



Commission Members

Steve Harding –Chair
Tim Donohue-Vice Chair
Jamie Huizenga
Tona Rozum
Roy Lindsay

Minutes of the Commission Meeting

Meeting was conducted in person
Thursday June 11, 2026 – 9:30 a.m.

UNAPPROVED

Chair Harding called June 11, meeting of the South Dakota Lottery Commission to order at 9:30 a.m.

SUPPORT STAFF PRESENT

Norm Lingle, Clark Hepper, Kirsten Jasper, Mike Houdyshell, Wade LaRoche, Trevor Wiebe, Nathan Remmich, Aric Frost, Shawna Zebroski, Ali Schaeftbauer and David Dahl.

MEMBERS OF THE PUBLIC PRESENT

Matt Krogman

APPROVAL OF THE AGENDA

Chair Harding asked if there were any changes to the agenda. Commissioner Lindsay made a motion and Donohue seconded approval of the agenda. All in favor. Motion carried.

APPROVAL OF THE MINUTES FROM MARCH 26, 2026

Chair Harding asked for a motion to approve the minutes. Commissioner Donohue made a motion and Lindsay seconded approval of March 26, 2026, minutes. All in favor. Motion carried.

CONFLICT OF INTEREST

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

PUBLIC COMMENT

Board Council Kirsten Jasper

- Kirsten Jasper, board council, explained the moving of the public comment to the beginning of the meeting.
- Commission Lindsay asked if moving up the public comment to the beginning of the meeting and someone speaks on a topic, does this preclude them from speaking when they get to that topic. Chair Harding stated he would like to take all comments at the beginning of the meeting.
- Matt Krogman, South Dakota Licensed Beverage Dealers and Gaming Association, stated a lot of the information is coming through during the meeting and some of it will be new information. The public would not have an opportunity to give their input, and this is concerning. He prefers the public comment to stay at the end of the meeting.
- Commissioner Rozum commented on having public comment at the beginning to give the people the opportunity to speak.
- BC Jasper stated the law has not changed to when public comment must be. Board and commission have a great deal of discretion when they provide public comment. Reason for moving up is that there is a recommendation from a task force to change the law to require it to the beginning. It is required to have a public comment at every board regularly scheduled meeting.
- Commissioner Rozum asked who is recommending that the law be changed. BC Jasper answered that this was through a task force through the Attorney General's office.

SECRETARY OF REVENUE COMMENTS

Department of Revenue Michael Houdyshell reported on the following:

- Legislative implementations efforts are still ongoing.
- Starting discussions for the 2027 legislative session.
- Congratulated Executive Director Lingle, celebrating 38 years with the State of South Dakota.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

FY2026 Sales – End of Year Projections

- Instant - \$46.6 million – Down 1.72% YOY
- Draw - \$35 million – Up 35.2% YOY
- Video Lottery - \$169.5 million – Up 2.82% YOY

FY26 Audit

- Prep work for the FY26 audit has begun, with reviewing control/process documents that are used as part of the audit.
- Entering into an agreement with Eide Baily to help prepare the lottery financial statements.

IGT Obsolescence Request

- This includes the Powerstation Ultra, approved in 2012, the Powerstation Plus/Powerstation, approved in 2008, and IGT 960's, approved around 1996.
- Combined just under 1500 in South Dakota. Obsolescence will come back to the Commission for final determination. The process for a VLT manufacturer to request a platform to be declared obsolete is laid out in administrative rule.

Obsolete machine designation request

- A request must be made in writing and include justification and information supporting the request.
- A request may not be made until seven years after initial approval of the machine prototype by the commission.

Commission consideration of obsolete machine request.

- The commission shall utilize the services of an independent technical expert to verify the justification and information supporting the request.
- The manufacturer shall reimburse the lottery for all costs of any testing, examination, or analysis of the request.

Declaration of obsolete machine.

- The commission may, after a public hearing, declare an approved machine obsolete. For each machine declared obsolete:
- Commission declares the machine obsolete, the following applies:
- The manufacturer is not subject to subdivisions 48:02:05:02(1) to 48:02:05:02(3), inclusive;
- No distributor is subject to subdivision 48:02:05:03(3);
- No operator is subject to subdivision 48:02:05:04(2); and
- No service agent is subject to subdivision 48:02:05:04.01(2).
- If declared obsolete, they will not go dark. They can still be used as long as they communicate with central system. No new parts may be submitted or approved for the VLT.
- Commissioner Lindsay asked if these expenses for the machines are not born by the video lottery commission, they are born by the individuals that host these machines. ED Lingle commented yes, our licensed operators own the machines and it's the operators who support the cost of the equipment.
- Commissioner Donohue asked if this would cause hardship for the operators. ED Lingle stated the request from IGT involves 1500 machines and they do not go dark and will continue to use the inventory as long as it communicates with our central system.
- Commissioner Donohue asked if there is a system to figure out how these parts in inventory could be used for a single operator that might have a machine that is obsolete or not working where they can access those parts. ED Lingle stated that a letter will be provided to the industry reps and the letter will have those parts listed.

ADMINISTRATIVE RULES HEARING - POWERBALL XS & OS

Executive Director Norm Lingle

The proposed rules authorize the South Dakota Lottery to participate in the Powerball Xs & Os draw game, update to the most current Millionaire for Life product game group rules, repeals draw games that are no longer offered and makes LRC suggested form and style changes to currently offered draw games.

- ARTICLE 48:03
- ON-LINE LOTTERY REQUIRMENTS
- 48:03:01 General provisions.
- 48:03:02 Sale and distribution of on-line tickets. 48:03:03 On-line ticket payment and validation.
- 48:03:04 On-line drawings.
- 48:03:05 On-line ticket sales on Indian reservations.
- 48:03:06 Powerball game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:07 Dakota Cash game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:08 Tri-West Lotto game, Repealed.
- 48:03:09 Daily Millions game, Repealed.
- 48:03:10 Wild Card game, Repealed. Repeals the game as it is no longer offered.
- 48:03:11 Cash 4 Life game, Repealed.
- 48:03:12 Rolldown game, Repealed.
- 48:03:13 Hot Lotto game, Repealed. Repeals the game as it is no longer offered.
- 48:03:14 Raffle game.
- 48:03:15 (Effective through April 4, 2025) Mega Millions Game Rules. (Effective April 5, 2025) Mega Millions Game Rules game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:16 MONOPOLY Millionaires' Club game, Repealed. Repeals the game as it is no longer offered.
- 48:03:17 EZ Match instant win option. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:18 Lucky for Life game. Repeals language pertaining to ineligible players – Duplicated from statute. – LRC Form and Style - Need to keep until the 180-day claim period expires.
- 48:03:19 Lotto America game. Repeals language pertaining to ineligible players – Duplicated from statute – LRC Form and Style
- 48:03:20 Millionaire for Life game. Takes place September 1st
- Updates to reflect the updated date of the product game group rules.
- Risk analysis – Updated to include this language when there is more than 1 grand prize winner in a drawing. The amount of the Cash Option for each Grand Prize-Winning Ticket will be the Grand Prize Cash Value (\$18 million) divided equally by the number of Grand Prize-Winning Tickets.
- The second level prize, if there are 1 to 7 second level winners in a drawing, the prize will be an annuitized \$100,000 per year for life or \$2.2 million cash. If there are 8 or more, the prize liability will be capped at \$15 million and split equally.
- Chapter 48:03:21 - Powerball Xs & Os
- Powerball Xs & Os leverages two iconic brands.... NFL and Powerball.

- MUSL and NFL conducted research on partnering. NFL is top of mind throughout the year and ranks high in television. Partner brands increased fan consideration.
- Combats Jackpot Fatigue with different experience from Powerball and Mega Millions
- \$5 price point with rolling jackpot starting at \$500k. You select 8 of 32 teams and NFL Logo's instead of numbers.
- Once a week drawing on Sunday's, 52 Weeks a year.
- There will be 2nd Chance Components/Drawings. MUSL is developing an app to enter both winning and non-winning tickets. Prizes will include NFL centric items, NFL.Com gift cards to perhaps Super Bowl tickets

Rules

- 48:03:21:01 Allows for a player to purchase a ticket for up to 9 future drawings.
- 48:03:21:02 Adopts the game group rules as South Dakota rules for the Powerball Xs & Os game.
- 48:02:21:03 Authorizes the South Dakota Lottery to offer the Powerball Xs & Os game.
- Moved by Donohue to approve Administrative Rule for Powerball X's & O's, seconded by Lindsay. A voice vote was taken. All in favor. Motion carried.

INSTANT TICKET SHIPPING CONTRACT APPROVAL

Deputy Executive Director Clark Hepper

- Currently we ship over 600 packages of instant tickets weekly through our reorder process to keep our retailers stocked with instant tickets. We launch at least one new game once a month which adds an additional 650 or more packages for that week. Package size consists of a small bag up to a paper box. Fixed cost per package no matter the size and weight of package. Annually we ship over 30,000 packages a year from our warehouse in Sioux Falls. Fiscal year 2025 the Lottery spent over \$430,000 on instant ticket deliveries and associated fees.
- Current contract has been through UPS for over 10 years and there has been an increase in cost with added surcharges and fuel charges, delivery service has gone from next day to two days and beyond, and we have lost our local contact within South Dakota.
- New contract with Spee Dee Delivery, secured bid process with Minnesota Cooperative Purchasing Venture.
- Terms of contract are June 2026 through October 2027 with 6 months extensions.
- New contract with Spee Dee Delivery will provide next day or two-day delivery of Lottery products to all retailers statewide. No additional service or surcharge/gas charges to the service. We have a local contact in Sioux Falls, with hubs in Sioux Falls, Pierre, Aberdeen & Rapid city, and the local contact in Sioux Falls can help troubleshoot our deliveries.
- Better rate per package that will reduce our shipping costs by over 50%. Currently we are paying \$13-\$14 per package, the new contract fee is reduced to \$5.08 per package. The same number of packages shipped in 2025 will save over \$250,000.
- Commissioner Donohue asked if there are any caps on increases in the future and how many renewals there are at this point. DED Hepper stated there are no caps on the increases, but the contract is through 2027 with 36 months of extensions we can go off on. Every time we do an extension, we can renegotiate the cost.
- Commissioner Lindsay asked if it is necessary or needed if we would be able to use UPS. EDD Hepper said stated we can ship with both vendors.

- Moved by Rozum to approve The Small Ground Package and Freight Delivery Contract as presented, seconded by Lindsay. A voice vote was taken. All in favor. Motion carried.

VIDEO LOTTERY REPORT

Director of VL and Security Trevor Wiebe

- 5-year spread from May 31st, the number of establishments at 1408 and five years ago 1289. This is 119 new establishments with 9% increase in five years. Terminals within those establishments today at 11,379 versus 5 years ago at 9,800 which is a 15.5% growth number of terminals. There are 1,408 establishments and there could be a total of 14,000 terminals.
- Legacy versus the Line terminals, 7,981-line machines versus 6,000 terminals 5 years ago with an increase of 30% growth. Legacy machines 3,398 verses five years ago at 3,845 with 11% decrease.
- Net Machine Income per terminal per day for Legacy Machine is \$94.29 with a decrease in the Line Machine at \$58.02
- New machines and destructions with 152 destructions and 309 new terminals. Over five years there's 2,996 new terminals and 1,315 were destroyed.

SALES REPORT

Sales Manager David Dahl reported on the following:

- FY26 Instant Sales are down 1.75% vs FY25, with sales at just over \$43 million.
- Last quarter Lottery launched an additional \$30 game (Money Maker) on March 30. There are two \$30 games out in the retailers. Hidden Gems was launched on May 4th and has outperformed other \$5 game launches by over 40% which is an additional \$44,000 in sales in just 1 month.
- Semi-annual game planning session, with our ticket printer Scientific Games, was held in May. A total of 12 games will be launched in the next 6-7 months. This includes the 3 holiday games that will launch in October. Lottery picked out a new game PLINKO, which is a themed game from the Price is Right and incorporates a 2nd chance drawing. Plinko is a linked game with other states participating. A South Dakota winner and guest will win a VIP trip to Los Angeles and attend a taping of The Price is Right.
- Commissioner Lindsay asked if there were any royalty fees with the Price is Right game. SM Dahl stated that this is a licensed game with Scientific Games, lottery has no license fee for this game.
- Lotto Sales as of May 31st are up 37%, with sales over 32 million.
- Projections as of May 31st, Instant at 5.8 million net transfer and Lotto at \$9.50 million net transfer vs FY25 where Instant was at \$6.05 Million and Lotto \$7.53 million.
- Video Lottery Net Machine Income has a 3/13% increase from FY25.

- Total FY26 revenue projections as of May 31st, \$185.11 million vs \$178.63 million in FY25.

MARKETING REPORT

Director of Advert and PR Wade LaRoche

- Lottery met with Lawrence & Schiller to lay out some of our priorities for the Fiscal Year 2027 calendar. Discussion included topics such as specific products, brand awareness, responsible gambling and digital properties.
- The Good Fun Squad television and radio spots that launched last year have resonated with South Dakotans and have helped us build upon the Good Fun Brand.
- Hidden Gems 3,309 non-winning tickets were entered into the 2nd chance drawing. More than 17,000 Jurassic Park non-winning tickets have been entered and that ticket has been out 10 months.
- Instant ticket launches coming in 2027, including Plinko and our holiday tickets. We will work with L&S to configure marketing plans for those and other key ticket launches.
- Responsible Gambling Efforts is a 12-month effort each year to promote healthy play.
- Millionaire Plus Promotion led to an 89% increase in Millionaire for Life and Dakota Cash Sales. This promo resulted in nearly \$20,000 in transfer to the state.
- Red, White & Win promotion for the month of July. On Mondays in July, players can buy five Lotto America quick picks (\$1 apiece) and receive Dakota Cash quick pick for the upcoming Wednesday and Saturday draws.
- South Dakota College Volleyball Classic will take place September 18-19 in Sioux Falls. The title sponsorship is part of our sponsorship agreement with the Pentagon in Sioux Falls with logo placement on the court, netting tape, pole padding and more.
- Commissioner Donohue asked if we do billboard advertising. DA LaRoche stated that billboards are an important part of lottery's marketing efforts.

NEXT MEETING DATE

Executive Director Lingle stated the next meeting will be September 17, 2026.

ADJOURNMENT

Commissioner Donohue made a motion to adjourn at 11:30 a.m. Commissioner Rozum - seconded the motion. All in favor. Motion carried.

*Please listen to the audio on the South Dakota Lottery Website:

<https://Lottery.sd.gov/about/commission/> for additional details.