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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 approximately \$3.7 billion dollars for the State, including:
 - \$2.0 Billion for the General Fund,
 - \$970 Million for the Environment and Natural Resources Trust Fund,
 - \$276 Million for the Game and Fish Fund,
 - \$276 Million for the Natural Resources Fund, and
 - \$90 Million for other state payments and problem gambling

PURPOSE

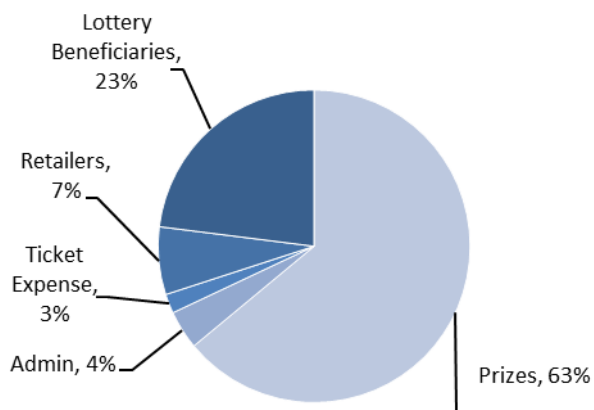
The Minnesota Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. We do this by offering fun, innovative and secure games of chance to adults living in and visiting Minnesota.

We contribute to the State of Minnesota by:

- designing and marketing a mix of lottery games each year. We partner with 2,995 grocery stores, convenience stores and other retail locations to sell these games to the public. Last year, our retail partners earned approximately \$50 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

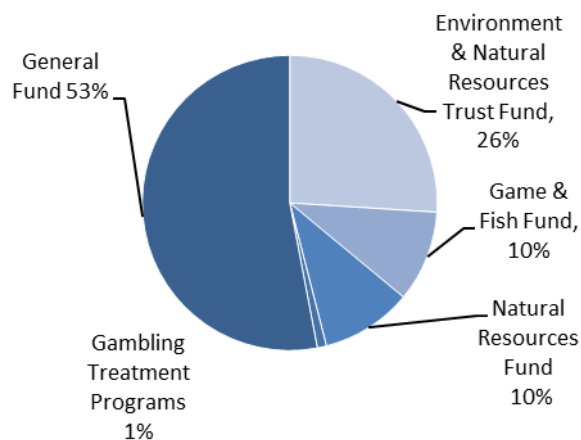
FY 2022 Lottery Revenue Distribution



(Percentages rounded)

Source: Minnesota State Lottery

FY 2022 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.

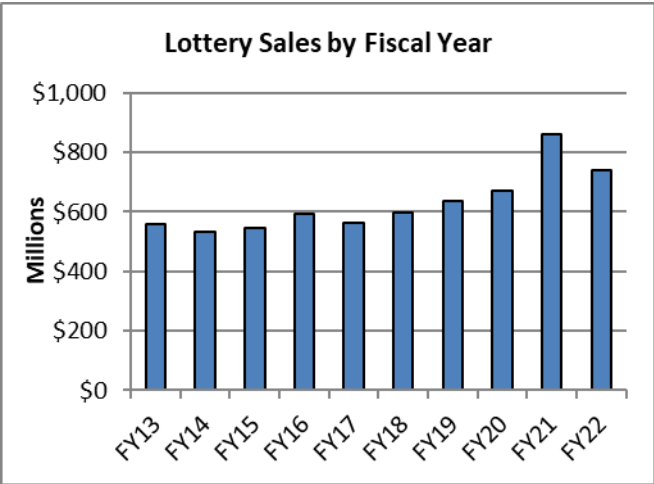
In fiscal year (FY) 2022, the Lottery generated \$740 million in total sales and other revenue. Of that amount, \$469 million (63%) was paid to players winning prizes; retailers earned \$50 million (7%); the cost of producing and distributing tickets was \$19 million (3%); administrative expenses totaled \$29 million (4%) and lottery beneficiaries received \$173 million (23%). Of that \$173 million, the General Fund received \$94 million (53%), including \$1.5 million designated for compulsive gambling treatment programs; the Environment and Natural Resources Trust Fund received \$44 million (26%), and the Natural Resources Fund and the Game & Fish Fund each received \$18 million (10% apiece).

STRATEGIES

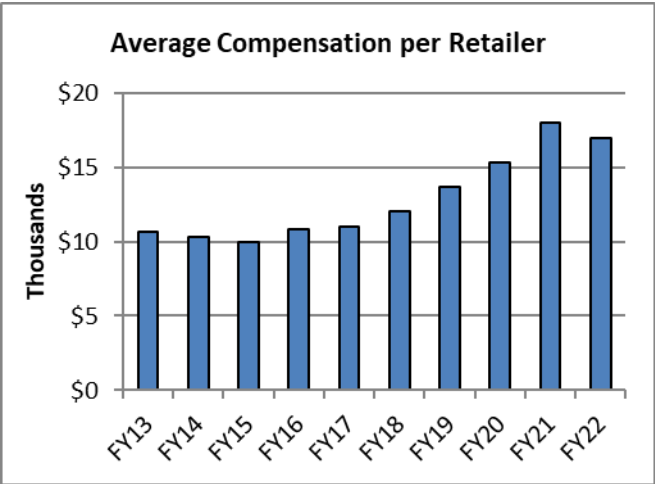
As a self-funded enterprise, we work to:

- 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.

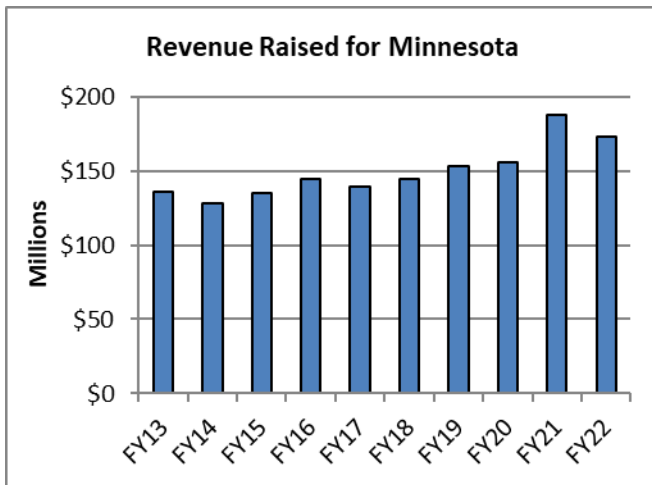
RESULTS



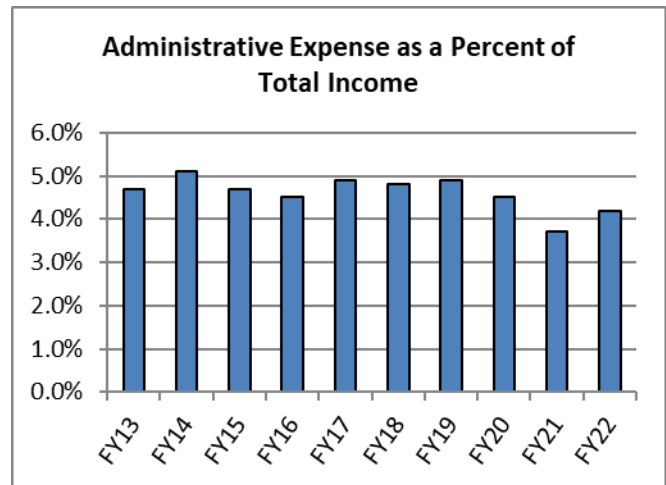
Sales have increased from \$560 million in FY 13 to \$740 million in FY 22.



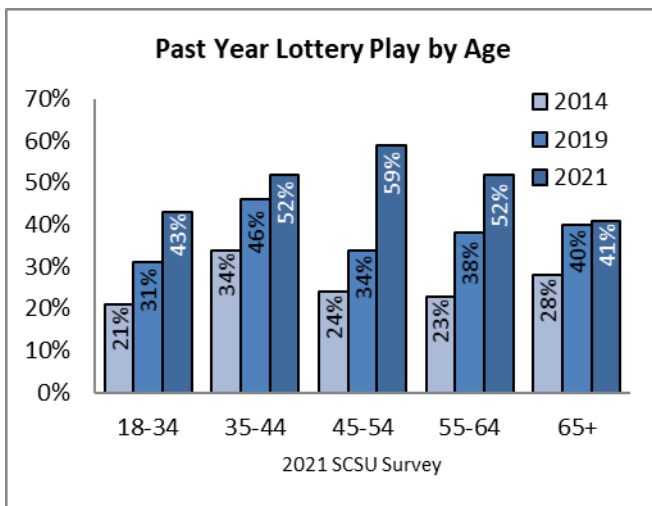
Retailer compensation has also been growing. In FY 22, retailers earned \$50 million in total or, on average, \$16,604 each.



Our most important measure of success is contributions to the state. Revenue to the state has exceeded \$130 million every year starting in FY 13. FY 21 saw the highest contributions to state programs in the Lottery's history of \$188 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 FY2020</i>	<i>Actual FY2021</i>	<i>Actual FY2022</i>	<i>Budget FY2023</i>	<i>Budget FY2024</i>	<i>Budget FY2025</i>
Revenue						
Instant Sales:						
Scratch Ticket Sales	\$519,349	\$615,569	\$561,637	\$519,641	\$525,000	\$550,000
EIT Sales						
Total Instant Sales	\$519,349	\$615,569	\$561,637	\$519,641	\$525,000	\$550,000
Lotto Sales:						
Pick 3	18,928	22,154	22,407	21,512	22,000	22,000
North 5	9,705	10,481	9,700	10,670	10,000	10,000
Powerball	41,828	55,514	68,928	90,820	66,250	68,750
Power Play	2,157	2,839	3,876	4,136	2,500	2,500
Gopher 5	16,603	22,533	17,003	18,995	17,000	17,000
Hot Lotto						
Hot Lotto Sizzler						
Raffle Game	6,999	6,999	6,999	6,999	7,000	7,000
Print-N-Play	12,102	9,922	13,218	11,056	11,500	12,000
Mega Millions	23,608	39,029	23,838	47,976	25,000	25,000
Megaplier	1,401	2,047	1,603	2,497	1,400	1,400
All or Nothing						
Lucky for Life	7,104	7,862				
Lotto America	7,849	7,670	9,606	12,894	7,850	7,850
All Star Bonus	934	1,021	1,346	1,743	1,000	1,000
Monopoly Millionaires' Club						
Total Online Sales	149,220	188,072	178,523	229,299	171,500	174,500
Game Development/New Initiatives						
Total Sales Revenue	668,569	803,641	740,160	748,940	696,500	724,500
Less In-Lieu-of-Sales Tax	43,457	52,237	48,110	48,681	45,273	47,093
Gross Receipts	625,112	751,404	692,050	700,259	651,228	677,408
Non-operating Income	740	275	247	944	378	378
Gross Revenue	625,852	751,679	692,296	701,203	651,606	677,786
Direct Costs						
Prize Expense	423,639	513,673	469,773	465,033	439,116	456,472
Unclaimed Prizes Paid to State Treasury	10,727	10,968	12,257	12,156	11,151	10,521
Compulsive Gambling from Prize Fund	1,752	1,606	1,519	2,236	2,236	2,236
Retailer Commissions and Incentives	44,907	53,830	49,730	48,775	45,360	47,183
Ticket Costs	6,536	7,484	7,257	7,383	7,459	7,814
Lotto Vendor Expense	10,056	12,035	11,730	14,711	11,558	11,721
Total Direct Costs	497,617	599,598	552,267	550,294	516,879	535,948
Operating Expense						
Advertising	5,755	6,015	7,409	7,700	8,820	8,950
Promotions	998	651	811	1,551	1,900	2,000
Game Development/New Initiatives						
Brand/Beneficiary Awareness	0	0	0	0	0	0
Salaries and Benefits	14,671	15,083	14,181	16,900	17,533	18,410
Occupancy Costs	1,713	1,733	1,800	1,875	2,025	2,030
Communications	474	460	481	633	633	633
Purchased Services	2,132	1,865	1,658	3,203	3,078	3,078
Depreciation	574	539	475	602	775	800
Supplies and Materials	1,008	895	1,352	1,654	2,025	1,850
Other	868	822	1,120	1,574	1,550	1,650
Total Operating Expense	28,193	28,064	29,287	35,693	38,339	39,401
Net Proceeds	\$100,042	\$124,017	\$110,742	\$115,216	\$96,388	\$102,438
PAID TO STATE BENEFICIARY						
General Fund						
In-Lieu-of-Sales Tax	\$11,981	\$14,402	\$13,264	\$13,421	\$12,482	\$12,983
Net Proceeds	60,025	74,410	66,445	69,130	57,833	61,463
Unclaimed Prizes	10,727	10,968	12,257	12,156	11,151	10,521
Unclaimed Prizes Held in Trust for State						
Compulsive Gambling from Prize Fund	1,752	1,606	1,519	2,236	2,236	2,236
Total General Fund	84,486	101,387	93,485	96,943	83,701	87,203
Envir. and Natural Resources Fund						
Net Proceeds	40,017	49,607	44,297	46,087	38,555	40,975
Unclaimed Prizes						
Total Envir and Natural Resources Fund	40,017	49,607	44,297	46,087	38,555	40,975
Game and Fish Fund						
Net Proceeds	15,738	18,918	17,423	17,630	16,395	17,055
Natural Resources Fund	15,738	18,918	17,423	17,630	16,395	17,055
TOTAL PAID TO STATE BENEFICIARY	\$155,978	\$188,829	\$172,629	\$178,289	\$155,047	\$162,287
	23.33%	23.50%	23.32%	23.81%	22.26%	22.40%