CHAPTER 349A

STATE LOTTERY

349A.01	DEFINITIONS.	349A.10	LOTTERY FUNDS.
349A.02	STATE LOTTERY.	349A.11	CONFLICT OF INTEREST.
349A.04	LOTTERY GAME PROCEDURES.	349A.12	PROHIBITED ACTS.
349A.05	RULES.	349A.13	RESTRICTIONS.
349A.06	LOTTERY RETAILERS.	349A.14	AUDIT.
349A.07	VENDOR CONTRACTS.	349A.15	REPORT.
349A.08	LOTTERY PRIZES.	349A.16	LOTTERY RETAILER COMMISSIONS.
349A.09	LOTTERY ADVERTISING.	349A.20	STADIUM, SPORTS-THEMED GAMES.

349A.01 DEFINITIONS.

Subdivision 1. **Terms defined.** For the purposes of this chapter the terms defined in this section have the meanings given them.

Subd. 2. MS 1994 [Repealed, 1995 c 254 art 1 s 97]

Subd. 3. MS 1990 [Repealed, 1991 c 233 s 110]

Subd. 4. MS 1990 [Repealed, 1991 c 233 s 110]

Subd. 5. **Director.** "Director" is the director of the State Lottery.

Subd. 6. MS 1990 [Repealed, 1991 c 233 s 110]

Subd. 7. **Gross receipts.** "Gross receipts" means all money received from the sale of lottery tickets less amounts transmitted to the commissioner of revenue under section 297A.65.

Subd. 8. **Gross revenue.** "Gross revenue" means gross receipts from the sale of lottery tickets, fees, or other money received by the director, and interest earned on money in the lottery fund.

Subd. 9. **Lottery.** "Lottery" is the State Lottery.

Subd. 10. **Lottery procurement contract.** "Lottery procurement contract" means a contract to provide lottery products, computer hardware and software used to monitor sales of lottery tickets, and lottery tickets. "Lottery procurement contract" does not include a contract to provide an annuity or prize payment agreement or materials, supplies, equipment, or services common to the ordinary operation of a state agency.

Subd. 11. **Lottery retailer.** "Lottery retailer" means a person with whom the director has contracted to sell lottery tickets to the public.

Subd. 12. **Lottery ticket or ticket.** "Lottery ticket" or "ticket" means any tangible evidence issued by the lottery to prove participation in a lottery game.

Subd. 13. **Lottery vendor or vendor.** "Lottery vendor" or "vendor" means a person who has entered into a contract to provide equipment, supplies, or services for the lottery. A lottery vendor does not include a lottery retailer.

Subd. 13a. **Responsible lottery official.** "Responsible lottery official" means an officer, director, or owner of an organization, firm, partnership, or corporation that has oversight of lottery ticket sales.

Subd. 14. **Second chance drawing.** "Second chance drawing" means a drawing in which an eligible nonwinning lottery ticket is submitted to the lottery for entry into a drawing for a chance to win a prize.

History: *1989 c 334 art 3 s 1; 1991 c 233 s 102,103,109; 2000 c 418 art 1 s 44; 2021 c 15 s 1; 2025 c 39 art 2 s 59*

349A.02 STATE LOTTERY.

Subdivision 1. **Director.** A State Lottery is established under the supervision and control of a director. The director of the State Lottery shall be appointed by the governor with the advice and consent of the senate. The director serves in the unclassified service at the pleasure of the governor. The annual salary rate authorized for the director is established through the process described under section 15A.0815.

Subd. 2. MS 2002 [Repealed, 2004 c 233 s 7]

Subd. 3. **Powers and duties.** In operating the lottery the director shall exercise the following powers and duties:

(1) adopt rules and game procedures;

(2) issue lottery retailer contracts and rule on appeals of decisions relating to those contracts;

(3) enter into lottery procurement contracts for the provision of goods and services to the lottery;

(4) employ personnel as are required to operate the lottery;

(5) enter into written agreements with one or more government-authorized lotteries, or with an organization created and controlled by those lotteries, for the operation, marketing, and promotion of a joint lottery;

(6) adopt and publish advertising and promotional materials consistent with section 349A.09; and

(7) take all necessary steps to ensure the integrity of, and public confidence in, the State Lottery.

Subd. 4. **Employees.** The director may appoint other personnel as necessary to operate the State Lottery in accordance with chapter 43A. At least one position in the lottery must be an attorney position and the director shall employ in that position an attorney to perform legal services for the lottery.

Subd. 5. **Incentive plan.** Subject to the provisions of section 43A.18, subdivision 1, the director may develop and implement a plan for making incentive payments to employees of the lottery whose primary responsibilities are in marketing.

Subd. 6. **Employees; background checks.** The director shall conduct background checks, or request the director of alcohol and gambling enforcement to conduct background checks, on all prospective employees who are finalists, and shall require that all employees of the lottery be fingerprinted. No person may be employed by the lottery who has been convicted of a felony or a crime involving fraud or misrepresentation within five years of starting employment with the lottery, or has ever been convicted of a gambling-related offense. The director has access to all criminal history data compiled by the Division of Alcohol and Gambling Enforcement on employees and prospective employees of the lottery. The director may employ necessary persons pending the completion of a background check.

Subd. 7. **Assistance.** (a) The director may request any other department or agency of the state, including the Division of Alcohol and Gambling Enforcement, to provide reasonable assistance to the director in carrying out the director's duties. All provision of services to the director from another state agency, must

be by agreement made between the director and the agency. An agreement must include provisions specifying the duration of the services, the assignment of personnel of other agencies to provide the services, the determination of the cost of the services, and the transfer, from the lottery operations account to the agency, of funds sufficient to pay the costs of the services.

(b) The director may enter into agreements with the commissioner of management and budget for the purpose of making payroll and other financial transactions.

Subd. 8. MS 1994 [Repealed, 1995 c 254 art 1 s 97]

History: *1989 c 334 art 3 s 2; 1990 c 590 art 1 s 49; 1991 c 233 s 104,109; 1991 c 238 art 1 s 15; 1991 c 336 art 2 s 35; 1992 c 567 art 3 s 5; 1993 c 146 art 3 s 8; 1995 c 254 art 1 s 79; 1996 c 305 art 1 s 74; 1997 c 129 art 2 s 15; 2Sp1997 c 3 s 15; 2000 c 501 s 6; 2004 c 233 s 2; 2009 c 101 art 2 s 109; 2023 c 62 art 2 s 109*

349A.03 [Obsolete]

349A.04 LOTTERY GAME PROCEDURES.

The director may adopt game procedures governing the following elements of the lottery:

(1) lottery games;

(2) ticket prices;

(3) number and size of prizes;

(4) methods of selecting winning tickets; and

(5) frequency and method of drawings.

The adoption of lottery game procedures is not subject to chapter 14.

History: *1989 c 334 art 3 s 4; 1995 c 254 art 1 s 81*

349A.05 RULES.

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

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

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

(3) investigation of lottery retailer applicants;

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

(5) compensation of lottery retailers;

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

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

(8) payment of prizes;

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

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

History: *1989 c 334 art 3 s 5; 1995 c 233 art 2 s 56; 1995 c 254 art 1 s 82*

349A.06 LOTTERY RETAILERS.

Subdivision 1. **Contracts.** The director shall sell tickets for the lottery through lottery retailers with whom the director contracts. Contracts under this section are not subject to the provisions of sections 16C.03, 16C.05, 16C.06, 16C.08, 16C.09, and 16C.10, and are valid for a period of one year. The director may permit a retailer to sell tickets at more than one business location under a contract entered into under this section.

Subd. 1a. **Sales at airport.** The Metropolitan Airports Commission shall permit the sale of lottery tickets at the Minneapolis-St. Paul International Airport in at least each concourse of the Lindbergh terminal, or at other locations mutually agreed to by the director and the commission. The director shall issue a contract to a nonprofit organization to operate an independent kiosk to sell lottery tickets at the airport.

Subd. 2. **Qualifications.** (a) The director may not contract with a sole proprietor to be a lottery retailer who:

(1) is under the age of 18;

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

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

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

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

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

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

(b) The director may not contract with an organization, firm, partnership, or corporation to be a lottery retailer that:

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

(2) has a stockholder who owns more than five percent of the business or the stock of the corporation, a responsible lottery official, an officer, or a director, who is a member of the immediate family of, or resides in the same household as, the director or any employee of the lottery;

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

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

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

Subd. 3. **Bond.** The director may require that a lottery retailer post a bond, securities, or an irrevocable letter of credit, in an amount as the director deems necessary, to protect the financial interests of the state. If securities are deposited or an irrevocable letter of credit filed, the securities or letter of credit must be of a type or in the form provided under section 349A.07, subdivision 5, paragraphs (b) and (c).

Subd. 4. **Criminal history.** (a) Upon the director's request, an applicant for a lottery retailer contract must submit a completed criminal history records check consent form, a full set of classifiable fingerprints, and required fees to the director or the Bureau of Criminal Apprehension. Upon receipt of the information, the director must submit the completed criminal history records check consent form, full set of classifiable fingerprints, and required fees to the Bureau of Criminal Apprehension.

(b) After receiving the information, the bureau must conduct a Minnesota criminal history records check of the individual. The bureau is authorized to exchange the fingerprints with the Federal Bureau of Investigation to obtain the applicant's national criminal history record information. The bureau must return the results of the Minnesota and national criminal history records checks to the director to determine the individual's compliance with the requirements of subdivision 2.

(c) The director must request a Minnesota and national criminal history records check for any sole proprietor or responsible lottery official that applies to be a lottery retailer and (1) has not undergone a check under this section within the past seven years, or (2) has had any lapse in a contract to sell lottery tickets.

(d) The director may issue a temporary contract, valid for not more than 90 days, to an applicant pending the completion of the investigation or a final determination of qualifications under this section. The director has access to all criminal history data compiled by the Bureau of Criminal Apprehension on (1) any person holding or applying for a retailer contract, (2) any person holding a lottery vendor contract or who has submitted a bid on such a contract, and (3) any person applying for employment with the lottery.

Subd. 5. **Restrictions on lottery retailers.** (a) A lottery retailer may sell lottery tickets only on the premises described in the contract.

(b) A lottery retailer must prominently display a certificate issued by the director on the premises where lottery tickets will be sold.

(c) A lottery retailer must keep a complete set of books of account, correspondence, and all other records necessary to show fully the retailer's lottery transactions, and make them available for inspection by employees of the lottery at all times during business hours. The director may require a lottery retailer to furnish information as the director deems necessary to carry out the purposes of this chapter, and may require an audit to be made of the books of account and records. The director may select an auditor to perform the audit and may require the retailer to pay the cost of the audit. The auditor has the same right of access to the books of account, correspondence, and other records as is given to employees of the lottery.

(d) A contract issued under this section may not be transferred or assigned.

(e) The director shall require that lottery tickets may be sold by retailers only for cash.

(f) A lottery retailer must prominently post at the point of sale of lottery tickets, in a manner approved by the commissioner of human services, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98.

Subd. 6. **Retention by retailers.** The director may by rule provide for:

(1) amounts which a lottery retailer may retain from gross receipts from the sale of lottery tickets in order to pay prizes to holders of winning tickets; and

(2) amounts which a lottery retailer may retain from gross receipts from the sale of lottery tickets as a commission.

Subd. 7. **Retailer rental payments.** If a lottery retailer's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales, and the computation of retail sales is not explicitly defined to include the sale of lottery tickets, the compensation retained by the sales agent for the sale of lottery tickets shall be considered the amount of the retail sale for purposes of computing the rental payments.

Subd. 8. **Proceeds of sales.** All proceeds from the sale of lottery tickets received by a lottery retailer constitute a trust fund until paid to the director. The lottery retailer is personally liable for all proceeds.

Subd. 9. **Fee.** The director may charge a nonrefundable application fee to a person applying for a lottery retailer contract, in an amount sufficient to cover the costs of making the investigation required under subdivision 4. The fee collected under this subdivision must be deposited in the lottery fund.

Subd. 10. **Local licenses.** No political subdivision may require a local license to operate as a lottery retailer or impose a tax or fee on the business of operating as a lottery retailer.

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

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

(2) is a sole proprietor or has a responsible lottery official who has committed any crime involving fraud or misrepresentation, or a gambling-related offense in any jurisdiction in the United States;

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

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

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

(1) changes business location;

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

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

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

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

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

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

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

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

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

(e) The director may temporarily suspend a contract or temporarily prohibit a lottery retailer from selling lottery tickets at a business location without notice for any of the reasons specified in this subdivision provided that a hearing is conducted within seven days after a request for a hearing is made by a lottery retailer. Within 20 days after receiving the administrative law judge's report, the director shall issue an order vacating the temporary suspension or prohibition or making any other appropriate order. If no hearing is requested within 30 days of the temporary suspension or prohibition taking effect, the suspension or prohibition becomes permanent unless the director vacates or modifies the order.

Subd. 12. **Retailer bonus.** The director may adopt a plan whereby eligible lottery retailers will receive a bonus payment, in addition to commissions or incentives earned for the sale of lottery tickets, if total lottery sales for a fiscal year increase when compared to the total lottery sales for the previous fiscal year. The bonus payment shall be no more than ten percent of any increase in total lottery sale, which shall be paid to active lottery retailers at the end of a fiscal year on the basis of each lottery retailer's market share.

History: *1989 c 334 art 3 s 6; 1990 c 590 art 1 s 50,51; 1991 c 233 s 109; 1991 c 336 art 2 s 36-38; 1994 c 633 art 6 s 1; 1995 c 254 art 1 s 83; 1996 c 288 s 1-3; 1997 c 129 art 2 s 15; 1998 c 366 s 70; 1998 c 386 art 2 s 83; 2005 c 151 art 2 s 17; 2025 c 39 art 2 s 60-62*

349A.07 VENDOR CONTRACTS.

Subdivision 1. **Contracts authorized.** The director may enter into lottery procurement contracts for the purchase, lease, or lease-purchase of the goods or services. In entering into a lottery procurement contract, the director shall utilize an open bid process and shall take into account the particularly sensitive nature of the state lottery and shall consider the competence, quality of product, experience, and timely performance of each potential vendor in order to promote and ensure security, honesty, fairness, and integrity in the operation and administration of the lottery. The director shall also consider the extent to which a bidder for a contract for printing preprinted lottery tickets would utilize employees and facilities within Minnesota in fulfilling the contract.

Subd. 2. **Investigation of potential vendors.** The director shall request the director of the Division of Alcohol and Gambling Enforcement to investigate the background, financial responsibility, security, and integrity of any person who submits a bid, proposal, or offer as part of a lottery procurement contract issuance by the director. The director may require the person making the bid, proposal, or offer to pay for the cost of the investigation. Any fee collected under this subdivision must be deposited into the lottery fund. At the time of submitting any bid, proposal, or offer, the bidder shall disclose to the director the information the director considers necessary to carry out the purposes of this section. The director has access to all criminal

history data compiled by the Division of Alcohol and Gambling Enforcement on all vendors and potential vendors who have submitted a bid to the lottery.

Subd. 3. **Persons ineligible for contract.** (a) The director may not enter into a lottery procurement contract with an applicant that has been convicted of a felony within the last ten years, has been convicted of a gross misdemeanor or gambling-related misdemeanor within the last five years, or has been found guilty of any crime involving fraud or misrepresentation within the last five years.

(b) The director may not enter into a lottery procurement contract with an applicant that has (1) a person who owns more than five percent of the stock in the applicant that does not meet the requirements of this subdivision, or (2) a partner, officer, or director that does not meet the requirements of this subdivision.

(c) The restrictions under this subdivision do not apply to an applicant for a lottery procurement contract if the director determines that the applicant has terminated its relationship with the individuals whose actions directly contributed to the disqualification of the applicant under this subdivision.

Subd. 4. **Conflict of interest.** The director may not enter into a lottery procurement contract with a person to supply goods or services if that person has an ownership interest in an entity that had supplied consultation services under a contract to the lottery regarding the request for proposal pertaining to those particular goods or services.

Subd. 5. **Bond.** (a) The director shall require securities to be deposited, or a performance bond or a letter of credit to be executed by the person or corporation that is awarded a lottery procurement contract in an amount as determined by the director.

(b) Any securities deposited with the director under this subdivision must be interest-bearing and limited to:

(1) certificates of deposit issued by a solvent bank or savings association organized and existing under the laws of this state or under the laws of the United States and having its principal place of business in this state;

(2) United States bonds, notes, and bills, for which the full faith and credit of the government of the United States is pledged for the payment of principal and interest; and

(3) general obligation bonds of any political subdivision of this state, or corporate bonds of a corporation that is not an affiliate or subsidiary of the vendor, if the general obligation bonds or corporate bonds are rated in one of the four highest classifications by an established nationally recognized investment rating service.

(c) Any letter of credit executed under this subdivision must provide that:

(1) nothing more than a demand for payment is necessary for payment and is not conditional on the delivery of any other documents or materials;

(2) the letter of credit is irrevocable and cannot be modified or revoked without the consent of the director;

(3) the letter of credit cannot expire without notice from the issuer and the notice must occur at least 60 days before the expiration date of the letter of credit;

(4) the letter of credit is issued by a bank which is a member of the Federal Reserve System which has a long-term debt rating by a recognized national rating agency of investment grade or better, if no long-term debt rating is available, the financial institution must have investment grade financial characteristics;

(5) the letter of credit is unconditional, is not conditional upon reimbursement to the bank or the bank's ability to perfect any lien or security interest, and does not contain references to any other agreement, document, or entity; and

(6) the letter of credit designates the director as beneficiary.

Subd. 6. **Exemptions.** Lottery procurement contracts entered into by the director are not subject to the provisions of section 16C.03, 16C.05, 16C.06, 16C.08, 16C.09, or 16C.10, provided that the director must utilize an open and competitive bid process, and as nearly as practicable follow the procedures of chapters 16B and 16C governing contracts, consistent with the provisions of this section.

Subd. 7. **Assignment.** A lottery procurement contract entered into under this section may not be assigned without the specific written approval of the director.

History: *1989 c 334 art 3 s 7; 1991 c 233 s 109; 1997 c 129 art 2 s 15; 1998 c 386 art 2 s 84*

349A.08 LOTTERY PRIZES.

Subdivision 1. **Agreement by players.** A person who buys a lottery ticket agrees to be bound by the rules applicable to the particular lottery game for which the ticket is purchased. The player acknowledges that the determination of whether a ticket is a valid winning ticket is subject to the rules of the director, claims procedures established by the director for that game, and any confidential or public validation tests established by the director for that game.

Subd. 2. **Prizes not assignable.** A prize in the state lottery is not assignable except that:

(1) if a prize winner dies before the prize is paid, the director shall pay the prize to the prize winner's estate; and

(2) the director may pay a prize to a person other than the winner of that prize under an appropriate court order.

Subd. 3. MS 2016 [Repealed, 1Sp2017 c 4 art 2 s 66]

Subd. 4. **Discharge of liability.** The payment of a prize by the director discharges the director and the state of all liability for the prize.

Subd. 5. **Payment; unclaimed prizes.** A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director must transfer all unclaimed prize money at the end of each fiscal year from the lottery cash flow account to the general fund.

Subd. 6. **Installment payments.** If the director decides to pay all or part of a prize in the form of installments over a period of years, the director shall provide for the payment of all installments by:

(1) entering into a contract with a financially responsible person or firm or by purchasing an annuity to provide for the payment of the installments; or

(2) establishing and maintaining as a separate and independent fund outside the state treasury a reserve account with sufficient funds for the payment of the installments as they become due.

Subd. 7. **Payments prohibited.** (a) No prize may be paid to the director or an employee of the lottery, or a member of their families residing in the same household of the member, director, or employee. No prize may be paid to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved with providing goods or services to the lottery under a lottery procurement contract.

(b) No prize may be paid for a stolen, altered, or fraudulent ticket.

Subd. 8. **Withholding of delinquent state taxes or other debts.** The director shall report the name, address, and Social Security number of each winner of a lottery prize of $600 or more to the Department of Revenue to determine whether the person who has won the prize is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5. If the person is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5, the director shall withhold the delinquent amount from the person's prize for remittance to the Department of Revenue for payment of the delinquent taxes or distribution to a claimant agency in accordance with chapter 270A. Section 270A.10 applies to the priority of claims.

Subd. 9. **Privacy.** (a) The phone number and street address of a winner of a lottery prize is private data on individuals under chapter 13.

(b) Data on an individual, including name, physical and electronic address, and telephone number, that are given to the lottery for direct marketing purposes are private data on individuals as defined in section 13.02. For purposes of this subdivision, "direct marketing" means marketing conducted by the lottery directly with the consumer.

(c) The name of the winner of a lottery prize that includes a cash payment greater than $10,000, and the name of a winner of a second chance drawing prize that includes a cash payment greater than $10,000, are private data on individuals under chapter 13.

(d) The name of the winner of a lottery prize that is classified under paragraph (c) may be made public if the winner provides written consent after the director has informed the winner of the director's intended use of the winner's name.

History: *1989 c 334 art 3 s 8; 1991 c 233 s 109; 1991 c 336 art 2 s 39; 1993 c 340 s 17; 1995 c 254 art 1 s 84,85; 1Sp2003 c 1 art 2 s 101; 1Sp2003 c 8 art 2 s 18; 1Sp2017 c 4 art 2 s 41; 2021 c 15 s 2*

349A.09 LOTTERY ADVERTISING.

Subdivision 1. **Odds; required information.** The director shall include on each brochure, pamphlet, booklet, or other similar material the director publishes to promote or explain any lottery game, a prominent and clear statement of the approximate odds of winning each prize offered in that lottery game. Each lottery retailer must post prominently at or near the point of ticket sale a notice or notices printed and provided by the director of the approximate odds of winning each prize in each game for which the lottery retailer sells tickets.

Subd. 2. **Content of advertising.** (a) Advertising and promotional materials for the lottery adopted or published by the director must be consistent with the dignity of the state and may only:

(1) present information on how lottery games are played, prizes offered, where and how tickets may be purchased, when drawings are held, and odds on the games advertised;

(2) identify state programs supported by lottery net revenues;

(3) present the lottery as a form of entertainment; or

(4) state the winning numbers or identity of winners of lottery prizes.

(b) The director may not adopt or publish any advertising for the lottery which:

(1) presents directly or indirectly any lottery game as a potential means of relieving any person's financial difficulties;

(2) is specifically targeted with the intent to exploit a person, a specific group or economic class of people, or a religious holiday by use of a religious theme or symbol;

(3) presents the purchase of a lottery ticket as a financial investment or a way to achieve financial security;

(4) uses the name or picture of a current elected state official to promote a lottery game;

(5) exhorts the public to bet by directly or indirectly misrepresenting a person's chance of winning a prize; or

(6) denigrates a person who does not buy a lottery ticket or unduly praises a person who does buy a ticket.

Subd. 3. **Prizes; required information.** The director must include, in any publication or print advertising which refers to a prize which is or may be paid in installments, a statement to the effect that the prize will be or may be paid in installments.

History: *1989 c 334 art 3 s 9; 1991 c 336 art 2 s 40*

349A.10 LOTTERY FUNDS.

Subdivision 1. **State lottery fund.** The director shall establish a lottery fund outside the state treasury, consisting of the gross revenues of the lottery and all other money credited or transferred to it by law, except for money set aside and deposited in the lottery prize fund under subdivision 2.

Subd. 2. **Deposit in prize fund.** (a) The director shall establish a lottery prize fund outside the state treasury. The fund consists of all money deposited in it under this subdivision and all interest earned thereon.

(b) The director shall deposit in the lottery prize fund, from gross receipts from the sale of lottery tickets, an amount sufficient to pay lottery prizes from the lottery prize fund according to the following provisions:

(1) for games which require online terminal connections, the prizes paid in any fiscal year must be at least 45 percent of gross receipts from those games in that fiscal year;

(2) for games which do not require online terminal connections, the prizes paid in any fiscal year must be at least the following percentages of gross receipts from those games:

(i) 50 percent through fiscal year 1991;

(ii) 55 percent from July 1, 1991, to June 30, 1992; and

(iii) 60 percent thereafter.

Subd. 3. **Lottery operations.** (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) Except as provided in paragraph (e), the director may not credit in any fiscal year thereafter amounts to the lottery operations account which when totaled exceed nine percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the lottery is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

(e) In addition to the amounts credited to the lottery operations account under paragraph (b), the director is authorized, if necessary, to meet the current obligations of the lottery and to credit up to 25 percent of an amount equal to the average annual amount which was authorized to be credited to the lottery operations account for the previous three fiscal years but was not needed to meet the obligations of the lottery.

Subd. 4. **Deposit of receipts.** (a) The director may require lottery retailers to:

(1) deposit in a separate account to the credit of the lottery fund, in banks designated by the director, all money received by the lottery retailer from the sale of lottery tickets, less money retained as the lottery retailer's commission and for payment of prizes;

(2) file with the director reports of the lottery retailer's receipts and transactions in ticket sales in a form that the director prescribes; and

(3) allow money deposited by the lottery retailer from the sale of lottery tickets to be transferred to the lottery through electronic fund transfer.

(b) The director may make arrangements for any person, including a financial institution, to perform functions, activities, or services in connection with the receipt and distribution of lottery revenues.

(c) A lottery retailer who fails to pay any money due to the director within the time prescribed by the director shall pay interest on the amount owed at the rate determined by rule.

Subd. 5. **Deposit of net proceeds.** Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund and the remainder must be credited to the general fund.

Subd. 6. **Budget; plans.** (a) The director shall prepare and submit a biennial budget plan to the commissioner of management and budget. The governor shall recommend the maximum amount available for the lottery in the budget the governor submits to the legislature under section 16A.11. The maximum amount available to the lottery for operating expenses and capital expenditures shall be determined by law.

In addition, the director shall appear at least once each fiscal year before the senate and house of representatives committees having jurisdiction over gambling policy to present and explain the lottery's plans for future games and the related advertising and promotions and spending plans for the next fiscal year.

(b) For purposes of this section, operating expenses shall not include:

(1) expenses that are a direct function of lottery sales, which include the cost of lottery prizes, amounts paid to lottery retailers as sales commissions or other compensation, amounts paid to produce and deliver scratch lottery games, and amounts paid to an outside vendor to operate and maintain an online gaming system; and

(2) expenses related solely to the noncash year-end adjustment required for government agencies to adjust the net actuarially determined pension liability which includes deferred inflows, deferred outflows, noncash pension expense, unrestricted net deficit, and net pension liability, in accordance with Statement 68 of the Governmental Accounting Standards Board.

Subd. 7. **Transfer of cash balances.** (a) A lottery cash flow account is created in the special revenue fund in the state treasury. At the end of each week the director shall deposit in the lottery cash flow account from the lottery fund and the lottery prize fund all amounts that the director determines are not required for immediate use in the lottery fund or the lottery prize fund. The commissioner of management and budget shall credit to the lottery cash flow account interest on all money deposited in the lottery cash flow account under this subdivision.

(b) The director shall notify the commissioner of management and budget whenever the director determines that money transferred under paragraph (a) is required for the immediate use of the lottery fund or the lottery prize fund. Upon receiving the notification the commissioner shall transfer the amount identified in the notification. Amounts necessary to make immediate payment for expenses or prizes from the lottery fund or the prize fund are appropriated from the lottery cash flow account to the director.

(c) The director shall notify the commissioner of management and budget 30 days after each month as to the amount of the net proceeds that must be transferred under subdivision 5, and the director shall notify the commissioner of management and budget 20 days after each month as to the amount that must be transferred under section 297A.65, and as necessary the director shall notify the commissioner of other amounts required by law to be transferred.

History: *1989 c 334 art 3 s 10; 1990 c 610 art 1 s 52; 1991 c 233 s 106,109; 1991 c 336 art 2 s 41; 1992 c 513 art 3 s 70; 1993 c 369 s 126; 1994 c 633 art 6 s 2; 1995 c 254 art 1 s 86; 1995 c 264 art 6 s 6; 1998 c 366 s 71; 2000 c 418 art 1 s 44; 2000 c 492 art 1 s 59; 2002 c 379 art 1 s 76; 2004 c 233 s 3; 2005 c 156 art 2 s 36; 2009 c 101 art 2 s 109; 1Sp2017 c 4 art 2 s 42*

349A.11 CONFLICT OF INTEREST.

Subdivision 1. **Lottery ticket; retailer.** The director, an employee of the lottery, a member of the immediate family of the director or employee residing in the same household may not:

(1) purchase a lottery ticket; or

(2) have any personal pecuniary interest in any vendor holding a lottery procurement contract, or in any lottery retailer; or

(3) receive any gift, gratuity, or other thing of value, excluding food or beverage, from any lottery vendor or lottery retailer, or person applying to be a retailer or vendor, in excess of $100 in any calendar year.

Subd. 2. **Gifts.** The director or an employee of the lottery in the unclassified service may not accept a gift the acceptance of which by an official would be prohibited by section 10A.071.

Subd. 3. **Penalty.** A violation of subdivision 1, clause (1), is a misdemeanor. A violation of subdivision 1, clause (2), is a gross misdemeanor. A violation of subdivision 1, clause (3), is a misdemeanor unless the gift, gratuity, or other item of value received has a value in excess of $500, in which case a violation is a gross misdemeanor.

Subd. 4. **Future employment.** The director or an unclassified employee of the lottery may not, within two years of terminating employment with the lottery, represent any person, corporation, or entity before the lottery. A violation of this paragraph is a misdemeanor.

History: *1989 c 334 art 3 s 11; 1991 c 233 s 109; 1995 c 254 art 1 s 87; 1998 c 366 s 72*

349A.12 PROHIBITED ACTS.

Subdivision 1. **Purchase by minors.** A person under the age of 18 years may not buy or redeem for a prize a ticket in the state lottery.

Subd. 2. **Sale to minors.** A lottery retailer may not sell and a lottery retailer or other person may not furnish or redeem for a prize a ticket in the state lottery to any person under the age of 18 years. It is an affirmative defense to a charge under this subdivision for the lottery retailer or other person to prove by a preponderance of the evidence that the lottery retailer or other person reasonably and in good faith relied upon representation of proof of age described in section 340A.503, subdivision 6, in making the sale or furnishing or redeeming the ticket.

Subd. 3. **Prohibited sales.** (a) A person other than a lottery retailer may not sell a ticket in the state lottery.

(b) A lottery retailer may not sell a ticket for a price other than the price set by the director.

Subd. 4. **Lottery retailers and vendors.** A person who is a lottery retailer, or is applying to be a lottery retailer, a person applying for a contract with the director, or a person under contract with the director to supply goods or services to lottery may not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over $100 in any calendar year to the director, employee of the lottery, or to a member of the immediate family residing in the same household as that person.

Subd. 5. **Exceptions.** Nothing in this chapter prohibits giving a state lottery ticket as a gift, provided that a state lottery ticket may not be given to a person under the age of 18.

Subd. 6. **Violations.** A violation of subdivision 1 or 2 or a rule adopted by the director is a misdemeanor. A violation of subdivision 3 or 4 is a gross misdemeanor.

History: *1989 c 334 art 3 s 12; 1991 c 233 s 109; 1994 c 633 art 6 s 3-6; 1995 c 254 art 1 s 88*

349A.13 RESTRICTIONS.

The director shall not:

(1) conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) install or operate a lottery device operated by coin or currency which when operated determines the winner of a game;

(3) sell pull-tabs as defined under section 349.12, subdivision 32;

(4) offer the play of, on an electronic terminal, through a website, or by any other means or device, casino-style games, including but not limited to blackjack, craps, keno, dice games, roulette, or poker;

(5) sell lottery tickets through a self-service device that is part of, shares a display with, or is adjacent to a retail petroleum dispenser under section 239.751;

(6) sell lottery tickets through a self-service device that is part of, shares a display with, or is adjacent to an electronic financial terminal under section 47.61, subdivision 3; and

(7) sell instant win lottery tickets through a website. The restriction in this clause does not apply to the sale of tickets of a joint lottery within the meaning of section 349A.02, subdivision 3, or games that rely on a drawing to select a winner.

History: *1989 c 334 art 2 s 51; art 3 s 13; 2015 c 45 s 25*

349A.14 AUDIT.

The director shall contract for an annual certified audit of all accounts and transactions of the lottery. The audit must be conducted by a certified public accountant in accordance with generally accepted accounting standards. The director shall file a copy of each audit report of the lottery with the governor and the legislature.

History: *1989 c 334 art 3 s 14*

349A.15 REPORT.

The director shall file an annual report with the governor and legislature which must include a complete statement of lottery revenues, administrative and operating costs, capital expenditures, net proceeds transferred, and other financial transactions for the period the report covers.

History: *1989 c 334 art 3 s 15; 2004 c 233 s 4*

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.

History: *1998 c 366 s 73*

349A.20 STADIUM, SPORTS-THEMED GAMES.

The State Lottery shall conduct games based on stadium or professional sports themes to generate a minimum of $2,100,000 in additional revenue for the fiscal year for the general fund. Games issued under this section must comply with all NFL policies on use of trademarks, images, and logos.

History: *2012 c 299 art 6 s 2*