

HOUSE BILL NO. HB0186

Wyoming lottery.

Sponsored by: Representative(s) Zwonitzer, Dv., McOmie,
Throne and Zwonitzer, Dn.

A BILL

for

1 AN ACT relating to lotteries; creating the Wyoming lottery
2 corporation; providing for membership of the board;
3 providing legislative declarations; providing definitions;
4 providing powers and duties; providing for rules and
5 regulations; providing for use of proceeds; providing
6 limitations on retailers; providing for criminal offenses
7 and penalties; providing for background checks; and
8 providing for an effective date.

9

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

11

12 **Section 1.** W.S. 9-16-101 through 9-16-128 are created
13 to read:

14

15

CHAPTER 16

16

WYOMING LOTTERY

1

2 **9-16-101. Short title.**

3

4 This chapter shall be known and may be cited as the
5 "Wyoming Lottery Act."

6

7 **9-16-102. Legislative findings and declarations.**

8

9 (a) It is found and declared by the legislature:

10

11 (i) That lottery games are an entrepreneurial
12 enterprise and that the state shall create a public body,
13 corporate and politic, known as the Wyoming lottery
14 corporation, with comprehensive and extensive powers as
15 generally exercised by corporations engaged in
16 entrepreneurial pursuits;

17

18 (ii) That lottery games shall be operated and
19 managed in a manner which provides continuing entertainment
20 to the public, maximizes revenues and ensures that the
21 lottery is operated with integrity and dignity and free of
22 political influence; and

23

1 (iii) That the Wyoming lottery corporation shall
2 be accountable to the legislature and to the public through
3 a system of audits and reports.

4

5 **9-16-103. Definitions.**

6

7 (a) As used in this chapter:

8

9 (i) "Administrative expenses" means operating
10 expenses, excluding amounts set aside for prizes,
11 regardless of whether such prizes are claimed and excluding
12 amounts held as a fidelity fund pursuant to W.S. 9-16-116;

13

14 (ii) "Board" means the board of directors of the
15 Wyoming lottery corporation;

16

17 (iii) "Central control computer" means a central
18 site computer controlled by the corporation to which all
19 lottery terminals in the state communicate for purposes
20 established by the corporation;

21

22 (iv) "Chief executive officer" means the chief
23 executive officer of the Wyoming lottery corporation;

24

1 (v) "Corporation" means the Wyoming lottery
2 corporation;

3

4 (vi) "Lottery," "lotteries," "lottery game" or
5 "lottery games" means any game of chance approved by the
6 board and operated pursuant to this chapter, including, but
7 not limited to a state lottery or multi-state games, but
8 shall not include instant tickets, scratch-off tickets or
9 video lottery terminals;

10

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

20

21 (viii) "Member" or "members" means a director or
22 directors of the board of directors of the Wyoming lottery
23 corporation;

24

1 (ix) "Net proceeds" means all revenue derived
2 from the sale of lottery tickets or shares and all other
3 monies derived from the lottery less operating expenses;

4
5 (x) "Operating expenses" means all costs of
6 doing business, including, but not limited to commissions
7 and other compensation paid to retailers, advertising and
8 marketing costs, personnel costs, capital costs,
9 depreciation of property and equipment and other operating
10 costs but does not include prizes, payments to the state
11 under W.S. 9-16-111(b) or unclaimed prize monies set aside
12 under W.S. 9-16-119(g);

13
14 (xi) "Pari-mutuel wagering" means as defined in
15 W.S. 11-25-102;

16
17 (xii) "Retailer" means a person who sells
18 lottery tickets or shares on behalf of the corporation
19 pursuant to a contract;

20
21 (xiii) "Share" means any intangible evidence of
22 participation in a lottery game;

23

1 (xiv) "Ticket" means any tangible evidence
2 issued by the lottery to provide participation in a lottery
3 game.

4

5 **9-16-104. Wyoming lottery corporation created;**
6 **membership of board of directors; appointment; terms;**
7 **filling of vacancies; conflict of interests; reimbursement**
8 **for expenses; officers; quorum.**

9

10 (a) There is created a body corporate and politic to
11 be known as the Wyoming lottery corporation which shall be
12 deemed to be an instrumentality of the state, and not a
13 state agency, and a public corporation.

14

15 (b) The corporation shall be governed by a board of
16 directors composed of nine (9) members appointed by the
17 governor.

18

19 (c) Members shall be residents of the state of
20 Wyoming, shall be prominent persons in their businesses or
21 professions, and shall not have been convicted of any
22 felony offense. A background investigation shall be
23 conducted on each potential board member. The corporation
24 shall be authorized to pay for the actual cost of such

1 investigations and may contract with the division of
2 criminal investigation for the performance of such
3 investigations.

4

5 (d) Members shall serve terms of four (4) years,
6 except that of the initial members appointed, four (4)
7 members shall be appointed for initial terms of two (2)
8 years and five (5) members shall be appointed for initial
9 terms of four (4) years.

10

11 (e) Members of the board shall not have any direct or
12 indirect interest in an undertaking that puts their
13 personal interest in conflict with that of the corporation,
14 including, but not limited to, an interest in a major
15 procurement contract or a participating retailer.

16

17 (f) Each member shall only receive compensation from
18 the corporation for each day or part of a day in which
19 engaged in the performance of their official duties at the
20 same salary and per diem provided members of the state
21 legislature under W.S. 28-5-101 and shall be reimbursed for
22 actual and necessary expenses incurred in the performance
23 of their official duties. Members shall receive no other
24 compensation from the corporation.

1

2 (g) The members shall elect from their membership a
3 chairman and vice chairman. The members shall also elect a
4 secretary and treasurer who may be the chief executive
5 officer of the corporation. Such officers shall serve for
6 such terms as shall be prescribed by the bylaws of the
7 corporation or until their respective successors are
8 elected and qualified. No member of the board shall hold
9 more than any one (1) office of the corporation, except
10 that the same person may serve as secretary and treasurer.

11

12 (h) The board of directors may delegate to any one
13 (1) or more of its members, to the chief executive officer
14 or to any agent or employee of the corporation such powers
15 and duties as it may deem proper.

16

17 (j) A majority of members in office shall constitute
18 a quorum for the transaction of any business and for the
19 exercise of any power or function of the corporation.

20

21 (k) Action may be taken and motions and resolutions
22 adopted by the board at any meeting thereof by the
23 affirmative vote of a majority of present and voting board
24 members.

1

2 (m) No vacancy in the membership of the board shall
3 impair the right of the members to exercise all the powers
4 and perform all the duties of the board.

5

6 **9-16-105. General duties of board of directors.**

7

8 (a) The board of directors shall provide the chief
9 executive officer with private sector perspectives of a
10 large marketing enterprise. The board shall:

11

12 (i) Approve, disapprove, amend or modify the
13 budget recommended by the chief executive officer for the
14 operation of the corporation;

15

16 (ii) Approve, disapprove, amend or modify the
17 terms of major lottery procurements recommended by the
18 chief executive officer;

19

20 (iii) Hear appeals of hearings required by this
21 chapter;

22

1 (iv) Adopt regulations, policies and procedures
2 relating to the conduct of lottery games and as specified
3 in W.S. 9-16-108; and

4

5 (v) Perform such other functions as specified by
6 this chapter.

7

8 **9-16-106. Appointment of chief executive officer;**
9 **compensation.**

10

11 The board of directors shall appoint and shall provide for
12 the compensation of a chief executive officer who shall be
13 an employee of the corporation and who shall direct the
14 day-to-day operations and management of the corporation and
15 shall be vested with such powers and duties as specified by
16 the board and by law. The chief executive officer shall
17 serve at the pleasure of the board.

18

19 **9-16-107. General powers of corporation.**

20

21 (a) The corporation shall have any and all powers
22 necessary or convenient to its usefulness in carrying out
23 and effectuating the purposes and provisions of this
24 chapter which are not in conflict with the constitution of

1 this state and which are generally exercised by
2 corporations engaged in entrepreneurial pursuits,
3 including, but without limiting the generality of the
4 foregoing, the following powers:

5

6 (i) To sue and be sued in contract and in tort
7 and to complain and defend in all courts;

8

9 (ii) To adopt and alter a seal;

10

11 (iii) To adopt, amend and repeal bylaws,
12 regulations and policies and procedures for the regulation
13 of its affairs and the conduct of its business, to elect
14 and prescribe the duties of officers and employees of the
15 corporation and to perform such other matters as the
16 corporation may determine. In the adoption of bylaws,
17 regulations, policies and procedures or in the exercise of
18 any regulatory power, the corporation shall be exempt from
19 the requirements of W.S. 16-3-101 through 16-3-115;

20

21 (iv) To procure or to provide insurance;

22

23 (v) To hold copyrights, trademarks and service
24 marks and enforce its rights with respect thereto;

1

2 (vi) To initiate, supervise and administer the
3 operation of the lottery in accordance with the provisions
4 of this chapter and regulations, policies and procedures
5 adopted pursuant thereto;

6

7 (vii) To enter into written agreements with one
8 (1) or more other states or sovereigns for the operation,
9 participation in marketing and promotion of a joint lottery
10 or joint lottery games;

11

12 (viii) To conduct such market research as is
13 necessary or appropriate, which may include an analysis of
14 the demographic characteristics of the players of each
15 lottery game and an analysis of advertising, promotion,
16 public relations, incentives and other aspects of
17 communication;

18

19 (ix) To acquire or lease real property and make
20 improvements thereon and acquire by lease or by purchase
21 personal property, including, but not limited to,
22 computers, mechanical, electronic and on-line equipment and
23 terminals and intangible property, including, but not
24 limited to, computer programs, systems and software;

1

2 (x) To enter into contracts to incur debt in its
3 own name and enter into financing agreements with the
4 state, agencies or instrumentalities of the state or with
5 any commercial bank or credit provider;

6

7 (xi) To be authorized to administer oaths, take
8 depositions, issue subpoenas and compel the attendance of
9 witnesses and the production of books, papers, documents
10 and other evidence relative to any investigation or
11 proceeding conducted by the corporation;

12

13 (xii) To appoint and select officers, agents and
14 employees, including professional and administrative staff
15 and personnel, including hearing officers to conduct
16 hearings required by this article, and to fix their
17 compensation, pay their expenses and provide a benefit
18 program, including, but not limited to, a retirement plan
19 and a group insurance plan;

20

21 (xiii) To select and contract with vendors and
22 retailers;

23

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

5

6 (xv) To enter into contracts of any and all
7 types on such terms and conditions as the corporation may
8 determine;

9

10 (xvi) To establish and maintain banking
11 relationships, including, but not limited to, establishment
12 of checking and savings accounts and lines of credit;

13

14 (xvii) To advertise and promote the lottery and
15 lottery games;

16

17 (xviii) To act as a retailer, to conduct
18 promotions which involve the dispensing of lottery tickets
19 or shares and to establish and operate a sales facility to
20 sell lottery tickets or shares and any related merchandise;
21 and

22

23 (xix) To adopt and amend such regulations,
24 policies and procedures as necessary to carry out and

1 implement its powers and duties, organize and operate the
2 corporation, regulate the conduct of lottery games in
3 general and any other matters necessary or desirable for
4 the efficient and effective operation of the lottery or the
5 convenience of the public. The promulgation of any such
6 regulations, policies and procedures shall be exempt from
7 the requirements of W.S. 16-3-101 through 16-3-115.

8

9 (b) The powers enumerated in subsection (a) of this
10 section are cumulative of and in addition to those powers
11 enumerated elsewhere in this chapter and no such powers
12 limit or restrict any other powers of the corporation.

13

14 **9-16-108. Adoption by board of procedures regulating**
15 **conduct of lottery games.**

16

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

21

22 (i) The type of games to be conducted,
23 including, but not limited to, a state lottery or a multi-

1 state lottery, but shall not include instant lotteries,
2 scratch-off ticket games or video lottery;

3

4 (ii) The sale price of tickets or shares and the
5 manner of sale, provided, however, that all sales shall be
6 for cash only and payment by checks, credit cards, charge
7 cards or any form of deferred payment is prohibited;

8

9 (iii) The number and amount of prizes;

10

11 (iv) The method and location of selecting or
12 validating winning tickets or shares;

13

14 (v) The manner and time of payment of prizes,
15 which may include lump sum payments or installments over a
16 period of years;

17

18 (vi) The manner of payment of prizes to the
19 holders of winning tickets or shares, including without
20 limitation, provision for payment of prizes not exceeding
21 six hundred dollars (\$600.00) after deducting the price of
22 the ticket or share and after performing validation
23 procedures appropriate to the game and as specified by the
24 board. The board may provide for a limited number of

1 retailers who can pay prizes of up to five thousand dollars
2 (\$5,000.00) after performing validation procedures
3 appropriate to the game and as specified by the board
4 without regard to where such ticket or share was purchased;

5

6 (vii) The frequency of games and drawings or
7 selection of winning tickets or shares;

8

9 (viii) The means of conducting drawings;

10

11 (ix) The method to be used in selling tickets or
12 shares;

13

14 (x) The manner and amount of compensation to
15 lottery retailers; and

16

17 (xi) Any and all other matters necessary,
18 desirable or convenient toward ensuring the efficient and
19 effective operation of lottery games, the continued
20 entertainment and convenience of the public and the
21 integrity of the lottery.

22

23 **9-16-109. Duties of chief executive officer.**

24

1 (a) The chief executive officer of the corporation
2 shall direct and supervise all administrative and technical
3 activities in accordance with the provisions of this
4 chapter and with the regulations, policies and procedures
5 adopted by the board. It shall be the duty of the chief
6 executive officer to:

7

8 (i) Facilitate the initiation and supervise and
9 administer the operation of the lottery games;

10

11 (ii) Employ and direct such personnel as deemed
12 necessary;

13

14 (iii) Employ by contract and compensate such
15 persons and firms as deemed necessary;

16

17 (iv) Promote or provide for promotion of the
18 lottery and any functions related to the corporation;

19

20 (v) Prepare a budget for the approval of the
21 board;

22

23 (vi) Require bond from retailers and vendors in
24 amounts as required by the board;

1

2 (vii) Report quarterly to the state auditor, the
3 joint revenue interim committee and the board a full and
4 complete statement of lottery revenues and expenses for the
5 preceding quarter; and

6

7 (viii) Perform other duties generally associated
8 with a chief executive officer of a corporation of an
9 entrepreneurial nature.

10

11 (b) The chief executive officer may for good cause
12 suspend, revoke or refuse to renew any contract entered
13 into in accordance with the provisions of this chapter or
14 the regulations, policies and procedures of the board.

15

16 (c) The chief executive officer or his designee may
17 conduct hearings and administer oaths to persons for the
18 purpose of assuring the security or integrity of lottery
19 operations or to determine the qualifications of or
20 compliance by vendors and retailers.

21

22 **9-16-110. Employees; compensation; restrictions;**
23 **background investigations; bonding.**

24

1 (a) The corporation shall establish and maintain a
2 personnel program for its employees and fix the
3 compensation and terms of compensation of its employees,
4 including, but not limited to, production incentive
5 payments.

6

7 (b) No employee of the corporation shall have a
8 financial interest in any vendor doing business or
9 proposing to do business with the corporation.

10

11 (c) No employee of the corporation with decision
12 making authority shall participate in any decision
13 involving a retailer with whom the employee has a financial
14 interest.

15

16 (d) No employee of the corporation who leaves the
17 employment of the corporation may represent any vendor or
18 lottery retailer before the corporation for a period of two
19 (2) years following termination of employment with the
20 corporation.

21

22 (e) A background investigation shall be conducted on
23 each applicant who has reached the final selection process
24 prior to employment by the corporation at the level of

1 division director and above and at any level within any
2 division of security and as otherwise required by the
3 board. The corporation shall be authorized to pay for the
4 actual cost of such investigations and may contract with
5 the division of criminal investigation for the performance
6 of such investigations.

7

8 (f) No person who has been convicted of a felony or
9 bookmaking or other forms of illegal gambling or of a crime
10 involving moral turpitude shall be employed by the
11 corporation.

12

13 (g) The corporation shall bond corporation employees
14 with access to corporation funds or lottery revenue in such
15 an amount as provided by the board and may bond other
16 employees as deemed necessary.

17

18 **9-16-111. Disposition of lottery proceeds; budget**
19 **report by governor; appropriations by legislature.**

20

21 (a) As nearly as practical, at least forty-five
22 percent (45%) of the net proceeds from the sale of lottery
23 tickets or shares shall be made available as prize money,
24 provided, however, that this subsection shall be deemed not

1 to create any lien, entitlement, cause of action or other
2 private right and any rights of holders of tickets or
3 shares shall be determined by the corporation in setting
4 the terms of its lottery or lotteries.

5

6 (b) On or before the fifteenth day of each quarter,
7 the corporation shall transfer to the general fund of the
8 state treasury, for credit to the lottery account, the
9 amount of all net proceeds minus prizes and amounts paid
10 pursuant to subsection (a) of this section during the
11 preceding quarter. Upon their deposit into the state
12 treasury, any monies representing a deposit of net proceeds
13 shall then become the unencumbered property of the state of
14 Wyoming and the corporation shall have no power to agree or
15 undertake otherwise. Such monies shall be invested by the
16 state treasurer in accordance with state investment
17 practices. All earnings attributable to such investments
18 shall likewise be the unencumbered property of the state
19 and shall accrue to the credit of the lottery account.

20

21 (c) Monies in the lottery account shall only be
22 appropriated upon action of the legislature.

23

1 (d) No deficiency in the lottery account shall be
2 replenished by book entries reducing any nonlottery reserve
3 of general funds, nor shall any program or project started
4 specifically from lottery proceeds be continued from the
5 general fund. Such programs shall be adjusted or
6 discontinued according to available lottery proceeds unless
7 the legislature by general law establishes eligibility
8 requirements and appropriates specific funds within the
9 budget. Nor shall any nonlottery surplus in the general
10 fund be reduced. No surplus in the lottery account shall
11 be reduced to correct any nonlottery deficiencies in sums
12 available for general appropriations.

13

14 **9-16-112. Investigation of vendors; disclosure**
15 **requirements; restrictions on entry into major procurement**
16 **contracts.**

17

18 (a) The corporation shall investigate the financial
19 responsibility, security and integrity of any lottery
20 system vendor who is a finalist in submitting a bid,
21 proposal or offer. At the time of submitting such bid,
22 proposal or offer to the corporation, the corporation may
23 require the following items:

24

1 (i) A disclosure of the vendor's name and
2 address and, as applicable, the names and addresses of the
3 following:

4
5 (A) If the vendor is a corporation, the
6 officers, directors and each stockholder in such
7 corporation, provided, however, that in the case of owners
8 of equity securities of a publicly traded corporation, only
9 the names and addresses of those known to the corporation
10 to own beneficially five percent (5%) or more of such
11 securities need be disclosed;

12
13 (B) If the vendor is a trust, the trustee
14 and all persons entitled to receive income or benefits from
15 the trust;

16
17 (C) If the vendor is an association, the
18 members, officers and directors; and

19
20 (D) If the vendor is a partnership or joint
21 venture, all of the general partners, limited partners or
22 joint venturers.

23

1 (ii) A disclosure of all the states and
2 jurisdictions in which the vendor does business and the
3 nature of the business for each such state or jurisdiction;

4
5 (iii) A disclosure of all the states and
6 jurisdictions in which the vendor has contracts to supply
7 gaming goods or services, including, but not limited to,
8 lottery goods and services and the nature of the goods or
9 services involved for each such state or jurisdiction;

10

11 (iv) A disclosure of all the states and
12 jurisdictions in which the vendor has applied for, has
13 sought renewal of, has received, has been denied, has
14 pending or has had revoked a lottery or gaming license of
15 any kind or had fines or penalties assessed to his license,
16 contract or operation and the disposition in each such
17 state or jurisdiction. If any lottery or gaming license or
18 contract has been revoked or has not been renewed or any
19 lottery or gaming license or application has been either
20 denied or is pending and has remained pending for more than
21 six (6) months, all of the facts and circumstances
22 underlying the failure to receive the license shall be
23 disclosed;

24

1 (v) A disclosure of the details of any finding
2 or plea, conviction or adjudication of guilt in a state or
3 federal court of the vendor for any felony or any other
4 criminal offense other than a traffic violation;

5

6 (vi) A disclosure of the details of any
7 bankruptcy, insolvency, reorganization or corporate or
8 individual purchase or takeover of another corporation,
9 including bonded indebtedness, or any pending litigation of
10 the vendor; and

11

12 (vii) Such additional disclosures and
13 information as the corporation may determine to be
14 appropriate for the procurement involved. If at least
15 twenty-five percent (25%) of the cost of a vendor's
16 contract is subcontracted, the vendor shall disclose all of
17 the information required by this section for the
18 subcontractor as if the subcontractor were itself a vendor.

19

20 (b) A lottery major procurement contract shall not be
21 entered into with any lottery system vendor who has not
22 complied with the disclosure requirements described in
23 subsection (a) of this section and any contract with such a
24 vendor is voidable at the option of the corporation. Any

1 contract with a vendor who does not comply with such
2 requirements for periodically updating such disclosures
3 during the tenure of contract as may be specified in the
4 contract may be terminated by the corporation. The
5 provisions of this section shall be construed broadly and
6 liberally to achieve the ends of full disclosure of all
7 information necessary to allow for a full and complete
8 evaluation by the corporation of the competence, integrity,
9 background and character of vendors for procurements.

10

11 (c) A major procurement contract shall not be entered
12 into with any vendor who has been found guilty of a felony
13 related to the security or integrity of the lottery in this
14 or any other jurisdiction.

15

16 (d) A major procurement contract shall not be entered
17 into with any vendor if such vendor has an ownership
18 interest in an entity that had supplied consultation
19 services under contract to the corporation regarding the
20 request for proposals pertaining to those particular goods
21 or services.

22

23 (e) No lottery system vendor nor any applicant for a
24 major procurement contract may pay, give or make any

1 economic opportunity, gift, loan, gratuity, special
2 discount, favor, hospitality or service, excluding food and
3 beverages having an aggregate value not exceeding one
4 hundred dollars (\$100.00) in any calendar year, to the
5 chief executive officer, any board member or any employee
6 of the corporation or to a member of the immediate family
7 residing in the same household as any such person.

8

9 **9-16-113. Bonding requirements for vendors;**
10 **qualifications of vendors; competitive bid requirement.**

11

12 (a) Each vendor shall, at the execution of the
13 contract with the corporation, post a performance bond or
14 letter of credit from a bank or credit provider acceptable
15 to the corporation in an amount as deemed necessary by the
16 corporation for that particular bid or contract. In lieu
17 of the bond, a vendor may, to assure the faithful
18 performance of its obligations, deposit and maintain with
19 the corporation securities that are interest bearing or
20 accruing and that are rated in one (1) of the three (3)
21 highest classifications by an established nationally
22 recognized investment rating service. Securities eligible
23 under this section are limited to:

24

1 (i) Certificates of deposit issued by solvent
2 banks or savings associations approved by the corporation
3 and which are organized and existing under the laws of this
4 state or under the laws of the United States;

5

6 (ii) United States bonds, notes and bills for
7 which the full faith and credit of the government of the
8 United States is pledged for the payment of principal and
9 interest; and

10

11 (iii) Corporate bonds approved by the
12 corporation. The corporation which issued the bonds shall
13 not be an affiliate or subsidiary of the depositor. Such
14 securities shall be held in trust and shall have at all
15 times a market value at least equal to the full amount
16 estimated to be paid annually to the lottery vendor under
17 contract.

18

19 (b) Each vendor shall be qualified to do business in
20 this state. All contracts under this chapter shall be
21 governed by the laws of this state.

22

1 (c) No contract shall be let with any vendor in which
2 a public official has an ownership interest of ten percent
3 (10%) or more.

4

5 (d) All major procurement contracts shall be
6 competitively bid pursuant to policies and procedures
7 approved by the board unless there is only one (1)
8 qualified vendor and that vendor has an exclusive right to
9 offer the service or product.

10

11 **9-16-114. Statewide network of retailers;**
12 **commissions; certificate of authority; qualifications of**
13 **retailers; fees for outlets; review of activities; gifts or**
14 **gratuities.**

15

16 (a) The legislature recognizes that to conduct a
17 successful lottery, the corporation needs to develop and
18 maintain a statewide network of lottery retailers that will
19 serve the public convenience and promote the sale of
20 tickets or shares and the playing of lottery games while
21 ensuring the integrity of the lottery operations, games and
22 activities.

23

1 (b) The corporation shall make every effort to
2 provide small retailers a chance to participate in the
3 sales of lottery tickets or shares.

4

5 (c) The corporation shall provide for compensation to
6 lottery retailers in the form of commissions in an amount
7 of not less than six percent (6%) of gross sales and may
8 provide for other forms of compensation for services
9 rendered in the sale or cashing of lottery tickets or
10 shares.

11

12 (d) The corporation shall issue a certificate of
13 authority to each person with whom it contracts as a
14 retailer for purposes of display. Every lottery retailer
15 shall post and keep conspicuously displayed in a location
16 on the premises accessible to the public its certificate of
17 authority. No certificate shall be assignable or
18 transferable.

19

20 (e) The board shall develop a list of objective
21 criteria upon which the qualification of lottery retailers
22 shall be based. In developing these criteria, the board
23 shall consider such factors as the applicant's financial
24 responsibility, security of the applicant's place of

1 business or activity, accessibility to the public,
2 integrity and reputation. The board shall not consider
3 political affiliation, activities or monetary contributions
4 to political organizations or candidates for any public
5 office.

6

7 **9-16-115. Retailer contracts not transferable or**
8 **assignable; restriction on contracts and sales.**

9

10 (a) No lottery retailer contract shall be
11 transferable or assignable. No lottery retailer shall
12 contract with any person for lottery goods or services
13 except with the approval of the board.

14

15 (b) Lottery tickets and shares shall only be sold by
16 the retailer stated on the lottery retailer certificate.

17

18 **9-16-116. Fidelity fund for retailers; assessments.**

19

20 (a) The corporation may establish a fidelity fund
21 separate from all other funds and shall assess each
22 retailer a one (1) time fee not to exceed one hundred
23 dollars (\$100.00) per sales location. The corporation is
24 authorized to invest the funds or place such funds in one

1 (1) or more interest bearing accounts. Monies deposited to
2 the fund may be used to cover losses the corporation
3 experiences due to nonfeasance, misfeasance or malfeasance
4 of a lottery retailer. In addition, the funds may be used
5 to purchase blanket bonds covering the Wyoming lottery
6 corporation against losses from all retailers. At the end
7 of each fiscal year, the corporation shall pay to the
8 general lottery fund any amount in the fidelity fund which
9 exceeds five hundred thousand dollars (\$500,000.00) and
10 such funds shall be commingled with and treated as net
11 proceeds from the lottery.

12

13 (b) A reserve account may be established as a general
14 operating expense to cover amounts deemed uncollectible.
15 The corporation shall establish procedures for minimizing
16 any losses that may be experienced for the foregoing
17 reasons and shall exercise and exhaust all available
18 options in such procedures prior to amounts being written
19 off to this account.

20

21 (c) The corporation may require any retailer to post
22 an appropriate bond, as determined by the corporation,
23 using an insurance company acceptable to the corporation.

1 The amount shall not exceed the applicable district sales
2 average of lottery tickets for two (2) billing periods.

3

4 (d) In its discretion, the corporation may allow a
5 retailer to deposit and maintain with the corporation
6 securities, held in trust in the name of the Wyoming
7 lottery corporation, that are interest bearing or accruing.
8 Securities eligible under this subsection shall be limited
9 to:

10

11 (i) Certificates of deposit issued by solvent
12 banks or savings associations organized and existing under
13 the laws of this state or under the laws of the United
14 States;

15

16 (ii) United States bonds, notes and bills for
17 which the full faith and credit of the United States is
18 pledged for the payment of principal and interest;

19

20 (iii) Federal agency securities by an agency or
21 instrumentality of the United States government.

22

23 **9-16-117. Cancellation, suspension, revocation or**
24 **termination of retail contracts.**

1

2 Any retail contract executed by the corporation pursuant to
3 this chapter shall specify the reasons for which a contract
4 may be cancelled, suspended, revoked or terminated by the
5 corporation.

6

7 **9-16-118. Restrictions on sale of tickets or shares;**
8 **price; gifts and promotions.**

9

10 (a) No person shall sell a ticket or share at a price
11 other than established by the corporation unless authorized
12 in writing by the chief executive officer. No person other
13 than a duly certified lottery retailer shall sell lottery
14 tickets, but this subsection shall not be construed to
15 prevent a person who may lawfully purchase tickets or
16 shares from making a gift of lottery tickets or shares to
17 another. Nothing in this chapter shall be construed to
18 prohibit the corporation from designating certain of its
19 agents and employees to sell or give lottery tickets or
20 shares directly to the public.

21

22 (b) Lottery tickets or shares may be given by
23 merchants as a means of promoting goods or services to

1 customers or prospective customers subject to prior
2 approval by the corporation.

3

4 (c) No lottery retailer shall sell a lottery ticket
5 or share except from the locations listed in his contract
6 and as evidenced by his certificate of authorization unless
7 the corporation authorizes in writing any temporary
8 location not listed in his contract.

9

10 (d) No lottery tickets or shares shall be sold to
11 persons under eighteen (18) years of age, but this
12 subsection does not prohibit the purchase of a lottery
13 ticket or share by a person eighteen (18) years of age or
14 older for the purpose of making a gift to any person of any
15 age. In such case, the corporation shall direct payment of
16 proceeds of any lottery prize to an adult member of the
17 person's family or a legal representative of the person on
18 behalf of the underage person.

19

20 **9-16-119. Prize proceeds subject to attachments,**
21 **garnishments or executions; validation of winning tickets;**
22 **prohibited purchases; money dispensing machines; unclaimed**
23 **prize money.**

24

1 (a) Except as otherwise provided in this chapter,
2 attachments, garnishments or executions authorized and
3 issued pursuant to law shall be withheld if timely served
4 upon the corporation. This subsection shall not apply to a
5 retailer.

6

7 (b) The corporation shall adopt regulations, policies
8 and procedures to establish a system of verifying the
9 validity of tickets or shares claimed to win prizes and to
10 effect payment of such prizes, except that:

11

12 (i) No prize, any portion of a prize or any
13 right of any person to a prize awarded shall be assignable.
14 Any prize or any portion of a prize remaining unpaid at the
15 death of a prize winner shall be paid to the estate of the
16 deceased prize winner or to the trustee of a trust
17 established by the deceased prize winner as settlor if a
18 copy of the trust document or instrument has been filed
19 with the corporation along with a notarized letter of
20 direction from the settlor and no written notice of
21 revocation has been received by the corporation prior to
22 the settlor's death. Following a settlor's death and prior
23 to any payment to such a successor trustee, the corporation
24 shall obtain from the trustee a written agreement to

1 indemnify and hold the corporation harmless with respect to
2 any claims that may be asserted against the corporation
3 arising from payment to or through the trust.
4 Notwithstanding any other provisions of this section, any
5 person, pursuant to an appropriate judicial order, shall be
6 paid the prize to which a winner is entitled;

7

8 (ii) No prize shall be paid arising from claimed
9 tickets that are:

10

11 (A) Stolen, counterfeit, altered,
12 fraudulent, unissued, produced or issued in error,
13 unreadable, not received or not recorded by the corporation
14 within applicable deadlines;

15

16 (B) Lacking in captions that conform and
17 agree with the play symbols as appropriate to the
18 particular lottery game involved; or

19

20 (C) Not in compliance with such additional
21 specific regulations and public or confidential validation
22 and security tests of the corporation appropriate to the
23 particular lottery game involved.

24

1 (iii) No particular prize in any lottery game
2 shall be paid more than once, and in the event of a
3 determination that more than one (1) claimant is entitled
4 to a particular prize, the sole remedy of such claimants is
5 the award to each of them of an equal share in the prize;
6 and

7
8 (iv) A holder of a winning cash ticket or share
9 from a lottery game shall claim a cash prize within one
10 hundred eighty (180) days, or for a multi-state or multi-
11 sovereign lottery game within one hundred eighty (180)
12 days, after the drawing in which the cash prize was won.
13 In any Wyoming lottery game in which the player may
14 determine instantly if he has won or lost, he shall claim a
15 cash prize within ninety (90) days, or for a multi-state
16 lottery game within one hundred eighty (180) days, after
17 the end of the lottery game. If a valid claim is not made
18 for a cash prize within the applicable period, the cash
19 prize shall constitute an unclaimed prize for purposes of
20 this section.

21

22 (c) No prize shall be paid upon a ticket or share
23 purchased or sold in violation of this chapter. Any such

1 prize shall constitute an unclaimed prize for purposes of
2 this section.

3

4 (d) The corporation is discharged of all liability
5 upon payment of a prize.

6

7 (e) No ticket or share shall be purchased by and no
8 prize shall be paid to any member of the board of
9 directors, any officer or employee of the corporation or to
10 any spouse, child, brother, sister or parent residing as a
11 member of the same household in the principal place of
12 residence of any such person. No ticket or share shall be
13 purchased by and no prize shall be paid to any officer,
14 employee, agent or subcontractor of any vendor or to any
15 spouse, child, brother, sister or parent residing as a
16 member of the same household in the principal place of
17 residence of any such person if such officer, employee,
18 agent or subcontractor has access to confidential
19 information which may compromise the integrity of the
20 lottery.

21

22 (f) No lottery game utilizing an electronic or
23 mechanical machine may use a machine which dispenses coins
24 or currency.

1

2 (g) Unclaimed prize money shall not constitute net
3 lottery proceeds. A portion of unclaimed prize money, not
4 to exceed two hundred thousand dollars (\$200,000.00)
5 annually, shall be paid from the corporation to the
6 department of health for the treatment of compulsive
7 gambling disorder and educational programs related to such
8 disorder. In addition, unclaimed prize money may be added
9 to the pool from which future prizes are to be awarded or
10 used for special prize promotions.

11

12 **9-16-120. Confidentiality of information;**
13 **investigations; supervision and inspections; reports of**
14 **suspected violations; assistance in investigation of**
15 **violations.**

16

17 (a) Except as authorized in this chapter, the
18 corporation is subject to the provisions of W.S. 16-4-201
19 through 16-4-205. The corporation is specifically
20 authorized to determine which information relating to the
21 operation of the lottery is confidential. Such information
22 includes trade secrets, security measures, systems or
23 procedures, security reports, information concerning bids
24 or other contractual data, the disclosure of which would

1 impair the efforts of the corporation to contract for goods
2 or services on favorable terms, employee personnel
3 information unrelated to compensation, duties,
4 qualifications or responsibilities and information obtained
5 pursuant to investigations which is otherwise confidential.
6 Information deemed confidential pursuant to this subsection
7 is exempt from the provisions of W.S. 16-4-201 through
8 16-4-205. Meetings or portions of meetings devoted to
9 discussing information deemed confidential pursuant to this
10 subsection are exempt from W.S. 16-4-201 through 16-4-205.

11

12 (b) The corporation shall perform full criminal
13 background investigations on all potential vendors prior to
14 the execution of any vendor contract. The corporation shall
15 be authorized to pay for the actual cost of such
16 investigations and may contract with the division of
17 criminal investigation for the performance of such
18 investigations.

19

20 (c) The corporation or its authorized agent shall:

21

22 (i) Conduct criminal background investigations
23 and credit investigations on all potential retailers. The
24 corporation shall be authorized to pay for the actual cost

1 of such investigations and may contract with the division
2 of criminal investigation for the performance of such
3 investigations;

4

5 (ii) Supervise ticket or share validation and
6 lottery drawings;

7

8 (iii) Inspect at times, determined solely by the
9 corporation, the facilities of any vendor or lottery
10 retailer in order to determine the integrity of the
11 vendor's product or the operations of the retailer in order
12 to determine whether the vendor or the retailer is in
13 compliance with its contract;

14

15 (iv) Report any suspected violations of this
16 chapter to the appropriate district attorney or the
17 attorney general and to any law enforcement agencies having
18 jurisdiction over the violation; and

19

20 (v) Upon request, provide assistance to any
21 district attorney, the attorney general or a law
22 enforcement agency investigating a violation of this
23 chapter.

24

1 **9-16-121. Sales to minors; penalty; affirmative**
2 **defense.**

3

4 Any person who knowingly sells a lottery ticket or share to
5 a person under eighteen (18) years of age or permits a
6 person under eighteen (18) years of age to play any lottery
7 game shall be guilty of a misdemeanor and shall be fined
8 not less than one hundred dollars (\$100.00) nor more than
9 five hundred dollars (\$500.00) for the first offense and
10 for each subsequent offense not less than two hundred
11 dollars (\$200.00) nor more than one thousand dollars
12 (\$1,000.00). It shall be an affirmative defense to a
13 charge of a violation under this section that the retailer
14 reasonably and in good faith relied upon representation of
15 proof of age in making the sale.

16

17 **9-16-122. Penalty for falsely making, altering,**
18 **forging, uttering, passing or counterfeiting ticket;**
19 **penalty for attempting to influence winning of prize.**

20

21 (a) Any person who, with intent to defraud, falsely
22 makes, alters, forges, utters, passes or counterfeits a
23 state lottery ticket shall be punished by a fine not to

1 exceed fifty thousand dollars (\$50,000.00), imprisonment
2 for not more than five (5) years, or both.

3

4 (b) Any person who influences or attempts to
5 influence the winning of a prize through the use of
6 coercion, fraud, deception or tampering with lottery
7 equipment or materials shall be punished by a fine not to
8 exceed fifty thousand dollars (\$50,000.00), imprisonment
9 for not more than five (5) years, or both.

10

11 **9-16-123. Penalty for making false statements or**
12 **false entries in books or records.**

13

14 No person shall knowingly or intentionally make a material
15 false statement in any application for a license or
16 proposal to conduct lottery activities or make a material
17 false entry in any book or record which is compiled or
18 maintained or submitted to the board pursuant to the
19 provisions of this chapter. Any person who violates the
20 provisions of this section shall be punished by a fine not
21 to exceed twenty-five thousand dollars (\$25,000.00) or the
22 dollar amount of the false entry or statement, whichever is
23 greater, by imprisonment for not more than five (5) years,
24 or both.

1

2 **9-16-124. Agreements with agencies of other**
3 **jurisdictions; restriction on release of records, documents**
4 **and information.**

5

6 (a) The corporation may enter into intelligence
7 sharing, reciprocal use or restricted use agreements with
8 the federal government, law enforcement agencies, lottery
9 regulation agencies and gaming enforcement agencies of
10 other jurisdictions which provide for and regulate the use
11 of information provided and received pursuant to the
12 agreement.

13

14 (b) Records, documents and information in the
15 possession of the corporation received pursuant to an
16 intelligence sharing, reciprocal use or restricted use
17 agreement entered into by the corporation with a federal
18 department or agency, any law enforcement agency or the
19 lottery regulation or gaming enforcement agency of any
20 jurisdiction shall be considered investigative records of a
21 law enforcement agency and are not subject to W.S. 16-4-201
22 through 16-4-205 and shall not be released under any
23 condition without the permission of the person or agency
24 providing the record or information.

1

2 **9-16-125. Bidding requirements and procedures for**
3 **contracts.**

4

5 (a) The corporation shall enter into its contracts
6 for procurements after competitive bidding. The requirement
7 for competitive bidding does not apply in the case of a
8 single vendor having exclusive rights to offer a particular
9 service or product. Procedures adopted by the board shall
10 be designed to allow the selection of proposals that
11 provide the greatest long-term benefit to the state, the
12 greatest integrity for the corporation and the best service
13 and products for the public.

14

15 (b) In any bidding process, the corporation may
16 administer its own bidding and procurement or may utilize
17 the services of the department of administration and
18 information or other state agency or subdivision thereof.

19

20 **9-16-126. Appeals from actions of board.**

21

22 (a) Any retailer, vendor or applicant for a retailer
23 or vendor contract aggrieved by an action of the board may
24 appeal that decision to the first judicial district court.

1

2 (b) The first judicial district court shall hear
3 appeals from decisions of the board and based upon the
4 record of the proceedings before the board may reverse the
5 decision of the board only if the appellant proves the
6 decision to be:

7

8 (i) Clearly erroneous;

9

10 (ii) Arbitrary and capricious;

11

12 (iii) Procured by fraud;

13

14 (iv) A result of substantial misconduct by the
15 board; or

16

17 (v) Contrary to the United States constitution
18 or the constitution of Wyoming or the provisions of this
19 chapter.

20

21 (c) The district court may remand an appeal to the
22 board to conduct further hearings.

23

1 (d) Any person who appeals the award of a major
2 procurement contract for the supply of a lottery ticket
3 system, share system or an on-line or other mechanical or
4 electronic system shall be liable for all costs of appeal
5 and defense in the event the appeal is denied or the
6 contract award upheld.

7

8 **9-16-127. Corporation authorized to borrow money;**
9 **validation of debt; restriction on use of money in state**
10 **general fund; purchase or release of goods and services.**

11

12 (a) The corporation may borrow, or accept and expend,
13 in accordance with the provisions of this chapter, such
14 monies as may be received from any source, including income
15 from the corporation's operations, for effectuating its
16 corporate purposes, including the payment of the initial
17 expenses of initiation, administration and operation of the
18 corporation and the lottery.

19

20 (b) The corporation shall be self sustaining and self
21 funded. Monies in the state general fund shall not be used
22 or obligated to pay the expenses of the corporation or
23 prizes of the lottery and no claim for the payment of an
24 expense of the lottery or prizes of the lottery may be made

1 against any monies other than monies credited to the
2 corporation operating account.

3

4 (c) The corporation may purchase, lease or lease
5 purchase such goods or services as are necessary for
6 effectuating the purposes of this chapter. The corporation
7 may make procurements which integrate functions such as
8 lottery game design, lottery ticket distribution to
9 retailers, supply of goods and services and advertising.

10 In all procurement decisions, the corporation shall take
11 into account the particularly sensitive nature of the state
12 lottery and shall act to promote and ensure security,
13 honesty, fairness and integrity in the operation and
14 administration of the lottery and the objectives of raising
15 net proceeds.

16

17 **9-16-128. Reports by corporation; audits; budget;**
18 **fiscal year.**

19

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

22

23 (i) Submit quarterly and annual reports to the
24 governor, state auditor and the joint revenue interim

1 committee disclosing the total lottery revenues, prize
2 disbursements, operating expenses and administrative
3 expenses of the corporation during the reporting period.
4 The annual report shall additionally describe the
5 organizational structure of the corporation and summarize
6 the functions performed by each organizational division
7 within the corporation;

8

9 (ii) Adopt a system of internal audits;

10

11 (iii) Maintain weekly or more frequent records
12 of lottery transactions, including the distribution of
13 tickets or shares to retailers, revenues received, claims
14 for prizes, prizes paid, prizes forfeited and other
15 financial transactions of the corporation;

16

17 (iv) Contract with a certified public accountant
18 or firm for an annual financial audit of the corporation.
19 The certified public accountant or firm shall have no
20 financial interest in any vendor with whom the corporation
21 is under contract. The certified public accountant or firm
22 shall present an audit report not later than four (4)
23 months after the end of the fiscal year. The certified
24 public accountant or firm shall evaluate the internal

1 auditing controls in effect during the audit period. The
2 cost of this annual financial audit shall be an operating
3 expense of the corporation. The state auditor may at any
4 time conduct an audit of any phase of the operations of the
5 Wyoming lottery corporation at the expense of the state and
6 shall receive a copy of the annual independent financial
7 audit. A copy of any audit performed by the certified
8 public accountant or firm or the state auditor shall be
9 transmitted to the governor, the state auditor and the
10 joint revenue interim committee;

11

12 (v) Submit to the governor, the state auditor,
13 and the joint revenue interim committee by June 30 of each
14 year a copy of the annual operating budget for the
15 corporation for the next fiscal year. This annual
16 operating budget shall be approved by the board and be on
17 such forms as prescribed by the department of
18 administration and information;

19

20 (vi) For informational purposes only, submit to
21 the governor on September 1 of each year a proposed
22 operating budget for the corporation for the succeeding
23 fiscal year. This budget proposal shall also be
24 accompanied by an estimate of the net proceeds to be

1 deposited into the lottery account during the succeeding
2 fiscal year; and

3

4 (vii) Adopt the same fiscal year as that used by
5 state government.

6

7 **Section 2.** W.S. 6-7-101(a)(iii) by creating a new
8 subparagraph (J), 7-19-201(a) by creating a new paragraph
9 (xx), 39-15-105(a)(viii) by creating a new subparagraph (T)
10 and 39-16-105(a)(viii) by creating a new subparagraph (J)
11 are amended to read:

12

13 **6-7-101. Definitions.**

14

15 (a) As used in this article:

16

17 (iii) "Gambling" means risking any property for
18 gain contingent in whole or in part upon lot, chance, the
19 operation of a gambling device or the happening or outcome
20 of an event, including a sporting event, over which the
21 person taking a risk has no control, but does not include:

22

1 (J) Any lottery game authorized and run by
2 the Wyoming lottery corporation pursuant to W.S. 9-16-101
3 through 9-16-128.

4
5 **7-19-201. State or national criminal history record**
6 **information.**

7
8 (a) The following persons shall be required to submit
9 to fingerprinting in order to obtain state and national
10 criminal history record information:

11
12 (xx) Board members, applicants, vendors and
13 retailers required to receive a background investigation as
14 provided in W.S. 9-16-104(c), 9-16-110(e) and 9-16-120(b)
15 and (c)(i).

16
17 **39-15-105. Exemptions.**

18
19 (a) The following sales or leases are exempt from the
20 excise tax imposed by this article:

21
22 (viii) For the purpose of exempting sales of
23 services and tangible personal property as an economic
24 incentive, the following are exempt:

1

2

3

4

5

6

39-16-105. Exemptions.

7

8

9

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

10

11

12

13

14

15

16

17

18

19

Section 3. This act is effective July 1, 2011.

20

21

(END)