

CHAPTER 349A

STATE LOTTERY

349A.01	Definitions.	349A.06	Lottery retailers.
349A.02	State lottery.	349A.08	Lottery prizes.
349A.03	State lottery board.	349A.10	Lottery funds.
349A.04	Lottery game procedures.	349A.11	Conflict of interest.
349A.05	Rules.	349A.12	Prohibited acts.

349A.01 DEFINITIONS.

[For text of subd 1, see M.S.1994]

Subd. 2. [Repealed, 1995 c 254 art 1 s 97]

[For text of subs 5 to 13, see M.S.1994]

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 director must be qualified by experience and training in the operation of a lottery to supervise the lottery. The director serves in the unclassified service. The annual salary rate authorized for the director is equal to 80 percent of the salary rate prescribed for the governor as of the effective date of Laws 1993, chapter 146.

[For text of subs 2 to 7, see M.S.1994]

Subd. 8. [Repealed, 1995 c 254 art 1 s 97]

History: 1995 c 254 art 1 s 79

349A.03 STATE LOTTERY BOARD.

[For text of subs 1 and 2, see M.S.1994]

Subd. 4. **Board abolished.** The board is abolished on July 1, 1995. The terms of all members of the board serving on that date expire on that date.

History: 1995 c 254 art 1 s 80

349A.04 LOTTERY GAME PROCEDURES.

The director may adopt game procedures governing the following elements of the lottery:

- (1) lottery games;
- (2) ticket prices;
- (3) number and size of prizes;
- (4) methods of selecting winning tickets; and
- (5) frequency and method of drawings.

The adoption of lottery game procedures is not subject to chapter 14.

History: 1995 c 254 art 1 s 81

349A.05 RULES.

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

- (1) the number and types of lottery retailers' locations;
- (2) qualifications of lottery retailers and application procedures for lottery retailer contracts;
- (3) investigation of lottery retailer applicants;

- (4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;
- (5) compensation of lottery retailers;
- (6) accounting for and deposit of lottery revenues by lottery retailers;
- (7) procedures for issuing lottery procurement contracts and for the investigation of bidders on those contracts;
- (8) payment of prizes;
- (9) procedures needed to ensure the integrity and security of the lottery; and
- (10) other rules the director considers necessary for the efficient operation and administration of the lottery.

History: 1995 c 233 art 2 s 56; 1995 c 254 art 1 s 82

349A.06 LOTTERY RETAILERS.

[For text of subds 1 and 1a, see M.S.1994]

Subd. 2. Qualifications. (a) The director may not contract with a retailer who:

- (1) is under the age of 18;
- (2) is in business solely as a seller of lottery tickets;
- (3) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;
- (5) is a member of the immediate family, residing in the same household, as the director or any employee of the lottery;
- (6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery; or
- (7) is a currency exchange, as defined in section 53A.01.

A contract entered into before August 1, 1990, which violates clause (7) may continue in effect until its expiration but may not be renewed.

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

[For text of subds 3 to 11, see M.S.1994]

History: 1995 c 254 art 1 s 83

349A.08 LOTTERY PRIZES.

[For text of subds 1 to 4, see M.S.1994]

Subd. 5. Payment; unclaimed prizes. A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director shall transfer 70 percent of all unclaimed prize money at the end of each

fiscal year from the lottery cash flow account as follows: of the 70 percent, 40 percent must be transferred to the Minnesota environment and natural resources trust fund and 60 percent must be transferred to the general fund. The remaining 30 percent of the unclaimed prize money must be added by the director to prize pools of subsequent lottery games.

[For text of subd 6, see M.S.1994]

Subd. 7. Payments prohibited. (a) No prize may be paid to the director or an employee of the lottery, or a member of their families residing in the same household of the member, director, or employee. No prize may be paid to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved with providing goods or services to the lottery under a lottery procurement contract.

(b) No prize may be paid for a stolen, altered, or fraudulent ticket.

[For text of subds 8 and 9, see M.S.1994]

History: 1995 c 254 art 1 s 84,85

349A.10 LOTTERY FUNDS.

[For text of subds 1 to 4, see M.S.1994]

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 special revenue fund created in section 16A.67, subdivision 3. Money credited to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund.

[For text of subd 6, see M.S.1994]

Subd. 7. Transfer of cash balances. (a) A lottery cash flow account is created in the special revenue fund in the state treasury. At the end of each week the director shall deposit in the lottery cash flow account from the lottery fund and the lottery prize fund all amounts that the director determines are not required for immediate use in the lottery fund or the lottery prize fund. The commissioner of finance shall credit to the lottery cash flow account interest on all money deposited in the lottery cash flow account under this subdivision.

(b) The director shall notify the commissioner of finance whenever the director determines that money transferred under paragraph (a) is required for the immediate use of the lottery fund or the lottery prize fund. Upon receiving the notification the commissioner shall transfer the amount identified in the notification. Amounts necessary to make immediate payment for expenses or prizes from the lottery fund or the prize fund are appropriated from the lottery cash flow account to the director.

(c) The director shall notify the commissioner of finance 30 days after each month as to the amount of the net proceeds that must be transferred under subdivision 5, and the director shall notify the commissioner of finance 20 days after each month as to the amount that must be transferred under section 297A.259, and as necessary the director shall notify the commissioner of other amounts required by law to be transferred.

History: 1995 c 254 art 1 s 86; 1995 c 264 art 6 s 6

349A.11 CONFLICT OF INTEREST.

(a) The director, an employee of the lottery, a member of the immediate family of the director or employee residing in the same household may not:

(1) purchase a lottery ticket;

(2) have any personal pecuniary interest in any vendor holding a lottery procurement contract, or in any lottery retailer; or

(3) receive any gift, gratuity, or other thing of value, excluding food or beverage, from any lottery vendor or lottery retailer, or person applying to be a retailer or vendor, in excess of \$100 in any calendar year.

(b) A violation of paragraph (a), clause (1), is a misdemeanor. A violation of paragraph (a), clause (2), is a gross misdemeanor. A violation of paragraph (a), clause (3), is a misdemeanor unless the gift, gratuity, or other item of value received has a value in excess of \$500, in which case a violation is a gross misdemeanor.

(c) The director or an unclassified employee of the lottery may not, within one year of terminating employment with the lottery, accept employment with, act as an agent or attorney for, or otherwise represent any person, corporation, or entity that had any lottery procurement contract or bid for a lottery procurement contract with the lottery within a period of two years prior to the termination of their employment. A violation of this paragraph is a misdemeanor.

History: 1995 c 254 art 1 s 87

349A.12 PROHIBITED ACTS.

[For text of subs 1 to 3, see M.S.1994]

Subd. 4. **Lottery retailers and vendors.** A person who is a lottery retailer, or is applying to be a lottery retailer, a person applying for a contract with the director, or a person under contract with the director to supply goods or services to lottery may not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over \$100 in any calendar year to the director, employee of the lottery, or to a member of the immediate family residing in the same household as that person.

[For text of subs 5 and 6, see M.S.1994]

History: 1995 c 254 art 1 s 88