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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4296

03/16/2026

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The bill was read for the first time and referred to the Committee on State Government Finance and Policy

1.1 A bill for an act

1.2 relating to state government; setting compensation for lottery retailers in law;

1.3 amending Minnesota Statutes 2024, section 349A.05; proposing coding for new

1.4 law in Minnesota Statutes, chapter 349A; repealing Minnesota Statutes 2024,

1.5 section 349A.16.

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

1.7 Section 1. Minnesota Statutes 2024, section 349A.05, is amended to read:

1.8 **349A.05 RULES.**

1.9 The director may adopt rules under chapter 14 governing the following elements of the
1.10 lottery:

1.11 (1) the number and types of lottery retailers' locations;

1.12 (2) qualifications of lottery retailers and application procedures for lottery retailer
1.13 contracts;

1.14 (3) investigation of lottery retailer applicants;

1.15 (4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;

1.16 (5) compensation of lottery retailers consistent with section 349A.17;

1.17 (6) accounting for and deposit of lottery revenues by lottery retailers;

1.18 (7) procedures for issuing lottery procurement contracts and for the investigation of
1.19 bidders on those contracts;

1.20 (8) payment of prizes;

1.21 (9) procedures needed to ensure the integrity and security of the lottery; and

2.1 (10) other rules the director considers necessary for the efficient operation and
2.2 administration of the lottery.

2.3 **EFFECTIVE DATE.** This section is effective August 1, 2026.

2.4 Sec. 2. **[349A.17] LOTTERY RETAILER COMMISSIONS.**

2.5 (a) The director of the State Lottery must pay a lottery retailer at least the following
2.6 amounts:

2.7 (1) seven percent of the price of a ticket sold by the retailer for a lottery game for which
2.8 the winner is determined by a drawing;

2.9 (2) 6.5 percent of the price of a ticket sold by the retailer for a lottery game in which the
2.10 winner is determined without a drawing; and

2.11 (3) 2.5 percent of the amount of a winning ticket cashed by the retailer.

2.12 (b) The director of the State Lottery must increase the percentages given in paragraph
2.13 (a), or a higher amount set by the director under paragraph (c), annually, effective July 1.
2.14 The increase must be the amount of the percentage in paragraph (a), in the version of statutes
2.15 for the year preceding the year in which the determination is made, multiplied by the
2.16 Consumer Price Index from December of the year preceding the year in which the
2.17 determination is made. This calculated increase must be added to the percentage in paragraph
2.18 (a) to set the lottery retailer commission. The Consumer Price Index used must be the revised
2.19 Consumer Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan
2.20 area as determined by the United States Department of Labor.

2.21 (c) The director of the State Lottery may adopt rules for retailer compensation or
2.22 commission that exceeds the amounts specified in this section. The director of the State
2.23 Lottery must periodically review lottery ticket sales and make adjustments to lottery retailer
2.24 commission rates, consistent with this section, as deemed necessary to maintain appropriate
2.25 return to the state.

2.26 **EFFECTIVE DATE.** This section is effective August 1, 2026, and applies to tickets
2.27 sold on or after that date.

2.28 Sec. 3. **RULE CHANGE; TRANSITION.**

2.29 (a) The director of the State Lottery must amend Minnesota Rules, part 7856.4030, so
2.30 that the director compensates retailers consistent with Minnesota Statutes, section 349A.17.

3.1 (b) For tickets sold before August 1, 2026, the director of the State Lottery must
3.2 compensate lottery retailers as provided by law or rule in effect on the date the ticket was
3.3 sold.

3.4 **EFFECTIVE DATE.** This section is effective August 1, 2026.

3.5 Sec. 4. **REVISOR INSTRUCTION.**

3.6 The director of the State Lottery must notify the revisor of statutes of annual increases
3.7 under Minnesota Statutes, section 349A.17, paragraph (b). The revisor of statutes must
3.8 annually update the percentages in Minnesota Statutes, section 349A.17, paragraph (a), to
3.9 reflect the increases made by the director of the State Lottery under Minnesota Statutes,
3.10 section 349A.17, paragraph (b).

3.11 Sec. 5. **REPEALER.**

3.12 Minnesota Statutes 2024, section 349A.16, is repealed.

3.13 **EFFECTIVE DATE.** This section is effective August 1, 2026.

349A.16 LOTTERY RETAILER COMMISSIONS.

The director of the State Lottery shall: (1) increase commissions paid to lottery retailers in effect on January 1, 1998, by one-half percent on the price of each ticket sold by each retailer; and (2) provide that each lottery retailer receive a commission of at least one percent on the amount of each winning ticket cashed by that retailer. The director of the State Lottery shall periodically review lottery ticket sales and make such adjustments to lottery retailer commission rates as are deemed necessary to maintain appropriate return to the state.