

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 2502**

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DATE  
03/14/2019

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Introduction and first reading  
Referred to State Government Finance and Policy and Elections

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to the state lottery; establishing a K12 lottery game; creating the K12  
1.3 lottery game fund and requiring deposit of the net proceeds in the school  
1.4 endowment fund; amending Minnesota Statutes 2018, sections 127A.32; 349A.04;  
1.5 349A.10, subdivisions 1, 5, by adding subdivisions.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2018, section 127A.32, is amended to read:

1.8 **127A.32 SCHOOL ENDOWMENT FUND; DESIGNATION.**

1.9 For the purpose of aid to public schools, a school endowment fund is established.

1.10 The school endowment fund shall consist of the income from the permanent school fund  
1.11 and deposits from the K12 lottery game fund. The commissioner may accept for and on  
1.12 behalf of the permanent school fund a donation of cash, marketable securities, or other  
1.13 personal property. A noncash donation, other than a donation of marketable securities, must  
1.14 be disposed of for cash as soon as the commissioner can obtain fair market value for the  
1.15 donation. Marketable securities may be disposed of at the discretion of the State Board of  
1.16 Investment consistent with sections 11A.16 and 11A.24. A cash donation and the cash  
1.17 receipts from a donation disposed of for cash must be credited immediately to the permanent  
1.18 school fund. Earnings from marketable securities are earnings of the permanent school fund.

1.19 Sec. 2. Minnesota Statutes 2018, section 349A.04, is amended to read:

1.20 **349A.04 LOTTERY GAME PROCEDURES.**

1.21 (a) The director may adopt game procedures governing the following elements of the  
1.22 lottery:

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

2.6 (b) The director shall adopt or designate a scratch ticket game which will be identified  
2.7 as the "K12 lottery game."

2.8 (c) The adoption of lottery game procedures is not subject to chapter 14.

2.9 Sec. 3. Minnesota Statutes 2018, section 349A.10, subdivision 1, is amended to read:

2.10 Subdivision 1. **State lottery fund.** The director shall establish a lottery fund outside the  
2.11 state treasury, consisting of the gross revenues of the lottery and all other money credited  
2.12 or transferred to it by law, except for money set aside and deposited in the lottery prize fund  
2.13 under subdivision 2 and the K12 lottery game fund under subdivision 2a.

2.14 Sec. 4. Minnesota Statutes 2018, section 349A.10, is amended by adding a subdivision to  
2.15 read:

2.16 Subd. 2a. **K12 lottery game fund.** (a) The director shall establish a K12 lottery game  
2.17 fund outside the state treasury. The fund consists of the proceeds of the K12 lottery game  
2.18 and all interest earned thereon.

2.19 (b) The director shall deposit in the lottery prize fund, from gross receipts from the sale  
2.20 of the K12 lottery game, an amount sufficient to pay lottery prizes from the lottery prize  
2.21 fund according to the provisions of subdivision 2.

2.22 (c) The director shall deposit in the lottery operations account, from gross receipts from  
2.23 the sale of the K12 lottery game, an amount equal to the pro rata share of operating expenses.

2.24 Sec. 5. Minnesota Statutes 2018, section 349A.10, subdivision 5, is amended to read:

2.25 Subd. 5. **Deposit of net proceeds.** Within 30 days after the end of each month, the  
2.26 director shall deposit in the state treasury the net proceeds of the lottery, other than the  
2.27 proceeds of the K12 lottery game fund, which is the balance in the lottery fund after transfers  
2.28 to the lottery prize fund and credits to the lottery operations account. Of the net proceeds,  
2.29 40 percent must be credited to the Minnesota environment and natural resources trust fund  
2.30 and the remainder must be credited to the general fund.

3.1 Sec. 6. Minnesota Statutes 2018, section 349A.10, is amended by adding a subdivision to  
3.2 read:

3.3 Subd. 5a. **Deposit of net K12 lottery game proceeds.** Semiannually, on the last Monday  
3.4 in February and August in each year, the director shall deposit 40 percent of the net proceeds  
3.5 of the K12 lottery game fund, which is the balance in the K12 lottery game fund after  
3.6 transfers to the lottery prize fund and credits to the lottery operations account, in the state  
3.7 treasury which must be credited to the Minnesota environment and natural resources trust  
3.8 fund. The remainder of the net proceeds of the K12 lottery game fund shall be deposited in  
3.9 the school endowment fund established under section 127A.32.