

HOUSE BILL NO. HB0077

Wyoming lottery.

Sponsored by: Representative(s) Zwonitzer, Dv., Blake,
Byrd, Madden and Throne and Senator(s)
Emerich and Von Flatern

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. 9-17-101 through 9-17-128 are created
13 to read:

14

15

CHAPTER 17

16

WYOMING LOTTERY

1

2 **9-17-101. Short title.**

3

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

6

7 **9-17-102. 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 **9-17-103. 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. 9-17-116;

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. 9-17-111(b) or unclaimed prize monies set aside
12 under W.S. 9-17-119(g);

13
14 (xi) "Retailer" means a person who sells lottery
15 tickets or shares on behalf of the corporation pursuant to
16 a contract;

17
18 (xii) "Share" means any intangible evidence of
19 participation in a lottery game;

20
21 (xiii) "Ticket" means any tangible evidence
22 issued by the lottery to provide participation in a lottery
23 game.

24

1 9-17-104. Wyoming lottery corporation created;
2 membership of board of directors; appointment; terms;
3 filling of vacancies; conflict of interests; reimbursement
4 for expenses; officers; quorum.

5

6 (a) There is created a body corporate and politic to
7 be known as the Wyoming lottery corporation which shall be
8 deemed to be an instrumentality of the state, and not a
9 state agency, and a public corporation.

10

11 (b) The corporation shall be governed by a board of
12 directors composed of nine (9) members appointed by the
13 governor.

14

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

24

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

6

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

12

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

21

22 (g) The members shall elect from their membership a
23 chairman and vice chairman. The members shall also elect a
24 secretary and treasurer who may be the chief executive

1 officer of the corporation. Such officers shall serve for
2 such terms as shall be prescribed by the bylaws of the
3 corporation or until their respective successors are
4 elected and qualified. No member of the board shall hold
5 more than any one (1) office of the corporation, except
6 that the same person may serve as secretary and treasurer.

7

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

12

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

16

17 (k) Action may be taken and motions and resolutions
18 adopted by the board at any meeting thereof by the
19 affirmative vote of a majority of present and voting board
20 members.

21

22 (m) No vacancy in the membership of the board shall
23 impair the right of the members to exercise all the powers
24 and perform all the duties of the board.

1

2 **9-17-105. General duties of board of directors.**

3

4 (a) The board of directors shall provide the chief
5 executive officer with private sector perspectives of a
6 large marketing enterprise. The board shall:

7

8 (i) Approve, disapprove, amend or modify the
9 budget recommended by the chief executive officer for the
10 operation of the corporation;

11

12 (ii) Approve, disapprove, amend or modify the
13 terms of major lottery procurements recommended by the
14 chief executive officer;

15

16 (iii) Hear appeals of hearings required by this
17 chapter;

18

19 (iv) Adopt regulations, policies and procedures
20 relating to the conduct of lottery games and as specified
21 in W.S. 9-17-108; and

22

23 (v) Perform such other functions as specified by
24 this chapter.

1

2 **9-17-106. Appointment of chief executive officer;**
3 **compensation.**

4

5 The board of directors shall appoint and shall provide for
6 the compensation of a chief executive officer who shall be
7 an employee of the corporation and who shall direct the
8 day-to-day operations and management of the corporation and
9 shall be vested with such powers and duties as specified by
10 the board and by law. The chief executive officer shall
11 serve at the pleasure of the board.

12

13 **9-17-107. General powers of corporation.**

14

15 (a) The corporation shall have any and all powers
16 necessary or convenient to its usefulness in carrying out
17 and effectuating the purposes and provisions of this
18 chapter which are not in conflict with the constitution of
19 this state and which are generally exercised by
20 corporations engaged in entrepreneurial pursuits,
21 including, but without limiting the generality of the
22 foregoing, the following powers:

23

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

3

4 (ii) To adopt and alter a seal;

5

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

15

16 (iv) To procure or to provide insurance;

17

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

20

21 (vi) To initiate, supervise and administer the
22 operation of the lottery in accordance with the provisions
23 of this chapter and regulations, policies and procedures
24 adopted pursuant thereto;

1

2 (vii) To enter into written agreements with one
3 (1) or more other states or sovereigns for the operation,
4 participation in marketing and promotion of a joint lottery
5 or joint lottery games;

6

7 (viii) To conduct such market research as is
8 necessary or appropriate, which may include an analysis of
9 the demographic characteristics of the players of each
10 lottery game and an analysis of advertising, promotion,
11 public relations, incentives and other aspects of
12 communication;

13

14 (ix) To acquire or lease real property and make
15 improvements thereon and acquire by lease or by purchase
16 personal property, including, but not limited to,
17 computers, mechanical, electronic and on-line equipment and
18 terminals and intangible property, including, but not
19 limited to, computer programs, systems and software;

20

21 (x) To enter into contracts to incur debt in its
22 own name and enter into financing agreements with the
23 state, agencies or instrumentalities of the state or with
24 any commercial bank or credit provider;

1

2 (xi) To be authorized to administer oaths, take
3 depositions, issue subpoenas and compel the attendance of
4 witnesses and the production of books, papers, documents
5 and other evidence relative to any investigation or
6 proceeding conducted by the corporation;

7

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

15

16 (xiii) To select and contract with vendors and
17 retailers;

18

19 (xiv) To enter into contracts or agreements with
20 state or local law enforcement agencies for the performance
21 of law enforcement, background investigations and security
22 checks;

23

1 (xv) To enter into contracts of any and all
2 types on such terms and conditions as the corporation may
3 determine;

4

5 (xvi) To establish and maintain banking
6 relationships, including, but not limited to, establishment
7 of checking and savings accounts and lines of credit;

8

9 (xvii) To advertise and promote the lottery and
10 lottery games;

11

12 (xviii) To act as a retailer, to conduct
13 promotions which involve the dispensing of lottery tickets
14 or shares and to establish and operate a sales facility to
15 sell lottery tickets or shares and any related merchandise;
16 and

17

18 (xix) To adopt and amend such regulations,
19 policies and procedures as necessary to carry out and
20 implement its powers and duties, organize and operate the
21 corporation, regulate the conduct of lottery games in
22 general and any other matters necessary or desirable for
23 the efficient and effective operation of the lottery or the
24 convenience of the public. The promulgation of any such

1 regulations, policies and procedures shall be exempt from
2 the requirements of W.S. 16-3-101 through 16-3-115.

3

4 (b) The powers enumerated in subsection (a) of this
5 section are cumulative of and in addition to those powers
6 enumerated elsewhere in this chapter and no such powers
7 limit or restrict any other powers of the corporation.

8

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

11

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

16

17 (i) The type of games to be conducted,
18 including, but not limited to, a state lottery or a multi-
19 state lottery, but shall not include instant lotteries,
20 scratch-off ticket games or video lottery;

21

22 (ii) The sale price of tickets or shares and the
23 manner of sale, provided, however, that all sales shall be

1 for cash only and payment by checks, credit cards, charge
2 cards or any form of deferred payment is prohibited;

3

4 (iii) The number and amount of prizes;

5

6 (iv) The method and location of selecting or
7 validating winning tickets or shares;

8

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

12

13 (vi) The manner of payment of prizes to the
14 holders of winning tickets or shares, including without
15 limitation, provision for payment of prizes not exceeding
16 six hundred dollars (\$600.00) after deducting the price of
17 the ticket or share and after performing validation
18 procedures appropriate to the game and as specified by the
19 board. The board may provide for a limited number of
20 retailers who can pay prizes of up to five thousand dollars
21 (\$5,000.00) after performing validation procedures
22 appropriate to the game and as specified by the board
23 without regard to where such ticket or share was purchased;

24

1 (vii) The frequency of games and drawings or
2 selection of winning tickets or shares;

3

4 (viii) The means of conducting drawings;

5

6 (ix) The method to be used in selling tickets or
7 shares;

8

9 (x) The manner and amount of compensation to
10 lottery retailers; and

11

12 (xi) Any and all other matters necessary,
13 desirable or convenient toward ensuring the efficient and
14 effective operation of lottery games, the continued
15 entertainment and convenience of the public and the
16 integrity of the lottery.

17

18 **9-17-109. Duties of chief executive officer.**

19

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

1 adopted by the board. It shall be the duty of the chief
2 executive officer to:

3

4 (i) Facilitate the initiation and supervise and
5 administer the operation of the lottery games;

6

7 (ii) Employ and direct such personnel as deemed
8 necessary;

9

10 (iii) Employ by contract and compensate such
11 persons and firms as deemed necessary;

12

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

15

16 (v) Prepare a budget for the approval of the
17 board;

18

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

21

22 (vii) Report quarterly to the state auditor, the
23 joint revenue interim committee and the board a full and

1 complete statement of lottery revenues and expenses for the
2 preceding quarter; and

3

4 (viii) Perform other duties generally associated
5 with a chief executive officer of a corporation of an
6 entrepreneurial nature.

7

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

12

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

18

19 **9-17-110. Employees; compensation; restrictions;**
20 **background investigations; bonding.**

21

22 (a) The corporation shall establish and maintain a
23 personnel program for its employees and fix the
24 compensation and terms of compensation of its employees,

1 including, but not limited to, production incentive
2 payments.

3

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

7

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

12

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

18

19 (e) A background investigation shall be conducted on
20 each applicant who has reached the final selection process
21 prior to employment by the corporation at the level of
22 division director and above and at any level within any
23 division of security and as otherwise required by the
24 board. The corporation shall be authorized to pay for the

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

4

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

9

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

14

15 **9-17-111. Disposition of lottery proceeds.**

16

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

1

2 (b) On or before the fifteenth day of each quarter,
3 the corporation shall transfer to the general fund of the
4 state treasury, for credit to the lottery account which is
5 hereby created, the amount of all net proceeds minus prizes
6 and amounts paid pursuant to subsection (a) of this section
7 during the preceding quarter. Upon their deposit into the
8 state treasury, any monies representing a deposit of net
9 proceeds shall then become the unencumbered property of the
10 state of Wyoming and the corporation shall have no power to
11 agree or undertake otherwise. Such monies shall be paid as
12 they accrue to the treasurers of the counties, cities and
13 towns for payment into their respective general funds. The
14 percentage of the balance that will be distributed to each
15 county and its cities and towns will be determined by
16 computing the percentage that net sales taxes collected
17 attributable to vendors in each county including its cities
18 and towns bear to total net sales taxes collected of
19 vendors in all counties including their cities and towns as
20 provided in W.S. 39-15-111(b)(iii). This percentage of the
21 monies shall be distributed within each county as follows:

22

23 (i) To each county in the proportion that the
24 population of the county situated outside the corporate

1 limits of its cities and towns bears to the total
2 population of the county including cities and towns;

3

4 (ii) To each city and town within the county in
5 the proportion the population of the city or town bears to
6 the population of the county.

7

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

20

21 **9-17-112. Investigation of vendors; disclosure**
22 **requirements; restrictions on entry into major procurement**
23 **contracts.**

24

1 (a) The corporation shall investigate the financial
2 responsibility, security and integrity of any lottery
3 system vendor who is a finalist in submitting a bid,
4 proposal or offer. At the time of submitting such bid,
5 proposal or offer to the corporation, the corporation may
6 require the following items:

7

8 (i) A disclosure of the vendor's name and
9 address and, as applicable, the names and addresses of the
10 following:

11

12 (A) If the vendor is a corporation, the
13 officers, directors and each stockholder in such
14 corporation, provided, however, that in the case of owners
15 of equity securities of a publicly traded corporation, only
16 the names and addresses of those known to the corporation
17 to own beneficially five percent (5%) or more of such
18 securities need be disclosed;

19

20 (B) If the vendor is a trust, the trustee
21 and all persons entitled to receive income or benefits from
22 the trust;

23

1 (C) If the vendor is an association, the
2 members, officers and directors; and

3

4 (D) If the vendor is a partnership or joint
5 venture, all of the general partners, limited partners or
6 joint venturers.

7

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

11

12 (iii) A disclosure of all the states and
13 jurisdictions in which the vendor has contracts to supply
14 gaming goods or services, including, but not limited to,
15 lottery goods and services and the nature of the goods or
16 services involved for each such state or jurisdiction;

17

18 (iv) A disclosure of all the states and
19 jurisdictions in which the vendor has applied for, has
20 sought renewal of, has received, has been denied, has
21 pending or has had revoked a lottery or gaming license of
22 any kind or had fines or penalties assessed to his license,
23 contract or operation and the disposition in each such
24 state or jurisdiction. If any lottery or gaming license or

1 contract has been revoked or has not been renewed or any
2 lottery or gaming license or application has been either
3 denied or is pending and has remained pending for more than
4 six (6) months, all of the facts and circumstances
5 underlying the failure to receive the license shall be
6 disclosed;

7

8 (v) A disclosure of the details of any finding
9 or plea, conviction or adjudication of guilt in a state or
10 federal court of the vendor for any felony or any other
11 criminal offense other than a traffic violation;

12

13 (vi) A disclosure of the details of any
14 bankruptcy, insolvency, reorganization or corporate or
15 individual purchase or takeover of another corporation,
16 including bonded indebtedness, or any pending litigation of
17 the vendor; and

18

19 (vii) Such additional disclosures and
20 information as the corporation may determine to be
21 appropriate for the procurement involved. If at least
22 twenty-five percent (25%) of the cost of a vendor's
23 contract is subcontracted, the vendor shall disclose all of

1 the information required by this section for the
2 subcontractor as if the subcontractor were itself a vendor.

3

4 (b) A lottery major procurement contract shall not be
5 entered into with any lottery system vendor who has not
6 complied with the disclosure requirements described in
7 subsection (a) of this section and any contract with such a
8 vendor is voidable at the option of the corporation. Any
9 contract with a vendor who does not comply with such
10 requirements for periodically updating such disclosures
11 during the tenure of contract as may be specified in the
12 contract may be terminated by the corporation. The
13 provisions of this section shall be construed broadly and
14 liberally to achieve the ends of full disclosure of all
15 information necessary to allow for a full and complete
16 evaluation by the corporation of the competence, integrity,
17 background and character of vendors for procurements.

18

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

23

1 (d) A major procurement contract shall not be entered
2 into with any vendor if such vendor has an ownership
3 interest in an entity that had supplied consultation
4 services under contract to the corporation regarding the
5 request for proposals pertaining to those particular goods
6 or services.

7

8 (e) No lottery system vendor nor any applicant for a
9 major procurement contract may pay, give or make any
10 economic opportunity, gift, loan, gratuity, special
11 discount, favor, hospitality or service, excluding food and
12 beverages having an aggregate value not exceeding one
13 hundred dollars (\$100.00) in any calendar year, to the
14 chief executive officer, any board member or any employee
15 of the corporation or to a member of the immediate family
16 residing in the same household as any such person.

17

18 **9-17-113. Bonding requirements for vendors;**
19 **qualifications of vendors; competitive bid requirement.**

20

21 (a) Each vendor shall, at the execution of the
22 contract with the corporation, post a performance bond or
23 letter of credit from a bank or credit provider acceptable
24 to the corporation in an amount as deemed necessary by the

1 corporation for that particular bid or contract. In lieu
2 of the bond, a vendor may, to assure the faithful
3 performance of its obligations, deposit and maintain with
4 the corporation securities that are interest bearing or
5 accruing and that are rated in one (1) of the three (3)
6 highest classifications by an established nationally
7 recognized investment rating service. Securities eligible
8 under this section are limited to:

9

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

14

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

19

20 (iii) Corporate bonds approved by the
21 corporation. The corporation which issued the bonds shall
22 not be an affiliate or subsidiary of the depositor. Such
23 securities shall be held in trust and shall have at all
24 times a market value at least equal to the full amount

1 estimated to be paid annually to the lottery vendor under
2 contract.

3

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

7

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

11

12 (d) All major procurement contracts shall be
13 competitively bid pursuant to policies and procedures
14 approved by the board unless there is only one (1)
15 qualified vendor and that vendor has an exclusive right to
16 offer the service or product.

17

18 **9-17-114. Statewide network of retailers;**
19 **commissions; certificate of authority; qualifications of**
20 **retailers; fees for outlets; review of activities; gifts or**
21 **gratuities.**

22

23 (a) The legislature recognizes that to conduct a
24 successful lottery, the corporation needs to develop and

1 maintain a statewide network of lottery retailers that will
2 serve the public convenience and promote the sale of
3 tickets or shares and the playing of lottery games while
4 ensuring the integrity of the lottery operations, games and
5 activities.

6

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

10

11 (c) The corporation shall provide for compensation to
12 lottery retailers in the form of commissions in an amount
13 of not less than six percent (6%) of gross sales and may
14 provide for other forms of compensation for services
15 rendered in the sale or cashing of lottery tickets or
16 shares.

17

18 (d) The corporation shall issue a certificate of
19 authority to each person with whom it contracts as a
20 retailer for purposes of display. Every lottery retailer
21 shall post and keep conspicuously displayed in a location
22 on the premises accessible to the public its certificate of
23 authority. No certificate shall be assignable or
24 transferable.

1

2 (e) The board shall develop a list of objective
3 criteria upon which the qualification of lottery retailers
4 shall be based. In developing these criteria, the board
5 shall consider such factors as the applicant's financial
6 responsibility, security of the applicant's place of
7 business or activity, accessibility to the public,
8 integrity and reputation. The board shall not consider
9 political affiliation, activities or monetary contributions
10 to political organizations or candidates for any public
11 office.

12

13 **9-17-115. Retailer contracts not transferable or**
14 **assignable; restriction on contracts and sales.**

15

16 (a) No lottery retailer contract shall be
17 transferable or assignable. No lottery retailer shall
18 contract with any person for lottery goods or services
19 except with the approval of the board.

20

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

23

24 **9-17-116. Fidelity fund for retailers; assessments.**

1

2 (a) The corporation may establish a fidelity fund
3 separate from all other funds and shall assess each
4 retailer a one (1) time fee not to exceed one hundred
5 dollars (\$100.00) per sales location. The corporation is
6 authorized to invest the funds or place such funds in one
7 (1) or more interest bearing accounts. Monies deposited to
8 the fund may be used to cover losses the corporation
9 experiences due to nonfeasance, misfeasance or malfeasance
10 of a lottery retailer. In addition, the funds may be used
11 to purchase blanket bonds covering the Wyoming lottery
12 corporation against losses from all retailers. At the end
13 of each fiscal year, the corporation shall pay to the
14 general lottery fund any amount in the fidelity fund which
15 exceeds five hundred thousand dollars (\$500,000.00) and
16 such funds shall be commingled with and treated as net
17 proceeds from the lottery.

18

19 (b) A reserve account may be established as a general
20 operating expense to cover amounts deemed uncollectible.
21 The corporation shall establish procedures for minimizing
22 any losses that may be experienced for the foregoing
23 reasons and shall exercise and exhaust all available

1 options in such procedures prior to amounts being written
2 off to this account.

3

4 (c) The corporation may require any retailer to post
5 an appropriate bond, as determined by the corporation,
6 using an insurance company acceptable to the corporation.
7 The amount shall not exceed the applicable district sales
8 average of lottery tickets for two (2) billing periods.

9

10 (d) In its discretion, the corporation may allow a
11 retailer to deposit and maintain with the corporation
12 securities, held in trust in the name of the Wyoming
13 lottery corporation, that are interest bearing or accruing.
14 Securities eligible under this subsection shall be limited
15 to:

16

17 (i) Certificates of deposit issued by solvent
18 banks or savings associations organized and existing under
19 the laws of this state or under the laws of the United
20 States;

21

22 (ii) United States bonds, notes and bills for
23 which the full faith and credit of the United States is
24 pledged for the payment of principal and interest;

1

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

4

5 **9-17-117. Cancellation, suspension, revocation or**
6 **termination of retail contracts.**

7

8 Any retail contract executed by the corporation pursuant to
9 this chapter shall specify the reasons for which a contract
10 may be cancelled, suspended, revoked or terminated by the
11 corporation.

12

13 **9-17-118. Restrictions on sale of tickets or shares;**
14 **price; gifts and promotions.**

15

16 (a) No person shall sell a ticket or share at a price
17 other than established by the corporation unless authorized
18 in writing by the chief executive officer. No person other
19 than a duly certified lottery retailer shall sell lottery
20 tickets, but this subsection shall not be construed to
21 prevent a person who may lawfully purchase tickets or
22 shares from making a gift of lottery tickets or shares to
23 another. Nothing in this chapter shall be construed to
24 prohibit the corporation from designating certain of its

1 agents and employees to sell or give lottery tickets or
2 shares directly to the public.

3

4 (b) Lottery tickets or shares may be given by
5 merchants as a means of promoting goods or services to
6 customers or prospective customers subject to prior
7 approval by the corporation.

8

9 (c) No lottery retailer shall sell a lottery ticket
10 or share except from the locations listed in his contract
11 and as evidenced by his certificate of authorization unless
12 the corporation authorizes in writing any temporary
13 location not listed in his contract.

14

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

24

1 **9-17-119. Prize proceeds subject to attachments,**
2 **garnishments or executions; validation of winning tickets;**
3 **prohibited purchases; money dispensing machines; unclaimed**
4 **prize money.**

5

6 (a) Except as otherwise provided in this chapter,
7 attachments, garnishments or executions authorized and
8 issued pursuant to law shall be withheld if timely served
9 upon the corporation. This subsection shall not apply to a
10 retailer.

11

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

16

17 (i) No prize, any portion of a prize or any
18 right of any person to a prize awarded shall be assignable.
19 Any prize or any portion of a prize remaining unpaid at the
20 death of a prize winner shall be paid to the estate of the
21 deceased prize winner or to the trustee of a trust
22 established by the deceased prize winner as settlor if a
23 copy of the trust document or instrument has been filed
24 with the corporation along with a notarized letter of

1 direction from the settlor and no written notice of
2 revocation has been received by the corporation prior to
3 the settlor's death. Following a settlor's death and prior
4 to any payment to such a successor trustee, the corporation
5 shall obtain from the trustee a written agreement to
6 indemnify and hold the corporation harmless with respect to
7 any claims that may be asserted against the corporation
8 arising from payment to or through the trust.
9 Notwithstanding any other provisions of this section, any
10 person, pursuant to an appropriate judicial order, shall be
11 paid the prize to which a winner is entitled;

12

13 (ii) No prize shall be paid arising from claimed
14 tickets that are:

15

16 (A) Stolen, counterfeit, altered,
17 fraudulent, unissued, produced or issued in error,
18 unreadable, not received or not recorded by the corporation
19 within applicable deadlines;

20

21 (B) Lacking in captions that conform and
22 agree with the play symbols as appropriate to the
23 particular lottery game involved; or

24

1 (C) Not in compliance with such additional
2 specific regulations and public or confidential validation
3 and security tests of the corporation appropriate to the
4 particular lottery game involved.

5

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

12

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

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

3

4 (c) No prize shall be paid upon a ticket or share
5 purchased or sold in violation of this chapter. Any such
6 prize shall constitute an unclaimed prize for purposes of
7 this section.

8

9 (d) The corporation is discharged of all liability
10 upon payment of a prize.

11

12 (e) No ticket or share shall be purchased by and no
13 prize shall be paid to any member of the board of
14 directors, any officer or employee of the corporation or to
15 any 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. No ticket or share shall be
18 purchased by and no prize shall be paid to any officer,
19 employee, agent or subcontractor of any vendor or to any
20 spouse, child, brother, sister or parent residing as a
21 member of the same household in the principal place of
22 residence of any such person if such officer, employee,
23 agent or subcontractor has access to confidential

1 information which may compromise the integrity of the
2 lottery.

3

4 (f) No lottery game utilizing an electronic or
5 mechanical machine may use a machine which dispenses coins
6 or currency.

7

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

17

18 **9-17-120. Confidentiality of information;**
19 **investigations; supervision and inspections; reports of**
20 **suspected violations; assistance in investigation of**
21 **violations.**

22

23 (a) Except as authorized in this chapter, the
24 corporation is subject to the provisions of W.S. 16-4-201

1 through 16-4-205. The corporation is specifically
2 authorized to determine which information relating to the
3 operation of the lottery is confidential. Such information
4 includes trade secrets, security measures, systems or
5 procedures, security reports, information concerning bids
6 or other contractual data, the disclosure of which would
7 impair the efforts of the corporation to contract for goods
8 or services on favorable terms, employee personnel
9 information unrelated to compensation, duties,
10 qualifications or responsibilities and information obtained
11 pursuant to investigations which is otherwise confidential.
12 Information deemed confidential pursuant to this subsection
13 is exempt from the provisions of W.S. 16-4-201 through
14 16-4-205. Meetings or portions of meetings devoted to
15 discussing information deemed confidential pursuant to this
16 subsection are exempt from W.S. 16-4-201 through 16-4-205.

17

18 (b) The corporation shall perform full criminal
19 background investigations on all potential vendors prior to
20 the execution of any vendor contract. The corporation shall
21 be authorized to pay for the actual cost of such
22 investigations and may contract with the division of
23 criminal investigation for the performance of such
24 investigations.

1

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

3

4 (i) Conduct criminal background investigations
5 and credit investigations on all potential retailers. The
6 corporation shall be authorized to pay for the actual cost
7 of such investigations and may contract with the division
8 of criminal investigation for the performance of such
9 investigations;

10

11 (ii) Supervise ticket or share validation and
12 lottery drawings;

13

14 (iii) Inspect at times, determined solely by the
15 corporation, the facilities of any vendor or lottery
16 retailer in order to determine the integrity of the
17 vendor's product or the operations of the retailer in order
18 to determine whether the vendor or the retailer is in
19 compliance with its contract;

20

21 (iv) Report any suspected violations of this
22 chapter to the appropriate district attorney or the
23 attorney general and to any law enforcement agencies having
24 jurisdiction over the violation; and

1

2 (v) Upon request, provide assistance to any
3 district attorney, the attorney general or a law
4 enforcement agency investigating a violation of this
5 chapter.

6

7 **9-16-121. Sales to minors; penalty; affirmative**
8 **defense.**

9

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

22

1 **9-16-122. Penalty for falsely making, altering,**
2 **forging, uttering, passing or counterfeiting ticket;**
3 **penalty for attempting to influence winning of prize.**

4
5 (a) Any person who, with intent to defraud, falsely
6 makes, alters, forges, utters, passes or counterfeits a
7 state lottery ticket 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 (b) Any person who influences or attempts to
12 influence the winning of a prize through the use of
13 coercion, fraud, deception or tampering with lottery
14 equipment or materials shall be punished by a fine not to
15 exceed fifty thousand dollars (\$50,000.00), imprisonment
16 for not more than five (5) years, or both.

17
18 **9-16-123. Penalty for making false statements or**
19 **false entries in books or records.**

20
21 No person shall knowingly or intentionally make a material
22 false statement in any application for a license or
23 proposal to conduct lottery activities or make a material
24 false entry in any book or record which is compiled or

1 maintained or submitted to the board pursuant to the
2 provisions of this chapter. Any person who violates the
3 provisions of this section shall be punished by a fine not
4 to exceed twenty-five thousand dollars (\$25,000.00) or the
5 dollar amount of the false entry or statement, whichever is
6 greater, by imprisonment for not more than five (5) years,
7 or both.

8

9 **9-17-124. Agreements with agencies of other**
10 **jurisdictions; restriction on release of records, documents**
11 **and information.**

12

13 (a) The corporation may enter into intelligence
14 sharing, reciprocal use or restricted use agreements with
15 the federal government, law enforcement agencies, lottery
16 regulation agencies and gaming enforcement agencies of
17 other jurisdictions which provide for and regulate the use
18 of information provided and received pursuant to the
19 agreement.

20

21 (b) Records, documents and information in the
22 possession of the corporation received pursuant to an
23 intelligence sharing, reciprocal use or restricted use
24 agreement entered into by the corporation with a federal

1 department or agency, any law enforcement agency or the
2 lottery regulation or gaming enforcement agency of any
3 jurisdiction shall be considered investigative records of a
4 law enforcement agency and are not subject to W.S. 16-4-201
5 through 16-4-205 and shall not be released under any
6 condition without the permission of the person or agency
7 providing the record or information.

8

9 **9-17-125. Bidding requirements and procedures for**
10 **contracts.**

11

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

21

22 (b) In any bidding process, the corporation may
23 administer its own bidding and procurement or may utilize

1 the services of the department of administration and
2 information or other state agency or subdivision thereof.

3

4 **9-17-126. Appeals from actions of board.**

5

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

9

10 (b) The first judicial district court shall hear
11 appeals from decisions of the board and based upon the
12 record of the proceedings before the board may reverse the
13 decision of the board only if the appellant proves the
14 decision to be:

15

16 (i) Clearly erroneous;

17

18 (ii) Arbitrary and capricious;

19

20 (iii) Procured by fraud;

21

22 (iv) A result of substantial misconduct by the
23 board; or

24

1 (v) Contrary to the United States constitution
2 or the constitution of Wyoming or the provisions of this
3 chapter.

4
5 (c) The district court may remand an appeal to the
6 board to conduct further hearings.

7
8 (d) Any person who appeals the award of a major
9 procurement contract for the supply of a lottery ticket
10 system, share system or an on-line or other mechanical or
11 electronic system shall be liable for all costs of appeal
12 and defense in the event the appeal is denied or the
13 contract award upheld.

14
15 **9-17-127. Corporation authorized to borrow money;**
16 **validation of debt; restriction on use of money in state**
17 **general fund; purchase or release of goods and services.**

18
19 (a) The corporation may borrow, or accept and expend,
20 in accordance with the provisions of this chapter, such
21 monies as may be received from any source, including income
22 from the corporation's operations, for effectuating its
23 corporate purposes, including the payment of the initial

1 expenses of initiation, administration and operation of the
2 corporation and the lottery.

3

4 (b) The corporation shall be self sustaining and self
5 funded. Monies in the state general fund shall not be used
6 or obligated to pay the expenses of the corporation or
7 prizes of the lottery and no claim for the payment of an
8 expense of the lottery or prizes of the lottery may be made
9 against any monies other than monies credited to the
10 corporation operating account.

11

12 (c) The corporation may purchase, lease or lease
13 purchase such goods or services as are necessary for
14 effectuating the purposes of this chapter. The corporation
15 may make procurements which integrate functions such as
16 lottery game design, lottery ticket distribution to
17 retailers, supply of goods and services and advertising.
18 In all procurement decisions, the corporation shall take
19 into account the particularly sensitive nature of the state
20 lottery and shall act to promote and ensure security,
21 honesty, fairness and integrity in the operation and
22 administration of the lottery and the objectives of raising
23 net proceeds.

24

1 **9-17-128. Reports by corporation; audits; budget;**
2 **fiscal year.**

3

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

6

7 (i) Submit quarterly and annual reports to the
8 governor, state auditor and the joint revenue interim
9 committee disclosing the total lottery revenues, prize
10 disbursements, operating expenses and administrative
11 expenses of the corporation during the reporting period.
12 The annual report shall additionally describe the
13 organizational structure of the corporation and summarize
14 the functions performed by each organizational division
15 within the corporation;

16

17 (ii) Adopt a system of internal audits;

18

19 (iii) Maintain weekly or more frequent records
20 of lottery transactions, including the distribution of
21 tickets or shares to retailers, revenues received, claims
22 for prizes, prizes paid, prizes forfeited and other
23 financial transactions of the corporation;

24

1 (iv) Contract with a certified public accountant
2 or firm for an annual financial audit of the corporation.
3 The certified public accountant or firm shall have no
4 financial interest in any vendor with whom the corporation
5 is under contract. The certified public accountant or firm
6 shall present an audit report not later than four (4)
7 months after the end of the fiscal year. The certified
8 public accountant or firm shall evaluate the internal
9 auditing controls in effect during the audit period. The
10 cost of this annual financial audit shall be an operating
11 expense of the corporation. The state auditor may at any
12 time conduct an audit of any phase of the operations of the
13 Wyoming lottery corporation at the expense of the state and
14 shall receive a copy of the annual independent financial
15 audit. A copy of any audit performed by the certified
16 public accountant or firm or the state auditor shall be
17 transmitted to the governor, the state auditor and the
18 joint revenue interim committee;

19

20 (v) Submit to the governor, the state auditor,
21 and the joint revenue interim committee by June 30 of each
22 year a copy of the annual operating budget for the
23 corporation for the next fiscal year. This annual
24 operating budget shall be approved by the board and be on

1 such forms as prescribed by the department of
2 administration and information;

3

4 (vi) For informational purposes only, submit to
5 the governor on September 1 of each year a proposed
6 operating budget for the corporation for the succeeding
7 fiscal year. This budget proposal shall also be
8 accompanied by an estimate of the net proceeds to be
9 deposited into the lottery account during the succeeding
10 fiscal year; and

11

12 (vii) Adopt the same fiscal year as that used by
13 state government.

14

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

20

21 **6-7-101. Definitions.**

22

23 (a) As used in this article:

24

1 (iii) "Gambling" means risking any property for
2 gain contingent in whole or in part upon lot, chance, the
3 operation of a gambling device or the happening or outcome
4 of an event, including a sporting event, over which the
5 person taking a risk has no control, but does not include
6 any of the following:

7

8 (J) Any lottery game authorized and run by
9 the Wyoming lottery corporation pursuant to W.S. 9-17-101
10 through 9-17-128.

11

12 **7-19-201. State or national criminal history record**
13 **information.**

14

15 (a) The following persons shall be required to submit
16 to fingerprinting in order to obtain state and national
17 criminal history record information:

18

19 (xxi) Board members, applicants, vendors and
20 retailers required to receive a background investigation as
21 provided in W.S. 9-17-104(c), 9-17-110(e) and 9-17-120(b)
22 and (c)(i).

23

24 **39-15-105. Exemptions.**

1

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

4

5 (viii) For the purpose of exempting sales of
6 services and tangible personal property as an economic
7 incentive, the following are exempt:

8

9 (T) Sales of and retail commissions on
10 lottery tickets or shares and equipment necessary to
11 operate a lottery under W.S. 9-16-101 through 9-16-128.

12

13 **39-16-105. Exemptions.**

14

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

17

18 (viii) For the purpose of exempting sales of
19 services and tangible personal property as an economic
20 incentive, the following are exempt:

21

22 (J) Purchase of and retail commissions on
23 lottery tickets or shares and equipment necessary to
24 operate a lottery under W.S. 9-16-101 through 9-16-128.

