

CHAPTER 349A

STATE LOTTERY

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349A.01 DEFINITIONS.

[For text of subs 1 and 2, see M.S.1990]

Subd. 3. [Repealed, 1991 c 233 s 110]

Subd. 4. [Repealed, 1991 c 233 s 110]

Subd. 5. **Director.** "Director" is the director of the state lottery.

Subd. 6. [Repealed, 1991 c 233 s 110]

[For text of subs 7 and 8, see M.S.1990]

Subd. 9. **Lottery.** "Lottery" is the state lottery.

[For text of subs 10 to 13, see M.S.1990]

History: 1991 c 233 s 102,103

349A.02 STATE LOTTERY.

Subdivision 1. **Director.** A state lottery is established under the supervision and control of the director of the state lottery appointed by the governor with the advice and consent of the senate. The governor shall appoint the first director from a list of at least three persons recommended to the governor by the governor's commission on the lottery which was appointed by the governor on December 8, 1988. The director must be qualified by experience and training to supervise the lottery. The director serves in the unclassified service.

[For text of subd 2, see M.S.1990]

Subd. 3. **Powers and duties.** In operating the lottery the director shall exercise the following powers and duties:

- (1) adopt rules and game procedures;
- (2) issue lottery retailer contracts and rule on appeals of decisions relating to those contracts;
- (3) enter into lottery procurement contracts for the provision of goods and services to the lottery;
- (4) employ personnel as are required to operate the lottery;
- (5) enter into written agreements with one or more government-authorized lotteries, or with an organization created and controlled by those lotteries, for the operation, marketing, and promotion of a joint lottery;
- (6) adopt and publish advertising and promotional materials consistent with section 349A.09; and
- (7) take all necessary steps to ensure the integrity of, and public confidence in, the state lottery.

Subd. 4. **Employees.** The director may appoint other personnel as necessary to operate the state lottery. All professional employees as defined in section 179A.03, subdivision 13, whose primary responsibilities are in marketing are in the unclassified service. All other employees of the division are in the classified service. At least one position in the division must be an attorney position and the director shall employ in that position an attorney to perform legal services for the division.

[For text of subds 5 to 8, see M.S.1990]

History: 1991 c 233 s 104; 1991 c 238 art 1 s 15; 1991 c 336 art 2 s 35

349A.03 STATE LOTTERY BOARD.

Subdivision 1. **Board created.** There is created a state lottery board. The board consists of seven members appointed by the governor. Not more than four of the members may belong to the same political party and at least three members must reside outside the seven-county metropolitan area. The terms of office, removal from office, and compensation of members of the board are as provided in section 15.059 except the board does not expire as provided under section 15.059, subdivision 5. The members of the board shall select the chair of the board.

[For text of subds 2 and 3, see M.S.1990]

History: 1991 c 233 s 105

349A.06 LOTTERY RETAILERS.

[For text of subds 1 and 2, see M.S.1990]

Subd. 3. **Bond.** The director shall require that each lottery retailer post a bond, securities, or an irrevocable letter of credit, in an amount as the director deems necessary, to protect the financial interests of the state. If securities are deposited or an irrevocable letter of credit filed, the securities or letter of credit must be of a type or in the form provided under section 349A.07, subdivision 5, paragraphs (b) and (c).

[For text of subd 4, see M.S.1990]

Subd. 5. **Restrictions on lottery retailers.** (a) A lottery retailer may sell lottery tickets only on the premises described in the contract.

(b) A lottery retailer must prominently display a certificate issued by the director on the premises where lottery tickets will be sold.

(c) A lottery retailer must keep a complete set of books of account, correspondence, and all other records necessary to show fully the retailer's lottery transactions, and make them available for inspection by employees of the division at all times during business hours. The director may require a lottery retailer to furnish information as the director deems necessary to carry out the purposes of this chapter, and may require an audit to be made of the books of account and records. The director may select an auditor to perform the audit and may require the retailer to pay the cost of the audit. The auditor has the same right of access to the books of account, correspondence, and other records as is given to employees of the division.

(d) A contract issued under this section may not be transferred or assigned.

(e) The director shall require that lottery tickets may be sold by retailers only for cash.

(f) A lottery retailer must prominently post at the point of sale of lottery tickets, in a manner approved by the commissioner of human services, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98.

[For text of subds 6 to 10, see M.S.1990]

Subd. 11. **Cancellation, suspension, and refusal to renew contracts.** (a) The director shall cancel the contract of any lottery retailer who:

(1) has been convicted of a felony or gross misdemeanor;

(2) has committed fraud, misrepresentation, or deceit;

(3) has provided false or misleading information to the division; or

(4) has acted in a manner prejudicial to public confidence in the integrity of the lottery.

(b) The director may cancel, suspend, or refuse to renew the contract of any lottery retailer who:

- (1) changes business location;
- (2) fails to account for lottery tickets received or the proceeds from tickets sold;
- (3) fails to remit funds to the director in accordance with the director's rules;
- (4) violates a law or a rule or order of the director;
- (5) fails to comply with any of the terms in the lottery retailer's contract;
- (6) fails to file a bond, securities, or a letter of credit as required under subdivision

3;

(7) in the opinion of the director fails to maintain a sufficient sales volume to justify continuation as a lottery retailer; or

(8) has violated section 340A.503, subdivision 2, clause (1), two or more times within a two-year period.

(c) The director may also cancel, suspend, or refuse to renew a lottery retailer's contract if there is a material change in any of the factors considered by the director under subdivision 2.

(d) A contract cancellation, suspension, or refusal to renew under this subdivision is a contested case under sections 14.57 to 14.69 and is in addition to any criminal penalties provided for a violation of law or rule.

(e) The director may temporarily suspend a contract without notice for any of the reasons specified in this subdivision provided that a hearing is conducted within seven days after a request for a hearing is made by a lottery retailer. Within 20 days after receiving the administrative law judge's report, the director shall issue an order vacating the temporary suspension or making any other appropriate order. If no hearing is requested within 30 days of the temporary suspension taking effect, the suspension becomes permanent unless the director vacates or modifies the order.

History: 1991 c 336 art 2 s 36-38

349A.08 LOTTERY PRIZES.

[For text of subs 1 to 8, see M.S.1990]

Subd. 9. **Privacy.** The phone number and street address of a winner of a lottery prize is private data on individuals under chapter 13.

History: 1991 c 336 art 2 s 39

349A.09 LOTTERY ADVERTISING.

[For text of subd 1, see M.S.1990]

Subd. 2. **Content of advertising.** (a) Advertising and promotional materials for the lottery adopted or published by the director must be consistent with the dignity of the state and may only:

(1) present information on how lottery games are played, prizes offered, where and how tickets may be purchased, when drawings are held, and odds on the games advertised;

(2) identify state programs supported by lottery net revenues;

(3) present the lottery as a form of entertainment; or

(4) state the winning numbers or identity of winners of lottery prizes.

(b) The director may not adopt or publish any advertising for the lottery which:

(1) presents directly or indirectly any lottery game as a potential means of relieving any person's financial difficulties;

(2) is specifically targeted with the intent to exploit a person, a specific group or economic class of people, or a religious holiday by use of a religious theme or symbol;

(3) presents the purchase of a lottery ticket as a financial investment or a way to achieve financial security;

(4) uses the name or picture of a current elected state official to promote a lottery game;

(5) exhorts the public to bet by directly or indirectly misrepresenting a person's chance of winning a prize; or

(6) denigrates a person who does not buy a lottery ticket or unduly praises a person who does buy a ticket.

[For text of subd 3, see M.S.1990]

History: 1991 c 336 art 2 s 40

349A.10 LOTTERY FUNDS.

[For text of subds 1 and 2, see M.S.1990]

Subd. 3. Lottery operations. (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) The director may not credit in any fiscal year amounts to the lottery operations account which when totaled exceed 15 percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the division is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

[For text of subd 4, see M.S.1990]

Subd. 5. Deposit of net proceeds. Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, and the remainder must be credited to the general fund.

History: 1991 c 233 s 106; 1991 c 336 art 2 s 41