



Commission Members

Jason Ahrendt –Chair
Jamie Huizenga-Vice Chair
Tim Donohue
Joe Kafka
Tona Rozum

Minutes of the Commission Meeting

Meeting was conducted in person
Thursday, December 7, 2023 – 9:30 a.m.

Chair Ahrendt called the December 7, 2023, meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Commissioner Kafka was not present.

The public was able to participate in person or by listening on the internet.

SUPPORT STAFF PRESENT

Norm Lingle, Clark Hepper, Michael Houdyshell, Ali Schaeffbauer, Kirsten Jasper, Trevor Wiebe, Wade LaRoche, Nathan Remmich, Shawna Zebroski and David Dahl.

MEMBERS OF THE PUBLIC PRESENT

Bob Mercer, Robert Riter, Deb Mortenson, and Matt Krogman.

APPROVAL OF THE AGENDA

Chair Ahrendt asked if there were any changes to the agenda. There were none. Chair Ahrendt asked for a motion to approve the agenda, motioned by Vice Chair Huizenga, and seconded by Commissioner Rozum. A voice vote was taken. All in favor. Motion carried.

APPROVAL OF THE MINUTES FROM THE Sept. 21, 2023, MEETING

Chair Ahrendt asked for a motion to approve the minutes. Commissioner Donohue moved to approve the minutes and seconded by Vice Chair Huizenga. All in favor. Motion carried.

CONFLICT OF INTEREST

Chair Ahrendt asked if there were any conflicts of interest; there were none.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

- Sales Director Marla Gruber will be retiring December 8 after nearly 10 years with the Lottery.
- David Dahl will be the new Director of Sales.
- The Fiscal Year 2023 audit was completed, and there not any findings.
- This is 20 consecutive years that the Lottery hasn't had any findings.
- The South Dakota Lottery won two advertising awards at the North American Association of State and Provincial Lotteries annual conference.
- The Lottery won the awards for **Best Responsible Gambling Communications Coordinated Campaign and Best Television Advertising Lotto and Daily Numbers Games.**
- **This is Commissioner Huizenga's final commission meeting, and the Lottery thanks him for his support.**

SCAN AND REDEEM

Deputy Executive Director Clark Hepper reported on the following:

- Scan and Redeem is a method for players to claim prizes \$101 through \$5,000 through the Lottery's mobile app.
- This would allow players to receive prizes through an ACH transaction, but this will not make online sales available.
- The Lottery is implementing this to address issues with South Dakota's low threshold for claims at retail locations.
- Mobile claims will go through the same processes of in-person claims, including the debt set off process.
- The Lottery's current agreement with IGT was extended with the implementation of scan and redeem.
- The Lottery is hoping to have the program implemented within a year.
- The next steps for scan and redeem are to meet with IGT to plan a timeline and identify milestones.
- Commissioner Huizenga noted that scan and redeem is a far better option for our players and that it will solve some geography problems with having to travel to make a claim.

Legal Update

Staff Attorney Ali Schaeffbauer reported the following:

- A petition for a declaratory ruling has been sent to the Attorney General's office for an opinion.
- A contested hearing that was scheduled has been discontinued.

Proposed Fiscal Year 2025 Budget

Accounting Manager Aric Frost reported on the following:

- The Lottery operates under two budgets, instant/on-line and video lottery.
- The instant/on-line budget is an informational only budget. This is a financial plan that focuses on tracking spending data without imposing specific limits or goals.
- The proposed budget is \$63,000,058, which is the same as the current fiscal year.
- The video lottery budget is part of the Department of Revenue's overall budget. This is approved by the South Dakota legislature.
- The Fiscal Year 2025 video lottery budget is \$2,920,327, which is the same as Fiscal Year 2025.
- The Lottery is seeking approval from the commission of the Fiscal Year 2025 budgets.
- Commissioner Rozum asked about supplies and materials having \$3,000 budgeted but those funds haven't been used. Executive Director Lingle noted that it was there if the Lottery needed to do any printing. For example, if the Lottery needs to print posters for video lottery establishments.

- Commissioner Rozum asked about the difference between commercial printing and state printing. Executive Director Lingle noted that this is used for projects that use the state's print shop.
- Chair Ahrendt asked for a motion to approve the budgets. Vice Chair Huizenga made the motion, seconded by Commissioner Donohue. Motion carried after a roll call vote.

SALES REPORT

Sales Manager David Dahl reported on the following:

- Instant ticket sales have increased 2.87 percent compared to the previous fiscal year.
- The Lottery introduced The Price is Right instant ticket, and it is currently in the top 3 of sales.
- The Lottery is launching the X Family of instant tickets in February.
- Recent prize winners were highlighted by a top prize winner of the \$550,000 jackpot. It was the first top prize hit for the new \$30 ticket.
- The Lottery has paid more than \$14 million in instant ticket prizes to date.
- Lotto sales are pacing behind last year's totals due to large jackpot runs.
- The Lottery projects more than \$178 million in total revenue for Fiscal Year 2024.

FY23 Instant/On-line Review

Business Analyst Nathan Remmich reported on the following:

- Hand and Hanson counties showed the most growth in terms of instant ticket sales.
- Aberdeen and Rapid City had the largest increases among cities. Sioux Falls remained the top selling city.
- The \$30 ticket took some growth from different price points, especially the \$5.
- Every county increased in draw game sales but Douglas. This was due to a record-setting jackpot.
- Hanson County had the largest growth among counties, which had a 97.1 percent increase.
- Every city had more than double digit growth with Sioux Falls leading the way.
- Mega Millions and Powerball jackpots lifted the sales for the Dakota Cash game.

MARKETING REPORT

Director of Advertising and Public Relations Wade LaRoche reported on the following:

- The South Dakota Lottery won awards for best Responsible Coordinated Campaign and Best Television Advertising Lotto Games at the annual NASPL Conference.
- The awards are judged by members of the Lottery industry.
- Out of the 42 categories, the South Dakota was a finalist for six additional awards.
- The Lottery thanks Lawrence & Schiller for their collaboration on these projects.
- Barbara Wipf of Sioux Falls was a finalist in the NASCAR Powerball Playoff.
- She and her husband won an exclusive trip to Phoenix for NASCAR's championship weekend.
- The Lottery will run its Luckiest Leap Day promotion on February 29. Players will be able to purchase two Lucky for Life tickets and receive one free.

VIDEO LOTTERY REPORT

Director of VL and Security Trevor Wiebe reported on the following:

- The new line machines have shown an increase in terms of active terminals throughout the state.
- To date, there have been 175 new machines deployed throughout the state in Fiscal Year 2024.
- Two manufacturers currently have Ticket In, Ticket Out software available.
- This means that there has been a slow rollout of Ticket In, Ticket Out as other manufacturers implement this technology.
- MUSL recently conducted a review of the Lottery's on-line draw procedures.
- The MUSL team came on site to conduct the review, and the results were generally positive.

- The Lottery will work with BIT to make some improvements to its network.
- Chair Ahrendt asked if there is an appetite from the operators to get other machines Ticket In, Ticket Out compatible. Trevor Wiebe confirmed that they are in the process of making more machines compliant.

PUBLIC COMMENT

Chair Ahrendt asked about public comments.

- Matt Krogman of the South Dakota Licensed Beverage, Dealers and Gaming Association noted that there is potential legislation that they are bringing.
- The first would be to allow 15 video lottery machines per license. Another would be to offer progressive jackpot options for games.
- The third piece of legislation would be to increase the betting limit. He noted that this hasn't changed since video lottery's implementation.
- Commissioner Rozum noted that they may want to begin speaking with legislators now.

NEXT MEETING DATE

Executive Director Lingle stated the next meeting will be March 21, 2024.

ADJOURNMENT

The meeting adjourned at 11:02 a.m.

*Please listen to the audio on the South Dakota Lottery Website: <https://Lottery.sd.gov/about/commission/> for additional details.