

ENROLLED ACT NO. 10, SENATE

SIXTY-FIFTH LEGISLATURE OF THE STATE OF WYOMING
2019 GENERAL SESSION

AN ACT relating to the Wyoming lottery; clarifying the calculation and disposition of expenses and proceeds of the lottery; revising terminology; specifying benefits for employees of the lottery; specifying requirements for procurement contracts; specifying use of the fidelity fund; revising requirements related to unclaimed prize money; modifying reporting requirements; making conforming changes; specifying applicability; and providing for an effective date.

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

Section 1. W.S. 9-17-103(a)(vii), (ix) and by creating a new paragraph (xv), 9-17-108(a)(i), 9-17-109(a)(vii), 9-17-110 by creating a new subsection (h), 9-17-111(a) and (b)(intro), 9-17-113(d), 9-17-116(a), 9-17-119(g), 9-17-120(a) and 9-17-128(a)(i), (iv) and (v) are amended to read:

9-17-103. Definitions.

(a) As used in this chapter:

(vii) "Major procurement contract" means any gaming product or service costing in excess of seventy-five thousand dollars (\$75,000.00) in a fiscal year including, but not limited to, ~~major~~ advertising contracts, annuity contracts, prize payment agreements, consulting services, equipment, tickets and other products and services unique to the Wyoming lottery, but not including materials, supplies, equipment and services common to the ordinary operation of a corporate entity;

(ix) "Net proceeds" means all revenue ~~derived from the sale of lottery tickets or shares and all other monies~~

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~~derived from the lottery less operating expenses less direct, indirect, operating and nonoperating expenses consistent with generally accepted accounting principles;~~

(xv) "Confidential information" includes trade secrets, security measures, systems or procedures, security reports, information concerning bids or other contractual data, the disclosure of which would impair the efforts of the corporation to contract for goods or services on favorable terms, employee personnel information unrelated to compensation, duties, qualifications or responsibilities, information related to agreements under multistate governing organizations and information obtained pursuant to investigations which is otherwise confidential.

9-17-108. Adoption by board of procedures regulating conduct of lottery games.

(a) The board may adopt regulations, policies and procedures regulating the conduct of lottery games in general, including, but not limited to, regulations, policies and procedures specifying:

(i) The type of games to be conducted, specifically limited to a state lottery or a multi-state lottery, and shall not include ~~instant lotteries~~ instant-win tickets, scratch-off ticket games, video lottery terminals or any other electronic game involving direct physical contact between the player and a machine;

9-17-109. Duties of chief executive officer.

(a) The chief executive officer of the corporation shall direct and supervise all administrative and technical activities in accordance with the provisions of this chapter and with the regulations, policies and procedures adopted by

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the board. It shall be the duty of the chief executive officer to:

(vii) Report quarterly to the department of audit, the joint revenue interim committee, ~~the joint travel, recreation, wildlife and cultural resources interim committee~~ and the board a full and complete statement of lottery revenues and expenses for the preceding quarter; and

9-17-110. Employees; compensation; restrictions; background investigations; bonding.

(h) Employees of the corporation shall be covered by the Wyoming Retirement Act and the Wyoming Deferred Compensation Act.

9-17-111. Disposition of lottery proceeds.

(a) As nearly as practical, at least forty-five percent (45%) of the ~~net proceeds~~ total revenue from the sale of lottery tickets or shares shall be made available as prize money, provided, however, that this subsection shall be deemed not to create any lien, entitlement, cause of action or other private right and any rights of holders of tickets or shares shall be determined by the corporation in setting the terms of its lottery or lotteries.

(b) On or before the fifteenth day of each quarter, the corporation shall transfer to the treasurer's office, for credit to the lottery account which is hereby created, ~~the amount of all at least seventy-five percent (75%) of the net proceeds minus prizes and amounts earned pursuant to subsection (a) of this section during~~ from the preceding quarter. Final reconciliation of the transfer to the state under this subsection shall be determined at the end of each fiscal year based on the audited annual financial statements.

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Upon their deposit into the account, any monies representing a deposit of net proceeds shall then become the unencumbered property of the state of Wyoming and the corporation shall have no power to agree or undertake otherwise. At least once per fiscal year, these monies shall be paid by the treasurer to the treasurers of the counties, cities and towns for payment into their respective general funds. The percentage of the balance that will be distributed to each county and its cities and towns will be determined by computing the percentage that sales of lottery tickets collected by retailers in each county including its cities and towns bear to total sales of lottery tickets collected by retailers in all counties including their cities and towns. This percentage of the monies shall be distributed within each county as follows:

9-17-113. Bonding requirements for vendors; qualifications of vendors; competitive bid requirement.

(d) All major procurement contracts shall be competitively bid pursuant to policies and procedures approved by the board unless:

(i) There is only one (1) qualified vendor and that vendor has an exclusive right to offer the service or product ~~i-~~ or

(ii) The major procurement contract is an amendment, extension or renewal of an existing contract with terms that are not materially different than the terms of the existing contract.

9-17-116. Fidelity fund for retailers; assessments.

(a) The corporation may establish a fidelity fund separate from all other funds and shall assess each retailer

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a one (1) time fee not to exceed one hundred dollars (\$100.00) per sales location. The corporation is authorized to invest the funds or place the funds in one (1) or more interest bearing accounts. Monies deposited to the fund may be used to cover losses the corporation experiences due to nonfeasance, misfeasance or malfeasance of a lottery retailer. In addition, the funds may be used to purchase blanket bonds covering the Wyoming lottery corporation against losses from all retailers. At the end of each fiscal year, the corporation shall pay to the general lottery fund any amount in the fidelity fund which exceeds ~~five hundred thousand dollars (\$500,000.00)~~ two hundred fifty thousand dollars (\$250,000.00) and the funds shall be commingled with and treated as net proceeds from the lottery.

9-17-119. Prize proceeds subject to attachments, garnishments or executions; validation of winning tickets; prohibited purchases; money dispensing machines; unclaimed prize money.

(g) Unclaimed prize money shall ~~not constitute net proceeds~~ be used to offset prize expenses. A portion of unclaimed prize money, not to exceed two hundred thousand dollars (\$200,000.00) annually, shall be used by the corporation to develop, in consultation with the department of health programs for the treatment of compulsive gambling disorder and educational programs related to the disorder. ~~In addition, unclaimed prize money may be added to the pool from which future prizes are to be awarded or used for special prize promotions.~~

9-17-120. Confidentiality of information; investigations; supervision and inspections; reports of suspected violations; assistance in investigation of violations.

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(a) Except as authorized in this chapter, the corporation is subject to the provisions of W.S. 16-4-201 through 16-4-205 and 16-4-401 through 16-4-408. ~~The corporation is specifically authorized to determine which information relating to the operation of the lottery is confidential. Confidential information includes trade secrets, security measures, systems or procedures, security reports, information concerning bids or other contractual data, the disclosure of which would impair the efforts of the corporation to contract for goods or services on favorable terms, employee personnel information unrelated to compensation, duties, qualifications or responsibilities and information obtained pursuant to investigations which is otherwise confidential. Information deemed confidential pursuant to this subsection~~ Confidential information is exempt from the provisions of W.S. 16-4-201 through 16-4-205 and may be discussed during executive session pursuant to W.S. 16-4-405(a). Meetings or portions of meetings devoted to discussing information deemed confidential pursuant to this subsection are exempt from W.S. ~~16-4-201 through 16-4-205~~ 16-4-401 through 16-4-408.

9-17-128. Reports by corporation; audits; budget; fiscal year.

(a) To ensure the financial integrity of the lottery, the corporation through its board of directors shall:

(i) Submit quarterly and annual reports to the governor, department of audit, and the joint revenue interim committee ~~and the joint travel, recreation, wildlife and cultural resources interim committee~~ disclosing the total lottery revenues, prize disbursements, ~~operating expenses~~ and ~~administrative~~ expenses of the corporation during the reporting period. The annual report shall additionally describe the organizational structure of the corporation and

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summarize the functions performed by each organizational division within the corporation;

(iv) Contract with a certified public accountant or firm for an annual financial audit of the corporation. The certified public accountant or firm shall have no financial interest in any vendor with whom the corporation is under contract. The certified public accountant or firm shall present an audit report not later than four (4) months after the end of the fiscal year. The certified public accountant or firm shall evaluate the internal controls in effect during the audit period. The cost of this annual financial audit shall be an operating expense of the corporation. The department of audit may at any time conduct an audit of any phase of the operations of the Wyoming lottery corporation at the expense of the state and shall receive a copy of the annual independent financial audit. A copy of any audit performed by the certified public accountant or firm or the department of audit shall be transmitted to the governor, the department of audit, the state auditor, and the joint revenue interim committee; ~~and the joint travel, recreation, wildlife and cultural resources interim committee;~~

(v) Submit to the governor, the department of audit, and the joint revenue interim committee ~~and the joint travel, recreation, wildlife and cultural resources interim committee~~ by June 30 of each year a copy of the annual operating budget for the corporation for the next fiscal year. This annual operating budget shall be approved by the board and be on forms as prescribed by the department of administration and information;

Section 2. W.S. 9-17-103(a)(i) and (x) is repealed.

Section 3. The benefits specified for employees of the lottery corporation as provided in W.S. 9-17-110(h) created

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in section 1 of this act shall be effective beginning on the effective date of this act.

Section 4. The change in the accounting of revenue and proceeds of the lottery under sections 1 and 2 of this act shall be reflected through reclassification journal entries on the balance sheet of the lottery corporation effective on the effective date of this act.

Section 5. This act is effective July 1, 2019.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk