

1 State Lottery

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3 Adopted Permanent Rules Relating to Lottery Retailers

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5 Rules as Adopted

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6 7856.2010 RETAILER APPLICATION.

7 Subpart 1. **Application.** A person interested in obtaining
8 a contract as a retailer for the sale of lottery tickets shall
9 file an application to become a lottery retailer with the
10 lottery in the form and manner prescribed by the lottery. A
11 lottery retailer interested in selling lottery tickets at an
12 additional business location not specified in the retailer's
13 current contract may submit an application to amend the lottery
14 retailer's contract to authorize the sale of lottery tickets at
15 the other business location.

16 Subp. 2. **Fee.** Each retailer application for an initial
17 contract must be accompanied by a nonrefundable fee of \$100.
18 The initial application fee is valid for persons who reapply to
19 be retailers and who have not previously contracted with the
20 lottery absent any material change in the information contained
21 in the initial application. An application to amend a contract
22 to authorize the sale of lottery tickets at an additional
23 business location must be accompanied by a nonrefundable fee of
24 \$100 per business location. A renewal of a contract must be
25 accompanied by a nonrefundable fee of \$20.

26 7856.2020 SELECTION OF RETAILERS.

27 [For text of subpart 1, see M.R.]

28 Subp. 2. **Factors to be considered.** Before selecting a
29 lottery retailer or selecting an additional business location
30 for a lottery retailer, the director shall consider:

31 [For text of items A to H, see M.R.]

32 [For text of subp 3, see M.R.]

33 7856.3010 ISSUANCE OF CONTRACT.

34 Subpart 1. **General.** Retailer contracts may be entered

1 into or amended by the director without limitation, except that
2 the director may, at the director's discretion, determine that a
3 sufficient number of retailers or locations exists within a
4 given marketing area to adequately serve the public convenience
5 and necessity or that the addition of lottery retailers or
6 locations would not result in a sales increase sufficient to
7 warrant contracting with that retailer or amending the
8 retailer's contract authorizing the retailer to sell lottery
9 tickets at an additional business location.

10 [For text of subps 2 and 3, see M.R.]

11 Subp. 4. **Types of contracts.** Contracts entered into
12 between the lottery and a retailer under this part may be
13 distinguished by game type or by the number of business
14 locations at which the lottery retailer is authorized to sell
15 lottery tickets, as determined by the director. The contract
16 may be altered, amended, suspended, or canceled, in whole or in
17 part, pursuant to the law, this chapter, game procedures, and
18 the terms of the contract.

19 7856.3011 DENIAL OF APPLICATION; RECONSIDERATION.

20 If an application is denied, the lottery shall notify the
21 applicant in writing of the denial along with a brief statement
22 of the reason for denial. The applicant will be notified that
23 the applicant may, within 30 days, request reconsideration of
24 the application. The application may be reconsidered by filing
25 with the lottery a written statement setting forth the
26 applicant's legal, factual, or equitable arguments, along with
27 any supporting documents. The lottery may request that the
28 applicant submit additional facts or documents prior to making a
29 decision within 45 days after receiving all necessary
30 information. The director, after considering any additional
31 facts or documents submitted by the applicant, will make a
32 decision whether to deny or grant a contract or deny or grant
33 the application to amend the contract to authorize the sale of
34 lottery tickets at an additional business location to the
35 applicant.

1 7856.3020 CERTIFICATE.

2 Subpart 1. Issuance. Upon issuance of a contract or an
3 amendment to a contract authorizing a retailer to sell lottery
4 tickets, the director shall issue a certificate to the retailer
5 for each of the business locations at which the sale of lottery
6 tickets is authorized.

7 Subp. 2. Display. A lottery retailer shall prominently
8 display the certificate issued under this part in an area
9 visible to the general public at each business location at which
10 the retailer's contract authorizes the sale of lottery tickets.
11 The lottery retailer shall also mount a decal provided by the
12 lottery at each business location at which the retailer's
13 contract authorizes the sale of lottery tickets in a prominent
14 place on the window or entrance to the business.

15 Subp. 3. Surrender. Every certificate issued under this
16 part must be surrendered by the retailer upon cancellation,
17 suspension, or nonrenewal of the retailer's contract.

18 7856.4020 BONDING OF RETAILERS.

19 The lottery shall require a bond, securities, or an
20 irrevocable letter of credit from each lottery retailer in an
21 amount the lottery determines, consistent with its conclusion of
22 the financial stability of the retailer, to avoid monetary loss
23 to the state because of the activities of a retailer in the sale
24 of lottery tickets. The bond must be in a form provided by the
25 lottery and through a company authorized to do business in this
26 state and approved by the director. If securities are deposited
27 or an irrevocable letter of credit filed, the securities or
28 letter of credit must be of a type or in the form provided under
29 Minnesota Statutes, section 349A.07, subdivision 5, paragraphs
30 (b) and (c).

31 7856.4050 NONTRANSFERABILITY AND NONASSIGNABILITY OF CONTRACT.

32 A retailer contract issued under this chapter may not be
33 transferred or assigned. If the nature of the business or
34 location to which a contract is issued or the ownership

1 substantially changes, the director reserves the right to
2 approve or cancel the contract. The retailer must notify the
3 director in writing at least 30 days before any proposed
4 business or location change or change in ownership. A
5 substantial change in ownership under this part means a transfer
6 of 50 percent or more of the equity of the retailer.

7 7856.6010 CANCELLATION, SUSPENSION, AND NONRENEWAL OF CONTRACT.

8 Subpart 1. **Mandatory.** A contract or authorization for a
9 lottery retailer to sell lottery tickets at a particular
10 business location must be canceled if the retailer has been
11 determined by the director to have:

12 [For text of items A to D, see M.R.]

13 Subp. 2. **Discretionary.** A contract or authorization for a
14 lottery retailer to sell lottery tickets at a particular
15 business location may be canceled, suspended, or not renewed if
16 it is determined by the director that the retailer:

17 [For text of items A to N, see M.R.]

18 [For text of subp 3, see M.R.]