

Table of Contents
Lottery

Agency Profile 1

Additional Documents 4

Fiscal Report 4

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,
 - \$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

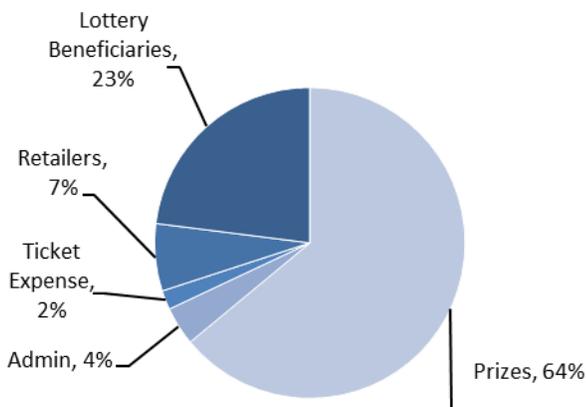
The Minnesota Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. We do this by offering fun, innovative and secure games of chance to adults living in and visiting Minnesota.

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.

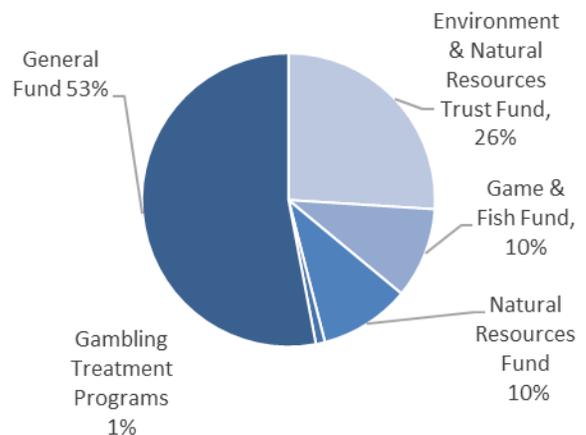
BUDGET

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.

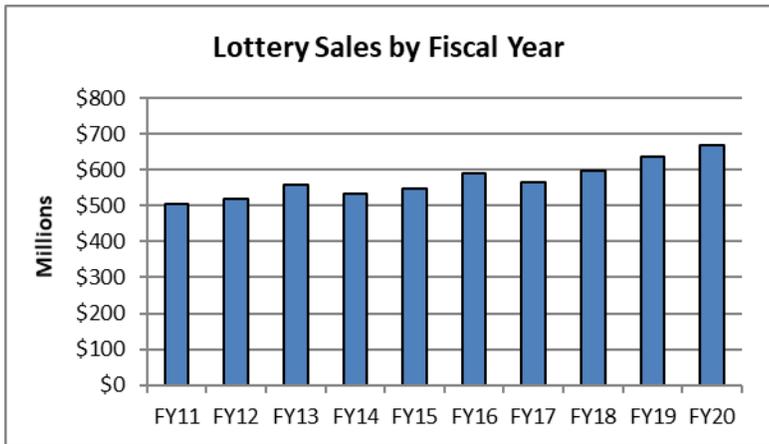
In FY 2020, the Lottery generated \$669 million in total sales and other revenue. Of that amount, \$425 million (64%) was paid to players winning prizes; retailers earned \$45 million (7%); the cost of producing and distributing tickets was \$17 million (2%); administrative expenses totaled \$29 million (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

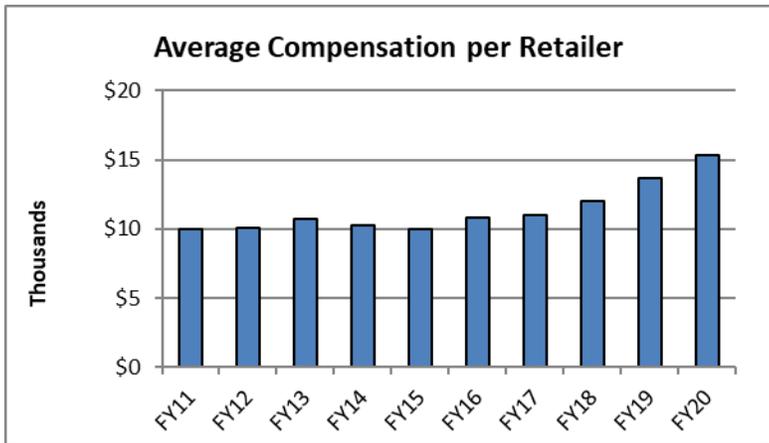
As a self-funded enterprise, we work to:

- 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.

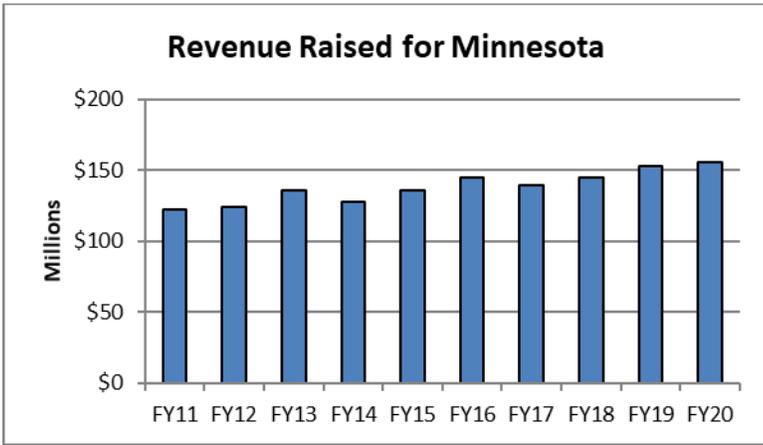
RESULTS



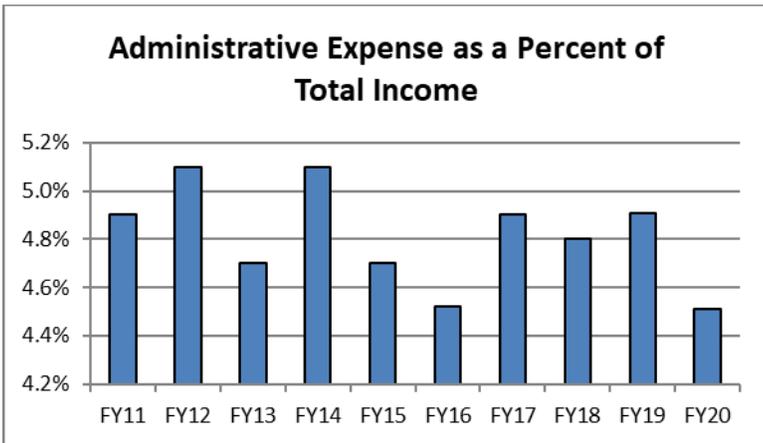
Sales have increased from \$504 million in FY 11 to \$669 million in FY 20.



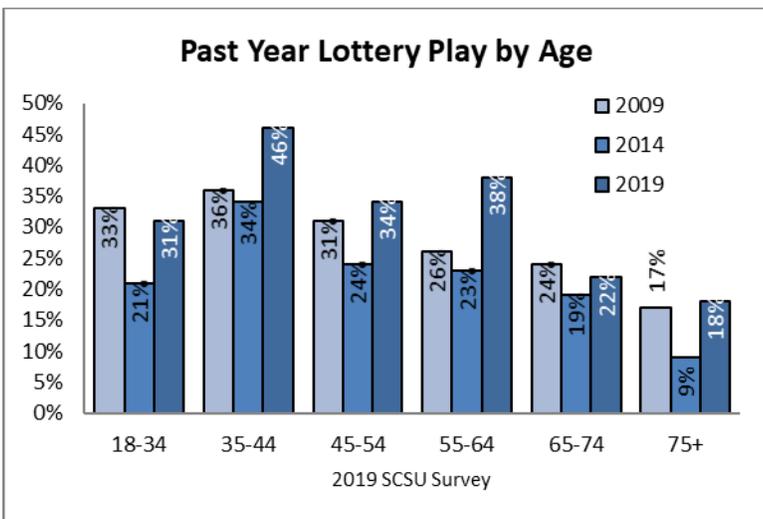
Retailer compensation has also been growing. In FY 20, retailers earned \$45 million in total or, on average, \$15,300 each.



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)

	<i>Actual FY2018</i>	<i>Actual FY2019</i>	<i>Actual FY2020</i>	<i>Budget FY2021</i>	<i>Budget FY2022</i>	<i>Budget FY2023</i>
Revenue						
Instant Sales:						
Scratch Ticket Sales	\$411,166	\$435,269	\$519,349	\$481,300	\$460,000	\$470,000
EIT Sales						
Total Instant Sales	\$411,166	\$435,269	\$519,349	\$481,300	\$460,000	\$470,000
Lotto Sales:						
Daily 3	17,687	18,444	18,928	18,600	19,000	19,000
Northstar Cash	10,338	8,857	9,705	9,300	10,000	10,000
Powerball	72,737	65,312	41,828	47,500	47,500	47,500
Power Play	2,653	2,647	2,157	2,300	2,300	2,300
Gopher 5	18,033	20,680	16,603	15,900	17,000	17,000
Hot Lotto	5,678					
Hot Lotto Sizzler	523					
Raffle Game	6,998	6,999	6,999	7,000	7,000	7,000
Print-N-Play	11,697	10,995	12,102	12,000	12,000	12,000
Mega Millions	24,769	47,123	23,608	23,500	25,000	25,000
Megaplier	1,268	1,783	1,401	1,300	1,400	1,400
All or Nothing						
Lucky for Life	6,630	6,941	7,104	7,200	7,200	7,200
Lotto America	5,684	10,634	7,849	7,800	7,850	7,850
All Star Bonus	616	1,127	934	1,000	1,000	1,000
Monopoly Millionaires' Club						
Total Online Sales	185,312	201,541	149,219	153,400	157,250	157,250
Game Development/New Initiatives						
Total Sales Revenue	596,478	636,810	668,568	634,700	617,250	627,250
Less In-Lieu-of-Sales Tax	38,771	41,393	43,457	41,256	40,121	40,771
Gross Receipts	557,706	595,418	625,111	593,445	577,129	586,479
Non-operating Income	551	828	740	570	570	570
Gross Revenue	558,258	596,245	625,852	594,015	577,699	587,049
Direct Costs						
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
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
Operating Expense						
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						
Brand/Beneficiary Awareness	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	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
Total Operating Expense	28,874	29,294	28,193	35,058	35,668	36,323
Net Proceeds	\$95,497	\$99,561	\$100,042	\$86,288	\$82,925	\$84,479
	<i>Actual FY2018</i>	<i>Actual FY2019</i>	<i>Actual FY2020</i>	<i>Budget FY2021</i>	<i>Budget FY2022</i>	<i>Budget FY2023</i>
PAID TO STATE BENEFICIARY						
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	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						
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						
Net Proceeds	14,041	14,990	15,738	14,941	14,530	14,765
Unclaimed Prizes						
Total Game and Fish 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
	24.33%	24.06%	23.33%	22.21%	22.10%	22.05%