

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 1891

(SENATE AUTHORS: LANG)

DATE
02/27/2025

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555 Introduction and first reading
Referred to State and Local Government

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to the state lottery; modifying provisions relating to retailer contracts;
1.3 amending Minnesota Statutes 2024, sections 349A.01, by adding a subdivision;
1.4 349A.06, subdivisions 2, 11.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 349A.01, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 13a. **Responsible lottery official.** "Responsible lottery official" means the officers,
1.9 directors, or owners of an organization, firm, partnership, or corporation that have oversight
1.10 of lottery ticket sales.

1.11 Sec. 2. Minnesota Statutes 2024, section 349A.06, subdivision 2, is amended to read:

1.12 Subd. 2. **Qualifications.** (a) The director may not contract with a ~~retailer~~ sole proprietor
1.13 who:

1.14 (1) is under the age of 18;

1.15 (2) is in business solely as a seller of lottery tickets;

1.16 (3) owes \$500 or more in delinquent taxes as defined in section 270C.72;

1.17 (4) has been convicted within the previous five years of a felony or gross misdemeanor,
1.18 any crime involving fraud or misrepresentation, or a gambling-related offense in any
1.19 jurisdiction in the United States;

1.20 (5) is a member of the immediate family, residing in the same household, as the director
1.21 or any employee of the lottery;

2.1 (6) in the director's judgment does not have the financial stability or responsibility to
 2.2 act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the
 2.3 public health, welfare, and safety, or endanger the security and integrity of the lottery; or

2.4 (7) is a currency exchange, as defined in section 53A.01.

2.5 ~~A contract entered into before August 1, 1990, which violates clause (7) may continue~~
 2.6 ~~in effect until its expiration but may not be renewed.~~

2.7 (b) The director may not contract with an organization, firm, partnership, or corporation
 2.8 that:

2.9 (1) has a responsible lottery official who: (i) is under the age of 18; (ii) owes \$500 or
 2.10 more in delinquent taxes as defined in section 270C.72; or (iii) has been convicted within
 2.11 the previous five years of a felony or gross misdemeanor, any crime involving fraud or
 2.12 misrepresentation, or a gambling-related offense in any jurisdiction in the United States;

2.13 ~~(2) An organization, firm, partnership, or corporation that has a stockholder who owns~~
 2.14 ~~more than five percent of the business or the stock of the corporation, a responsible lottery~~
 2.15 ~~official, an officer, or a director, that does not meet the requirements of paragraph (a), clause~~
 2.16 ~~(4), is not eligible to be a lottery retailer under this section~~ is a member of the immediate
 2.17 family, residing in the same household, as the director or any employee of the lottery; or

2.18 (3)(i) is in the business solely as a seller of lottery tickets; (ii) in the director's judgment
 2.19 does not have the financial stability or responsibility to act as a lottery retailer, or whose
 2.20 contracting as a lottery retailer would adversely affect the public health, welfare, and safety,
 2.21 or endanger the security and integrity of the lottery; or (iii) is a currency exchange, as defined
 2.22 in section 53A.01.

2.23 ~~(c) The restrictions under paragraph (a), clause (4), do not apply to an organization,~~
 2.24 ~~partnership, or corporation if the director determines that the organization, partnership, or~~
 2.25 ~~firm has terminated its relationship with the individual whose actions directly contributed~~
 2.26 ~~to the disqualification under this subdivision.~~

2.27 Sec. 3. Minnesota Statutes 2024, section 349A.06, subdivision 11, is amended to read:

2.28 Subd. 11. **Cancellation, suspension, and refusal to renew contracts or locations.** (a)
 2.29 The director shall cancel the contract of any lottery retailer or prohibit a lottery retailer from
 2.30 selling lottery tickets at a business location who:

2.31 (1) has a sole proprietor or responsible lottery official that has been convicted of a felony
 2.32 or gross misdemeanor in any jurisdiction in the United States;

3.1 (2) has a sole proprietor or responsible lottery official that has committed ~~fraud,~~
3.2 ~~misrepresentation, or deceit~~ any crime involving fraud or misrepresentation, or a
3.3 gambling-related offense in any jurisdiction in the United States;

3.4 (3) has provided false or misleading information to the lottery; or

3.5 (4) has acted in a manner prejudicial to public confidence in the integrity of the lottery.

3.6 (b) The director may cancel, suspend, or refuse to renew the contract of any lottery
3.7 retailer or prohibit a lottery retailer from selling lottery tickets at a business location who:

3.8 (1) changes business location;

3.9 (2) fails to account for lottery tickets received or the proceeds from tickets sold;

3.10 (3) fails to remit funds to the director in accordance with the director's rules;

3.11 (4) violates a law or a rule or order of the director;

3.12 (5) fails to comply with any of the terms in the lottery retailer's contract;

3.13 (6) fails to file a bond, securities, or a letter of credit as required under subdivision 3;

3.14 (7) in the opinion of the director fails to maintain a sufficient sales volume to justify
3.15 continuation as a lottery retailer; or

3.16 (8) has violated section 340A.503, subdivision 2, clause (1), two or more times within
3.17 a two-year period.

3.18 (c) The director may also cancel, suspend, or refuse to renew a lottery retailer's contract
3.19 or prohibit a lottery retailer from selling lottery tickets at a business location if there is a
3.20 material change in any of the factors considered by the director under subdivision 2.

3.21 (d) A contract cancellation, suspension, refusal to renew, or prohibiting a lottery retailer
3.22 from selling lottery tickets at a business location under this subdivision is a contested case
3.23 under sections 14.57 to 14.69 and is in addition to any criminal penalties provided for a
3.24 violation of law or rule.

3.25 (e) The director may temporarily suspend a contract or temporarily prohibit a lottery
3.26 retailer from selling lottery tickets at a business location without notice for any of the reasons
3.27 specified in this subdivision provided that a hearing is conducted within seven days after a
3.28 request for a hearing is made by a lottery retailer. Within 20 days after receiving the
3.29 administrative law judge's report, the director shall issue an order vacating the temporary
3.30 suspension or prohibition or making any other appropriate order. If no hearing is requested

- 4.1 within 30 days of the temporary suspension or prohibition taking effect, the suspension or
- 4.2 prohibition becomes permanent unless the director vacates or modifies the order.