



#### **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 March 26, 2026 – 9:30 a.m.

### **UNAPPROVED**

Chair Harding called March 26, meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Commissioner Donohue participated remotely.

#### **SUPPORT STAFF PRESENT**

Norm Lingle, Clark Hepper, Nick Ramos, Mike Houdyshell, Wade LaRoche, Trevor Wiebe, Nathan Remmich, Aric Frost, Shawna Zebroski Ali Schaeffbauer, and David Dahl.

#### **MEMBERS OF THE PUBLIC PRESENT**

Jess Wright, Kurt Freedlund

#### **APPROVAL OF THE AGENDA**

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

#### **APPROVAL OF THE MINUTES FROM DECEMBER 11, 2025**

Chair Harding asked for a motion to approve the minutes. Commissioner Rozum made a motion and Huizenga seconded approval of December 11, 2025, minutes. All in favor. Motion carried.

#### **CONFLICT OF INTEREST**

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

#### **SECRETARY OF REVENUE COMMENTS**

*Department of Revenue Michael Houdyshell reported on the following:*

- Legislative Session was busy and historic session with 665 bills introduced—the most since 1998. All bills receive hearings in South Dakota. DOR was involved in 145 bills; 6 of 7 agency bills passed.
- 50 bills focused on property tax relief. SB 96: Allows counties to impose up to a 0.5% sales tax dedicated to property tax reduction. SB 245: Adjusts tax structure beginning in 2027; rate returns to 4.59% to increase state support for schools.
- Nicotine Product Licensing - New licensing framework for retailers selling nicotine products, including vape and alternative products (e.g., pouches). To be administered by DOR, Effective January 1, 2027.
- Workforce Update - Low turnover; ongoing recruitment in Sioux Falls and other areas; flexible remote/hybrid work options where applicable.

### **EXECUTIVE DIRECTOR'S COMMENTS**

*Executive Director Norm Lingle reported on the following:*

Executive Director Lingle welcomed new commissioner, Roy Lindsay.

#### 2026 Legislative Session

- Commissioners Huizenga and Lindsay were unanimously confirmed by the Senate to serve as Lottery Commission.

HB 1201 - An Act to authorize the use of bingo games, lotteries, and pull-tab devices by booster clubs.

- Expands eligible entities to include booster clubs among organizations permitted to offer pull-tabs. This allows placement of electronic pull-tab devices under the following conditions Limited to one device per location, maximum of two locations not owned or operated by the organization, devices may only be placed in establishments licensed to sell liquor, malt beverages, or wine. The measure was passed by both the House and Senate and signed into law by the Governor. With this update (HB 1201) expanding participation to include booster clubs.

#### SB 226 – Video Lottery Limits and Revenue Allocation

- Proposed increasing the maximum bet on video lottery machines from \$2 to \$5. This would have capped annual transfers to the state general fund at \$175 million, with the cap increasing by 3% each year. Any revenue collected above the cap would have been directed to a newly created Residential Tax Reduction Fund. The bill was defeated in Senate Commerce on an 8–0 vote.

#### Open Meetings Legislation

- Several bills related to open meetings laws were monitored. None of the proposed changes impact the Commission's current operations or procedures.

### FY2026 Draw Sales

- At the December meeting, sales trends were discussed in relation to the Powerball jackpot run that ended on September 6. Since then, another billion-dollar jackpot run occurred, with the prize won in Arkansas on Christmas Eve.
- Large jackpots continue to be key drivers of ticket sales. As of the end of February FY26 draw game sales have reached \$26.3 million. This already exceeds total FY25 draw game sales, which were \$25.1 million

### Internal Controls

- The Lottery has been working with the South Dakota Department of Revenue Internal Control Officer to review and strengthen internal controls for the Lottery. Meetings on this project began in January, and we are currently finalizing the control framework.

### New Draw Game – Powerball Xs & Os

- The Multi-State Lottery Association (MUSL) and the NFL conducted research on a potential partnership. The NFL remains top-of-mind year-round and dominates television ratings, accounting for 48 of the top 50 telecasts. The game is designed to help combat “jackpot fatigue” by offering a different experience than Powerball and Mega Millions. Surveys indicate strong interest among NFL fans in a league-branded lottery game.
- Game Specifics \$5 ticket price point with rolling jackpot, starting at \$1 million. Players select 8 out of 32 teams, using team names and NFL logos instead of numbers. Drawings are held once per week (Sundays) and offered year-round (52 weeks) .
- MUSL is developing a mobile app to support second-chance opportunities. Players can enter both winning and non-winning tickets. Prizes will feature NFL-themed rewards, potentially including NFL.com gift cards and experiences such as Super Bowl tickets
- Tentative sales launch: September 8 with first drawing on September 13, aligning with the start of the NFL season. An administrative rules hearing will be required to authorize participation and is planned for the June Commission meeting

Commissioner Huizenga inquired about the lottery-related bill that failed and whether it had been brought forward by the Lottery. Executive Director Lingle clarified that the Lottery did not introduce the bill and maintained a neutral position on the legislation.

Chair Harding asked for clarification on the proposed Powerball Xs & Os game and which parties are involved. Executive Director Lingle explained that the game is a multi-state initiative, developed through collaboration among participating lotteries.

### **INSTANT TICKET SHIPPING**

*Deputy Executive Director Clark Hepper*

- Lottery will be bringing forward a request for Commission approval of a new small package delivery contract designed to improve service levels while significantly reducing costs.
- The Lottery currently ships over 600 packages weekly for instant ticket reorders. Our current contract is with UPS. Challenges of increasing costs, currently averaging \$13–\$14 per package, delivery timelines exceeding next-day or two-day service, impacting new ticket launches, and lack of a local point of contact for resolving delivery issues or lost packages.
- Proposed Contract is being negotiated with Spee-Dee Delivery with procurement agreement through the State Agency Cooperative Purchasing Agreement (Minnesota). Key benefits include local customer service contact for improved responsiveness, next day to two-day delivery statewide, no additional surcharges or fuel fees and reduced cost of \$5.08 per package
- Financial Impact is current annual delivery cost: \$432,859, projected annual cost under new contract (32,063 packages): \$162,883 with an estimated annual savings: \$269,976. This represents more than a 50% reduction in shipping expenses.

### **MOBILE CLAIMS 1-YEAR REVIEW**

*Deputy Executive Director Clark Hepper*

- Players can claim prizes ranging from \$101 to \$5,000 through the Lottery’s mobile application. Prize payments are issued via ACH (electronic funds transfer), and all claims are subject to standard debt setoff checks prior to payment. Claims are typically processed within four business days and to date, 1,286 mobile claims have been successfully processed.
- Players ranging from 18 to 85 years old are submitting claims. Claims have been submitted by players from 261 cities across 23 states

Mobile Claims – Prizes Claimed

- Prize amounts claimed range from \$125 to \$5,000, with an average prize of \$317.84. A total of 1,055 scratch ticket prizes have been claimed through the mobile platform. Top Games are \$50, \$150 or \$250 & \$600,000 Cash Spectacular.
- Commissioner Lindsay asked whether any commission is affected when prizes are claimed through the mobile app. Executive Director Lingle clarified that mobile prize cashing does not impact retailer commissions, and retailers still receive their commission as usual.

### **VIDEO LOTTERY REPORT**

*Director of VL and Security Trevor Wiebe*

- Video Lottery Terminals and Establishments as of February 28, 2026 - video lottery in South Dakota continues to grow steadily. Establishments have increased modestly from 1,274 in FY22 to 1,402 in FY26, while terminals have grown more significantly from 9,714 to 11,322. This trend indicates that growth is being driven primarily by more machines per location, rather than a large increase in new establishments.

- Legacy vs. Line Terminal counts continue to shift from legacy machines to newer line terminals in South Dakota. Line terminals have steadily increased from 5,423 to 7,907, while legacy terminals have declined from 4,067 to 3,415. This trend reflects newer line terminals replacing aging legacy machines over time.
- Legacy vs. Line net machine income (NMI) per terminal per day has declined for both legacy and line machines in South Dakota over the period shown. Line terminals decreased from approximately \$115.88 to \$93.50, while legacy machines declined from \$66.61 to \$58.44. Despite the decline, line terminals continue to significantly outperform legacy machines, reinforcing the value of continued investment in newer technology.
- New and Destroyed Terminals: New terminals have consistently exceeded removals, resulting in steady net growth; however, both installations and removals have declined over time, indicating a slowing pace of expansion.
- Notable Events:
  - Department of Public Safety Inspectors Annual Meeting – May 6. Review of inspection requirements & overview of terminal destruction processes
  - System Failovers. Instant/Online systems: First failover successfully completed on January 3, 2026. Video Lottery systems: Planned for spring 2026.
  - Securities for Licensed Operators. Review and application of Administrative Rule 48:02:05:04(18) Due July 1, 2026.

Commissioner Lindsay asked about businesses that do not offer Lottery products and Director Wiebe responded that there are several businesses that do not have video lottery.

Commissioner Donohue asked how many video lottery terminals are currently licensed versus in operation. Executive Director Lingle responded that there are 12,503 licensed terminals, with 11,322 currently active and the remaining terminals held in storage for future use.

## **SALES REPORT**

*Sales Manager David Dahl reported on the following:*

- Instant Sales Comparing the past three fiscal years, instant ticket sales in South Dakota have remained relatively stable. As of February 28, FY26 sales total \$31.37 million, which is 1.9% below FY25 at the same point in time
- New \$30 ticket, Money Maker will launch this Monday. This ticket not only has several large top prizes, it is also loaded with prizes from \$100 to \$15,000.
- Hidden Gems will launch May 4th. This game was designed with the help of L&S who did the artwork for this ticket. This game will have 3 scenes depicting the World's Largest Pheasant in Huron, the Hugh Glass Sculpture in Lemmon and Devil's Gulch in Garretson. It will also have second chance drawings, which include a weekend getaway in Spearfish and a shopping weekend in Sioux Falls along with gift cards to local merchants. We have started to hand out voids to the retailers and they are excited for it to arrive.

- Game Planning will be in May, and staff will meet with Scientific Games and Lawrence & Schiller for game planning. Input from Brightstar and Scientific Games highlights industry trends, performance comparisons, and strategies to grow sales, including higher payouts and revised prize structures. The session will finalize the FY27 ticket lineup, including holiday games launching in October.
- Lotto Sales as of February 28, lotto sales in South Dakota total \$26.3 million, representing an increase of over 50% compared to the same period last year.
- Millionaire for Life launched February 22nd. Top prize is \$1M/year for life; second: \$100K/year for life. This replaced Lucky for Life. Weekly sales increased \$31,027 (+37.93%). Previously \$112,833/week vs. \$81,806. The launch was supported with paid media, including a television spot from the Idaho Lottery, along with radio, billboards, and social media advertising. To further boost engagement, a special promotion will run throughout April: On Mondays, players who purchase a Millionaire for Life quick pick will receive a Dakota Cash quick pick valid for the next two draws.
- Video Lottery NMI Performance when compared to the previous three years, Video Lottery net machine income is projected to grow by 2.78% in FY25.
- Video Lottery FY25 State Share Revenue Projection as of February 2/, 2026. Video lottery FY26 state share revenue is projected to be \$169.46 million vs. \$165.05 million in FY25.
- The total combined revenue projection is FY26 \$184.57 million vs. \$178.63 million in FY25.

## **SALES STATISTICS**

*Business Analyst Nathan Remmich*

- Add-Ons per Ticket Trends - Powerball leads in add-on purchases, followed by Dakota Cash, with Lotto America trailing. Powerball peaks Sunday, Dakota Cash: peaks Monday, and Lotto America peaks Saturday.
- Quarterly Instant Sales by Price Sales are down 0.13%, driven by softer demand at lower price points and reduced in-market presence. Players going from \$30 to \$20 for \$200,000 Winning 7's and 100X Extreme Cash.
- Quarterly Sales by Lotto Game with sales up 39.75%, driven by Powerball jackpot. Powerball: Major run vs. none last year; Mega Millions: \$1.2B Jackpot last year; Dakota Cash: \$270k jackpot vs \$200k jackpot last year; L4L: slightly down from M4L game change; & Lotto America: Down vs. stronger buildup last year.
- Quarterly Video NMI with NMI up 4.79%. Lottery has fewer GMMS, more SAS machines
- FY26 Instant Sales. Sales are down 1.91, Joker's Wild and Crossword X boosting \$5. \$10: Jurassic Park doing well but competing against Cashword Gold and Game of Thrones, \$20: 100X Extreme Cash and \$200,000 Winning 7s doing well, & \$30: decrease from older \$30 ticket. Players switch between \$5 - \$10.

- Fiscal Year Sales by Lotto Game. Sales are up 50.52%, driven by 2 big Powerball jackpots. Mega Millions: \$980M jackpot vs \$1.2B jackpot. Game change helped this year's sales, Dakota Cash: \$270k vs \$200k jackpot last year; L4L: slightly down from M4L game change; Lotto America: jackpot hit but was growing last year.
- Fiscal Year Video NMI with total NMI up 2.81%.
- Instant Sales by Pricepoint: Price is Right marked the \$10 becoming the top pricepoint. Game of Thrones cemented \$10 being the top selling pricepoint. Big Money took sales from \$30 to the \$20 pricepoint. \$600,000 Cash Spectacular raised \$30 sales for a while. Joker's Wild brought \$5 sales above \$10 sales while it was out except for a little while after Jurassic Park launched.

## **MARKETING REPORT**

*Director of Advert and PR Wade LaRoche*

- Responsible Gambling-Problem Gambling Awareness Month. In March, we focused paid media on "Keep the Fun Good," promoting responsible play—set a budget, play for fun, and know help is available. New radio/TV spots, plus social, Players Club, and retailer newsletters, shared tips, warning signs, and support resources. This aligns with nationwide efforts, supported by NASPL and NCPG.
- Good Fun Squad serves as the central characters in our advertising, using a satirical take on lottery operations to highlight the good the lottery does while promoting our products. The TV campaign launched in January to support beneficiary awareness and has received strong, positive feedback from South Dakotans.

Commissioner Rozum asked whether the focus was on awareness and highlighting winners. It was clarified that responsible gambling messaging emphasizes playing for fun and seeking help if needed.

Commissioner Donohue asked about responsible gambling messaging. Director LaRoche confirmed it is included across all point-of-sale materials.

## **PUBLIC COMMENT**

*None*

## **NEXT MEETING DATE**

Executive Director Lingle stated the next meeting will be June 11, 2026.

## **ADJOURNMENT**

Commissioner Huizenga made a motion to adjourn at 11:48 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.