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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **3623**

03/12/2018 Authored by Bliss, Metsa, Thissen, Nash, Gunther and others
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform
03/29/2018 Adoption of Report: Re-referred to the Committee on State Government Finance

1.1 A bill for an act
1.2 relating to state government; setting compensation for lottery retailers in law;
1.3 amending Minnesota Statutes 2016, section 349A.05; proposing coding for new
1.4 law in Minnesota Statutes, chapter 349A; repealing Minnesota Statutes 2016,
1.5 section 349A.16.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2016, section 349A.05, is amended to read:

1.8 **349A.05 RULES.**

1.9 The director may adopt rules under chapter 14 governing the following elements of the
1.10 lottery:

- 1.11 (1) the number and types of lottery retailers' locations;
- 1.12 (2) qualifications of lottery retailers and application procedures for lottery retailer
1.13 contracts;
- 1.14 (3) investigation of lottery retailer applicants;
- 1.15 (4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;
- 1.16 (5) compensation of lottery retailers consistent with section 349A.17;
- 1.17 (6) accounting for and deposit of lottery revenues by lottery retailers;
- 1.18 (7) procedures for issuing lottery procurement contracts and for the investigation of
1.19 bidders on those contracts;
- 1.20 (8) payment of prizes;
- 1.21 (9) procedures needed to ensure the integrity and security of the lottery; and

2.1 (10) other rules the director considers necessary for the efficient operation and
2.2 administration of the lottery.

2.3 **EFFECTIVE DATE.** This section is effective August 1, 2018.

2.4 Sec. 2. **[349A.17] LOTTERY RETAILER COMMISSIONS.**

2.5 (a) The director of the State Lottery shall pay a lottery retailer at least the following
2.6 amounts:

2.7 (1) 5.5 percent on the price of a ticket sold by the retailer for a lottery game for which
2.8 the winner is determined by a drawing;

2.9 (2) 6.25 percent on the price of a ticket sold by the retailer for a lottery game in which
2.10 the winner is determined without a drawing; and

2.11 (3) two percent of the amount of a winning ticket cashed by the retailer.

2.12 (b) The director of the State Lottery may adopt rules for retailer compensation or
2.13 commission that exceeds the amounts specified in this section. The director of the State
2.14 Lottery shall periodically review lottery ticket sales and make adjustments to lottery retailer
2.15 commission rates, consistent with this section, as deemed necessary to maintain appropriate
2.16 return to the state.

2.17 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to tickets
2.18 sold on or after that date.

2.19 Sec. 3. **RULE CHANGE; TRANSITION.**

2.20 (a) The director of the State Lottery shall amend Minnesota Rules, part 7856.4030, so
2.21 that the director compensates retailers consistent with Minnesota Statutes, section 349A.17.

2.22 (b) For tickets sold prior to August 1, 2018, the director of the State Lottery shall
2.23 compensate lottery retailers as provided by law or rule in effect on the date the ticket was
2.24 sold.

2.25 **EFFECTIVE DATE.** This section is effective August 1, 2018.

2.26 Sec. 4. **REPEALER.**

2.27 Minnesota Statutes 2016, section 349A.16, is repealed.

2.28 **EFFECTIVE DATE.** This section is effective August 1, 2018.

349A.16 LOTTERY RETAILER COMMISSIONS.

The director of the State Lottery shall: (1) increase commissions paid to lottery retailers in effect on January 1, 1998, by one-half percent on the price of each ticket sold by each retailer; and (2) provide that each lottery retailer receive a commission of at least one percent on the amount of each winning ticket cashed by that retailer. The director of the State Lottery shall periodically review lottery ticket sales and make such adjustments to lottery retailer commission rates as are deemed necessary to maintain appropriate return to the state.