

# South Dakota Lottery

## Commission Meeting

### March 16, 2023



*A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE*

# Secretary of Revenue Comments



# **Executive Director Comments**



# Executive Director Comments

- 2023 Legislation
- Personnel
- Testing RFP
- Responsible Gambling
- Sales



# Code of Conduct



ANNUAL DISCLOSURE FOR AUTHORITY/BOARD/COMMISSION MEMBER  
PURSUANT TO SDCL CHAPTER 3-23

**THIS IS A PUBLIC DOCUMENT**

Name of Member: \_\_\_\_\_

Name of Board, Authority or Commission: \_\_\_\_\_

The Member shall disclose below any contract in which the Member has an interest or from which the Member derives a direct benefit if the contract is:

- 1) With the state agency to which the Member's board, authority or commission is attached for reporting or oversight purposes and which contract requires the expenditure of government funds;
- 2) With the state and which contract requires the approval of the Member's board, authority or commission and the expenditure of government funds; or
- 3) With a political subdivision of the state if the political subdivision approves the contract and:
  - a. Is under the regulatory oversight of the authority, board, or commission, or
  - b. Is under the regulatory oversight of the agency to which the Member's board, authority or commission is attached.

The Member shall disclose the contract even though no additional authorization is needed from the Member's board, authority or commission to have an interest or derive a benefit from the contract.

The Member shall also identify every entity in which the Member possesses an ownership interest of five percent or greater if:

- 1) The entity receives grant money from the State, either directly or by a pass-through grant or
- 2) The entity contracts with the State or any political subdivision for services.



1. **Contracts in which you have an interest pursuant to SDCL Chapter 3-23 and which do not violate any other provision of law** - Provide the following for each contract in which you have, or will have, an interest. For further information see SDCL 3-23-2.1 and 3-23-3.1.

Description of the contract	Parties	Description of your interest/role in the contract	Date contract was previously disclosed, if applicable

*Attach additional pages, if necessary.*

2. **Contracts in which you have a direct benefit pursuant to SDCL Chapter 3-23** - Provide the following for each contract from which you derive, or will derive, a direct benefit. For more information see SDCL 3-23-2, 3-23-2.2 and 3-23-3.1.

Description of the contract	Parties	Description of the direct benefit	Date contract was authorized

*Attach additional pages, if necessary.*



3. **Entities in which you possess an ownership interest of five percent or more that receive grant money from the State, either directly or by a pass-through grant, or that contract with the State or any political subdivision for services** – Provide the following for each such entity. See SDCL 3-23-3.1.

Description of the contract or grant	Party in which you possess the interest	State agency or subdivision

*Attach additional pages, if necessary.*

The member shall complete a separate authorization request for any contract identified above that requires authorization from the Member's board, authority or commission in order for the Member to legally derive a direct benefit.

Signature of Member: \_\_\_\_\_ Date: \_\_\_\_\_





# Marketing Report



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# Mobile App Update

- Our new mobile app was released to the public February 6.
- To date, the app has been downloaded 5,617 times across all devices.
- Response to the new app has been mostly positive.



**MEGA MILLIONS**  
MEGAPLIER

WINNING NUMBERS: 03/10/23

9 20 59 60 63 5

MEGAPLIER: 2X

NEXT ESTIMATED JACKPOT:

**\$229,000,000**

NEXT DRAW:

Tuesday, Mar 14



# Digital Properties Update



WINNING NUMBERS LOCATIONS PLAYERS CLUB



## LUCKY FOR LIFE

Winning Numbers: 9-27-32-37-43

Lucky Ball: 1

Draw Date: Mar 12, 2023

TOP PRIZE: \$7,000 A  
WEEK FOR LIFE!

- Our mobile app was the third component of our digital properties revamp.
- Players may now customize their alerts from us, including winning number emails.
- Our website had 84,581 visits in February.



# Mega Millions



- In January, the Mega Millions jackpot reached \$1.35 billion.
- The January 3 drawing featured a \$4 million winner in Rapid City.
- The winning ticket was purchased at Corner Pantry, located on Fairmont Blvd.





- Our Responsible Gambling marketing campaign began in March.
- The campaign elements remind players to set a budget, play only for fun and to seek help if they develop a gambling problem.





# Responsible Gambling Verification



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# Program Details

- The program is administered by the North American Association of State and Provincial Lotteries (NASPL) and the National Council on Problem Gambling (NCPG).
- The program encourages lotteries to establish and maintain a responsible gambling programs.
- The program features three levels of verification.





# Employee Training

- The goal of the employee training section is to ensure staff understands our policies and resources related to responsible gambling.
- The program requires lotteries to have a formal training program for all employees.



# Retailer Training

- Retailers are most likely to encounter players with a gambling problem, so providing training is important.
- The Lottery currently meets the requirements of this section and will build upon existing efforts.
- Our efforts to expand this will include additional information focused on responsible gambling.



# Public Education and Awareness

- This section outlines best practices in sharing resources that promote responsible gambling.
- This includes responsibly gambling resources featured prominently both online and on individual products.
- It also notes that lotteries should give players a clear understanding of game odds.



# Product Oversight

- This section requires lotteries to review all instant tickets and related products to ensure that they don't encourage irresponsible play.
- This also notes that lotteries should have responsibly gambling resources on all tickets and play slips.



# Advertising

- Advertising can often be the most visible activity a Lottery does.
- The Lottery, in partnership with Lawrence & Schiller meets the requirements of the program.
- We will continue to evaluate these efforts.



# Research and Evaluation

- The Research and Evaluation category is key to measuring the success of our efforts.
- Key performance indicators in this area include calls to the problem gambling hotline, website visits and engagement with responsible gambling messages.

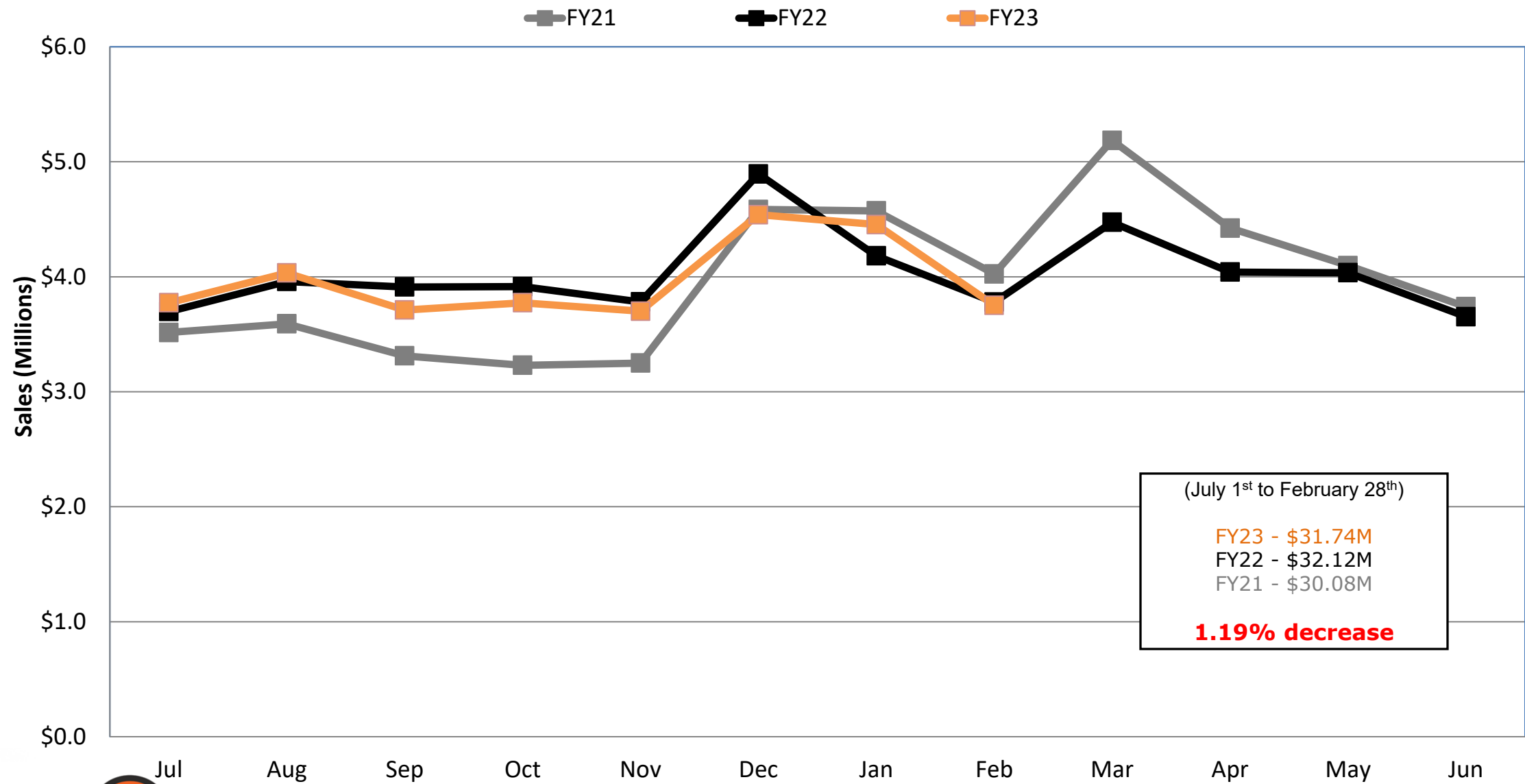


# Sales Report



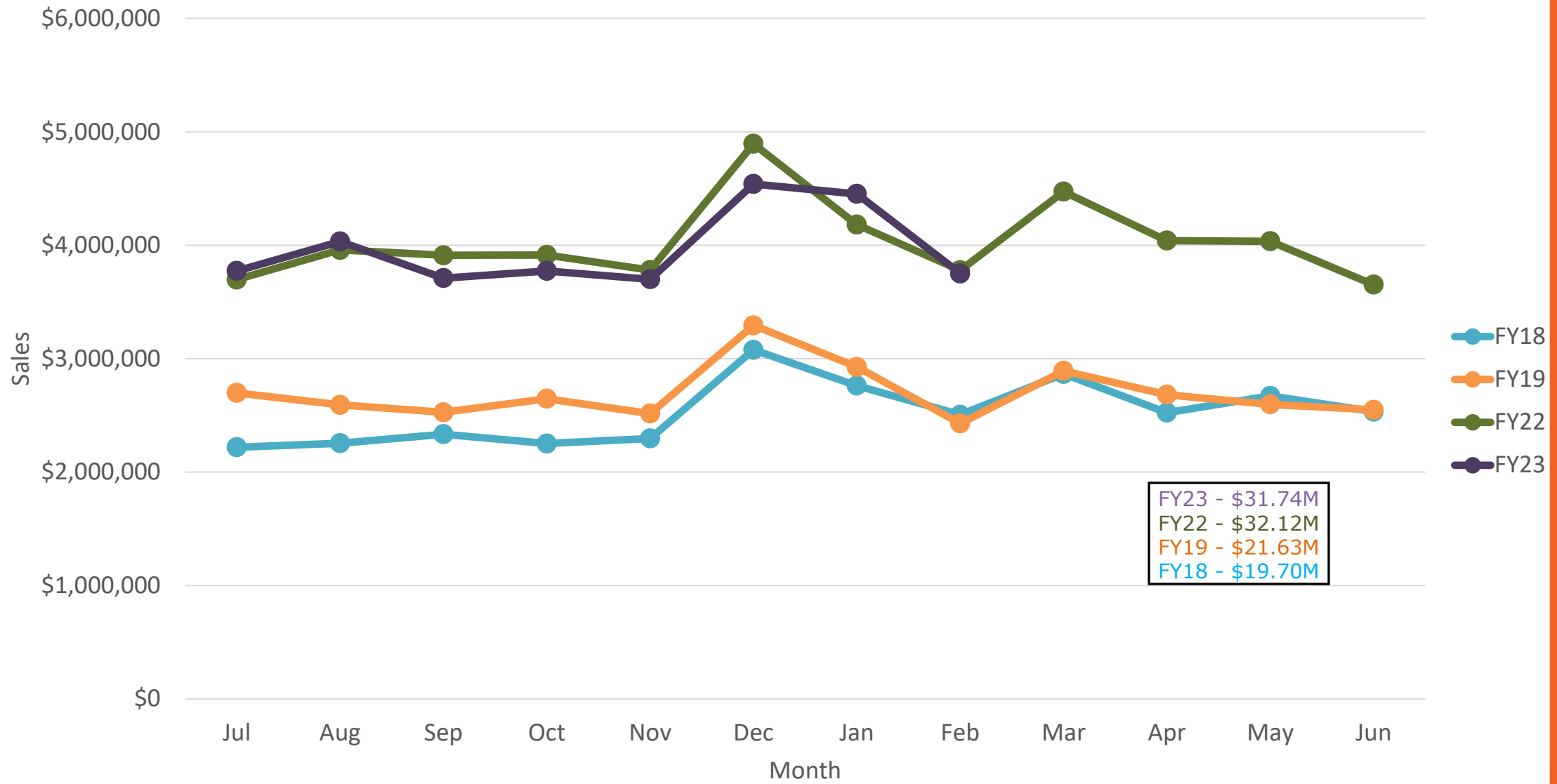
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## Instant Sales





# Instant Sales by Month And Fiscal Year



# Instant Top Prize Winners

**\$77,000 Top Prize**



**Jerry McMath of Rapid City  
Blazing Hot 7s  
Mavericks #552 – Rapid City**

**\$75,000 Top Prize**



**Melissa Johnson of Sturgis  
Ca\$hword Doubler  
Common Cents Food Store – Rapid City**



# Instant Top Prize Winners

**\$40,000 Top Prize**



**Roger Kuck of Rapid City  
Black Pearls  
Family Fare East – Rapid City**

**\$25,000 Top Prize Winners**



**Jonielle Smalley of Aberdeen  
Cash Wheel  
M & H Gas – Aberdeen**



**Linda McRoberts of Lebanon  
Gold Cashword  
Shorty's One Stop– Selby**



# Instant Top Prize Winners

- **\$50,000 Mega 7s (Watertown)**
- **\$40,000 Lucky 7s Cashword (Sioux Falls)**
- **\$25,000 Daily Crosswords (Sioux Falls)**
- **\$20,000 Diamond Bingo (Rapid City)**
- **\$20,000 Casino Nights (Watertown)**
- **3 - \$10,000 Top Prizes**
  - **100X The Cash - Aberdeen**
  - **Money - Brookings**
  - **Money - Rapid City**



**Over 500  
\$500  
Winners**



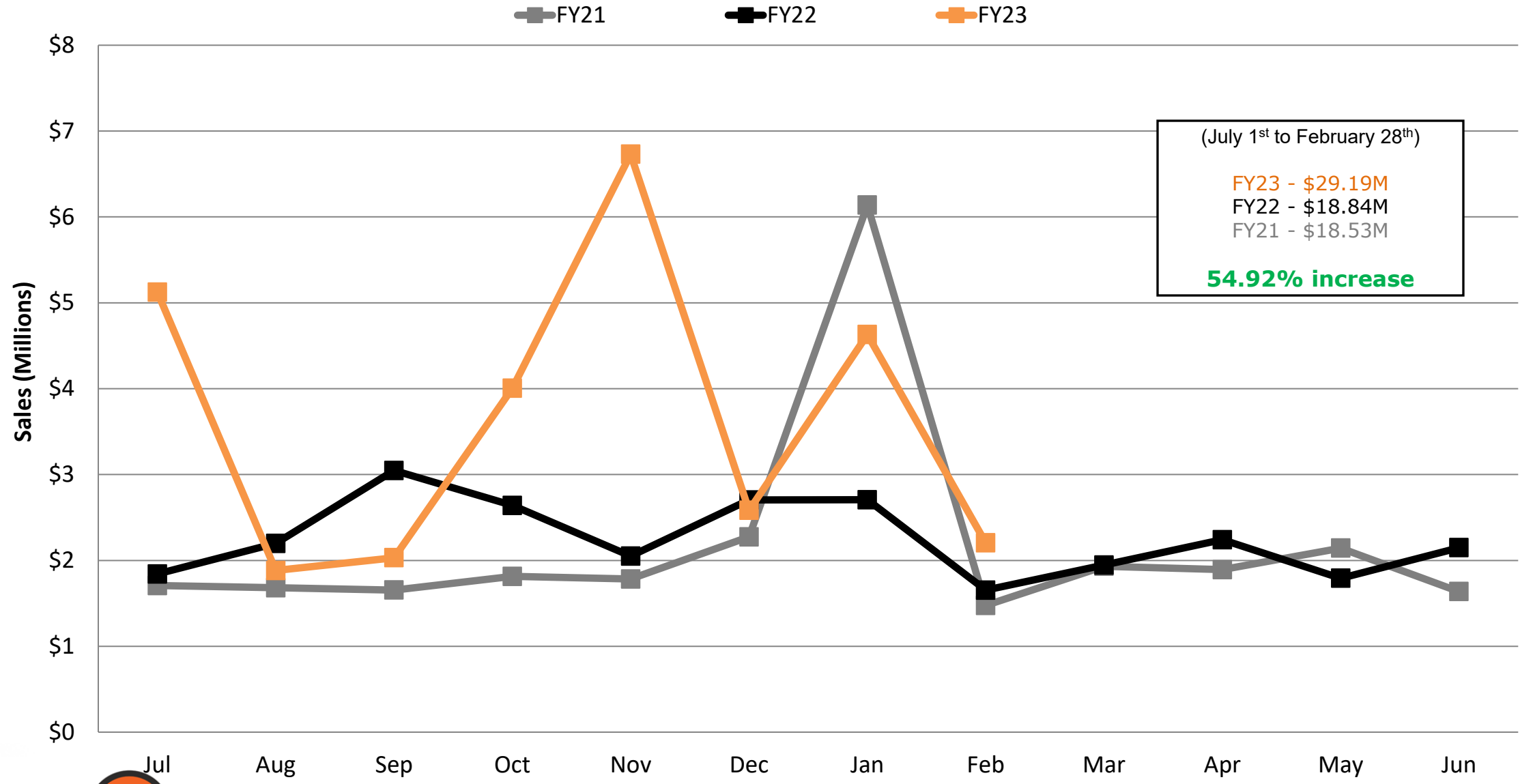




**Paid Out Over  
\$22,214,500  
Year to Date**



# Lotto Sales





# \$ 4,000,000 Mega Millions

**Corner Pantry #13**  
**310 E. Fairmount BLVD**  
**Rapid City**



# Lotto Winners



- **\$275,656 Dakota Cash**
  - Casey's General Store - Springfield



## **\$100,000 Powerball Winner**

- Timmons Market – Rapid City

## **\$ 50,000 Powerball Winners**

- Don's Sinclair- Pierre
- Friendly Fuel– Baltic
- Hy-Vee #3– Sioux Falls

## **\$30,000 Mega Million Winner**

- Casey's General Store – Tea
- 6<sup>th</sup> Avenue Pit Stop - Aberdeen

## **\$ 10,000 Mega Million Winners**

- Holiday Stationstore- Sioux Falls

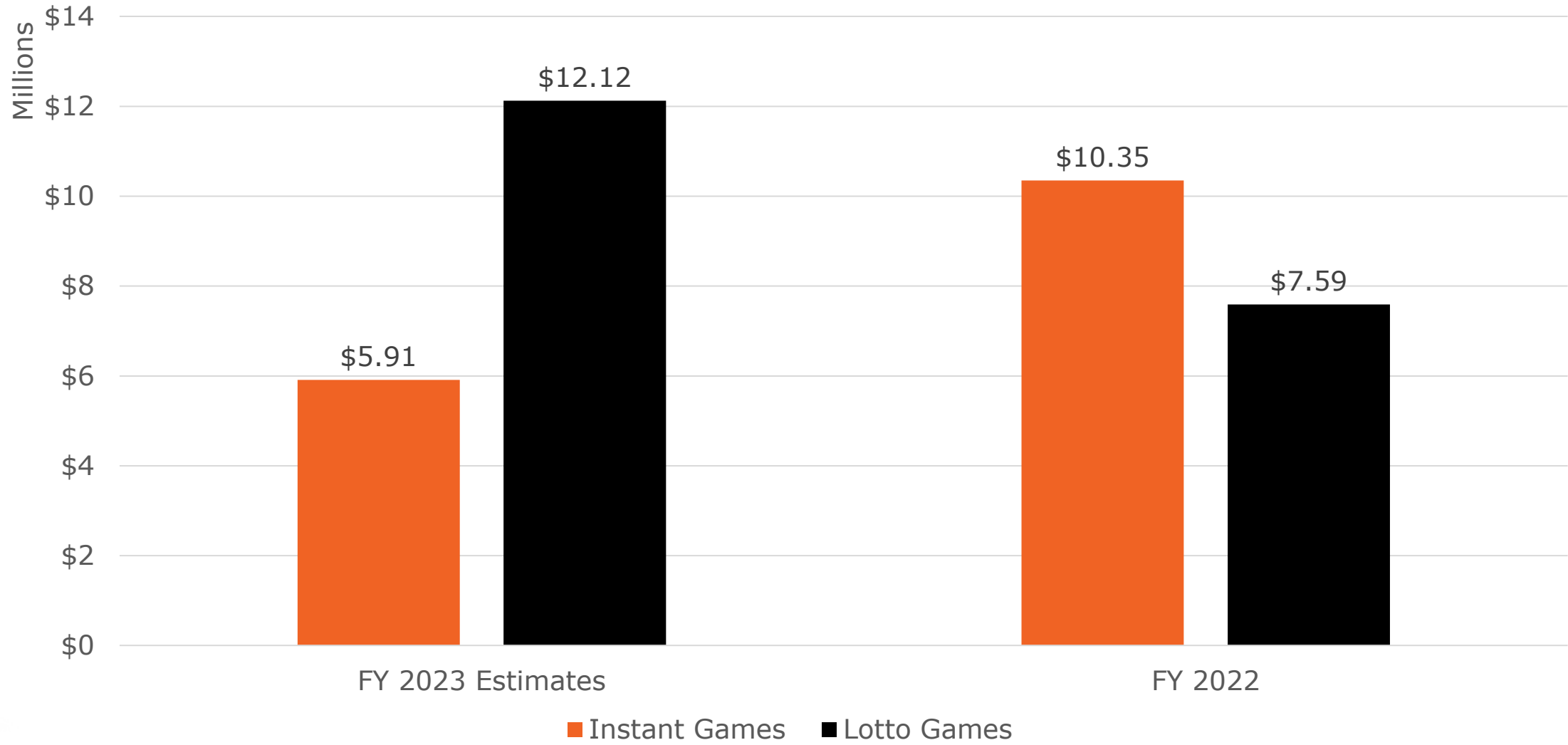


**Paid Out  
Over  
\$11,812,800  
in Lotto  
Prizes  
Year to Date**

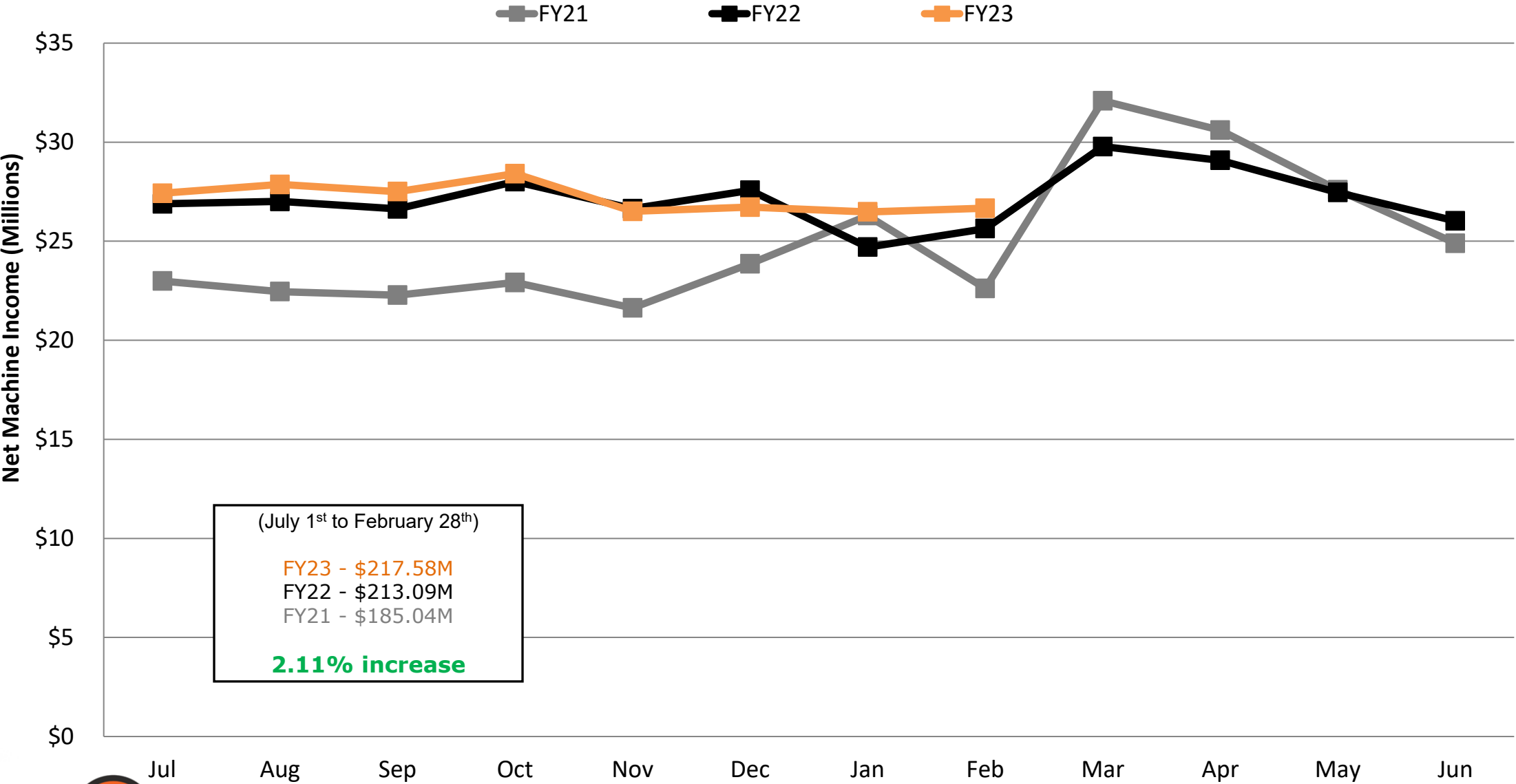




# Instant and Online FY23 Revenue Projections as of February 28, 2023



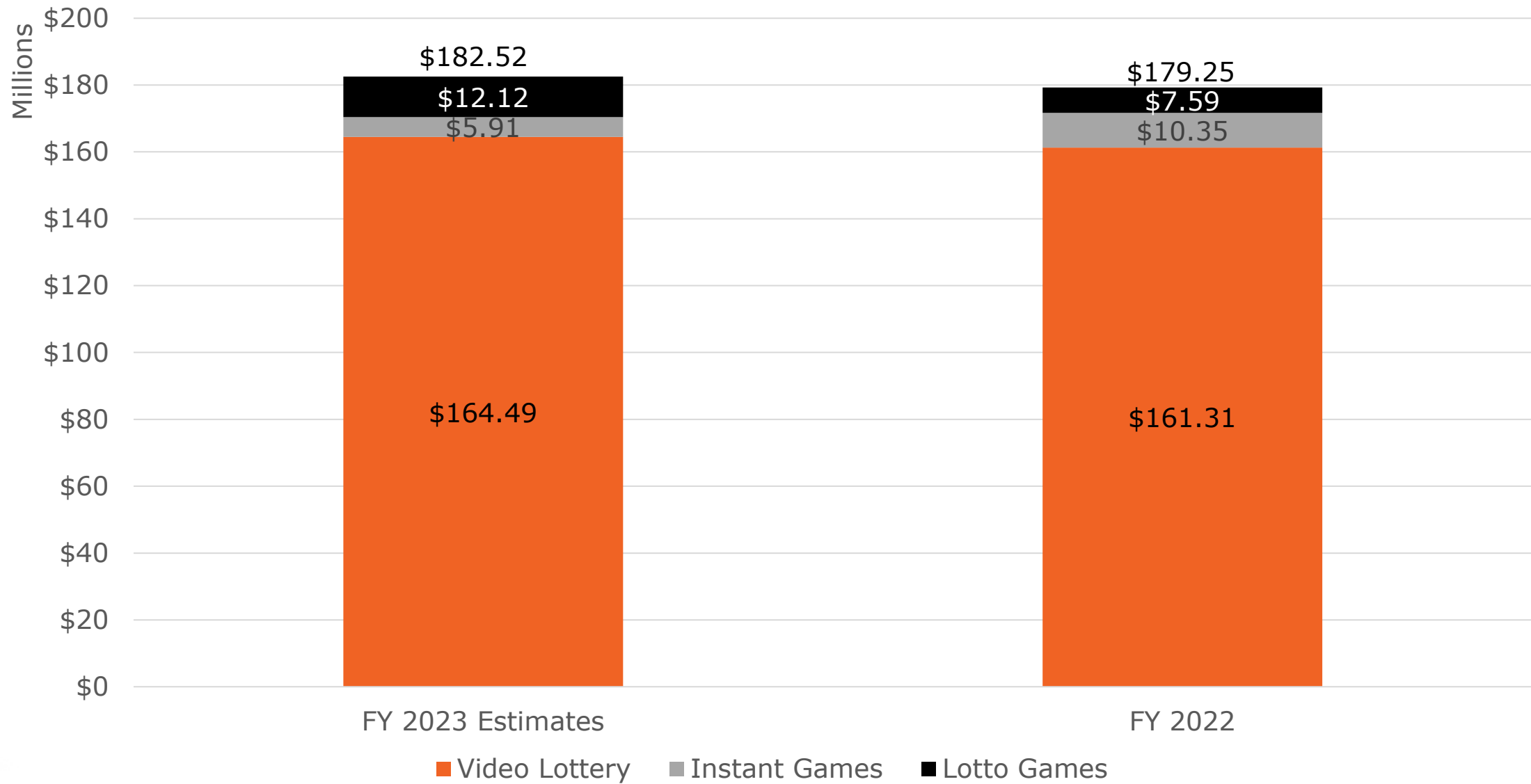
# Video Lottery NMI



# Video Lottery FY23 State Share Revenue Projection as of February 28, 2023



# Total FY23 Revenue Projections as of February 28, 2023



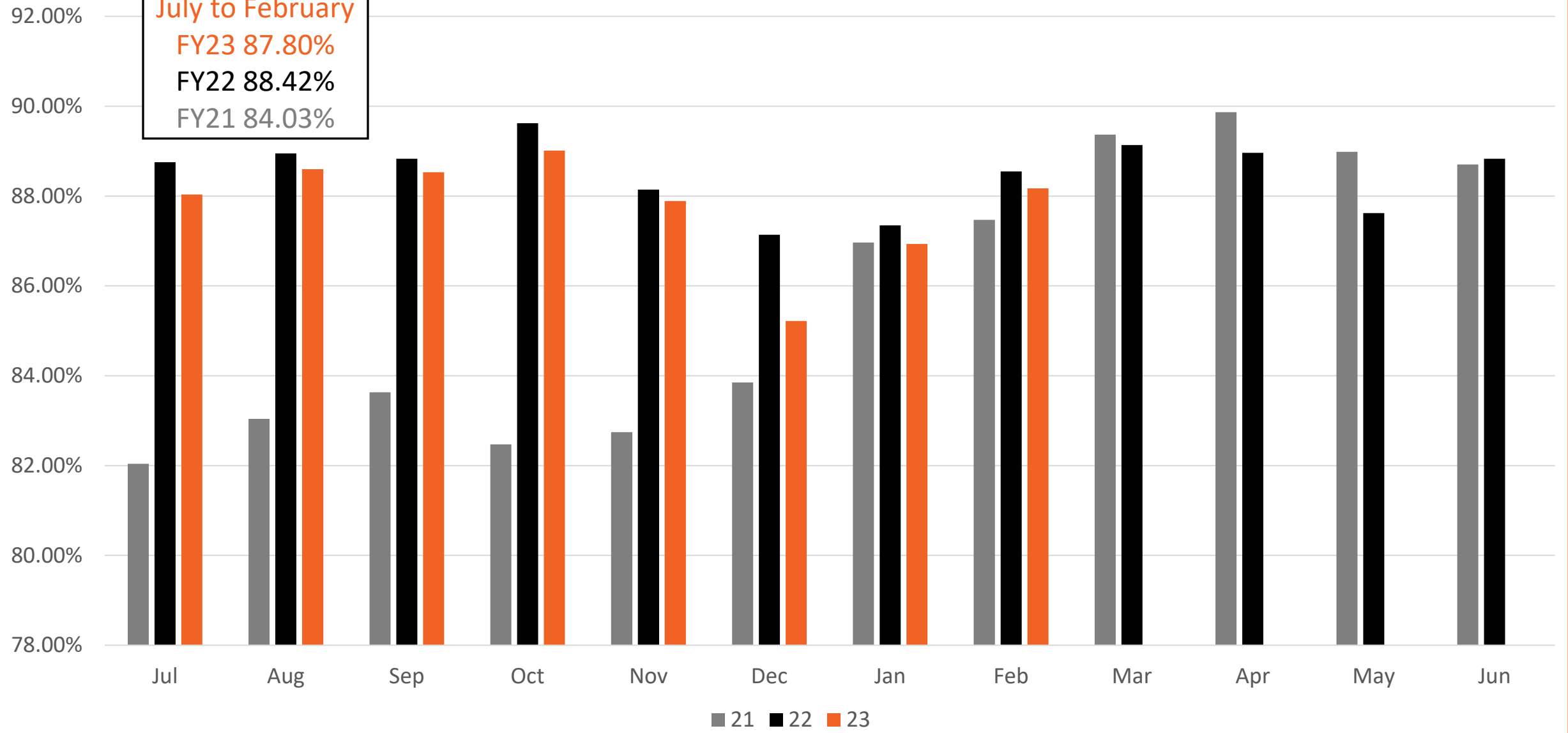
# FY23 Video Lottery Performance Review



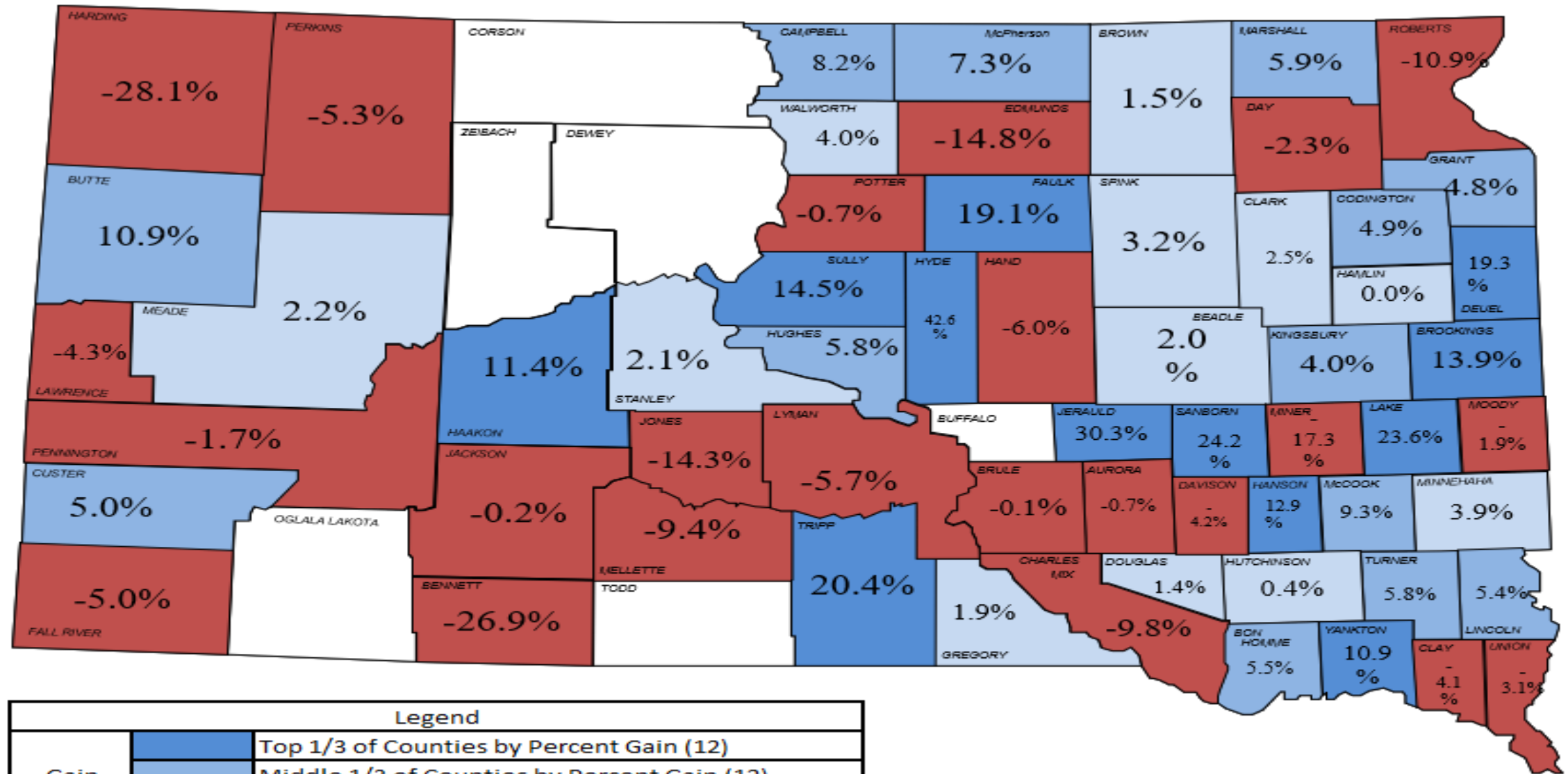
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## FY 23 vs 22 vs 21 Machine Usage

July to February  
FY23 87.80%  
FY22 88.42%  
FY21 84.03%

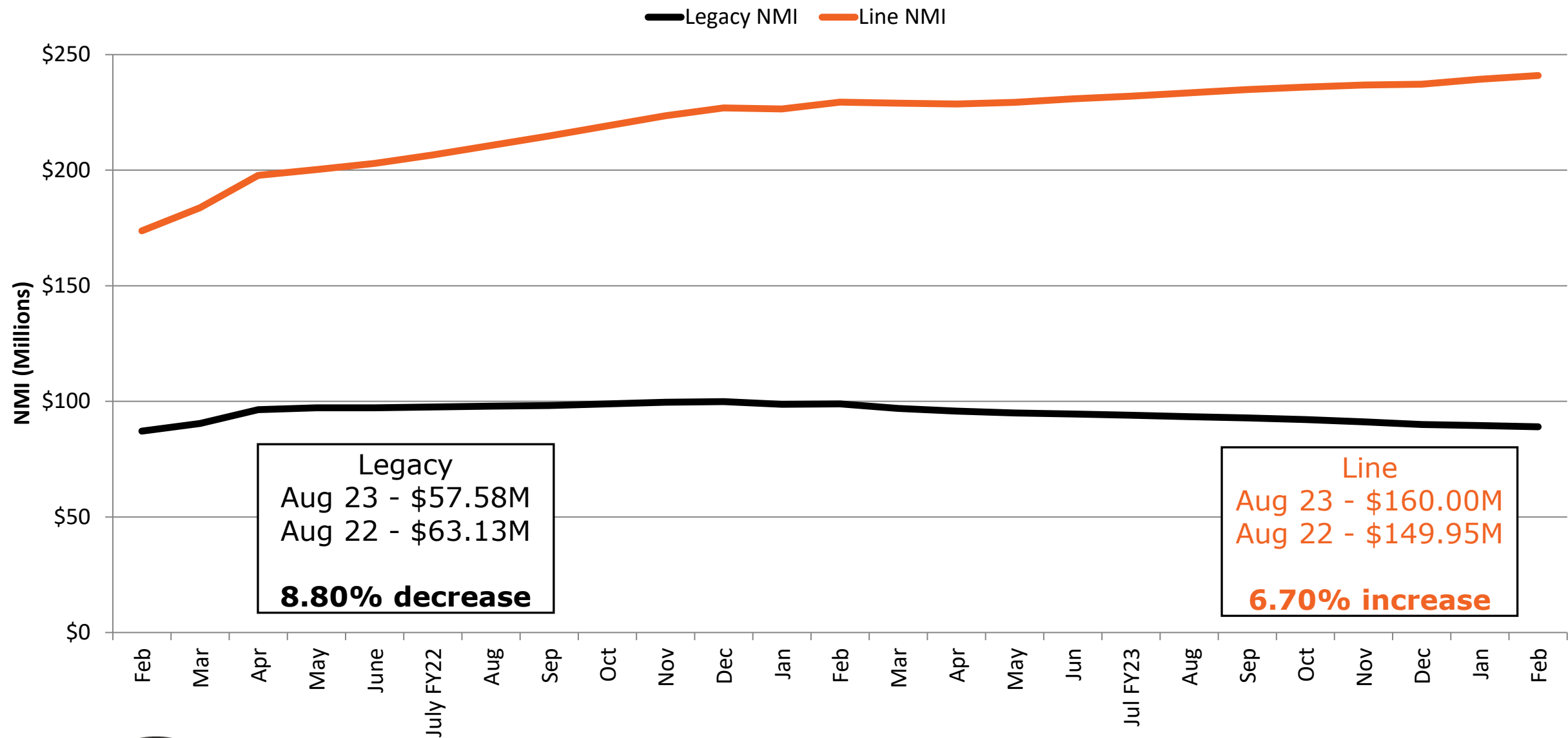


# Percent Change of Video Lottery NMI FY2023 over FY2022



Legend		
Gain		Top 1/3 of Counties by Percent Gain (12)
		Middle 1/3 of Counties by Percent Gain (12)
		Bottom 1/3 of Counties by Percent Gain (12)
N/A		No Video Lottery
Loss		Counties by Percent Loss (24)

# Cash In & NMI - Legacy vs. Line





# Top Cities for NMI

City	FY23 NMI	FY22 NMI	\$	%
Sioux Falls	\$56,611,029.11	\$54,609,990.47	\$2,001,038.64	3.66%
Rapid City	\$24,285,187.87	\$25,469,050.92	-\$1,183,863.05	-4.65%
North Sioux City	\$13,428,392.41	\$13,901,599.21	-\$473,206.80	-3.40%
Aberdeen	\$11,622,510.06	\$11,477,281.82	\$145,228.24	1.27%
Yankton	\$8,840,927.15	\$7,967,470.27	\$873,456.88	10.96%
Mitchell	\$7,014,926.73	\$7,303,237.67	-\$288,310.94	-3.95%
Watertown	\$7,679,066.05	\$7,650,027.27	\$29,038.78	0.38%
Pierre	\$6,208,121.13	\$5,857,824.26	\$350,296.87	5.98%
Huron	\$5,779,762.78	\$5,664,613.29	\$115,149.49	2.03%
Brookings	\$4,777,488.83	\$4,096,411.43	\$681,077.40	16.63%
Box Elder	\$2,723,758.36	\$2,378,651.57	\$345,106.79	14.51%
Vermillion	\$1,946,781.39	\$2,013,536.22	-\$66,754.83	-3.32%
Hot Springs	\$1,969,579.57	\$1,943,237.70	\$26,341.87	1.36%
Sturgis	\$2,304,760.68	\$2,111,335.48	\$193,425.20	9.16%
Brandon	\$2,478,576.79	\$2,303,524.75	\$175,052.04	7.60%
All Other Towns	\$59,903,096.74	\$58,335,578.09	\$1,567,518.65	2.69%
Total	\$217,573,965.65	\$213,083,370.42	\$4,490,595.23	2.11%

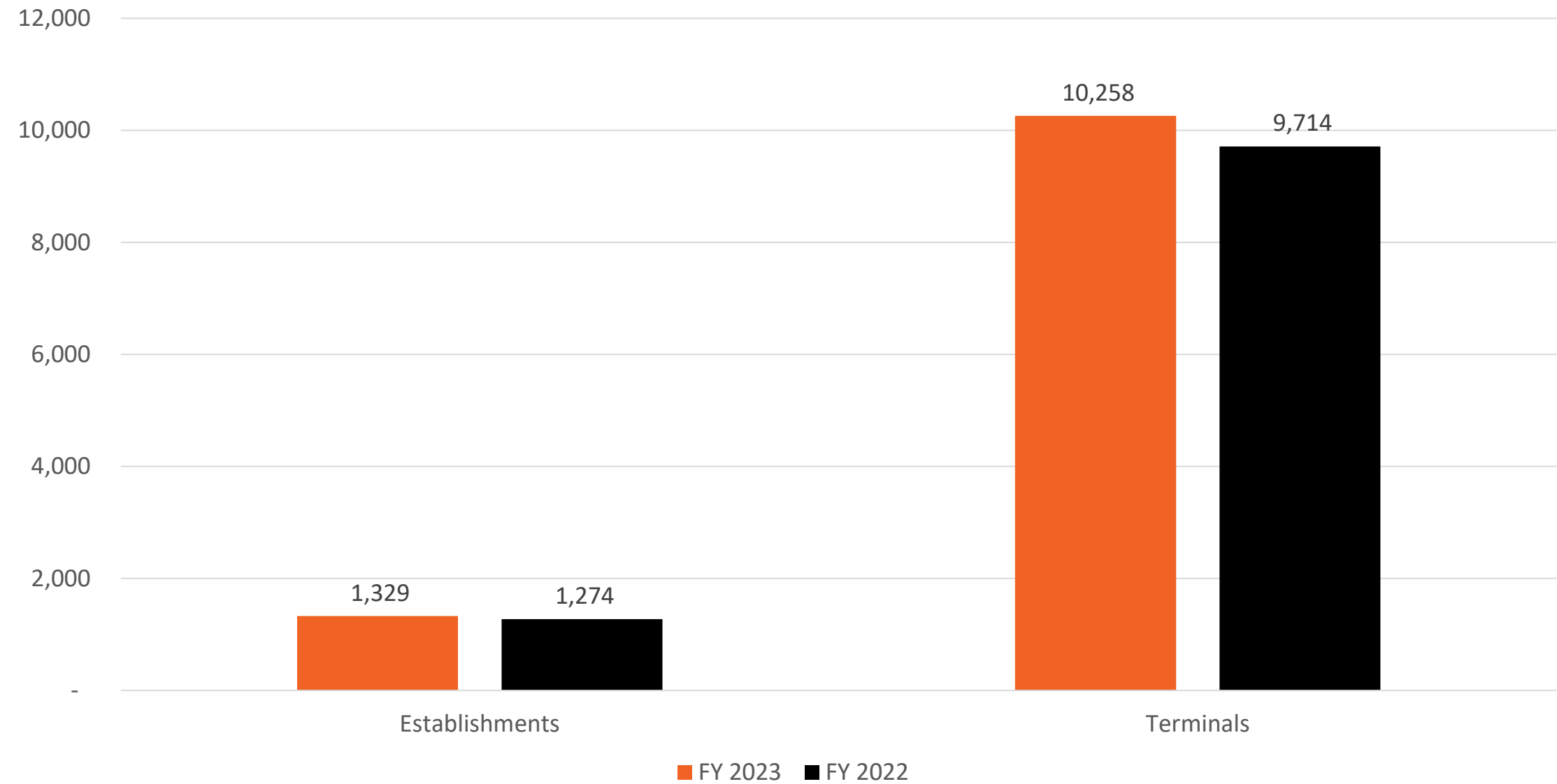


# Video Lottery Report

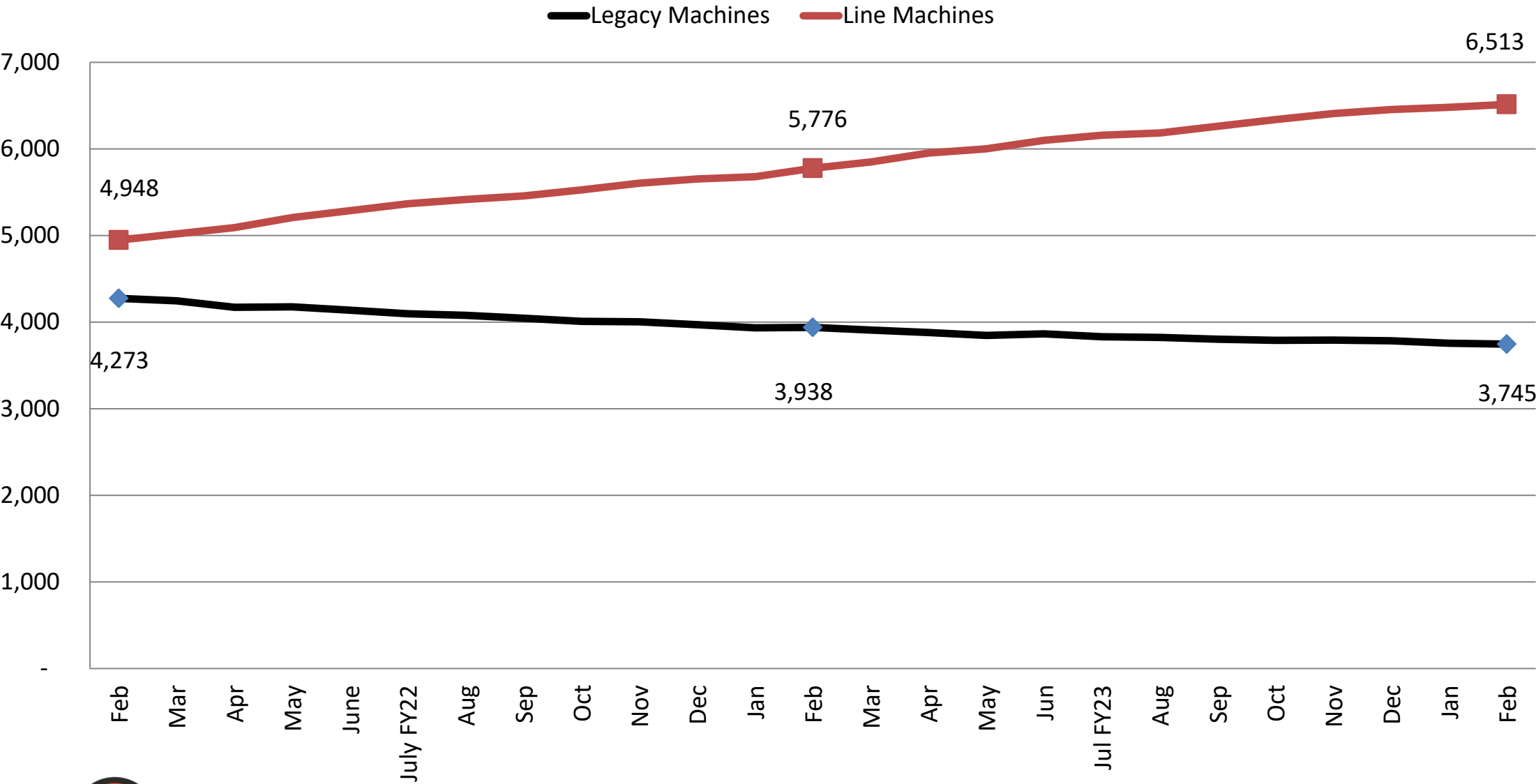


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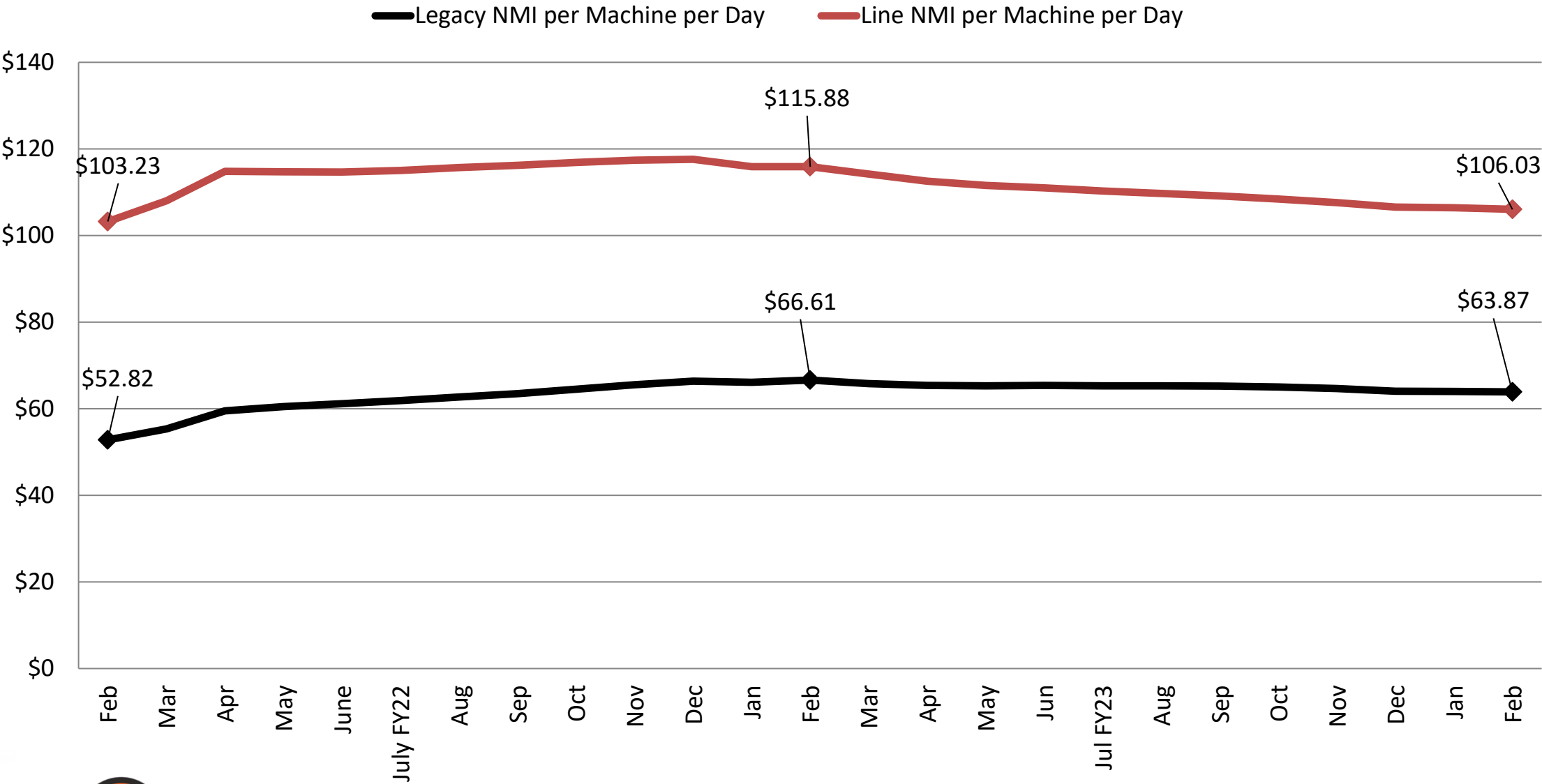
# Number of Establishments and Terminals as of February 28, 2023



# Terminal Counts - Legacy vs. Line as of February 28, 2023

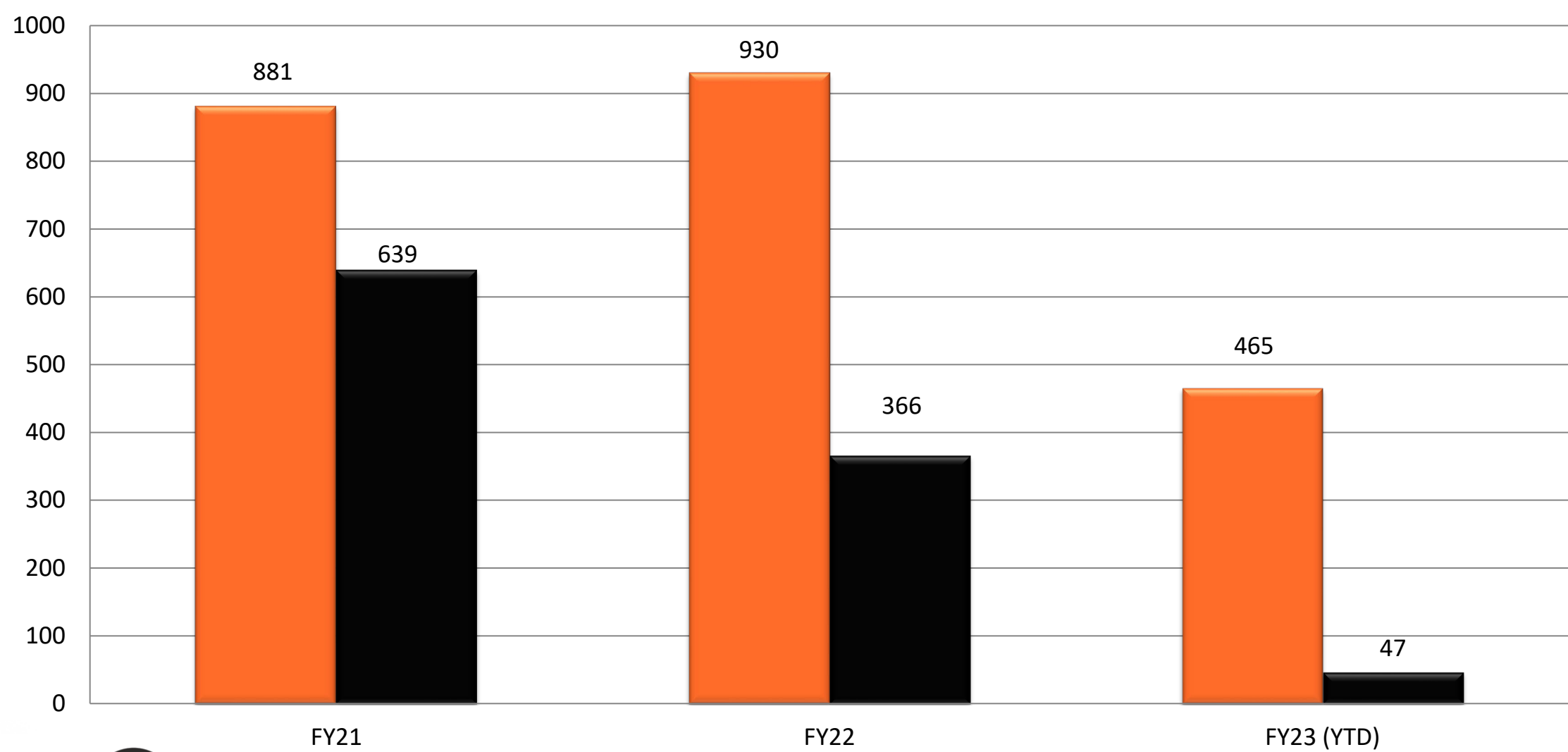


# NMI/Terminal/Day - Legacy vs. Line as of February 28, 2023



# New & Destroyed Terminals

■ New ■ Destroyed



# Video Lottery Testing

## System Failovers

- Conducted on both our Video Lottery and Instant/Online systems. Consists of failing over from the primary system to the backup system and operating on the backup for one week.
- Video Lottery
  - Not required for auditing purposes
  - Completed January 10-18
  - Findings: we were not able to connect to the backup VL system from the State's wireless network.
- Instant Online
  - MUSL requirement to complete failover testing twice a year
  - Completed January 23 – 30
  - Findings: Lottery was not able to access the Backup Data Center for about 30 minutes because of a bad circuit.



# Video Lottery Updates

## **TITO** (Ticket In Ticket Out)

- Only works with SAS machines that have software with the TITO Functionality programmed. The D-protocol (legacy) machines will not support TITO.
- Currently we have one manufacturer, Grand Vision Gaming, who has approved software with TITO functionality.
- Target of having software available for testing in April, and
- Go live date in June.







**SOUTH DAKOTA**  
**LOTTERY**™