



WYOMING LEGISLATIVE SERVICE OFFICE

Memorandum

DATE May 7, 2024

TO Joint Appropriations Committee

FROM Karen Vaughn, Legislative Editor/Associate Fiscal Analyst

SUBJECT Interim Topic #1: Comprehensive Review of Gaming in Wyoming

Per **2024 Session Laws, Chapter 118, Section 2, Section 038, footnote 1**, the Legislature required a statewide study of gaming in Wyoming to be conducted in consultation with the Joint Appropriations Committee. The study will consider:

- the structure of the Gaming Commission as an entity within state government,
- all pari-mutuel wagering activities, live horse racing, historic horse race wagering, skill-based amusement games, and online sports wagering,
- the number and growth of wagering locations and activity,
- the commission's oversight capacity,
- the transparency and efficiency of commission monitoring and reporting on licensees and horse track safety,
- the licensing and permitting of key personnel,
- grounds for denying an application for a license or permit, and
- processes and procedures to address noncompliance with gaming laws and regulations.

This memorandum provides a brief background on the evolution of gaming in Wyoming from the authorization of pari-mutuel wagering in 1967 to the multi-faceted gaming authorized in Wyoming today. Since 1967, the Pari-Mutuel Board/Gaming Commission statutes have been amended no less than two dozen times. Below is a highlight of changes in the Commission, pari-mutuel wagering, skill-based amusement games, and online sports wagering in Wyoming and the revenues generated from these activities.

Pari-mutuel Board → Pari-Mutuel Commission → Wyoming Gaming Commission

W.S. 11-25-101 through 306

The Legislature created the Wyoming Pari-Mutuel Board with five members appointed by the Governor with the passage of **1967 Session Laws, Chapter 245**. Four years later, the "Board" became a "Commission."¹ Legislative changes in 1986 increased the Commission's size to seven, required members to be filled within specific districts, and clarified the authority of racing officials and the Commission.²

¹ **1967 Session Laws, Chapter 245** created the "Wyoming Pari-Mutuel Board" with five members appointed by the Governor. The entity was renamed the "Wyoming Pari-Mutuel Commission" in **1971 Session Laws, Chapter 115**, and renamed the "Wyoming Gaming Commission" in **2020 Session Laws, Chapter 114**.

² **1986 Session Laws, Chapter 117**.

With the authorization of skill-based amusement gaming, the Legislature renamed the Pari-Mutuel Commission the Wyoming Gaming Commission (WGC), and the Commission's size was increased to nine members.³

As currently constituted, the Governor, with the consent of the Senate, appoints all nine (9) members to the Commission. Seven of the nine are appointed from appointment districts under **W.S. 9-1-218**. Of the remaining, one is required to be an active county or municipal law enforcement officer, and the other must be an enrolled member of the Northern Arapaho or Eastern Shoshone Indian tribe. Members are appointed for four-year terms and may only serve two terms in succession. Additionally, one Senator appointed by the President of the Senate, one Representative appointed by the Speaker of the House, and one gubernatorial representative serve as liaisons to the Commission.⁴

Live, Simulcast and Historic Horse Racing

W.S. 11-25-201 through 209

The Legislature authorized live horse racing in 1967.⁵ Statute authorized the Board to issue permits valid for 15 race days per year. In 1969, the Legislature increased the permits to 30 race days, and in 1973, the Legislature extended permits to 45 days. In 1986, the Legislature restructured the permit system to provide an annual renewal with unlimited racing with Commission approval. The renewal period was extended to 3-years in 2012.⁶ While pari-mutuel law required permittees to provide for the running of at least one race giving preference to Wyoming-bred horses each day, if available, the Legislature did not establish the Wyoming Breeders Award Fund until 1986.⁷ In 1987, revised statute authorized in-state simulcasting, followed by multiple or exotic wagering four years later. The Legislature authorized advance deposit pari-mutuel wagering in 2003 and out-of-state simulcasting in 2011.⁸

Even with legislative changes favoring Wyoming-bred horses and multiple wagering opportunities, live horse racing events declined. Wyoming conducted zero live horse races in 2010, four days of racing in 2011, and another four in 2012.⁹ The Legislature's authorization of historic horse racing in 2013¹⁰ had a positive impact on the number of live horse races in Wyoming, increasing the number of race days to ten in 2013, twenty in 2014, and reaching fifty annually by 2021.¹¹

Each permittee, participant, and employee of a permittee or participant who is directly involved in horse racing or pari-mutuel wagering activities is required to be licensed by the Commission.¹² State revenues generated by pari-mutuel wagering before 2013 were de minimis, and for the cities, towns, and counties

³ **2020 Session Laws, Chapter 114.**

⁴ See **W.S. 11-25-103.**

⁵ **1967 Session Laws, Chapter 245.**

⁶ Permit revisions: **1967 Session Laws, Chapter 245, 1969 Session Law, Chapter 64, 1973 Session Law, Chapter 27, 1986 Session Laws, Chapter 117, and 2012 Session Laws, Chapter 4.**

⁷ **1986 Session Laws, Chapter 117.** See Appendix D for the definition of "breeder award."

⁸ Expanded wagering opportunities: **1987 Session Laws, Chapter 28, 1991 Session Laws, Chapter 145, 2003 Session Laws, Chapter 199, 2011 Session Laws, Chapter 6.** See Appendix D for definitions of simulcasting, multiple wagering, exotic wagering, and advanced deposit pari-mutuel wagering.

⁹ **Annual Report of the Wyoming Pari-Mutuel Commission 2012.**

¹⁰ **2013 Session Laws, Chapter 75.** Though "historic horse racing" was not defined in the bill, the language stated "the commission may authorize and promulgate rules providing for pari-mutuel wagering on events that have previously occurred, utilizing an electronic system or device that affords an opportunity for the exercise of skill or judgment where the outcome is not completely controlled by chance alone." As defined by Commission Rule, historic horse racing means "a race which has previously occurred and is electronically transmitted for wagering purposes and approved by the Commission."

¹¹ Review of the Wyoming Pari-Mutuel Commission's annual reports for **2014, 2018, 2021, and 2022.**

¹² See **W.S. 11-25-104.**

where events were held, revenues from wagers ceased in 1975.¹³ Between 2013 and 2023, wagering revenues from historic horse racing provided a cumulative \$69.8 million to the cities, towns, and counties where permittees are located and another \$36.3 million to the state, with more than \$21.7 million directed to the Legislative Stabilization Reserve Account (LSRA) since 2019. Of the deposits to the LSRA \$12.5 million originated from direct distribution and \$9.2 million reflects statutorily swept excesses in the Pari-Mutuel Account. Historic horse race wagering accounts for approximately 99 percent of the total pari-mutuel revenues received by the state and is the only pari-mutuel revenue source for counties, cities, and towns.

Table 1 details the total handle, or total amount wagered, for all pari-mutuel wagering and the amount distributed to the Breeders Award fund, local governments, WGC, and the LSRA. Quarterly transfers swept from the Para-Mutuel Account to the LSRA are not reflected. Appendix A provides a flowchart showing the current distribution of funds.

Table 1: Pari-Mutuel Handle and Distributions to the Breeders Award Fund, Local Governments, the Wyoming Gaming Commission, and the Legislative Stabilization Reserve Account (2010 – 2023).

Year	Handle	Breeders Award	Cities/Towns & Counties		Gaming Comm	LSRA *	Total
	Total	Total	City/Town Total	County Total	Total		State & Local
2010	\$9,045,225	\$59,009			\$135,678		\$135,678
2011	\$1,303,680	\$9,405			\$19,555		\$19,555
2012	\$7,545,385	\$44,878			\$100,869		\$100,869
2013	\$8,325,200	\$46,729	\$4,672		\$97,406		\$102,078
2014	\$121,030,309	\$509,878	\$493,121	\$642,771	\$682,086		\$1,817,978
2015	\$295,877,773	\$1,202,879	\$1,342,745	\$1,520,778	\$1,553,046		\$4,416,569
2016	\$247,025,417	\$1,002,315	\$1,167,144	\$1,220,828	\$1,288,835		\$3,676,807
2017	\$427,662,573	\$1,723,459	\$1,981,638	\$2,220,468	\$2,179,343		\$6,381,448
2018	\$577,981,470	\$2,324,724	\$2,724,991	\$2,980,999	\$2,936,473		\$8,642,463
2019	\$801,059,011	\$3,216,636	\$3,642,688	\$4,160,491	\$3,000,961	\$1,051,648	\$11,855,788
2020	\$685,609,960	\$2,746,527	\$3,234,555	\$3,537,346	\$1,768,316	\$1,692,975	\$10,233,193
2021	\$927,512,656	\$3,727,223	\$4,393,128	\$4,790,229	\$2,399,157	\$2,306,839	\$13,889,354
2022	\$1,292,842,511	\$5,184,536	\$6,200,071	\$6,636,528	\$3,298,155	\$3,209,321	\$19,344,075
2023	\$1,658,976,823	\$6,831,221	\$8,210,154	\$8,737,078	\$4,331,904	\$4,236,808	\$25,515,944

* LSRA distributions effective July 1, 2019, pursuant to 2019 Session Laws, Chapter 203.

Data source: LSO compilation of the Annual Reports of the Wyoming Gaming Commission between 2012 and 2022, the Wyoming Gaming Commission's 2023 Wagering Activity Report, and WOLFS.

Skill-Based Amusement Games

W.S. 11-25-301 through 306

The Legislature authorized skill-based amusement games and the WGC was given authority to regulate them in **2020 Session Laws, Chapter 114**. The term "skill-based amusement game" refers to a commercial electrical gaming device located at a truck stop, smoke shop, or other licensed establishment, where the skill of the player, rather than any inherent element of chance, is the primary factor in determining the outcome.¹⁴

Each operator and vendor of skill-based amusement games is required to be licensed by the Commission. The Commission also requires each game to bear a decal issued by the Commission.¹⁵ Twenty percent of

¹³ 1975 Session Laws, Chapter 55.

¹⁴ See W.S. 11-25-102 and Appendix D.

¹⁵ See W.S. 11-25-304.

the net proceeds earned by operators of skill-based amusement games is transferred weekly to the WGC for the support of the School Foundation Program account and the local governments where games are located. Table 2 details the amount distributed to the Cities and Towns, Counties, the WGC, and the public School Foundation Program account since its inception. Appendix B provides a flowchart showing the current distribution of funds.

Table 2: Wagering Activity and Distribution of Net Proceeds to Local Governments, the Wyoming Gaming Commission, and the School Foundation Program Account (2020 – 2023).*

Year	Wagering Activity	County	City or Town	Wyoming Gaming Commission	School Foundation Program Account	Total
2020		\$592,988	\$495,672	\$241,925	\$1,088,660	\$2,419,245
2021		\$1,190,939	\$997,483	\$486,316	\$2,188,422	\$4,863,160
2022	\$94,887,928	\$1,258,183	\$1,065,909	\$516,465	\$2,324,092	\$5,164,649
2023	\$113,661,653	\$1,387,424	\$1,181,514	\$570,875	\$2,568,938	\$5,708,752
Total	\$208,549,581	\$4,429,534	\$3,740,579	\$1,815,581	\$8,170,112	\$18,155,805

* Wagering Activities for 2020 and 2021 were not provided in Commission materials.

Data source: LSO compilation of the Annual Reports of the Wyoming Gaming Commission between 2020 and 2022, the Wyoming Gaming Commission's 2023 Wagering Activity Report, and WOLFS.

Online Sports Wagering

W.S. 9-24-101 through 106

The Wyoming Legislature permitted online sports wagering, effective September 1, 2021, with the passage of **2021 Wyoming Session Laws, Chapter 100**. "Online sports wagering" refers to sports wagering conducted over the internet by use of a computer, digital platform, or mobile application on a mobile device.¹⁶

Sports wagering operators, sports wagering vendors, and the key personnel of operators and vendors are required to permit/license with the Commission.¹⁷ Ten percent of the total online sports wagering revenue remitted by operators is transferred to the WGC. The first \$300,000 per fiscal year is continuously appropriated to the Wyoming Department of Health to be distributed to counties to fund gambling abuse and treatment programs and the remaining proceeds support the general fund.¹⁸ Table 3 details the amount distributed to the Department of Health and the General Fund since its inception. Appendix C provides a flowchart showing the current distribution of funds.

Table 3: Wagering Activity and Total Amount and Distribution of Operator Remitted Wagering Revenue (2021 – 2023).*

Year	Wagering Activity	Department of Health	General Fund	Total
2021		\$124,312	\$0	\$124,312
2022	\$144,522,131	\$300,000	\$543,171	\$843,171
2023	\$172,247,303	\$300,000	\$762,679	\$1,062,679
Total	\$316,769,434	\$724,312	\$1,305,850	\$2,030,161

* Per the 2021 WGC's Annual Report, permits and licenses were issued in 2021 but wagering activity did not begin until 2022.

Data source: LSO compilation of the Annual Reports of the Wyoming Gaming Commission for 2021 and 2022, the Wyoming Gaming Commission's 2023 Wagering Activity Report, and WOLFS.

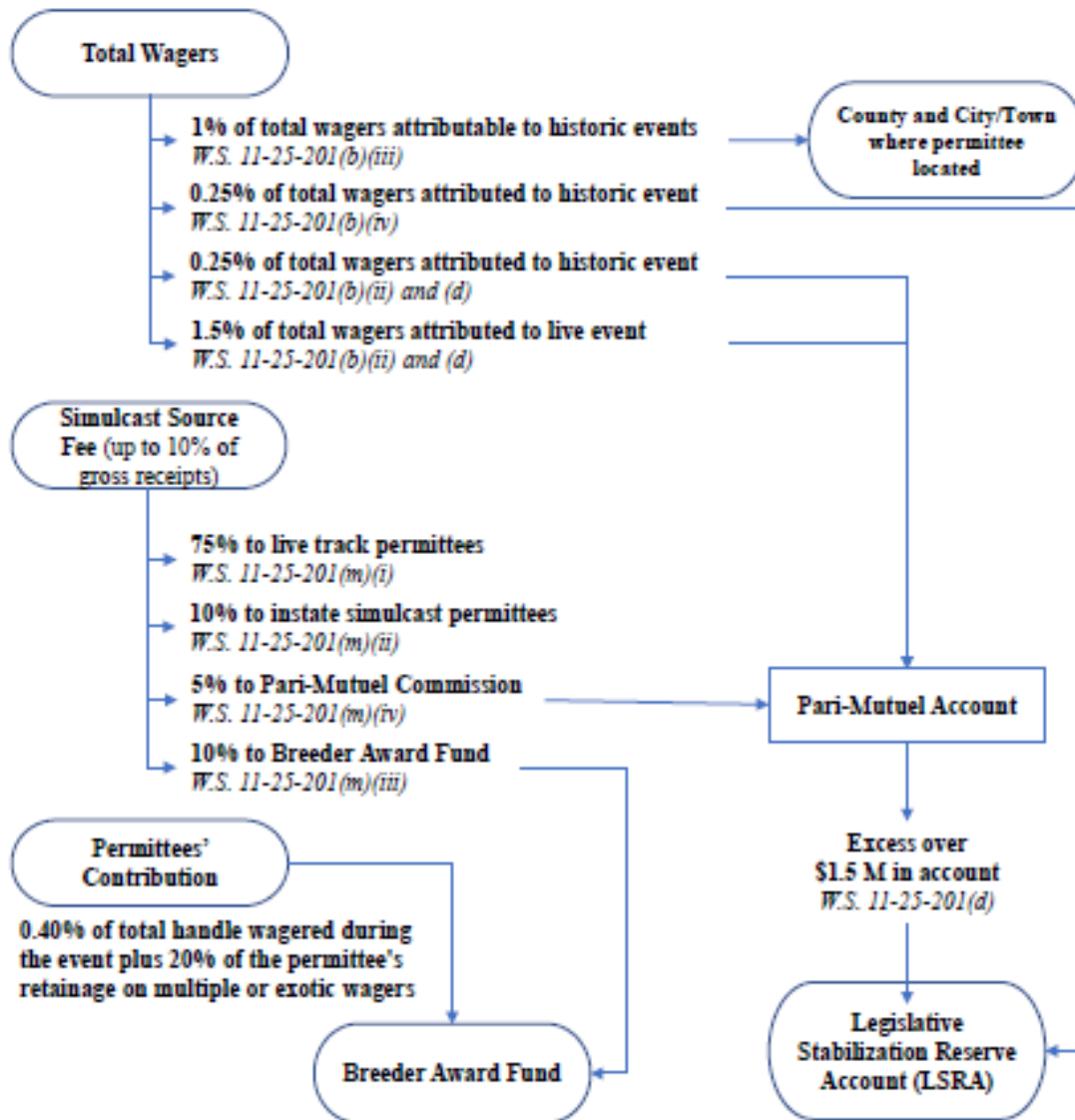
¹⁶ See **W.S. 9-24-101** and Appendix D.

¹⁷ See **W.S. 9-24-103**.

¹⁸ See **W.S. 9-24-104**. Per Commission Rule, tax is calculated on the net proceeds, or revenue less player payments.

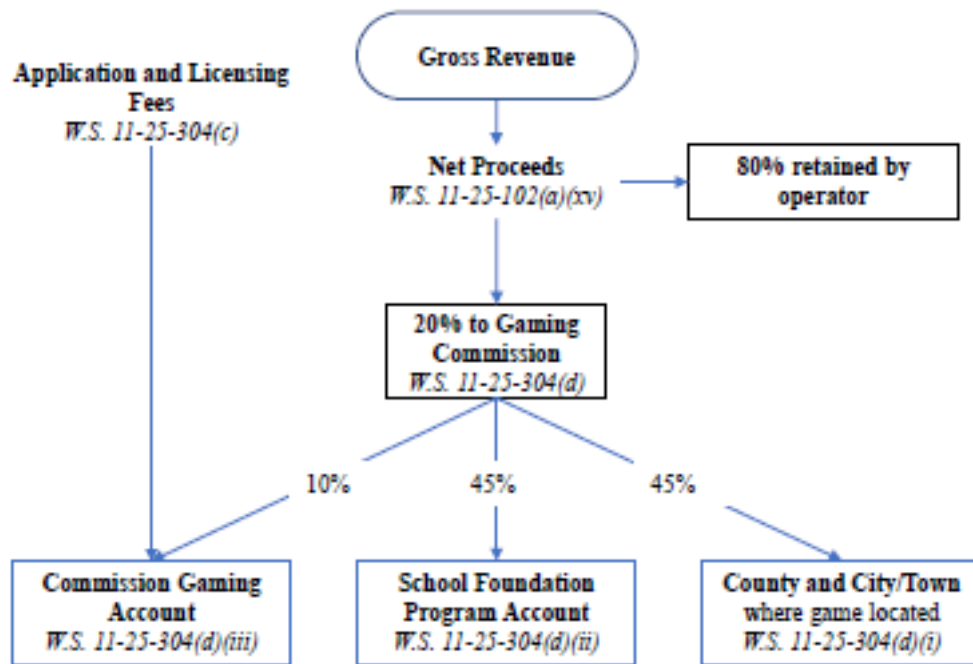
Appendix A

Pari-Mutuel Wagering W.S. 11-25-201 through 209



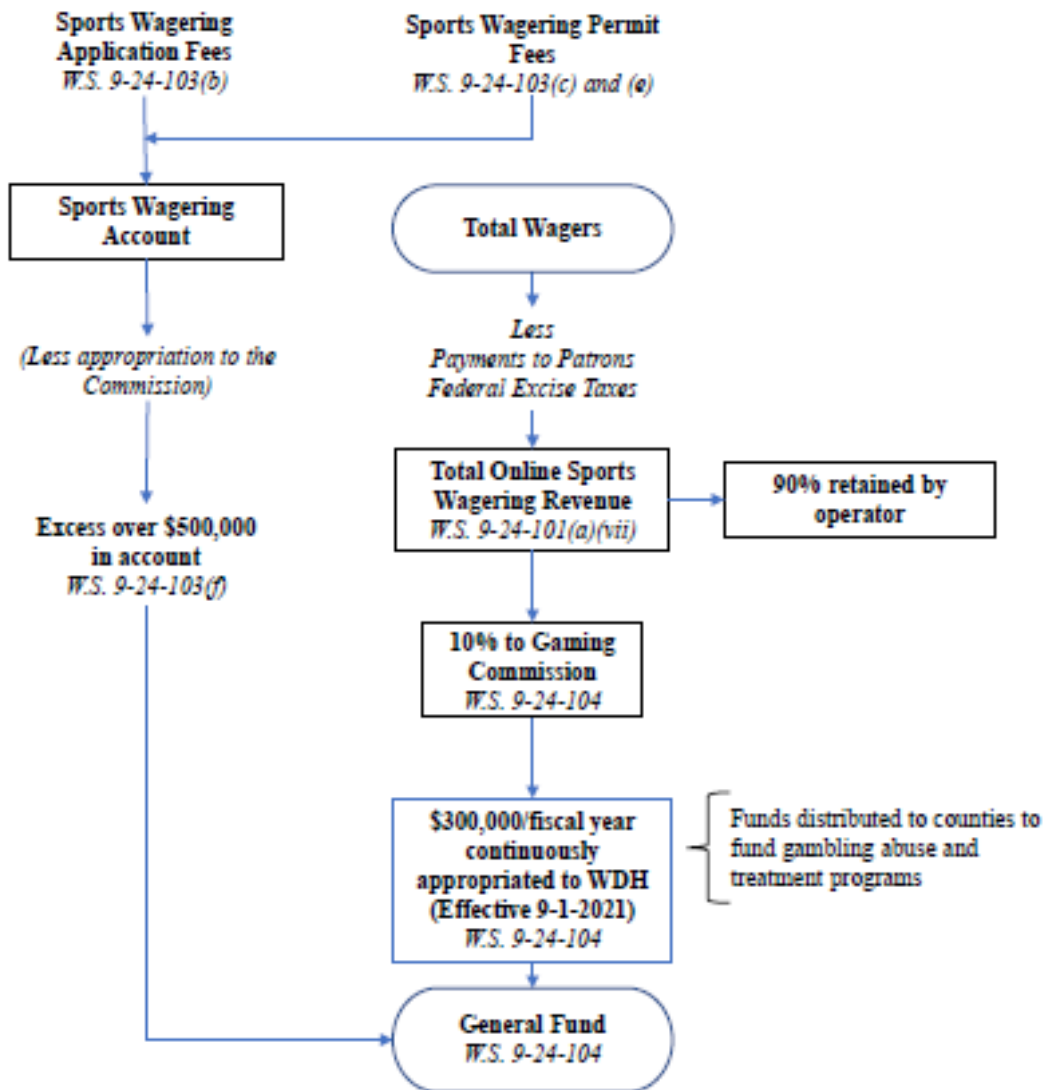
Appendix B

Skills-Based Amusement Games W.S. 11-25-301 through 306 (Effective July 1, 2020)



Appendix C

Online Sports Wagering W.S. 9-24-101 through 106 (Effective September 1, 2021)



Appendix D

Definitions

§ 9-24-101. Definitions

"Online sports wagering" means engaging in sports wagering conducted by a sports wagering operator through a sports wagering account over the internet by use of a computer, digital platform or mobile application on a mobile device, any of which uses communications technology to accept sports wagers or any system or method of electronic sports wagering approved by commission rules. "Online sports wagering" shall not include or be conducted from any physical location created by a sports wagering operator or vendor for a patron to physically visit to place a wager;

"Sports wagering operator" means any qualified gaming entity authorized by the commission to accept online sports wagers;

"Sports wagering vendor" means a vendor that provides services to a sports wagering operator that the sports wagering operator uses to accept online sports wagers, including geolocation services, know your customer services, payment processors, server host providers, integrity monitoring services, cyber security services and data providers;

"Key personnel" means any person employed in an executive or supervisory capacity by a license holder, permit holder or applicant and who is authorized to make discretionary decisions that exhibit influence or control over gaming operations.

§ 11-25-102. Definitions.

"Breeder award" means monies collected pursuant to W.S. 11-25-201(j) and distributed by the commission to promote the improved breeding and development of the horse industry in Wyoming. Breeder awards may include purse enhancement of Wyoming bred races;

"Pari-mutuel event" means the events which are authorized by the commission for the conduct of horse racing (to include quarter horse, thoroughbred or other approved races), harness racing, cutter racing, chariot racing, chuckwagon racing, professional roping and rodeo events and simulcasting of dog racing and the events described in this paragraph as prescribed by the commission. Notwithstanding W.S. 6-7-101(a)(iv) and 11-25-203, the commission may authorize and promulgate rules providing for pari-mutuel wagering on events that have previously occurred, utilizing an electronic system or device that affords an opportunity for the exercise of skill or judgment where the outcome is not completely controlled by chance alone;

"Pari-mutuel wagering" means wagering on the outcome of pari-mutuel events in which those who wager purchase tickets of various denominations on entrants in the events and all wagers for each event are pooled and held by the permittee for distribution, and when the outcome of the event has been decided, the permittee distributes the total wagers comprising the pool, less an amount not greater than twenty-five and nine-tenths percent (25.90%) for live racing and in the event of simulcasting an

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amount not to exceed the percentage allowed at the host track or thirty-five percent (35%), whichever is less and less the amount for breakage to holders of tickets on the winning entries;

"Simulcasting" means the sale of pari-mutuel pools electronically transmitted live or historic on interstate or intrastate pari-mutuel events as prescribed by the commission. The commission shall authorize simulcasting subject to the following conditions:

(A) Simulcasting may be conducted only by a holder of a permit to simulcast issued under this act. The permit shall be authorized by the commission for a period not to exceed three (3) years from the date of issuance. The commissioners shall issue a simulcast permit only to an applicant authorized under this act to conduct a pari-mutuel event other than simulcasting;

(B) Simulcasting may be conducted off the permitted premises only if the board of county commissioners of the county in which such simulcasting will be conducted grant [grants] its approval;

(C) No simulcasting may be conducted within one hundred (100) miles of any premises permitted under this act, except that the commission may waive the one hundred (100) mile limitation if the simulcast permit application includes written approval from the permittee whose permitted premises is within the one hundred (100) mile limitation;

(D) The commission shall promulgate rules for conducting simulcasting as are reasonably necessary to protect the public interest.

"Multiple wagering" means wagers which consist of a single betting interest on two (2) entries;

"Exotic wagering" means wagers which consist of a single betting interest on three (3) or more entries;

"Advance deposit pari-mutuel wager" means a wager in which a person who has opened an account in advance with a licensee can place wagers from this account in person, by telephone or other electronic means;

"Out-of-state simulcast facility" means a track or other facility, located within a jurisdiction other than Wyoming, at which pari-mutuel wagers are placed, accepted or distributed, either in person or electronically, on simulcast races pursuant to proper authorization under the laws of that jurisdiction;

"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. "Skill based amusement game" shall not include any game played for prizes of nominal value as provided by rule of the commission;

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