

Wyoming Gaming Commission Study



Pursuant to HEA95 Section 5
Report ID: 1398
8.31.2020

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Introduction

The State of Wyoming 65th Legislature tasked the newly formed Gaming Commission through HEA95, with conducting a study of gaming in the state. *"The study shall evaluate all types of games, including those currently operating in the state. The commission shall examine how many games are operating in the state, the locations of all of the games, the amount of wagers made on the games and revenues earned from the games. Additionally, the commission shall provide options to the legislature for regulation of all types of games, including skill based amusement games, video game terminals, sports wagering and other commercially viable forms of gaming. Additionally, the commission shall evaluate impacts to other states that have recently expanded forms of legal gaming."* ([Exhibit A, HEA95, Appendix](#))

In 2013 there were two (2) major changes to our law, HEA46 authorizing pari-mutuel wagering on events that had previously occurred (Historic Horse Racing) and the other was the formation of the Wyoming Lottery Corporation with HEA115. Since that time, there have been minor changes until this last session, where HEA95 repurposed the Pari-Mutuel Commission into the Wyoming Gaming Commission and authorized skill based amusement games. Additionally, there was an appetite in the legislature for a plethora of gaming related bills that did not receive an affirmative vote but created extensive discussion. ([Exhibit C, gaming legislation 2009-2020, Appendix](#))

In Wyoming, gambling is prohibited except in certain circumstances. Gambling is defined in statute as "risking any property for gain contingent in whole or in part upon lot, chance, the operation of a gambling device or the happening or outcome of an event, including a sporting event, over which the person taking a risk has no control"[1] The following forms of gambling have been legalized in Wyoming through an exception, tribal-state compact, or changes in state law.

- Wyoming Lottery
- Tribal Casinos
- Pari-Mutuel Wagering
- Calcutta Wagering
- Charitable
- Social Gambling
- Skill Based Amusement Games

As the gaming industry evolves and grows in Wyoming we always need to be mindful of the consequences and our surrounding ecosystems. First, the gaming industry is in constant change, the technology and media in which it is presented is in perpetual motion and requires constant monitoring and upgrading. Additionally, the regulators need to be flexible and fluid in their regulation making changes as technology races forward. There is a need for safeguards, and all parties need to be focused on providing clear and effective regulation. Second, the cannibalization of the current and productive gaming programs in Wyoming is a concern, the fact remains that Wyoming citizens only have so much disposable income. Any additional expansion in gaming has the potential to only split the pie into smaller pieces, therefore reducing what is currently productive and benefiting our state.

Legalized gambling has grown from a limited activity to one that is extremely commonplace. Gambling in some form is now legal in every state except Hawaii and Utah. As legalized gambling continues to grow in popularity and prevalence, and new forms of gaming are introduced and expanded upon, there is much public debate about the costs and benefits of this sector of the economy. Unlike other industries in which the market is the principal determination of supply and demand, government decisions have largely determined the size and form of legalized gambling in the US. The intent of this report is to provide the legislature with a factual snapshot of gaming in Wyoming as requested.

[1] W.S. 6-7-101(a) (iii), ([Exhibit B, Appendix](#))

Regulatory Overview

Games/Gambling Types



REGULATORY OVERVIEW GAMES/GAMBLING TYPES

Game and Gambling Types

Online Gaming

Advanced Deposit Wagering (ADW) - Advanced deposit wagering is a form of gambling where a patron is permitted to place bets on legal race types within a jurisdiction from home using an account that has been established. Some markets allow bets to be placed by phone or internet, while others allow only phone.

iGaming - iGaming includes online wagering, for actual money, on digital slot machines, poker, and other traditional forms of gambling usually found in a casino. The types and styles of games may differ between markets. For example, Nevada only allows peer-to-peer Poker, while New Jersey, Delaware, Pennsylvania and West Virginia allow both poker and slot machine type games.

Event Wagering - Event Wagering, more commonly referred to as Sports Betting, is the act of placing a wager on a sporting, or other event, for money either in person at a betting establishment, or via mobile or web interface. The type of events, and type of wagering available is dependent on the regulatory structure of the market.

iLottery - iLottery is an online gaming type where traditional lottery games are offered digitally via web site or mobile application. These games can incorporate with the normal lottery, i.e. the purchase of normal lottery tickets digitally, or separate games offered exclusively via the online format.

Daily Fantasy Sports (DFS) - Daily fantasy sports are a subset of fantasy sport games where players compete against others by building a team of professional athletes from a particular league and/or competition and earn points based on the actual statistical performance of the players in real-world competitions. The results of those points determine the outcome of the event, and prizes awarded to the players.

Proxy Betting - Proxy betting is a type of live table game play where a player is represented by a proxy at the table while they watch via live feed over the internet. The player instructs the proxy via mobile phone, or other digital communication and the proxy places the bets accordingly at the live table. Depending on the market and/or location, a proxy could be an independent entity, or a staff member of the establishment. It is up to each individual market to define if this form of betting will be allowed, and what forms it may take.

Live Dealer Table Games - Some online offerings involve the ability to place bets digitally on a game that is operated by a live dealer. A live dealer operates the table game as they normally would in the casino and the game results are input into the system where all bets and payouts are processed. A video stream of the dealer is presented to the player on their mobile device. The acceptability of this type of internet gaming is up to each individual market.

Sports Wagering

Retail - Retail sports wagering is typically done at dedicated sports books or bet shops. Bets are placed in person at a betting counter where a teller accepts the players bet and produces a bet slip

Online - Online sportsbooks allow for a player with a registered and validated account to place bets via mobile app or web site. For the most part, these internet providers are held to the same security requirements as iGaming providers in regard to user validation and location verification. All transactions are done online once an account is established but establishing an account may have different requirements based on the market. Some require all accounts be established at a brick and mortar location while others allow for registration completely online.

Self Service Betting Terminals (SSBT) - SSBTs are offered in some markets in addition to, or in lieu of Online or Retail betting. These are self-service KIOSKS that, depending on the functionality defined in the market, allow for players to place wagers either with the use of a player account, or anonymously with cash input into the casino. Location restrictions, and restrictions on the types and amounts of bets available via this method is defined on a market by market basis.

Allowed Wager Types

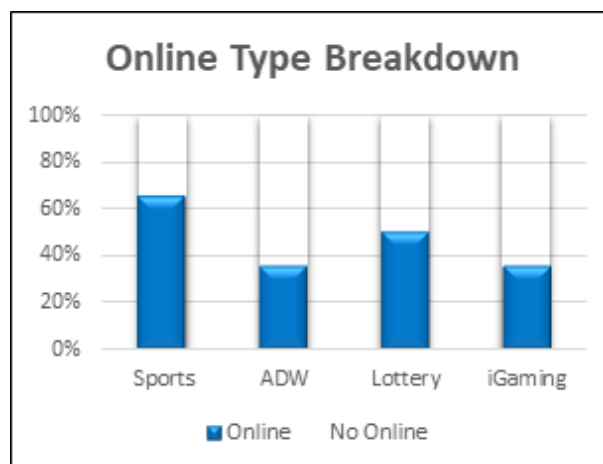
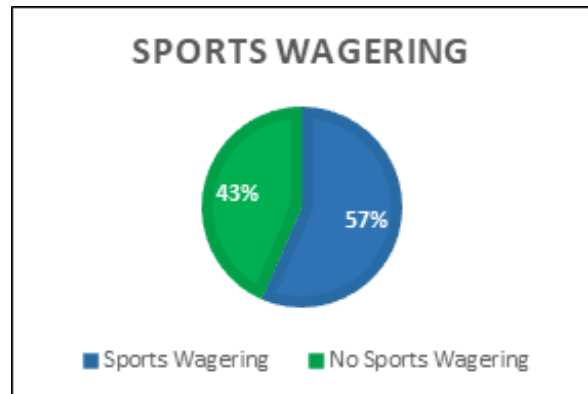
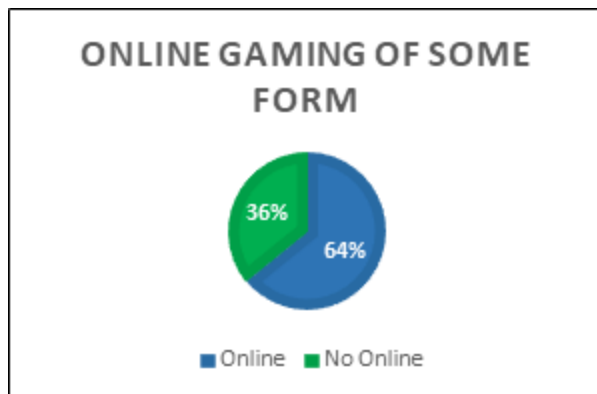
Traditional Sports - Wagers on traditional sporting events, what team will win, by what spread, etc.... This is the most common type of bet. The sporting events allowed, and any restrictions on teams or events is controlled on a market by market basis. For example, some markets prohibit wagers on collegiate events, others limit bets on teams based in the same market as the sportsbook.

Virtual Sports - Wagers on simulated sporting events, races, or other virtual contests. The outcomes of these events are determined via a traditional random number generator (RNG) in the same way as traditional slot machines, and iGaming games. Allowance of betting on virtual events is mostly unregulated, but some markets have explicitly prohibited them.

Esports - Esports, or Electronic Sports bets are those placed upon the performance of an individual, or team, in an organized competition. These contests include such things as virtual NASCAR racing, Multiplayer Online Battle Arena (MOBA) games such as League of Legends (LoL) or Heroes of the Stonn (HotS), or First Person Shooter (FPS) games such as Counterstrike. Esports is one of the fastest growing industries, and recently established markets such as Nevada, West Virginia and Colorado have officially approved betting on several of these events at their sportsbooks.

Proposition Bets - Some sports books allow bets on items outside of the nonnal scope of the sporting event. "How many balls will a specific pitcher throw?", "Who will score the first touchdown?", and "How many yards will the initial kickoff return cover?" are examples of Proposition, or "Prop" bets. Allowance of these wager types is defined on a market by market basis.

In-Play Wagers - In-Play Wagers are those that are offered in real time as an event is underway. When an event begins during the game, a bet may be offered in real time regarding the resolution of the event. For example, "The next team to score", "Will the QB Complete the next pass.", etc. Allowance of these wager types is defined on a market by market basis. Most markets that have allowed for in-play wagering have required some level of official league data to be provided for these types of wagers.



Source: [Gambling Sources \(United States & Canada\)](#)

Land Based Gaming

Casino - Casino gaming is what most people picture when gambling is mentioned. These establishments normally contain rows and rows of slot machines along with blackjack, craps, roulette, and poker tables. Depending on the regulatory framework, the types of games and tables available may be different. In some markets, legalized gaming is shared, or split between state and tribal governments and the types of gaming allowed at each establishment may differ. For markets with Tribal casinos, the compact between the state and tribes will often define what each establishment may offer.

Distributed - Distributed markets are those where an overall entity, usually a state lottery or business regulated by a state agency manages a large network of interconnected games that are located at various locations throughout the market yet are controlled by a single central system. The types of establishments vary by market, from traditional style casinos with hundreds of slot machines to truck stops or convenience stores housing one or two. This type of structure usually entails a much stricter set of regulations as the remote locations entail additional security concerns.

Game Types

Slots/ Games of Chance - Slot games are what one typically pictures when discussing a casino floor. Banks and Banks of machines with spinning reels, flashing lights, and ringing bells. This type of game is governed by randomness, where the outcome of the game is usually 100% due to randomness. There are some games that incorporate player choices and decisions, but those usually have minimal impact on the outcome of the game, if any. Keno and other games involving

random ball draws also fit into this category, but often have specific RTP requirements to allow for a wider range of allowable returns.

Class II - Class II, or Instant Bingo, is a type of game where all game results are determined by the result of a bingo game and then presented to the player both in their bingo card form, and potentially as a graphical representation of a slot game to provide additional entertainment. This type of game is offered solely by Tribal gaming establishments.

Lottery - A drawing, or multiple drawings of lots in which prizes are distributed to the winners among persons buying a chance. This can take the form of traditional draw games, instant scratch games, or other forms distributed either via physical sales or through the internet, depending on the regulatory framework of the market.

Traditional Skill Games - Traditional Skill is the term used within the industry to refer to games such as Poker and Blackjack, where both random chance (drawn cards) and player decisions (hold/draw, hit/stand) impact the game's return. For regulatory purposes, these Return to Player (RTP) for these games are calculated at optimal strategy, assuming that the person playing the game knows how to play and could play with knowledge of the optimal choice at any stage of the game.

Modern Skill Games - Modern skill games, as opposed to their traditional skill counterparts, are based predominantly on player skill. This type of game is something you might see in a classical arcade. Games where player ability determines the game outcome. These types of skill are often classified as Mental Skill, or Physical Skill, and include game types that test player knowledge (Trivia), reflexes (First Person Shooters, Platformer Games), or strategies such as pattern recognitions or matching/merging games. Some games even incorporate multiple skill aspects, such as a game requiring the answering of a trivia question (mental) from a grid of randomly arranged letters with a set time limit (reflexes). Although impacted by player skill, these games can range from having a very low return to unskilled players, to not much impact being affected by player skill and this would all be dependent on the game's math model. Recently, new types of games have been proposed where players can compete against each other in a peer to peer contest of skill where the house takes a rake.

Raffle - Raffle games are those where a player purchases one or more tickets from a finite pool of outcomes, which will later be chosen from to determine a winner. Raffles are a traditional form of charitable gaming, and commonly held at charity events or sporting events where a portion of the proceeds is given to the holder of the winning ticket, and the rest given to charity. These games can be held either via paper Raffle tickets, or via a digital means where the tickets sold, and those voided when not sold are maintained by an electronic system which facilitates the draw, and prize display.

Bingo - Bingo is a time-honored game most often seen as a part of a charitable organization's fundraising efforts. However, there are markets that allow for bingo parlors to operate as gaming establishments using either paper cards and daubers or electronic bingo cards with full-blown random number generation systems. Each market's legislation defines the types of Bingo allowed.

Finite Pool Games - Finite pool games, such as Pull-tabs are games where the entire set of game outcomes and prizes are determined ahead of time and put into a pool of game outcomes from which game results are pulled. These games exist both in physical form, similar to instant scratch off tickets, or in electronic form in electronic pull-tab devices. The regulation of the allowed prizes, pools, and presentation are determined on a market by market basis.

Historical Horse Racing

Summary – Historical Horse Racing (HHR), is a gaming form whereby a player can place a pari-mutuel wager on the results of one or more randomly chosen historical horse races. Races are randomly chosen from the game library after money is placed into the machine, and the player is presented with the odds for the race(s), but no other information that could be used to identify the race. After the player makes their selections, the results of the race are displayed to the player along with the outcome of their bet. In some markets, the actual race footage is displayed, where in others a graphical representation is used. Some markets even allow for a graphical slot machine display, where the winnings are shown as the result of a reel combination. The allowed bet and display methods, as well as the legal standing of this form of gaming are set on a market by market basis.

Charitable Gaming

Summary – Authorized operators of charitable gaming, and what type of charitable gaming allowed vary between markets. Normally charitable gaming is limited to non-profit organizations such as churches, veterans' associations, and other charities; however, some markets allow for other organizations to hold charitable events for specific purposes with authorization. Bingo, Raffles, and Casino Nights are some examples of the types of gaming offered, but the list of available games is defined in each states' law regarding charitable gaming operation along with any limitations, participation, or taxation requirements.

Sweepstakes

Summary - A sweepstakes is similar to a lottery game where the outcome is determined at least in part on the basis of chance, but the element of consideration, or value, is removed. A sweepstakes cannot require a participant to give something of monetary, or other value in return for a chance to win a prize. The definition of what constitutes "value" is defined on a jurisdiction by jurisdiction basis. Sweepstakes are legal in most markets, but the operation of sweepstakes parlors or internet sweepstakes are prohibited in many markets.

Skill Based Amusement Game

Definition - A Skill Based Amusement Game is a game played in exchange for a thing of value on an electrical gaming device in which the skill of the player (skill level, strategy, etc.) rather than chance is the primary factor in determining the outcome, where the successful outcome of the game results in an awarded prize or other thing of value. The allowance and regulation of this type of gaming is handled on a market by market basis.

THE IMPORTANCE OF REGULATION

Strong Gaming Policy Can Maximize the Benefits of Gaming While Controlling Social Harms

An effectively designed gaming policy can build an industry that produces substantial benefits while also implementing controls that prevent potential adverse effects of gaming and creating a safety net for the vulnerable that may experience problems with gambling activity. Modern and internationally accepted models of best practices of gaming regulation offer the following six areas of attention:

- Standards of facility and operational quality should ensure that the gaming operation fulfills the public purpose for which gaming was authorized.
- The owners, vendors, managers, employees, and sources of finance should be free from any inappropriate past or present associations and behaviors and uphold high ethical standards.
- The gaming operators should possess sound operational and financial controls.
- The games offered should be fair, honest, and operate with a high level of security and integrity.
- All fees, taxes, and related payments should be appropriately accounted for and paid.
- Controls should be in place to protect the vulnerable.

If implemented with an attention to transparency regarding the economic issues that have a critical impact on gaming in a jurisdiction, a strong regulatory framework can define sufficient power, authority, and resources to provide the State with access to the critical data needed for effective regulatory oversight. For instance, below are some key indicators integral to a regulated gaming environment:

- gaming revenue;
- visitation rates;
- win per device (traced to each individual device);
- player tracking data;
- total investment in gaming properties;
- data relating to player protection or responsible gaming programs;
- hold percentages on gambling games; or
- winnings paid to players.

A strong regulatory framework also allows the regulatory body to monitor and address signs of money laundering and organized crime, as well as the ability to fully leverage the economic impact of the gaming industry and foster a positive view of the gaming industry to the public.

Quality Gaming Operators Want Good Regulation

While the adverse impacts of not adopting a strong regulatory framework are clear, it is also important to understand that high quality gaming operators support sound regulation. Without such regulation, all operators are judged by the worst among them. One bad apple can sour the public perception for the entire industry, and when the public becomes concerned about the integrity of any gaming operation in a jurisdiction, all operators feel the negative impact on their business.

These sentiments are consistent with the position of high-quality gaming operators globally. A report commissioned by AGA and facilitated by Big Four accounting and consulting firm, Ernst & Young LLP found that that casino gaming companies have significantly boosted their investment and vigilance to combat money laundering and terrorist financing in compliance with the federal Bank Secrecy Act (BSA) and associated AML regulations.^[1] It also finds that the industry has implemented a sweeping series of customer due diligence procedures to monitor illicit behavior, and has considerably increased the number of Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs) filed with the federal government.^[2]

In commenting on the report, former AGA CEO, Geoff Freeman said, “Gaming sets the standard for maintaining a strong culture of compliance through vigilant reporting, unprecedented investment in anti-money laundering compliance programs and a strong partnership with the federal government. The casino gaming industry is dedicated to preventing money laundering, and this report proves it.”^[3]

Moreover, Thomas Roche, Partner, Ernst & Young LLP, and the EY Global Gaming Services Leader remarked that “In an environment where AML compliance is of paramount importance to the gaming industry, stakeholders have made great strides in preventing and detecting illicit behavior. These increased efforts have been acknowledged by regulators and law enforcement agents. Most regulators and officials we spoke with noted that casinos have improved the overall quality of regulatory filings pertaining to AML and continue to aid law enforcement investigation efforts.”^[4]

The industry’s sentiment about regulation is perhaps best summarized by this passage from an AGA report on improving regulation, “Effective regulation is a cornerstone of the commercial gaming industry. It assures customers that the games are fair and assures communities that casino managers and owners are trustworthy.”^[5]

[1] [“Investing in America’s Financial Security: Casinos’ Commitment to Anti-Money Laundering Compliance.” American Gaming Association, January 2016.](#)

[2] [“Investing in America’s Financial Security: Casinos’ Commitment to Anti-Money Laundering Compliance.” American Gaming Association, January 2016.](#)

[3] Id.

[4] Id.

[5] [Improving Gaming Regulation, American Gaming Association White Paper, October 1, 2011.](#)

Gaming has an impact well beyond the establishments.

It is also important to remember that nearly every jurisdiction in the world considers gaming to be a privilege. Thus, gaming licenses are a valuable government asset that should be issued in accordance with carefully considered strategic objectives to advance the public policy chosen by the jurisdiction. These public policies vary greatly but a few considerations include:

- Promotion of tourism;
- Increasing employment;
- Generating public revenue (often for specific causes such as education, tourism or infrastructure);
- Increasing capital investment and ancillary economic activity;
- Infrastructure improvement;
- Redevelopment of blighted or environmentally damaged areas; and
- Providing resources to combat illegal gambling and treat/prevent problem gambling.

Some jurisdictions will incorporate many of these goals into a comprehensive strategy while others focus on just one or two. However, the execution of any strategy demands a fully independent regulatory agency to administer a well-defined licensing policy. The policies should be supported by an oversight effort that provides full transparency into the development and operation.

A strong regulatory framework in turn supports the ability to create a strong, high quality market that is sustainable and creates a diverse set of jobs. For example, the following chart from the American Gaming Association shows a wide array of industries and professions impacted by the gaming industry:



Example Regulatory Differences

Stand Alone vs Client/Server – In both the land-based casino and distributed markets, gaming devices can be classified into several types. Depending on the regulatory structure adopted, these types of implementation could be available.

Stand Alone – Stand alone gaming devices are just that. They are able to function on their own, with all of the logic and calculations contained within the gaming device itself. This is the most common form of gaming device found in casinos.

Server Supported – A server supported game implementation one where the gaming devices rely upon a connected server in order to download and configure the gaming device's software, but once that setup is complete are able to act independently. Game outcome generation is still handled by the gaming device hardware.

Server Based – A Server Based game is one where the critical functionality of the game is all contained on the gaming system, and the gaming devices themselves act as a client to interact with the server. The portion of the game software on the client device can vary; from programs almost as robust as those in stand alone devices which take their game results from the server and then perform all of the operations to display the outcome to the player – to thin client solutions where the user is viewing the software on the server through an interface.

iGaming v Land Based – While some components of gaming transcend the channel through which they are made available, there are several very critical distinctions between them that are important to note. The most notable of these are the practices necessary to ensure that participants in gaming activity are legally able to do so. For land-based gaming this is easily done by the operator offering games. When a patron enters the casino, the operator can check their ID and verify they are old enough to gamble. In iGaming those operational controls are handled by technical controls which is where Know Your Customer (KYC) rules come into place. Also, vitally important is knowing that that player logging in to play is actually located within the borders of the state, since internet gaming is limited to each state's borders. Geolocation services help answer this question.

KYC(Know Your Customer) – There are several known KYC companies out there that make it their business to provide skillful and prompt identity verification services to internet gambling providers. These companies are third party providers and are usually tied into the iGaming platform for account registration. This service allows the operator to have a dependable source to validate that people who create an account to gamble on their servers are of age and legally allowed to participate in gaming activities.

Geolocation – Since all gaming within a market is required to take place from within that market's geographical boundaries, and sometimes even more specific boundaries, the ability to verify someone's location as being within the allowed area is critical. Geolocation services are available that can dynamically determine a player's location and communicate that information to the operator. For example, the District of Columbia prohibits bets from being placed on Federal land. So, in order to place a bet within the District, the user's location has to be precisely mapped to ensure that they cannot place a bet in a restricted area. Other markets have implemented specific time intervals at which a player's location has to be verified, and this interval may change based on a player's location. For example, when within 5 miles of the state border, the player's location has to

be checked more frequently to ensure that they are unable to place a bet after they have crossed over into another jurisdiction.

Change management – In a traditional gaming device based implementation, all changes and updates follow a process where certification is required prior to installation in the field. When issues are discovered or changes requested, any affected devices can be disabled, and waiting on the testing and certification of the new product has a limited impact on the operation as a whole. For iGaming implementations, this is not the case. Since the software is shared by all users, removing or disabling any critical components could shut down the entire operation. Since this is not a reasonable solution and the mobile and web-based industry relies on the ability to make changes in a quick and frequent manner, alternate change management plans are necessary to be established. In one method, changes are classified based on both criticality and impact, and the certification and installation requirements adjusted accordingly. For example, fixes to critical systems are usually allowed to be made to the live system before certification by an independent test lab so the issue can be removed from the live system. Testing and certification by a lab is done either in parallel or after the fact, and some classifications are only required to be verified on a periodic basis.

Visit the links below for additional information and visual graphs:

[Gambling Sources \(United States & Canada\)](#)

[Legal Forms of Gambling in Surrounding Western States](#)

INTRODUCTION TO WYOMING GAMING

In Wyoming, gambling is prohibited except in certain circumstances. Gambling is defined in statute as “risking any property for gain contingent in whole or in part upon lot, chance, the operation of a gambling device or the happening or outcome of an event, including a sporting event, over which the person taking a risk has no control”[1] The following forms of gambling have been legalized in Wyoming through an exception, tribal-state compact, or changes in state law.

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As the gaming industry evolves and grows in Wyoming we always need to be mindful of the consequences and our surrounding ecosystems. First, the gaming industry is in constant change, the technology and media in which it is presented is in perpetual motion and requires constant monitoring and upgrading. Additionally, the regulators need to be flexible and fluid in their regulation making changes as technology races forward. There is a need for safeguards, and all parties need to be focused on providing clear and effective regulation. Second, the cannibalization of the current and productive gaming programs in Wyoming is a concern, the fact remains that Wyoming citizens only have so much disposable income. Any additional expansion in gaming has the potential to only split the pie into smaller pieces, therefore reducing what is currently productive and benefiting our state.

Click on the link below to view our interactive map of all gaming locations within Wyoming. Additionally, there is a “How To” tutorial so you can better understand how to use our mapping tool.

[Interactive Map of Wyoming Gaming Locations](#)

[YouTube - Wyoming Gaming Commission](#)

[1] W.S. 6-7-101(a) (iii), ([Exhibit B, Appendix](#))

Historic Horse Racing



HISTORIC HORSE RACING (HHR)

Historical Horse Racing was originally intended to provide a three-pronged approach and benefit to the State of Wyoming. In 2019 HEA119 amended the original legislation adding the "*Legislative Stabilization Reserve Account*" as another beneficiary of the wagering activity.

1. Benefit and provide a revenue stream for the horse racing industry fostering more racing days in Wyoming (Tourism).
2. Provide an incentive to Wyoming Bred Horses and horsemen (Agriculture).
3. Provide a revenue stream to local municipalities (City/County Funding).
4. Provide revenue to the LSRA (State Funding).

A recent study ([*"The Impact of the Pari-Mutuel Industry to Wyoming", Roger Coupa/, Agricultural and Applied Economics University of Wyoming-February 21, 2020, pl 2*](#)) indicates that the pari-mutuel industry is an integral part of the Wyoming economy. With three live racing facilities, simulcasting and historic racing operations as well, the industry is an important factor in the State's diversification strategy as framed by ENDOW. ([*Exhibit E*](#))

- Historic Horse Racing (HHR)
 - **Wyoming Downs 9 locations**
PariMax Wagering System 671 approved games
551 games on site
 - **Wyoming Horse Racing 8 locations**
Exacta Wagering System 590 approved games
496 games on site

With 17 state wide locations currently operating offering 1,047 terminals and an annual wagering activate (handle) in 2019 of just over seven hundred and ninety three million dollars (\$793,477,137.10). ([*Exhibit D Wyoming Gaming Commission Annual Report, pl./-p20, Appendix*](#))

Historic Horse Racing Wagering Activity

	2020*	2019	2018	2017
Total Handle (Wagers)	\$353,204,376.00	\$793,477,137.10	\$570,598,999.60	\$420,210,518.05
Breakage to Pennittees	\$295,327.26	\$822,735.90	\$773,269.80	\$592,010.62
State Commission	\$883,010.94	\$2,915,737.75	\$2,852,995.00	\$2,101,052.59
Breeder Award	\$1,412,817.50	\$3, 173,908.54	\$2,282,396.00	\$1,680,842.07
City/County	\$3,532,043.76	\$7,934,771.37	\$5,705,989.99	\$4,202,105.18
LSRA Fund**	\$883,010.94	\$1,051,647.93		
Returned to the Public	\$322,623,096.94	\$525,61,688.77	\$525,61,688.77	\$387,264,463.28

*January 1, 2020 - July 31, 2020

**LSRA Fund: Legislative Stabilization Reserve Account Started July 1, 2019

Historic Horse Racing Tax Comparison by State

Wyoming	1.9% of the total handle
Kentucky	1.5% of the total handle
Virginia	1.25% of the total handle
Oregon	1.9% of the total handle

Historic Horse Racing Summary 2019

Total Handle Historic Horse Racing	\$793,477,137.10
Total Payout - Return to Public	\$732,490,633.51
Total Takeout	\$59,076,321.83
Total Breakage	\$822,135.90
Total Breeders Award Fund	\$3,173,908.54
Total LSRA Fund	\$1,051,647.93
Total State	\$2,915,737.75
Total City/County	\$7,934,771.37

Historic Horse Racing Summary 2020 January 1, 2020 - July 31, 2020

Total Handle Historic Horse Racing	\$353,204,376.00
Total Payout - Return to Public	\$322,623,096.94
Total Takeout	\$29,036,078.83
Total Breakage	\$295,327.26
Total Breeders Award Fund	\$1,412,817.50
Total LSRA Fund	\$883,010.94
Total State	\$883,010.94
Total City/County	\$3,532,043.76

Tax Distribution Method

Pursuant to W.S. 11-25-105. Pari-mutuel permits; fees and reports; disposition of funds; enforcement of provisions.

- (b) Every Wednesday following any pari-mutuel event, the permittee shall:
- (i) File a report with the commission showing the total amount of money wagered during the period;
 - (ii) Pay an amount equal to one-quarter percent (1/4%) of the total amount wagered attributable to historic pari-mutuel events and one and one-half percent (1 1/2%) of the total amount wagered attributable to live pari-mutuel events, shown by the report to the commission, to be credited by the state treasurer to a separate account, in the manner indicated in subsection (d) of this section;
 - (iii) Pay an amount equal to one percent (1%) of the total amount wagered attributable to historic pari-mutuel events, shown by the report to the commission, to be transferred by the commission to the county and the city or town in which the permittee is located, in equal shares, or to the county alone if the permittee is not located within the boundaries of a city or town. The county, city or town receiving an amount under this paragraph may credit that amount to the state fair account upon a majority vote of the county's, city's or town's governing body; and
 - (iv) Pay an amount equal to one-quarter percent (1/4%) of the total amount wagered attributable to historic pari-mutuel events, shown by the report to the commission, to be credited to the legislative stabilization reserve account.
- (j) As a condition of receiving a pari-mutuel pennit, the permittee shall agree to and shall contribute to the breeder award fund administered by the commission an amount equal to four-tenths of one percent (0.40%) of the total handle wagered during the pari-mutuel event and an additional sum equal to twenty percent (20%) of the additional amount retained pursuant to subsection (c) of this section on multiple or exotic wagers. The contribution shall be derived from the net proceeds of the race meet revenues, other than the permittee's share of the pari-mutuel wagering handle. Contributions shall be used only for breeder awards.

Visit the links below for additional information and visual graphs:

[Exhibit D, Wyoming Gaming Commission Annual Report, Appendix](#)

[WGC Approved Historic Horse Racing Operators & Locations](#)

[Jan 1 - Dec 31, 2019 Historic Horse Racing Totals](#)

[Jan 1 - July 31, 2020 Historic Horse Racing Totals](#)

[Wyoming 2019 Historic Horse Racing Handle By Location](#)

[Wyoming 2020 Historic Horse Racing Handle Through 7-31-20 By Location](#)

Skill Based Amusement Games



SKILL BASED AMUSEMENT GAMES (SBAG)

The commission has authorized 306 statewide locations offering 836 terminals. From May 11, 2020 to August 2, 2020, the total net proceeds for SBAG's of over \$3.8 million dollars translates into \$763,324.19 dollars in tax revenue (20% taxation of the net proceeds).

Timeline of Events

March 17, 2020, Governor Mark Gordon signed into law HEA95. This created the basic regulatory framework for oversight of Gambling in the State of Wyoming (exclusive of the lottery) while repurposing the Pari-Mutuel Commission into the newly formed Wyoming Gaming Commission.

Phase One: Within sixty (60) days of the effective date the newly formed Gaming Commission shall approve qualified SBAG's that met the requirements of HEA95. Additionally, the approved games shall receive an authorization decal prior to being allowed to continue operation.

Phase Two: Promulgate the rules and regulations where necessary, provide the gaming report (September 1, 2020, deadline) as requested in HEA95 Section 5. Continue to monitor, tax and regulate all SBAG's in Wyoming.

Skill Based Amusement Games Tax Comparison By State

Wyoming	20% of the net proceeds
Arkansas	18% of the net proceeds
Virginia	\$1,200.00 per terminal per month

What is a SBAG?

HEA95 Section 1(p)(v) "Skill based amusement game" means a game played in exchange for consideration of cash, credit or other thing of value on a fixed, commercial electrical gaming device in which the bona fide skill of the player, determined by an individual's level of strategy and skill, rather than any inherent element of chance, is the primary factor in determining the outcome and for which the player may be awarded a prize or other thing of value for a successful outcome.

Tax Distribution Method

HEA95 Section 1.

(m) Taxes shall be calculated and paid on a weekly basis based on the net proceeds earned during the prior week on skill based amusement games. On a weekly basis, an operator shall remit to the commission an amount equivalent to twenty percent (20%) of the net proceeds earned during the prior week on the operator's skill based amusement games. The commission shall deposit these monies to the commission gaming account. The commission shall report on amounts received under this subsection to the joint appropriations committee quarterly. Once the commission gaming account reaches one million dollars (\$1,000,000.00), on a weekly basis, an operator shall remit to the commission an amount equivalent to twenty percent (20%) of the net proceeds earned during the

prior week on the operator's skill based amusement games and of the twenty percent (20%), the commission shall remit these monies to the state treasurer for distribution as follows:

- (i) Forty-five percent (45%) to the county and the city or town in which the skill based amusement game is located, in equal shares, or to the county alone if the skill based amusement game is not located within the boundaries of a city or town;
- (ii) Forty-five percent (45%) to the school foundation program account;
- (iii) Ten percent (10%) to the commission gaming account.

Regulatory Framework Considerations

It is important to provide the industry with clear guidance and to create a more efficient process by automating certain regulatory controls. Additionally, the adverse impacts of not adopting a strong regulatory framework are clear, and it is important to understand that high quality gaming operators are accustomed to and support sound regulations.

- Wagering of any kind with an unlicensed entity, it should be unlawful.
- All employees who are directly involved should be issued an occupational license.
 - o Fingerprints should be required for all occupational licenses.
 - o Background requirements for licenses should be incorporated.
 - o Tax and credit checks should be required for key employees requiring licensure.
- Allow existing licensed facilities that currently house racetracks, or simulcast off-track betting to be eligible to apply. These are natural and logical locations that currently have the expertise to attract wagering activity.
- It should be illegal for an underage person to place a bet.
 - o The legal age limit is currently 21 for "Skill Based Amusement Games".
 - o The legal age limit is currently 18 for "Pari-Mutuel Events" to include Historic Horse Racing.
 - o The legal age limit is currently 18 for "Lottery".
 - o Determine age requirements that are consistent for all wagering activities.
- Require age and location verification designed to block access to underage persons.
- Servers used in conjunction with a location should be located in a secure location on site of the licensee or in a location authorized by the Commission. Servers and betting information shall be accessible to the Commission employees at all times.
- All licensees should be subject to strict continuing qualification requirements including integrity and lawful conduct.

Regulatory Oversight

- Empower the Commission to promulgate rules and regulations.
- Authorize the Commission to hold hearings and to fine, suspend or revoke licenses.
- Licensees should be subject to strict suitability and qualifications criteria.
- Self-Exclusion/Problem Gambling
- Ensure Safe and Secure Environment.
- Network security and integrity controls shall follow industry-established standards, review, and approve minimum internal and operational control standards.

Visit the links below for additional information and visual graphs:

[Wyoming 2020 Skill Based Amusement Games Tax Revenue By Location](#)

[Skill Based Amusement Games Tax Revenue By Wyoming City/Counties](#)

[Tax Revenue Skill Based Amusement Games: For Establishments in Wyoming Counties Only](#)

[Top Ten Cities Skill Based Amusement Games Tax Revenue](#)

[Tax Revenue from Skill Based Amusement Games](#)

[Skill Based Amusement Games Top 10 Tax Generated Revenues By City](#)

[WGC Commission Approved Skill Game Operators & Establishments](#)

Video Game Terminals



VIDEO GAMING TERMINALS

Video Gaming Terminals, Video Lottery Terminal, or Video Slots, is a type of electronic gambling machine. They are typically operated and situated at licensed establishments such as bars or restaurants. VLT's typically feature a selection of multiple games, primarily video slot machines and keno. Each terminal is connected to a centralized computer system that allows the jurisdiction to monitor gameplay and collect its share of revenue. The outcome of each wager on a VLT is random. A minimum percentage payout usually is written into that jurisdiction's law. That percentage is realized not by manipulation of the game, but by adjusting the expected overall payout.

In some jurisdictions, VLTs do not contain a random number generator, and display results from a fixed pool controlled by the central system (in similar fashion to scratch-off lottery tickets).

Limitations and restrictions; what separate VGT's from other forms of casino gaming is the restrictions placed on them by the jurisdiction. Typically, there is a limit to the number of terminals, venue types, bet limits, and jackpot limits just to name a few.

Nine states have legalized VGT's operating in small quantities in venues like bars, restaurants, convenience stores, liquor stores, fraternal organizations and truck stops. The nine states represent just under \$6.0 billion dollars in gross gaming revenue.

Tax Comparison by State

Georgia	45% owner/45% operator	State 10%
Illinois	33% owner/33% operator	State 34%
Louisiana	67.5%-74% owner/operator	State 26%-32.5%
Montana	85% owner/operator	State 15%
Oregon	27% owner/operator	State 73%
Pennsylvania	15% owner/33% operator	State 52%
South Dakota	50% owner/operator	State 50%
West Virginia	50% owner/operator	State 50%

Based on Gross Gaming Revenue (GGR)=Amount Wagered Winning Payouts.

The VGT market is routinely referred to as route gaming, distributed gaming, or retail gaming where the operator is responsible for the installation, maintenance and operation of the terminals. Typically, this is self-service wagering where there are redemption devices as well as cash management services provided via kiosks or other similar devices.

South Dakota; South Dakota became on October 16, 1989, the first state to adopt VLTs. In a unique arrangement with private industry, the machines are owned by private companies but monitored by the South Dakota Lottery via a centralized computer system that assures the integrity of the games. South Dakota imposes a substantial tax on the net income (gross income minus player winnings) of the games.

Montana; In Montana, VLT-type poker, keno and bingo machines are legal to operate in the private sector.

Keno and Bingo machines were first introduced in Montana in 1975. Although subject to legal challenge, these machines were deemed legal in 1976 after the Montana Supreme Court ruled in favor of Treasure State Games, a private company that brought the first games of this type to the state. (See justia.com - *Treasure State Games v. State of Montana*)

Unlike in other states, the gaming devices are not under the jurisdiction of the state lottery. In 2011 the state legislature added another class of games, so-called "line games", to the list of approved games.

All establishments licensed for the on-premises consumption of alcohol within the state of Montana are allowed to operate such machines provided they have the correct permits. In addition, there are some Montana establishments (such as some truck stops) that do not possess "on-sale" licenses but hold "grandfather" licenses allowing them to operate gaming machines. The maximum prize awarded on these machines is \$800, with a maximum bet of \$2 per hand.

Oregon and South Dakota currently employ Class III gaming technology (incorporating a random number generator) into their VLT games. Oregon's VLT program was modeled upon those deployed in Canada. The devices operated in Montana are also Class III machines, but as they are not connected to the Montana Lottery are technically not "video lottery terminals". This means that unlike any of the Class II states (which have a fixed number of winners, analogous to scratch cards), Oregon and South Dakota lottery players compete against a house edge rather than other lottery players. This is the same type of gaming offered in Nevada, Connecticut and Atlantic City, New Jersey as well as in the majority of tribal casinos. Currently, the state of Oregon offers its players a 91-95% payout on each of its games. South Dakota and Montana law specifies that payouts must be greater than 80%, although in reality actual payouts in these two jurisdictions are around 88-92%.

Regulatory Framework

As always, it is important to provide the industry with clear guidance and regulatory controls. The adverse impacts of not adopting a strong regulatory framework are clear, and it is also important to understand that high quality gaming operators are accustomed to and support sound regulations. If authorized, the commission would need to promulgate rules similar to other jurisdictions prior to allowing wagering activity that are consistent with other high volume wagering environments.

- Wagering of any kind with an unlicensed entity, it should be unlawful.
- All employees who are directly involved should be issued an occupational license.
 - Fingerprints should be required for all occupational licenses.
 - Background requirements for licenses should be incorporated.
 - Tax and credit checks should be required for key employees requiring licensure.
- Allow existing licensed facilities that currently house racetracks, or simulcast off-track betting to be eligible to apply. These are natural and logical locations that currently have the expertise to attract wagering activity.
- It should be illegal for an underage person to place a bet.
 - The legal age limit is currently 21 for "Skill Based Amusement Games".
 - The legal age limit is currently 18 for "Pari-Mutuel Events" to include Historic Horse Racing.
 - The legal age limit is currently 18 for "Lottery".
 - Determine age requirements that are consistent for all wagering activities.
- Require age and location verification designed to block access to underage persons.
- Servers used in conjunction with a location should be located in a secure location on site of the licensee or in a location authorized by the Commission. Servers and betting information shall be accessible to the Commission employees at all times.
- All licensees should be subject to strict continuing qualification requirements including integrity and lawful conduct.

Regulatory Oversight

- Empower the Commission to promulgate rules and regulations.
- Authorize the Commission to hold hearings and to fine, suspend or revoke licenses.
- Determine what type (wagers types) of wagers are authorized.
- Licensees should be subject to strict suitability and qualifications criteria.
- Self-Exclusion/Problem Gambling
- Ensure Safe and Secure Environment.
- Network security and integrity controls shall follow industry-established standards, review, and approve minimum internal and operational control standards.

Visit URL link below for additional information:

[Golden Entertainment Wyoming Distributed Gaming Market Analysis August 2020](#)

Sports Wagering



SPORTS WAGERING

In June of 2018, the United States Supreme Court issued a 6-3 decision to strike down the Professional and Amateur Sports Protection Act of 1992 that prohibited commercial sports betting, except for in a few states, stating that the Act violated the 10th Amendment of the U.S. Constitution. The ruling by the Supreme Court opens the door for individual states to form laws on regulating bets placed on professional and amateur athletic games. The ruling allows the legislature to pass statutes that would legalize sports betting.

Wyoming's regulated sports wagering market is estimated at over \$449 million dollars ([*"Economic Impact of Legalized Sports Betting", Oxford Economics, p65*](#)) in wagers annually, most of which will likely come from the conversion from the illegal market.

The complexity of sports betting and the need for safeguards calls out to regulators to have a clear understanding and path moving forward. Therefore, whoever regulates the industry needs to be staffed with knowledgeable employees that have the willingness to approach the task with an open mind while embracing the technological advances. The legislature needs to contemplate what form of sports betting is offered and is it in the form of a brick and mortar facility, online or both. The approach that seems to resonate throughout is a competitive market that draws from all stakeholders when addressing how to manage it and bring sports betting to fruition. It is important to maximize the program in a way that encourages competition while protecting our citizens and benefiting the state of Wyoming.

Regulatory Framework Considerations

Regulatory frameworks are intended to provide guidance to the providers and confidence to the wagering public, as public confidence in gambling goes up, so will the wagering activity. Most all high quality gaming operators are accustomed to and welcome sound regulations.

- Tax set between 6.5% and 16% of the Adjusted Gross Proceeds (AGP) or of net revenue (bet-payout). A lower taxation structure will draw customers into your market, if the tax is set too high, it will discourage players from moving into the regulated market. Additionally, there is the black market concern, most players are not aware of this, however it is the goal to draw those individuals into the legal market while building integrity and tax dollars.
- Colorado's taxation is 10%, Nevada is 6.75% or New Jersey 9.75% land-based and 14.25% online or mobile.
- Wagering of any kind with an unlicensed entity, it should be unlawful.
- All employees who are directly involved in the sports betting industry should be issued an occupational license.
 - o Fingerprints should be required for all occupational licenses.
 - o Background requirements for licenses should be incorporated.
 - o Tax and credit checks should be required for key employees requiring licensure.
- Allow existing licensed facilities that currently house racetracks, or simulcast off-track betting to be eligible to apply for sports betting license. These are natural and logical locations that currently have the expertise to attract wagering activity.
- It should be illegal for an underage person to place a bet.
 - o The legal age limit is currently 21 for "Skill Based Amusement Games".

- o The legal age limit is currently 18 for “Pari-Mutuel Events” to include Historic Horse Racing.
 - o The legal age limit is currently 18 for “Lottery”.
 - o Determine age requirements that are consistent for all wagering activities.
- Require age and location verification (geo fence) designed to block access to underage persons and persons located out of state.
- Servers used in conjunction with a location should be located in a secure location on site of the licensee or in a location authorized by the Commission. Servers and betting information shall be accessible to the Commission employees at all times.
- All licensees should be subject to strict continuing qualification requirements including integrity and lawful conduct.

Regulatory Oversight

- Empower the Commission to promulgate rules and regulations.
- Authorize the Commission to hold hearings and to fine, suspend or revoke licenses.
- Determine what type (wagers types) of wagers are authorized.
- Prohibit bets on amateur sporting events. Consider what exceptions are acceptable.
- Minimum cash reserves.
- House rules should be reviewed and approved by the Commission.
- Ensure players rights are posted.
- Determine the criteria for which a racing licensee is eligible to apply for a sports betting license.
- Sports betting license should be subject to strict suitability and qualifications criteria.
- Satellite locations.
 - o Applicants shall be reviewed similar to all other applicants.
 - o Locations shall provide a detailed plan as provided in rules promulgated by the Commission.
- Self-Exclusion as it relates to Problem Gambling.
- Ensure Safe and Secure Environment.
- Network security and integrity controls shall follow industry-established standards, review, and approve minimum internal and operational control standards.

Sports Wagering Comparison by State

<https://www.americangaming.org/research/state-gaming-map/>

STATE	MOBILE	TAX - % OF GROSS GAMING REVENUE	REGULATOR
AR	NO	13% on the first \$150,000,000 of net gaming receipts and 20% on net gaming receipts in excess of \$150,000,00	Racing Commission
CO	YES	10%	Department of Revenue: Division of Gaming
DE	NO	N/A "Revenue Share"	Lottery
DC	YES	10% 20%**	Office of Lottery and Gaming
IL	YES	15%	Gaming Board and Gaming
IN	YES	9.5%	Gaming Commission
IA	YES	6.75%	Racing and Gaming Commission
MI	YES	8.4%	Gaming Control Board
MS	NO	11-12%	Gaming Commission
MT	NO	TBD	Lottery
NH	YES	TBD	Lottery
NV	YES	6.75%	Gaming Control Board
NJ	YES	9.75% land-based 14.25% online	Division of Gaming Enforcement
NY	NO	10%	Gaming Commission
OR	YES	N/A "revenue share"	Lottery and Tribal Gaming Commission
PA	YES	36%	Gaming Control Board

PR	YES	7% land-based 12% online	Gaming Commission
RI	YES	51%	Lottery
TN	YES	20%	Lottery
VA	YES	15%	Lottery
WV	YES	10%	Lottery

**The lottery may set a different rate with fewer operators, determined by contract with the Office of Lottery and Gaming, whichever can be shown to return the most revenue to DC

Visit the links below for additional information and visual graphs:

1. [SPORTS BETTING IN THE POST-PASPA ERA PART 1](#)
2. [SPORTS BETTING IN THE POST-PASPA ERA PART 2](#)
3. [Sports Betting and the 1% "Integrity Fee" - white paper \(BMM International, 2020\)](#)
4. [Sports Betting Principles](#)
5. [ECONOMIC IMPACT OF LEGALIZED SPORTS BETTING](#)

Regulatory Options & Considerations



REGULATORY OPTIONS & CONSIDERATIONS

As we consider the options, it is important to contemplate the costs versus the rewards and be mindful of the social implications. Due to COVID-19 any data and/or information derived from 2020 may not be a true representation of performance and future endeavors should consider those effects (HHR and SBAG). When authorizing new gaming opportunities, there will be a regulatory cost and the social concerns will follow shortly thereafter. The other issue to consider is the cannibalization of other programs that have a proven record of accomplishment and are valuable to our Wyoming economy. Any additional expansion in gaming has the potential to affect each other in a negative manner.

In recent months with COVID-19, the financial crisis, and the pace of social change we now more than ever see the importance of a sound foundation and regulatory framework. This will foster a basic condition for well-functioning agencies, societies and the promotion of our states economic growth. We can set measures that we should take to support the implementation and advancement of systemic regulatory reform to deliver regulations that meet the legislated policy objectives and will have a positive impact on the society. These measures are integrated in a comprehensive policy cycle in which regulations are designed, assessed and evaluated at all levels and supported by the appropriate institutions.

- Determine the landscape. It is impossible to provide proper regulatory review without a clear picture in sight.
- Integrate regulatory impact analysis.
- Recognize good regulation does increase public confidence.
- Public confidence will boost productivity and job creation.
- Reduce the barriers to growth.

Expansion of Gambling

The following options are being submitted in no particular order of preference.

Option 1: Skill Based Amusement Games, extend the sunset date for one to two more years (effectively pause the sunset) with a provision that authorizes new operators and establishments on a limited basis. Any further expansion should take a measured and calculated approach considering the resources of the agency and the economic viability. Additionally, all SBAG's should be required to process and report wagering activity through a central server communication system *similar to other forms of high volume wagering devices*, the system of reporting shall be approved by the commission. By doing so, it reduces the cost of regulation and monitoring wagering activity, creating an environment of accountability and integrity.

- Provide clarity in the SBAG definition.
- Limit the type of locations.
- Limit the number of locations and devices.

Option 2: The authorization of VLT's or VGT's will have a net effect on current SBAG's and HHR's. It appears the VLT/VGT market would be in direct competition. The question remains is the net effect measurable and to what extent? VLT's are cost effective to the regulator due to their connectivity and ability to process wagers effectively and properly under most all regulatory structures.

- Define the locations.

- Limit the number of locations and devices.
- Limit the amount wagered on a single play.
- Limit the total jackpot.

Option 3: The authorization of Sports Wagering (brick and mortar plus online). With an annual estimated wagering market of just over \$449 million dollars ([*"Economic Impact of Legalized Sports Betting", Oxford Economics, p65*](#)) annually, most of which appears to be coming from the conversion from the illegal market. As discussed in the "Sports Wagering" section it seems a competitive market works very well and the cannibalization of other markets may not be as noticeable.

- Clarify authorized locations (brick and mortar).

Option 4: Allowing the current HHR terminals to expand into the smaller markets (minor revisions to statutes and rules). This would create a very competitive market place between two activities (SBAG's & HHR) that are currently authorized and regulated by this agency.

- Limit and define the locations.
- Limit the number of terminals to qualify.

Additional staffing levels required by the Gaming Commission to regulate.

Wagering Activity	Comments	Staffing Considerations
Live Racing & Historic Horse Racing , expansion to live racing and the OTB network.	2020-2021 expansion of racing and wagering activity will require additional staffing (limited staffing currently). Expand on the current HHR model encompassing smaller markets 4 terminals or less.	+4-deputy director, inspectors, accounting, and track officials.
Skill Based Amusement Games , currently and in the future.	2020, 306 establishments statewide with over 800 machines . An open market would create an expansion to well over 1,000 establishments and 4,000 machines. To reduce the cost of regulation a central server reporting system should be required similar to other high volume wagering activities.	++6-deputy director, inspectors, and accounting
Video Gaming Terminals	VGT's are central server and reporting system based, similar to other high volume wagering activities.	+6-deputy director, inspectors, and accounting
Sports Wagering , brick and mortar plus online.	Automated reporting and server based systems of reporting. Similar to other high volume wagering activities.	+4-deputy director, inspectors, and accounting

Skill Based Amusement Games.

HEA95 provided two (2) definitions for a skill based amusement game. HEA95 Section 1 (p)(v) "Skill based amusement game" means a game played in exchange for consideration of cash, credit or other thing of value on a fixed, commercial electrical gaming device in which the bona fide skill of the player, determined by an individual's level of strategy and skill, ***rather than any inherent element of chance, is the primary factor*** in determining the outcome and for which the player may be awarded a prize or other thing of value for a successful outcome.

Section 2 adds a new definition to W.S. 6-7-101 (a)(xiii) "Skill based amusement games" means a game played in exchange for consideration of cash, credit or other thing of value on a fixed, commercial electrical gaming device in which the bona fide skill of the player, determined by an individual's level of strategy and skill, ***is a factor*** in determining the outcome and for which the player may be awarded a prize or other thing of value for a successful outcome.

Optional thoughts and considerations.

- What is "skill"? In addition, to what extent is it required? "Ordinary Skill" The skill of a typical person who performs a given task or job. *Black's Law Dictionary*.
- What is considered a "Successful outcome"? To what extent is an outcome considered successful, is it winning a penny, or a dime, or a profitable return on the winning wager(s)?
- Define "Manufacture", authorizing a licensing requirement.
- The Manufacture shall provide for the nationally recognized, independent gaming laboratory report, approved by the commission.
- Allow for flexibility in the payment of taxes (prepayment).
- Consider reviewing the age restrictions for all types of gaming, Pari-Mutuel "no one under 18", Lottery "no one under 18", Skill Based Amusement Games "no one under 21". Consistency in regulation is important to the success for the program.
- Cashless wagering.

Wyoming Gaming Commission and Child Support Collaboration:

The Wyoming Gaming Commission (Commission) recognizes the need for the gambling industry to assist in the protecting the general welfare of the people of the State of Wyoming. Beginning in 2016, the Commission began working in conjunction with the Wyoming Department of Family Services, Child Support Program (DFS), and two (2) agencies identified a possible solution to assist in the collection of delinquent child support proceeds. Precedent is set for this proposed solution as the Wyoming Lottery already intercepts child support.

The proposed topic and statutory change was placed on the Joint Judiciary Committee's list of interim topics, and gained a lot of support. During the final meeting of the interim session many permittees raised safety concerns related to the intercept of child support, and ultimately the draft bill failed to receive enough votes to move forward as a committee bill. The Commission and DFS decided at that time to continue to work together and pursue legislation through an individually sponsored bill when the timing seemed appropriate. The Commission and DFS believe now is a

good time to move this idea forward.

With a more encompassing Legislative approach, Wyoming would join several other States that have deemed it necessary to include at a minimum Lottery and Pari-Mutuel Wagering. The Commission also believes it would be appropriate to consider further discussion on including all gambling proceeds within the State of Wyoming in the intercept program.

Because Pari-Mutuel Wagering is primarily a cash business the best way to initiate the proposed intercept program is when an IRS W-2G form is generated. The proposed process and cost for the intercept is as follows:

- Before making a payment to a winner, the Permittee shall obtain the name, address, and social security number of the winner from the IRS W-2G form.
- Once the above information is received the permittee shall access the DFS web portal.
- The Permittee accesses the portal to determine whether the winner is listed in the child support database for past due child support.
- If the winner is not listed in the database or if the Permittee is unable to access the portal after attempting in good faith to do so, the Permittee may make the payment to the winner.
- The DFS web portal will indicate if the winner is listed in the registry. A letter will be made available to give to the winner with contact information for the Child Support Program. The Permittee can refer the winner to DFS if there are any questions.
- The portal will also indicate for the Permittee the amount of the past due child support. The Permittee shall withhold from the amount of payment an amount equal to the amount past due child support. If the amount of the winnings is less than or equal to the amount of the past due child support, the Permittee shall withhold the entire amount of the winnings. The Permittee shall refer the winner to DFS.
- The database will be protected using standard IP security protocols. Access will be limited.
- Within forty-eight (48) hours after withholding the winnings, the Permittee shall send the amount withheld to the DFS Child Support Program.
- Cost: DFS already built a portal for Wyolotto and designed a mock portal for the Pari-Mutuel interface using the Wyolotto model. The ongoing cost is approximately \$30 a month which will be paid for by DFS.

The Commission and DFS are offering to work collaboratively with the Permittees (WY Downs LLC and WY Horse Racing LLC) to solidify a plan to address the safety concerns of staff and customers.

The Commission and DFS are also able to conduct a pilot project to test the matching of winners with the child support database to estimate how much in money could be intercepted from winnings and paid towards past due child support.

CLOSING

Gaming and gaming regulations are very complex, and the landscape is evolving day by day and minute to minute. As regulators and policy makers, we need to be mindful of the social and economic implications and proceed with caution.

In all forms of regulation, it is important to provide the industry with clear guidance and to create a more efficient process of certain regulatory controls. The commission will continue to evaluate its regulatory process providing guidelines and regulations that are developed in a transparent manner that are consistent with industry standards. The Wyoming Gaming Commission is committed to the protection of the wagering public providing a regulatory environment that fosters the utmost integrity.

Industry Letters & Submissions

Below you will find multiple attachments from current gaming operators within the State of Wyoming & top advisors within the gaming industry. These letters provide important information in regards to the health of the gaming industry in Wyoming, but also current trends within the gaming industry nationwide. There are a few specific documents we would like to bring to your attention; AGEM, DraftKings & Fanduel, along with the Global Market Advisors. All provide important insight in regards to the future of Wyoming gaming. However, we highly encourage your review of all the attached letters & submissions.

[AGEM](#)

[Brownstein Hyatt](#)

[Cowboy Skills](#)

[DraftKings & Fanduel](#)

[Global Market Advisors](#)

[NCPG](#)

[Northern Arapaho Business Council](#)

[WSLA](#)

[WyoLotto](#)

[Wyoming Association of Sheriffs & Chiefs of Police](#)

[Wyoming Downs LLC](#)

[Wyoming Horse Racing LLC](#)

Appendix

[Exhibit A-HEA95](#)

[Exhibit B-"W.S. 6-7-101 through 6-7-104 & 11-25-101 through 11-25-113"](#)

[Exhibit C-Wyoming Gaming Legislation 2009-2020](#)

[Exhibit D-Wyoming Gaming Commission 2019 Annual Report](#)

[Exhibit E-The Impact of the Pari-Mutuel Industry to Wyoming](#)

Additional Information of Interest

- State of the States 2020
[The AGA Survey of the Commercial Casino Industry \(American Gaming Association, 2020\)](#)
- Coronavirus Recovery Analysis
[A Gaming Industry White Paper \(The Innovation Group, April 2020\)](#)
- Golden Entertainment
[Wyoming Distributed Gaming Market Analysis \(Union Gaming Analytics, August 2020\)](#)
- Illegal & Unregulated Gambling In America
[How New Game Designs Are Eroding State and Tribal Public Policy \(Gaming Laboratories International, 2020\)](#)
- Sports Betting-Part One
[IN THE POST-PASPA ERA- white paper \(Gaming Laboratories International, 2020\)](#)
- Sports Betting-Part Two
[IN THE POST-PASPA ERA- white paper \(Gaming Laboratories International, 2020\)](#)
- Sports Betting
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- Sports Betting Principles
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