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<http://www.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 \$3.7 billion dollars for the State, including:
 - \$2.0 Billion for the General Fund,
 - \$970 Million for the Environment and Natural Resources Trust Fund,
 - \$276 Million for the Game and Fish Fund,
 - \$276 Million for the Natural Resources Fund, and
 - \$90 Million for other state payments and problem gambling

PURPOSE

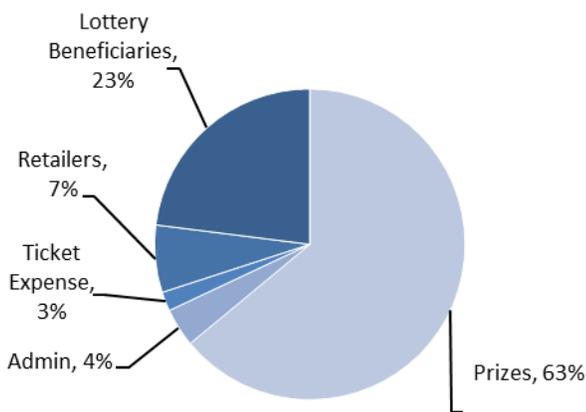
The Minnesota Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. We do this by offering fun, innovative and secure games of chance to adults living in and visiting Minnesota.

We contribute to the State of Minnesota by:

- designing and marketing a mix of lottery games each year. We partner with 2,995 grocery stores, convenience stores and other retail locations to sell these games to the public. Last year, our retail partners earned approximately \$50 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.

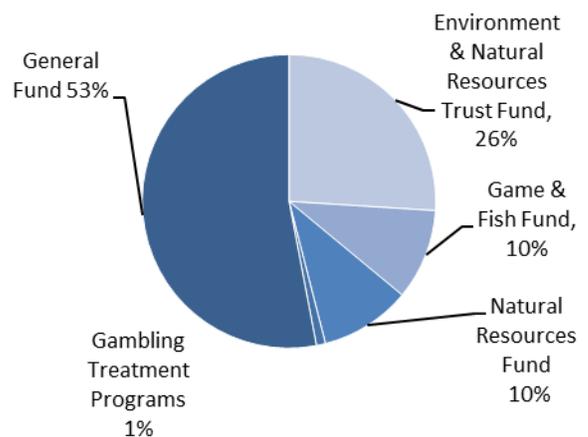
BUDGET

FY 2022 Lottery Revenue Distribution



(Percentages rounded)
Source: Minnesota State Lottery

FY 2022 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.

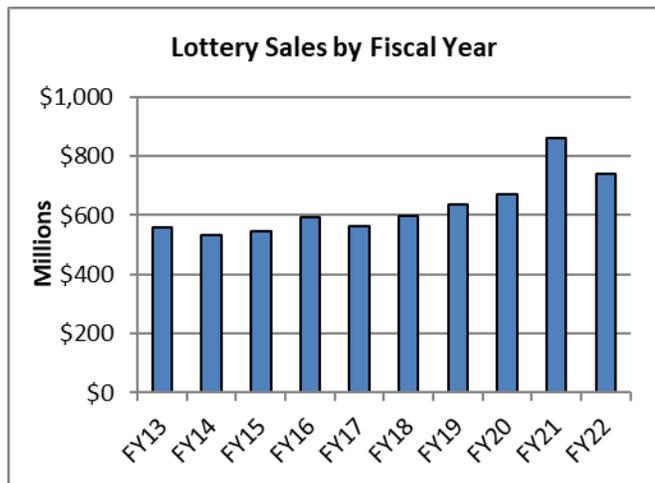
In fiscal year (FY) 2022, the Lottery generated \$740 million in total sales and other revenue. Of that amount, \$469 million (63%) was paid to players winning prizes; retailers earned \$50 million (7%); the cost of producing and distributing tickets was \$19 million (3%); administrative expenses totaled \$29 million (4%) and lottery beneficiaries received \$173 million (23%). Of that \$173 million, the General Fund received \$94 million (53%), including \$1.5 million designated for compulsive gambling treatment programs; the Environment and Natural Resources Trust Fund received \$44 million (26%), and the Natural Resources Fund and the Game & Fish Fund each received \$18 million (10% apiece).

STRATEGIES

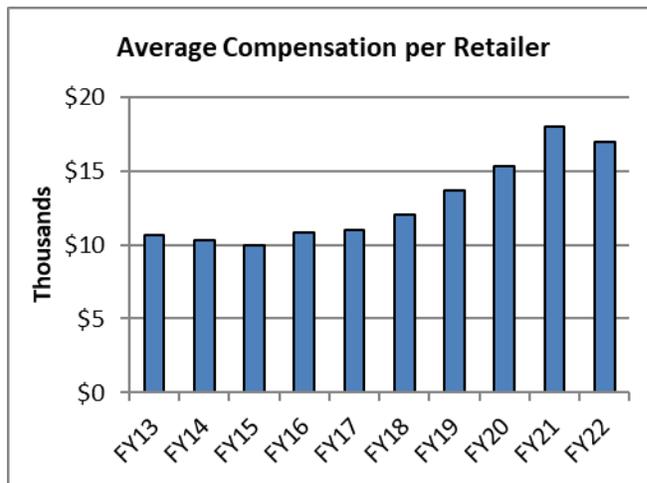
As a self-funded enterprise, we work to:

- 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.

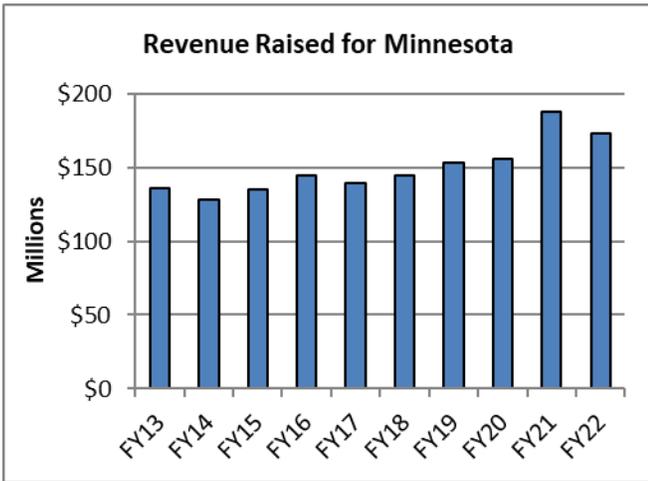
RESULTS



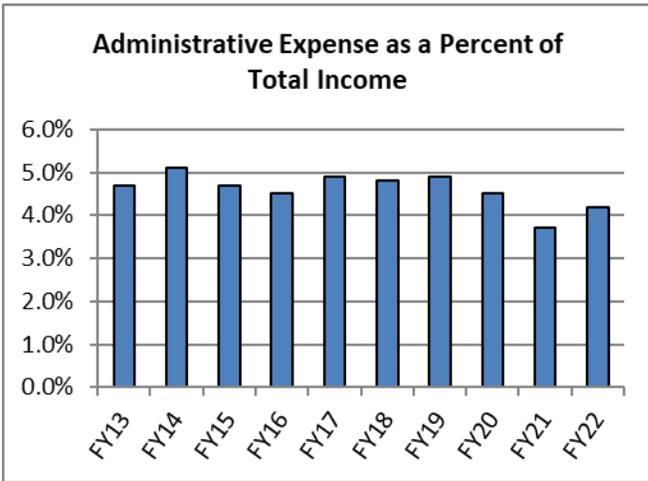
Sales have increased from \$560 million in FY 13 to \$740 million in FY 22.



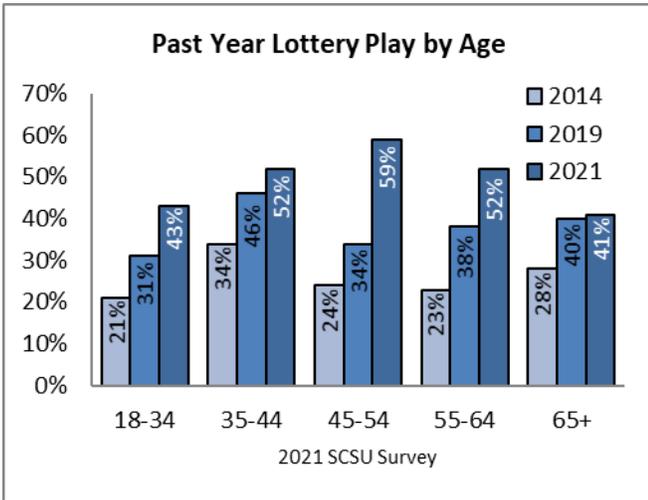
Retailer compensation has also been growing. In FY 22, retailers earned \$50 million in total or, on average, \$16,604 each.



Our most important measure of success is contributions to the state. Revenue to the state has exceeded \$130 million every year starting in FY 13. FY 21 saw the highest contributions to state programs in the Lottery’s history of \$188 million.



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



The lottery saw participation rates increase across all age groups during the pandemic.

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

Minnesota State Lottery
(\$ in thousands)

	<i>Actual FY2020</i>	<i>Actual FY2021</i>	<i>Actual FY2022</i>	<i>Budget FY2023</i>	<i>Budget FY2024</i>	<i>Budget FY2025</i>
Revenue						
Instant Sales:						
Scratch Ticket Sales	\$519,349	\$615,569	\$561,637	\$500,000	\$525,000	\$550,000
EIT Sales						
Total Instant Sales	\$519,349	\$615,569	\$561,637	\$500,000	\$525,000	\$550,000
Lotto Sales:						
Pick 3	18,928	22,154	22,407	22,000	22,000	22,000
North 5	9,705	10,481	9,700	10,000	10,000	10,000
Powerball	41,828	55,514	68,928	62,500	62,500	62,500
Power Play	2,157	2,839	3,876	2,500	2,500	2,500
Gopher 5	16,603	22,533	17,003	17,000	17,000	17,000
Hot Lotto						
Hot Lotto Sizzler						
Raffle Game	6,999	6,999	6,999	7,000	7,000	7,000
Print-N-Play	12,102	9,922	13,218	13,000	13,000	13,000
Mega Millions	23,608	39,029	23,838	25,000	25,000	25,000
Megaplier	1,401	2,047	1,603	1,400	1,400	1,400
All or Nothing						
Lucky for Life	7,104	7,862				
Lotto America	7,849	7,670	9,606	7,850	7,850	7,850
All Star Bonus	934	1,021	1,346	1,000	1,000	1,000
Monopoly Millionaires' Club						
Total Online Sales	149,220	188,072	178,523	169,250	169,250	169,250
Game Development/New Initiatives						
Total Sales Revenue	668,569	803,641	740,160	669,250	694,250	719,250
Less In-Lieu-of-Sales Tax						
	43,457	52,237	48,110	43,501	45,126	46,751
Gross Receipts	625,112	751,404	692,050	625,749	649,124	672,499
Non-operating Income						
	740	275	247	242		
Gross Revenue	625,852	751,679	692,296	625,991	649,124	672,499
Direct Costs						
Prize Expense	423,639	513,673	469,773	423,555	439,377	455,199
Unclaimed Prizes Paid to State Treasury	10,727	10,968	12,257	11,192	11,479	11,944
Compulsive Gambling from Prize Fund	1,752	1,606	1,519	2,236	2,236	2,236
Retailer Commissions and Incentives	44,907	53,830	49,730	44,825	46,499	48,174
Ticket Costs	6,536	7,484	7,257	7,104	7,459	7,814
Lotto Vendor Expense	10,056	12,035	11,730	11,260	11,280	11,280
Total Direct Costs	497,617	599,598	552,267	500,172	518,331	536,647
Operating Expense						
Advertising	5,755	6,015	7,409	7,700	8,820	8,950
Promotions	998	651	811	1,551	1,900	2,000
Game Development/New Initiatives						
Brand/Beneficiary Awareness	0	0	0	0	0	0
Salaries and Benefits	14,671	15,083	14,181	16,900	17,533	18,410
Occupancy Costs	1,713	1,733	1,800	1,875	2,025	2,030
Communications	474	460	481	633	633	633
Purchased Services	2,132	1,865	1,658	3,203	3,078	3,078
Depreciation	574	539	475	602	775	800
Supplies and Materials	1,008	895	1,352	1,654	2,025	1,850
Other	868	822	1,120	1,574	1,550	1,650
Total Operating Expense	28,193	28,064	29,287	35,693	38,339	39,401
Net Proceeds	\$100,042	\$124,017	\$110,742	\$90,126	\$92,454	\$96,451
PAID TO STATE BENEFICIARY						
General Fund						
In-Lieu-of-Sales Tax	\$11,981	\$14,402	\$13,264	\$11,993	\$12,441	\$12,889
Net Proceeds	60,025	74,410	66,445	54,076	55,472	57,870
Unclaimed Prizes	10,727	10,968	12,257	11,192	11,479	11,944
Unclaimed Prizes Held in Trust for State						
Compulsive Gambling from Prize Fund	1,752	1,606	1,519	2,236	2,236	2,236
Total General Fund	84,486	101,387	93,485	79,497	81,629	84,940
Envir. and Natural Resources Fund						
Net Proceeds	40,017	49,607	44,297	36,050	36,982	38,580
Unclaimed Prizes						
Total Envir and Natural Resources Fund	40,017	49,607	44,297	36,050	36,982	38,580
Game and Fish Fund						
Net Proceeds	15,738	18,918	17,423	15,754	16,342	16,931
Natural Resources Fund	15,738	18,918	17,423	15,754	16,342	16,931
TOTAL PAID TO STATE BENEFICIARY	\$155,978	\$188,829	\$172,629	\$147,055	\$151,295	\$157,382
	23.33%	23.50%	23.32%	21.97%	21.79%	21.88%