares and all other monies derived from the
9 lottery less operating expenses;

10 15. ~~On-line~~ Online games" means a game where tickets or
11 shares are purchased through a network of computer terminals located
12 at retail outlets, and such terminals are linked to a central
13 computer that records the purchases;

14 16. "Operating expenses" means all costs of doing business,
15 including, but not limited to, prizes, commissions, and other
16 compensation paid to retailers, advertising and marketing costs,
17 personnel costs, capital costs, administration, and operation of the
18 Commission and the lottery, and other operating costs;

19 17. "Pari-mutuel betting" means the pari-mutuel system of
20 wagering as defined in Section 200.1 of this title. Such term shall
21 not include a lottery game which may be predicated on a horse-racing
22 scheme that does not involve actual track events or traditional
23 lottery games which may involve the distribution of winnings by
24 pools;

1 18. "Person" means any individual, corporation, partnership,
2 unincorporated association, limited liability company, or other
3 legal entity;

4 19. "Retailer" means a person who sells lottery tickets or
5 shares on behalf of the Commission pursuant to a contract;

6 20. "Share" means any intangible evidence of participation in a
7 lottery game;

8 21. "Sports pools" means any in-person wagering and wagering
9 conducted on a mobile device on the outcome of sporting events or
10 other events, other than horse or other animal races;

11 22. "Sports pools retailer" means any licensed in-person
12 establishment or Internet-based application that allows for an
13 individual to wager on sports pools;

14 23. "Ticket" means any tangible evidence issued by the lottery
15 to provide participation in a lottery game; and

16 22. 24. "Vendor" means a person who provides or proposes to
17 provide goods or services to the Commission pursuant to a major
18 procurement contract, but does not include an employee of the
19 Commission, a retailer, or a state agency or instrumentality
20 thereof. Such term does not include any corporation whose shares
21 are publicly traded and which is the parent company of the
22 contracting party in a major procurement contract.

23 SECTION 2. AMENDATORY 3A O.S. 2021, Section 709, is
24 amended to read as follows:

1 Section 709. A. The Oklahoma Lottery Commission shall have any
2 and all powers necessary or convenient to its usefulness in carrying
3 out and effectuating the purposes and provisions of the Oklahoma
4 Education Lottery Act which are not in conflict with the Oklahoma
5 Constitution and laws of this state including, but not limited to,
6 the following:

7 1. To sue and be sued in contract, equity, mandamus, and
8 similar actions in its own name and to complain and defend in all
9 courts;

10 2. To adopt and alter a seal;

11 3. To hold copyrights, trademarks, and service marks and
12 enforce its rights with respect thereto;

13 4. To acquire or lease real property and make improvements
14 thereon and acquire by lease or by purchase personal property,
15 including, but not limited to, computers and intangible property,
16 including, but not limited to, computer programs, systems, and
17 software;

18 5. To enter into contracts to incur debt in its own name and
19 enter into financing agreements with the state, agencies or
20 instrumentalities of the state, or with any commercial financial
21 institution or credit provider ~~as provided in Section 732 of this~~
22 title;

23 6. To select and contract with vendors and retailers;

1 7. To enter into contracts or agreements with state or local
2 law enforcement agencies for the performance of law enforcement,
3 background investigations, and security checks;

4 8. To administer oaths, take depositions, issue subpoenas, and
5 compel the attendance of witnesses and the production of books,
6 papers, documents, and other evidence relative to any investigation
7 or proceeding conducted by the Commission;

8 9. To enter into contracts of any and all types on such terms
9 and conditions as the Commission may determine;

10 10. To advertise and promote the lottery and lottery games.

11 None of the advertisement and promotion for games and products
12 offered by the Oklahoma Lottery allowed by this paragraph shall
13 involve children under the age of eighteen (18) in any manner;

14 11. To inform the public about Oklahoma Lottery Commission
15 contributions to Oklahoma education programs; and

16 12. To act as a retailer, to conduct promotions which involve
17 the dispensing of lottery tickets or shares, and to establish and
18 operate a sales facility to sell lottery tickets or shares and any
19 related merchandise.

20 B. The board of trustees of the Oklahoma Lottery Commission
21 shall have any and all powers necessary or convenient to its
22 usefulness in carrying out and effectuating the purposes and
23 provisions of the Oklahoma Education Lottery Act which are not in
24

1 conflict with the Oklahoma Constitution and laws of this state
2 including, but not limited to, the following:

3 1. To adopt, amend, and repeal policies and procedures and to
4 promulgate rules for the regulation of its affairs and the conduct
5 of its business, to prescribe the duties of officers of the board,
6 and to perform such other duties as may be required by law. In the
7 promulgation of rules, the board shall be subject to the
8 Administrative Procedures Act;

9 2. To procure insurance;

10 3. To initiate, supervise, and administer the operation of the
11 lottery in accordance with the provisions of the Oklahoma Education
12 Lottery Act and rules, policies, and procedures adopted pursuant
13 thereto;

14 4. To enter into written agreements with one or more other
15 states or sovereigns for the operation, participation in marketing,
16 and promotion of a joint lottery or joint lottery games. Such an
17 agreement may be entered into with a federally recognized Indian
18 tribe only if a cooperative agreement authorizing the Commission to
19 do so has been entered into by the Governor and such a tribe and has
20 been further approved by the Joint Committee on State-Tribal
21 Relations pursuant to the provisions of Section 1221 et seq. of
22 Title 74 of the Oklahoma Statutes;

23 5. To direct the executive director to conduct or have
24 conducted such market research as is necessary or appropriate, which

1 may include an analysis of the demographic characteristics of the
2 players of each lottery game and an analysis of advertising,
3 promotion, public relations, incentives, and other aspects of
4 communication; and

5 6. To adopt and amend such rules, policies, and procedures as
6 necessary to implement its powers and duties, organize and operate
7 the Commission, regulate the conduct of lottery games in general,
8 and any other matters necessary or desirable for the efficient and
9 effective operation of the lottery or the convenience of the public;

10 7. To enter into written agreements with one or more other
11 states or sovereigns for the operation, participation in marketing,
12 and promotion of sports pools. Such an agreement may be entered
13 into with a federally recognized Indian tribe for in-person sports
14 pool games only if a cooperative agreement authorizing the
15 Commission to do so has been entered into by the Governor and such a
16 tribe and has been further approved by the Joint Committee on State-
17 Tribal Relations pursuant to the provisions of Section 1221 et seq.
18 of Title 74 of the Oklahoma Statutes; and

19 8. To adopt and amend such rules, policies, and procedures as
20 necessary to implement its powers and duties, organize and operate
21 the Commission, regulate the conduct of sports pools in general, and
22 any other matters necessary or desirable for the efficient and
23 effective operation of the sports pools or the convenience of the
24 public.

1 C. The powers enumerated in subsections A and B of this section
2 are cumulative of and in addition to those powers enumerated
3 elsewhere in the Oklahoma Education Lottery Act, and no such powers
4 limit or restrict any other powers of the Oklahoma Lottery
5 Commission or the board of trustees.

6 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 713.1A of Title 3A, unless there
8 is created a duplication in numbering, reads as follows:

9 There is hereby created in the State Treasury a fund for the
10 Oklahoma Lottery Commission to be designated the "Sports Pools
11 Fund". The fund shall be a continuing fund, not subject to fiscal
12 year limitations, and shall consist of all monies received by the
13 Commission from net revenue received from sports pools wagering and
14 license fees collected pursuant to Section 4 of this act. All
15 monies accruing to the credit of the fund shall be appropriated at
16 the discretion of the Legislature for the purpose of funding
17 gambling addiction programs, common education, and administrative
18 costs associated with implementing this act; provided, an
19 appropriation from the fund no less than One Million Dollars
20 (\$1,000,000.00) shall be made to the Department of Mental Health and
21 Substance Abuse Services for the purpose of treating individuals who
22 may struggle with gambling addiction.

1 SECTION 4. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 717.1 of Title 3A, unless there
3 is created a duplication in numbering, reads as follows:

4 A. The board of trustees of the Oklahoma Lottery Commission
5 shall develop a list of objective criteria upon which the
6 qualification of a licensed sports pools retailer, as defined in
7 Section 703 of Title 3A of the Oklahoma Statutes, shall be based.
8 In developing these criteria, the board shall consider such factors
9 as the financial responsibility of the applicant, security of the
10 place of business or activity of the applicant, accessibility to the
11 public, integrity, and reputation. The board shall not consider
12 political affiliation, activities, or contributions to political
13 committees or candidates for any public office. The criteria shall
14 include, but not be limited to, the following:

15 1. The applicant shall be current in filing all applicable tax
16 returns and in payment of all taxes, interest, and penalties owed on
17 state or federal taxes, excluding items under formal appeal pursuant
18 to applicable statutes;

19 2. No person, partnership, unincorporated association,
20 corporation, or other business entity or principal, officer, or
21 director of a corporation or other business entity shall be selected
22 as a licensed sports pools retailer who:

23 a. has been convicted of or is awaiting sentencing on a
24 plea of guilty or nolo contendere to a criminal

- 1 offense related to the security or integrity of the
2 lottery in this or any other jurisdiction,
3 b. has been convicted of or is awaiting sentencing on a
4 plea of guilty or nolo contendere to any illegal
5 gambling activity, false statements, false swearing,
6 or perjury in this or any other jurisdiction,
7 c. has been convicted of or is awaiting sentencing on a
8 plea of guilty or nolo contendere to any crime
9 punishable by more than one (1) year of imprisonment
10 or a fine more than One Thousand Dollars (\$1,000.00)
11 or both, unless the civil rights of the person have
12 been restored and at least five (5) years have elapsed
13 from the date of the completion of the sentence
14 without a subsequent conviction of a crime described
15 in this subparagraph,
16 d. has been found to have violated the provisions of the
17 Oklahoma Education Lottery Act or any rule, policy, or
18 procedure of the Commission unless either ten (10)
19 years have passed since the violation or the board
20 finds the violation both minor and unintentional in
21 nature,
22 e. is a vendor or any employee or agent of any vendor
23 doing business with the Commission,

1 f. resides in the same household as the executive
2 director, any board member, or any employee of the
3 Commission, or

4 g. has made a statement of material fact to the
5 Commission knowing such statement to be false;

6 3. Any sports pools retailer contract executed pursuant to this
7 section may, for good cause, be suspended, revoked, or terminated by
8 the executive director or designee if the retailer is found to have
9 violated any provisions of the Oklahoma Education Lottery Act or
10 objective criteria established by the board. Review of such
11 activities shall be in accordance with the procedures outlined in
12 the Oklahoma Education Lottery Act and shall not be subject to the
13 Administrative Procedures Act; and

14 4. All sports pools retailer contracts may be renewable
15 annually in the discretion of the Commission unless sooner canceled
16 or terminated.

17 B. Licenses issued by the Oklahoma Lottery Commission for
18 sports pools retailers shall be as follows:

19 1. For in-person wagering, fifteen percent (15%) of the
20 adjusted gross revenues received in a calendar year from the play of
21 sports pools; and

22 2. For wagering conducted on a mobile device, the following:

- a. an initial fee of Five Hundred Thousand Dollars (\$500,000.00) with an annual fee of One Hundred Thousand Dollars (\$100,000.00), and
- b. twenty percent (20%) of the adjusted gross revenues received in a calendar year from the play of sports pools.

C. To ensure the financial integrity of sports pools, the Oklahoma Lottery Commission through its board of trustees shall:

1. Electronically submit annual reports to the Governor, State Auditor and Inspector, Oklahoma State Bureau of Investigation, and Attorney General, disclosing the total sports pools revenues, prize disbursements, operating expenses, and administrative expenses of the Commission. The annual report shall additionally describe the organizational structure of the Commission and summarize the functions performed by each organizational division within the Commission;

2. Adopt a system of internal audits; and

3. Maintain weekly or more frequent records of lottery transactions, including the distribution of tickets or shares to retailers, revenues received, claims for prizes, prizes paid, prizes forfeited, and other financial transactions of the Commission.

D. Notwithstanding the provisions of Sections 941 through 988 of Title 21 of the Oklahoma Statutes, the conducting of and

1 participation in any game authorized pursuant to this section is
2 lawful when played pursuant to this section.

3 E. The board of trustees of the Oklahoma Lottery Commission
4 shall promulgate any rules necessary for the implementation of
5 sports pool wagering in this state.

6 SECTION 5. REPEALER 3A O.S. 2021, Section 735, is hereby
7 repealed.

8 SECTION 6. This act shall become effective November 1, 2025.

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