



1 Offering an affordable means to help cover the cost of attendance will  
2 ensure broad access.

3 However, offering this assurance will require a steady, predictable  
4 funding stream. If students begin to rely on the existence of state  
5 loans, then the state must provide a dedicated revenue source to  
6 guarantee the supply of credit. Therefore, it is the further intent of  
7 the legislature to dedicate a percentage of profits from the state  
8 lottery to fund the new state student loan program.

9 NEW SECTION. **Sec. 2.** (1) The Washington higher education loan  
10 program is created. The program is created to assist students in need  
11 of additional low-cost student loans and related loan benefits. The  
12 program shall be funded from proceeds from the Washington state lottery  
13 as provided in RCW 67.70.340.

14 (2) The program shall be administered by the board. In  
15 administering the program, the board must:

16 (a) Periodically assess the needs and target the benefits to  
17 selected groups of students;

18 (b) Devise a program to address the following issues related to  
19 loans:

20 (i) Issuance of low-interest educational loans;

21 (ii) Determining loan repayment obligations and options;

22 (iii) Borrowing educational loans at low interest rates;

23 (iv) Developing conditional loans that can be forgiven in exchange  
24 for service; and

25 (v) Creating an emergency loan fund to help students until other  
26 state and federal long-term financing can be secured;

27 (c) Work with public depositories to implement the provisions in  
28 this chapter;

29 (d) Accept public and private contributions into the higher  
30 education loan program account;

31 (e) Publicize the program in partnership with the public  
32 depositories; and

33 (f) Work with public and private colleges and universities, the  
34 state board for community and technical colleges, the workforce  
35 training and education coordinating board, and with students, to  
36 conduct periodic assessment of program needs. The board may also  
37 consult with other groups and individuals as needed.

1        NEW SECTION.    **Sec. 3.**    The definitions in this section apply  
2 throughout this chapter unless the context clearly requires otherwise.

3        (1) "Board" means the higher education coordinating board.

4        (2) "Institution of higher education" means a college or university  
5 in the state of Washington that is accredited by an accrediting  
6 association recognized as such by rule of the board.

7        (3) "Needy student" has the definition in RCW 28B.92.030.

8        (4) "Program" means the Washington higher education loan program.

9        (5) "Resident student" has the definition in RCW 28B.15.012(2) (a)  
10 through (d).

11        NEW SECTION.    **Sec. 4.**    The Washington higher education loan program  
12 account is created in the custody of the state treasurer. Receipts  
13 from the state lottery account, as provided in RCW 67.70.340, must be  
14 deposited in the account. Expenditures from the account may be used  
15 only for the Washington higher education loan program including costs  
16 associated with program administration by the board. Only the director  
17 of the board or the director's designee may authorize expenditures from  
18 the account. The account is subject to the allotment procedures under  
19 chapter 43.88 RCW, except for moneys used for program administration.  
20 An appropriation is not required for expenditures from the account.

21        NEW SECTION.    **Sec. 5.**    (1) The state treasurer shall establish a  
22 higher education loan program for investment of deposits in qualified  
23 public depositories. As a condition of participating in the program,  
24 qualified public depositories must make qualifying loans as provided in  
25 this section. The state treasurer may purchase a certificate of  
26 deposit that is equal to the amount of the qualifying loan made by the  
27 qualified public depository or may purchase a certificate of deposit  
28 that is equal to the aggregate amount of two or more qualifying loans  
29 made by one or more qualified public depositories.

30        (2) Qualifying loans made under this section are those:

31        (a) Having terms that do not exceed ten years commencing six months  
32 from the date the participant completes or discontinues the course of  
33 study;

34        (b)(i) Where an individual loan does not exceed resident  
35 undergraduate tuition and state-mandated fees at the most expensive

1 Washington public institution of higher education for loans granted to  
2 students pursuing an undergraduate degree; or  
3 (ii) Where an individual loan does not exceed resident graduate or  
4 professional tuition and state-mandated fees at the most expensive  
5 Washington public institution of higher education for loans granted to  
6 students pursuing a graduate or professional degree;  
7 (c) That are made to resident students who are needy students;  
8 (d) That are made to students attending an institution of higher  
9 education; and  
10 (e) Where the interest rate on the loan to the student does not  
11 exceed an interest rate that is two hundred basis points below the  
12 interest rate the qualified public depository would charge for a loan  
13 for a similar purpose and a similar term, except that, if the  
14 preference given by the state treasurer to the qualified public  
15 depository under subsection (3) of this section is less than two  
16 hundred basis points, the qualified public depository may reduce the  
17 preference given on the loan by an amount that corresponds to the  
18 reduction in preference below two hundred basis points given to the  
19 qualified public depository.  
20 (3) In setting interest rates of time certificate of deposits, the  
21 state treasurer shall offer rates so that a two hundred basis point  
22 preference will be given to the qualified public depository, except  
23 that the treasurer shall lower the amount of the preference to ensure  
24 that the effective interest rate on the time certificate of deposit is  
25 not less than zero.  
26 (4) The board may adopt rules to:  
27 (a) Further restrict program eligibility based on financial need;  
28 (b) Ensure that when making a qualified loan under the program,  
29 students who have never received a loan under the program are given  
30 first priority;  
31 (c) Limit the total principal loan amount that any one student  
32 receives in qualified loans under the program over the span of  
33 enrollment in institutions of higher education;  
34 (d) Limit the total amount of any one qualified loan made under the  
35 program; and  
36 (e) Limit the points or fees charged at loan closing.

1        NEW SECTION.    **Sec. 6.**    A new section is added to chapter 67.70 RCW  
2 to read as follows:

3        The Washington higher education loan program is added as a  
4 beneficiary of the lottery under section 2 of this act. The commission  
5 shall work with the higher education coordinating board to promote  
6 students as a beneficiary of the lottery.

7        NEW SECTION.    **Sec. 7.**    A new section is added to chapter 28B.76 RCW  
8 to read as follows:

9        The board shall work with the lottery commission to promote  
10 students as a beneficiary of the lottery.

11        **Sec. 8.**    RCW 67.70.340 and 2005 c 369 s 4 are each amended to read  
12 as follows:

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

24        (2) The student achievement fund and the education construction  
25 account are expected to collectively receive one hundred two million  
26 dollars annually from state lottery games other than the shared game  
27 lottery. For fiscal year 2003 and thereafter, if the amount of lottery  
28 revenues earmarked for the student achievement fund and the education  
29 construction account is less than one hundred two million dollars, the  
30 commission, after making the transfer required under subsection (3) of  
31 this section, must transfer sufficient moneys from revenues derived  
32 from the shared game lottery into the student achievement fund and the  
33 education construction account to bring the total revenue up to one  
34 hundred two million dollars. The funds transferred from the shared  
35 game lottery account under this subsection must be divided between the

1 student achievement fund and the education construction account in a  
2 manner consistent with RCW 67.70.240(3).

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

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

15 (4) The remaining net revenues, if any, in the shared game lottery  
16 account after the transfers pursuant to this section shall be deposited  
17 into: (a) The Washington higher education loan program account created  
18 in section 4 of this act up to a maximum annual transfer of ten million  
19 dollars; and (b) after transfers under (a) of this subsection, the  
20 general fund.

21 **Sec. 9.** RCW 67.70.040 and 2006 c 290 s 3 are each amended to read  
22 as follows:

23 The commission shall have the power, and it shall be its duty:

24 (1) To adopt rules governing the establishment and operation of a  
25 state lottery as it deems necessary and desirable in order that such a  
26 lottery be initiated at the earliest feasible and practicable time, and  
27 in order that such lottery produce the maximum amount of net revenues  
28 for the state consonant with the dignity of the state and the general  
29 welfare of the people. Such rules shall include, but shall not be  
30 limited to, the following:

31 (a) The type of lottery to be conducted which may include the  
32 selling of tickets or shares, but such tickets or shares may not be  
33 sold over the internet. Previously purchased tickets and shares that  
34 secondarily allow for voluntary registration of those tickets or shares  
35 for the opportunity to receive additional prizes at no additional cost  
36 may also be registered via the internet and that registration does not  
37 constitute a sale. The use of electronic or mechanical devices or

1 video terminals which allow for individual play against such devices or  
2 terminals shall be prohibited. An affirmative vote of sixty percent of  
3 both houses of the legislature is required before offering any game  
4 allowing or requiring a player to become eligible for a prize or to  
5 otherwise play any portion of the game by interacting with any device  
6 or terminal involving digital, video, or other electronic  
7 representations of any game of chance, including scratch tickets, pull-  
8 tabs, bingo, poker or other cards, dice, roulette, keno, or slot  
9 machines. Approval of the legislature shall be required before  
10 entering any agreement with other state lotteries to conduct shared  
11 games;

12 (b) The price, or prices, of tickets or shares in the lottery;

13 (c) The numbers and sizes of the prizes on the winning tickets or  
14 shares;

15 (d) The manner of selecting the winning tickets or shares, except  
16 as limited by (a) of this subsection;

17 (e) The manner and time of payment of prizes to the holder of  
18 winning tickets or shares which, at the director's option, may be paid  
19 in lump sum amounts or installments over a period of years;

20 (f) The frequency of the drawings or selections of winning tickets  
21 or shares. Approval of the legislature is required before conducting  
22 any online game in which the drawing or selection of winning tickets  
23 occurs more frequently than once every twenty-four hours;

24 (g) Without limit as to number, the type or types of locations at  
25 which tickets or shares may be sold;

26 (h) The method to be used in selling tickets or shares, except as  
27 limited by (a) of this subsection;

28 (i) The licensing of agents to sell or distribute tickets or  
29 shares, except that a person under the age of eighteen shall not be  
30 licensed as an agent;

31 (j) The manner and amount of compensation, if any, to be paid  
32 licensed sales agents necessary to provide for the adequate  
33 availability of tickets or shares to prospective buyers and for the  
34 convenience of the public;

35 (k) The apportionment of the total revenues accruing from the sale  
36 of lottery tickets or shares and from all other sources among: (i) The  
37 payment of prizes to the holders of winning tickets or shares, which  
38 shall not be less than forty-five percent of the gross annual revenue

1 from such lottery, (ii) transfers to the lottery administrative account  
2 created by RCW 67.70.260, and (iii) transfer to the state's general  
3 fund. Transfers to the state general fund shall be made in compliance  
4 with RCW 43.01.050;

5 (1) Such other matters necessary or desirable for the efficient and  
6 economical operation and administration of the lottery and for the  
7 convenience of the purchasers of tickets or shares and the holders of  
8 winning tickets or shares.

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

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

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

17 NEW SECTION. **Sec. 10.** Sections 1 through 5 of this act constitute  
18 a new chapter in Title 28B RCW.

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