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To: South Dakota Lottery Commission

From: Norman Lingle
Executive Director

Re: September 26, 2024, Lottery Commission Meeting

Date: September 20, 2024

The September 26, 2024, meeting of the South Dakota Lottery Commission will begin at 9:30 a.m. in room 412 of the State Capitol. The meeting audio will be streamed on the South Dakota Public Broadcasting's website. A link to the audio stream is included on the agenda.

A few highlights of the agenda are below.

I will provide Executive Director comments regarding updates since the last meeting.

A public hearing will take place to consider the adoption and amendment of proposed administrative rules. The proposed rules include:

- Adopting upcoming changes to the Mega Millions game
- Implementing mobile cashing functionality
- Updates to allow for more efficient enforcement of existing rules.

An update on the mobile cashing project will be provided. Development of this functionality is moving along, and we are nearing our next phase of testing.

Barry Greenberg of Light & Wonder will give a presentation on the video lottery system.

We will conduct the election of the Lottery Commission chair and vice chair.

The agenda also includes the normal marketing, sales and video lottery reports.

Please contact Clark or me if you have any questions, comments or if there is anything else you would like addressed during the meeting.

South Dakota Lottery Commission
Thursday, Sept. 26, 2024 – 9:30 a.m.
Room 412, State Capitol, Pierre, SD

**Please read all materials provided in the packet and print and bring the Agenda and all Exhibits*

Listen live at <http://www.sd.net/room412/>



MEETING AGENDA

1. Welcome Chair Ahrendt
2. Roll Call Shawna Zebroski
3. Approval of Agenda Chair Ahrendt
4. Approval of Minutes – June 13, 2024, meeting Chair Ahrendt
5. Conflict of Interest Chair Ahrendt
6. Executive Director Comments Executive Director Norm Lingle
7. Administrative Rule Amendments Public Hearing Executive Director Norm Lingle
8. Light & Wonder Presentation Vice President Sales Operations Barry Greenberg
9. Mobile Cashing Update Dep Exec Director Clark Hepper
10. Sales Report Sales Director David Dahl
11. FY25 Video Lottery Review Business Analyst Nathan Remmich
12. Marketing Report Director of Advert and PR Wade LaRoche
13. Video Lottery Report Director of VL & Security Trevor Wiebe
14. Election of Lottery Commission Chair/Vice Chair Chair Ahrendt
15. Public Comment Chair Ahrendt
16. Next Meeting – December 12, 2024 Executive Director Norm Lingle
17. Adjournment Chair Ahrendt

Expiration Dates of Commissioner Terms

Tim Donohue	01/01/2025	Tona Rozum	01/01/2027
Jason Ahrendt	01/01/2025	Steve Harding	01/01/2027
Joe Kafka	01/01/2026		

Individuals wanting to testify before the Lottery Commission must sign the attendance sheet and in prefacing their remarks, state their name and the entity they represent.

NOTE: This meeting is being held in a physically accessible location. Individuals needing assistance, pursuant to the Americans with Disabilities Act, should contact the South Dakota Lottery at 605.773.5770 in advance of the meeting to make any necessary arrangements in advance of the meeting to make any necessary arrangements.



Commission Members

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

Minutes of the Commission Meeting

Meeting was conducted in person
Thursday, June 13, 2024 – 9:30 a.m.

UNAPPROVED

Chair Ahrendt called the June 13, 2024, meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Commissioner Donohue 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, Michael Houdyshell, Jason Evans, Ali Schaeffbauer, Nick Ramos, Wade LaRoche, Nathan Remmich, Kirsten Jasper, and David Dahl.

MEMBERS OF THE PUBLIC PRESENT

Deb Mortenson, Meghan Kiss, Bob Mercer.

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 Rozum, and seconded by Commissioner Harding. A voice vote was taken. All in favor. Motion carried.

APPROVAL OF THE MINUTES FROM THE March 21, 2024, MEETING

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

CONFLICT OF INTEREST

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

SECRETARY OF REVENUE'S COMMENTS

Department of Revenue Secretary Michael Houdyshell reported on the following:

- The Department of Revenue's motor vehicle system implementation process has continued and is on track.
- The new system is scheduled to go live February 2025.
- The Legislature will begin a summer study on methodologies used to assess property values.
- Sales Representative Matt Piersall recently received the Department's Spirit of Revenue award.
- This is the highest honor that DOR awards and exemplifies qualities that DOR looks for in employees.
- Commissioner Harding asked if this was a new award, and Secretary Houdyshell noted that this has been done for about six years.
- After David Wiest's retirement, Jason Evans has been named the new Deputy Secretary of the Department of Revenue.
- Commissioner Ahrendt asked how the new motor vehicle system will affect a consumer. Secretary Houdyshell noted that the new system will improve online motor vehicle registration renewal.
- This could also include text message reminders for motor vehicle registration renewals.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

- Sales Representative Jane Aasby retired June 8. Jane had worked for the Lottery out of the Rapid City office for 18 years.
- Jane's position has been posted and will close on June 20.
- The Lottery, IGT, BFM, and Fjorge continue to make progress on mobile cashing.
- Software requirements have been approved, and the API testing will occur by the end of June.
- Mobile Cashing is still scheduled for an October launch.
- Lottery sales are forecasted to end the fiscal year in positive territory.
- Lotto sales were driven by large jackpots, while instant ticket sales had a good year going up against the launch of a \$30 ticket last fiscal year.
- The Lottery will need to amend admin rules for mobile cashing. This will be done at a special meeting potentially in August.
- The Lottery will also look to clean up some other rules included in the proposed amendments.
- Executive Director Lingle also congratulated Matt Piersall on winning the Spirit of Revenue award.

Attorney General Opinion

Staff Attorney Ali Schaeffbauer reported on the following:

- The Music and Vending Association submitted a request for a declaratory ruling on residency, which was submitted to the Attorney General for an opinion.
- The residency requirements were related to partnerships and promotions and if they apply to other entities.
- The Attorney General noted that the Lottery's current process to determine residency during the licensing process is sufficient.
- The Attorney General noted that the residency requirements for video lottery operators do not apply to LLCs.
- The Lottery will continue to monitor these applications as they come in.

South Dakota Lottery and Scientific Games

Meghan Kiss of Scientific Games reported the following:

- Scientific Games has been around since 1973 and printed the first instant ticket.
- Scientific Games is the world's largest provider of instant games.

- Scientific Games generated \$1.2 billion in revenue through instant tickets, digital tickets and Lottery specific sports betting.
- Scientific Games is the sole instant ticket print vendor for 16 of the top 20 performing lotteries in the country.
- South Dakota has shown great instant ticket sales growth since 2018.
- Instant ticket sales grew throughout the country in 2020 due to the lack of casinos and other competition.
- Throughout the country, lower price points have shown a decline since 2016.
- The \$20 and up instant tickets are driving growth throughout the industry.
- The average selling price in South Dakota is a little above \$5.
- In the last several years, South Dakota has had great growth in per capita sales.
- South Dakota's growth has outpaced many other lotteries in terms of per capita sales.
- Chair Ahrendt asked if there was a particular reason why South Dakota's growth has been so high. Kiss noted that the South Dakota Lottery's long-term strategy has paid off in focusing on instant tickets.
- Commissioner Kafka asked if sales of a particular ticket drop off once a last top prize is hit. Executive Director Lingle noted that once a last top prize is claimed, the Lottery pulls the game from retail locations.

SALES REPORT

Sales Manager David Dahl reported on the following:

- Instant ticket sales have increased 1.92 percent compared to the previous fiscal year.
- Lotto sales are currently 4.16 percent above than last fiscal year, thanks to large jackpots.
- The Lottery has paid out more than \$31 million in instant ticket prizes this fiscal year.
- The Lottery has paid more than \$9 million in lotto prizes.
- The Lottery will launch a pair of crossword games in the upcoming months.
- Revenue projections are pacing slight above Fiscal Year 2023's total.
- Chair Ahrendt noted that the Powerball jackpot reversed trends from a previous meeting in a positive direction.

FY24 Instant Report

Business Analyst Nathan Remmich reported on the following:

- Hyde and Clark counties showed the most growth between Fiscal Year 2024 and 2023.
- The middle of the state showed a lot of growth in general due to construction.
- Yankton and Brookings had the most growth among cities.
- A lot of South Dakota's growth is from the \$30 ticket, which had one month of sales the previous fiscal year.
- The \$1 and \$10 instant ticket price points have also seen increases.
- South Dakota preformed well in terms of sales growth in Q3 and Q4 of the fiscal year, ranking 12th in the nation.

FY24 Online Report

Business Analyst Nathan Remmich reported on the following:

- Hyde and Sully counties showed the most growth between Fiscal Year 2024 and 2023.
- Aberdeen, Yankton and Sioux Falls showed the most growth among cities.
- Mega Millions sales were down, but that was due to FY23 having two large jackpot runs.
- A Leap Day promotion helped Lucky for Life increase sales not only on that day, but throughout April.

- Powerball sales have grown thanks in part to a large jackpot run.

MARKETING REPORT

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

- The Lottery's summer marketing efforts will focus on a new winner awareness campaign.
- The campaign reminds players that all lottery wins should be celebrated and can be meaningful, which is different than previous campaigns that focus on jackpot dreams.
- This features three new television ads produced by Lawrence & Schiller.
- The Lottery's mobile app has been downloaded on 27,840 devices.
- In May, the ticket scanner was used 27,155 times.
- 39,139 different people visited the Lottery website in May.
- The Lottery's Players Club has 42,831 members.

VIDEO LOTTERY REPORT

Deputy Executive Director Clark Hepper reported on the following:

- The number of video lottery establishments and terminals have slightly increased year over year.
- To date, there are 7,346-line machines in the field compared to 3,621 legacy machines.
- There should be close to 600 new machines purchased by the end of the fiscal year.
- The Lottery is in the process of collecting Fiscal Year 2025 securities from Video Lottery Operators.
- The securities are 1/18 of the State's share of NMI from that Operator. This is computed every year.
- The Lottery has asked each Operator to provide updated security documents. Most of these are surety bonds.
- Scientific Games recently conducted an audit of security controls to produce instant tickets.
- This is done to ensure that the instant tickets are produced under secure measures.
- The review of the audit was positive, and the overall security of Scientific Games is strong.
- One of South Dakota's instant tickets was also audited. The results were very positive.

PUBLIC COMMENT

Chair Ahrendt asked about public comments. There were none.

NEXT MEETING DATE

Executive Director Lingle stated the next quarterly meeting will be September 26, 2024. There will also more than likely be a special meeting.

ADJOURNMENT

The meeting adjourned at 11:06 a.m.

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

ARTICLE 48:01

INSTANT LOTTERY REQUIREMENTS

Chapter	
48:01:01	General provisions.
48:01:02	Instant lottery retailers.
48:01:04	Instant lottery games.

CHAPTER 48:01:01

GENERAL PROVISIONS

Section	
48:01:01:01	Definitions.

48:01:01:01. Definitions. Terms used in this article are defined as follows:

- (1) "Bar code," a predetermined array of rectangular marks and spaces used for electronic ticket identification and validation;
- (2) "Pack," a series of tickets printed for a particular game bearing a common pack number;
- (3) "Pack number," a combination of characters that identify the pack-ticket number;
- (4) "Pack-ticket number," a combination of characters printed on the ticket which identify the ticket within the pack;
- (4A) "Chain," a group of two or more retail establishments that are owned, leased, or otherwise controlled by one retailer or entity;
- (5) "Check digit," a unique character of the pack-ticket number that may be used for security and validation of instant tickets;
- (6) "Commission," the South Dakota Lottery Commission established pursuant to SDCL 42-7A-17;
- (7) "Game number," the first three digits of the pack-ticket number;
- (8) "Lottery," the executive director and the employees of the South Dakota Lottery;

(9) "Electronic Claim," a claim made by a player using an electronic device to claim a cash prize from a winning ticket;

(~~9~~ 10) "Player," a participant in an instant game;

(~~10~~ 11) "Play areas," the rub-off areas covered with latex on the front of a ticket;

(~~11~~ 12) "Play symbols," the symbols which appear under the play areas on the front of a ticket;

(~~12~~ 13) "Play symbol caption," the small printed material beneath each play symbol under each play area on the front of a ticket, which spells out completely or in abbreviated form the play symbol;

(~~13~~ 14) "Retailer," a person or entity authorized by the lottery to sell instant game tickets;

(~~14~~ 15) "Retailer validation code," the multiletter code which may appear among the play symbols under the play areas on the front of the tickets in varying locations used by retailers to verify instant winners of \$100 or less;

(~~15~~ 16) "Ticket," a South Dakota instant game ticket;

(~~16~~ 17) "Ticket number," the designated digits of the pack-ticket number identifying a specific ticket; and

(~~17~~ 18) "Validation number," the unique characters covered with latex on the front of a ticket.

Source: 14 SDR 53, effective October 11, 1987; 17 SDR 51, effective October 8, 1990; 18 SDR 117, effective January 12, 1992; 20 SDR 166, effective April 12, 1994; 36 SDR 215, effective July 1, 2010; 39 SDR 100, effective December 5, 2012.

General Authority: SDCL 42-7A-21.

Law Implemented: SDCL 42-7A-21

CHAPTER 48:01:02

INSTANT LOTTERY RETAILERS

Section

48:01:02:01

Retailer's license application and renewal -- Fee.

48:01:02:01. Retailer's license application and renewal -- Fee. Any person selling instant and on-line tickets must be licensed for each retail location where sales occur. The application fee for a person applying to be licensed as an instant and on-line lottery retailer is \$1,200 per location. If a license is not awarded, the executive director may return all or a portion of the application fee. However, no fee may be refunded after the date any lottery equipment is installed at the retailer's location. A retailer's license shall be renewed annually on October 30. The annual renewal fee is \$150, which is waived in the first year the license is issued.

Source: 14 SDR 53, effective October 11, 1987; 17 SDR 51, effective October 8, 1990; 20 SDR 166, effective April 12, 1994; 36 SDR 215, effective July 1, 2010.

General Authority: SDCL 42-7A-4(1) and (4), ~~42-7-11~~ 42-7A-11, 42-7A-21(7), (16), and(17).

Law Implemented: SDCL 42-7A-4(1) and (4), 42-7A-11, 42-7A-21(7), (16), and (17).

CHAPTER 48:01:04

INSTANT LOTTERY GAMES

Section

48:01:04:12 Procedure for claiming prize of more than \$100 —~~Noncash prizes.~~

48:01:04:15 Ownership of ticket -- Payment of prize.

48:01:04:12. Procedure for claiming prize of more than \$100 —~~Noncash prizes.~~ To claim an instant game cash prize of,

(1) more than \$100 or any noncash prize, a player shall ~~shall~~ may complete the back of the winning ticket and fill out a claim form obtained from any retailer and either mail or hand deliver the completed form, together with the winning ticket, to the lottery for validation, or

(2) more than \$100 but less than \$5,000, the claimant may use an electronic device to either scan the barcode on the ticket, or enter the ticket information as instructed by the South Dakota Lottery.

~~_____ Upon validation by the lottery, a check payment in the amount due, less any applicable moneys owed to agencies participating in the liability set-off program, shall be forwarded to the player. If the claim is not validated by the lottery, the claim shall be denied and the player shall be notified of the denial. Upon determination that the ticket is a winning ticket, the lottery shall process payment for the payment due, less any withholding required by federal laws or other provisions of SDCL 42-7A-52. If the ticket is determined not to be a winning ticket, the claim shall be denied and the claimant shall be promptly notified.~~

Source: 14 SDR 53, effective October 11, 1987; 20 SDR 166, effective April 12, 1994.

General Authority: SDCL 42-7A-21.

Law Implemented: SDCL 42-7A-21, 42-7A-38.

48:01:04:15. Ownership of ticket -- Payment of prize. Until a signature is placed on the back of a ticket in the space designated, the ticket is owned by the physical possessor of the ticket. When a signature is placed on the back of a ticket in the space designated, the player whose signature

appears in that area is the owner of the ticket and is entitled to any prize attributable to the ticket. Regardless of the name or names submitted on a claim form, the executive director may only pay the prize to the player whose signature appears on the back of the ticket in the space designated. If more than one signature appears on the back of the ticket, the executive director may only pay the prize to the player who is designated to receive payment by a release signed by all of the players whose names are signed on the back of the ticket in the space designated and, if more than one signature appears on the back of the ticket, must be the person designated to receive payment on the release.

When a player submits an electronic claim, the player represents to the Lottery that the player is entitled to claim the prize, that there are no other claims to the prize, and that the player is not prohibited by law from purchasing a ticket or claiming a Lottery prize. A violation of this section may result in civil fines.

Source: 14 SDR 53, effective October 11, 1987.

General Authority: SDCL 42-7A-4(12), 42-7A-21.

Law Implemented: SDCL 42-7A-21, 42-7A-38.

ARTICLE 48:02

VIDEO LOTTERY REQUIREMENTS

Chapter
48:02:04 Enforcement.

CHAPTER 48:02:04

ENFORCEMENT

Section
48:02:04:01 Criteria for suspension, revocation, and denial of license renewal.
48:02:04:02 Imposition of civil fines.
48:02:04:04 Scheduling of hearings.

48:02:04:01. Criteria for suspension, revocation, and denial of license renewal. The ~~commission~~ executive director may suspend, revoke, or deny renewal of a license for any violation of or noncompliance with the provisions of SDCL 42-7A or this title.

Source: 16 SDR 27, effective August 18, 1989; 30 SDR 52, effective October 28, 2003.

General Authority: SDCL 42-7A-21(16)(17).

Law Implemented: SDCL 42-7A-4(1), 42-7A-21(6), 42-7A-11, 42-7A-56(3).

48:02:04:02. Imposition of civil fines. The ~~commission~~ executive director may impose civil fines authorized in SDCL 42-7A-4(12) in lieu of or in addition to other actions taken against a licensee.

Source: 16 SDR 27, effective August 18, 1989.

General Authority: SDCL 42-7A-4(16).

Law Implemented: SDCL 42-7A-4(12).

48:02:04:04. Scheduling of hearings. Hearings by the commission on suspension, revocation, denial of license renewal, or violations of SDCL 42-7A and this title shall be held at its next regularly scheduled ~~monthly~~ quarterly meeting provided the notice of hearing is sent within ten days of the meeting date, or at a special commission meeting.

Source: 16 SDR 27, effective August 18, 1989.

General Authority: SDCL 42-7A-4, 42-7A-21.

Law Implemented: SDCL 42-7A-4, 42-7A-21.

ARTICLE 48:03

ON-LINE LOTTERY REQUIREMENTS

Chapter	
48:03:01	General provisions.
48:03:02	Sale and distribution of on-line tickets.
48:03:03	On-line ticket payment and validation.
48:03:15	Mega Millions game.

CHAPTER 48:03:01

GENERAL PROVISIONS

Section	
48:03:01:01	<u>Definitions.</u>

48:03:01:01. Definitions. Terms used in this article are defined as follows:

- (1) "AC power," alternating current electricity;
- (2) "Central computer system," a computer system designed to control, monitor, communicate with on-line terminals, and record the plays processed by the on-line terminals;
- (2A) "Chain," a group of two or more retail establishments that are owned, leased, or otherwise controlled by one person or entity;
- (3) "Drawing," the formal process of selecting winning numbers or symbols that determine the number of winners for each prize level of the game;
- (4) "Electronic claim," a claim made by a player using an electronic device to claim a cash prize from a winning ticket;
- (4-5) "On-line game," a lottery game authorized by the commission in which a player may select a combination of numbers or symbols, the type of game, amount of play, and the drawing date by use of an on-line terminal that is in direct communication with a central computer system;

(~~5~~ 6) "On-line retailer," a person or entity authorized by the lottery to sell on-line tickets;

(~~6~~ 7) "On-line terminal," a device authorized by the lottery to function in an on-line, interactive mode with the lottery's central computer system for the purpose of issuing and validating on-line tickets; entering, receiving, and processing lottery transactions; and transmitting reports;

(~~7~~ 8) "On-line ticket" or "ticket," a computer-generated ticket issued by an on-line terminal to a player as a receipt for the combination of numbers or symbols the player has selected;

(~~8~~ 9) "Player-activated terminal," an on-line terminal that is located on the business premises of an on-line retailer and that is operated by a player;

(~~9~~ 10) "Quick pick" or "computer pick," the random selection of numbers or symbols by the on-line terminal issued on a ticket and used by a player in an on-line game;

(~~10~~ 11) "Ticket bearer," the person who has signed the on-line ticket or who has possession of an unsigned on-line ticket;

(~~11~~ 12) "Validation" or "validate," the process of determining whether a ticket presented for a prize is a winning ticket;

(~~12~~ 13) "Winning combination" or "winning numbers," one or more numbers of symbols randomly selected by the lottery in a public drawing to determine winning plays.

Source: 17 SDR 51, effective October 8, 1990; 18 SDR 173, effective April 19, 1992; 36 SDR 215, effective July 1, 2010; 39 SDR 100, effective December 5, 2012.

General Authority: SDCL 42-7A-21(1).

Law Implemented: SDCL 42-7A-1, 42-7A-4(4).

CHAPTER 48:03:02

SALE AND DISTRIBUTION OF ON-LINE TICKETS

Section

48:03:02:05	Suspension or revocation of license.
48:03:02:06	Imposition of civil fines.
48:03:02:08	Scheduling of hearings.

48:03:02:05. Suspension or revocation of license. The ~~commission~~ executive director may suspend or revoke an on-line retailer license for any violation of or noncompliance with the provisions of SDCL 42-7A or this article.

Source: 17 SDR 51, effective October 8, 1990; 30 SDR 52, effective October 28, 2003.

General Authority: SDCL 42-7A-21(16)(17).

Law Implemented: SDCL 42-7A-4(1)(12), 42-7A-11, 42-7A-56(3).

48:03:02:06. Imposition of civil fines. The ~~commission~~ executive director may impose civil fines authorized in SDCL 42-7A-4(12) in lieu of or in addition to other actions taken against a licensee.

Source: 17 SDR 51, effective October 8, 1990.

General Authority: SDCL 42-7A-21(16).

Law Implemented: SDCL 42-7A-4(12).

48:03:02:08. Scheduling of hearings. Hearings by the commission on suspension or revocation of a license or violations of SDCL 42-7A and this article shall be held at its next regularly scheduled ~~monthly~~ quarterly meeting provided the notice of hearing is sent at least ten days before the meeting date, or at a special commission meeting.

Source: 17 SDR 51, effective October 8, 1990.

General Authority: SDCL 42-7A-4, 42-7A-21.

Law Implemented: SDCL 42-7A-4, 42-7A-21.

CHAPTER 48:03:03

ON-LINE TICKET PAYMENT AND VALIDATION

Section

48:03:03:01 Ticket ownership and prize entitlements.

48:03:03:04 Prize claiming procedures.

48:03:03:01. Ticket ownership and prize entitlements. Until a signature is placed on the back of an on-line ticket in the area designated for signature, the ticket is owned by its physical possessor. Once a signature is placed on the back of the ticket in the designated area, the person whose signature appears in the designated area is the owner of the ticket and is entitled to any prize attributable to the ticket. Notwithstanding the name or names submitted on a claim form, the lottery shall pay the prize to the person whose signature appears on the back of the ticket in the designated area. If the signatures of more than one person appear in that area, the lottery shall pay the prize to the person identified on the winner's claim form to receive payment, as designated by all persons whose signatures appear on the back of the ticket. If all persons whose signatures appear on the back of the ticket in the designated area cannot identify one person to whom payment is to be made, the lottery may withhold payment until the proper payee is determined. Only one person is entitled to payment of a particular prize. When a player submits an electronic claim, the player represents to the Lottery that the player is entitled to claim the prize, that there are no other claims to the prize, and that the player is not prohibited by law from purchasing a ticket or claiming a Lottery prize. A violation of this section may result in civil fines. The lottery shall pay or award the prize for each on-line game winning ticket to the person judged by the executive director to be the holder of the winning ticket. No prize may be awarded nor does any liability attach to the lottery for tickets not submitted for validation or for the announcement or dissemination of incorrect numbers drawn.

Source: 17 SDR 51, effective October 8, 1990; 19 SDR 148, effective April 4, 1993.

General Authority: SDCL 42-7A-4(12), 42-7A-21(3).

Law Implemented: SDCL 42-7A-34.

48:03:03:04. Prize claiming procedures. Prizes for validated, winning on-line tickets must be claimed in the following manner:

(1) To claim an on-line game prize of \$100 or less, the claimant may present the winning on-line ticket to any on-line retailer, to any lottery regional office, or to the main office of the lottery in Pierre in person. A claim, regardless of the amount, may also be presented to the lottery by mailing the ticket together with a completed claim form to the main lottery office in Pierre;

(2) If the claim is presented to an on-line retailer, the on-line retailer shall validate the claim and, if the ticket is determined to be a winning ticket, make payment of the amount due the claimant. For prizes over \$100, the claimant shall complete a claim form obtained from the retailer and submit it with the winning ticket. If the on-line retailer cannot validate the claim, the claimant may obtain and complete a claim form and submit it with the disputed ticket to the lottery by mail or in person. If the ticket is determined to be a winning ticket, the lottery shall present or mail a check to the claimant in payment of the amount due. If the ticket is determined not to be a winning ticket, the claim shall be denied and the claimant shall be promptly notified. Nonwinning tickets will not be returned to the claimant;

(3) If the claim is presented to a lottery regional office or to the lottery main office, the claimant shall complete a claim form for prizes over \$100 and submit it with the winning ticket in person. If the ticket is determined to be a winning ticket, the lottery shall present or mail a check to the claimant in payment of the amount due, less any withholding required by federal laws or the provisions of SDCL 42-7A-52. If the ticket is determined not to be a winning ticket, the claim shall be denied and the claimant shall be promptly notified. Nonwinning tickets will not be returned to the claimant;

(4) To claim an on-line prize of more than \$100, the claimant ~~shall~~ may obtain and complete a claim form and submit it with the winning ticket to a lottery regional office or to the lottery main office in Pierre. However, for the largest prize category of an on-line game the lottery may require the prize be claimed and paid from the lottery main office in Pierre. Upon determination that the ticket is a winning ticket, the lottery shall process for payment the amount due, less any withholding required by federal laws or the provisions of SDCL 42-7A-52. The amount due shall be calculated according to the rules adopted for the particular on-line game. If the ticket is determined not to be a winning ticket, the claim shall be denied and the claimant shall be promptly notified. Nonwinning tickets will not be returned to the claimant;

(5) To claim a cash on-line prize of more than \$100 but less than \$5,000, the claimant may use an electronic device to either scan the barcode on the ticket, or enter the ticket information as instructed by the South Dakota Lottery. Upon determination that the ticket is a winning ticket, the lottery shall process payment for the payment due, less any withholding required by federal laws or other provisions of SDCL 42-7A-52. The amount due shall be calculated according to the rules adopted for the particular on-line game. If the ticket is determined not to be a winning ticket, the claim shall be denied and the claimant shall be promptly notified.

Source: 17 SDR 51, effective October 8, 1990; 39 SDR 100, effective December 5, 2012.

General Authority: SDCL 42-7A-21(3).

Law Implemented: SDCL 42-7A-23, 42-7A-34.

Cross-Reference: Powerball game rules, § 48:03:06:05.

CHAPTER 48:03:15

MEGA MILLIONS GAME

Section

48:03:15:04 Mega Millions Game Rules.

48:03:15:04. Mega Millions Game Rules. ~~Mega Millions Game Rules 26 to 34, inclusive, the Mega Millions Megaplier Promotion Special Game Rules A to H, inclusive, and the Mega Millions Just The Jackpot Promotion Special Game Rules JJ 1 to JJ 5, inclusive, of the~~ The MUSL Mega Millions Product Group Rules, as amended on June 15, 2017 27, 2024 and effective April 5, 2025, are the rules of the lottery for the Mega Millions Game.

Source: 36 SDR 170, effective May 11, 2010; 37 SDR 111, effective December 8, 2010; 40 SDR 57, effective October 8, 2013; 43 SDR 57, effective October 17, 2016; 44 SDR 66, effective October 19, 2017.

General Authority: SDCL 42-7A-21(1).

Law Implemented: SDCL 42-7A-4(4)(13), 42-7A-21(1).

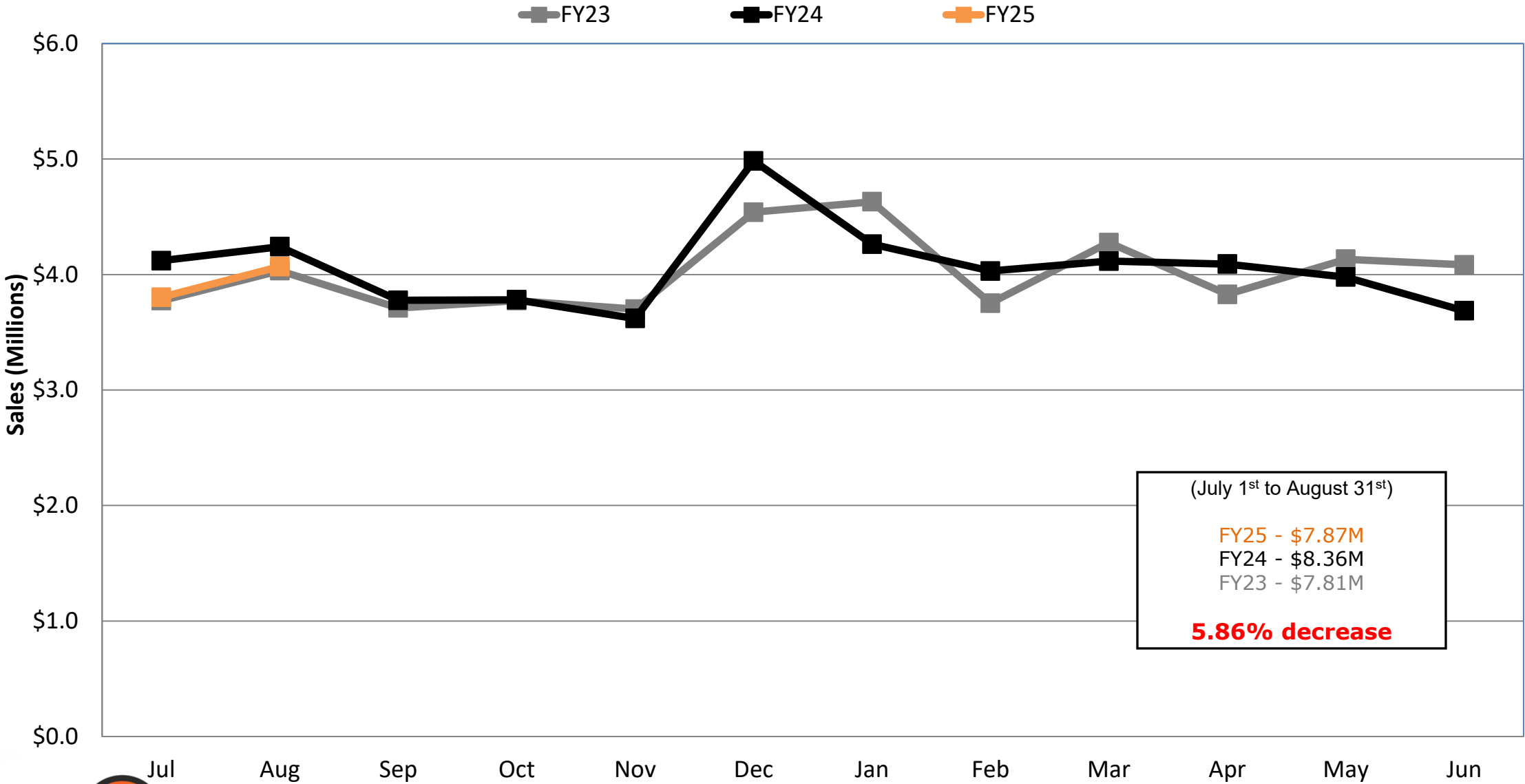
Reference: ~~Copies of the Mega Millions Game Rules 26 to 34, inclusive, the Mega Millions Megaplier Special Game Rules A to H, inclusive, and the Mega Millions Just The Jackpot Promotion Special Game Rules JJ 1 to JJ 5, inclusive, of the~~ MUSL Mega Millions Product Group Rules, as amended on June 15, 2017 27, 2024 and effective April 5, 2025, by the Multi-State Lottery Association (MUSL), may be obtained at no cost from the South Dakota Lottery, 711 East Wells Avenue, Pierre, South Dakota 57501-7107.

Sales Report

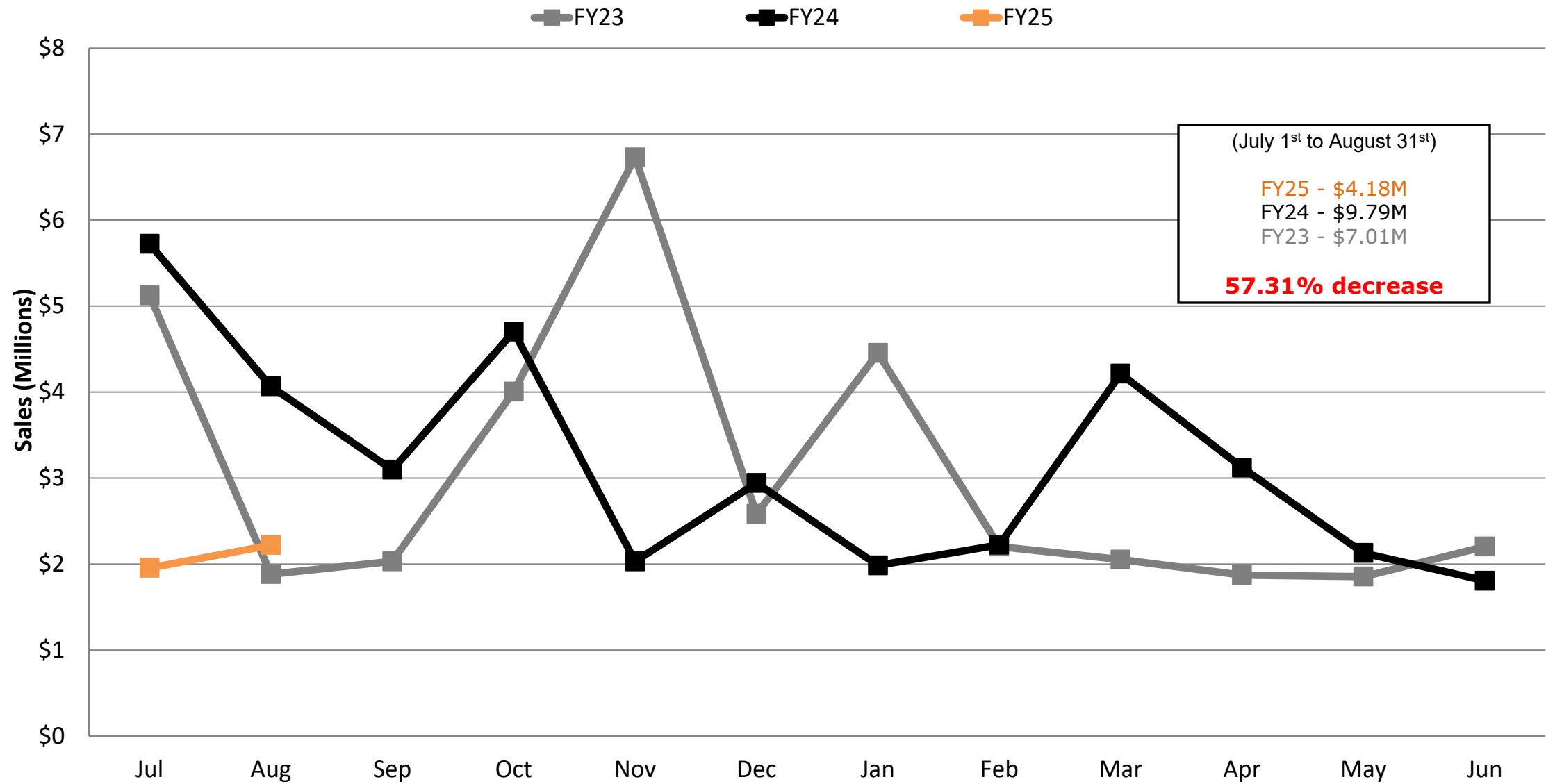


A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE

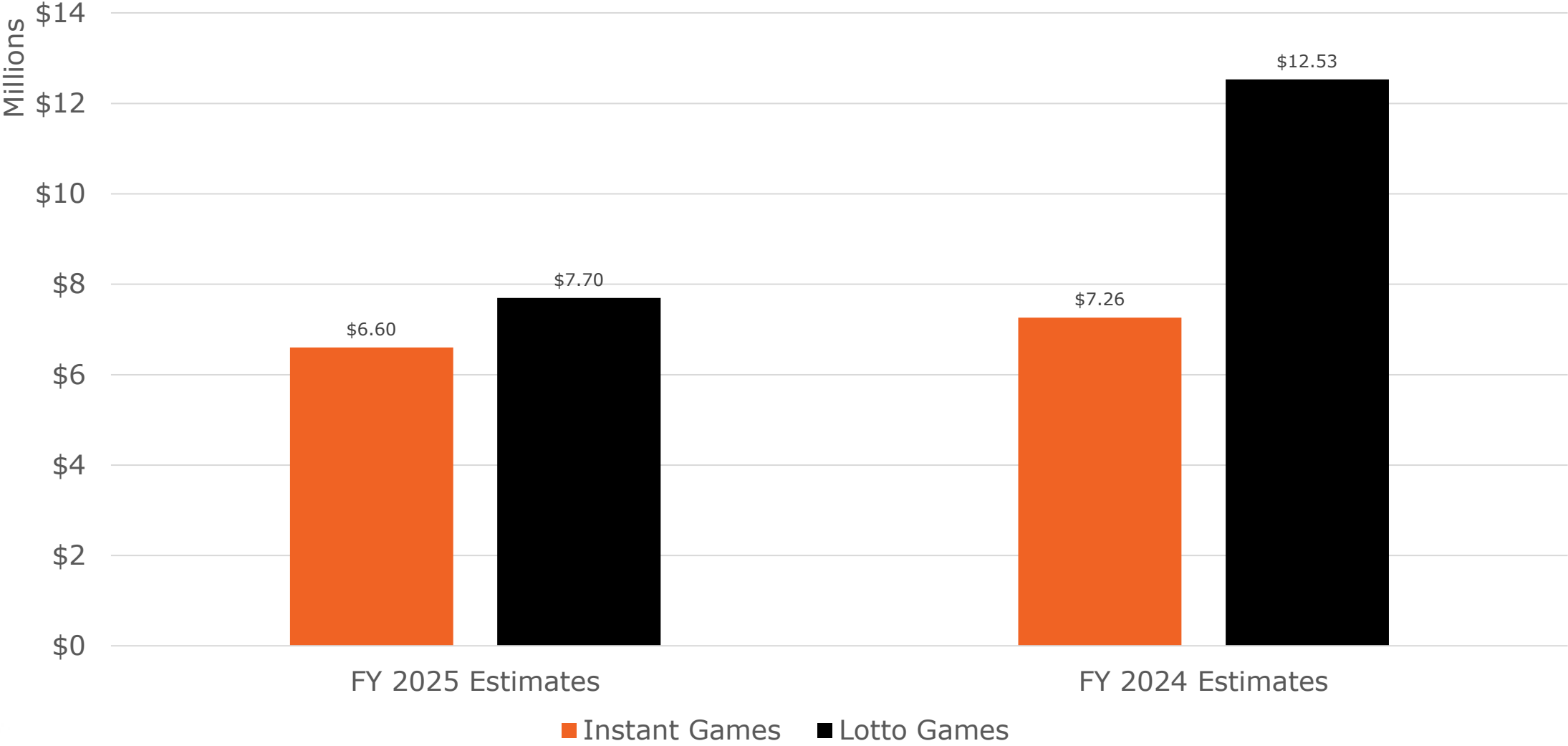
Instant Sales



Lotto Sales

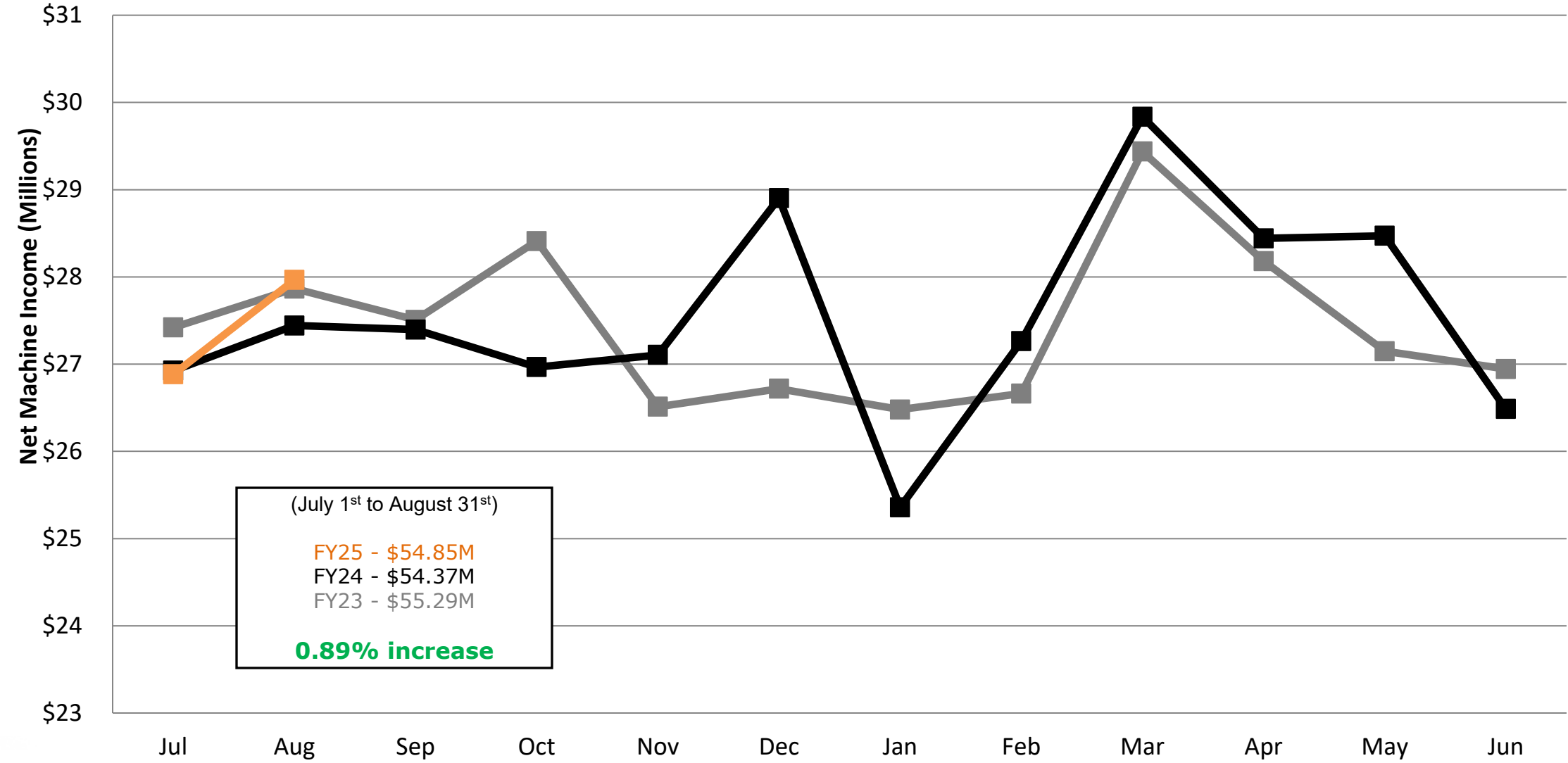


Instant and Online FY25 Revenue Projections as of August 31, 2024



Video Lottery NMI

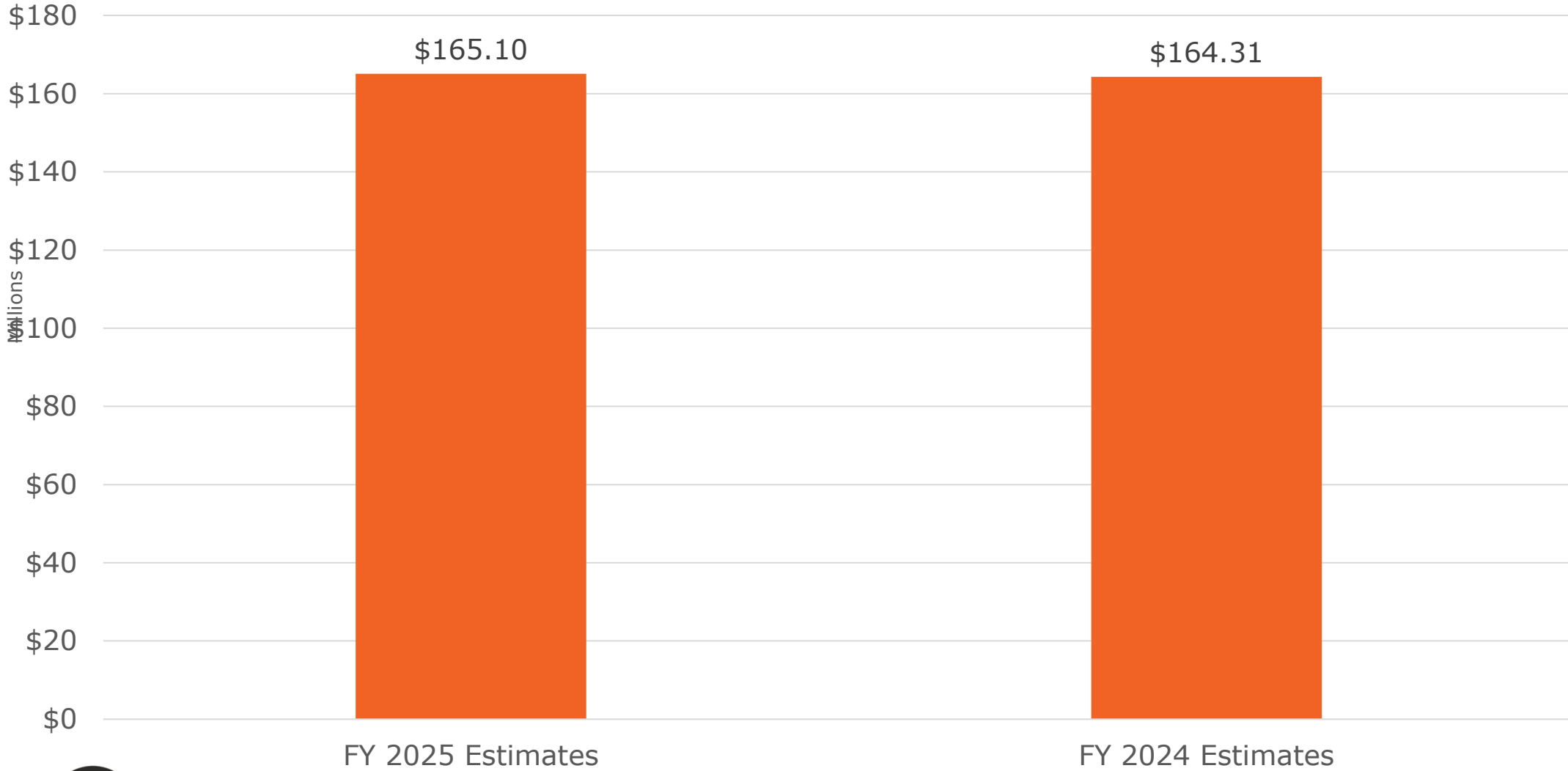
FY23 FY24 FY25



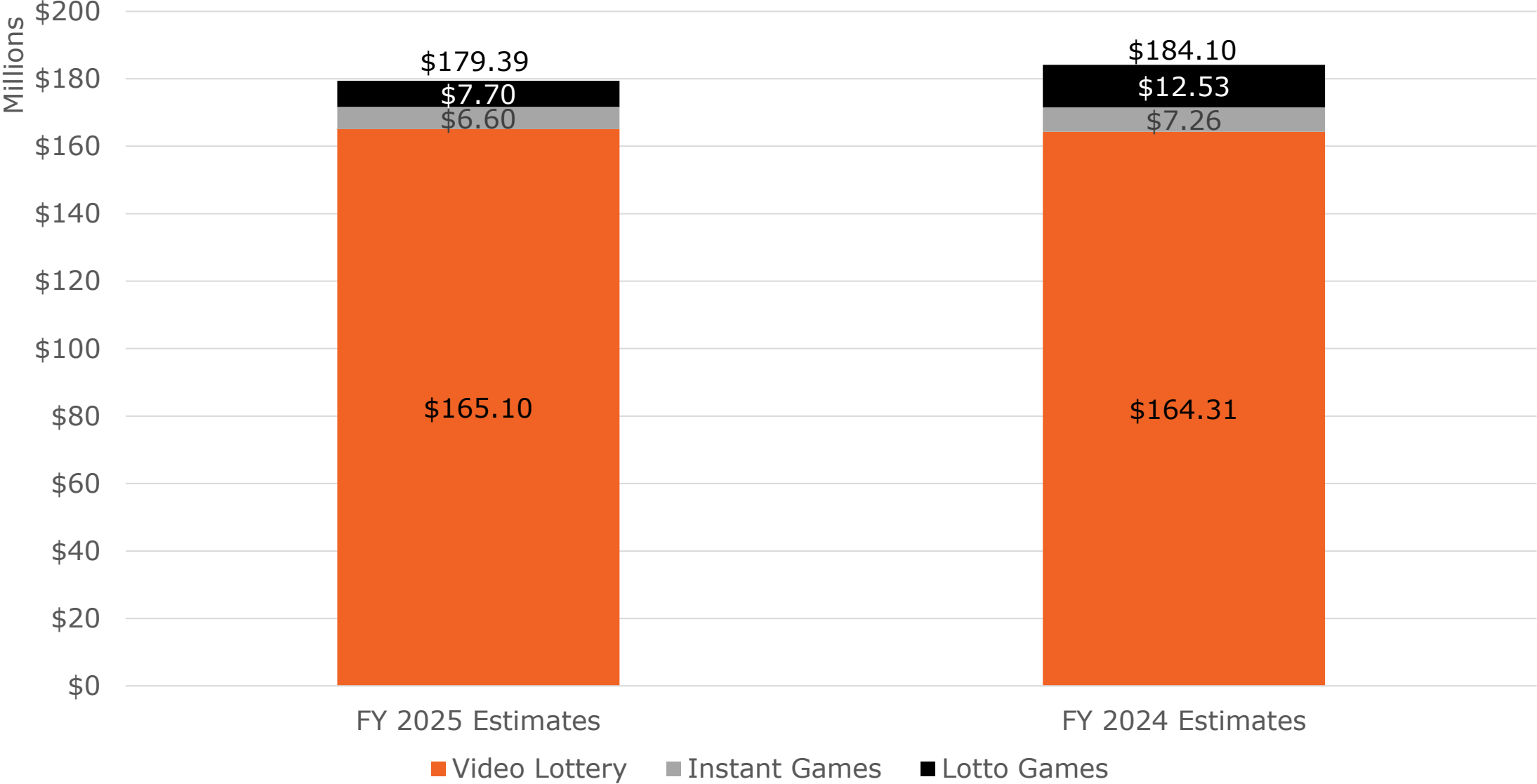
(July 1st to August 31st)
FY25 - \$54.85M
FY24 - \$54.37M
FY23 - \$55.29M
0.89% increase



Video Lottery FY25 State Share Revenue Projection as of August 31, 2024



Total FY25 Revenue Projections as of August 31, 2024

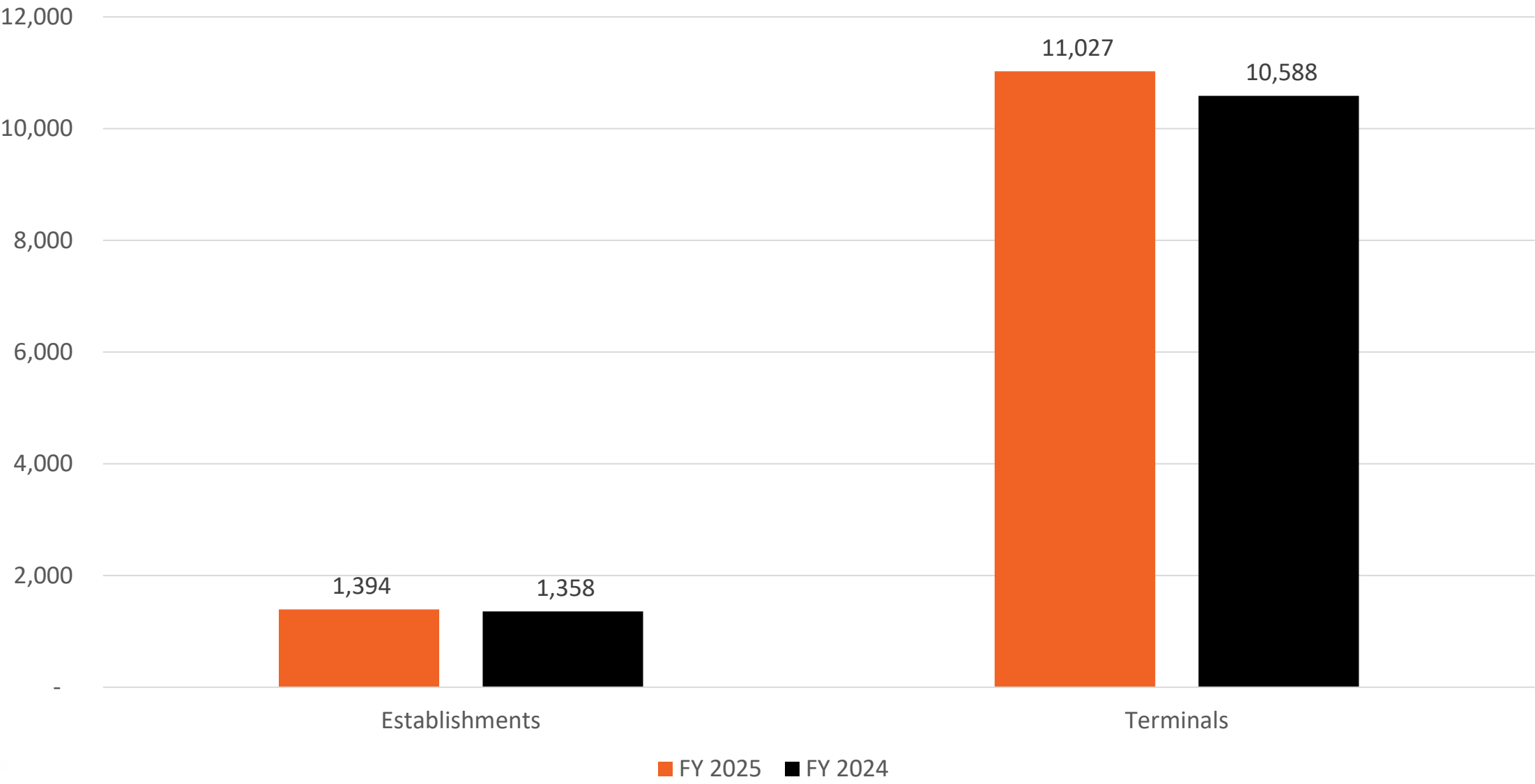


Video Lottery Report



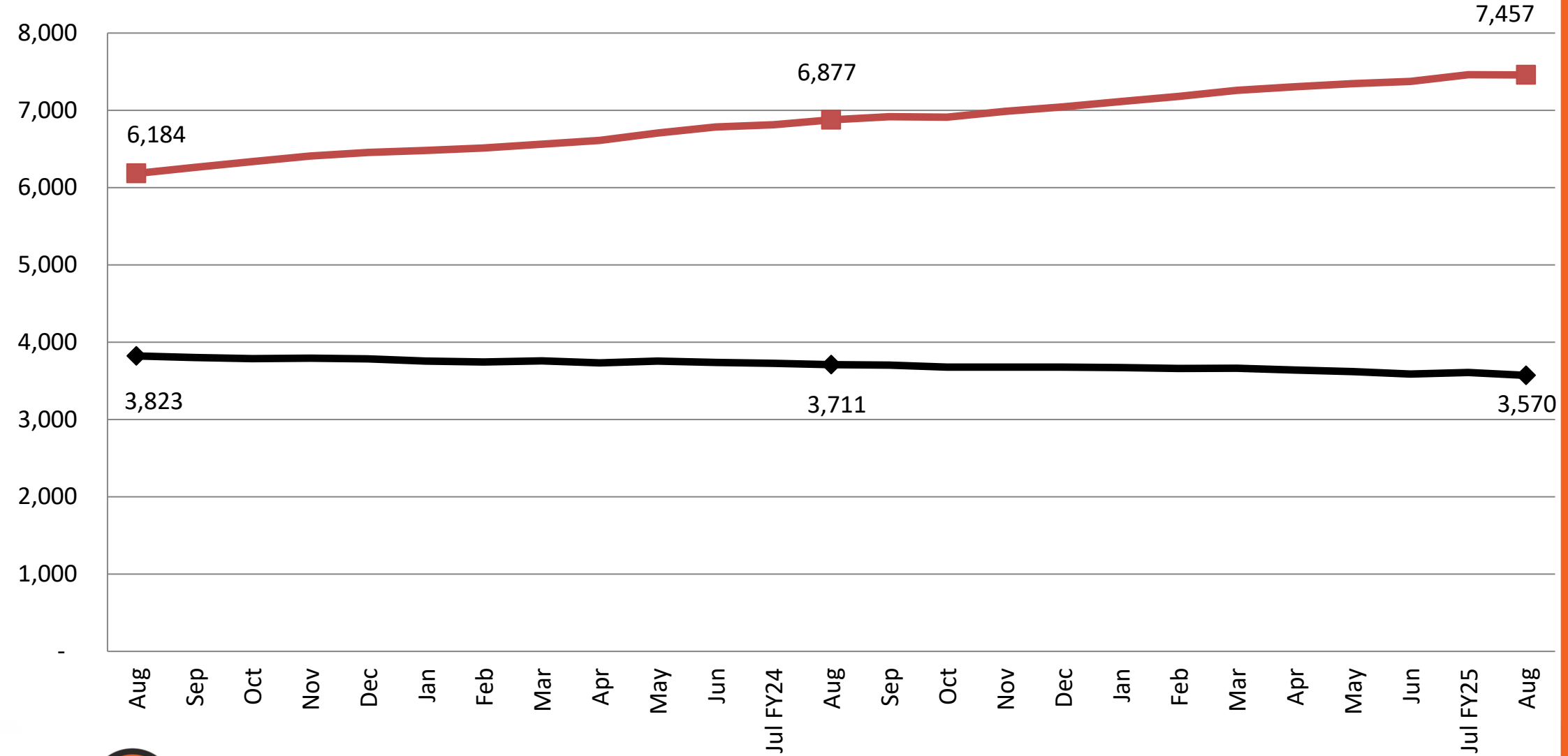
A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE

Number of Terminals and Establishments as of August 31, 2024



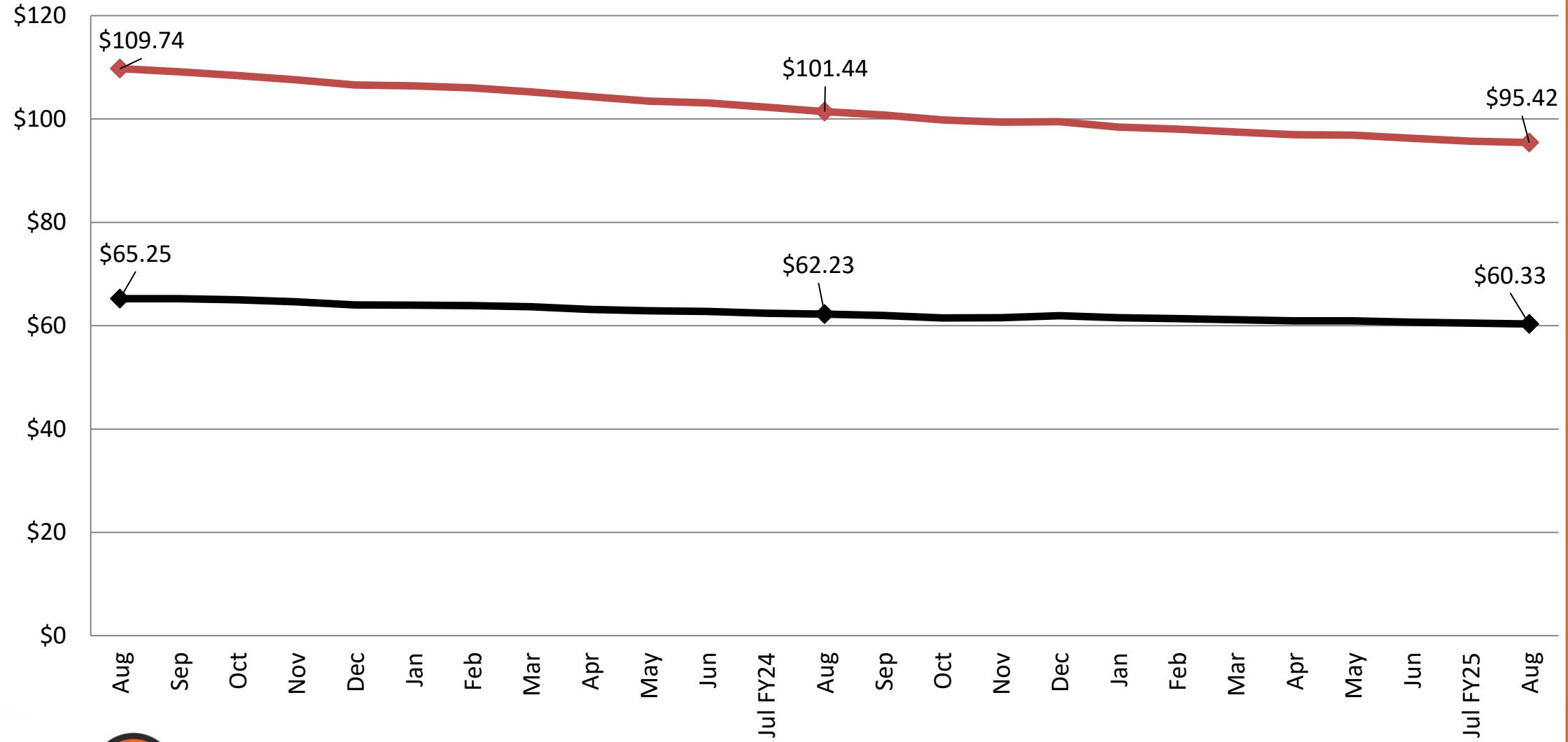
Terminal Counts - Legacy vs. Line

Legacy Machines Line Machines



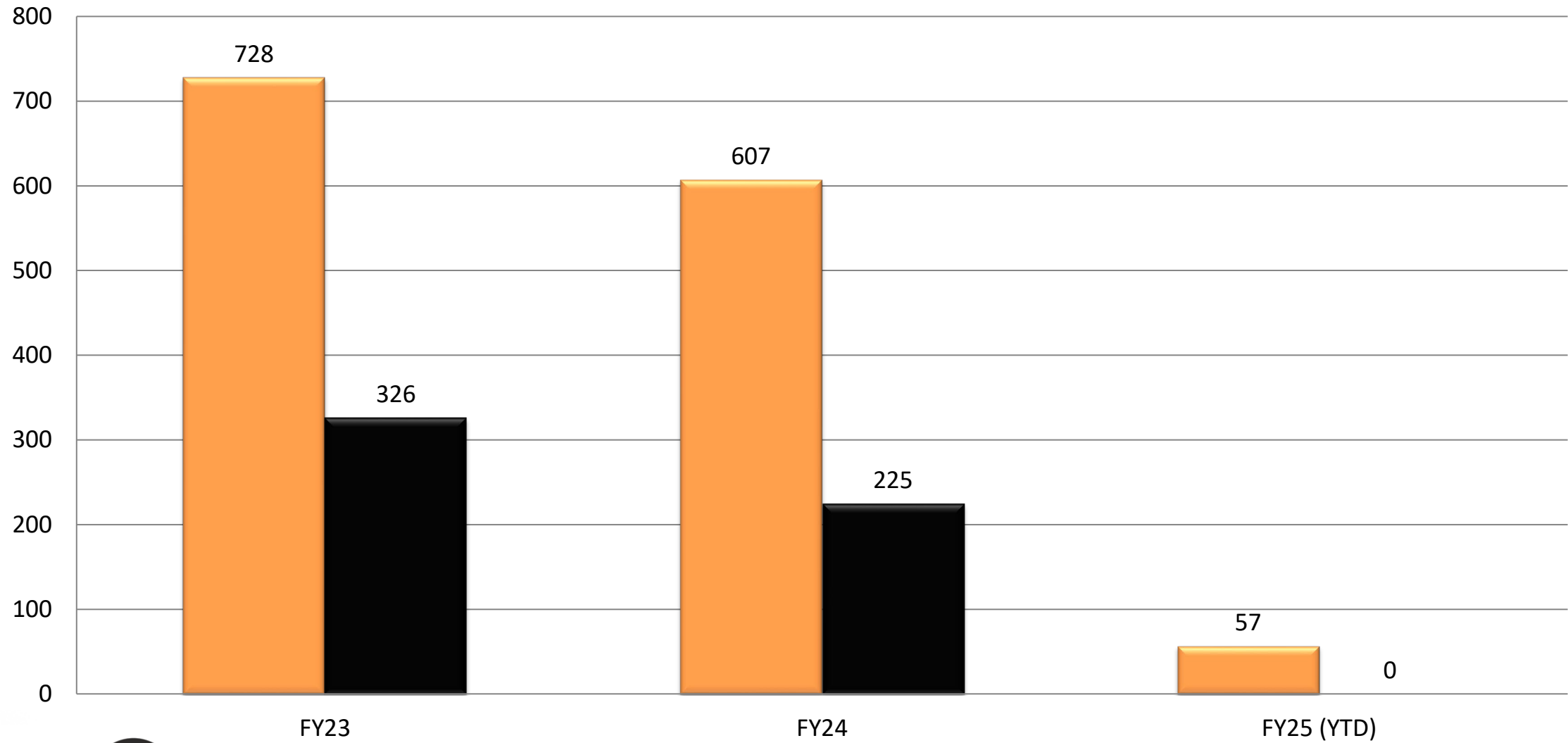
NMI/Terminal/Day - Legacy vs. Line

— Legacy NMI per Machine per Day — Line NMI per Machine per Day

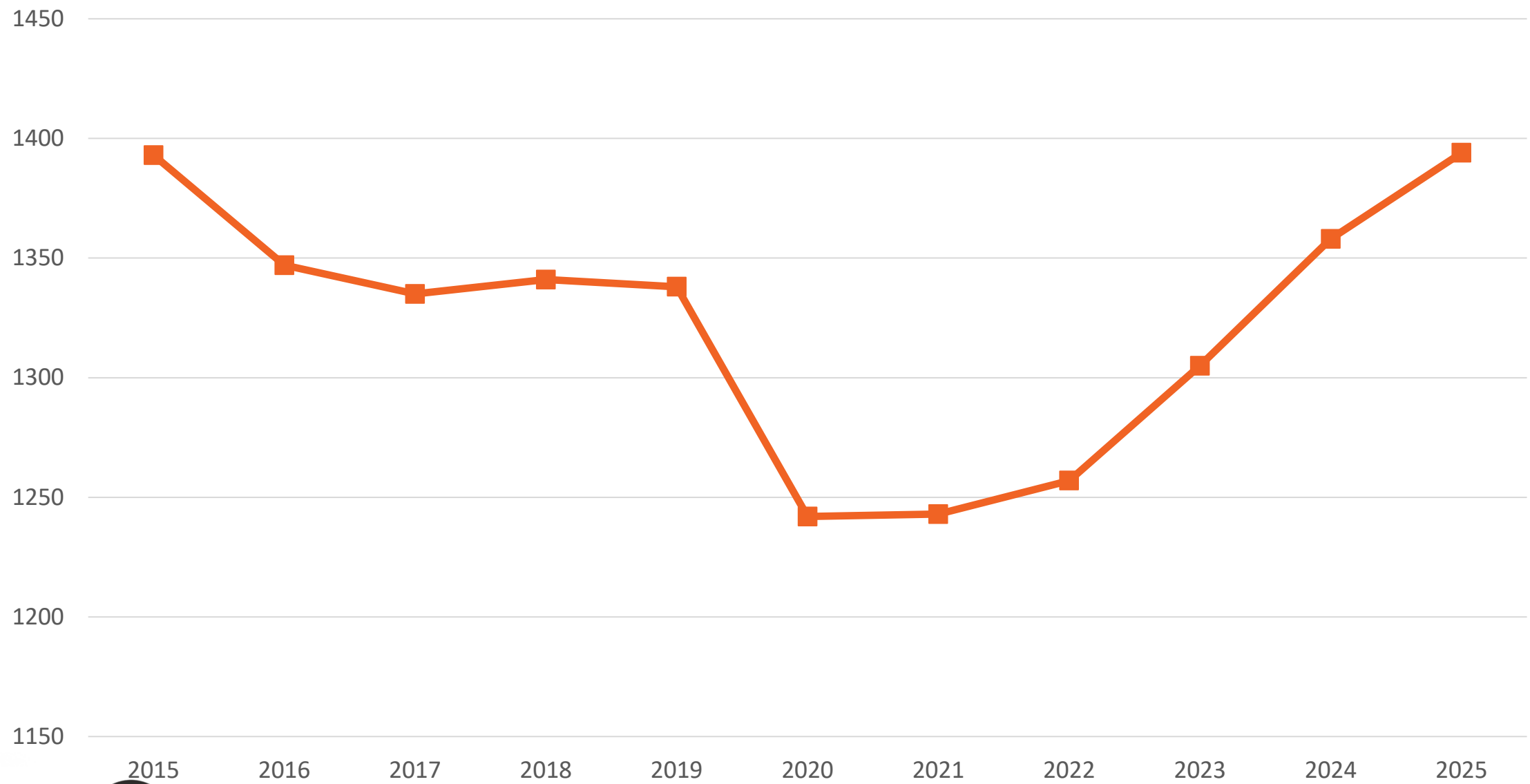


New & Destroyed Terminals

■ New ■ Destroyed



Establishments



Terminals

