



Commission Members

Steve Harding –Chair
Tona Rozum–Vice Chair
Tim Donohue
Joe Kafka

Minutes of the Commission Meeting

Meeting was conducted in person
Thursday, March 27, 2025 – 9:30 a.m.

Chair Harding called the March 27, 2025, meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Commissioner Kafka attended via Microsoft Teams.

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

SUPPORT STAFF PRESENT

Norm Lingle, Clark Hepper, Nick Ramos, Michael Houdyshell, Wade LaRoche, Trevor Wiebe, Shawna Zebroski, Nathan Remmich, and David Dahl.

MEMBERS OF THE PUBLIC PRESENT

Troy Erickson, Kirby Muilenburg, Dave Madden, Bryant Soberg, Matt Krogman, Jamie Hegge, Bob Mercer, & Barry Greenberg.

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES FROM THE December 12, 2024, MEETING

Chair Harding asked for a motion to approve the minutes. Commissioner Donohue moved to approve the minutes and seconded by Commissioner Rozum. 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 Secretary Michael Houdyshell reported on the following:

- During Legislative session 102 bills were tracked with DOR involved with 40 bills and 8 agency bills.
- 605 Drive was launched February 17, 2025. There are 5 new license plate types available with the new one Habitat Conversation available March 1. Along with this plate you may also purchase emblems from Game, Fish and Parks.

- Secretary Houdyshell and Governor Rhoden are actively looking for a new commissioner.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

- Senate Bill 47, an act to clarify eligibility for licensure as a video lottery operator, will take effect July 1, 2025.
- Senate Bill 203 an act to increase the minimum age to purchase lottery tickets, Senate Bill 205 to increase the number of video lottery machines in a licensed establishment, and Senate Bill 206 and act to increase the dollar limit for playing video lottery. These three Senate bills were defeated.
- Commissioner Donohue was officially reinstated for another 3 years.
- House Bill 1059 addressed communication of a public board by electronic means. This needs to be avoided if there are three or more commission in the group message.
- Senate Bill 74 must annually review during the 1st fiscal year meeting and must be reflected in the minutes.
- Video Lottery Establishment Policy will be presented at the June meeting.

LAWRENCE AND SCHILLER CONTRACT AMENDMENT

Executive Director Norm Lingle

- Partnership with Lawrence & Schiller began in 2015, and the existing agreement took effect July 1, 2020, with a 3-year extension of the current agreement.
- Chair Harding asked if there was a clause included in the agreement for termination. Executive Directed Norm Lingle indicated there was.
- Moved by Rozum to extend the agreement for 3 years, seconded by Donohue. A voice vote was taken. All in favor. Motion carried.

ADMINISTRATIVE RULES HEARING

Executive Director Norm Lingle and Barry Greenberg, Light & Wonder

- The proposed rule amendments will modify who can clear electronic accounting meters on video lottery terminals.
- Currently, rules only allow electronic accounting meters to be cleared by a manufacturer or a Type II technician replacing the logic board with a board that was previously cleared by a manufacturer. The proposed rule amendments will modify who can clear electronic meters to allow Tech II's as well as manufacturers. It also makes clear that Lottery staff can clear electronic meters.
- Commissioner Donohue asked about the implications of security. Executive Director Lingle explained that if a RAM clear is done without Lottery knowing the Host will make the VLT in an unplayable state until the members of the video lottery team take action to bring that VLT up.
- Chairman Harding asked how long a machine could be down. Executive Director Norm Lingle explained that all operators have replacement boards. Depending how quickly a tech could go out to trouble shoot, it could be down a day.
- Barry Greenberg explained the process of changing out a logic board and how it is cleared out.
- Matt Krogman, Licensed Beverage Dealers and Gaming Association stated he believes the rule change would allow business to run more efficiently and lower the time frame of a machine being down.
- Chairman Harding asked if there are any negative concerns on this hearing. Executive Director Lingle said ensuring the techs follow the process with contacting the video lottery to receive the approval for the RAM clear and this is an education process and the more they do it the more it gets committed to memory.
- No further proponent testimony.

- No opponent testimony
- Moved by Rozum to approve a type II technician to clear electronic accounting meters on video lottery terminals, seconded by Donohue. A voice vote was taken. All in favor. Motion carried.
- This will be taken to the legislative rules committee on May 6.

MOBILE CASHING UPDATE

Deputy Executive Dir. Clark Hepper

- 87 total ACH payments as of March 21, 2025. 75 instant and 12 online prizes with paying prizes between \$101-\$5000.
- Mobile Cashing has also been used by players living in other states.
- Instant Ticket Claims are primarily from 13 different scratch tickets and Lotto Ticket claims are from primarily 3 games.
- The new Mega Millions game will have more prizes and will also qualify for mobile cashing.
- Chairman Harding finds this very encouraging.
- Dedicated Landing page for the mobile app that explains how the process works, including a tutorial video.
- Social media posts and players club emails will be sent out once we are ready to launch the app along with a press release. T

SALES REPORT

Sales Manager David Dahl reported on the following:

- Instant ticket sales have decreased 2.54 percent compared to last fiscal year with sales at \$31.9 million.
- Lotto sales are down 34.68% down over the same time last year, last year we had 5-billion-dollar jackpots. We do have growing jackpots in Powerball and Mega Millions.
- The Lottery has paid out over \$24.1 million dollars in Instant ticket prizes and \$3.9 million in Lotto Prizes to date.
- We have partnered with Schafer systems for Halo pilot program. 10 Halos have been set up with different retailers in Sioux Falls and we will track the sales over a 13-week period. After the 13 weeks, we can decide then if we want to continue with ordering more halos for other retailers in the state. This pilot program comes at no cost to the SD Lottery.
- New launch of Hidden Gems Ticket for \$5. This is a South Dakota Ticket of places in SD. There will be 2nd chance prizes tied into this.
- As of February 28. We are projecting Instant \$6.83 Million in Net Transfers and Lotto \$7.82 in Net Transfers vs. FY24 which Instant were at \$7.26 million, and lotto was at 12.53 million.
- Video Lottery Net machine income is projecting to have a .81% increase over FY24. Video Lottery FY25 State Share Revenue is projected to be \$165.01 million vs. \$163.9 million in FY24.
- The total combination of Video Lottery, Instant sales and Lotto sales Revenue Projections is \$179.66 million vs. \$183.69 million in FY24.

LOTTERY QUICK FACTS

Business Analyst Nathan Remmich

- Quarterly Instant Sales by Price Point has a transition from \$5 to \$10 but also a transition from \$3 to \$5. There is growth with the new \$30 ticket, but we are down 3% compared to FY24.
- Quarterly Sales by Lotto Game is down 2% but there's a growing Lotta America jackpot.
- Quarterly NMI is about even year over year.

- Year over Year Instant Sales by Price point we are seeing growth in the \$10 tickets, with transitions from the \$5 ticket to the \$10, and a transition from \$3 to the \$5 ticket. Currently down 2% from FY24-FY25.
- Fiscal Year sales by lotto game is down 34.7%
- Fiscal Year Video NMI is up.
- Chairman Harding made a comment on the cost of tickets going up over the years, but video lottery bet amount has stayed the same since 1989.

MARKETING REPORT

Director of Advert and PR Wade LaRoche

- March is National Responsible Gambling month. Lottery's Responsible Gambling campaign has been running from late February through March. We promote year-round effort to promote responsible play, but we increase these efforts even more during Problem Gambling Awareness Month. We have utilized paid media such as television, radio, billboards and digital display ads.
- Mega Millions sales for the new game will begin April 5. This initial communication with retailers included a one sheet hand out that details the game.
- It's also important to note that this game change included a step-down process. Players can usually purchase up to 9 draws at a time, but that number decreases as we get closer to the game. The terminals do a great job of displaying this, but we also sent periodic messages to retailers to inform them on the maximum number of draws available. Our messaging began with social media and website updates detailing the change. This will continue throughout the next week to also include push notifications, Players Club emails and paid media.
- 60 Days of WINter campaign focused on giveaways throughout the winter months, with 21,975 total entries. Prizes for the drawings included concert tickets, scratch tickets, lottery merchandise, gift cards to South Dakota attractions and more. These entries were done by nearly 12,000 players. This is a great way to grow our players club.
- Lottery was a sponsor of the 2025 Summit League men's and women's basketball tournaments. This took place March 5-9 at the Premier Center. There was signage in the concourse that included a photo booth for attendees to engage with the Lottery brand. Total attendance for men & women's tournament was 67,333.
- Mobile App has been downloaded 37,984 times, with key functions of scanning tickets, entering second chance drawings and viewing winning numbers. In our VIP Only drawing alone, we have had more than 57,000 non-winning tickets entered through our mobile app this calendar year.

VIDEO LOTTERY REPORT

Director of VL and Security Trevor Wiebe

- Of the 1,396 establishments, 928 of them are considered single establishments. The other 468 are in a setting where there are 2 or more establishments under one roof.
- State Law allows for a maximum of 10 terminals in each establishment. With 1,396 establishments that allows for up to 13,960 terminals. Currently we have 11,125 terminals.
- On average we have 100-150 non reporting terminals per day. DIGI/Wi-Fi loss is the biggest report on non-reporting. Video lottery averages 1 RAM clear a day.
- Video lottery has between 10-15 applicants for new VL establishment. Finger printing, alcohol license, building construction are some of the requirements for a new license.
- Looking back 10 years, lottery is 40-50 establishments ahead from 2015. With the pandemic years, there were many establishments that closed.
- Seasonal business that close will have their machines unenrolled but not destroyed.

- SAS machines are newer and continue to grow, where the Legacy machines are older and are declining.
- FY25 are 285 new terminals and 24 have been destroyed.

PUBLIC COMMENT

- Matt Krogman, SD License Beverage Dealers Association. Senate bills 205 & 206 were brought to the legislator and lost by 1 vote on the senate floor twice, 2 years ago. And this year SB 205 got 15 votes on the senate floor for increasing the bet limit.
- We must get minimum 51% of 105 legislators and governor to approve what ideas are. There are ideas are to increase machines from 10-15 is to let them run business and position machines in spots to increase revenue. Senate Bill 206 increases the bet limit from \$2 to \$4. Instant scratch tickets as a minimum, has gone from a \$5 dollar limit to a \$30 dollar limit. The expenses have gone up since 1989. Amount of revenue is about the same. The industry provides \$164-\$165 million dollars to the bottom line of the state budget. The governor was quoted in a media we need to do something about property taxes. If we can increase our bet limit from \$2 to \$4, we can generate \$200 million.

NEXT MEETING DATE

Executive Director Lingle stated the next meeting will be June 18, 2025.

ADJOURNMENT

Commissioner Rozum made a motion to adjourn at 11:45 a.m. Commissioner Donohue 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.