

Subject State Lottery

Authors Joy

Analyst Colbey Sullivan

Date March 10, 2025

Overview

This bill modifies the eligibility criteria that the Minnesota State Lottery must use when contracting with lottery ticket retailers. It clarifies that the lottery must conduct national background checks for retailers, and provides that when contracting with any retailer that is not a sole proprietorship, certain eligibility criteria apply only to the retailer's officers, directors, and owners who actually oversee the sale of lottery ticket.

Summary

Section	Description
1	<p>Responsible lottery official.</p> <p>Defines this term for purposes of the lottery's retailer eligibility criteria and contract cancellation/suspension/refusal conditions, which are modified in sections 2 and 3. For retailers that are not organized as sole proprietorships, "responsible lottery officials" would be limited to those officers, directors, or owners that oversee lottery ticket sales.</p>
2	<p>Qualifications.</p> <p>Establishes separate but parallel eligibility criteria for retailers that are sole proprietorships versus those retailers that are organized as a firm, partnership, or corporation. Clarifies that the lottery's retailer background checks must include other jurisdictions outside of Minnesota. Provides that for retailers that are not sole proprietors, the disqualifying conditions based on age, tax delinquency, convictions, familial relationships with lottery staff, etc., apply only to those employees that satisfy the definition of "responsible lottery officials," as defined in section 1.</p>
3	<p>Cancellation, suspension, and refusal to renew contracts or locations.</p> <p>Provides that the conviction criteria for which the lottery must cancel, suspend, or refuse to renew a retailer contract applies only the retailer's "responsible lottery officials," as defined in section 1, when the retailer is not a sole proprietorship. Modifies the crimes for which the lottery may suspend or terminate a retailer's</p>

Section	Description
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	contract from fraud, misrepresentation, and deceit to any crime involving fraud or misrepresentation, or any gambling-related offense.
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**Auto Repair / Towing
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SINCE 1966

Date: March 11, 2025

Chair Nash & Members of State Government Finance and Policy Committee
Re: HF 1867 – State lottery; retailer contract provisions modified

Greetings Mr. Chair and Members of the committee,

As Executive Director of the Minnesota Service Station & Convenience Store Association (MSSA) I am writing on behalf of our support of HF 1867. This bill provides clarification regarding which individuals, regardless of store size, are responsible for providing oversight of Minnesota Lottery tickets and must complete new FBI Background checks.

The language also clarifies for many of my members from small retail establishments which employees need a background check. This bill also makes it clear that employees without a connection to lottery ticket sales will not be required to have a background check.

This proposal mandates background checks for individuals authorized by retailers to oversee lottery sales in Minnesota. This bill also creates a new class of officers, directors and owners called "Responsible Lottery Officials" and clarifies their responsibilities.

Thank you for your consideration,


Lance Klatt
Executive Director

Minnesota Service Station & Convenience Store Association



MINNESOTA GROCERS ASSOCIATION

1360 Energy Park Drive, Suite #110 • St. Paul, MN 55108 • 651-228-0973 • 1-800-966-8352 • www.mngrocers.com

March 11, 2025

Chair Nash and Members of the House State Government Finance and Policy Committee:

The Minnesota Grocers Association (MGA) thanks you for the opportunity to express our support for the proposed changes to the lottery background check requirements in HF1867 (Joy) that would bring clarity to the process of identifying which officers, directors, or owners of lottery retailers are required to undergo an FBI background check.

Minnesota has a unique culture of hundreds of hometown grocers and convenience stores, many of whom are independent, multi-generational, and locally owned. The MGA has been representing Minnesota's food industry for over 125 years and today totals over 300-member companies with over 1,300 locations statewide, which includes food producers, manufacturers, brokers, and wholesalers. Our industry provides over 150,000 jobs in the state.

The MGA believes that this bill will help simplify the regulatory landscape for retailers, making it easier to comply with the law while maintaining appropriate oversight of Minnesota Lottery operations. The changes proposed in HF1867 are a clear step toward supporting both the retail industry and the state's lottery system.

- **Clarification of Requirements:** The bill clearly outlines which individuals—officers, directors, or owners—who have oversight of Minnesota Lottery ticket sales will be required to complete an FBI background check. This will eliminate confusion and ensure compliance.
- **New Definition of "Responsible Lottery Officials":** By defining a specific class of individuals the bill ensures that only those with direct oversight of ticket sales are subject to background checks, making the process more focused and efficient.
- **Reduced Regulatory Burden:** This bill reduces the regulatory burden on retailers by defining who needs a background check. It ensures that individuals without direct involvement in lottery ticket sales are not unnecessarily subjected to background checks.
- **Targeted Background Checks:** By ensuring that background checks are conducted only on those authorized to oversee lottery ticket sales, the bill makes the process more efficient while protecting the integrity of Minnesota's lottery system.

We strongly encourage your support for HF1867 and look forward to working with you to help move this important legislation forward. Thank you for your time and consideration.

Sincerely,

Steve Barthel
Director of Government Relations
Minnesota Grocers Association

Finding	Remediation	Responsible	Target Date	Status
Finding 1. Since early 2023, the Minnesota State Lottery has not verified that retailers have not been convicted of disqualifying crimes.	HF 1867 and SF 1891 introduced and on track to meet deadlines. Stakeholder meetings ongoing.	Adam Prock Ben Freedland	19-May-25	In Progress
Finding 2. The Minnesota State Lottery permitted retailers with expired contracts to continue selling lottery tickets, in violation of requirements in state law.	All retailers are in compliance as of Jan. 15.	Vicki Holets Ben Freedland	Complete	Complete
Finding 3. The Minnesota State Lottery did not comply with Minnesota Rules when it declined to charge retailers for lost and stolen scratch game tickets.	Rulemaking started (Revisor ID Number R-04925). Request for Comment published and approved Additional Notice Plan completed March 2025.	Ben Freedland	1-Sep-25	In Progress
Finding 4: The Minnesota State Lottery did not always audit and review unauthorized access and access attempts in accordance with its policy.	Confirmed with OLA on May 15, 2024. Security conducts monthly badge audits.	Vicki Janssen	Complete	Complete
Finding 5: Minnesota State Lottery third-party security guards did not follow documented procedures to record the issuance of a temporary security guard badge.	One-time incident. policies and procedures reviewed. Issue remediated.	Vicki Janssen	Complete	Complete
Finding 6: The Minnesota State Lottery has not performed an annual review of all access granted to employees, as required by policy.	Conducting annual review of every employee's access. A role will be assigned to each employee to implement role-based access for future reviews.	Sue Nelson	30-Jun-25	In Progress
Finding 7: The Minnesota State Lottery did not have adequate separation of duties among key Information Technology administrators.	Working with new Infrastructure Manager and IAM specialist to implement role-based access, removal of global admins and documenting roles that align with separation of duties.	Sue Nelson	30-Jun-25	In Progress
Finding 8: The Minnesota State Lottery's implemented password requirements do not comply with its policy.	Reviewed password policies and technical controls and confirmed that all password requirements comply with written policy.	Sue Nelson	Complete	Complete
Finding 9: The Minnesota State Lottery's vulnerability and configuration management program does not meet best practices.	Developing playbook and reviewing updated policy.	Sue Nelson	30-Jun-25	In Progress
Finding 10. The Minnesota State Lottery has not adequately documented, and has not tested or trained staff on, its procedures to respond to a significant incident.	Scheduling drill dates after planning meeting on March 19, 2025.	Vicki Janssen Sue Nelson	30-Jun-25	In Progress
Finding 11: In their survey responses, many Minnesota State Lottery employees indicated concerns about the Lottery's workplace culture.	Identifying through MMB vendor to conduct employee survey.	Adam Prock Mary Babaya	30-Jun-25	In Progress

Date Updated: 3/10/25