



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: March 21, 2024 Lottery Commission Meeting

Date: March 15, 2024

The March 21, 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 couple of highlights on the agenda.

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

An update on the Scan and Redeem project will be provided. Lottery team members have started meeting with IGT on a regular basis to review requirements and establish a delivery date.

Lawrence & Schiller will present regarding advertising analytics regarding recent Lottery advertising campaigns.

The Department of Revenue's Chief Legal Counsel, Kirsten Jasper, will discuss the role of legal counsels as it pertains to the Lottery Commission and Lottery employees from an operational standpoint.

A status update regarding legal items that involve the South Dakota Lottery as well as a yearly review of the Code of Conduct and Conflict of Interest policy will be provided.

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, March 21, 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
3. Approval of Agenda Chair Ahrendt
4. Approval of Minutes – December 7, 2023 meeting Chair Ahrendt
5. Conflict of Interest Chair Ahrendt
6. Executive Director Comments Executive Director Norm Lingle
7. Role of Legal Counsels Kirsten Jasper, Chief Legal Counsel
8. Scan and Redeem Update Dep Exec Director Clark Hepper
9. Legal Update/Code of Conduct Staff Attorney Ali Schaeftbauer
10. Advertising Analytics Matt Hammer and Dara Klatt, Lawrence & Schiller
11. Sales Report Sales Manager David Dahl
12. FY24 Video Lottery Review Business Analyst Nathan Remmich
13. Marketing Report Director of Advert and PR Wade LaRoche
14. Video Lottery Report Director of VL and Security Trevor Wiebe
15. Public Comment Chair Ahrendt
16. Next Meeting – June 13, 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
Jamie Huizenga-Vice Chair
Tim Donohue
Joe Kafka
Tona Rozum

Minutes of the Commission Meeting

Meeting was conducted in person
Thursday, December 7, 2023 – 9:30 a.m.

UNAPPROVED

Chair Ahrendt called the December 7, 2023, meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Commissioner Kafka was not present.

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

SUPPORT STAFF PRESENT

Norm Lingle, Clark Hepper, Michael Houdyshell, Ali Schaeffbauer, Kirsten Jasper, Trevor Wiebe, Wade LaRoche, Nathan Remmich, Shawna Zebroski and David Dahl.

MEMBERS OF THE PUBLIC PRESENT

Bob Mercer, Robert Riter, Deb Mortenson, and Matt Krogman.

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

APPROVAL OF THE MINUTES FROM THE Sept. 21, 2023, MEETING

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

CONFLICT OF INTEREST

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

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

- Sales Director Marla Gruber will be retiring December 8 after nearly 10 years with the Lottery.
- David Dahl will be the new Director of Sales.
- The Fiscal Year 2023 audit was completed, and there not any findings.
- This is 20 consecutive years that the Lottery hasn't had any findings.
- The South Dakota Lottery won two advertising awards at the North American Association of State and Provincial Lotteries annual conference.
- The Lottery won the awards for **Best Responsible Gambling Communications Coordinated Campaign and Best Television Advertising Lotto and Daily Numbers Games.**
- **This is Commissioner Huizenga's final commission meeting, and the Lottery thanks him for his support.**

SCAN AND REDEEM

Deputy Executive Director Clark Hepper reported on the following:

- Scan and Redeem is a method for players to claim prizes \$101 through \$5,000 through the Lottery's mobile app.
- This would allow players to receive prizes through an ACH transaction, but this will not make online sales available.
- The Lottery is implementing this to address issues with South Dakota's low threshold for claims at retail locations.
- Mobile claims will go through the same processes of in-person claims, including the debt set off process.
- The Lottery's current agreement with IGT was extended with the implementation of scan and redeem.
- The Lottery is hoping to have the program implemented within a year.
- The next steps for scan and redeem are to meet with IGT to plan a timeline and identify milestones.
- Commissioner Huizenga noted that scan and redeem is a far better option for our players and that it will solve some geography problems with having to travel to make a claim.

Legal Update

Staff Attorney Ali Schaeffbauer reported the following:

- A petition for a declaratory ruling has been sent to the Attorney General's office for an opinion.
- A contested hearing that was scheduled has been discontinued.

Proposed Fiscal Year 2025 Budget

Accounting Manager Aric Frost reported on the following:

- The Lottery operates under two budgets, instant/on-line and video lottery.
- The instant/on-line budget is an informational only budget. This is a financial plan that focuses on tracking spending data without imposing specific limits or goals.
- The proposed budget is \$63,000,058, which is the same as the current fiscal year.
- The video lottery budget is part of the Department of Revenue's overall budget. This is approved by the South Dakota legislature.
- The Fiscal Year 2025 video lottery budget is \$2,920,327, which is the same as Fiscal Year 2025.
- The Lottery is seeking approval from the commission of the Fiscal Year 2025 budgets.
- Commissioner Rozum asked about supplies and materials having \$3,000 budgeted but those funds haven't been used. Executive Director Lingle noted that it was there if the Lottery needed to do any printing. For example, if the Lottery needs to print posters for video lottery establishments.

- Commissioner Rozum asked about the difference between commercial printing and state printing. Executive Director Lingle noted that this is used for projects that use the state's print shop.
- Chair Ahrendt asked for a motion to approve the budgets. Vice Chair Huizenga made the motion, seconded by Commissioner Donohue. Motion carried after a roll call vote.

SALES REPORT

Sales Manager David Dahl reported on the following:

- Instant ticket sales have increased 2.87 percent compared to the previous fiscal year.
- The Lottery introduced The Price is Right instant ticket, and it is currently in the top 3 of sales.
- The Lottery is launching the X Family of instant tickets in February.
- Recent prize winners were highlighted by a top prize winner of the \$550,000 jackpot. It was the first top prize hit for the new \$30 ticket.
- The Lottery has paid more than \$14 million in instant ticket prizes to date.
- Lotto sales are pacing behind last year's totals due to large jackpot runs.
- The Lottery projects more than \$178 million in total revenue for Fiscal Year 2024.

FY23 Instant/On-line Review

Business Analyst Nathan Remmich reported on the following:

- Hand and Hanson counties showed the most growth in terms of instant ticket sales.
- Aberdeen and Rapid City had the largest increases among cities. Sioux Falls remained the top selling city.
- The \$30 ticket took some growth from different price points, especially the \$5.
- Every county increased in draw game sales but Douglas. This was due to a record-setting jackpot.
- Hanson County had the largest growth among counties, which had a 97.1 percent increase.
- Every city had more than double digit growth with Sioux Falls leading the way.
- Mega Millions and Powerball jackpots lifted the sales for the Dakota Cash game.

MARKETING REPORT

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

- The South Dakota Lottery won awards for best Responsible Coordinated Campaign and Best Television Advertising Lotto Games at the annual NASPL Conference.
- The awards are judged by members of the Lottery industry.
- Out of the 42 categories, the South Dakota was a finalist for six additional awards.
- The Lottery thanks Lawrence & Schiller for their collaboration on these projects.
- Barbara Wipf of Sioux Falls was a finalist in the NASCAR Powerball Playoff.
- She and her husband won an exclusive trip to Phoenix for NASCAR's championship weekend.
- The Lottery will run its Luckiest Leap Day promotion on February 29. Players will be able to purchase two Lucky for Life tickets and receive one free.

VIDEO LOTTERY REPORT

Director of VL and Security Trevor Wiebe reported on the following:

- The new line machines have shown an increase in terms of active terminals throughout the state.
- To date, there have been 175 new machines deployed throughout the state in Fiscal Year 2024.
- Two manufacturers currently have Ticket In, Ticket Out software available.
- This means that there has been a slow rollout of Ticket In, Ticket Out as other manufacturers implement this technology.
- MUSL recently conducted a review of the Lottery's on-line draw procedures.
- The MUSL team came on site to conduct the review, and the results were generally positive.

- The Lottery will work with BIT to make some improvements to its network.
- Chair Ahrendt asked if there is an appetite from the operators to get other machines Ticket In, Ticket Out compatible. Trevor Wiebe confirmed that they are in the process of making more machines compliant.

PUBLIC COMMENT

Chair Ahrendt asked about public comments.

- Matt Krogman of the South Dakota Licensed Beverage, Dealers and Gaming Association noted that there is potential legislation that they are bringing.
- The first would be to allow 15 video lottery machines per license. Another would be to offer progressive jackpot options for games.
- The third piece of legislation would be to increase the betting limit. He noted that this hasn't changed since video lottery's implementation.
- Commissioner Rozum noted that they may want to begin speaking with legislators now.

NEXT MEETING DATE

Executive Director Lingle stated the next meeting will be March 21, 2024.

ADJOURNMENT

The meeting adjourned at 11:02 a.m.

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

Sales Report



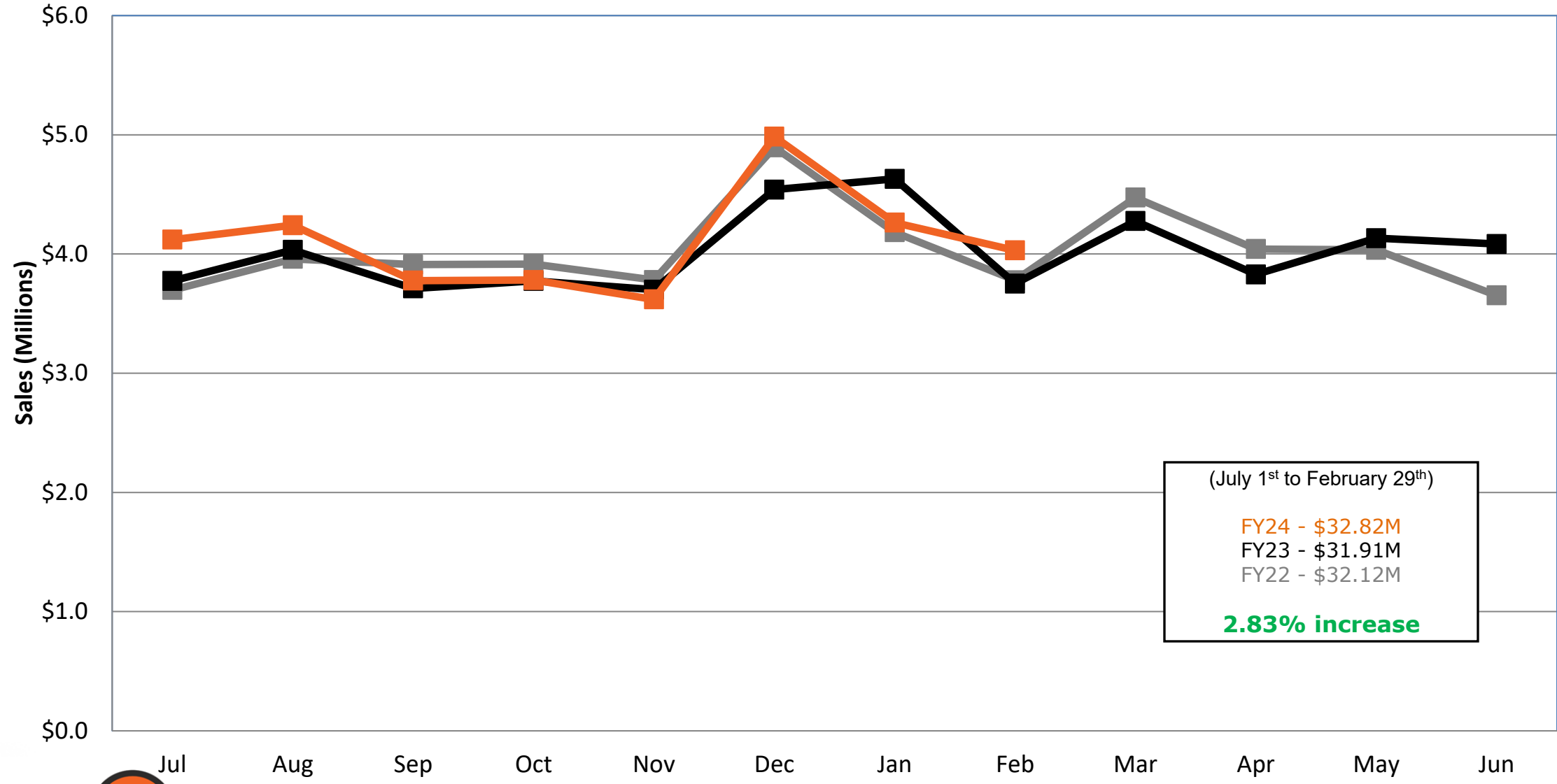
A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE

Instant Sales

FY22

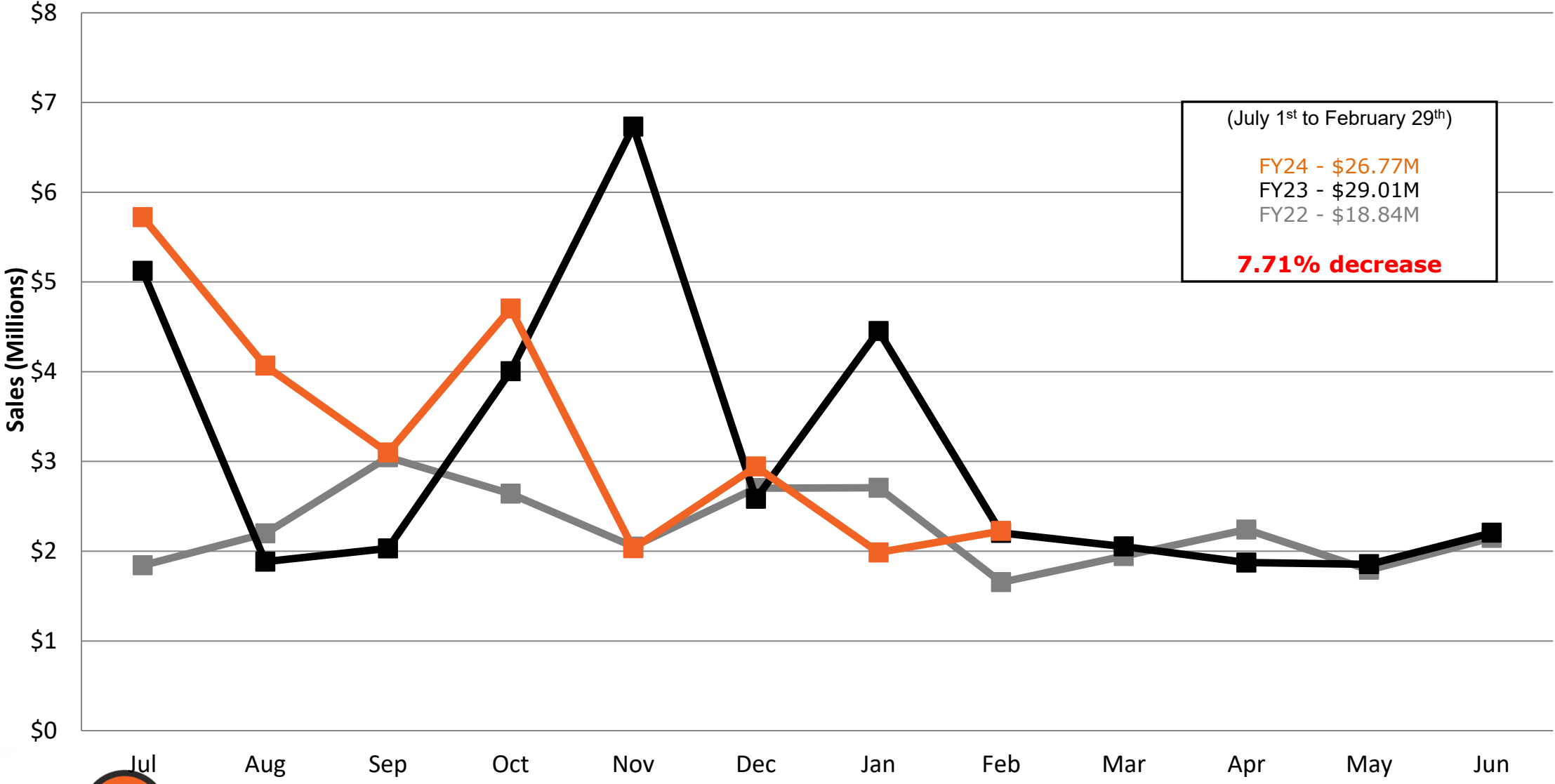
FY23

FY24



Lotto Sales

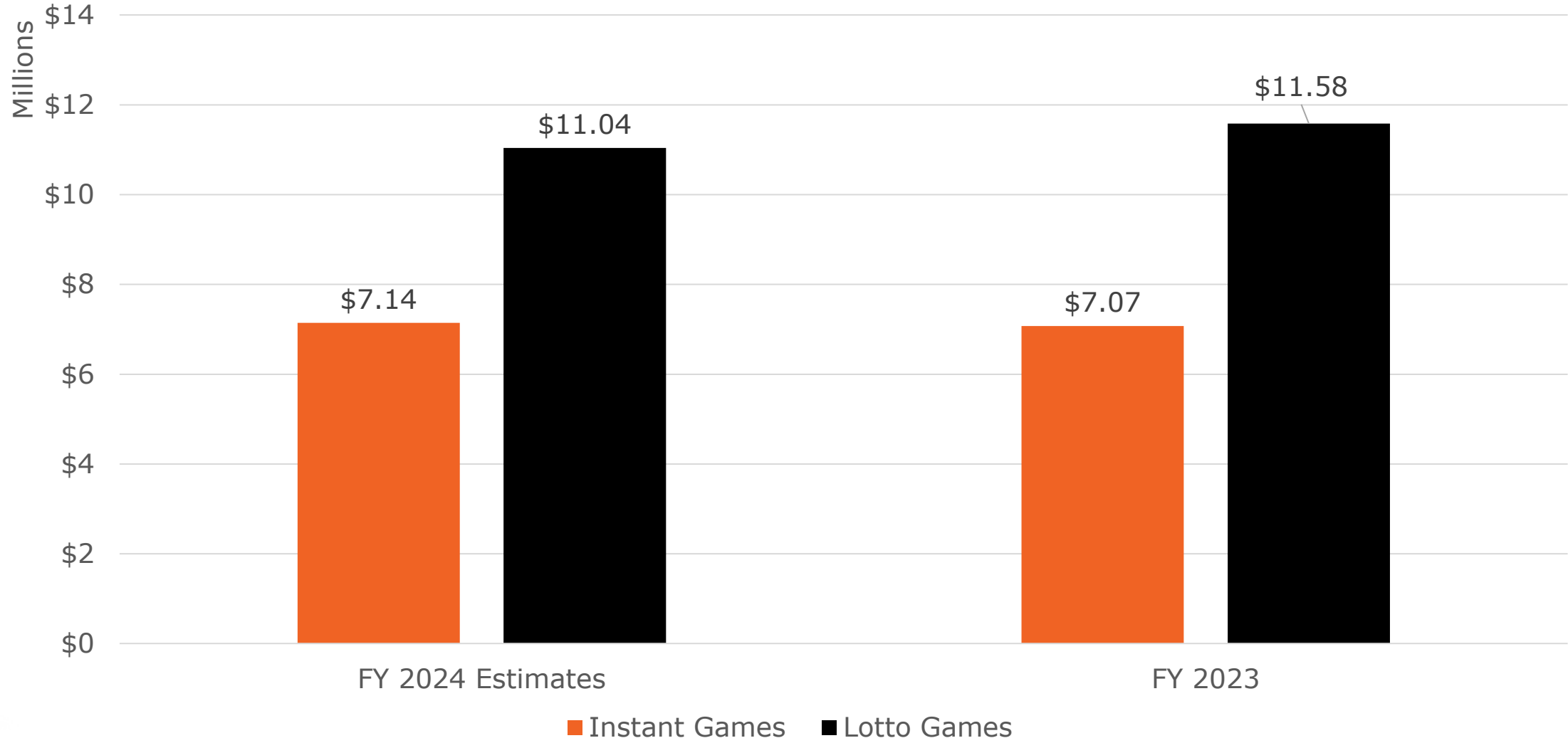
FY22 FY23 FY24



(July 1st to February 29th)
FY24 - \$26.77M
FY23 - \$29.01M
FY22 - \$18.84M
7.71% decrease

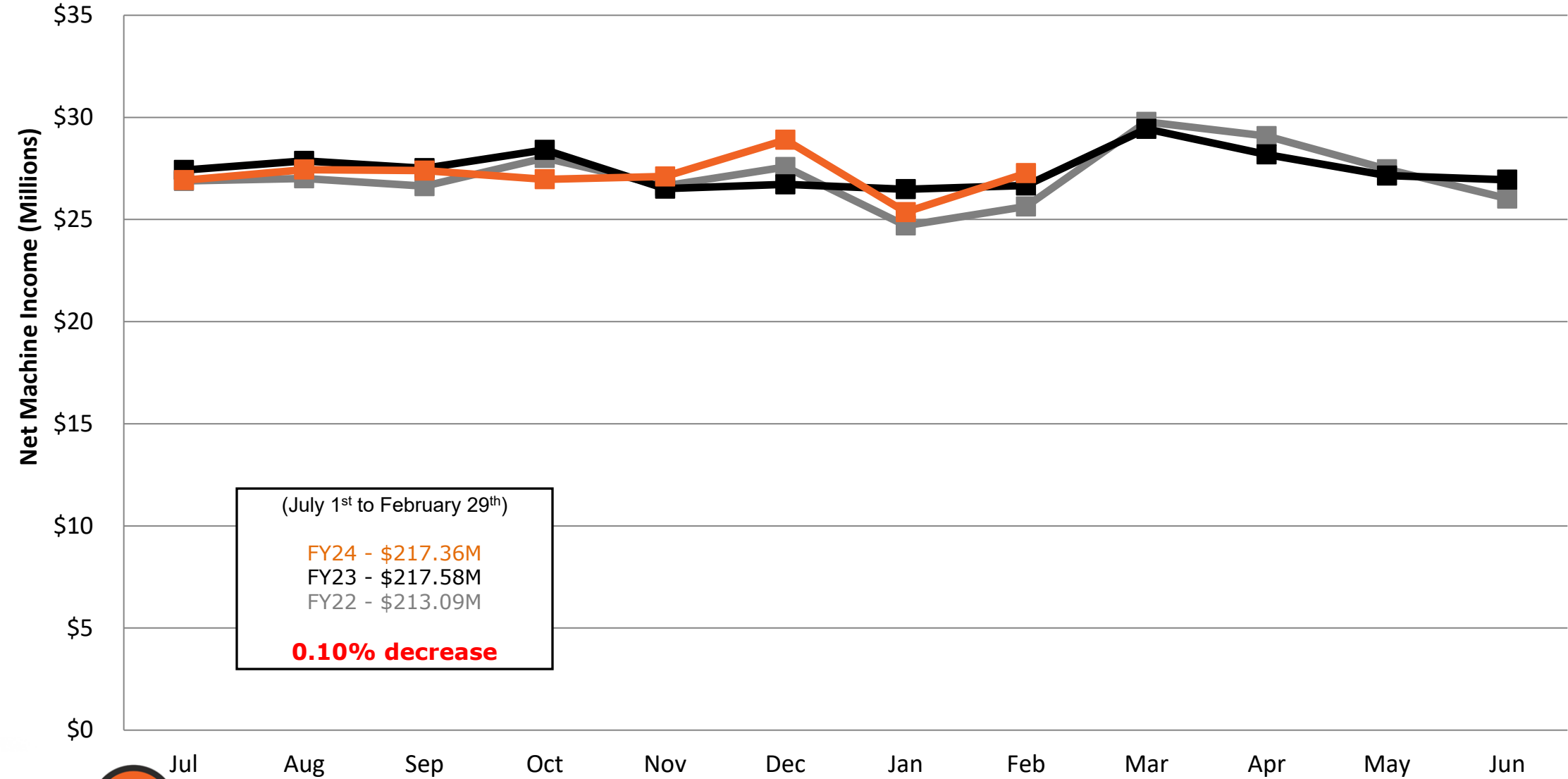


Instant and Online FY24 Revenue Projections as of February 29, 2024

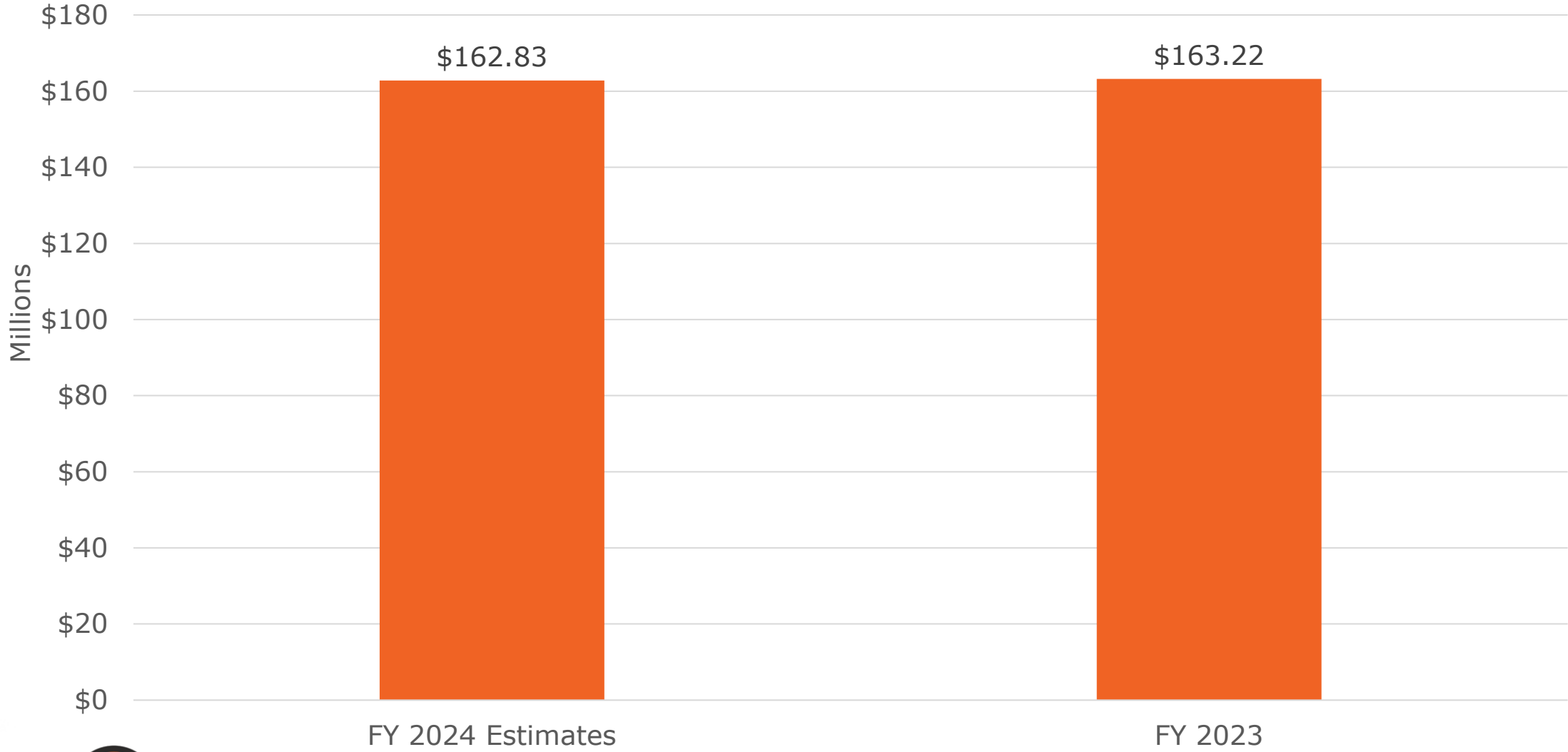


Video Lottery NMI

FY22 FY23 FY24



Video Lottery FY24 State Share Revenue Projection as of February 29, 2024



Total FY24 Revenue Projections as of February 29, 2024

