

Minutes of the Lottery Advisory Commission
April 11, 2025, Meeting

A meeting of the Lottery Advisory Commission (Commission) was held from 7:31 a.m. to 7:56 a.m. on April 11, 2025, at the North Dakota Lottery Office.

Chairman Mike Rud attended in person. Representative Karla Rose Hanson, Senator Jeff Barta, Representative Emily O'Brien, and Mr. Russ Hanson participated in the meeting remotely.

Representing the North Dakota Lottery (Lottery) were Mr. Randy Miller, interim director; Mr. Ryan Koppy, sales and marketing manager; Mr. Matt Anderson, account budget specialist; and Ms. Jessica Seibel, administrative assistant II. Mr. Mark Rauhauser, customer service specialist, and Mr. Scott Tarno, customer service specialist, joined remotely.

Representing Scientific Games were Dan Moran, general manager of North Dakota and Zach Monat, sr. director-lottery systems, both joined remotely.

Approval of Minutes

Commissioner Russ Hanson made a motion to approve the minutes of the December 3, 2024, meeting. Commissioner Barta seconded the motion. The motion passed 5-0.

Commissioner Barta made a motion to approve the minutes of the January 30, 2025, meeting. Commissioner O'Brien seconded the motion. The motion passed 5-0.

Proposed Administrative Rule Changes

Mr. Miller presented this section.

1. A February 6, 2025, notification of a public hearing and availability of proposed rules was publicized during February 11 – February 21, 2025, in all North Dakota newspapers that are qualified to publish any public notice. A copy of the proposed rules was provided to each member of the Lottery Advisory Commission and the chairman of the Administrative Rules Committee. Copies of the proposed rules were available at the public hearing, the Lottery's office, Lottery's website, and to the public on request. A terminal message was sent to retailers, in addition a memo was mailed to retailers from the Lottery Director explaining in more detail the proposed rule changes.

2. The North Dakota Lottery conducted a public hearing on March 21, 2025, in Bismarck. Nobody attended the hearing.

3. The comment period ended April 2, 2025...below are the comments submitted.

North Dakota Lottery submitted:

Subsection 11 of section 10-16-03-08.1 Pick & Click online play.

If the prize winner of an online play game with a value of \$600 or greater does not complete a prize claim form, the unclaimed prize will be retained by the lottery until such time the player submits a prize claim form.

North Dakota Lottery requested to delete subsection 11 of section 10-16-03-08.1 because this will no longer apply after the conversion of the lottery gaming system. After conversion, the unclaimed prize of a Pick & Click winner will expire 180 days after the date of the draw. Multi-State Lottery Association (MUSL) confirmed prize claims shall be submitted within the 180 days.

CHANGE REQUESTED

~~If the prize winner of an online play game with a value of \$600 or greater does not complete a prize claim form, the unclaimed prize will be retained by the lottery until such time the player submits a prize claim form.~~

Subsection 2 of section 10-16-08-05 Random multiplier, frequency and odds.

The multiplier shall print directly on a ticket or be applied on each Pick & Click online play. Multipliers may repeat due to frequency and limited multiplier levels.

North Dakota Lottery requested to add the language “sold by a retailer” to clarify the multiplier shall print directly on a ticket sold by a retailer.

CHANGE REQUESTED

The multiplier shall print directly on a ticket sold by a retailer or be applied on each Pick & Click online play. Multipliers may repeat due to frequency and limited multiplier levels.

Subdivision a of subsection 2 of section 10-16-08-05 Random multiplier, frequency and odds.

Multi-draw tickets will receive the same multiplier for a play for the duration of the draws purchased.

North Dakota Lottery requested to add the language “from a retailer” to clarify that multi-draw tickets purchased from a retailer will receive the same multiplier for a play for the duration of the draws purchased.

CHANGE REQUESTED

Multi-draw tickets will receive the same multiplier for a play for the duration of the draws purchased from a retailer.

(Proposed amendments attached.)

Consideration of Written and Oral Comments

Commissioner Russ Hanson made a motion that the Commission considered all written and oral comments received. Commissioner O’Brien seconded the motion. The motion passed 5-0.

Final Approval of Proposed Administrative Rule Changes

Commissioner Karla Rose Hanson made a motion for final approval of the proposed administrative rule changes, including any changes related to written and oral comments received. Commissioner Barta seconded the motion. The motion passed 5-0.

Overview of Financial Information (Unaudited)

Mr. Anderson presented revenues and expenses for the quarter ended December 31, 2024, and January-March 2025 sales.

Total ticket sales for the quarter ended December 31, 2024, decreased \$2,003,576 or 20.36% compared to same period in 2023. Total operating expenses for the quarter ended December 31, 2024, decreased \$1,570,223 or 21.53% compared to same period in 2023. Prize expense decreased \$1,136,533 or 21.73%, retailer commissions and bonuses decreased \$104,685 or 22.79%, and contractual services expense decreased \$295,537 or 33.19%. The reason for the decrease in total ticket sales was the Powerball jackpot reached \$1.76 billion in 2023 compared to \$478 million in 2024; The Lotto America jackpot reached \$3.5 million in 2023 compared to \$19.4 million in 2024; and the 2by2 7-draw promotion improved 2by2 sales in 2023 vs. a less successful Cash Dash promo in 2024.

Total ticket sales for the quarter ended March 31, 2025, compared to same period in 2024 decreased \$3,408,968 or 36.25%. The reason for the decrease in total ticket sales was that the Powerball jackpot reached \$951 million in 2024 compared to \$526 million in 2025; The Mega Millions jackpot reached \$1.13 billion in 2024 compared to \$344 million in 2025; and the lower jackpots in Powerball and Mega Millions in 2025, directly impacted the decrease in Lucky 4 Life sales in 2025.

Marketing Activity and Short-Term Marketing Plans

Mr. Koppy presented an overview of marketing activity and short-term marketing plans.

Players Club

The North Dakota Lottery Players Club currently has 61,226 registered members. In March, there were 2,882 unique monthly active users with activity or funded an account, purchased, or entered tickets in the Club.

Several Points for Drawings (PFD) prizes were given to players in recent promotions. On December 4, 2024, five winners received At Home Spa Bundles, two winners received Home Office Upgrade Packages, and one winner received the Biking Adventure Package. On January 8, 2025, five winners received Organized Pantry Bundles. On February 5, 2025, five winners received Gifts for Her Bundles, five winners received Gifts for Him Bundles, two winners received Google Pixel Bundles, and two winners received Apple Tech Bundles. On March 5, 2025, five winners received Amazon Home Essentials Bundles, five winners received Gaming Essentials Bundles, and one received a Drone Starter Pack for Two. On April 2, 2025, five winners received Stanley Favorites Bundles, five winners received Marathon Madness Packages, two winners received "A Day At The Lake" Bundles, and two winners received "Grill Game Strong" Packages.

Six PFD promotions are currently in progress: ten \$1,000 Cash and NASCAR Powerball Playoff™, two Hot Tub Party Packages, two Pizza Party Packages, ten Free 10 weeks Mega Millions Pick & Click, ten Free 13 Weeks Powerball/Power Play Pick & Click, and one MADJAX E4 Golf Cart. Upcoming PFD promotions are Drone Kit Bundles and “Feel the Beat” with JBL Bundles. Currently, all new membership signups receive a 250-point signup bonus.

Lottery Promotions

Cash Dash ran November 3 through November 30, 2024. Qualifying purchase: one of each of the Lottery’s games with multipliers (Powerball with Power Play, Mega Millions with Megaplier, Lotto America with All Star Bonus, Lucky for Life and 2by2) for \$11, had a chance to instantly win \$5, \$20, \$100 or \$500. Cash Dash instant winners were chosen at random. Budgeted Costs were \$40,000 in instant prizes and \$95,000 in advertising costs. Total all game sales reached \$2,151,147 and approximately \$549,000 in Cash Dash promotional sales. Total game sales, when compared to comparable jackpot sales, saw a 6.0% increase in sales. Players won \$34,770 in instant prizes, including twenty-nine (29) \$100 prizes and nine (9) \$500 prizes. Total advertising expenses: \$94,807.54.

The Pick & Click online play promotion, *Never Miss A Draw*, ran December 1 through December 31, 2024. All purchases of 13 weeks, 26 weeks, 39 weeks, or 52 weeks received up to a 10% discount. Advertising and Discount expenses were budgeted at \$20,000 and \$8,000 respectively. Total advertising billed was \$19,993.60. Total eligible sales reached \$52,985. Players saved \$5,318 in discounts.

Website Update/Refresh

The North Dakota Lottery is working with Odney to update the website with a refreshed look. Along with the website update, an overall North Dakota Lottery branding update is underway. This is not a full-scale rebranding effort. All branding and website refresh collateral will not launch until September 28, 2025.

Long-Term Marketing Plan Prior to Conversion (January 2025 – June 2025)

Due to the ongoing online gaming vendor conversion coming in September 2025, all retailer and Pick & Click online play promotions will be on hold. Points for Drawings promotions will continue as usual. The tentative plan for market research/survey in late 2024/early 2025 has been postponed until late 2025/early 2026.

2025 Benefactor Branding Campaign Plan

As all other lottery jurisdictions have a cause that their efforts benefit, since its inception, the ND Lottery has never been able to show to the ND public how playing the ND Lottery benefits all who live in, work in and visit the great state of North Dakota. A majority of ND Lottery revenue is transferred to the State General Fund. Recently, the appropriated dollars transferred to the Multijurisdictional Drug Task Force Fund was increased to \$1 Million per year (\$250,000 per quarter). Since 2008, the ND Lottery has transferred over \$10 Million to the Multijurisdictional Drug Task Force Fund. Discussions with the ND Bureau of Criminal

Investigation have given the ND Lottery insight into how this yearly transfer funds the operational aspects of the Task Force: specialized training, rent, equipment, protective gear, and vehicles. Without the Lottery funds, the eleven (11) Drug Task Force jurisdictions could not operate. The ND Lottery, in conjunction with its ad agency (Odney) and assistance from the Bureau of Criminal Investigation, plan to conduct a Benefactor Branding Campaign. Initial concepts are being drafted, but thoughts are to inform ND Lottery players that not only does buying a ticket give them a chance to win a life-changing amount of money, but players also help fight crime. The Bureau of Criminal Investigation and the Drug Task Forces work to “Identify, Disrupt, and Dismantle” local and state drug rings. Players, by proxy, assist in this work. As of April 2, 2025, the Lottery is working on the TV scripts that are nearly ready for presentation to AG Wrigley.

Current working timeline is as follows:

- Initial TV Concepts: 4/11/25
- Moodboards Due: 4/17/25
- ND Lottery Review/Approval: 4/18/25
- Video Shoot: Mid-to-late April 2025
- All Materials Due to Vendors: 5/15/25
- Media Start Date: 5/19/25

Mega Millions Game Change Effective April 5, 2025, Update

Sales for the new \$5 Mega Millions game began April 5, 2025, with first drawing held on April 8, 2025. Initial comparisons are promising (Saturday – Tuesday Sales).

Tuesday, April 1, 2025, drawing (\$2 Game + \$1 extra for Megaplier)

- Advertised Jackpot: \$29 Million
- Sales: \$34,824
- # of Plays Sold: 13,779
- # of Prize Wins: 587 (17 Match 3+0 Winners) \$10 x 17 winners = \$170
- 8 Match 3+0 Winners with 2X Megaplier \$20 x 8 winners = \$160
- Total of \$330 in winnings of the highest Matched prize (Match 3+0; \$10 base prize)
- \$ Won: \$3,270
- Average Prize Win: \$5.57

Tuesday, April 8, 2025, drawing (\$5 Game, built-in multiplier)

- Advertised Jackpot: \$54 Million
- Sales: \$77,800 (123.41% increase)
- # of Plays Sold: 12,890 (6.45% decrease)
- # of Prize Wins: 538 (8.35% decrease) 17 Match 3+0 Winners in total (X2: \$20 x 7 winners = \$140), (X3: \$30 x 3 winners = \$90), (X4: \$40 x 5 winners = \$200), (X5: \$50 x 1 winner = \$50), (X10: \$100 x 1 winner = \$100). Total of \$480 in winnings of the

highest Matched prize (Match 3+0; \$10 base prize) which is a 45.45% increase in Match 3+0 prize winnings, even though there was a 32% decrease in the number of Match 3+0 prize wins.

- \$ Won: \$9,666 (195.6% increase)
- Average Prize Win: \$18.62 (234.29% increase)
- *NOTE: Multiplying # of Plays Sold by \$5 is not equal to “Sales.” Sales include plays for future draws (eligible for draws beyond April 8), while the number of Plays Sold are plays eligible for current (April 8) draw only.

Additional Business

Interim Director, Randy Miller informed the Commission that applications are still being reviewed for the ND Lottery Director position. He anticipates serving as interim director through April and possibly May.

Adjournment

Commissioner Russ Hanson made a motion to adjourn the meeting. Commissioner O’Brien seconded the motion. The motion passed 5-0. The meeting was adjourned at 7:56 a.m.