



711 E. Wells Avenue • Pierre, SD 57501 • Phone: 605-773-5770 • Fax: 605-773-5786 • <http://lottery.sd.gov>

To: South Dakota Lottery Commission

From: Norman Lingle
Executive Director

Re: September 17, 2026, Lottery Commission Meeting

Date: September 11, 2026

The September 17, 2026, South Dakota Lottery Commission meeting will begin at 9:30 a.m. in room 412 of the State Capitol. The meeting will be streamed on the South Dakota Public Broadcasting's website. A link to the stream is included on the agenda.

There is a full agenda. A few highlights are below.

Secretary Houdyshell will provide updates regarding the Department of Revenue, and I will provide Executive Director comments with updates since the last meeting. My comments will include updates on FY26 sales and estimated transfers, the FY26 audit, and more.

An Administrative Rules Hearing regarding the amendments to the Video Lottery Administrative Rules is on the agenda. The rules hearing may not start any sooner than 9:45 a.m.

The annual review of open meeting laws will need to be acknowledged by the Commission.

A presentation titled Don't Scratch Off Security will be provided by Gus Fritschie with Gaming Labs International (GLI).

A Chair and Vice Chair of the Commission will need to be elected.

Deputy Executive Director Hepper provided an update on our instant ticket shipping with Speedee Delivery. The transition to Speedee went relatively smooth, and we are realizing the benefits of their service from both a delivery and cost savings standpoint.

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 17, 2026 – 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 Harding
2. Roll Call Shawna Zebroski
3. Approval of Agenda Chair Harding
4. Approval of Minutes – June 11, 2026 meeting Chair Harding
5. Conflict of Interest Chair Harding
6. Public Comment Chair Harding
7. Department of Revenue Comments Secretary Mike Houdyshell
8. Executive Director Comments Executive Director Norm Lingle
9. Administrative Rules Public Hearing – Executive Director Norm Lingle
Video Lottery Rules Updates, 9:45 a.m
10. Election of Chair and Vice Chair Chair Harding
11. Annual Review of Open Meetings Laws Nick Ramos, Staff Attorney
12. Vendor Presentation – Don't Scratch Off Security Gus Fritschie, Gaming Labs International
13. Declaratory Ruling 26-1 Retailer Incentives Dep Exec Director Clark Hepper
14. Instant Ticket Shipping Update Dep Exec Director Clark Hepper
15. FY26 Highlights and Review Business Analyst Nathan Remmmich
16. Video Lottery Report Director of VL and Security Trevor Wiebe
17. Sales Report Sales Director David Dahl
18. Marketing Report Director of Advert and PR Wade LaRoche
19. Public Comment Chair Harding
20. Next Meeting – December 10, 2026 Executive Director Norm Lingle
21. Adjournment Chair Harding

Expiration Dates of Commissioner Terms

Tim Donohue	01/01/2028	Tona Rozum	01/01/2027
Steve Harding	01/01/2027	Roy Lindsay	01/01/2029
Jamie Huizenga	01/01/2028		

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

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.

FORM 6

South Dakota Lottery Commission Notice of Public Hearing to Adopt Rules

A public hearing will be held in Room 412 of the Capitol Building, 500 East Capitol Avenue, Pierre on September 17, 2026, at 9:45 a.m. (CT), to consider the adoption and amendment of proposed Administrative Rules of South Dakota numbered

§§ 48:02:04:01, 48:02:04:03, 48:02:05:04, 48:02:07:04, 48:02:08:01, 48:02:10:03, 48:02:10:04, 48:02:10:07, 48:02:12:02, 48:02:12:03

The effect of the rules are to provide the Executive Director the authority to suspend, revoke, or deny video lottery licenses; to clarify a minimum test period for new video lottery game software; permit online training and testing for video lottery technicians, eliminate log book requirements, clarify that ticket voucher credits must be redeemed by the close of the business day, and permit the sale of video lottery machines between operators.

The reason for adopting the proposed rules is to increase efficiencies in the video lottery program and to provide greater clarity in the rules.

Persons interested in presenting amendments, data, opinions, and arguments for or against the proposed rules may appear in-person at the hearing, or mail or e-mail them to the Department of Revenue, attn: Morgan Maier, 445 East Capitol Avenue, Pierre, SD 57501 and/or Morgan.Maier@state.sd.us. The deadline to submit any such written comments for consideration by the Lottery Commission is September 11, 2026, by 5 p.m. (CT).

After the written comment period, the Lottery Commission will consider all written and oral comments it receives on the proposed rules. The Lottery Commission may modify or amend a proposed rule at that time to include or exclude matters that are described in this notice.

For Persons with Disabilities: This hearing will be located at a physically accessible place. Please contact the Department of Revenue at least 48 hours before the public hearing if you have special needs for which special arrangements can be made by calling (605) 773-3311.

Copies of the proposed rules may be obtained without charge from:

Department of Revenue and rules.sd.gov
445 East Capitol Ave, Pierre SD
Morgan.Maier@state.sd.us
(605) 773-6314

Published at the approximate cost of \$_____.

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-21(6), 42-7A-11, 42-7A-56(3).

48:02:04:03. Hearing on suspension, revocation, denial of license renewal, or imposition of civil fine. Licensees have the right to request an administrative hearing in the event of suspension, revocation, denial of license renewal, or imposition of civil fines, according to the provisions of SDCL 1-26. A notice and hearing regarding suspension, revocation, denial of license renewal, or violations of SDCL 42-7A and this title shall be conducted by the commission in accordance with the contested case provisions of SDCL 1-26.

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.

48:02:05:04. Duties of licensed operators. Specific duties of licensed operators are as follows:

- (1) Promote the placement of machines in licensed establishments and assume primary responsibility for operation and maintenance of video lottery machines;
- (2) Maintain and provide in accordance with chapter 48:02:10, either directly or through a service agent, an inventory of associated equipment to ensure the timely repair and continued, approved operation and play of the video lottery machines it operates;
- (3) Maintain, in accordance with chapter 48:02:10, all skills necessary for the timely repair and service of machines and associated equipment to ensure the continued, approved operation of the machines it operates and require employees or service agents to maintain the same skills;
- (4) Attend all meetings, seminars, and training sessions for the repair and maintenance of machines and associated equipment required by the lottery and this article;
- (5) Supervise its employees and the activities of licensed establishments to ensure compliance with the requirements of this article;
- (6) Assume responsibility for the payment to players of credits awarded under arrangements with licensed establishments where the machines are located;
- (7) Assume responsibility for machine and associated equipment malfunctions, including any claim for the payment of credits arising from malfunctions. An operator's liability is limited to the number of credits for the game displayed in the game rules and may not be greater than \$1,000 for any succession of games played;
- (8) Notify the lottery of any recurring electronic or mechanical machine malfunctions or other problems experienced in a particular approved machine model;

(9) Enter into service contracts for the maintenance and repair of video lottery machines and associated equipment with qualified service agents under terms and conditions agreed upon by both parties;

(10) Comply with all Type I technician requirements in § 48:02:10:02.01;

(11) Comply with all Type II technician requirements in § 48:02:10:02.02;

(12) Place video lottery machines in establishments and in numbers to ensure maximum revenues to the state;

(13) Assume all responsibility for establishing communication between each video lottery machine and the host system;

(14) Maintain general liability insurance coverage for each machine;

(15) Conduct advertising and promotional activities of the video lottery in accordance with decency, dignity, honesty, and good taste that does not reflect adversely on the lottery or the state of South Dakota;

(16) Contract only with persons authorized under this title to directly share in revenues generated from net machine income. Any contracts entered into for the division of revenues from net machine income must clearly state that the lottery is not a party to the agreement;

(17) Assume liability for lost or stolen money from machine play. Operators may provide for the sharing of any loss with the establishment where the machine is located;

(18) Furnish security to the lottery by July 1 of each year equal to one-eighteenth of the state's share of estimated annual net machine income derived from the operator's video lottery machines by purchase of a surety bond, deposit in cash, or receipt of an irrevocable letter of credit or a certificate of deposit issued by a South Dakota financial institution with the lottery endorsed on it as a payee;

(19) Respond to service calls within twenty-four hours from the time of notification by the establishment; ~~and~~

(20) Remove all machines from the establishment machine play area that have been out of service for more than forty-eight hours from the time notice was received by the lottery; and

(21) Sell approved machines under chapters 48:02:07 and 48:02:08 to other licensed operators.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 37 SDR 215, effective May 31, 2011; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(17), 42-7A-43.

Law Implemented: SDCL 42-7A-21, 42-7A-43.

48:02:07:04. Report of test results. After each test has been completed, the lottery shall provide the machine manufacturer a report that contains findings, conclusions, and pass/fail results. The report may contain recommendations for video lottery machine modifications to bring it into compliance with SDCL 42-7A and this article. Prior to approving a particular machine model, the lottery may require a trial period to test the machine in a licensed establishment ~~not to exceed 60 days~~ for a minimum of 21 days. During the trial period, the manufacturer may not make any modifications to the machine model unless approved by the lottery. The lottery shall affix seals to each machine during the test period.

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

General Authority: SDCL 42-7A-21(10), 42-7A-21(11).

Law Implemented: SDCL 42-7A-40.

48:02:08:01. Hardware specifications. Each video lottery machine licensed for placement in the state must meet the following hardware specifications:

(1) Electrical and mechanical parts and design principles may not subject a player to physical hazards;

(2) A surge protector must be installed on the line that feeds power to the machine. The battery backup or an equivalent for the electronic meters must be capable of maintaining accuracy of all information required in SDCL 42-7A-37(5) and (6) for one hundred eighty days after power is discontinued from the machine. The backup device shall be kept within the locked logic board compartment;

(3) An on/off switch that controls the electrical current used in the operation of the machine and any associated equipment must be located in an accessible place within the interior of the machine;

(4) The operation of each machine may not be adversely affected by static discharge or other electromagnetic interference;

(5) An electronic or mechanical coin acceptor may be installed on any video lottery machine approved after July 1, 2003. Each video lottery machine approved after July 1, 2003, may contain a bill acceptor that accepts one-dollar bills, five-dollar bills, ten-dollar bills, twenty-dollar bills, fifty-dollar bills, one hundred-dollar bills, and ticket vouchers. The bill acceptors may be for any single bill or combination of bills in the denominations listed in this subdivision and ticket vouchers. Approval letters and test reports of the coin and bill acceptors from other state or federal jurisdictions may be submitted. However, all coin and bill acceptors are subject to approval by the lottery;

(6) The internal space of a video lottery machine may not be readily accessible when the front door is both closed and sealed;

(7) Logic boards and software Eproms (computer chips that store memory) must be in a separate, locked area within the machine;

(8) The cash compartment must be contained in a locked area within or attached to the machine;

(9) No hardware switches may be installed that alter the pay tables or payout percentages in the operation of a game. Hardware switches may be installed to control graphic routines, speed of play, and sound;

(10) A single printing mechanism must be capable of printing an original ticket voucher and retaining a legible copy within the machine or create an electronic copy on a self-contained internal or external medium prior to the continuation of game play. The ticket voucher must record the following information when credits accrued on the video lottery machine are redeemed for cash:

(a) The number of credits;

(b) The value of the credits in dollars and cents displayed in both alpha and numeric ~~and~~ ~~written~~ form; and

(c) Any other information required by SDCL 42-7A-37(5);

(11) An unremovable identification plate must appear on the exterior of the machine that contains the following information:

(a) Manufacturer;

(b) Serial number; and

(c) Model number;

(12) The rules of play for each game must be displayed on the machine face or screen. The lottery may reject the rules if they are incomplete, confusing, or misleading. Each game must also

display the credits wagered and the credits awarded for the occurrence of each possible winning hand based on the number of credits wagered. A video lottery machine may not allow more than two dollars to be played on a game or award free games or credits in excess of one thousand dollars per bet.

All information required by this subdivision must be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the machine face;

(13) Equipment must be installed that enables the machine to communicate with the lottery's central computer system, as required in SDCL 42-7A-37(7), using a communications protocol provided to each licensed manufacturer by the lottery for the information and control programs approved by the commission; and

(14) The legal age requirement in SDCL 42-7A-48 for a person to play a machine must be displayed on the machine face under glass or on an unremovable plate on the front exterior of the machine.

Source: 16 SDR 27, effective August 18, 1989; 17 SDR 51, effective October 8, 1990; 29 SDR 176, effective June 30, 2003; 37 SDR 215, effective May 31, 2011; 39 SDR 100, effective December 5, 2012; 39 SDR 220, effective June 26, 2013; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(10).

Law Implemented: SDCL 42-7A-1(16), 42-7A-21, 42-7A-37, 42-7A-38.

48:02:10:03. Availability of training. Manufacturers and distributors shall notify operators who have either purchased or expressed interest in purchasing their machines at least three weeks in advance of scheduled training programs. Training programs to qualify as a Type I technician must be scheduled ~~at locations and times within the state~~ to accommodate persons needing training. This rule does not mandate the scheduling of training programs at the location of each business licensed as an operator. Training may be conducted at the manufacturer's and distributor's principal place of business or at other locations to accommodate persons applying to qualify as a Type I technician. Training programs to qualify as a Type II technician ~~are held within the state of South Dakota with lottery personnel assisting the manufacturer or distributor in the training~~ shall be coordinated with the lottery. Training for Type II technicians shall be scheduled to accommodate persons needing qualification. Manufacturers and distributors must provide subsequent training and inform operators and the lottery of new developments in the service and repair of its machines.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(11)(13).

Law Implemented: SDCL 42-7A-21.

48:02:10:04. Training requirements. The manufacturer, ~~and distributor,~~ or lottery shall administer an examination at the conclusion of the training and recommend for qualification as a Type I or Type II technician each person who successfully completes the training. ~~The lottery shall administer an examination at the conclusion of the training for Type II technicians and qualify each person as a Type II technician who successfully completes the training and examination.~~ Manufacturers and distributors shall maintain a list of the names of operators, employees, and service agents who attend and successfully complete each training and shall submit the list and examinations to the lottery. The list must show the name of the person who completed the training; the type of technician; the date and location of the training; and the manufacturer's name and machine model for which training was provided.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 49 SDR 51, effective November 27, 2022.

General Authority: SDCL 42-7A-21(11)(13).

Law Implemented: SDCL 42-7A-21.

48:02:10:07. Maintenance log forms required. ~~A written maintenance log shall be kept in each video lottery machine located within the main cabinet access area. Every person, including lottery personnel, who gains entry into any internal space of a video lottery machine must sign the log, indicate the time and date of entry, indicate the mechanical meter readings, and list the areas inspected or repaired. The maintenance log forms must be obtained through the lottery and retained by operators for a period of three years from the date of the last entry. The maintenance logs must be available for inspection by the lottery upon request.~~ Repealed.

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

General Authority: ~~SDCL 42-7A-21(11) to 42-7A-21(13).~~

Law Implemented: ~~SDCL 42-7A-21(11) to 42-7A-21(13).~~

48:02:12:02. Method of payment. The management of each licensed establishment shall designate employees authorized to redeem ticket vouchers during the hours of operation. Credits must be immediately paid in cash or by check when a player presents a valid ticket voucher for payment before the close of the business day. ~~No credits may be paid in tokens, chips, or merchandise.~~

Source: 16 SDR 27, effective August 18, 1989; 49 SDR 51, effective November 27, 2022.

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

Law Implemented: SDCL 42-7A-21, 42-7A-34, 42-7A-37(5).

48:02:12:03. Restrictions on payment of credits. Establishments may only redeem ticket vouchers for credits awarded on video lottery machines located on its premises. A ticket voucher must be presented for payment before the close of the business ~~on the date the ticket voucher was printed~~ day. The lottery, the commission, and the state of South Dakota are not liable for the payment of credits on valid winning ticket vouchers.

Source: 16 SDR 27, effective August 18, 1989; 49 SDR 51, effective November 27, 2022.

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

Law Implemented: SDCL 42-7A-21, 42-7A-34.

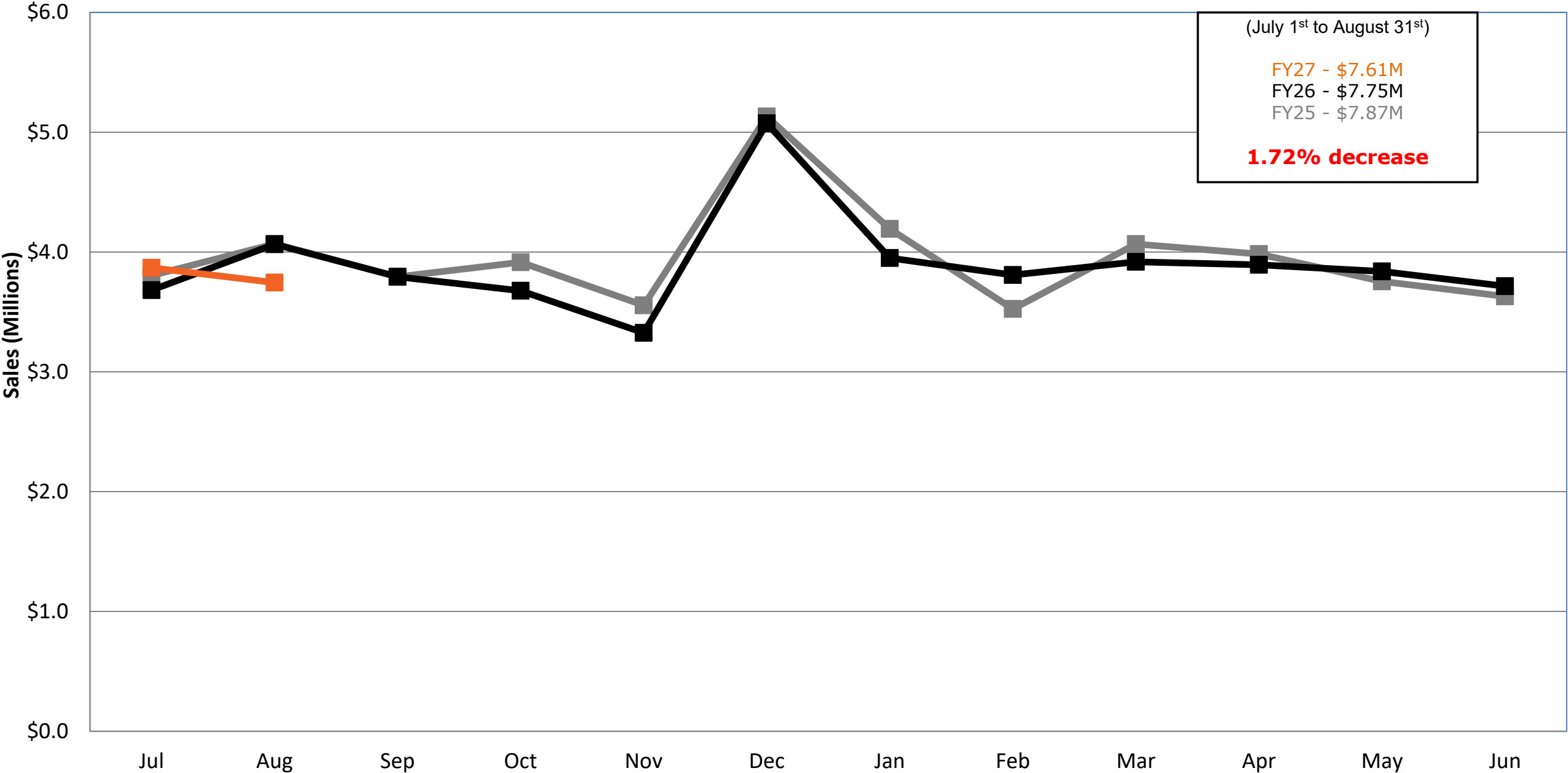
Sales Report



Instant Sales

FY25 FY26 FY27

(July 1st to August 31st)
FY27 - \$7.61M
FY26 - \$7.75M
FY25 - \$7.87M
1.72% decrease



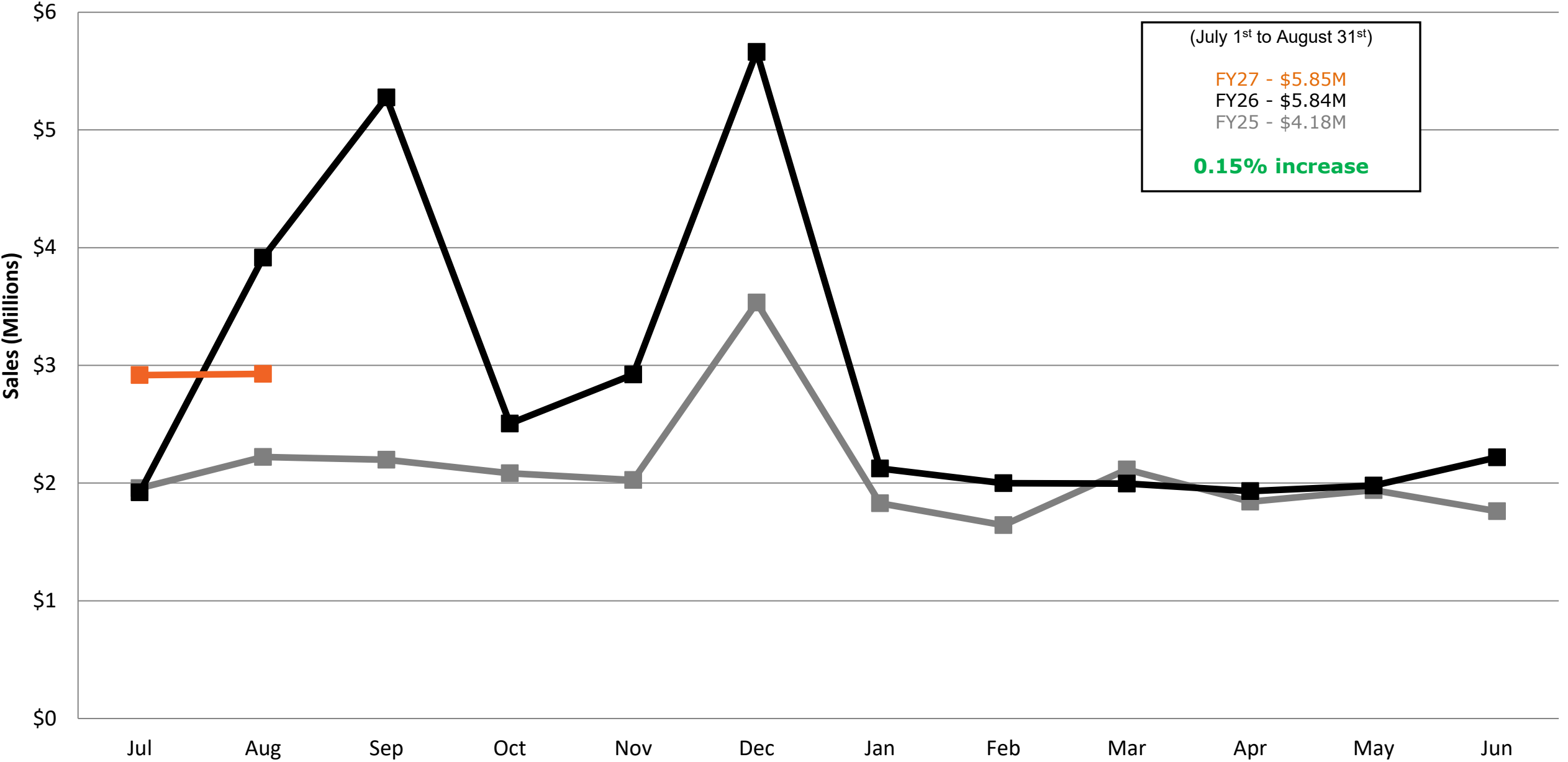
Lotto Sales

FY25 FY26 FY27

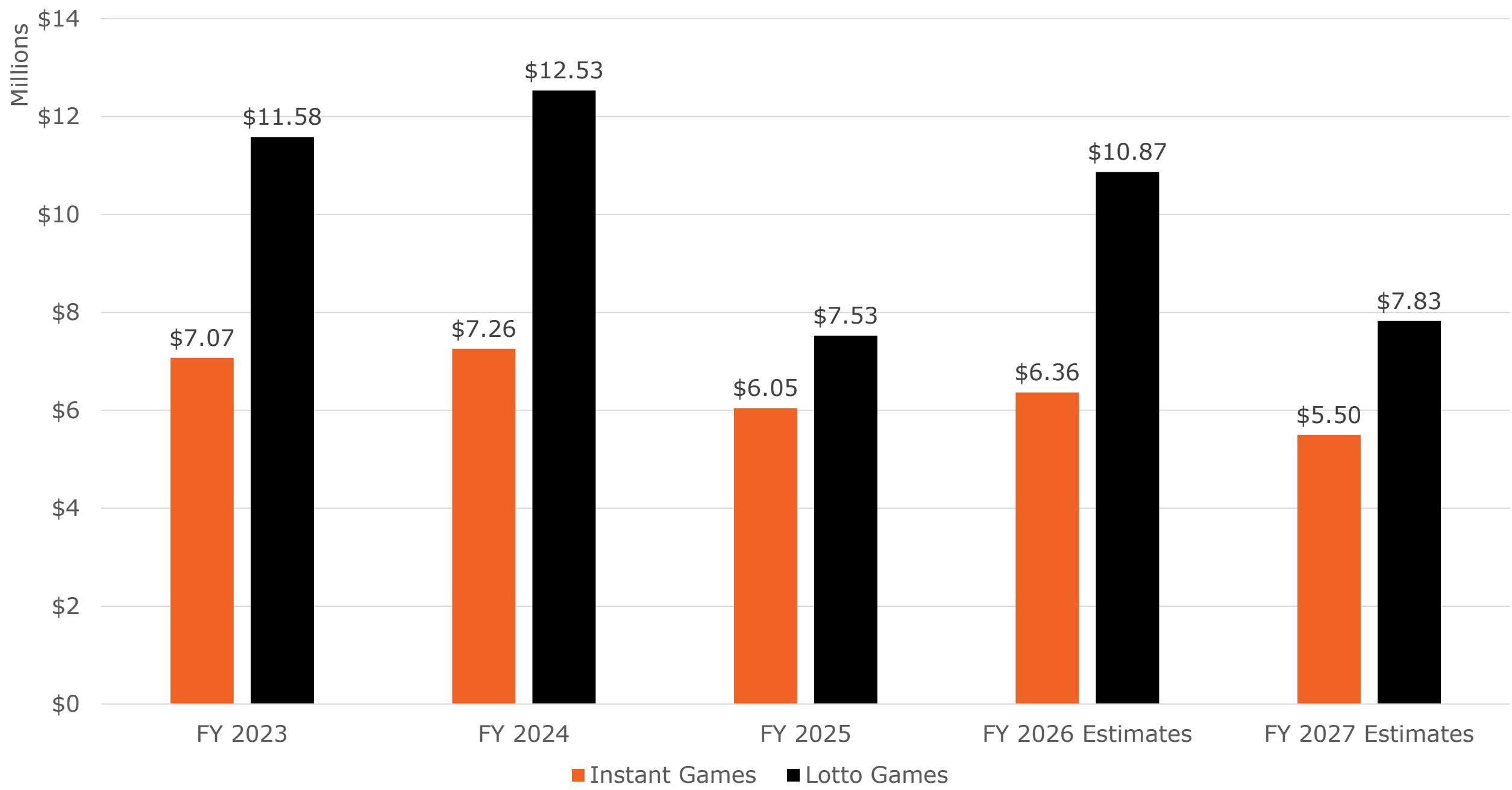
(July 1st to August 31st)

FY27 - \$5.85M
FY26 - \$5.84M
FY25 - \$4.18M

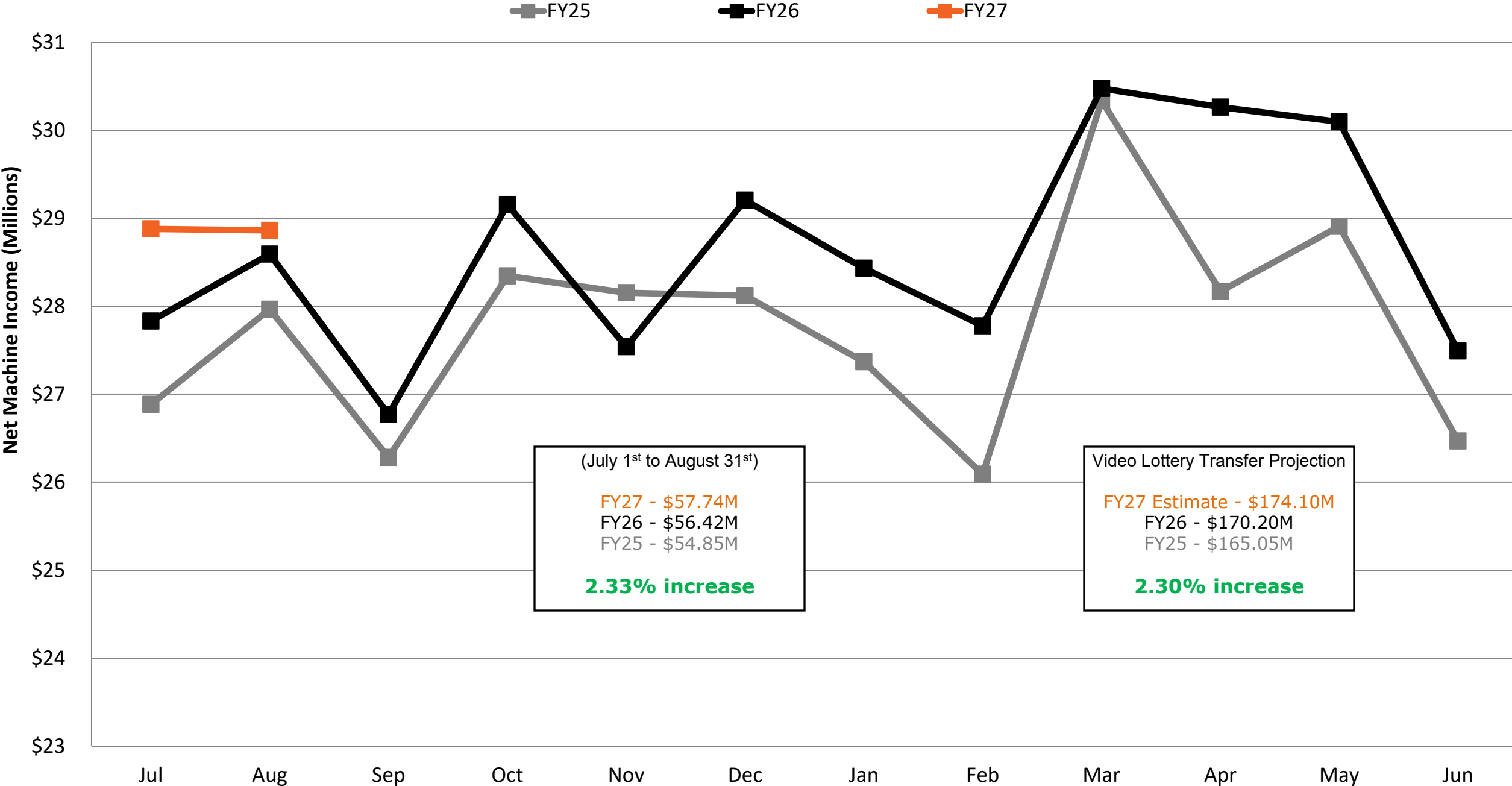
0.15% increase



Instant and Online FY27 Revenue Projections as of August 31, 2026



Video Lottery NMI



Total FY27 Revenue Projections as of August 31, 2026

