

HOUSE BILL NO. HB0020

State lottery organization.

Sponsored by: Representative(s) Edwards, Reese, Philp,
McOmie, Latta, Morgan and McMurtrey and
Senator(s) Coe, Caller, Jansen and Vasey

A BILL

for

1 AN ACT relating to a state lottery organization; granting
2 authority to the Wyoming pari-mutuel commission to operate
3 a multi-state lottery organization and to contract with
4 other states for operating a lottery; providing rulemaking
5 authority to the commission; providing for a director of
6 the state lottery organization; providing for licensing of
7 lottery game retailers; creating a lottery account in the
8 enterprise fund; authorizing expenditures for the lottery;
9 specifying how lottery profits shall be distributed;
10 providing generally for the operation of the lottery;
11 exempting sales of lottery tickets and shares from sales
12 tax; providing penalties; making appropriations; and
13 providing for an effective date.

14

15 *Be It Enacted by the Legislature of the State of Wyoming:*

16

1 **Section 1.** W.S. 11-25-201 through 11-25-211 are
2 created to read:

3

4

ARTICLE 2

5

WYOMING STATE LOTTERY ORGANIZATION

6

7

11-25-201. Definitions.

8

9

(a) As used in this article:

10

11

12

(i) "Commission" means the Wyoming pari-mutuel
commission;

13

14

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16

(ii) "Director" means the director of the state
lottery organization appointed pursuant to W.S.
11-25-202(a)(ii);

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(iii) "Immediate family" means any person
residing as a member of the same household in the principal
place of residence of a member of the commission, employee
or independent contractor of the commission, or a licensed
lottery game retailer;

1 (iv) "Lottery" means any lottery created and
2 operated under this article, which shall be limited to a
3 multi-state game operated by agreement between Wyoming and
4 at least one (1) other state lottery organization;

5

6 (v) "Lottery game retailer" means a person who
7 contracts with or seeks to contract with the commission to
8 sell tickets in lottery games to the public under this
9 article;

10

11 (vi) "Supplier" means any person who enters into
12 a contract to supply gaming materials or equipment to the
13 lottery;

14

15 (vii) "Ticket" means any evidence issued under
16 the authority of the commission establishing proof of
17 participation in any lottery conducted under this article.

18

19 **11-25-202. Powers and duties of the commission;**
20 **limitations.**

21

22 (a) The commission shall:

23

1 (i) Promulgate rules governing the establishment
2 and operation of a state lottery organization including:

3

4 (A) The types of lotteries to be conducted,
5 but no lottery shall be conducted by the commission based
6 upon bingo or upon the outcome of any athletic event or
7 race of any kind, and no lottery shall be conducted that is
8 not a multi-state game operated by agreement between
9 Wyoming and at least one (1) other state lottery
10 organization;

11

12 (B) The price of tickets in the lottery,
13 but no ticket in any instant lottery shall have a price of
14 less than one dollar (\$1.00);

15

16 (C) The number and size of the prizes on
17 the winning tickets and the manner in which prizes are paid
18 to holders of winning tickets;

19

20 (D) The manner of selecting winning
21 tickets. All drawings shall be public, witnessed by an
22 employee or independent contractor of the commission who is
23 a certified public accountant, recorded by both video and

1 audio recording and shall be actually performed by a person
2 who is not an employee or member of the commission;

3

4 (E) The frequency of the drawings or
5 selection of winning tickets;

6

7 (F) The types of locations at which tickets
8 may be sold;

9

10 (G) The methods by which tickets are
11 advertised to prospective buyers;

12

13 (H) The licensing of lottery game retailers
14 to sell tickets, except no person under the age of eighteen
15 (18) years shall be licensed as a lottery game retailer and
16 no license shall be transferable;

17

18 (J) The manner and compensation to be paid
19 to licensed lottery game retailers including special
20 bonuses or incentives, as necessary, to provide for the
21 adequate availability of tickets to prospective buyers and
22 for the convenience of the public;

23

1 (K) The type and form of records, books of
2 accounts and other papers the commission requires for the
3 examination of licensed lottery game retailers pursuant to
4 W.S. 11-25-203(c);

5

6 (M) Other matters necessary for the
7 efficient and economical operation and administration of
8 the lottery and for the convenience of purchasers of
9 tickets or holders of winning tickets.

10

11 (ii) Employ a director of the state lottery
12 organization who shall be qualified by training and
13 experience to direct the lottery, advise the commission on
14 all issues pertaining to lotteries and carry out the powers
15 and duties provided in this article;

16

17 (iii) Make an annual report to the joint revenue
18 interim committee regarding the operation of the lottery
19 and recommendations for improvement;

20

21 (iv) Notwithstanding W.S. 11-25-104(b), meet at
22 least quarterly to carry out the duties prescribed by this
23 article. Special meetings for lottery business may be
24 called by the president of the commission, any three (3)

1 commission members or the director upon seventy-two (72)
2 hours written notice to each member.

3

4 (b) The commission may:

5

6 (i) Suspend or revoke any license issued under
7 this article;

8

9 (ii) Investigate any person who has applied for
10 or has been awarded any license or contract issued or
11 formed by the commission under this article. The
12 commission is authorized to access criminal history record
13 information for all licensees or contractors under W.S.
14 9-1-627(d) for the purposes of this article;

15

16 (iii) Enter into written agreements with one (1)
17 or more government-authorized lotteries to participate in
18 the conduct and operation of lottery games, including
19 powerball, and may enter into written agreements with one
20 (1) or more government-authorized lotteries or other
21 persons, entities, organizations or associations to
22 purchase goods or services in support of lottery games when
23 necessary or desirable to make lottery games more

1 remunerative for the state of Wyoming, so long as the games
2 and purchases are consistent with this article.

3

4 (c) For purposes of this article, the commission
5 shall not investigate, and is not authorized to access,
6 criminal history record information of employees of
7 licensees or contractors.

8

9 **11-25-203. Director of the state lottery**
10 **organization; powers and duties.**

11

12 (a) The director shall:

13

14 (i) Direct the operation of the lottery in
15 accordance with this article and rules promulgated by the
16 commission;

17

18 (ii) Arrange an annual audit of all lottery
19 accounts and transactions performed by an independent
20 certified public accountant and submit the audit to the
21 governor, the legislature, the state treasurer and the
22 commission;

23

1 (iii) Maintain accurate records, including the
2 distribution of tickets to licensed lottery game retailers,
3 receipt of funds, prize claims, prize disbursements,
4 expenses and other financial transactions of the lottery as
5 necessary;

6

7 (iv) Report to the governor pursuant to W.S.
8 9-2-1014, including a complete statement of the financial
9 position and operation of the lottery;

10

11 (v) Contract with a state agency or a private
12 business experienced in security procedures to periodically
13 conduct a comprehensive study and evaluation of all aspects
14 of security in the operation of the lottery.

15

16 (b) The director may:

17

18 (i) Employ personnel necessary to implement this
19 article;

20

21 (ii) With the approval of the commission,
22 contract for materials, equipment and supplies to design,
23 install, operate and promote the lottery and for studies
24 relevant to the successful operation of the lottery;

1

2 (iii) License lottery game retailers to sell
3 lottery tickets.

4

5 (c) For purposes of enforcing this article, the
6 commission through its director, employees or agents may
7 examine during business hours the records, books or other
8 documentation of the conduct of the lottery kept by
9 licensed lottery game retailers. In any examination, the
10 commission may require by subpoena the production of all
11 documentation and other evidence relevant to the inquiry.

12

13 (d) Any Wyoming district court, upon application by
14 the commission or its director, may issue an order
15 requiring compliance with a subpoena issued by the
16 commission. Failure to obey the order of the court may be
17 punished as contempt.

18

19 **11-25-204. Licenses; issuance; suspension and**
20 **revocation; persons prohibited from holding.**

21

22 (a) The commission shall include in its licensing
23 rules and regulations requirements relating to:

24

1 (i) Financial responsibility and bonding of
2 lottery game retailers;

3

4 (ii) Accessibility of the licensee's place of
5 business to the public;

6

7 (iii) Volume of expected sales;

8

9 (iv) Character of the licensee;

10

11 (v) Public display of the license;

12

13 (vi) Other matters relating to the security and
14 efficient operation of the lottery organization.

15

16 (b) A license shall be revoked if the commission
17 finds, after notice and an opportunity for a hearing, that
18 the licensee has:

19

20 (i) Provided false or misleading information to
21 the commission;

22

1 (ii) Been convicted of any felony, a crime
2 involving fraud or misrepresentation or a gambling related
3 offense;

4
5 (iii) Endangered the security of the lottery; or

6
7 (iv) Become a person whose character is no
8 longer consistent with the protection of the public
9 interest and trust in the lottery organization.

10

11 (c) A license may be suspended, revoked or not
12 renewed for any of the following if after notice and
13 opportunity for a hearing the commission finds the holder
14 has:

15

16 (i) Changed business location;

17

18 (ii) An insufficient sales volume;

19

20 (iii) Failed to pay monies owed to the lottery
21 organization;

22

23 (iv) Endangered the efficient operation of the
24 lottery organization; or

1

2 (v) Violated this article or any rule or
3 regulation of the commission.

4

5 (d) Any person who has reached the age of eighteen
6 (18) years or an organization may be a licensed lottery
7 game retailer except:

8

9 (i) A person employed solely as a lottery game
10 retailer;

11

12 (ii) A person convicted of a felony, a crime
13 involving fraud or misrepresentation or a gambling related
14 offense;

15

16 (iii) A person who is or has been engaged in any
17 form of illegal gambling;

18

19 (iv) A person not of good character and
20 reputation in the community in which he resides; or

21

22 (v) An organization in which a person listed in
23 paragraphs (i) through (iv) of this subsection:

24

1 (A) Has a financial interest;

2

3 (B) Is an officer, director or managing
4 agent;

5

6 (C) Participates in the management or sales
7 of lottery tickets.

8

9 (e) Each licensed lottery game retailer shall
10 maintain records and other documentation that completely
11 describes all lottery transactions and any other
12 information necessary for the proper administration of the
13 lottery as required by commission rules and regulations.

14

15 (f) Licenses shall specify the place at which the
16 sales will occur, but no license shall be issued for any
17 premises that provides living accommodations for the
18 lottery game retailer.

19

20 (g) All hearings and appeals from commission
21 decisions regarding the granting, renewing, suspending or
22 revoking of a license shall be governed by the Wyoming
23 Administrative Procedure Act.

24

1 **11-25-205. Contractors supplying gaming equipment;**
2 **disclosures.**

3

4 (a) Any person submitting an application to contract
5 as a supplier under this article shall disclose under oath
6 in the application:

7

8 (i) The business name and address and names and
9 addresses of the following:

10

11 (A) All general and limited partners if the
12 applicant is a partnership;

13

14 (B) The trustee and all persons entitled to
15 receive income or benefit from the trust if the applicant
16 is a trust;

17

18 (C) The members, officers and directors if
19 the applicant is an association or limited liability
20 company;

21

22 (D) The officers, directors and each owner
23 or holder, directly or indirectly, of any equity security
24 or other evidence of ownership of any interest if the

1 applicant is a corporation. In the case of owners or
2 holders of publicly held equity securities of a publicly
3 traded corporation, then only the names and addresses of
4 those owning or holding one percent (1%) or more of the
5 publicly held securities shall be provided;

6

7 (E) The holding or parent company involved
8 if the applicant is a subsidiary company, and the officers,
9 directors and stockholders of each. In the case of owners
10 or holders of publicly held securities of a holding company
11 that is a publicly traded corporation, then only the names
12 and addresses of those owning or holding one percent (1%)
13 or more of the publicly held securities shall be provided.

14

15 (ii) All the states in which a business
16 organization applicant is incorporated or otherwise
17 registered to do business and the nature of that business;

18

19 (iii) Other jurisdictions in which the applicant
20 has contracts to supply gaming materials or equipment;

21

22 (iv) The details of any state or federal
23 criminal conviction of the applicant or any person whose

1 name and address is required under paragraph (i) of this
2 subsection;

3

4 (v) The details of any disciplinary action taken
5 by any state against the applicant or any person whose name
6 and address is required under paragraph (i) of this
7 subsection regarding any matter related to the selling,
8 leasing, offering for sale or lease, buying or servicing of
9 gaming materials or equipment;

10

11 (vi) A statement of the gross receipts realized
12 in the preceding year from the sale, lease or distribution
13 of gaming materials or equipment to states operating
14 lotteries and to private persons licensed to conduct
15 gambling. The statement shall differentiate that portion
16 of the gross receipts attributable to transactions with
17 states operating lotteries from that portion of the gross
18 receipts attributable to transactions with private persons
19 licensed to conduct gambling;

20

21 (vii) The name and address of any source of
22 gaming materials or equipment for the applicant;

23

1 (viii) The number of years the applicant has
2 been in the business of supplying gaming materials or
3 equipment;

4
5 (ix) Any other information accompanied by any
6 documents the commission may by rule or regulation require
7 as necessary or appropriate.

8
9 (b) The involved holding or parent company shall
10 supply the information required by this section of the
11 applicant if the applicant is a subsidiary company.

12
13 (c) The costs of any investigation into the
14 background of the applicant seeking a contract shall be
15 assessed against the applicant and shall be paid by the
16 applicant at the time the application is filed.
17 Investigations may be conducted by the commission, any
18 qualified investigator hired or designated by the
19 commission, or another law enforcement entity as
20 appropriate.

21
22 (d) No person, firm, association or corporation
23 contracting to supply gaming equipment or materials to the

1 state for use in the operation of the state lottery
2 organization shall be:

3

4 (i) Directly or indirectly associated with any
5 person, corporation or other business organization licensed
6 as a lottery game retailer under this article;

7

8 (ii) A member of the commission;

9

10 (iii) An employee or independent contractor of
11 the commission; or

12

13 (iv) The immediate family of members, employees
14 or independent contractors of the commission.

15

16 (e) No contract shall be formed with an applicant if:

17

18 (i) A person disclosed pursuant to paragraph
19 (a)(i) or (vii) of this section has been convicted of a
20 felony or gambling related offense, engaged in any form of
21 illegal gambling, is not of good character and reputation
22 relevant to the secure and efficient operation of the
23 lottery or has been convicted of a crime involving fraud or
24 misrepresentation; or

1

2 (ii) A disciplinary action disclosed pursuant to
3 paragraph (a)(v) of this section was resolved adversely to
4 the supplier.

5

6 (f) No contract for the supply of gaming materials or
7 equipment for use in the operation of the state lottery
8 organization shall be enforceable against the state if the
9 supplier fails to comply with the provisions of this
10 section.

11

12 (g) If a contract for lottery tickets, lottery
13 consulting services or lottery terminals or equipment
14 exceeds one hundred thousand dollars (\$100,000.00) or if a
15 contract is for drawing equipment regardless of value, each
16 prospective corporate supplier shall at the time of
17 submission of its bid or proposal, provide a current
18 personal financial statement and individual federal and
19 state income tax returns from the past three (3) years for
20 each of its officers and directors and for each of the
21 officers and directors of all parent and holding companies
22 affiliated with the supplier.

23

24 **11-25-206. Conflicts of interests.**

1

2 (a) No member of the commission, employee or
3 independent contractor of the commission, or member of
4 their immediate families shall have any financial interest
5 in:

6

7 (i) Any lottery;

8

9 (ii) The sale of any lottery tickets; or

10

11 (iii) Any organization supplying equipment,
12 materials or services for use in the operation of the
13 lottery or licensed as a lottery game retailer under this
14 article.

15

16 (b) No member of the commission, employee or
17 independent contractor of the commission, or member of
18 their immediate families shall receive any gift, gratuity
19 or other thing of more than fifty dollars (\$50.00) in value
20 per month from any person contracting with the state to
21 provide equipment, materials or services for use in the
22 operation of the lottery or from any person licensed as a
23 lottery game retailer under this article.

24

1 (c) No member of the commission, employee or
2 independent contractor of the commission, licensed lottery
3 game retailer or member of their immediate families shall
4 purchase any ticket for or receive any prize from a lottery
5 under this article.

6

7 **11-25-207. Prizes; not assignable; withholding of**
8 **amounts owed state; discharge of liability.**

9

10 (a) The right of any person to a prize is not
11 assignable, except payment of a prize may be paid to the
12 estate of a deceased prizewinner or as directed by court
13 order.

14

15 (b) Unclaimed prize money shall be retained for a
16 period set by rule of the commission. Any person who fails
17 to claim a prize after the period set by the commission
18 shall forfeit all rights to the prize. If a valid claim is
19 not made for the money within the period set by the
20 commission, the prize money shall be added to future prize
21 pools.

22

23 (c) If a person entitled to a prize is a minor,
24 payment shall be made to the person's parent, legal

1 guardian or a trustee under a trust which provides for the
2 care and education of the minor and entitles the minor to
3 the corpus of the trust when he becomes an adult.

4

5 (d) Before payment of any prize in excess of five
6 hundred dollars (\$500.00), the director shall check the
7 name, address and social security number of the person
8 claiming the prize with lists of people identified as
9 having an outstanding debt owed to the state of Wyoming or
10 from a support order, as defined in W.S. 20-6-102. The
11 department of revenue and the department of family services
12 shall provide lists to the commission. The director shall
13 withhold payment of prize money from any prizewinner whose
14 name appears on a list, but shall transfer it to pay the
15 outstanding debt as provided by applicable law.

16

17 (e) The commission is discharged of all liability
18 upon payment of any prize under this section.

19

20 **11-25-208. Prohibited acts.**

21

22 (a) No person shall:

23

1 (i) Sell a lottery ticket at a price different
2 from that fixed by the commission;

3

4 (ii) Sell a lottery ticket unless licensed to do
5 so under this article;

6

7 (iii) Sell a lottery ticket to a minor;

8

9 (iv) Sell a lottery ticket at a location other
10 than that specified on the license;

11

12 (v) If a minor, purchase a lottery ticket.

13

14 (b) Nothing in this section prohibits the gift of a
15 lottery ticket to a minor.

16

17 **11-25-209. Advertising.**

18

19 Promotional advertising regarding the lottery shall state
20 the odds of winning and the average return on the dollar in
21 prize money to the public. Promotional advertising
22 expenses shall be paid from the lottery account.

23

1 **11-25-210. Revenue from sales; disposition; lottery**
2 **account created.**

3

4 (a) There is created a lottery account in the
5 enterprise fund.

6

7 (b) Revenues from the sale of lottery tickets shall
8 be paid to the state treasurer for deposit into the lottery
9 account, except that the treasurer shall deposit one
10 percent (1%) of the gross revenues to the pari-mutuel
11 account within the earmarked revenue fund for the uses
12 provided for by W.S 11-25-105(d), as appropriated by the
13 legislature. All expenses of the commission incurred under
14 this article including salaries shall be paid from the
15 lottery account, as appropriated by the legislature.

16

17 (c) Prizes shall be paid from the lottery account.
18 Total disbursements for lottery prizes shall be not less
19 than forty-five percent (45%) of the total revenue accruing
20 from the sale of lottery tickets, and sufficient funds to
21 pay prizes are continuously appropriated from that account.

22

1 (d) Annually, the state treasurer shall transfer
2 remaining revenues in excess of expenses, prizes and
3 reserves necessary for efficient operation as follows:

4
5 (i) Of the first two million dollars
6 (\$2,000,000.00) in revenues under this subsection:

7
8 (A) Fifty percent (50%) shall be credited to
9 an account created within the earmarked revenue fund to be
10 used, as appropriated by the legislature, for the purpose
11 of providing assistance to senior citizen services through
12 the department of health, as authorized by W.S. 9-2-1201
13 through 9-2-1209;

14
15 (B) Fifty percent (50%) shall be credited to
16 the state parks and historic sites capital construction
17 account created by W.S. 36-4-121(h) to be expended as
18 provided by W.S. 36-4-121(h) (i).

19
20 (ii) All remaining revenues to the general fund.

21
22 **11-25-211. Criminal penalties.**

23

1 (a) Except as provided by subsection (b) of this
2 section, a person violating this article commits a
3 misdemeanor punishable by a fine of not more than one
4 thousand dollars (\$1,000.00), imprisonment for not more
5 than one (1) year, or both. Each violation is a separate
6 offense.

7

8 (b) Any person who knowingly falsifies, alters,
9 forges, passes or counterfeits a lottery ticket or receipt
10 for the purchase of a lottery ticket issued under this
11 article is guilty of a felony punishable by a fine of not
12 less than five thousand dollars (\$5,000.00), imprisonment
13 for not less than one (1) year, nor more than five (5)
14 years, or both. Each violation is a separate offense.

15

16 **Section 2.** W.S. 9-1-627(d), 11-25-105(d) and
17 39-15-105(a)(iv) by creating a new subparagraph (J) are
18 amended to read:

19

20 **9-1-627. Authority to compile, disseminate and**
21 **exchange information; immunity; access to information**
22 **limited; security precautions.**

23

1 (d) Access to criminal history record information is
2 available to the Wyoming pari-mutuel commission as provided
3 by W.S. 11-25-104(j) and 11-25-202(b)(ii). The commission
4 shall take reasonable security precautions to prevent
5 unauthorized persons from gaining access to criminal
6 history record information in accordance with rules and
7 regulations established by the Wyoming division of criminal
8 investigation. For the purpose of this subsection
9 "criminal history record information" means information,
10 records and data compiled by criminal justice agencies on
11 individuals for the purpose of identifying criminal
12 offenders consisting of identifiable descriptions of the
13 offenders and notations or a summary of arrests,
14 detentions, indictments, information, pre-trial
15 proceedings, nature and disposition of criminal charges,
16 sentencing, rehabilitation, incarceration, correctional
17 supervision and release. Criminal history record
18 information is limited to information recorded as the
19 result of the initiation of criminal proceedings. It does
20 not include intelligence data, analytical prosecutorial
21 files, investigative reports and files of statistical
22 records and reports in which individual identities are not
23 ascertainable.

24

1 **11-25-105. Pari-mutuel permits; fees and reports;**
2 **disposition of funds; enforcement of provisions.**

3
4 (d) All sums paid to the commission under this act
5 except contributions from permittees to the breeder award
6 fund, fines and penalties shall be credited to the pari-
7 mutuel account within the earmarked revenue fund which
8 shall be used by the commission for the payment of all
9 expenses incurred in enforcing this act. Funds deposited

10 pursuant to W.S. 11-25-210(b) shall be used by the
11 commission to promote the economic development and
12 enhancement of horse racing in Wyoming. All fines and

13 penalties assessed under this act shall be credited to the
14 county public school fund. The state treasurer shall pay
15 out of the account all warrants drawn by the state auditor,
16 upon vouchers issued and signed by the president, vice-
17 president or executive secretary of the commission. The
18 commission shall keep an accurate and true account of all
19 funds received and all vouchers issued by the commission.

20 All funds received and all vouchers issued by the
21 commission shall be audited at least biennially by the
22 director of the state department of audit or his designee
23 and a copy of the audit shall be delivered within thirty

24 (30) days after completion to the governor and the

1 commission. The costs of the audit shall be borne by the
2 commission. The members of the commission shall receive
3 statutory per diem expenses and mileage as allowed state
4 employees, and compensation of fifty dollars (\$50.00) for
5 each day during which they are actually engaged in the
6 discharge of their duties. The total expenses incurred by
7 the commission shall not exceed the total amount in the
8 pari-mutuel account.

9

10 **39-15-105. Exemptions.**

11

12 (a) The following sales or leases are exempt from the
13 excise tax imposed by this article:

14

15 (iv) For the purpose of exempting sales of
16 services and tangible personal property sold to government,
17 charitable and nonprofit organizations, irrigation
18 districts and weed and pest control districts, the
19 following are exempt:

20

21 (J) Sales of lottery tickets issued by the
22 Wyoming state lottery organization under W.S. 11-25-201
23 through 11-25-211.

24

1 **Section 3.** There is appropriated from the general
2 fund to the lottery account in the enterprise fund the sum
3 of two million dollars (\$2,000,000.00), or as much thereof
4 as necessary, to carry out the purpose of this act. This
5 appropriation is an advance to facilitate establishment of
6 the lottery and shall be repaid from profits as soon as
7 practicable but in no event later than one (1) year after
8 the first prize is paid out. Repayment of these funds
9 shall be made prior to any distributions pursuant to W.S.
10 11-25-210(d).

11

12 **Section 4.** The Wyoming pari-mutuel commission is
13 authorized to expend and there is appropriated from the
14 lottery account in the enterprise fund thirty percent (30%)
15 of total revenue from sales of lottery tickets, to the
16 commission for salaries and all administrative expenses,
17 except prizes and repayment of the advance from the general
18 fund, necessary to operate the lottery through June 30,
19 2005, or as much thereof as necessary to carry out the
20 purposes of this act.

21

22 **Section 5.** This act is effective July 1, 2004.

23

24

(END)