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Lottery Agency Profile

mnlottery.com/

AT A GLANCE

- Minnesota voters approved a Constitutional amendment to authorize a lottery in 1988.
- Sales began in April of 1990.
- Since then, the Lottery has raised approximately 3.3 billion dollars for the State, including:
 - \$1.8 Billion for the General Fund,
 - \$876 Million for the Environment and Natural Resources Trust Fund,
 - o \$240 Million for the Game and Fish Fund,
 - \$240 Million for the Natural Resources Fund and
 - \$87 Million for other state payments and problem gambling.
- During the past year, 54% of Minnesota adults chose to purchase a Lottery ticket, making it one of the most popular forms of gambling in the state.

PURPOSE

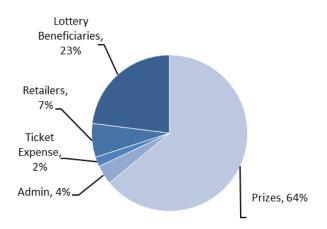
The Minnesota Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. We do this by offering fun, innovative and secure games of chance to adults living in and visiting Minnesota.

We contribute to the State of Minnesota by:

- designing and marketing a mix of lottery games each year. We partner with 2,939 grocery stores, convenience stores and other retail locations to sell these games to the public. Last year our retail partners earned approximately \$45 million in commissions and incentives.
- fulfilling our constitutional mandate as a funding mechanism for the Environmental and Natural Resources Trust Fund as well as the Game and Fish Fund and the Natural Resources Fund.
- keeping our expenses below the limit set by the legislature and answering directly to our customers' preferences for game design and product mix. Since we are an entirely self-funded agency we do not receive an annual funding appropriation sales of lottery tickets provide our operating expenses.

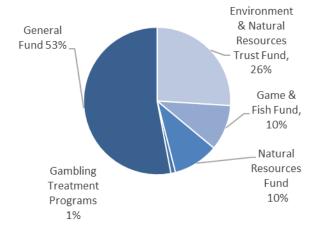
BUDGET

FY 2020 Lottery Revenue Distribution



(Percentages rounded)
Source: Minnesota State Lottery

FY 2020 Lottery Beneficiaries



(Percentages rounded)
Source: Minnesota State Lottery

In accordance with the Minnesota Constitution, 40 percent of net lottery proceeds are dedicated to the Environment and Natural Resources Trust Fund. The remaining 60 percent is dedicated to the General Fund by statute. In addition, revenue from a 6.5% in-lieu-of-sales tax on lottery tickets is divided by statute between the General Fund, the Game and Fish Fund, and the Natural Resources Fund.

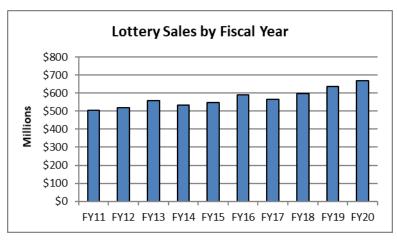
In FY 2020, the Lottery generated \$669 million in total sales and other revenue. Of that amount, \$425 million (64%) was paid to players winning prizes; retailers earned \$45 million (7%); the cost of producing and distributing tickets was \$17 million (2%); administrative expenses totaled \$29 million (4%) and lottery beneficiaries received \$156 million (23%). Of that \$156 million, the General Fund received \$83 million (53%), including \$1.7 million designated for compulsive gambling treatment programs; the Environment and Natural Resources Trust Fund received \$40 million (26%), and the Natural Resources Fund and the Game & Fish Fund each received \$16 million (10% apiece).

STRATEGIES

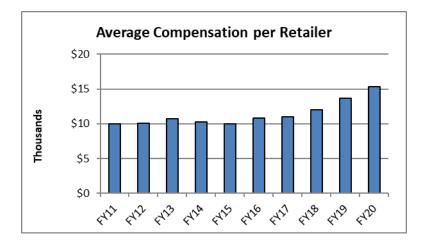
As a self-funded enterprise, we work to:

- Understand our customers by investing in market research, monitoring sales results of our products, talking with our business partners and listening to players and others who have questions, suggestions or concerns.
- Design lottery games that appeal to adults living in or visiting Minnesota who choose to play.
- Distribute those games by working with our retail business partners to sell our product.
- Support those products with appropriate advertising, promotions and incentives.

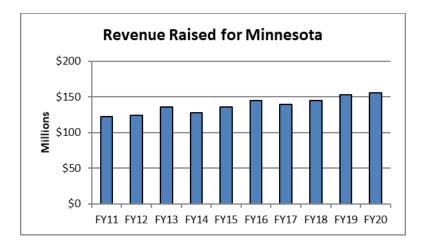
RESULTS



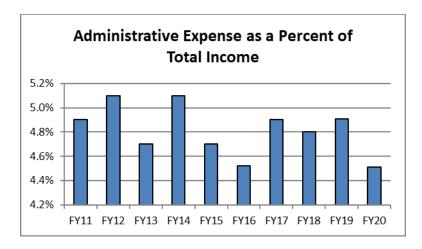
Sales have increased from \$504 million in FY 11 to \$669 million in FY 20.



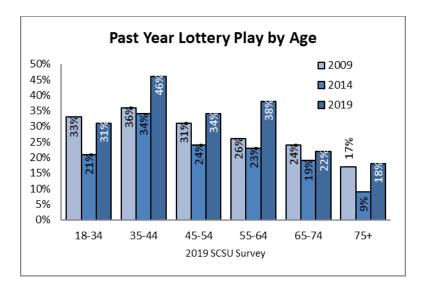
Retailer compensation has also been growing. In FY 20, retailers earned \$45 million in total or, on average, \$15,300 each.



Our most important measure of success is contributions to the state. Revenue to the state has exceeded \$120 million every year starting in FY 11. FY 20 saw the highest contributions to state programs in the Lottery's history of \$156 million.



We have been able to increase sales and revenue while keeping our administrative expense close to five percent of total income.



The greatest challenge facing the Minnesota Lottery is the declining interest in lottery games by young adults.

Statutes governing the Minnesota Lottery are found in M.S. 349A https://www.revisor.mn.gov/statutes/?id=349A.

Minnesota State Lottery (\$ in thousands)

Personal		Actual FY2018	Actual FY2019	Actual FY2020	Budget FY2021	Budget FY2022	Budget FY2023	
Part	Revenue							
ST 1388								
Section Sect		\$411,166	\$435,269	\$519,349	\$481,300	\$460,000	\$470,000	
Data Sales		¢411 166	¢42E 260	¢E10.240	¢491 200	\$460,000	\$470,000	
Bally 3		\$411,100	\$435,269	\$519,549	\$461,300	\$460,000	\$470,000	
PowerPlay		17,687	18,444	18,928	18,600	19,000	19,000	
Power Pirky 2,653 2,647 2,157 2,300 2,300 1,200								
Page								
Mot Lotto 5,678 Mot Lotto 523 14am 6ame 6,998 6,999 7,000	•							
Refile Came	·		20,080	10,003	13,300	17,000	17,000	
Print-NP Print 11,697 10,995 12,102 12,000 12,000 12,000 Mega pallions 2,4769 47,123 23,668 23,500 23,000 23,000 26,000 Mega pallions 1,268 1,788 1,401 1,300 1,4								
Megapiler	Raffle Game	,	,		,	,	,	
Megapler 1,268	•							
All or Nothship	•							
Licky for Life	• .	1,200	1,765	1,401	1,500	1,400	1,400	
Managang Millionaires' Club	•	6,630	6,941	7,104	7,200	7,200	7,200	
Monopoly Millionaires' Club 185,312 201,541 149,219 133,400 157,250 157,250 150,	Lotto America	5,684	10,634	7,849	7,800	7,850	7,850	
Total poline sales		616	1,127	934	1,000	1,000	1,000	
Came Development/New Initiatives	· · ·	405.242	204 544	1.10.210	452.400	457.250	457.250	
Total Sales Revenue		185,312	201,541	149,219	153,400	157,250	157,250	
Mathematics Section		596 478	636.810	668 568	634 700	617.250	627.250	
Price Costs Septiment S							,	
Direct Cost	Gross Receipts	557,706	595,418	625,111	593,445	577,129	586,479	
Direct Costs Prize Expense 370,625 395,592 423,639 399,839 387,555 394,242 Prize Expense 9,027 10,466 10,727 11,191 11,142 10,808 Compulsive Gambling from Prize Fund 1,804 1,775 1,752 2,236 2,236 2,236 Retailer Commissions and Incentives 360,27 41,949 44,907 42,480 41,312 41,981 Ticket Costs 6,036 6,024 6,536 6,592 6,300 6,437 Lotto Vendor Expense 10,388 11,584 10,056 10,331 10,560 10,560 Advertising 7,399 7,409 5,755 8,300 8,400 8,400 Promotions 1,187 988 998 1,583 1,600 1,700 Game Development/New Initiatives 1,187 988 998 1,583 1,600 1,700 Salaries and Benefits 1,343 1,400 1,467 1,549 1,6268 16,593 Occupancy Cost </td <td>· •</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	· •							
Prize Expense 370,625 395,592 423,639 399,839 387,555 394,224 Unclaimed Prizes Paid to State Treasury 9,027 10,466 10,727 11,191 11,142 10,808 Compulsive Gambling from Prize Fund 1,804 1,775 1,752 2,236 2,236 2,236 2,236 Retailer Commissions and Incentives 36,036 6,024 6,536 6,552 6,500 41,913 10,560 10,560 10,560 Toket Costs 433,886 467,390 497,617 472,669 459,106 466,247 466,247 472,669 472,669 466,247 472,669 472,669 466,247 472,669 472,669 472,669 472,669 472,67	Gross Revenue	558,258	596,245	625,852	594,015	577,699	587,049	
Unclaimed Prizes Paid to State Treasury 9,027 10,466 10,727 11,191 11,142 10,808 10,000 10,00	Direct Costs							
Compulsive Gambling from Price Fund 1,804 1,775 1,752 2,236 2,236 2,236 Retailer Commissions and Incentives 36,027 41,949 44,907 42,480 41,312 41,981 Ticket Costs 6,036 6,024 6,536 6,592 6,300 6,437 Lotto Vendor Expense 10,368 11,584 10,056 10,331 10,560 10,560 Total Direct Costs 433,886 467,390 497,617 472,669 459,106 466,247	Prize Expense	370,625	395,592	423,639	399,839	387,555	394,224	
Retailer Commissions and Incentives	•							
Ticket Costs				,				
Ditto Vendor Expense			,				,	
Total Direct Costs								
Note Promotions Promotion	· · · · · · · · · · · · · · · · · · ·							
Note Promotions Promotion	Operating Expense							
Promotions	. • .	7.399	7.409	5.755	8.300	8.400	8.400	
Brand/Beneficiary Awareness 0 0 0 0 0 0 0 0 0	•							
Salaries and Benefits 13,434 14,040 14,671 15,949 16,268 16,593 Occupancy Costs 1,705 1,743 1,713 2,017 2,025 2,030 Communications 427 417 474 4545 5755 600 Purchased Services 2,006 1,784 2,132 2,784 2,800 2,850 Depreciation 572 576 574 759 775 800 Supplies and Materials 1,172 1,307 1,008 1,815 1,825 1,850 Other 971 1,029 868 1,306 1,400 1,500 Other 10	Game Development/New Initiatives							
Occupancy Costs 1,705 1,743 1,713 2,017 2,025 2,030 Communications 427 417 474 545 575 600 Purchased Services 2,006 1,784 2,132 2,784 2,800 2,850 Depreciation 572 576 574 759 775 800 Supplies and Materials 1,172 1,307 1,008 1,815 1,825 1,850 Other 971 1,029 868 1,306 1,400 1,550 Other Proceeds \$95,497 \$99,561 \$100,042 \$86,288 \$82,925 \$84,749 PAID TO STATE BENEFICIARY Actual Actual Actual Budget Budget Budget Budget Budget Budget Budget Process \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792 \$84,792	· ·							
Communications 427 417 474 545 575 600 Purchased Services 2,006 1,784 2,132 2,784 2,800 2,850 Depreciation 572 576 574 759 775 800 Supplies and Materials 1,172 1,307 1,008 1,815 1,825 1,850 Other 971 1,029 868 1,306 1,400 1,500 Net Proceeds 595,497 \$99,561 \$100,042 \$86,288 \$82,925 \$84,479 PAID TO STATE BENEFICIARY General Fund Actual Actual Actual Budget Fy2018 Budget Fy2018 Budget Fy2019 Fy2020 Fy2022 Fy2023 Fy2023 <td></td> <td></td> <td>,</td> <td></td> <td></td> <td></td> <td></td>			,					
Purchased Services								
Depreciation								
Other Total Operating Expense 971 1,029 868 1,306 1,400 1,500 Net Proceeds \$95,497 \$99,561 \$100,042 \$86,288 \$82,925 \$84,479 Actual Actual Fy2018 Actual Fy2019 Actual Fy2020 Budget Fy2021 Budget Fy2022 Budget Fy2023 Budget		,		,				
Net Proceeds S95,497 S99,561 \$100,042 \$86,288 \$82,925 \$84,479 \$80,479	Supplies and Materials	1,172	1,307	1,008	1,815	1,825	1,850	
Net Proceeds								
Actual Actual Actual Budget Budget Budget FY2019 FY2023 F	Total Operating Expense	28,874	29,294	28,193	35,058	35,668	36,323	
PAID TO STATE BENEFICIARY FY2019 FY2020 FY2021 FY2022 FY2023 General Fund In-Lieu-of-Sales Tax \$10,689 \$11,412 \$11,981 \$11,374 \$11,061 \$11,241 Net Proceeds 57,298 59,737 60,025 51,773 49,755 50,687 Unclaimed Prizes 9,027 10,466 10,727 11,191 11,142 10,808 Unclaimed Prizes Held in Trust for State Compulsive Gambling from Prize Fund Total General Fund 1,804 1,775 1,752 2,236 2,236 2,236 Total General Fund 78,818 83,390 84,486 76,574 74,195 74,972 Envir. and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Unclaimed Prizes Total Envir and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 <td row<="" td=""><td>Net Proceeds</td><td>\$95,497</td><td>\$99,561</td><td>\$100,042</td><td>\$86,288</td><td>\$82,925</td><td>\$84,479</td></td>	<td>Net Proceeds</td> <td>\$95,497</td> <td>\$99,561</td> <td>\$100,042</td> <td>\$86,288</td> <td>\$82,925</td> <td>\$84,479</td>	Net Proceeds	\$95,497	\$99,561	\$100,042	\$86,288	\$82,925	\$84,479
PAID TO STATE BENEFICIARY FY2019 FY2020 FY2021 FY2022 FY2023 General Fund In-Lieu-of-Sales Tax \$10,689 \$11,412 \$11,981 \$11,374 \$11,061 \$11,241 Net Proceeds 57,298 59,737 60,025 51,773 49,755 50,687 Unclaimed Prizes 9,027 10,466 10,727 11,191 11,142 10,808 Unclaimed Prizes Held in Trust for State Compulsive Gambling from Prize Fund Total General Fund 1,804 1,775 1,752 2,236 2,236 2,236 Total General Fund 78,818 83,390 84,486 76,574 74,195 74,972 Envir. and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Unclaimed Prizes Total Envir and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 <td row<="" td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td>	<td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
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Natural Resources Fund Sales Total Environment Sales Total Proceeds Sales Total Pro	PAID TO STATE BENEFICIARY	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	
In-Lieu-of-Sales Tax								
Unclaimed Prizes 9,027 10,466 10,727 11,191 11,142 10,808 Unclaimed Prizes Held in Trust for State Compulsive Gambling from Prize Fund Total General Fund 1,804 1,775 1,752 2,236 2,236 2,236 Total General Fund Total General Fund Resources Fund Natural Resources Fund Inclaimed Prizes 38,199 39,825 40,017 34,515 33,170 33,791 Unclaimed Prizes Total Envir and Natural Resources Fund Game and Fish Fund Natural Resources Fund Included Including Fund Including Including Fund Including Includi		\$10,689	\$11,412	\$11,981	\$11,374	\$11,061	\$11,241	
Unclaimed Prizes Held in Trust for State Compulsive Gambling from Prize Fund Total General Fund 1,804 1,775 1,752 2,236 2		57,298	59,737	60,025	51,773	49,755	50,687	
Compulsive Gambling from Prize Fund Total General Fund 1,804 1,775 1,752 2,236 2,337 3,379		9,027	10,466	10,727	11,191	11,142	10,808	
Total General Fund 78,818 83,390 84,486 76,574 74,195 74,972 Envir. and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Unclaimed Prizes Total Envir and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 Natural Resources Fund 14,041 14,990 15,738 14,941 14,530 14,765 TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294		1 904	1 775	1 753	2 226	2 226	2 226	
Envir. and Natural Resources Fund Net Proceeds 38,199 39,825 40,017 34,515 33,170 33,791 Unclaimed Prizes Total Envir and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 Natural Resources Fund 14,041 14,990 15,738 14,941 14,530 14,765 TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294				•	•			
Net Proceeds 38,199 39,825 40,017 34,515 33,170 33,791 Unclaimed Prizes Total Envir and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 Natural Resources Fund 14,041 14,990 15,738 14,941 14,530 14,765 TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294		, 0,010	03,330	0-1,400	, 0,3,4	, 4,133	, 7,3,2	
Unclaimed Prizes Total Envir and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 Natural Resources Fund 14,041 14,990 15,738 14,941 14,530 14,765 TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294		20.100	20.025	40.01=	24.515	22.472	22.72:	
Total Envir and Natural Resources Fund 38,199 39,825 40,017 34,515 33,170 33,791 Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 Natural Resources Fund 14,041 14,990 15,738 14,941 14,530 14,765 TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294		38,199	39,825	40,017	34,515	33,170	33,791	
Game and Fish Fund 14,041 14,990 15,738 14,941 14,530 14,765 Natural Resources Fund 14,041 14,990 15,738 14,941 14,530 14,765 TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294		38 199	39 825	40 017	34 515	33 170	33 791	
Natural Resources Fund 14,041 14,990 15,738 14,941 14,530 14,765 TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294								
TOTAL PAID TO STATE BENEFICIARY \$145,099 \$153,195 \$155,978 \$140,970 \$136,425 \$138,294								
	ivaturai kesources Fund	14,041	14,990	15,/38	14,941	14,530	14,/65	
24.33% 24.06% 23.33% 22.21% 22.10% 22.05%	TOTAL PAID TO STATE BENEFICIARY	\$145,099	\$153,195	\$155,978	\$140 <u>,</u> 970	\$136,425	\$138,294	
		24.33%	24.06%	23.33%	22.21%	22.10%	22.05%	