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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 \$4.0 billion dollars for the State, including:
 - \$2.2 Billion for the General Fund,
 - \$1.1 Billion for the Environment and Natural Resources Trust Fund,
 - \$315 Million for the Game and Fish Fund,
 - \$317 Million for the Natural Resources Fund, and
 - \$92 Million for other state payments and problem gambling

PURPOSE

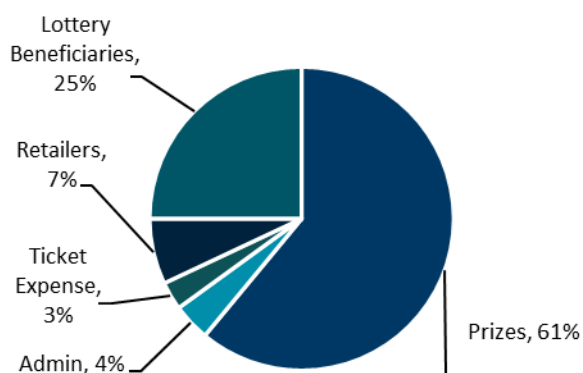
The Minnesota Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. We do this by offering fun, innovative and secure games of chance to adults living in and visiting Minnesota.

We contribute to the State of Minnesota by:

- designing and marketing a mix of lottery games each year. We partner with 3,012 grocery stores, convenience stores and other retail locations to sell these games to the public. Last year, our retail partners earned approximately \$51 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

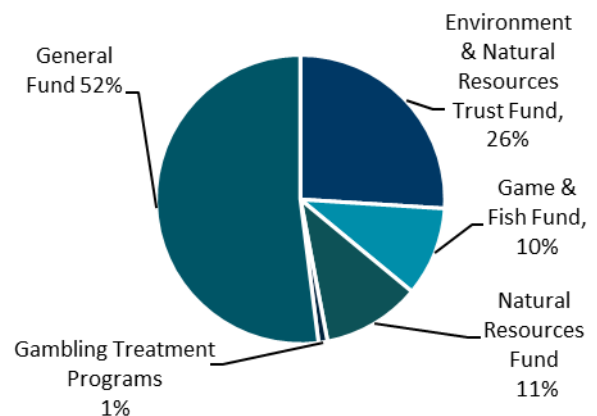
FY 2024 Lottery Revenue Distribution



(Percentages rounded)

Source: Minnesota State Lottery

FY 2024 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.

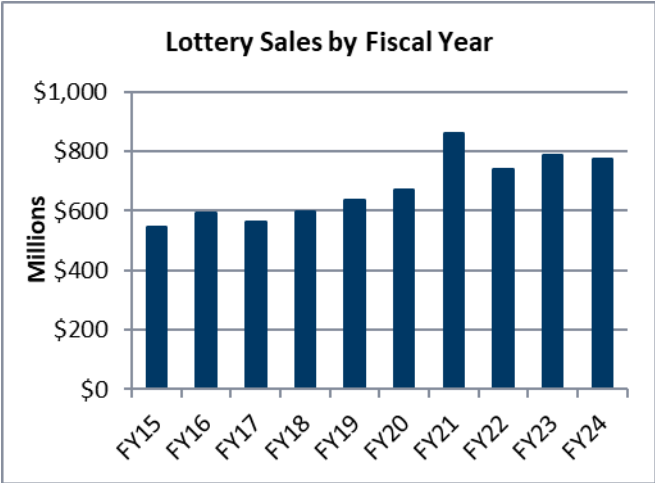
In fiscal year (FY) 2024, the Lottery generated \$779 million in total sales and other revenue. Of that amount, \$476 million (61%) was paid to players winning prizes; retailers earned \$51 million (7%); the cost of producing and distributing tickets was \$23 million (3%); administrative expenses totaled \$32 million (4%) and lottery beneficiaries received \$197 million (25%). Of that \$197 million, the General Fund received \$103 million (53%), including \$1.5 million designated for compulsive gambling treatment programs; the Environment and Natural Resources Trust Fund received \$51 million (26%), and the Natural Resources Fund and the Game & Fish Fund combined received \$43 million (21%).

STRATEGIES

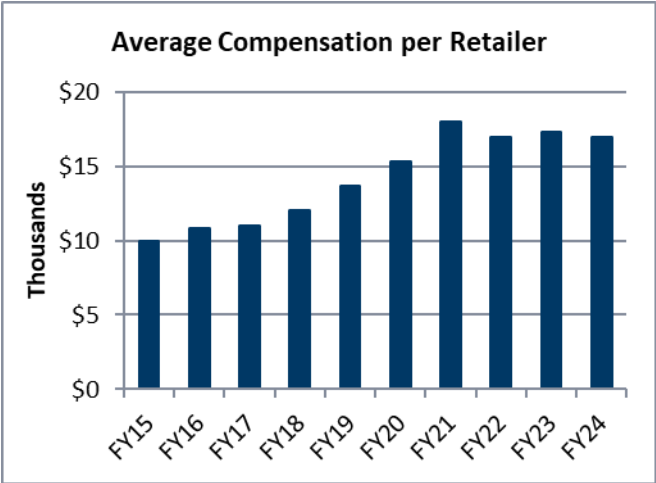
As a self-funded enterprise, we work to:

- 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.

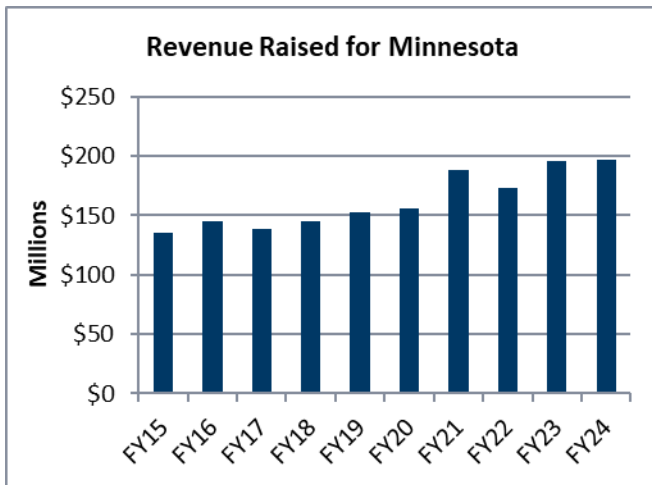
RESULTS



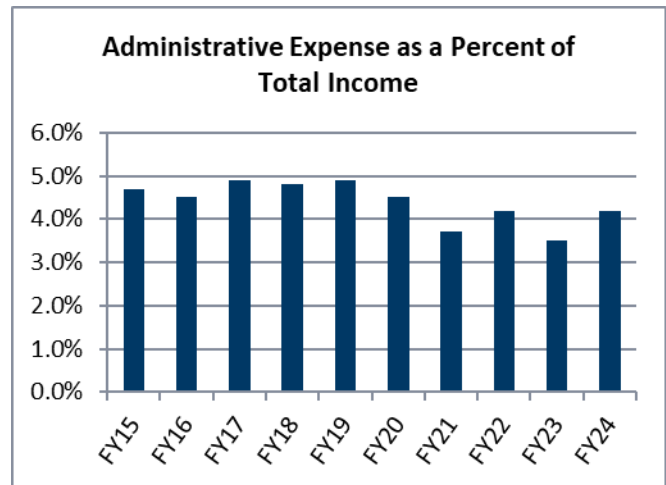
Sales have increased from \$547 million in FY 15 to \$776 million in FY 24.



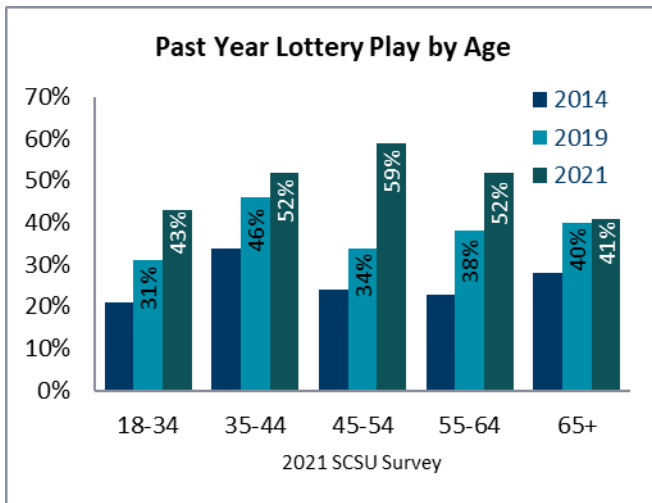
Retailer compensation has also been growing. In FY 24, retailers earned \$51 million in total or, on average, \$16,950 each.



Our most important measure of success is contributions to the state. Revenue to the state has exceeded \$136 million every year starting in FY 15. FY 24 saw the highest contributions to state programs in the Lottery's history at \$197 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 FY2022</i>	<i>Actual FY2023</i>	<i>Actual FY2024</i>	<i>Budget FY2025</i>	<i>Budget FY2026</i>	<i>Budget FY2027</i>
Revenue						
Instant Sales:						
Scratch Ticket Sales	\$561,637	\$545,671	\$524,928	\$530,000	\$540,000	\$550,000
EIT Sales						
Total Instant Sales	\$561,637	\$545,671	\$524,928	\$530,000	\$540,000	\$550,000
Lotto Sales:						
Pick 3	22,407	20,830	21,539	21,000	21,250	21,500
North 5	9,700	10,726	9,618	9,800	10,000	10,250
Powerball	68,928	89,002	104,042	73,049	76,600	77,550
Power Play	3,876	4,809	6,260	2,300	2,750	3,000
Gopher 5	17,003	18,613	22,824	20,000	22,000	22,500
Hot Lotto						
Hot Lotto Sizzler						
Raffle Game	6,999	6,999	7,999	8,000	8,000	8,000
Print-N-Play/EZ Match (Instant Lotto)	13,218	8,483	10,184	12,393	12,000	12,500
Mega Millions	23,838	60,530	53,555	33,049	35,000	37,800
Megaplier	1,603	3,211	3,363	1,400	1,400	1,400
All or Nothing						
Lucky for Life	9,606					
Lotto America	1,346	16,009	9,793	8,000	8,000	8,000
All Star Bonus		2,279	1,629	1,000		
Monopoly Millionaires' Club						
Total Online Sales	178,523	241,491	250,807	189,991	197,000	202,500
Game Development/New Initiatives						
Total Sales Revenue	740,160	787,162	775,736	719,991	737,000	752,500
Less In-Lieu-of-Sales Tax	48,110	51,166	50,423	46,799	47,905	48,913
Gross Receipts	692,050	735,997	725,313	673,192	689,095	703,588
Non-operating Income	247	2,061	3,168	2,183	1,750	1,500
Gross Revenue	692,296	738,058	728,481	675,375	690,845	705,088
Direct Costs						
Prize Expense	469,773	487,998	476,168	452,402	463,771	473,704
Unclaimed Prizes Paid to State Treasury	12,257	13,724	17,787	14,561	13,677	13,979
Compulsive Gambling from Prize Fund	1,519	1,460	1,513	2,044	2,236	2,236
Retailer Commissions and Incentives	49,730	51,971	51,052	48,248	49,387	50,426
Ticket Costs	7,257	7,375	7,448	7,653	7,798	7,942
Lotto Vendor Expense	11,730	13,956	14,370	11,984	12,286	12,591
Total Direct Costs	552,267	576,483	568,337	536,892	549,155	560,878
Operating Expense						
Advertising	7,409	7,382	7,609	8,100	8,750	8,750
Promotions	811	1,258	1,318	1,418	1,651	1,651
Game Development/New Initiatives						
Brand/Beneficiary Awareness	0	0	0	0		
Salaries and Benefits	14,181	14,736	16,184	18,064	20,293	20,958
Occupancy Costs	1,800	3,318	2,712	2,219	3,159	3,159
Communications	481	511	514	615	615	615
Purchased Services	1,658	1,755	2,118	2,848	4,566	4,566
Depreciation	475	401	405	967	999	999
Supplies and Materials	1,352	1,360	1,083	1,806	2,252	2,408
Other	1,120	1,115	1,399	1,792	1,883	1,883
Total Operating Expense	29,287	31,835	33,342	37,830	44,169	44,989
Net Proceeds	\$110,742	\$129,739	\$126,802	\$100,654	\$97,521	\$99,220
PAID TO STATE BENEFICIARY						
General Fund						
In-Lieu-of-Sales Tax	\$13,264	\$14,106	\$7,785	\$7,226	\$7,397	\$7,552
Net Proceeds	66,445	77,844	76,081	60,392	58,513	59,532
Unclaimed Prizes	12,257	13,724	17,787	14,561	13,677	13,979
Unclaimed Prizes Held in Trust for State						
Compulsive Gambling from Prize Fund	1,519	1,460	1,513	2,044	2,236	2,236
Total General Fund	93,485	107,133	103,166	84,223	81,822	83,299
Envir. and Natural Resources Fund						
Net Proceeds	44,297	51,896	50,721	40,261	39,009	39,688
Unclaimed Prizes						
Total Envir and Natural Resources Fund	44,297	51,896	50,721	40,261	39,009	39,688
Game and Fish Fund	17,423	18,530	20,562	19,085	19,536	19,947
Natural Resources Fund	17,423	18,530	22,075	20,489	20,973	21,414
TOTAL PAID TO STATE BENEFICIARY	<u>\$172,629</u>	<u>\$196,088</u>	<u>\$196,525</u>	<u>\$164,058</u>	<u>\$161,339</u>	<u>\$164,348</u>
	23.32%	24.91%	25.33%	22.79%	21.89%	21.84%