## STATE OF WYOMING

## HOUSE BILL NO. HB0020

State lottery organization.

Sponsored by: Representative(s) Edwards and Reese

## 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 state lottery organization and to contract with other
4	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:

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1	<b>Section 1.</b> 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	(i) "Commission" means the Wyoming pari-mutuel
12	commission;
13	
14	(ii) "Director" means the director of the state
15	lottery organization appointed pursuant to W.S.
16	11-25-202(a)(ii);
17	
18	(iii) "Immediate family" means any person
19	residing as a member of the same household in the principal
20	place of residence of a member of the commission, employee
21	or independent contractor of the commission, or a licensed
22	lottery game retailer;
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1	(iv) "Lottery" means any lottery created and
2	operated under this article;
3	
4	(v) "Lottery game retailer" means a person who
5	contracts with or seeks to contract with the commission to
6	sell tickets in lottery games to the public under this
7	article;
8	
9	(vi) "Supplier" means any person who enters into
10	a contract to supply gaming materials or equipment to the
11	lottery;
12	
13	(vii) "Ticket" means any evidence issued under
14	the authority of the commission establishing proof of
15	participation in any lottery conducted under this article.
16	
17	11-25-202. Powers and duties of the commission.
18	
19	(a) The commission shall:
20	
21	(i) Promulgate rules governing the establishment
22	and operation of a state lottery organization including:
23	

1 (A) The types of lotteries to be conducted, 2 but no lottery shall be conducted by the commission based 3 upon bingo or upon the outcome of any athletic event or 4 race of any kind; 5 6 (B) The price of tickets in the lottery, but no ticket in any instant lottery shall have a price of 7 less than one dollar (\$1.00); 8 9 10 (C) The number and size of the prizes on 11 the winning tickets and the manner in which prizes are paid 12 to holders of winning tickets; 13 14 (D) The manner of selecting tickets. All drawings shall be public, witnessed by an 15 16 employee or independent contractor of the commission who is 17 a certified public accountant, recorded by both video and

19 who is not an employee or member of the commission;
20

(E) The frequency of the drawings or 22 selection of winning tickets;

4

audio recording and shall be actually performed by a person

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1 (F) The types of locations at which tickets 2 may be sold; 3 4 (G) The methods by which tickets 5 advertised to prospective buyers; 6 7 The licensing of lottery game retailers (H) to sell tickets, except no person under the age of eighteen 8 9 (18) years shall be licensed as a lottery game retailer and no license shall be transferable; 10 11 12 The manner and compensation to be paid (J) 13 licensed lottery game retailers including special 14 bonuses or incentives, as necessary, to provide for the adequate availability of tickets to prospective buyers and 15 16 for the convenience of the public; 17 18 (K) The type and form of records, books of accounts and other papers the commission requires for the 19 20 examination of licensed lottery game retailers pursuant to 21 W.S. 11-25-203(c); 22 23 (M) Other matters necessary for 24 efficient and economical operation and administration of

1 the lottery and for the convenience of purchasers of

2 tickets or holders of winning tickets.

3

4 (ii) Employ a director of the state lottery

5 organization who shall be qualified by training and

6 experience to direct the lottery, advise the commission on

7 all issues pertaining to lotteries and carry out the powers

8 and duties provided in this article;

9

10 (iii) Make an annual report to the joint revenue

11 interim committee regarding the operation of the lottery

12 and recommendations for improvement;

13

14 (iv) Notwithstanding W.S. 11-25-104 (b), meet at

15 least quarterly to carry out the duties prescribed by this

16 article. Special meetings for lottery business may be

17 called by the president of the commission, any three (3)

18 commission members or the director upon seventy-two (72)

19 hours written notice to each member.

20

21 (b) The commission may:

22

23 (i) Suspend or revoke any license issued under

6

24 this article;

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

8

9 (iii) Enter into written agreements with one (1) 10 or more government-authorized lotteries to participate in 11 the conduct and operation of lottery games, including powerball, and may enter into written agreements with one 12 13 (1)or more government-authorized lotteries or other 14 persons, entities, organizations or associations to purchase goods or services in support of lottery games when 15 16 necessary or desirable to lottery games make 17 remunerative for the state of Wyoming, so long as the games and purchases are consistent with this article. 18

19

20 **11-25-203**. Director of the state lottery 21 organization; powers and duties.

7

22

23 (a) The director shall:

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1 (i) Direct the operation of the lottery in 2 accordance with this article and rules promulgated by the 3 commission; 4 5 (ii) Arrange an annual audit of all lottery accounts and transactions performed by an independent 6 certified public accountant and submit the audit to the 7 governor, the legislature, the state treasurer and the 8 9 commission; 10 11 (iii) Maintain accurate records, including the 12 distribution of tickets to licensed lottery game retailers, 13 receipt of funds, prize claims, prize disbursements, 14 expenses and other financial transactions of the lottery as 15 necessary; 16 17 (iv) Report to the governor pursuant to W.S. 9-2-1014, including a complete statement of the financial 18 19 position and operation of the lottery; 20 21 (v) Contract with a state agency or a private 22 business experienced in security procedures to periodically conduct a comprehensive study and evaluation of all aspects 23

of security in the operation of the lottery.

2 (b) The director may:

3

4 (i) Employ personnel necessary to implement this

5 article;

6

7 (ii) With the approval of the commission,

8 contract for materials, equipment and supplies to design,

9 install, operate and promote the lottery and for studies

10 relevant to the successful operation of the lottery;

11

12 (iii) License lottery game retailers to sell

13 lottery tickets.

14

15 (c) For purposes of enforcing this article, the

16 commission through its director, employees or agents may

17 examine during business hours the records, books or other

18 documentation of the conduct of the lottery kept by

19 licensed lottery game retailers. In any examination, the

20 commission may require by subpoena the production of all

21 documentation and other evidence relevant to the inquiry.

22

23 (d) Any Wyoming district court, upon application by

24 the commission or its director, may issue an order

1	requiring compliance with a subpoena issued by the
2	commission. Failure to obey the order of the court may be
3	punished as contempt.
4	
5	11-25-204. Licenses; issuance; suspension and
6	revocation; persons prohibited from holding.
7	
8	(a) The commission shall include in its licensing
9	rules and regulations requirements relating to:
10	
11	(i) Financial responsibility and bonding of
12	lottery game retailers;
13	
14	(ii) Accessibility of the licensee's place of
15	business to the public;
16	
17	(iii) Volume of expected sales;
18	
19	(iv) Character of the licensee;
20	
21	(v) Public display of the license;
22	
23	(vi) Other matters relating to the security and
24	efficient operation of the lottery organization.

- 2 (b) A license shall be revoked if the commission
- 3 finds, after notice and an opportunity for a hearing, that
- 4 the licensee has:

5

- 6 (i) Provided false or misleading information to
- 7 the commission;

8

- 9 (ii) Been convicted of any felony, a crime
- 10 involving fraud or misrepresentation or a gambling related
- 11 offense;

12

13 (iii) Endangered the security of the lottery; or

14

- 15 (iv) Become a person whose character is no
- 16 longer consistent with the protection of the public
- 17 interest and trust in the lottery organization.

18

- 19 (c) A license may be suspended, revoked or not
- 20 renewed for any of the following if after notice and
- 21 opportunity for a hearing the commission finds the holder
- 22 has:

23

24 (i) Changed business location;

2 (ii) An insufficient sales volume;

3

4 (iii) Failed to pay monies owed to the lottery

5 organization;

6

7 (iv) Endangered the efficient operation of the

lottery organization; or 8

9

10 (v) Violated this article or any rule or

regulation of the commission. 11

12

(d) Any person who has reached the age of eighteen 13

(18) years or an organization may be a licensed lottery 14

15 game retailer except:

16

17 (i) A person employed solely as a lottery game

18 retailer;

19

20 (ii) A person convicted of a felony, a crime

21 involving fraud or misrepresentation or a gambling related

22 offense;

23

(iii) A person who is or has been engaged in any 1 2 form of illegal gambling; 3 4 (iv) A person not of good character and 5 reputation in the community in which he resides; or 6 7 (v) An organization in which a person listed in paragraphs (i) through (iv) of this subsection: 8 9 10 (A) Has a financial interest; 11 12 (B) Is an officer, director or managing 13 agent; 14 15 (C) Participates in the management or sales 16 of lottery tickets. 17 18 (e) Each licensed lottery game retailer shall maintain records and other documentation that completely 19 20 describes all lottery transactions and any other 21 information necessary for the proper administration of the 22 lottery as required by commission rules and regulations.

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(f) Licenses shall specify the place at which the 1 2 sales will occur, but no license shall be issued for any 3 premises that provides living accommodations for the 4 lottery game retailer. 5 6 (q) All hearings and appeals from commission 7 decisions regarding the granting, renewing, suspending or revoking of a license shall be governed by the Wyoming 8 9 Administrative Procedure Act. 10 11 11-25-205. Contractors supplying gaming equipment; 12 disclosures. 13 (a) Any person submitting an application to contract 14 as a supplier under this article shall disclose under oath 15 16 in the application: 17 18 (i) The business name and address and names and addresses of the following: 19 20 21 (A) All general and limited partners if the 22 applicant is a partnership;

1 (B) The trustee and all persons entitled to 2 receive income or benefit from the trust if the applicant 3 is a trust; 4 5 (C) The members, officers and directors if the applicant an association or limited liability 6 is company; 7 8 9 (D) The officers, directors and each owner or holder, directly or indirectly, of any equity security 10 11 or other evidence of ownership of any interest if the 12 applicant is a corporation. In the case of owners or holders of publicly held equity securities of a publicly 13 traded corporation, then only the names and addresses of 14 those owning or holding one percent (1%) or more of the 15 publicly held securities shall be provided; 16 17 The holding or parent company involved 18 (E) 19 if the applicant is a subsidiary company, and the officers, 20 directors and stockholders of each. In the case of owners 21 or holders of publicly held securities of a holding company 22 that is a publicly traded corporation, then only the names and addresses of those owning or holding one percent (1%) 23 or more of the publicly held securities shall be provided. 24

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2 (ii) All the states in which a business

3 organization applicant is incorporated or otherwise

4 registered to do business and the nature of that business;

5

6 (iii) Other jurisdictions in which the applicant

7 has contracts to supply gaming materials or equipment;

8

9 (iv) The details of any state or federal

10 criminal conviction of the applicant or any person whose

11 name and address is required under paragraph (i) of this

12 subsection;

13

(v) The details of any disciplinary action taken 14

by any state against the applicant or any person whose name 15

and address is required under paragraph (i) of this 16

17 subsection regarding any matter related to the selling,

leasing, offering for sale or lease, buying or servicing of 18

gaming materials or equipment; 19

20

21 (vi) A statement of the gross receipts realized

22 in the preceding year from the sale, lease or distribution

23 gaming materials or equipment to states operating

24 lotteries and to private persons licensed to conduct

1 gambling. The statement shall differentiate that portion

2 of the gross receipts attributable to transactions with

3 states operating lotteries from that portion of the gross

4 receipts attributable to transactions with private persons

5 licensed to conduct gambling;

6

7 (vii) The name and address of any source of

8 gaming materials or equipment for the applicant;

9

10 (viii) The number of years the applicant has

11 been in the business of supplying gaming materials or

12 equipment;

13

14 (ix) Any other information accompanied by any

15 documents the commission may by rule or regulation require

16 as necessary or appropriate.

17

18 (b) The involved holding or parent company shall

19 supply the information required by this section of the

20 applicant if the applicant is a subsidiary company.

21

22 (c) The costs of any investigation into the

23 background of the applicant seeking a contract shall be

24 assessed against the applicant and shall be paid by the

17

- 1 applicant at the time the application is filed.
- 2 Investigations may be conducted by the commission, any
- 3 qualified investigator hired or designated by the
- 4 commission, or another law enforcement entity as
- 5 appropriate.

- 7 (d) No person, firm, association or corporation
- 8 contracting to supply gaming equipment or materials to the
- 9 state for use in the operation of the state lottery
- 10 organization shall be:

11

- 12 (i) Directly or indirectly associated with any
- 13 person, corporation or other business organization licensed
- 14 as a lottery game retailer under this article;

15

16 (ii) A member of the commission;

17

- 18 (iii) An employee or independent contractor of
- 19 the commission; or

20

- 21 (iv) The immediate family of members, employees
- 22 or independent contractors of the commission.

23

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

(i) A person disclosed pursuant to paragraph

(a) (i) or (vii) of this section has been convicted of a

felony or gambling related offense, engaged in any form of

illegal gambling, is not of good character and reputation

relevant to the secure and efficient operation of the

lottery or has been convicted of a crime involving fraud or

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misrepresentation; or

10 (ii) A disciplinary action disclosed pursuant to
11 paragraph (a)(v) of this section was resolved adversely to
12 the supplier.

13

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

19

20 (g) If a contract for lottery tickets, lottery
21 consulting services or lottery terminals or equipment
22 exceeds one hundred thousand dollars (\$100,000.00) or if a
23 contract is for drawing equipment regardless of value, each
24 prospective corporate supplier shall at the time of

submission of its bid or proposal, provide a current 1 2 personal financial statement and individual federal and 3 state income tax returns from the past three (3) years for 4 each of its officers and directors and for each of the 5 officers and directors of all parent and holding companies affiliated with the supplier. 6 7 8 11-25-206. Conflicts of interests. 9 10 member of the commission, employee (a) No or 11 independent contractor of the commission, or member of 12 their immediate families shall have any financial interest 13 in: 14 15 (i) Any lottery; 16 17 (ii) The sale of any lottery tickets; or 18 19 (iii) Any organization supplying equipment, 20 materials or services for use in the operation of the 21 lottery or licensed as a lottery game retailer under this 22 article.

23

1 (b) No member of the commission, employee or

2 independent contractor of the commission, or member of

3 their immediate families shall receive any gift, gratuity

4 or other thing of more than fifty dollars (\$50.00) in value

5 per month from any person contracting with the state to

6 provide equipment, materials or services for use in the

7 operation of the lottery or from any person licensed as a

8 lottery game retailer under this article.

9

10 (c) No member of the commission, employee or

11 independent contractor of the commission, licensed lottery

12 game retailer or member of their immediate families shall

13 purchase any ticket for or receive any prize from a lottery

14 under this article.

15

16 11-25-207. Prizes; not assignable; withholding of

amounts owed state; discharge of liability.

18

19 (a) The right of any person to a prize is not

20 assignable, except payment of a prize may be paid to the

21 estate of a deceased prizewinner or as directed by court

22 order.

23

21

1 (b) Unclaimed prize money shall be retained for a 2 period set by rule of the commission. Any person who fails 3 to claim a prize after the period set by the commission 4 shall forfeit all rights to the prize. If a valid claim is 5 not made for the money within the period set by the 6 commission, the prize money shall be added to future prize

pools.

8

7

9 (c) If a person entitled to a prize is a minor,
10 payment shall be made to the person's parent, legal
11 guardian or a trustee under a trust which provides for the
12 care and education of the minor and entitles the minor to
13 the corpus of the trust when he becomes an adult.

14

(d) Before payment of any prize in excess of five 15 hundred dollars (\$500.00), the director shall check the 16 17 name, address and social security number of the person claiming the prize with lists of people identified as 18 having an outstanding debt owed to the state of Wyoming or 19 20 from a support order, as defined in W.S. 20-6-102. 21 department of revenue and the department of family services 22 shall provide lists to the commission. The director shall withhold payment of prize money from any prizewinner whose 23

name appears on a list, but shall transfer it to pay the 1 2 outstanding debt as provided by applicable law. 3 4 (e) The commission is discharged of all liability 5 upon payment of any prize under this section. 6 7 11-25-208. Prohibited acts. 8 9 (a) No person shall: 10 11 (i) Sell a lottery ticket at a price different 12 from that fixed by the commission; 13 (ii) Sell a lottery ticket unless licensed to do 14 15 so under this article; 16 17 (iii) Sell a lottery ticket to a minor; 18 19 (iv) Sell a lottery ticket at a location other 20 than that specified on the license; 21 22 (v) If a minor, purchase a lottery ticket. 23

1 (b) Nothing in this section prohibits the gift of a 2 lottery ticket to a minor.

3

4 11-25-209. Advertising.

5

- 6 Promotional advertising regarding the lottery shall state
- 7 the odds of winning and the average return on the dollar in
- 8 prize money to the public. Promotional advertising
- 9 expenses shall be paid from the lottery account.

10

- 11 11-25-210. Revenue from sales; disposition; lottery
- 12 account created.

13

- 14 (a) There is created a lottery account in the
- 15 enterprise fund.

16

- 17 (b) Revenues from the sale of lottery tickets shall
- 18 be paid to the state treasurer for deposit into the lottery
- 19 account, except that the treasurer shall deposit one
- 20 percent (1%) of the gross revenues to the pari-mutuel
- 21 account within the earmarked revenue fund for the uses
- 22 provided for by W.S 11-25-105(d), as appropriated by the
- 23 legislature. All expenses of the commission incurred under

1 this article including salaries shall be paid from the

2 lottery account, as appropriated by the legislature.

3

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

9

- 10 (d) Annually, the state treasurer shall transfer
- 11 remaining revenues in excess of expenses, prizes and
- 12 reserves necessary for efficient operation as follows:

13

- 14 (i) Of the first two million dollars
- 15 (\$2,000,000.00) in revenues under this subsection:

16

- 17 (A) Fifty percent (50%) shall be credited to
- 18 an account created within the earmarked revenue fund to be
- 19 used, as appropriated by the legislature, for the purpose
- 20 of providing assistance to senior citizen centers through
- 21 the department of health, as authorized by W.S. 9-2-1201
- 22 through 9-2-1209;

23

25

24

1 (B) Thirty percent (30%) shall be credited 2 to the trust account established under W.S. 23-1-501(f) 3 within the game and fish fund; and 4 5 (C) Twenty percent (20%) shall be credited to the state parks and historic sites capital construction 6 account created by W.S. 36-4-121(h) to be expended as 7 provided by W.S. 36-4-121(h)(i). 8 9 10 (ii) All remaining revenues to the general fund. 11 11-25-211. Criminal penalties. 12 13 (a) Except as provided by subsection (b) of this 14 section, a person violating this article commits a 15 misdemeanor punishable by a fine of not more than one 16 17 thousand dollars (\$1,000.00), imprisonment for not more than one (1) year, or both. Each violation is a separate 18 19 offense. 20 21 (b) Any person who knowingly falsifies, alters, 22 forges, passes or counterfeits a lottery ticket or receipt

for the purchase of a lottery ticket issued under this

article is guilty of a felony punishable by a fine of not

- 1 less than five thousand dollars (\$5,000.00), imprisonment
- 2 for not less than one (1) year, nor more than five (5)
- 3 years, or both. Each violation is a separate offense.

- 5 **Section 2.** W.S. 9-1-627(d), 11-25-105(d) and
- 6 39-15-105(a)(iv) by creating a new subparagraph (J) are
- 7 amended to read:

8

- 9 9-1-627. Authority to compile, disseminate and
- 10 exchange information; immunity; access to information
- 11 limited; security precautions.

12

- 13 (d) Access to criminal history record information is
- 14 available to the Wyoming pari-mutuel commission as provided
- 15 by W.S. 11-25-104(j) and 11-25-202(b)(ii). The commission
- 16 shall take reasonable security precautions to prevent
- 17 unauthorized persons from gaining access to criminal
- 18 history record information in accordance with rules and
- 19 regulations established by the Wyoming division of criminal
- 20 investigation. For the purpose of this subsection
- 21 "criminal history record information" means information,
- 22 records and data compiled by criminal justice agencies on
- 23 individuals for the purpose of identifying criminal
- 24 offenders consisting of identifiable descriptions of the

1 offenders and notations or a summary of arrests,

2 detentions, indictments, information, pre-trial

3 proceedings, nature and disposition of criminal charges,

4 sentencing, rehabilitation, incarceration, correctional

5 supervision and release. Criminal history record

6 information is limited to information recorded as the

7 result of the initiation of criminal proceedings. It does

8 not include intelligence data, analytical prosecutorial

9 files, investigative reports and files of statistical

10 records and reports in which individual identities are not

11 ascertainable.

12

13 11-25-105. Pari-mutuel permits; fees and reports;

14 disposition of funds; enforcement of provisions.

15

16 (d) All sums paid to the commission under this act
17 except contributions from permittees to the breeder award

18 fund, fines and penalties shall be credited to the pari-

19 mutuel account within the earmarked revenue fund which

20 shall be used by the commission for the payment of all

21 expenses incurred in enforcing this act. <u>Funds deposited</u>

22 pursuant to W.S. 11-25-210 (b) shall be used by the

23 <u>commission</u> to promote the economic development and

24 enhancement of horse racing in Wyoming. All fines and

penalties assessed under this act shall be credited to the 1 2 county public school fund. The state treasurer shall pay 3 out of the account all warrants drawn by the state auditor, 4 upon vouchers issued and signed by the president, vice-5 president or executive secretary of the commission. The commission shall keep an accurate and true account of all 6 7 funds received and all vouchers issued by the commission. funds received and all vouchers issued by the 8 9 commission shall be audited at least biennially by the 10 director of the state department of audit or his designee 11 and a copy of the audit shall be delivered within thirty 12 after completion to the governor and days 13 commission. The costs of the audit shall be borne by the commission. The members of the commission shall receive 14 15 statutory per diem expenses and mileage as allowed state 16 employees, and compensation of fifty dollars (\$50.00) for 17 each day during which they are actually engaged in the discharge of their duties. The total expenses incurred by 18 the commission shall not exceed the total amount in the 19 20 pari-mutuel account.

21

22 **39-15-105**. Exemptions.

23

1 (a) The following sales or leases are exempt from the 2 excise tax imposed by this article:

3

4 (iv) For the purpose of exempting sales of

5 services and tangible personal property sold to government,

6 charitable and nonprofit organizations, irrigation

7 districts and weed and pest control districts, the

8 following are exempt:

9

10 (J) Sales of lottery tickets issued by the

11 Wyoming state lottery organization under W.S. 11-25-201

12 through 11-25-211.

13

14 **Section 3.** There is appropriated from the general

15 fund to the lottery account in the enterprise fund the sum

16 of two million dollars (\$2,000,000.00), or as much thereof

17 as necessary, to carry out the purpose of this act. This

18 appropriation is an advance to facilitate establishment of

19 the lottery and shall be repaid from profits as soon as

20 practicable but in no event later than one (1) year after

21 the first prize is paid out. Repayment of these funds

22 shall be made prior to any distributions pursuant to W.S.

30

23 11-25-210 (d).

24

1 Section 4. The Wyoming pari-mutuel commission is 2 authorized to expend and there is appropriated from the 3 lottery account in the enterprise fund thirty percent (30%) 4 of total revenue from sales of lottery tickets, to the 5 commission for salaries and all administrative expenses, except prizes and repayment of the advance from the general 6 7 fund, necessary to operate the lottery through June 30, 2005, or as much thereof as necessary to carry out the 8 9 purposes of this act. 10 11 Section 5. This act is effective July 1, 2004. 12

(END)