



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites	
------	------------------	----------------	--------------	-----------------	------------------	--------------	--

Code:  Section:

[Up^](#) [Add To My Favorites](#)

**GOVERNMENT CODE - GOV**

**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980]** ( Title 2 enacted by Stats. 1943, Ch. 134. )

**DIVISION 1. GENERAL [8000 - 8899.95]** ( Division 1 enacted by Stats. 1943, Ch. 134. )

**CHAPTER 12.5. [California State Lottery Act of 1984] [8880 - 8880.72]** ( Chapter 12.5 added November 6, 1984, by initiative Proposition 37, Sec. 3. )

**ARTICLE 6. Lottery Suppliers [8880.56 - 8880.60]** ( Article 6 added November 6, 1984, by initiative Proposition 37. )

**8880.56.** (a) Notwithstanding other provisions of law, the director may purchase or lease goods and services as are necessary for effectuating the purposes of this chapter. The director may not contract with any private party for the operation and administration of the California State Lottery, created by this chapter. However, this section does not preclude procurements which integrate functions such as game design, supply, advertising, and public relations. In all procurement decisions, the director shall, subject to the approval of the commission, award contracts to the responsible supplier submitting the lowest and best proposal that maximizes the benefits to the state in relation to the areas of security, competence, experience, and timely performance, shall take into account the particularly sensitive nature of the California State Lottery and shall act to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery and the objective of raising net revenues for the benefit of the public purpose described in this chapter.

(b) Notwithstanding any other provision of this chapter, the following shall apply to contracts or procurement by the lottery:

(1) To ensure the fullest competition, the commission shall adopt and publish competitive bidding procedures for the award of any procurement or contract involving an expenditure of more than one hundred thousand dollars (\$100,000). The competitive bidding procedures shall include, but not be limited to, requirements for submission of bids and accompanying documentation, guidelines for the use of requests for proposals, invitations to bid, or other methods of bidding, and a bid protest procedure. The director shall determine whether the goods or services subject to this paragraph are available through existing contracts or price schedules of the Department of General Services.

(2) The contracting standards, procedures, and rules contained in this subdivision shall also apply with respect to any subcontract involving an expenditure of more than one hundred thousand dollars (\$100,000). The commission shall establish, as part of its bidding procedures for general contracts, subcontracting guidelines that implement this requirement.

(3) The provisions of Article 1 (commencing with Section 11250) of Chapter 3 of Part 1 of Division 3 apply to the commission.

(4) The commission is subject to the Small Business Procurement and Contract Act, as provided in Chapter 6.5 (commencing with Section 14835) of Part 5.5 of Division 3.

(5) In advertising or awarding any general contract for the procurement of goods and services exceeding five hundred thousand dollars (\$500,000), the commission and the director shall require all bidders or contractors, or both, to include specific plans or arrangements to utilize subcontracts with socially and economically disadvantaged small business concerns. The subcontracting plans shall delineate the nature and extent of the services to be utilized, and those concerns or individuals identified for subcontracting if known.

It is the intention of the Legislature in enacting this section to establish as an objective of the utmost importance the advancement of business opportunities for these small business concerns in the private business activities created by the California State Lottery. In that regard, the commission and the director shall have an affirmative duty to achieve the most feasible and practicable level of participation by socially and economically disadvantaged small business concerns in its procurement programs.

By July 1, 1986, the commission shall adopt proposal evaluation procedures, criteria, and contract terms which are consistent with the advancement of business opportunities for small business concerns in the private business activities created by the California State Lottery and which will achieve the most feasible and practicable level of participation by socially and economically

disadvantaged small business concerns in its procurement programs. The proposal evaluation procedures, criteria, and contract terms adopted shall be reported in writing to both houses of the Legislature on or before July 1, 1986.

For the purposes of this section, socially and economically disadvantaged persons include women, Black Americans, Hispanic Americans, Native Americans (including American Indians, Inuit, Aleuts, and Native Hawaiians), Asian-Pacific Americans (including persons whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan), and other minorities or any other natural persons found by the commission to be disadvantaged.

The commission shall report to the Legislature by July 1, 1987, and by each July 1 thereafter, on the level of participation of small businesses, socially and economically disadvantaged businesses, and California businesses in all contracts awarded by the commission.

(6) The commission shall prepare and submit to the Legislature by October 1 of each year a report detailing the lottery's purchase of goods and services through the Department of General Services. The report shall also include a listing of contracts awarded for more than one hundred thousand dollars (\$100,000), the name of the contractor, amount and term of the contract, and the basis upon which the contract was awarded.

The lottery shall fully comply with the requirements of paragraphs (2) to (5), inclusive, except that any function or role which is otherwise the responsibility of the Department of Finance or the Department of General Services shall instead, for purposes of this subdivision, be the sole responsibility of the lottery, which shall have the sole authority to perform that function or role.

*(Amended by Stats. 2024, Ch. 104, Sec. 3. (AB 2287) Effective January 1, 2025. Note: This section was added on Nov. 6, 1984, by initiative Prop. 37.)*

**8880.57.** In order to allow an evaluation of the competence, integrity, and character of potential Lottery Contractors for the California State Lottery, any person, corporation, trust, association, partnership, or joint venture that submits a bid, proposal, or offer as part of procurement for a contract for any goods or services for the California State Lottery, other than materials, supplies, services, and equipment which are common to the ordinary operations of state agencies, shall comply with each of the following:

(a) Bidders, as required by the Lottery, shall disclose the bidder's name and address and, as applicable, the name and address of the following:

(1) If the bidder is a corporation, the officers, directors, and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.

(2) If the bidder is a trust, the trustee and all persons entitled to receive income or benefit from the trust.

(3) If the bidder is an association, the members, officers, and directors.

(4) If the bidder is a subsidiary, the officers, directors, and stockholders of the parent company thereof. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.

(5) If the bidder is a partnership or joint venture, all of the general partners, limited partners, or joint venturers.

(6) If the parent company, general partner, limited partner, or joint venturer of any bidder is itself a corporation, trust, association, subsidiary, partnership, or joint venture, then the disclosure of information needed to determine ultimate ownership. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.

(7) If the bidder proposes to subcontract any substantial portion of the work to be performed to a subcontractor, then all of the information required in this section shall be disclosed for the subcontractor as if it were itself a bidder.

(b) After receipt of a bid, proposal, or offer, but prior to the award of a contract, the Commission may require a potential Lottery Contractor to provide any or all of the following information:

(1) A disclosure of all the states and jurisdictions in which the bidder does business, and the nature of that business for each state or jurisdiction.

(2) A disclosure of all the states and jurisdictions in which the bidder has contracts to supply gaming goods or services, including, but not limited to, lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction.

(3) A disclosure of all the states and jurisdictions in which the bidder has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a gaming license of any kind, and the disposition in each state or jurisdiction. If any gaming license has not been renewed or any gaming license application has been either denied or has remained pending for more than six months, all of the facts and circumstances underlying this failure to receive a gaming license shall be disclosed.

(4) A disclosure of the details of any conviction or judgment of a state or federal court against the bidder of any gambling-related offense, or criminal offense other than traffic violations.

(5) A disclosure of the details of any bankruptcy, insolvency, or reorganization, or any judgment or pending litigation involving fraud or deceit against the bidder.

(6) A disclosure for each bidder of the employment, residence, educational, and military history since the age of 18 years of any of its owners, directors, members, officers, employees, or agents identified by the Lottery.

(7) A disclosure consolidating all reportable information on all reportable contributions by the bidder to any local, state, or federal political candidate or political committee in this state for the past five years that is reportable under any existing state or federal law.

(8) A disclosure of the identity of any entity with which the bidder has a joint venture or other contractual arrangement to supply any state or jurisdiction with gaming goods or services, including, but not limited to, lottery goods or services; including a disclosure with regard to the entity of all of the information requested under paragraphs (1) to (8), inclusive.

(9) In the instance of a procurement for the printing of lottery tickets, for goods or services involving the receiving or recording of number selections, or for goods or services involving the determination of winners, an additional disclosure consisting of the individual federal and state income tax returns for the past three years and a current individual financial statement for each bidder and any of the bidder's owners, directors, members, officers, employees, or agents identified by the Lottery. The disclosures provided in this paragraph shall be considered confidential and shall be transmitted directly to the Deputy Director for Security and the Attorney General for their review.

(10) Any additional disclosures and information as may be appropriate for the procurement involved as determined by the Commission.

(c) With respect to the persons or entities described in paragraphs (1) to (7), inclusive, of subdivision (a), the Commission may request the disclosure of any information required in subdivision (b), which shall be relevant to the award of any contract.

(d) No contract with any bidder who has not complied with the disclosure requirements described in this section shall be entered into or be enforceable. Any contract with any lottery contractor who does not comply with these requirements for maintaining the currency of the disclosures during the term of the contract as may be specified in the contract may be terminated by the Commission. In addition, the Commission may deny or cancel a contract with a lottery contractor or any of the persons or entities included in paragraphs (1) to (7), inclusive, of subdivision (a) if any of the following apply:

(1) False statements have been made in any information which is required under this section.

(2) Any of the persons or entities have been convicted of a crime punishable as a felony.

(3) Any of the persons or entities have been convicted of an offense involving dishonesty or any gambling-related offense.

(e) This section shall be construed broadly and liberally to achieve the end of full disclosure of all information necessary to allow for a full and complete evaluation of the competence, integrity, and character of potential suppliers of the California State Lottery Commission.

*(Amended by Stats. 2004, Ch. 438, Sec. 4. Effective January 1, 2005. Note: Section 8880.57 originally was added on Nov. 6, 1984, by initiative Prop. 37.)*

#### **8880.58.** Compliance with Applicable Laws

Each Lottery Contractor shall perform its contract consistent with the laws of this State, Federal law, and laws of the state or states in which such supplier is performing or producing, in whole or in part, any of the goods or services contracted for hereunder.

*(Added November 6, 1984, by initiative Proposition 37.)*

#### **8880.59.** Performance Bond

Any Lottery Contractor may be required by the Lottery to post, with the Commission an acceptable performance bond, letter of credit, or other form of security or guarantee of performance, using a surety acceptable to the Commission, in an amount sufficient to protect the Lottery in case of default by the contractor. The Commission may require any Lottery Game Retailer to provide a fidelity bond which shall be payable upon order of the Commission.

*(Amended by Stats. 1989, Ch. 917, Sec. 8. Note: This section was added on Nov. 6, 1984, by initiative Prop. 37.)*

**8880.60.** No member of the commission shall, for a two-year period after the end of the member's term, accept any consideration from, whether directly or indirectly, and shall not accept any employment with, whether as an employee, independent contractor, or consultant, any lottery contractor successful in a major procurement whose contract award was subject to formal approval by the commission. No director shall accept any consideration from, whether directly or indirectly, and shall not accept any employment with, whether as an employee, independent contractor, or consultant, any lottery contractor successful in a major procurement for a period of two years commencing on the last day that the director is employed by the lottery. No other lottery employee involved in the evaluation of or recommendation to award a major procurement shall accept any consideration from, or employment with, any lottery contractor successful in that procurement for a period of one year commencing on the last day that the person is employed by the lottery. In the event that the director, any member of the commission, or other lottery employee violates this subdivision, the commission may terminate the contract between the lottery and the lottery contractor for the major procurement. The Attorney General shall investigate the facts surrounding the violation and shall recommend to the commission any appropriate civil remedies which the lottery has against the lottery contractor, member of the commission, director, or other lottery employee due to the violation, including, but not limited to, action to terminate the lottery contractor's contract where appropriate.

For purposes of this subdivision, "major procurement" means any procurement of materials, supplies, services, or equipment other than those common to the ordinary operations of state agencies.

The prohibitions imposed by this section shall not apply to any person who left government service prior to September 28, 1987, except that a person who returns to government service on or after that date shall thereafter be covered thereby.

*(Amended by Stats. 1992, Ch. 500, Sec. 12. Effective August 17, 1992. Note: This section was added on Nov. 6, 1984, by initiative Prop. 37.)*