

Commissioners:

J. Winston Krause,
Chairman

Carmen Arrieta-Candelaria

Doug Lowe

Robert Rivera



TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Michael P. Farrell, *Charitable Bingo Operations Director*

To: J. Winston Krause, Chairman
Carmen Arrieta-Candelaria, Commissioner
Doug Lowe, Commissioner
Robert Rivera, Commissioner

From: Bob Biard, General Counsel 

Date: February 7, 2019

Re: Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §401.315 ("Mega Millions" Draw Game Rule) and 16 TAC §401.317 ("Powerball®" Draw Game Rule)

Attached are draft rules prepared for submission to the *Texas Register* to adopt amendments to 16 TAC §401.315 ("Mega Millions" Draw Game Rule) and 16 TAC §401.317 ("Powerball®" Draw Game Rule) with changes to the proposed text as published in the December 28, 2018, issue of the *Texas Register* (43 TexReg 8526 and 8534) (also attached). The purpose of the amendments is to facilitate the potential future sale of Mega Millions and Powerball® tickets using Commission-approved third-party point-of-sale systems (in-lane sales) by removing the requirement that the drawing date be printed on the ticket, updating language regarding a player's selection of a Quick Pick, and making other conforming and non-substantive changes, including a recent clarification by the Multi-State Lottery Association regarding cancellation of plays. These changes complement rule amendments adopted by the Commission in December 2017 that also facilitated in-lane sales, but ongoing product development has necessitated small, additional updates to the rule language. For clarity, a minor change was made to the Powerball rule definition of "Playslip" at §401.317(b)(10), to replace the term "Selling Lottery" with "commission".

In addition, all references to the "Winner Take All" feature, which will not be implemented, have been removed from the Powerball rule.

The Commission received written comments on the proposed amendments from a representative of the Kickapoo Traditional Tribe of Texas, and in response changed the proposed undefined term "computer gaming system" in both rules to the existing defined term "Lottery gaming system" (in Sections 401.315(c)(3) and 401.317(c)(3)).

Recommendation: Staff recommends the Commission adopt the attached rule amendments to §401.315 ("Mega Millions" Draw Game Rule) and 16 TAC §401.317 ("Powerball®" Draw Game Rule).

1 The Texas Lottery Commission (Commission) adopts amendments to 16 TAC §401.315
2 ("Mega Millions" Draw Game Rule), with changes to the proposed text as published in the
3 December 28, 2018, issue of the *Texas Register* (43 TexReg 8526). The purpose of the
4 amendments is to facilitate the potential future sale of Mega Millions tickets using Commission-
5 approved third-party point-of-sale systems (in-lane sales) by removing the requirement that the
6 drawing date be printed on the ticket, updating language regarding a player's selection of a Quick
7 Pick, and making other conforming and non-substantive changes, including a recent clarification
8 by the Multi-State Lottery Association regarding cancellation of plays. These changes complement
9 rule amendments adopted by the Commission in December 2017 that also facilitated in-lane sales,
10 but ongoing product development has necessitated small, additional updates to the rule language.
11 The December 2017 rule amendment order noted that the term "third-party point-of-sale systems"
12 refers to the industry terminology used by traditional brick and mortar retailers, such as grocery
13 stores and chain retail stores, to describe their self-contained equipment that performs sales-related
14 tasks at the in-lane check-out counter. These point-of-sale systems are basically cash registers at
15 the checkout counter utilized by the retailers' sales clerks, or self-checkout terminals. A definition
16 of "third-party point-of-sale systems" is already included in the Commission's rules at 16 TAC
17 §401.301(50) and states these systems do not include any gambling device.

18 The Commission received written comments on the proposed amendments from a
19 representative of the Kickapoo Traditional Tribe of Texas.

20 COMMENT SUMMARY: The Tribe objects to the term "computer gaming system" in
21 proposed changes to Sections 401.315(c)(3) and 401.317(c)(3) regarding Play cancellations,
22 because this term is not defined in the Commission's rules. The Tribe suggests the Commission
23 instead should use the term "Lottery gaming system", which is defined in Commission Rule

1 401.301(24) as “The commission or commission’s vendor’s computer system consisting of
2 terminals, central processing equipment, and a communication network.”

3 COMMISSION RESPONSE: The Commission agrees with the comment and has made
4 this change to the adopted rules.

5 The rule amendments are adopted under the Texas Government Code §466.015, which
6 authorizes the Commission to adopt rules governing the operation of the lottery, and §467.102,
7 which authorizes the Commission to adopt rules for the enforcement and administration of the
8 laws under the Commission's jurisdiction.

9 The adopted amendments implement Texas Government Code, Chapter 466.
10 §401.315. "Mega Millions" Draw Game Rule.

11 (a) Mega Millions. The Multi-State Lottery Association ("MUSL") has entered into an Agreement
12 ("Cross-Sell Agreement") with those U.S. lotteries operating under an agreement to sell a draw
13 game known as Mega Millions ("Mega Millions Lotteries") to permit the MUSL Party Lotteries
14 who are members of the MUSL Mega Millions Product Group ("Product Group"), including the
15 Texas Lottery Commission (commission), to sell the Mega Millions lottery game. The purpose of
16 the Mega Millions game is the generation of revenue for Mega Millions Lotteries and Product
17 Group members participating under the Cross-Sell Agreement, through the operation of a specially
18 designed multi-jurisdiction lottery game that will award prizes to ticket holders matching specified
19 combinations of numbers randomly selected in regularly scheduled drawings. The Mega Millions
20 game is authorized to be conducted by the commission executive director (executive
21 director) under the conditions of the Cross-Sell Agreement, MUSL rules, the laws of the State of
22 Texas, this section, and under such further instructions, directives, and procedures as the executive
23 director may issue in furtherance thereof. In this regard, the executive director is authorized to

1 issue such further instructions and directives as may be necessary to conform the conduct and play
2 of the Mega Millions game to the requirements of the MUSL rules and the Cross-Sell Agreement,
3 if, in the opinion of the executive director, such instructions, directives, and procedures are in
4 conformance with state law. To be clear, the authority to participate in the Mega Millions game is
5 provided to the commission by MUSL through the Cross-Sell Agreement. The conduct and play
6 of the Mega Millions game must conform to the Product Group's Mega Millions game rules
7 ("MUSL MM Rules"). Further, if a conflict arises between this section and §401.304 of this
8 chapter, this section shall have precedence. In addition to other applicable rules contained in
9 Chapter 401, this section and definitions herein apply unless the context requires a different
10 meaning or is otherwise inconsistent with the intent of the MUSL MM Rules adopted by the
11 Product Group.

12 (b) Definitions. In addition to the definitions provided in §401.301 of this subchapter (relating to
13 General Definitions), and unless the context in this section otherwise requires, the following
14 definitions apply.

15 (1) "Agent" or "retailer" means a person or entity authorized by the commission to sell
16 lottery Plays.

17 (2) "Drawing" refers collectively to the formal draw event for randomly selecting the
18 winning numbers that determine the number of winning Plays for each prize level of the Mega
19 Millions game and Megaplier Promotion.

20 (3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket
21 produced in a manner that meets the specifications defined in the MUSL rules or the rules of each
22 Selling Lottery, and is a physical representation of the Play or Plays sold to the player as described
23 in subsection (g) of this section (Ticket Validation).

(4) "Just the Jackpot™ Play" ("JJ Play") shall refer to a wager purchased which includes two (2) Plays as part of the Just the Jackpot Promotion as described in subsection (l) of this section.

(5) "Megaplier Plays" shall refer to Plays purchased as part of the Megaplier Promotion described in subsection (k) of this section.

(6) "Mega Millions Lotteries" refers to those lotteries that have joined under the Mega Millions Lottery Agreement and that have entered into the Cross-Sell Agreement with MUSL for the selling of the Mega Millions game by the Product Group. "Mega Millions Finance Committee" refers to a Committee of the Mega Millions Lotteries that determines the Grand Prize amount (cash value option and annuity).

(7) "Mega Millions Plays" ("MM Plays") shall refer to Plays purchased as part of the Mega Millions game, but shall not include JJ Plays or Megaplier Plays.

(8) "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the MUSL Party Lotteries.

(9) "MUSL Board" means the governing body of the MUSL, which is comprised of the chief executive officer of each Party Lottery.

(10) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that has joined MUSL and, in the context of the Product Group rules, has joined in selling the games offered by the Product Group. "Selling Lottery" or "Participating Lottery" shall mean a state lottery or lottery of a political subdivision or entity that is participating in selling the Mega Millions game and that may be a member of either the Product Group or the Mega Million Lotteries.

(11) "Play" means a set of six (6) numbers, the first five (5) from a field of seventy (70) numbers and the last one (1) from a field of twenty-five (25) numbers, that appear on a ticket and are to be played by a player in the game. As used in this section, unless otherwise indicated, "Play"

1 includes both Mega Millions Plays ("MM Plays") and Just the Jackpot Plays ("JJ Play").
2 "Megaplier Plays" are separately described in subsection (k) of this section.

3 (12) "Playslip" means a physical or electronic means by which a player communicates their
4 intended Play selection to the retailer as defined and approved by the commission. A playslip has
5 no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

6 (13) "Prize" means an amount paid to a person or entity holding a winning ticket. The terms
7 "Grand Prize" or "Jackpot" may be used interchangeably and shall refer to the top prize in the
8 Mega Millions game. "Advertised Grand Prize" or "Advertised Jackpot" shall mean the estimated
9 annuitized Grand Prize amount as determined by the Mega Millions Finance Committee and
10 communicated through the Selling Lotteries prior to the next Mega Millions Drawing. The
11 Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may
12 vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize
13 amount as described in subsection (f)(1) of this section.

14 (14) "Product Group" means the MUSL Party Lotteries who are members of the MUSL
15 Mega Millions Product Group and who offer the Mega Millions game product pursuant to the
16 terms of the Cross-Sell Agreement between MUSL and the Mega Millions Lotteries, and in
17 accordance with the Multi-State Lottery Agreement and the MUSL MM Rules.

18 (15) "Set Prize" or "low-tier prize" means all other prizes, except the Grand Prize and,
19 except in instances outlined in this section, or the MUSL MM Rules, will be equal to the prize
20 amount established by the MUSL Board for the prize level.

21 (16) "Terminal" means a device authorized by the commission for the purpose of issuing
22 Mega Millions game tickets and as defined in §401.301 (General Definitions) of this chapter.

1 (17) "Winning Numbers" means the indicia or numbers randomly selected during a
2 Drawing event which shall be used to determine the winning Plays for the Mega Millions game
3 contained on a game ticket.

4 (c) Game Description. Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-
5 five (25) lottery game drawn on the day(s), time(s) and location(s) as determined by the Mega
6 Millions Lotteries, and which pays the Grand Prize, at the election of the player made in
7 accordance with this section, or by a default election made in accordance with this section, either
8 on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate
9 determined by the Mega Millions Finance Committee on a pari-mutuel basis. Except as provided
10 in this section, all other prizes are paid on a single payment basis. During the Drawing event, five
11 (5) numbers shall be drawn from the first set of seventy (70) numbers, and one (1) number shall
12 be drawn from the second set of twenty-five (25) numbers, which shall constitute the Winning
13 Numbers.

14 (1) Mega Millions Play. To play Mega Millions, a player shall select (or request a Quick
15 Pick) five (5) different numbers, from one (1) through seventy (70) and one (1) additional number
16 from one (1) through twenty-five (25). The additional number may be the same as one of the first
17 five numbers selected by the player. MM Plays can be purchased for two dollars (U.S. \$2.00),
18 including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a
19 lottery Play. Plays may be purchased from a Party Lottery approved sales outlet in a manner as
20 approved by the Party Lottery and in accordance MUSL rules.

21 (2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the
22 validation requirements set forth in subsection (g) of this section. The submission of a winning
23 ticket to the commission or its authorized agent shall be the sole method of claiming a prize or

1 prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of Play
2 purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize
3 value and shall not constitute evidence of Play purchase or of numbers selected.

4 (3) Cancellations Prohibited. In all instances, a Play recorded on the Lottery gaming system
5 may not be voided or cancelled by returning the ticket to the selling agent or to the commission,
6 including tickets that are misprinted, illegible, printed in error, or for any reason not successfully
7 transferred to an authorized selling entity or player. A Selling Lottery may develop an approved
8 method of compensating retailers for Plays that are not transferred to a player for a reason
9 acceptable to the Selling Lottery and not prohibited by the Mega Millions Product Group. No Play
10 that is eligible for a prize can be returned to the commission for credit. Plays accepted by retailers
11 as returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

12 (4) Player Responsibility. It shall be the sole responsibility of the player to verify the
13 accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is
14 done at the player's own risk through the licensed sales agent who is acting on behalf of the player
15 in entering the Play or Plays.

16 (5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal
17 keypad or touch screen, by means of a commission-approved playslip, or by such other means as
18 approved by the commission, including entry using authorized third-party point-of-sale ("POS")
19 systems. Retailers shall not permit the use of playslips that are not approved by the commission.
20 Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal
21 to enter Plays, except as approved by the commission. A ticket generated using a selection method
22 that is not approved by the commission is not valid. A selection of numbers for a Play may be
23 made only if the request is made in person. Acceptable methods of Play selection may include:

1 (A) using a self-service terminal;
2 (B) using a playslip;
3 (C) using a previously-generated "Mega Million" ticket provided by the player;
4 (D) selecting a Quick Pick;
5 (E) requesting a retailer to manually enter numbers; or
6 (F) using a QR code generated through a Texas Lottery Mobile Application offered
7 and approved by the commission.

8 (6) Maximum Purchase. The maximum number of consecutive drawings on a single Play
9 purchase is ten (10).

10 (7) Subscription sales. A subscription sales program may be offered, at the discretion of
11 the executive director.

12 (d) Mega Millions Prize Pool. The prize pool for all prize categories offered by the Party Lotteries
13 shall consist of up to fifty-five percent (55%) of each Drawing period's sales, inclusive of any
14 specific statutorily-mandated tax of a Party Lottery to be included in the price of a MM Play, and
15 inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher
16 or lower based upon the number of winning Plays at each prize level, as well as the funding
17 required to meet a guaranteed Annuity Grand Prize as may be required by subsection (f)(1) of this
18 section.

19 (1) Mega Millions Prize Pool Accounts and Prize Reserve Accounts. The Product Group
20 shall set the contribution rates to the Prize Pool and Prize Reserve Accounts established by this
21 section.

22 (A) The following Prize Reserve Account for the Mega Millions game is hereby
23 established: the Prize Reserve Account (PRA) which is used to guarantee the payment of valid,

1 but unanticipated, Grand Prize claims that may result from a system error or other reason, to fund
2 deficiencies in the Set-Aside Pool, and to fund pari-mutuel prize deficiencies as defined and
3 limited in subsections (d)(3)(A) and (k)(9)(B)(i) of this section.

4 (B) The following Prize Pool Accounts for the Mega Millions game are hereby
5 established:

6 (i) The Grand Prize Pool (GPP), which is used to fund the current Grand
7 Prize;

8 (ii) The Set Prize Pool (SPP), which is used the fund the Set Prizes. The
9 SPP shall hold the temporary balances that may result from having fewer than expected winners
10 in the Set Prize (aka low-tier prize) categories. The source of the SPP is the Party Lottery's weekly
11 prize contributions less actual Set Prize liability; and

12 (iii) The Set-Aside Pool (SAP), which is used to fund the payment of the
13 awarded minimum starting Annuity Grand Prizes and the minimum Annuity Grand Prize increase,
14 if necessary (subject to the limitations in this section or the MUSL MM Rules), as may be set by
15 the Product Group. The source of the SAP funding shall accumulate from the difference between
16 the amount in the Grand Prize Pool at the time of a Grand Prize win and the amount needed to
17 fund Grand Prize payments as determined by the Mega Millions Lotteries.

18 (C) The above Prize Reserve Account shall have maximum balance amounts or
19 balance limiter triggers that are set by the Product Group and are detailed in the *Comments* to
20 MUSL MM Rule 28. The maximum balance amounts and balance limit triggers are subject to
21 review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee
22 shall have two weeks to state objections, if any, to the approved maximum balance amounts or
23 balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall

1 become effective no sooner than two weeks after notice is given to the Finance and Audit
2 Committee and no objection is stated or sooner if the Committee affirmatively approves the
3 maximum balance amounts or balance limiter triggers. The Product Group may appeal the
4 Committee's objections to the full Board. Group approved changes in the maximum balance
5 amounts or balance limiter triggers set by the Product Group shall be effective only after the next
6 Grand Prize win.

7 (D) The contribution rate to the GPP from MM Plays shall be 37.6509% of sales.
8 An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily
9 mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a
10 Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool
11 and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of
12 the PRA is below the amounts designated by the Product Group. Details shall be noted in
13 the *Comments* to MUSL MM Rule 28.

14 (E) The Product Group may determine to expend all or a portion of the funds in the
15 prize pools (except the GPP) and the prize reserve accounts:

16 (i) for the purpose of indemnifying the Party Lotteries in the payment of
17 prizes to be made by the Selling Lotteries; and

18 (ii) for the payment of prizes or special prizes in the game, limited to prize
19 pool and prize reserve contributions from lotteries participating in the special prize promotion,
20 subject to the approval of the Board's Finance & Audit Committee or that Committee's failure to
21 object after given two weeks' notice of the planned action, which actions may be appealed to the
22 full Board by the Product Group.

(F) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(G) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for its full sales percentage share of the prize reserve account, whether or not it has been paid in full.

(H) Any amount remaining in the Mega Millions prize pool accounts or prize reserve accounts when the Product Group declares the end of the game shall be returned to the lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

(2) Expected Prize Payout Percentages. The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes awarded shall be paid as single payment prizes. All prize payouts are made with the following expected prize payout percentages, which does not include an additional amount held in prize reserves, although the prize payout percentages per draw may vary:

Figure: 16 TAC §401.315(d)(2)

Number of Matches Per MM Play	Prize Payment	MM Prize Pool Percentage Allocated to Prize
All five (5) of first set plus one (1) of second set.	Grand Prize	75.3018%*
All five (5) of first set and none of second set.	\$1,000,000	7.9319%

Any four (4) of first set plus one (1) of second set.	\$10,000	1.0742%
Any four (4) of first set and none of second set.	\$500.00	1.2889%
Any three (3) of first set plus one (1) of second set.	\$200.00	1.3749%
Any three (3) of first set and none of second set.	\$10.00	1.6498%
Any two (2) of first set plus one (1) of second set.	\$10.00	1.4436%
Any one (1) of first set plus one (1) of second set.	\$4.00	4.4752%
None of first set plus one (1) of second set.	\$2.00	5.4597%
<i>*MM Prize Pool percentage allocated to the Grand Prize shall be combined with JJ Prize Pool percentage allocated to the Grand Prize.</i>		

(A) The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Grand Prize.

(B) The SPP (for payment of single payment prizes of one million dollars (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

(3) Pari-mutuel Prize Determinations. Except as otherwise provided for in subparagraph (C) of this paragraph below:

(A) If the total of the Mega Millions Set Prizes (as multiplied by the respective Megaplier multiplier, if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set Prizes, including Megaplier prizes, awarded shall be drawn from the following sources, in the following order:

(i) the amount available in the SPP and the Megaplier Prize Pool, if any;

(ii) an amount from the PRA, if available, not to exceed forty million dollars (\$40,000,000.00) per drawing.

(B) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes, including Megaplier prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize, including Megaplier prizes, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this section shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

(C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amount for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(4) Except as may be required by subsection (f)(1) of this section, the official advertised Grand Prize annuity amount is subject to change based on sales forecasts and/or actual sales.

(5) Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

(e) Probability of Winning Mega Millions Prizes. The following table sets forth the probability of winning and the probable distribution of winning Plays in and among each prize category for MM Plays, based upon the total number of possible combinations in Mega Millions.

Figure: 16 TAC §401.315(e)

Number of Matches Per MM Play	Probability Distribution		Probable/Set Prize Amount
	Winners	Probability	
All five (5) of first set plus one (1) of second set	1	1:302,575,350	Grand Prize
All five (5) of first set and none of second set	24	1:12,607,306	\$1,000,000.00
Any four (4) of first set plus one (1) of second set	325	1:931,001	\$10,000.00
Any four (4) of first set and none of second set	7,800	1:38,792	\$500.00
Any three (3) of first set plus one (1) of second set	20,800	1:14,547	\$200.00
Any three (3) of first set and none of second set	499,200	1:606	\$10.00
Any two (2) of the first set plus one (1) of second set	436,800	1:693	\$10.00
Any one (1) of the first set plus one (1) of the second set	3,385,200	1:89	\$4.00
None of the first set plus one (1) of second set	8,259,888	1:37	\$2.00
Overall	12,610,038	1:24.0	

(f) Mega Millions Prize Payment.

(1) Mega Millions Grand Prize. The prize money allocated from the current Mega Millions prize pool for the Grand Prize, plus any previous portions of prize money allocated to the Grand Prize category in which no matching MM Plays or JJ Plays were sold will be divided equally among all Grand Prize winning MM Plays and JJ Plays in all Participating Lotteries. The Annuity

Grand Prize amount will be paid in thirty (30) graduated annual installments. Grand Prizes won shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions Lotteries. The Mega Millions Lotteries may set a minimum guaranteed annuitized Grand Prize amount that shall be advertised by the Selling Lotteries as the starting guaranteed annuitized Grand Prize amount. At the time of ticket purchase, a player must select a payment option of either a single cash value payment or annuitized payments of a share of the Grand Prize if the Play is a winning Play. A player's selection of the payment option at the time of purchase from the commission is final and cannot be revoked, withdrawn, or otherwise changed. If no selection is made, payment option will be as described in the chart below:

Figure: 16 TAC §401.315(f)(1)

Terminal Type	Manual Entry	Playslip with No Payment Option Selected
GT1200 (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
GT1200C (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
Gemini (Self-service Terminal)	CVO only - designated on on- line game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
Third-party POS systems	CVO only – Quick Pick selections through authorized third-party POS systems.	N/A

1 (2) Mega Millions Prize Rollover. If in any Mega Millions Drawing there are no MM Plays
2 or JJ Plays that qualify for the Grand Prize category, the portion of the prize fund allocated to such
3 Grand Prize category shall remain in the Grand Prize category and be added to the amount
4 allocated for the Grand Prize category in the next consecutive Mega Millions Drawing.

5 (3) A player(s) who elects a cash value option payment shall be paid his/her share(s) in a
6 single cash payment upon completion of validation procedures determined by the commission.
7 The cash value option amount shall be determined by the Mega Millions Lotteries.

8 (4) All annuitized prizes shall be paid annually in thirty (30) graduated annual installments
9 upon completion of validation procedure determined by the commission. The initial payment shall
10 be paid upon completion of the validation procedures and the subsequent twenty-nine (29)
11 payments shall be paid annually to coincide with the winning draw date, and shall escalate by a
12 factor of 5% annually. Prize payments may be rounded down to the nearest one thousand dollars
13 (\$1,000) increment. The annuitized option prize shall be determined by multiplying the winning
14 Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas
15 law and the rules of the Texas Comptroller of Public Accounts.

16 (5) If individual shares of the Grand Prize Pool funds held to fund an annuity is less than
17 \$250,000.00, the Product Group, in its sole discretion, may elect to pay the winners their share of
18 the cash held in the Grand Prize Pool.

19 (6) Funds for the initial payment of an annuitized prize or the lump sum cash value option
20 payment shall be made available by MUSL for payment by the Party Lottery on a schedule
21 approved by the Product Group. If necessary, when the due date for the payment of a prize occurs
22 before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds
23 for the payment of the full cash value option payment amount may be delayed pending receipt of

1 funds from the Party Lotteries or other lotteries participating in the Mega Millions game. A Party
2 Lottery may elect to make the initial payment from its own funds after validation, with notice to
3 MUSL.

4 (7) Payment of Prize Payments upon the Death of a Prize Winner. In the event of the death
5 of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to
6 Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments
7 will be made to the estate of a deceased prize winner in accordance with Texas Government Code
8 §466.406.

9 (8) Prize Payments. All prizes shall be paid through the Selling Lottery that sold the
10 winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash
11 or warrants in accordance with Texas statutes and these rules. A Selling Lottery may begin paying
12 low-tier cash prizes after receiving authorization to pay from the MUSL central office.

13 (9) Prizes Rounded. Annuitized payments of the Grand Prize or a share of the Grand Prize
14 may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an
15 annuitized Grand Prize win shall be added to the first payment to the winner or winners. Prizes
16 other than the Grand Prize, which, under this section, may become single-payment, pari-mutuel
17 prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage
18 resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

19 (10) Limited to Highest Prize Won. The holder of a winning MM Play may win only one
20 (1) prize per Play in connection with the Winning Numbers drawn, and shall be entitled only to
21 the prize won by those numbers in the highest matching prize category. A JJ Play is not eligible to
22 win non-Grand Prize category prizes. All liabilities for a Mega Millions prize are discharged upon
23 payment of a prize claim.

(11) Claim Period. Prizes must be claimed no later than 180 days after the draw date, or in accordance with Texas Government Code §466.408(e).

(g) Ticket Validation.

(1) To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the requirements established by the commission for validation of winning Plays sold through the computer gaming system, as well as any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for Plays or tickets that are altered in any manner.

(2) Under no circumstances will a claim for any prize be paid without an official Mega Millions ticket issued as authorized by the commission and matching all game Play, serial number and other validation data residing in the commission's computer gaming system and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.

(3) In addition to the above, in order to be deemed a valid, winning Mega Millions Play, all of the following conditions must be met:

(A) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the applicable drawing date(s);

(B) The ticket must be intact;

(C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner;

(D) The ticket must not be counterfeit or an exact duplicate of another winning ticket;

(E) The ticket must have been issued by an authorized sales agent on official Texas Lottery paper stock or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game;

(F) The ticket must not have been stolen, to the knowledge of the commission;

(G) The ticket must be submitted for payment in accordance with the prize claim procedures of the commission as set out in §401.304 of this subchapter and any internal procedures used by the commission;

(H) The Play data on the ticket must have been recorded on the computer gaming system prior to the drawing and the Play data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the commission's computer gaming system, the wager accepted by the commission's computer gaming system shall be the valid wager;

(I) The player or Quick Pick number selections, validation data and the drawing date(s) of an apparent winning Play must appear in the official file of winning Plays, and a Play with that exact data must not have been previously paid;

(J) The Play must not be misregistered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the commission;

(K) The ticket must pass confidential validation tests in accordance with the MUSL MM Rules. In addition, the ticket must pass all other confidential security checks of the commission;

1 (L) In submitting a ticket for validation, the claimant agrees to abide by applicable
2 laws, all rules and regulations, instructions, conditions and final decisions of the executive director
3 of the commission;

4 (M) There must not be any other breach of the MUSL MM Rules, or this
5 subchapter, in relation to the Play, which, in the sole and final opinion of the executive director of
6 the commission, justifies invalidation; and

7 (N) The Ticket must be submitted to the commission, or the Selling Lottery that
8 issued it.

9 (4) A Play submitted for validation that fails any of the preceding validation conditions
10 shall be considered void, subject to the following determinations:

11 (A) In all cases of doubt, the determination of the commission shall be final and
12 binding; however, the commission may, at its option, replace an invalid Play with a Mega Millions
13 Play of equivalent sales price;

14 (B) In the event a defective ticket is purchased or in the event
15 the commission determines to adjust an error, the claimant's sole and exclusive remedy shall be
16 the replacement of such defective or erroneous ticket(s) with a Mega Millions Play of equivalent
17 sales price; and

18 (C) In the event a Mega Millions Play is not paid by the commission and a dispute
19 occurs as to whether the Play is a winning Play, the commission may, at its option, replace the
20 Play as provided in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy
21 of the claimant.

22 (h) Ticket Responsibility.

1 (1) Prize Claims. Prize claim procedures shall be governed by the rules of the commission.
2 The MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed
3 following the proper procedures as determined by the commission.

4 (2) Stolen Plays. The Product Group, the MUSL, the Party Lotteries and
5 the commission shall not be responsible for lost or stolen Plays.

6 (3) The Party Lotteries shall not be responsible to a prize claimant for Mega Millions Plays
7 redeemed in error by a Texas Lottery sales agent.

8 (4) Winning Plays are determined by the numbers drawn and certified by the independent
9 auditor responsible for auditing the Mega Millions draw. MUSL, the Party Lotteries and
10 the commission are not responsible for Mega Millions winning numbers reported in error.

11 (i) Ineligible Players.

12 (1) A Play, or share of a Play, for a MUSL game issued by the MUSL or any of its Party
13 Lotteries shall not be purchased by, and a prize won by any such Play, or share of a Play, shall not
14 be paid to:

15 (A) a MUSL employee, officer, or director;

16 (B) a contractor or consultant under agreement with the MUSL to review the MUSL
17 audit and security procedures;

18 (C) an employee of an independent accounting firm under contract with MUSL to
19 observe drawings or site operations and actually assigned to the MUSL account and all partners,
20 shareholders, or owners in the local office of the firm; or

21 (D) an immediate family member (parent, stepparent, child, stepchild, spouse, or
22 sibling) of an individual described in subsections (a), (b), and (c) of this section and residing in the
23 same household.

1 (2) Those persons designated by the State Lottery Act, Texas Government Code, Chapter
2 466, as ineligible to play its games shall also be ineligible to play any MUSL lottery game sold in
3 the state of Texas.

4 (3) A Play, or share of a Play, of the Mega Millions game may not be purchased in any
5 lottery jurisdiction by any Party Lottery board member; commissioner; officer; employee; or
6 spouse, child brother, sister or parent residing as a member of the same household in the principle
7 place of residence of any such person. Prizes shall not be paid to any persons prohibited from
8 playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed
9 by the Selling Lottery.

10 (j) Applicable Law.

11 (1) In purchasing a Play, or attempting to claim a prize, purchasers and prize claimants
12 agree to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions
13 of the commission and by directives and determinations of the commission's executive director.
14 Additionally, the player shall be bound to all applicable provisions in the MUSL MM Rules.

15 (2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a
16 Play can only be pursued against the Party Lottery which issued the Play. Litigation, if any, shall
17 only be maintained within the jurisdiction in which the Play was purchased and only against the
18 Party Lottery that issued the Play. No claim shall be made against any other Party Lottery or against
19 the MUSL.

20 (3) Nothing in this section or the MUSL MM Rules shall be construed as a waiver of any
21 defense or claim the commission, which issued the Play, any other Party Lottery, or MUSL may
22 have in any litigation, including in the event a player or prize claimant pursues litigation against a
23 Party Lottery or MUSL, or their respective officers, directors or employees.

1 (4) All decisions made by the commission, including the declaration of prizes and the
2 payment thereof and the interpretation of MUSL MM Rules, shall be final and binding on all Play
3 purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction
4 where the Play was issued.

5 (5) Unless the laws, rules, regulations, procedures, and decisions of the commission, which
6 issued the Play, provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold
7 in violation of this section, the MUSL MM Rules, or the laws, rules, regulations, procedures, and
8 decisions of the commission; any such prize claimed but unpaid shall constitute an unclaimed prize
9 under this section and the laws, rules, regulations, procedures, and decisions of the commission.

10 (k) Mega Millions Megaplier Promotion.

11 (1) Promotion Description. The Mega Millions Megaplier Promotion is a limited extension
12 of the Mega Millions game and is conducted in accordance with the MUSL MM Rules and other
13 lottery rules applicable to the Mega Millions game except as may be amended herein. The
14 Promotion will begin at a time announced by the commission and will continue until discontinued
15 by the commission. The Promotion will offer to the owners of a qualifying Megaplier Play a
16 chance to multiply or increase the amount of any of the Set Prizes (the prizes normally paying two
17 dollars (\$2.00) to one million dollars (\$1,000,000.00) won in a Drawing held during the Promotion.
18 The Grand Prize is not a Set Prize and will not be multiplied or increased by means of the
19 Megaplier Promotion or the Just the Jackpot Promotion.

20 (2) Qualifying Megaplier Play. A qualifying Megaplier Play is any single Mega Millions
21 Play for which the player pays an extra one dollar (\$1.00) for the Megaplier option and that is
22 recorded at on the commission's computer gaming system as a qualifying Megaplier Play. Just the
23 Jackpot Plays do not qualify to purchase a Megaplier Play.

1 (3) Prizes To Be Multiplied Or Increased. A qualifying Megaplier Play that wins one of
2 the Set Prizes will be multiplied by the number selected, either two, three, four, or five (2, 3, 4, or
3 5), in a separate random Megaplier Drawing announced in a manner approved by the Product
4 Group.

5 (4) Megaplier Draws. MUSL will either itself conduct, or authorize a U.S. Lottery to
6 conduct on its behalf, a separate random "Megaplier" Drawing. Before each Mega Millions
7 Drawing a single number (2, 3, 4 or 5) shall be drawn. The Product Group may change one or
8 more of the multiplier features for special promotions from time to time. In the event the Megaplier
9 Drawing does not occur prior to the Mega Millions Drawing, the multiplier number will be a 5
10 (five), which shall solely be determined by the lottery authorized to conduct the "Megaplier"
11 Drawing.

12 (5) Megaplier Prize Pool.

13 (A) The Megaplier Prize Pool (MPP) is hereby created, and shall be used to fund
14 Megaplier prizes. The MPP shall hold the temporary balances that may result from having fewer
15 than expected winning Megaplier Plays. The source of the MPP is the Party Lottery's weekly prize
16 contributions less actual Megaplier Prize liability.

17 (B) Up to fifty-five percent (55%) of each Drawing period's sales, as determined
18 by the Product Group, including any specific statutorily-mandated tax of a Party Lottery to be
19 included in the price of a lottery ticket, shall be collected for the payment of Megaplier prizes.

20 (C) Prize payout percentages per draw may vary. The MPP shall be carried forward
21 to subsequent draws if all or a portion of it is not needed to pay the Megaplier prizes awarded in
22 the current draw and held in the MPP.

(6) End of Game. Any amount remaining in the MPP when the Product Group declares the end of this game shall be returned to the lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction law.

(7) Expected Prize Payout. Except as provided in this section, all prizes awarded shall be paid as single payment Set Prizes. Instead of the Mega Millions Set Prize amounts, qualifying Megaplier Plays will pay the amounts shown below when matched with the Megaplier number drawn. In certain rare instances, the Mega Millions Set Prize amount may be less than the amount shown. In such case, the Megaplier prizes will be a multiple of the changed Mega Millions prize amount announced after the draw. For example, if the Match 4+1 Mega Millions set prize amount of ten thousand dollars (\$10,000.00) becomes two thousand dollars (\$2,000.00) under the rules of the Mega Millions game, then a Megaplier player winning that prize amount with a 4X multiplier would win eight thousand dollars (\$8,000): two thousand dollars multiplied by four (\$2,000.00 x 4).

Figure: 16 TAC §401.315(k)(7)

Prize Levels	With Megaplier Purchase and Multiplier:				
	Standard	2x	3X	4X	5X
Match 5+0	\$1,000,000.00	\$2,000,000.00	\$3,000,000.00	\$4,000,000.00	\$5,000,000.00
Match 4+1	\$10,000.00	\$20,000.00	\$30,000.00	\$40,000.00	\$50,000.00
Match 4+0	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00
Match 3+1	\$200.00	\$400.00	\$600.00	\$800.00	\$1,000.00
Match 3+0	\$10.00	\$20.00	\$30.00	\$40.00	\$50.00
Match 2+1	\$10.00	\$20.00	\$30.00	\$40.00	\$50.00
Match 1+1	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00
Match 0+1	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00
Multiplier numbers do not apply to the Mega Millions Grand Prize or Just the Jackpot Plays.					

(8) Probability of Winning. The following table sets forth the probability of the various Megaplier numbers being drawn during a single Mega Millions Drawing. The Product Group may elect to run limited promotions that may modify the multiplier features.

Figure: 16 TAC §401.315(k)(8)

Megaplier	Probability of Prize Increase
5X - Prize Won Times 5	1 in 15
4X - Prize Won Times 4	3 in 15
3X - Prize Won Times 3	6 in 15
2X - Prize Won Times 2	5 in 15
Multiplier numbers do not apply to the Mega Millions Grand Prize or Just the Jackpot Plays.	

(9) Limitation on Payment of Megaplier Prizes.

(A) Prize Pool Carried Forward. The prize pool percentage allocated to the Megaplier Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw or may be held in a prize reserve account.

(B) Pari-Mutuel Prizes--All Prize Amounts. Except as otherwise provided for in subparagraph (C) of this paragraph below:

(i) If the total of the original Mega Millions Set Prizes and the Megaplier prize amounts awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the Set Prizes (including the Megaplier prize amounts) awarded shall be drawn from the following sources, in the following order:

- (I) the amount available in the SPP and the MPP, if any;
- (II) an amount from the PRA, if available in the account, not to exceed forty million dollars (\$40,000,000.00) per drawing.

(ii) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Megaplier prize amounts), then the highest Set Prize (including the Megaplier prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize (including the Megaplier prize amount) shall become a pari-mutuel prize. This procedure shall continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this section shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

(C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Megaplier prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(10) Prize Payment. All Megaplier prizes shall be paid in one single payment through the Party Lottery that sold the winning Megaplier Play(s). A Party Lottery may begin paying Megaplier prizes after receiving authorization to pay from the MUSL central office. Prizes that, under this section, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the MPP for the next drawing.

(l) Just the Jackpot™ Promotion.

1 (1) Promotion Description. The Mega Millions Just the Jackpot Promotion is a limited
2 extension of the Mega Millions game and is conducted in accordance with the MUSL MM Rules
3 and other lottery rules applicable to the Mega Millions game except as may be amended herein,
4 and any other lottery rules applicable to this Promotion. All rules applicable to the Mega Millions
5 game in subsections (a) through (j) of this section are applicable to the Just the Jackpot Promotion
6 unless otherwise indicated. The Promotion will begin at a time announced by the commission and
7 will continue until discontinued by the commission. The Promotion will offer to players a chance
8 to purchase a Just the Jackpot Play ("JJ Play") which will qualify a player for two (2) chances
9 (each a "Play") to win the Grand Prize, and no other prize levels. If the player matches any non-
10 Grand Prize (any prize level other than the Grand Prize) numbers with his or her JJ Play(s), the
11 player who purchased the JJ Play is not eligible to win or claim the non-Grand Prizes in the Just
12 the Jackpot Promotion.

13 (2) Winning JJ Plays will be paid the Mega Millions Grand Prize, at the election of the
14 player made in accordance with subsection (f) of this section or by a default election made in
15 accordance with this section, either on a graduated annuitized annual pari-mutuel basis or as a cash
16 value option using a rate determined in accordance with subsection (f)(4) of this section. All
17 provisions in subsections (a) through (j) of this section regarding payment of the Mega Millions
18 Grand Prize are applicable to winning JJ Play(s). The Grand Prize amount shall be divided equally
19 by the number of MM Plays and JJ Plays winning the Grand Prize.

20 (3) Just the Jackpot shall use the Mega Millions winning numbers. Mega Millions winning
21 numbers applicable to determine Just the Jackpot prizes will be determined on the day(s), time(s)
22 and location(s) as determined by the Mega Millions Lotteries.

1 (4) To play Just the Jackpot, a player shall select (or request a Quick Pick) two (2) sets of
2 five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from
3 one (1) through twenty-five (25). The additional number may be the same as one of the first five
4 numbers selected by the player. Each set of numbers shall constitute a single "Play" as that term is
5 defined in subsection (b)(11) of this section. The two (2) Plays for each three dollar (\$3.00) JJ
6 Plays purchase shall be for the same drawing, although the commission may sell multi-draw JJ
7 Plays as well.

8 (5) The purchase price of a single JJ Play shall be three dollars (US \$3.00) for two (2)
9 Plays, including any specific statutorily-mandated tax of a Party Lottery to be included in the price
10 of a lottery JJ Play. JJ Plays must be printed on separate tickets from MM Plays and must clearly
11 indicate the Plays are for the Just the Jackpot Promotion. Each JJ Play is played separately in
12 determining matches to winning numbers and prize amounts. JJ Plays may be purchased from any
13 authorized Texas Lottery sales agent in a manner as approved by the commission and in
14 accordance with this section and the MUSL rules. The winning numbers for the JJ Plays will be
15 the winning numbers drawn in the applicable Mega Millions Drawing. The Grand Prize will not
16 be multiplied or increased by means of the Megaplier Promotion.

17 (6) Just the Jackpot Prize Pool Contributions.

18 (A) Mega Millions Prize Pool. The prize pool for JJ Plays shall consist of up to
19 fifty-five percent (55%) of each Drawing period's sales, inclusive of any specific statutorily-
20 mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, and inclusive of
21 contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower
22 based the funding required to meet a guaranteed Annuity Grand Prize as may be required by the
23 MUSL MM Rules.

1 (B) Mega Millions Prize Pool Account and Prize Reserve Account contributions.

2 The Product Group shall set the contribution rates to the Just the Jackpot prize pool and prize
3 reserve accounts established by this section.

4 (i) The contribution rate for JJ Plays to the GPP shall be 50.2012% of sales.

5 An amount up to five percent (5%) of a Party Lottery's JJ Play sales, including any specific
6 statutorily mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, shall
7 be added to a Party Lottery's Just the Jackpot Prize Pool contribution and placed in trust in one or
8 more prize pool and prize reserve accounts held by the Product Group at any time that the Party
9 Lottery's share of the PRA is below the amounts designated by the Product Group. Details shall
10 be noted in the Comments to the MUSL MM Rule JJ5.2.

11 (ii) All provisions regarding the Grand Prize Pool and Prize Reserve
12 Account as described herein are applicable to JJ Play contributions to the Grand Prize Pool and
13 Prize Reserve Account.

14 (7) Expected Prize Payout Percentage. The Mega Millions Grand Prize payout shall be
15 determined on a pari-mutuel basis. The Grand Prize amount shall be divided equally by the number
16 of MM Plays and JJ Plays winning the Mega Millions Grand Prize. All prize payouts are made
17 with the following expected prize payout percentages, which does not include any additional
18 amount held in prize reserves:

19 Figure: 16 TAC §401.315(l)(7)

JJ Prize Pool Percentage

Number of Matches Per JJ Play

Prize Payment

Allocated to Prize

All five (5) of first set plus one (1) of second set.

Grand Prize

100%*

All other matching combinations/prize tiers

No Prize

0%

** JJ Prize Pool percentage allocated to the Grand Prize shall be combined with MM Prize Pool percentage allocated to the Grand Prize.*

the 1990s, the number of people in the UK who are employed in the public sector has increased by 1.5 million, from 2.5 million in 1980 to 4 million in 1999. The public sector has also become an important employer of people with disabilities. In 1999, 1.2 million people with disabilities were employed in the public sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the public sector.

The public sector has also become an important employer of people with disabilities in the private sector. In 1999, 1.2 million people with disabilities were employed in the private sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the private sector.

The public sector has also become an important employer of people with disabilities in the voluntary sector. In 1999, 1.2 million people with disabilities were employed in the voluntary sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the voluntary sector.

The public sector has also become an important employer of people with disabilities in the non-profit sector. In 1999, 1.2 million people with disabilities were employed in the non-profit sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the non-profit sector.

The public sector has also become an important employer of people with disabilities in the for-profit sector. In 1999, 1.2 million people with disabilities were employed in the for-profit sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the for-profit sector.

The public sector has also become an important employer of people with disabilities in the social enterprise sector. In 1999, 1.2 million people with disabilities were employed in the social enterprise sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the social enterprise sector.

The public sector has also become an important employer of people with disabilities in the community sector. In 1999, 1.2 million people with disabilities were employed in the community sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the community sector.

The public sector has also become an important employer of people with disabilities in the independent sector. In 1999, 1.2 million people with disabilities were employed in the independent sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the independent sector.

The public sector has also become an important employer of people with disabilities in the private sector. In 1999, 1.2 million people with disabilities were employed in the private sector, compared with 0.8 million in 1980. This increase has been driven by the growth of the health and social care sectors, which have become the largest employers of people with disabilities in the private sector.

1 The Texas Lottery Commission (Commission) adopts amendments to 16 TAC §401.317
2 ("Powerball®" Draw Game Rule) with changes to the proposed text as published in the December
3 28, 2018, issue of the *Texas Register* (43 TexReg 8534). The purpose of the amendments is to
4 facilitate the potential future sale of Powerball® tickets using Commission-approved third-party
5 point-of-sale systems (in-lane sales) by removing the requirement that the drawing date be printed
6 on the ticket, updating language regarding a player's selection of a Quick Pick, and making other
7 conforming and non-substantive changes, including a recent clarification by the Multi-State
8 Lottery Association regarding cancellation of plays. These changes complement rule amendments
9 adopted by the Commission in December 2017 that also facilitated in-lane sales, but ongoing
10 product development has necessitated small, additional updates to the rule language. The
11 December 2017 rule amendment order noted that the term "third-party point-of-sale systems"
12 refers to the industry terminology used by traditional brick and mortar retailers, such as grocery
13 stores and chain retail stores, to describe their self-contained equipment that performs sales-related
14 tasks at the in-lane check-out counter. These point-of-sale systems are basically cash registers at
15 the checkout counter utilized by the retailers' sales clerks, or self-checkout terminals. A definition
16 of "third-party point-of-sale systems" is already included in the Commission's rules at 16 TAC
17 §401.301(50) and states these systems do not include any gambling device. For clarity, a minor
18 change was made to the rule definition of "Playslip" at §401.317(b)(10), to replace the term
19 "Selling Lottery" with "commission".

20 In addition, all references to the "Winner Take All" feature, which will not be implemented,
21 have been removed from the rule.

22 The Commission received written comments on the proposed amendments from a
23 representative of the Kickapoo Traditional Tribe of Texas.

1 COMMENT SUMMARY: The Tribe objects to the term “computer gaming system” in
2 proposed changes to Sections 401.315(c)(3) and 401.317(c)(3) regarding Play cancellations,
3 because this term is not defined in the Commission’s rules. The Tribe suggests the Commission
4 instead should use the term “Lottery gaming system”, which is defined in Commission Rule
5 401.301(24) as “The commission or commission’s vendor’s computer system consisting of
6 terminals, central processing equipment, and a communication network.”

7 COMMISSION RESPONSE: The Commission agrees with the comment and has made
8 this change to the adopted rules.

9 The rule amendments are adopted under the Texas Government Code §466.015, which
10 authorizes the Commission to adopt rules governing the operation of the lottery, and §467.102,
11 which authorizes the Commission to adopt rules for the enforcement and administration of the
12 laws under the Commission's jurisdiction.

13 The adopted amendments implement Texas Government Code, Chapter 466.
14 §401.317. "Powerball®" Draw Game Rule.

15 (a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) lottery draw game offered
16 by all Lotteries that have agreed to MUSL's Powerball Group Rules. The purpose of the Powerball
17 game is the generation of revenue for MUSL Party Lottery members and Mega Millions Party
18 Lotteries participating under the Cross-Sell Agreement, through the operation of a specially
19 designed multi-jurisdiction lottery game that will award prizes to ticket holders of validated
20 winning tickets matching specified combinations of numbers randomly selected in regularly
21 scheduled Drawings. The Powerball game is authorized to be conducted by
22 the commission executive director (executive director) under the conditions of the MUSL rules,
23 the laws of the State of Texas, this section, and under such further instructions, directives, and

1 procedures as the executive director may issue in furtherance thereof. In this regard, the executive
2 director is authorized to issue such further instructions and directives as may be necessary to
3 conform the conduct and play of the Powerball game to the requirements of the MUSL rules if, in
4 the opinion of the executive director, such instructions, directives, and procedures are in
5 conformance with state law. To be clear, the authority to participate in the Powerball game is
6 provided to the Texas Lottery Commission (commission) by MUSL. The conduct and play of the
7 Powerball game must conform to the MUSL Powerball Group Rules. Further, if a conflict arises
8 between this section and §401.304 of this chapter (relating to Draw Game Rules (General)), this
9 section shall have precedence. In addition to other applicable rules contained in Chapter 401, this
10 section and definitions herein apply unless the context requires a different meaning or is otherwise
11 inconsistent with the intent of the rules adopted by the MUSL or the MUSL Powerball Group.

12 (b) Definitions.

13 (1) "Agent" or "retailer" means a person or entity authorized by the commission to sell
14 lottery Plays.

15 (2) A "Drawing" refers collectively to the formal draw event for randomly selecting the
16 Winning Numbers that determine the number of winning Plays for each prize level of the
17 Powerball game and Power Play promotion.

18 (3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket
19 produced in a manner that meets the specifications defined in the rules of the Selling Lottery and
20 subsection (g) of this section, and is a physical representation of the Play or Plays sold to the
21 player.

22 (4) "MUSL" means the Multi-State Lottery Association, a government-benefit association
23 wholly owned and operated by the MUSL Party Lotteries.

1 (5) "MUSL Board" means the governing body of the MUSL, which is comprised of the
2 chief executive officer of each Party Lottery. "MUSL Finance and Audit Committee" shall mean
3 the committee of that name established by the MUSL Board.

4 (6) "MUSL Annuity Factor" shall mean the annuity factor as determined by the MUSL
5 central office through a method approved by the MUSL Finance and Audit Committee and which
6 is used as described in this rule.

7 (7) "Pari-Mutuel" or "pari-mutuel" as used in this section shall mean wagered funds that
8 are pooled and then paid in equal shares to the holders of winning Plays as described in this section
9 and the MUSL Rules.

10 (8) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that
11 has joined MUSL and is authorized to sell the Powerball game. "Licensee Lottery" shall mean a
12 state lottery or lottery of a governmental unit, political subdivision, or entity thereof that is not a
13 Party Lottery but has agreed to comply with all applicable MUSL and Product Group requirements
14 and has been authorized by the MUSL and by the Powerball Product Group to sell the Powerball
15 game. "Selling Lottery" or "Participating Lottery" shall mean a lottery authorized by the Product
16 Group to sell Plays, including Party Lotteries and Licensee Lotteries.

17 (9) "Play" means the six (6) numbers, the first five (5) from a field of sixty-nine (69)
18 numbers and the last one (1) from a field of twenty-six (26) numbers, that appear on a ticket and
19 are to be played by a player in the Powerball game.

20 (A) "Powerball Plays" (PB Plays) shall refer to Plays purchased as part of the
21 Powerball game, but shall not include Power Play Plays.

22 (B) "Power Play Plays" shall refer to Plays purchased as part of the Power Play
23 promotion described in subsection (k) of this section.

1 (10) "Playslip" means a physical or electronic means by which a player communicates their
2 intended Play selection to the retailer as defined and approved by the commission. A playslip has
3 no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

4 (11) "Power Play" shall refer to the Power Play promotion as described in subsection (k)
5 of this section.

6 (12) "Powerball Group" or "Product Group" means the MUSL member group of lotteries
7 which have joined together to offer the Powerball product pursuant to the terms of the Multi-State
8 Lottery Agreement and the Powerball Group's rules, including the MUSL Powerball Drawing
9 Procedures. In this rule, wherever either term is used it is referring to the MUSL Powerball Group.

10 (13) "Prize" means an amount paid to a person or entity holding a winning ticket.

11 (A) "The Grand Prize" shall refer to the top prize in the Powerball game.

12 (B) The Advertised Grand Prize shall mean the estimated annuitized Grand Prize
13 amount as determined by the MUSL Central Office by use of the MUSL Annuity Factor and
14 communicated through the Selling Lotteries prior to the Grand Prize Drawing. The Advertised
15 Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from
16 the advertised amount, except in circumstances where there is a guaranteed Grand Prize amount
17 as described in paragraph (6) of subsection (f) of this section.

18 (C) The "Set Prize" or "low-tier prize" means all other prizes, except the Grand
19 Prize, and, except in instances outlined in this section, will be equal to the prize amount established
20 by the Product Group for the prize level.

21 (14) "Terminal" means a device authorized by the commission for the purpose of issuing
22 Powerball game tickets and as defined in §401.301 (General Definitions) of this chapter.

1 (15) "Winning Numbers" means the numbers randomly selected during a Drawing event
2 which shall be used to determine the winning Plays for the Powerball game or the Powerball game
3 promotion being drawn.

4 (c) Game Description.

5 (1) Powerball Game. Powerball is a five (5) out of sixty-nine (69) plus one (1) out of
6 twenty-six (26) numbers lottery game drawn every Wednesday and Saturday, as part of the
7 Powerball Drawing, which pays the Grand Prize, at the election of the player made in accordance
8 with this section, or by a default election made in accordance with this section, either on an
9 annuitized pari-mutuel basis or as a single lump sum payment of the total funding held in the Grand
10 Prize Pool for the winning Drawing on a pari-mutuel basis. Except as provided in this section, all
11 other prizes are paid on a single payment basis.

12 (A) Powerball Winning Numbers applicable to determine Powerball prizes will be
13 determined in the Powerball Drawing. During the Powerball Drawing, five (5) numbers shall be
14 drawn from the first set of sixty-nine (69) and one (1) number shall be drawn from the second set
15 of twenty-six (26) numbers, which shall constitute the Powerball Winning Numbers.

16 (B) To play Powerball, a player shall select five (5) different numbers, from one (1)
17 through sixty-nine (69) and one (1) additional number from one (1) through twenty-six (26), or
18 request the retailer to generate a Quick Pick selection of numbers from the lottery terminal. The
19 additional number may be the same as one of the first five numbers selected by the player.

20 (C) Powerball Plays can be purchased for two dollars (U.S. \$2.00), including any
21 specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play. PB
22 Plays may be purchased from a Selling Lottery approved sales outlet in a manner as approved by
23 the Selling Lottery and in accordance with MUSL Rules.

1 (2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the
2 validation requirements set forth in subsection (g) of this section. The submission of a winning
3 ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a
4 prize or prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of Play
5 purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize
6 value and shall not constitute evidence of Play purchase or of numbers selected.

7 (3) Cancellations Prohibited. In all instances, a Play recorded on the Lottery gaming system
8 may not be voided or cancelled by returning the ticket to the selling agent or to the commission,
9 including tickets that are misprinted, illegible, printed in error, or for any reason not successfully
10 transferred to an authorized selling entity or player. A Selling Lottery may develop an approved
11 method of compensating retailers for Plays that are not transferred to a player for a reason
12 acceptable to the Selling Lottery and not prohibited by the Powerball Product Group. No Play that
13 is eligible for a prize can be returned to the commission for credit. Plays accepted by retailers as
14 returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

15 (4) Player Responsibility. It shall be the sole responsibility of the player to verify the
16 accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is
17 done at the player's own risk through the licensed sales agent who is acting on behalf of the player
18 in entering the Play or Plays.

19 (5) Entry of Plays. Plays may only be entered manually using the lottery retailer
20 terminal keypad or touch screen, by means of a commission-approved playslip, or by such other
21 means as approved by the commission, including entry using authorized third-party point-of-sale
22 ("POS") systems. Retailers shall not permit the use of playslips that are not approved by the

commission. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission.

A ticket generated using a selection method that is not approved by the commission is not valid.

A selection of numbers for a Play may be made only if the request is made in person. Acceptable methods of Play selection may include:

(A) using a self-service terminal;

(B) using a playslip;

(C) using a previously-generated "Powerball" ticket provided by the player;

(D) selecting a Quick Pick;

(E) requesting a retailer to manually enter numbers; or

(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.

(6) Subscription Sales. A subscription sales program may be offered, at the discretion of the executive director.

(7) Maximum Purchase. The maximum number of consecutive Drawings on a single PB Play purchase is ten (10), including Power Play Plays if purchased.

(d) Powerball Prize Pool.

(1) Powerball Prize Pool.

(A) The prize pool for all Powerball prize categories shall consist of fifty percent (50%) of each Drawing period's Powerball sales, inclusive of any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play, and including contributions to the prize pool accounts and prize reserve accounts.

1 (B) Powerball Prize Pool Accounts and Prize Reserve Accounts. The Product
2 Group shall set the contribution rates to the prize pool and to one or more prize reserve or pool
3 accounts established by the MUSL Powerball Group Rules.

4 (i) Prize Reserve Accounts. The Product Group has established the
5 following prize reserve accounts for the Powerball game: the Powerball Prize Reserve Account
6 (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that
7 may result from a system error or other reason; and the Powerball Set Prize Reserve Account
8 (SPRA), which is used to fund deficiencies in low-tier Powerball prize payments, subject to the
9 limitations of the MUSL rules.

10 (ii) Prize Pool Accounts. The Product Group has established the following
11 prize pool accounts for the Powerball game: the Grand Prize Pool, which is used to fund the current
12 Grand Prize; the Powerball Set Prize Pool, which is used to fund the Powerball Set Prizes; the
13 Powerball Set-Aside Pool, which is used to fund the payment of the awarded minimum starting
14 annuity Grand Prizes and minimum annuity Grand Prize increase, if necessary (subject to the
15 limitations in the MUSL Powerball Group Rules), as may be set by the Product Group; and the
16 Grand Prize Carry Forward Pool (GPCFP), which is used to fund the starting minimum annuity
17 Grand Prize, as may be set by the Product Group, if such funds are available, and if sales do not
18 fund the Grand Prize. The Power Play Prize Pool is described in subsection (k)(4) of this section.
19 The Powerball Set Prize Pool shall hold the temporary balances that may result from having fewer
20 than expected winners in the Powerball Set Prize (aka low-tier prize) categories and the source of
21 the Powerball Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball
22 Set Prize liability.

1 (iii) The above prize reserve accounts, the GPCFP and the Set-Aside Pool
2 shall have maximum balance amounts or balance limiter triggers that are set by the Product Group
3 and are detailed in the Comments to the MUSL Rule. The maximum balance amounts and balance
4 limiter triggers are subject to review by the MUSL Board Finance and Audit Committee. The
5 Finance and Audit Committee shall have two weeks to state objections, if any, to the approved
6 maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or
7 balance limiter triggers shall become effective no sooner than two weeks after notice is given to
8 the Finance and Audit Committee and no objection is stated or sooner if the Committee
9 affirmatively approves the maximum balance amounts or balance limiter triggers. The Group may
10 appeal the Committee's objections to the full Board. Group approved changes in the maximum
11 balance amounts or balance limiter triggers set by the Product Group shall be effective only after
12 the next Grand Prize win.

13 (iv) The maximum contribution rate to the Grand Prize Pool shall be
14 68.0131% of the prize pool (34.0066% of sales). An amount up to five percent (5%) of a Party
15 Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed
16 in trust in one or more prize pool accounts and prize reserve accounts held by the Product Group
17 (hereinafter the "prize pool and reserve deduction") at any time that the prize pool accounts and
18 Party Lottery's share of the prize reserve accounts is below the amounts designated by the Product
19 Group. An additional amount up to twenty percent (20%) of a Party Lottery's sales shall be
20 deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in the GPCFP to
21 be held by the Product Group at a time as determined by the Product Group.?

22 (v) The Product Group may determine to expend all or a portion of the funds
23 in the Powerball prize pool accounts (except the Powerball Grand Prize Pool account and the

GPCFP) and the prize reserve accounts: (1) for the purpose of indemnifying the Selling Lotteries for the payment of prizes to be made by the Selling Lottery; and, (2) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance and Audit Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full MUSL Board by the Product Group. The GPCFP may only be expended to fund the starting minimum annuity Grand Prize.

(vi) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(vii) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a prize reserve account, a Party Lottery is responsible for its full sales percentage share of the prize reserve account, whether or not it has been paid in full.

(viii) Any amount remaining in the Powerball prize pool accounts or prize reserve accounts when the Product Group declares the end of this game shall be returned to the lotteries participating in the accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

(2) Expected Powerball Prize Payout Percentages. The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes awarded shall be paid as single payment set cash prizes. All prize payouts are made with the

following expected prize payout percentages, although the prize payout percentage per draw may vary:

Figure: 16 TAC §401.317(d)(2)

Number of Matches Per PB Play	Prize Payment	Prize Pool Percentage Allocated to Prize	PB Sales Percentage Allocated to Prize
All five (5) of first set plus one (1) of second set.	Grand Prize	68.0131%*	34.0066%
All five (5) of first set and none of second set.	\$1,000,000	8.5558%	4.2779%
Any four (4) of first set plus one (1) of second set.	\$50,000	5.4757%	2.7378%
Any four (4) of first set and none of second set.	\$100	0.2738%	0.1369%
Any three (3) of first set plus one (1) of second set.	\$100	0.6899%	0.3450%
Any three (3) of first set and none of second set.	\$7	1.2074%	0.6037%
Any two (2) of first set plus one (1) of second set.	\$7	0.9981%	0.4990%
Any one (1) of first set plus one (1) of second set.	\$4	4.3489%	2.1744%
None of first set plus one (1) of second set.	\$4	10.4373%	5.2187%
*The maximum contribution rate may include contributions to reserves and pools as described in this rule and the MUSL Powerball Group Rules.			

(A) The prize money allocated to the Powerball Grand Prize category shall be divided on a pari-mutuel basis by the number of PB Plays winning the Powerball Grand Prize.

(B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize Pool (for single payment prizes of \$1,000,000 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Powerball Set Prizes awarded in the current draw.

1 (C) Pari-Mutuel Powerball Prize Determinations. Except as otherwise provided, if
2 the total of the Powerball Set Prizes (as multiplied by the respective Power Play multiplier, if
3 applicable) awarded in a Drawing exceeds the percentage of the prize pool allocated to the
4 Powerball Set Prizes, then the amount needed to fund the Powerball Set Prizes, including Power
5 Play prizes, awarded shall be drawn first from the amount available in the Powerball Set Prize
6 Pool and the Power Play Prize Pool, if any; second from the SPRA, if available, not to exceed forty
7 million dollars (\$40,000,000.00) per Drawing; and, third from other amounts as agreed to by the
8 Product Group in their sole discretion.

9 (D) If, after these sources are depleted, there are not sufficient funds to pay the Set
10 Prizes awarded, including Power Play Prizes, then the highest Set Prize shall become a pari-mutuel
11 prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below
12 the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes
13 awarded, then the next highest Set Prize, including Power Play prizes, shall become a pari-mutuel
14 prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set
15 Prize levels become pari-mutuel prize levels. In that instance, the money available from the
16 funding sources listed in this rule shall be divided among the winning PB Plays in proportion to
17 their respective prize percentages. Powerball Set Prizes and Power Play Prizes will be reduced by
18 the same percentage.

19 (E) By agreement, the Licensee Lotteries shall independently calculate their Set
20 Prize pari-mutuel prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree
21 to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the
22 independently-calculated prize amounts.

(e) Probability of Winning Powerball Plays. The following table sets forth the probability of winning PB Plays and the probable distribution of winning PB Plays in and among each prize category, based upon the total number of possible combinations in the Powerball game. The Set Prize Amount shall be the prizes set for all Selling Lotteries unless prohibited or limited by a jurisdiction's statute or judicial requirements.

Figure: 16 TAC §401.317(e)

Number of Matches Per PB Play	Probability Distribution		Probable/Set Prize Amount
	Winners	Probability	
All five (5) of first set plus one (1) of second set	1	1:292,201,338.0000	Grand Prize
All five (5) of first set and none of second set	25	1:11,688,053.5200	\$1,000,000
Any four (4) of first set plus one (1) of second set	320	1:913,129.1813	\$50,000
Any four (4) of first set and none of second set	8,000	1:36,525.1673	\$100
Any three (3) of first set plus one (1) of second set	20,160	1:14,494.1140	\$100
Any three (3) of first set and none of second set	504,000	1:579.7646	\$7
Any two (2) of the first set plus one (1) of second set	416,640	1:701.3281	\$7
Any one (1) of the first set plus one (1) of the second set	3,176,880	1:91.9775	\$4
None of the first set plus one (1) of second set	7,624,512	1:38.3239	\$4
Overall	11,750,538	1:24.8671	

(f) Powerball Prize Payment.

(1) Powerball Grand Prizes. The Advertised Grand Prize in a Powerball game is not a guaranteed amount; it is an estimated amount, and all advertised prizes, even advertised Set Prizes,

are estimated amounts. At the time of ticket purchase, a player must select a payment option of either a single lump sum payment (cash value option or CVO) or annuitized payments (Annuity) of a share of the Grand Prize if the PB Play is a winning Play. If no selection is made, payment option will be as described in the chart below:

Figure: 16 TAC §401.317(f)(1)

Terminal Type	Manual Entry	Playslip with No Payment Option Selected
GT1200 (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
GT1200C (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
Gemini (Self-service Terminal)	CVO only - designated on on- line game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
Third-party POS systems	CVO only – Quick Pick selections through authorized third-party POS systems.	N/A

(A) A player's selection of the payment option at the time of purchase is final and cannot be revoked, withdrawn, or otherwise changed.

(B) The Grand Prize available in the Grand Prize Pool shall be determined on a pari-mutuel basis among all winning PB Plays of the Grand Prize. A player(s) who elects a cash value option payment shall be paid their share(s) in a single lump sum payment. The annuitized option prize shall be determined by multiplying the winning Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery

1 players. Neither MUSL nor any Selling Lottery shall be responsible or liable for changes in the
2 advertised or estimated annuity prize amount and the actual amount purchased after the prize
3 payment method is actually known to MUSL.

4 (C) In certain instances announced by the Powerball Group, the Grand Prize shall
5 be a guaranteed amount and shall be determined pursuant to paragraph (6) of this subsection.

6 (D) If individual shares of the Grand Prize Pool funds held to fund an annuity is
7 less than \$250,000.00, the Powerball Group, in its sole discretion, may elect to pay the winners
8 their share of the funds held in the Grand Prize Pool. All annuitized prizes shall be paid annually
9 in thirty (30) payments with the initial payment being made in a single payment, to be followed
10 by twenty-nine (29) payments funded by the annuity.

11 (E) All annuitized prizes shall be paid annually in thirty (30) graduated payments,
12 as provided by the MUSL rules, (increasing each year) at a rate as determined by the MUSL
13 Product Group. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000).

14 (F) Funds for the initial payment of an annuitized prize or the lump sum cash value
15 option payment shall be made available by MUSL for payment by the Selling Lottery no earlier
16 than the fifteenth calendar day (or the next banking day if the fifteenth day is a holiday) following
17 the Drawing. If necessary, when the due date for the payment of a prize occurs before the receipt
18 of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of
19 the full lump sum cash value option payment amount may be delayed pending receipt of funds
20 from the Selling Lotteries. The identification of the securities to fund the annuitized prize shall be
21 at the sole discretion of the State of Texas. If the State of Texas purchases the securities, or holds
22 the prize payment annuity for a Powerball prize won in this state, the prize winner will have no
23 recourse on the MUSL or any other Party Lottery for payment of that prize.

1 (2) Payment of Prize Payments upon the Death of a Prize Winner. In the event of the death
2 of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to
3 Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments
4 will be made to the estate of a deceased prize winner in accordance with Texas Government Code
5 §466.406.

6 (3) Powerball Prize Payments. All prizes shall be paid through the Selling Lottery that sold
7 the winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in
8 cash or warrants in accordance with Texas statutes and these rules. A Selling Lottery may begin
9 paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

10 (4) Powerball Prizes Rounded. Annuitized payments of the Grand Prize or a share of the
11 Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism.
12 Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner
13 or winners. Prizes other than the Grand Prize, which, under this section, may become single-
14 payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole
15 dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool
16 for the next Drawing.

17 (5) Powerball Prize Rollover. If the Grand Prize is not won in a Drawing, the prize money
18 allocated for the Grand Prize shall roll over and be added to the Grand Prize Pool for the following
19 Drawing.

20 (6) Funding of Guaranteed Powerball Prizes. The Powerball Group may offer guaranteed
21 minimum Grand Prize amounts or minimum increases in the Grand Prize amount between
22 Drawings or make other changes in the allocation of prize money where the Powerball Group finds
23 that it would be in the best interest of the game. If a minimum Grand Prize amount or a minimum

1 increase in the Grand Prize amount between Drawings is offered by the Powerball Group, then the
2 Grand Prize shares shall be determined as follows:

3 (A) If there are multiple Grand Prize winning PB Plays during a single Drawing,
4 each selecting the annuitized option prize, then a winning PB Play's share of the guaranteed
5 annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by
6 the number of Grand Prize winning PB Plays.

7 (B) If there are multiple Grand Prize winning PB Plays during a single Drawing
8 and at least one of the Grand Prize ticket holders has elected the annuitized option prize, then the
9 MUSL Annuity Factor may be utilized to determine the cash pool. The cost of the annuitized
10 prize(s) will be determined at the time the annuity is purchased through a process as approved by
11 the MUSL Board. If the annuitized option prize is selected by a Texas Lottery player, the amount
12 shall be determined by multiplying the winning PB Play's share of the Grand Prize Pool by the
13 annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of
14 Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players.

15 (C) If there are multiple Grand Prize winning PB Plays during a single Drawing,
16 and no claimant of the Grand Prize has elected the annuitized option prize, then the amount of cash
17 in the Grand Prize Pool shall be an amount equal to the guaranteed annuitized amount divided by
18 the MUSL Annuity Factor.

19 (D) Minimum guaranteed prizes or increases may be waived upon approval of the
20 Powerball Group if the alternate funding mechanism set out in subsection (d)(2)(D) of this section
21 becomes necessary.

22 (7) Limited to Highest Powerball Prize Won. The holder of a winning PB Play may win
23 only one (1) prize per PB Play in connection with the Winning Numbers drawn, and shall be

entitled only to the prize won by those numbers in the highest matching prize category. All liabilities for a Powerball game or Powerball game promotional prize are discharged upon payment of a prize claim.

(8) Powerball Prize Claim Period. Prizes must be claimed no later than 180 days after the draw date.

(g) Play Validation. To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the requirements established by the commission for validation of winning tickets sold through its lottery gaming system and any other validation requirements adopted by the Powerball Group, the MUSL Board, and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Selling Lotteries shall not be responsible for tickets which are altered in any manner.

(1) Under no circumstances will a claim be paid for any prize without an official ticket matching all game Play, serial number and other validation data residing in the selling Party Lottery's lottery gaming system and such ticket shall be the only valid proof of the wager placed and the only valid evidence for purposes of claiming or redeeming such prize.

(2) In addition to the above condition, in order to be deemed a valid winning Play, all of the following conditions must be met:

(A) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the applicable Drawing date(s).

(B) The ticket must be intact.

(C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner.

1 (D) The ticket must not be counterfeit or an exact duplicate of another winning
2 ticket.

3 (E) The ticket must have been issued by an authorized sales agent, selling agent or
4 retailer on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by
5 the commission, printed on paper stock or otherwise issued in a manner approved by the
6 commission to provide tangible evidence of participation in a lottery game.

7 (F) The ticket must not have been stolen, to the knowledge of the commission.

8 (G) The Play data must have been recorded on the commission's lottery gaming
9 system prior to the Drawing and the Play data must match this lottery record in every respect. In
10 the event of a conflict between information as printed on the ticket and as accepted by the
11 commission's lottery gaming system, the wager accepted by the commission's lottery gaming
12 system shall be the valid wager.

13 (H) The player or Quick Pick number selections, validation data and the Drawing
14 date(s) of an apparent winning Play must appear in the official file of winning Plays, and a Play
15 with that exact data must not have been previously paid.

16 (I) The play must not be misregistered, and the Play's ticket must not be defectively
17 printed or printed or produced in error to an extent that it cannot be processed by the commission.

18 (J) In submitting a Play for validation, the claimant agrees to abide by applicable
19 laws, all rules and regulations, instructions, conditions and final decisions of the executive director.

20 (K) There must not be any other breach of the Powerball Game Rules in relation to
21 the Play that, in the opinion of the executive director, justifies invalidation.

22 (L) The Play must be submitted to the Selling Lottery that issued it.

1 (3) A Play submitted for validation that fails any of the validation conditions shall be
2 considered void, subject to the following determinations:

3 (A) In all cases of doubt, the determination of the commission shall be final and
4 binding; however, the commission may, at its option, replace an invalid Play with a Play of
5 equivalent sales price;

6 (B) In the event a defective ticket is purchased or in the event the commission
7 determines to adjust an error, the claimant's sole and exclusive remedy shall be the replacement of
8 such defective or erroneous ticket(s) with a Play of equivalent sales price;

9 (C) In the event a Play is not paid by the commission and a dispute occurs as to
10 whether the Play is a winning Play, the commission may, at its option, replace the Play as provided
11 in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy of the claimant.

12 (h) Ticket Responsibility.

13 (1) Signature. Until such time as a signature is placed upon a ticket in the area designated
14 for signature, a ticket shall be owned by the bearer of the ticket. When a signature is placed on the
15 ticket in the place designated, the person whose signature appears in such area shall be the owner
16 of the ticket and shall be entitled (subject to the validation requirements in subsection (g) of this
17 section (Ticket Validation) and state or district law) to any prize attributable thereto.

18 (2) Multiple Claimants. The issue of multiple claimants shall be handled in accordance
19 with Texas Government Code Chapter 466 and §401.304 of this chapter.

20 (3) Stolen Tickets. The Powerball Group, the MUSL and the Party Lotteries shall not be
21 responsible for lost or stolen tickets.

22 (4) Prize Claims. Prize claim procedures shall be governed by the rules of the commission
23 as set out in §401.304 of this subchapter and any internal procedures used by the commission. The

MUSL and the Party Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the Selling Lottery.

(5) The MUSL and the Participating Lotteries shall not be responsible to a prize claimant for Plays redeemed in error by a selling agent, sales agent or retailer.

(6) Winning Plays are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Drawing. MUSL and the Participating Lotteries are not responsible for Winning Numbers reported in error.

(i) Ineligible Players.

(1) A Play or share for a MUSL game issued by the MUSL or any of its Selling Lotteries shall not be purchased by, and a prize won by any such Play or share shall not be paid to:

(A) a MUSL employee, officer, or director;

(B) a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;

(C) an employee of an independent accounting firm under contract with MUSL to observe Drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm; or

(D) an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subparagraphs (A), (B), and (C) of this paragraph and residing in the same household.

(2) Those persons designated by a Selling Lottery's law as ineligible to play its games shall also be ineligible to Play the Powerball game in that Selling Lottery's jurisdiction.

(j) Applicable Law.

1 (1) In purchasing a Play, as evidenced by a ticket, or attempting to claim a prize, the
2 purchasers and prize claimants agree to comply with and abide by all applicable laws, rules,
3 regulations, procedures, and decisions of the Selling Lottery where the ticket was purchased, and
4 by directives and determinations of the director of that Party Lottery.

5 (2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a
6 Powerball game or a Powerball game promotion (as described in this section) can only be pursued
7 against the Selling Lottery which issued the Play. Litigation, if any, shall only be maintained within
8 the jurisdiction in which the Play was purchased and only against the Selling Lottery that issued
9 the Play. No claim shall be made against any other Participating Lottery or against the MUSL.

10 (3) Nothing in these Rules shall be construed as a waiver of any defense or claim the Selling
11 Lottery which issued the Play, any other Participating Lottery or MUSL may have in any litigation,
12 including in the event a player or prize claimant pursues litigation against the Selling Lottery, any
13 other Participating Lottery or MUSL, or their respective officers, directors or employees.

14 (4) All decisions made by a Selling Lottery, including the declaration of prizes and the
15 payment thereof and the interpretation of Powerball Rules, shall be final and binding on all Play
16 purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction
17 where the Play was issued.

18 (5) Unless the laws, rules, regulations, procedures, and decisions of the Lottery which
19 issued the Play provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold
20 in violation of the MUSL Powerball Rules or the laws, rules, regulations, procedures, and decisions
21 of that Selling Lottery; any such prize claimed but unpaid shall constitute an unclaimed prize under
22 these Rules and the laws, rules, regulations, procedures, and decisions of that Selling Lottery.

23 (k) Powerball Special Game Rules: Powerball Power Play®.

(1) Power Play® Description. The Powerball Power Play® is a promotional limited extension of the Powerball game and is conducted in accordance with the Powerball game rules and other lottery rules applicable to the Powerball game except as may be amended herein. Power Play will begin at a time announced by the commission and will continue until discontinued by the commission. Power Play will offer to the owners of a qualifying Play a chance to increase the amount of any of the eight Low-Tier Set Prizes (the Low-Tier prizes normally paying \$4 to \$1,000,000) won in a Power Play Drawing. The Grand Prize is not a Set Prize and will not be increased. MUSL will conduct a separate random "Power Play" Drawing and announce results during each of the regular Powerball Drawings held during the promotion. During each Power Play Drawing a single number (2, 3, 4, 5 and sometimes 10) shall be drawn. The ten (10X) multiplier shall be available for all Drawings in which the initially Advertised Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The probability of the possible Power Play numbers being drawn is indicated in Figure 16 TAC §401.317(k)(4)(D). The Powerball Group may modify the multiplier features for special promotions from time to time.

(2) Qualifying Play. A qualifying Play is any single PB Play for which the player pays an extra dollar (\$1.00) for the Power Play option and which is recorded at the commission's lottery gaming system as a qualifying Power Play Play.

(3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and this section, a qualifying Play which wins one of the seven lowest Set Prizes (excluding the Match 5 + 0) will be multiplied by the number drawn, either two (2), three (3), four (4), five (5), or sometimes ten (10), in a separate random Power Play Drawing announced during the official Powerball Drawing show. The ten (10X) multiplier will be available for Drawings in which the initially advertised annuitized Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00)

or less. The announced Match 5+0 prize, for players selecting the Power Play option, shall be paid two million dollars (\$2,000,000.00) unless a higher limited promotional dollar amount is announced by the Powerball Group.

Figure: 16 TAC §401.317(k)(3)

Prize Amount	Regardless of Power Play number selected:					
Match 5+0	\$1,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00
	Prize Amount	10X	5X	4X	3X	2X
Match 4+1	\$50,000.00	\$500,000.00	\$250,000.00	\$200,000.00	\$150,000.00	\$100,000.00
Match 4+0	\$100.00	\$1,000.00	\$500.00	\$400.00	\$300.00	\$200.00
Match 3+1	\$100.00	\$1,000.00	\$500.00	\$400.00	\$300.00	\$200.00
Match 3+0	\$7.00	\$70.00	\$35.00	\$28.00	\$21.00	\$14.00
Match 2+1	\$7.00	\$70.00	\$35.00	\$28.00	\$21.00	\$14.00
Match 1+1	\$4.00	\$40.00	\$20.00	\$16.00	\$12.00	\$8.00
Match 0+1	\$4.00	\$40.00	\$20.00	\$16.00	\$12.00	\$8.00

(4) Prize Pool.

(A) Power Play Prize Pool. The Power Play Prize Pool is created to be used to fund Power Play Prizes and shall hold the temporary balances that may result from having fewer than expected winners in the Power Play. The source of the Power Play Prize Pool is the Party Lottery's weekly prize contributions less actual Power Play Prize liability. In total, fifty percent (50%) of each draw's sales shall be collected for the payment of prizes.

(i) In Drawings where the ten (10X) multiplier is available, the expected payout for all prize categories shall consist of up to forty-nine and nine hundred sixty-nine thousandths percent (49.969%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery Play. In Drawings where

1 the ten (10X) multiplier is not available, the expected payout for all prize categories shall consist
2 of up to forty-five and nine hundred thirty-four thousandths percent (45.934%) of each Drawing
3 period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included
4 in the price of a lottery Play.

5 (ii) In Drawings where the ten (10X) multiplier is available, an additional
6 thirty-one thousandths percent (0.031%) of each Drawing period's sales, including any specific
7 statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be
8 collected and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play
9 prizes. In drawings where the ten (10X) multiplier is not available, an additional four and sixty-
10 six thousandths percent (4.066%) of each Drawing period's sales, including any specific statutorily
11 mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected
12 and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play Prizes.

13 (iii) The prize payout percentage per draw may vary. The Power Play Prize
14 Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the
15 Power Play Prizes awarded in the current draw and held in the Power Play Prize Pool.

16 (B) End of Promotion. Any amount remaining in the Power Play Prize Pool when
17 the Powerball Group declares the end of this promotion shall be returned to the lotteries
18 participating in the account after the end of all claim periods of all Selling Lotteries, carried
19 forward to a replacement game or promotion, or otherwise expended in a manner at the election
20 of the individual Participating Lotteries of the Product Group in accordance with jurisdiction
21 statute.

22 (C) Expected Prize Payout. Except as provided in this section, all prizes awarded
23 shall be paid as single payment cash prizes. Instead of the Powerball Set Prize amounts, qualifying

winning Plays of Power Play will pay the amounts shown in paragraph (3) of this subsection, above. In certain rare instances, the Powerball Set Prize amount may be less than the amount shown in Figure: 16 TAC §401.317(k)(3). In such case, the eight lowest Power Play Prizes will be changed to an amount announced after the draw. For example, if the Match 4+1 Powerball Set Prize amount of \$50,000 becomes \$25,000 under the rules of the Powerball game, and a 5X Power Play Multiplier is drawn, then a Power Play winning Play prize amount would win \$125,000.

(D) Probability of Power Play Numbers Being Drawn. The following table sets forth the probability of the various Power Play numbers being drawn during a single Powerball Power Play Drawing. The Powerball Group may elect to run limited promotions that may modify the multiplier features. Power Play does not apply to the Powerball Grand Prize. Except as provided in subparagraph (C) of this paragraph, a Power Play Match 5 + 0 prize is set at two million dollars (\$2,000,000.00), regardless of the multiplier selected.

Figure: 16 TAC §401.317(k)(4)(D)

When the 10X multiplier is available:		
Power Play	Probability of Prize Increase	Chance of Occurrence
10X (Prize Won Times 10)	1 in 43	2.3255%
5X (Prize Won Times 5)	2 in 43	4.6512%
4X (Prize Won Times 4)	3 in 43	6.9767%
3X (Prize Won Times 3)	13 in 43	30.2326%
2X (Prize Won Times 2)	24 in 43	55.8140%
When the 10X multiplier is not available:		
Power Play	Probability of Prize Increase	Chance of Occurrence
10X (Prize Won Times 10)	0 in 42	0.0000%

5X (Prize Won Times 5)	2 in 42	4.7619%
4X (Prize Won Times 4)	3 in 42	7.1429%
3X (Prize Won Times 3)	13 in 42	30.9523%
2X (Prize Won Times 2)	24 in 42	57.1429%
Power Play does not apply to the Grand Prize. Except as provided in subparagraph (C) of this paragraph, a Power Play Match 5 prize is set at two million dollars (\$2 million), regardless of the multiplier selected.		

(5) Limitations on Payment of Power Play Prizes.

(A) Prize Pool Carried Forward. The prize pool percentage allocated to the Power Play Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw.

(B) Pari-Mutuel Prizes--All Prize Amounts. If the total of the original Powerball Set Prizes and the Power Play Prizes awarded in a Drawing exceeds the percentage of the prize pools allocated to the Set Prizes, then the amount needed to fund the Set Prizes (including the Power Play prize amounts) awarded shall first come from the amount available in the Set Prize Pool and the Power Play Prize Pool, if any, second from the Powerball Group's Set Prizes Reserve Account, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing, and third from other amounts as agreed to by the Powerball Group in their sole discretion.

(C) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Power Play prize amounts), then the highest Set Prize (including the Power Play prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize,

1 including the Power Play prize amount, shall become a pari-mutuel prize. This procedure shall
2 continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-
3 mutuel prize levels. In that instance, the money available from the funding sources listed in this
4 section shall be divided among the winning Plays in proportion to their respective prize
5 percentages. Powerball and Power Play prizes will be reduced by the same percentage. By
6 agreement, the Licensee Lotteries shall independently calculate their set pari-mutuel prize
7 amounts, including the Power Play prize amounts. The Party Lotteries and the Licensee Lotteries
8 shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser
9 of the independently-calculated prize amounts.

10 (6) Prize Payment.

11 (A) Prize Payments. All Power Play prizes shall be paid in a single payment through
12 the Selling Lottery that sold the winning Power Play Play(s). A Selling Lottery may begin paying
13 Power Play prizes after receiving authorization to pay from the MUSL central office.

14 (B) Prizes Rounded. Prizes, which, under these rules, may become pari-mutuel
15 prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage
16 resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

(A) The operator shall file the Form W-1A with the drilling permit application and shall indicate the purpose of filing. The operator shall accurately complete all information required on the form in accordance with instructions on the form.

(B) The operator shall list the field or fields for which the substandard acreage certification applies in the designated area on the form. If there are more than three fields for which the certification applies, the operator shall attach additional Forms W-1A and shall number the additional pages in sequence.

(C) The operator shall file the original Form W-1A with the Commission's Austin office and a copy with the appropriate district office, unless the operator files electronically [through the Commission's Electronic Compliance and Approval Process (ECAP) system].

(D) The operator or the operator's agent shall certify the information provided on the Form W-1A is true, complete, and correct by signing and dating the form, and listing the requested identification and contact information.

(E) Failure to timely file the required information on the appropriate form may result in the dismissal of the application.

(h) Procedure for obtaining exceptions to the density provisions.

(1) Filing requirements. If a permit to drill requires an exception to the applicable density provision, the operator must file, in addition to the items required by subsection (g) of this section:

(A) a list of the names and addresses of all affected persons. For the purpose of giving notice of application, the Commission presumes that affected persons include the operators and unleased mineral interest owners of all adjacent offset tracts, and the operators and unleased mineral interest owners of all tracts nearer to the proposed well than the prescribed minimum lease-line spacing distance. The Commission designee may determine that such a person is not affected only upon written request and a showing by the applicant that:

(i) competent, convincing geological or engineering data indicate that drainage of hydrocarbons from the particular tracts subject to the request will not occur due to production from the proposed well; and

(ii) notice to the particular operators and unleased mineral interest owners would be unduly burdensome or expensive;

(B) engineering and/or geological data, including a written explanation of each exhibit, showing that the drilling of a well on substandard acreage is necessary to prevent waste or to prevent the confiscation of property;

(C) additional data requested by the Commission designee.

(2) Notice of application. Upon receipt of a complete application, the Commission will give notice of the application by mail to all affected persons for whom signed waivers have not been submitted. If, after diligent efforts, the applicant is unable to ascertain the name and address of one or more persons required by this subsection to be notified, then the applicant shall notify such persons by publishing notice of the application in a form approved by the Commission. The applicant shall publish the notice once each week for two consecutive weeks in a newspaper of general circulation in the county where the well will be located. The first publication shall be published at least 14 days before the protest deadline in the notice of application. The applicant shall file with the Commission a publisher's affidavit or other evidence of publication.

(3) Approval without hearing. If the Commission designee determines, based on the data submitted, that a permit requiring an exception to the applicable density provision is justified according to subsection (f) of this section, then the Commission designee may issue the exception permit administratively if:

(A) signed waivers from all affected persons were submitted with the application; or

(B) notice of application was given in accordance with [paragraph (2) of] this subsection and no protest was filed within 21 days of the notice; or

(C) no person appeared to protest the application at a hearing scheduled pursuant to paragraph (4)(A) of this subsection.

(4) Hearing on the application.

(A) If a written protest is filed within 21 days after the notice of application is given in accordance with paragraph (2) of this subsection, the application will be set for hearing.

(B) If the application is not protested and the Commission designee determines that a permit requiring an exception to the applicable density provision is not justified according to subsection (f) of this section, the operator may request a hearing to consider the application.

(i) Duration. A permit is issued as an exception to the applicable density provision shall expire two years from the effective date of the permit; unless drilling operations are commenced in good faith within the two year period.

(j) The requirements for density exceptions for wells in a designated unconventional fracture treated (UFT) field are set forth in §3.86(k) of this title (relating to Horizontal Drainhole Wells).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Haley Cochran

Rules Attorney, Office of General Counsel

Railroad Commission of Texas

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For further information, please call: (512) 475-1295



PART 9. TEXAS LOTTERY COMMISSION

CHAPTER 401. ADMINISTRATION OF STATE LOTTERY ACT

SUBCHAPTER D. LOTTERY GAME RULES

16 TAC §401.315

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.315 ("Mega Millions" Draw Game Rule). The purpose of the proposed amendments is to facilitate the potential future sale of Mega Millions tickets using Commission-approved third-party point-of-sale systems (in-lane sales) by removing the requirement that the drawing date be printed on

the ticket, updating language regarding a player's selection of a Quick Pick, and making other conforming and non-substantive changes, including a recent clarification by the Multi-State Lottery Association regarding cancellation of plays. These changes complement rule amendments adopted by the Commission in December 2017 that also facilitated in-lane sales, but ongoing product development has necessitated small, additional updates to the rule language. The December 2017 rule amendment order noted that the term "third-party point-of-sale systems" refers to the industry terminology used by traditional brick and mortar retailers, such as grocery stores and chain retail stores, to describe their self-contained equipment that performs sales-related tasks at the in-lane check-out counter. These point-of-sale systems are basically cash registers at the checkout counter utilized by the retailers' sales clerks, or self-checkout terminals. A definition of "third-party point-of-sale systems" is already included in the Commission's rules at 16 TAC §401.301(50) and states these systems do not include any gambling device.

Kathy Pyka, Controller, has determined that for each year of the first five years the amendments will be in effect, there will be no significant fiscal impact for state or local governments as a result of the proposed amendments. There will be no adverse effect on small businesses or rural communities, micro businesses, or local or state employment. There will be no additional economic cost to persons required to comply with the amendments, as proposed. Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required because the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

Ryan Mindell, Lottery Operations Director, has determined that for each year of the first five years the proposed amendments will be in effect, the public benefit expected is increased convenience to Mega Millions ticket purchasers through the availability of an in-lane sales purchase option.

Pursuant to Texas Government Code §2001.0221, the Commission provides the following Government Growth Impact Statement for the proposed amendments to 16 TAC §401.315 ("Mega Millions" Draw Game Rule). For each year of the first five years the proposed amendments will be in effect, Kathy Pyka, Controller, has determined the following:

- (1) The proposed amendments do not create or eliminate a government program.
- (2) Implementation of the proposed amendments does not require the creation of new employee positions or the elimination of existing employee positions.
- (3) Implementation of the proposed amendments does not require an increase or decrease in future legislative appropriations to the Commission.
- (4) The proposed amendments do not require an increase or decrease in fees paid to the Commission.
- (5) The proposed amendments do not create a new regulation.
- (6) The proposed amendments do not expand or limit an existing regulation.
- (7) The proposed amendments do not increase or decrease the number of individuals subject to the rule's applicability.
- (8) The proposed amendments do not positively or adversely affect this state's economy.

The Commission requests comments on the proposed amendments rule from any interested person. Comments on the proposed amendments may be submitted to Bob Biard, General Counsel, by mail at Texas Lottery Commission, P.O. Box 16630, Austin, Texas 78761-6630; by facsimile at (512) 344-5189; or by email at legal.input@lottery.state.tx.us. Comments must be received within 30 days after publication of this proposal in the *Texas Register* to be considered.

These amendments are proposed under Texas Government Code §466.015(c), which authorizes the Commission to adopt rules governing the operation of the lottery; §466.451, which authorizes the Commission to adopt rules relating to a multi-jurisdiction lottery game; and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code Chapter 466.

§401. 315. "Mega Millions" Draw Game Rule.

(a) Mega Millions. The Multi-State Lottery Association ("MUSL") has entered into an Agreement ("Cross-Sell Agreement") with those U.S. lotteries operating under an agreement to sell a draw game known as Mega Millions ("Mega Millions Lotteries") to permit the MUSL Party Lotteries who are members of the MUSL Mega Millions Product Group ("Product Group"), including the Texas Lottery Commission (commission), to sell the Mega Millions lottery game. The purpose of the Mega Millions game is the generation of revenue for Mega Millions Lotteries and Product Group members participating under the Cross-Sell Agreement, through the operation of a specially designed multi-jurisdiction lottery game that will award prizes to ticket holders matching specified combinations of numbers randomly selected in regularly scheduled drawings. The Mega Millions game is authorized to be conducted by the commission executive director (executive director) under the conditions of the Cross-Sell Agreement, MUSL rules, the laws of the State of Texas, this section, and under such further instructions, directives, and procedures as the executive director may issue in furtherance thereof. In this regard, the executive director is authorized to issue such further instructions and directives as may be necessary to conform the conduct and play of the Mega Millions game to the requirements of the MUSL rules and the Cross-Sell Agreement, if, in the opinion of the executive director, such instructions, directives, and procedures are in conformance with state law. To be clear, the authority to participate in the Mega Millions game is provided to the commission [Texas Lottery] by MUSL through the Cross-Sell Agreement. The conduct and play of the Mega Millions game must conform to the Product Group's Mega Millions game rules ("MUSL MM Rules"). Further, if a conflict arises between this section and §401.304 of this chapter, this section shall have precedence. In addition to other applicable rules contained in Chapter 401, this section and definitions herein apply unless the context requires a different meaning or is otherwise inconsistent with the intent of the MUSL MM Rules adopted by the Product Group.

(b) Definitions. In addition to the definitions provided in §401.301 of this subchapter (relating to General Definitions), and unless the context in this section otherwise requires, the following definitions apply.

(1) "Agent" or "retailer" means a person or entity authorized by the commission [Texas Lottery Commission] to sell lottery Plays.

(2) "Drawing" refers collectively to the formal draw event for randomly selecting the winning numbers that determine the number

of winning Plays for each prize level of the Mega Millions game and Megaplier Promotion.

(3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket produced in a manner that meets the specifications defined in the MUSL rules or the rules of each Selling Lottery, and is a physical representation of the Play or Plays sold to the player as described in subsection (g) of this section (Ticket Validation).

(4) "Just the Jackpot™ Play" ("JJ Play") shall refer to a wager purchased which includes two (2) Plays as part of the Just the Jackpot Promotion as described in subsection (l) of this section.

(5) "Megaplier Plays" shall refer to Plays purchased as part of the Megaplier Promotion described in subsection (k) of this section.

(6) "Mega Millions Lotteries" refers to those lotteries that have joined under the Mega Millions Lottery Agreement and that have entered into the Cross-Sell Agreement with MUSL for the selling of the Mega Millions game by the Product Group. "Mega Millions Finance Committee" refers to a Committee of the Mega Millions Lotteries that determines the Grand Prize amount (cash value option and annuity).

(7) "Mega Millions Plays" ("MM Plays") shall refer to Plays purchased as part of the Mega Millions game, but shall not include JJ Plays or Megaplier Plays.

(8) "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the MUSL Party Lotteries.

(9) "MUSL Board" means the governing body of the MUSL, which is comprised of the chief executive officer of each Party Lottery.

(10) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that has joined MUSL and, in the context of the Product Group rules, has joined in selling the games offered by the Product Group. "Selling Lottery" or "Participating Lottery" shall mean a state lottery or lottery of a political subdivision or entity that is participating in selling the Mega Millions game and that may be a member of either the Product Group or the Mega Millions Lotteries.

(11) "Play" means a set of six (6) numbers, the first five (5) from a field of seventy (70) numbers and the last one (1) from a field of twenty-five (25) numbers, that appear on a ticket [as a single lettered selection] and are to be played by a player in the game. As used in this section, unless otherwise indicated, "Play" includes both Mega Millions Plays ("MM Plays") and Just the Jackpot Plays ("JJ Play"). "Megaplier Plays" are separately described in subsection (k) of this section.

(12) "Playslip" means a physical or electronic means by which a player communicates their intended Play selection to the retailer as defined and approved by the commission [Texas Lottery]. A playslip [Playslip] has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

(13) "Prize" means an amount paid to a person or entity holding a winning ticket. The terms "Grand Prize" or "Jackpot" may be used interchangeably and shall refer to the top prize in the Mega Millions game. "Advertised Grand Prize" or "Advertised Jackpot" shall mean the estimated annuitized Grand Prize amount as determined by the Mega Millions Finance Committee and communicated through the Selling Lotteries prior to the next Mega Millions Drawing. The Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize amount as described in subsection (f)(1) of this section.

(14) "Product Group" means the MUSL Party Lotteries who are members of the MUSL Mega Millions Product Group and who offer the Mega Millions game product pursuant to the terms of the Cross-Sell Agreement between MUSL and the Mega Millions Lotteries, and in accordance with the Multi-State Lottery Agreement and the MUSL MM Rules.

(15) "Set Prize" or "low-tier prize" means all other prizes, except the Grand Prize and, except in instances outlined in this section, or the MUSL MM Rules, will be equal to the prize amount established by the MUSL Board for the prize level.

(16) "Terminal" means a device authorized by the commission [Texas Lottery] for the purpose of issuing Mega Millions game tickets and as defined in §401.301 (General Definitions) of this chapter.

(17) "Winning Numbers" means the indicia or numbers randomly selected during a Drawing event which shall be used to determine the winning Plays for the Mega Millions game contained on a game ticket.

(c) Game Description. Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-five (25) lottery game drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries, and which pays the Grand Prize, at the election of the player made in accordance with this section, or by a default election made in accordance with this section, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Finance Committee on a pari-mutuel basis. Except as provided in this section, all other prizes are paid on a single payment basis. During the Drawing event, five (5) numbers shall be drawn from the first set of seventy (70) numbers, and one (1) number shall be drawn from the second set of twenty-five (25) numbers, which shall constitute the Winning Numbers.

(1) Mega Millions Play. To play Mega Millions, a player shall select (or request a Quick Pick) five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from one (1) through twenty-five (25). The additional number may be the same as one of the first five numbers selected by the player. MM Plays can be purchased for two dollars (U.S. \$2.00), including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery Play. Plays may be purchased from a Party Lottery approved sales outlet in a manner as approved by the Party Lottery and in accordance MUSL rules.

(2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the validation requirements set forth in subsection (g) of this section. The submission of a winning ticket to the commission [Texas Lottery] or its authorized agent shall be the sole method of claiming a prize or prizes. A playslip [Playslip] has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected.

(3) Cancellations Prohibited. In all instances, a Play recorded on the computer gaming system may not be voided or cancelled by returning the ticket to the selling agent or to the commission, including tickets that are misprinted, illegible, printed in error, or for any reason not successfully transferred to an authorized selling entity or player. [A Play may not be voided or canceled by returning the ticket to the selling sales agent or to the Texas Lottery, including tickets that are printed in error.] A Selling Lottery may develop an approved method of compensating retailers for Plays that are not transferred to a player for a reason acceptable to the Selling Lottery and not prohibited by the Mega Millions Product Group. No Play that

is eligible for a prize can be returned to the commission [lottery] for credit. Plays accepted by retailers as returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

(4) **Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is done at the player's own risk through the licensed sales agent who is acting on behalf of the player in entering the Play or Plays.

(5) **Entry of Plays.** Plays may only be entered manually using the lottery retailer terminal keypad or touch screen, by means of a commission-approved playslip [Playslip approved by the Texas Lottery], or by such other means as approved by the commission [Texas Lottery], including entry using authorized third-party point-of-sale ("POS") systems. Retailers shall not permit the use of playslips [Playslips] that are not approved by the commission [Texas Lottery]. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission [Texas Lottery]. A ticket generated using a selection method that is not approved by the commission [Texas Lottery] is not valid. A selection of numbers for a Play may be made only if the request is made in person. Acceptable methods of Play selection may include:

- (A) using a self-service terminal;
- (B) using a playslip [Playslip];
- (C) using a previously-generated "Mega Million" ticket provided by the player;
- (D) selecting [requesting a retailer to use] a Quick Pick [to select numbers];
- (E) requesting a retailer to manually enter numbers; or
- (F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission [Texas Lottery].

(6) **Maximum Purchase.** The maximum number of consecutive drawings on a single Play purchase is ten (10).

(7) **Subscription sales.** A subscription sales program may be offered, at the discretion of the executive director.

(d) **Mega Millions Prize Pool.** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each Drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a MM Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based upon the number of winning Plays at each prize level, as well as the funding required to meet a guaranteed Annuity Grand Prize as may be required by subsection (f)(1) of this section.

(1) **Mega Millions Prize Pool Accounts and Prize Reserve Accounts.** The Product Group shall set the contribution rates to the Prize Pool and Prize Reserve Accounts established by this section.

(A) The following Prize Reserve Account for the Mega Millions game is hereby established: the Prize Reserve Account (PRA) which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason, to fund deficiencies in the Set-Aside Pool, and to fund pari-mutuel prize deficiencies as defined and limited in subsections (d)(3)(A) and (k)(9)(B)(i) of this section.

(B) The following Prize Pool Accounts for the Mega Millions game are hereby established:

(i) The Grand Prize Pool (GPP), which is used to fund the current Grand Prize;

(ii) The Set Prize Pool (SPP), which is used to fund the Set Prizes. The SPP shall hold the temporary balances that may result from having fewer than expected winners in the Set Prize (aka low-tier prize) categories. The source of the SPP is the Party Lottery's weekly prize contributions less actual Set Prize liability; and

(iii) The Set-Aside Pool (SAP), which is used to fund the payment of the awarded minimum starting Annuity Grand Prizes and the minimum Annuity Grand Prize increase, if necessary (subject to the limitations in this section or the MUSL MM Rules), as may be set by the Product Group. The source of the SAP funding shall accumulate from the difference between the amount in the Grand Prize Pool at the time of a Grand Prize win and the amount needed to fund Grand Prize payments as determined by the Mega Millions Lotteries.

(C) The above Prize Reserve Account shall have maximum balance amounts or balance limiter triggers that are set by the Product Group and are detailed in the *Comments* to MUSL MM Rule 28. The maximum balance amounts and balance limit triggers are subject to review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance and Audit Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Product Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Grand Prize win.

(D) The contribution rate to the GPP from MM Plays shall be 37.6509% of sales. An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group. Details shall be noted in the *Comments* to MUSL MM Rule 28.

(E) The Product Group may determine to expend all or a portion of the funds in the prize pools (except the GPP) and the prize reserve accounts:

(i) for the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the Selling Lotteries; and

(ii) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance & Audit Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full Board by the Product Group.

(F) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(G) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for its full sales percentage share of the prize reserve account, whether or not it has been paid in full.

(H) Any amount remaining in the Mega Millions prize pool accounts or prize reserve accounts when the Product Group declares the end of the game shall be returned to the lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

(2) Expected Prize Payout Percentages. The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes awarded shall be paid as single payment prizes. All prize payouts are made with the following expected prize payout percentages, which does not include an additional amount held in prize reserves, although the prize payout percentages per draw may vary:

Figure: 16 TAC §401.315(d)(2) (No change.)

(A) The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Grand Prize.

(B) The SPP (for payment of single payment prizes of one million dollars (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

(3) Pari-mutuel Prize Determinations. Except as otherwise provided for in subparagraph (C) of this paragraph below:

(A) If the total of the Mega Millions Set Prizes (as multiplied by the respective Megaplier multiplier, if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set Prizes, including Megaplier prizes, awarded shall be drawn from the following sources, in the following order:

(i) the amount available in the SPP and the Megaplier Prize Pool, if any;

(ii) an amount from the PRA, if available, not to exceed forty million dollars (\$40,000,000.00) per drawing.

(B) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes, including Megaplier prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize, including Megaplier prizes, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this section shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

(C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amount for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(4) Except as may be required by subsection (f)(1) of this section, the official advertised Grand Prize annuity amount is subject to change based on sales forecasts and/or actual sales.

(5) Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the

Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

(e) Probability of Winning Mega Millions Prizes. The following table sets forth the probability of winning and the probable distribution of winning Plays in and among each prize category for MM Plays, based upon the total number of possible combinations in Mega Millions.

Figure: 16 TAC §401.315(e) (No change.)

(f) Mega Millions Prize Payment.

(1) Mega Millions Grand Prize. The prize money allocated from the current Mega Millions prize pool for the Grand Prize, plus any previous portions of prize money allocated to the Grand Prize category in which no matching MM Plays or JJ Plays were sold will be divided equally among all Grand Prize winning MM Plays and JJ Plays in all Participating Lotteries. The Annuity Grand Prize amount will be paid in thirty (30) graduated annual installments. Grand Prizes won shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions Lotteries. The Mega Millions Lotteries may set a minimum guaranteed annuitized Grand Prize amount that shall be advertised by the Selling Lotteries as the starting guaranteed annuitized Grand Prize amount. At the time of ticket purchase, a player must select a payment option of either a single cash value payment or annuitized payments of a share of the Grand Prize if the Play is a winning Play. A player's selection of the payment option at the time of purchase from the commission [Texas Lottery] is final and cannot be revoked, withdrawn, or otherwise changed. If no selection is made, payment option will be as described in the chart below:

Figure: 16 TAC §401.315(f)(1) (No change.)

(2) Mega Millions Prize Rollover. If in any Mega Millions Drawing there are no MM Plays or JJ Plays that qualify for the Grand Prize category, the portion of the prize fund allocated to such Grand Prize category shall remain in the Grand Prize category and be added to the amount allocated for the Grand Prize category in the next consecutive Mega Millions Drawing.

(3) A player(s) who elects a cash value option payment shall be paid his/her share(s) in a single cash payment upon completion of validation procedures determined by the commission [Texas Lottery]. The cash value option amount shall be determined by the Mega Millions Lotteries.

(4) All annuitized prizes shall be paid annually in thirty (30) graduated annual installments upon completion of validation procedure determined by the commission [Texas Lottery]. The initial payment shall be paid upon completion of the validation procedures and the subsequent twenty-nine (29) payments shall be paid annually to coincide with the winning draw date, and shall escalate by a factor of 5% annually. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000) increment. The annuitized option prize shall be determined by multiplying the winning Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of Public Accounts.

(5) If individual shares of the Grand Prize Pool funds held to fund an annuity is less than \$250,000.00, the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Grand Prize Pool.

(6) Funds for the initial payment of an annuitized prize or the lump sum cash value option payment shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full cash

value option payment amount may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega Millions game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

(7) Payment of Prize Payments upon the Death of a Prize Winner. In the event of the death of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments will be made to the estate of a deceased prize winner in accordance with Texas Government Code §466.406.

(8) Prize Payments. All prizes shall be paid through the Selling Lottery that sold the winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash or warrants in accordance with Texas statutes and these rules. A Selling Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

(9) Prizes Rounded. Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first payment to the winner or winners. Prizes other than the Grand Prize, which, under this section, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

(10) Limited to Highest Prize Won. The holder of a winning MM Play may win only one (1) prize per Play in connection with the Winning Numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category. A JJ Play is not eligible to win non-Grand Prize category prizes. All liabilities for a Mega Millions prize are discharged upon payment of a prize claim.

(11) Claim Period. Prizes must be claimed no later than 180 days after the draw date, or in accordance with Texas Government Code §466.408(e).

(g) Ticket Validation.

(1) To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the requirements established by the commission [Texas Lottery] for validation of winning Plays sold through the computer gaming system, as well as any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for Plays or tickets that are altered in any manner.

(2) Under no circumstances will a claim for any prize be paid without an official Mega Millions ticket issued as authorized by the commission [Texas Lottery] and matching all game Play, serial number and other validation data residing in the commission's [Texas Lottery's] computer gaming system and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.

(3) In addition to the above, in order to be deemed a valid, winning Mega Millions Play, all of the following conditions must be met:

(A) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the applicable drawing date(s) [printed on the ticket];

(B) The ticket must be intact;

(C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner;

(D) The ticket must not be counterfeit or an exact duplicate of another winning ticket;

(E) The ticket must have been issued by an authorized [Texas Lottery] sales agent[,], on official Texas Lottery paper stock or, for third-party point-of-sale systems approved by the commission [Texas Lottery], printed on paper stock or otherwise issued in a manner approved by the commission [Texas Lottery] to provide tangible evidence of participation in a lottery game;

(F) The ticket must not have been stolen, to the knowledge of the commission [Texas Lottery];

(G) The ticket must be submitted for payment in accordance with the prize claim procedures of the commission [Texas Lottery] as set out in §401.304 of this subchapter and any internal procedures used by the commission [Texas Lottery];

(H) The Play data on the ticket must have been recorded on the computer gaming system prior to the drawing and the Play data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the commission's [Texas Lottery's] computer gaming system, the wager accepted by the commission's [Texas Lottery's] computer gaming system shall be the valid wager;

(I) The player or Quick Pick number selections, validation data and the drawing date(s) of an apparent winning Play must appear [on] in the official file of winning Plays, and a Play with that exact data must not have been previously paid;

(J) The Play must not be misregistered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the commission [Texas Lottery];

(K) The ticket must pass confidential validation tests in accordance with the MUSL MM Rules. In addition, the ticket must pass all other confidential security checks of the commission [Texas Lottery];

(L) In submitting a ticket for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions and final decisions of the executive director of the commission [Texas Lottery];

(M) There must not be any other breach of the MUSL MM Rules, or this subchapter, in relation to the Play, which, in the sole and final opinion of the executive director of the commission [Texas Lottery], justifies invalidation; and[.];

(N) The Ticket must be submitted to the commission [Texas Lottery], or the Selling Lottery that issued it.

(4) A Play submitted for validation that fails any of the preceding validation conditions shall be considered void, subject to the following determinations:

(A) In all cases of doubt, the determination of the commission [Texas Lottery] shall be final and binding; however, the commission [Texas Lottery] may, at its option, replace an invalid Play with a Mega Millions Play of equivalent sales price;

(B) In the event a defective ticket is purchased or in the event the commission [Texas Lottery] determines to adjust an error, the claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Mega Millions Play of equivalent sales price; and

(C) In the event a Mega Millions Play is not paid by the commission [Texas Lottery] and a dispute occurs as to whether the Play is a winning Play, the commission [Texas Lottery] may, at its option, replace the Play as provided in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy of the claimant.

(h) Ticket Responsibility.

(1) Prize Claims. Prize claim procedures shall be governed by the rules of the commission [Texas Lottery]. The MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the commission [Texas Lottery].

(2) Stolen Plays. The Product Group, the MUSL, the Party Lotteries and the commission [Texas Lottery] shall not be responsible for lost or stolen Plays.

(3) The Party Lotteries shall not be responsible to a prize claimant for Mega Millions Plays redeemed in error by a Texas Lottery sales agent.

(4) Winning Plays are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions draw. MUSL, the Party Lotteries and the commission [Texas Lottery] are not responsible for Mega Millions winning numbers reported in error.

(i) Ineligible Players.

(1) A Play, or share of a Play, for a MUSL game issued by the MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such Play, or share of a Play, shall not be paid to:

(A) a MUSL employee, officer, or director;

(B) a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;

(C) an employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm; or

(D) an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a), (b), and (c) of this section and residing in the same household.

(2) Those persons designated by the State Lottery Act, Texas Government Code, Chapter 466, as ineligible to play its games shall also be ineligible to play any MUSL lottery game sold in the state of Texas.

(3) A Play, or share of a Play, of the Mega Millions game may not be purchased in any lottery jurisdiction by any Party Lottery board member; commissioner; officer; employee; or spouse, child brother, sister or parent residing as a member of the same household in the principle place of residence of any such person. Prizes shall not be paid to any persons prohibited from playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed by the Selling Lottery.

(j) Applicable Law.

(1) In purchasing a Play, or attempting to claim a prize, purchasers and prize claimants agree to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the commission [Texas Lottery] and by directives and determinations of the commission's executive director [of the Texas Lottery]. Additionally, the player shall be bound to all applicable provisions in the MUSL MM Rules.

(2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a Play can only be pursued against the Party Lottery which issued the Play. Litigation, if any, shall only be maintained within the jurisdiction in which the Play was purchased and only against the Party Lottery that issued the Play. No claim shall be made against any other Party Lottery or against the MUSL.

(3) Nothing in this section or the MUSL MM Rules shall be construed as a waiver of any defense or claim the commission [Texas Lottery], which issued the Play, any other Party Lottery, or MUSL may have in any litigation, including in the event a player or prize claimant pursues litigation against a Party Lottery or MUSL, or their respective officers, directors or employees.

(4) All decisions made by the commission [Texas Lottery], including the declaration of prizes and the payment thereof and the interpretation of MUSL MM Rules, shall be final and binding on all Play purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction where the Play was issued.

(5) Unless the laws, rules, regulations, procedures, and decisions of the commission [Texas Lottery], which issued the Play, provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold in violation of this section, the MUSL MM Rules, or the laws, rules, regulations, procedures, and decisions of the commission [Texas Lottery]; any such prize claimed but unpaid shall constitute an unclaimed prize under this section and the laws, rules, regulations, procedures, and decisions of the commission [Texas Lottery].

(k) Mega Millions Megaplier Promotion.

(1) Promotion Description. The Mega Millions Megaplier Promotion is a limited extension of the Mega Millions game and is conducted in accordance with the MUSL MM Rules and other lottery rules applicable to the Mega Millions game except as may be amended herein. The Promotion will begin at a time announced by the commission [Texas Lottery] and will continue until discontinued by the commission [Texas Lottery]. The Promotion will offer to the owners of a qualifying Megaplier Play a chance to multiply or increase the amount of any of the Set Prizes (the prizes normally paying two dollars (\$2.00) to one million dollars (\$1,000,000.00) won in a Drawing held during the Promotion. The Grand Prize is not a Set Prize and will not be multiplied or increased by means of the Megaplier Promotion or the Just the Jackpot Promotion.

(2) Qualifying Megaplier Play. A qualifying Megaplier Play is any single Mega Millions Play for which the player pays an extra one dollar (\$1.00) for the Megaplier option and that is recorded at on the commission's [Texas Lottery's] computer gaming system as a qualifying Megaplier Play. Just the Jackpot Plays do not qualify to purchase a Megaplier Play.

(3) Prizes To Be Multiplied Or Increased. A qualifying Megaplier Play that wins one of the Set Prizes will be multiplied by the number selected, either two, three, four, or five (2, 3, 4, or 5), in a separate random Megaplier Drawing announced in a manner approved by the Product Group.

(4) Megaplier Draws. MUSL will either itself conduct, or authorize a U.S. Lottery to conduct on its behalf, a separate random "Megaplier" Drawing. Before each Mega Millions Drawing a single number (2, 3, 4 or 5) shall be drawn. The Product Group may change one or more of the multiplier features for special promotions from time to time. In the event the Megaplier Drawing does not occur prior to the Mega Millions Drawing, the multiplier number will be a 5 (five), which shall solely be determined by the lottery authorized to conduct the "Megaplier" Drawing.

(5) Megaplier Prize Pool.

(A) The Megaplier Prize Pool (MPP) is hereby created, and shall be used to fund Megaplier prizes. The MPP shall hold the temporary balances that may result from having fewer than expected winning Megaplier Plays. The source of the MPP is the Party Lottery's weekly prize contributions less actual Megaplier Prize liability.

(B) Up to fifty-five percent (55%) of each Drawing period's sales, as determined by the Product Group, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be collected for the payment of Megaplier prizes.

(C) Prize payout percentages per draw may vary. The MPP shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Megaplier prizes awarded in the current draw and held in the MPP.

(6) End of Game. Any amount remaining in the MPP when the Product Group declares the end of this game shall be returned to the lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction law.

(7) Expected Prize Payout. Except as provided in this section, all prizes awarded shall be paid as single payment Set Prizes. Instead of the Mega Millions Set Prize amounts, qualifying Megaplier Plays will pay the amounts shown below when matched with the Megaplier number drawn. In certain rare instances, the Mega Millions Set Prize amount may be less than the amount shown. In such case, the Megaplier prizes will be a multiple of the changed Mega Millions prize amount announced after the draw. For example, if the Match 4+1 Mega Millions set prize amount of ten thousand dollars (\$10,000.00) becomes two thousand dollars (\$2,000.00) under the rules of the Mega Millions game, then a Megaplier player winning that prize amount with a 4X multiplier would win eight thousand dollars (\$8,000): two thousand dollars multiplied by four (\$2,000.00 x 4).
Figure: 16 TAC §401.315(k)(7) (No change.)

(8) Probability of Winning. The following table sets forth the probability of the various Megaplier numbers being drawn during a single Mega Millions Drawing. The Product Group may elect to run limited promotions that may modify the multiplier features.
Figure: 16 TAC §401.315(k)(8) (No change.)

(9) Limitation on Payment of Megaplier Prizes.

(A) Prize Pool Carried Forward. The prize pool percentage allocated to the Megaplier Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw or may be held in a prize reserve account.

(B) Pari-Mutuel Prizes--All Prize Amounts. Except as otherwise provided for in subparagraph (C) of this paragraph below:

(i) If the total of the original Mega Millions Set Prizes and the Megaplier prize amounts awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the Set Prizes (including the Megaplier prize amounts) awarded shall be drawn from the following sources, in the following order:

(I) the amount available in the SPP and the MPP, if any;

(II) an amount from the PRA, if available in the account, not to exceed forty million dollars (\$40,000,000.00) per drawing.

(ii) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Megaplier prize amounts), then the highest Set Prize (including the Megaplier prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize (including the Megaplier prize amount) shall become a pari-mutuel prize. This procedure shall continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this section shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

(C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Megaplier prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(10) Prize Payment. All Megaplier prizes shall be paid in one single payment through the Party Lottery that sold the winning Megaplier Play(s). A Party Lottery may begin paying Megaplier prizes after receiving authorization to pay from the MUSL central office. Prizes that, under this section, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the MPP for the next drawing.

(l) Just the Jackpot™ Promotion.

(1) Promotion Description. The Mega Millions Just the Jackpot Promotion is a limited extension of the Mega Millions game and is conducted in accordance with the MUSL MM Rules and other lottery rules applicable to the Mega Millions game except as may be amended herein, and any other lottery rules applicable to this Promotion. All rules applicable to the Mega Millions game in subsections (a) through (j) of this section are applicable to the Just the Jackpot Promotion unless otherwise indicated. The Promotion will begin at a time announced by the commission [Texas Lottery] and will continue until discontinued by the commission [Texas Lottery]. The Promotion will offer to players a chance to purchase a Just the Jackpot Play ("JJ Play") which will qualify a player for two (2) chances (each a "Play") to win the Grand Prize, and no other prize levels. If the player matches any non-Grand Prize (any prize level other than the Grand Prize) numbers with his or her JJ Play(s), the player who purchased the JJ Play is not eligible to win or claim the non-Grand Prizes in the Just the Jackpot Promotion.

(2) Winning JJ Plays will be paid the Mega Millions Grand Prize, at the election of the player made in accordance with subsection (f) of this section or by a default election made in accordance with this section, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined in accordance with subsection (f)(4) of this section. All provisions in subsections (a) through (j) of this section regarding payment of the Mega Millions Grand Prize are applicable to winning JJ Play(s). The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Grand Prize.

(3) Just the Jackpot shall use the Mega Millions winning numbers. Mega Millions winning numbers applicable to determine Just the Jackpot prizes will be determined on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries.

(4) To play Just the Jackpot, a player shall select (or request a Quick Pick) two (2) sets of five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from one (1) through twenty-five (25). The additional number may be the same as one of the first five numbers selected by the player. Each set of numbers shall constitute a [single lettered selection, or] single "Play" as that term is defined in subsection (b)(11) of this section. The two (2) Plays for each three dollar (\$3.00) JJ Plays purchase shall be for the same drawing, although the commission [Texas Lottery] may sell multi-draw JJ Plays as well.

(5) The purchase price of a single JJ Play shall be three dollars (US \$3.00) for two (2) [single lettered selection of] Plays, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery JJ Play. JJ Plays must be printed on separate tickets from MM Plays and must clearly indicate the Plays are for the Just the Jackpot Promotion. Each JJ Play is played separately in determining matches to winning numbers and prize amounts. JJ Plays may be purchased from any authorized Texas Lottery sales agent in a manner as approved by the commission [Texas Lottery] and in accordance with this section and the MUSL rules. The winning numbers for the JJ Plays will be the winning numbers drawn in the applicable Mega Millions Drawing. The Grand Prize will not be multiplied or increased by means of the Megaplier Promotion.

(6) Just the Jackpot Prize Pool Contributions.

(A) Mega Millions Prize Pool. The prize pool for JJ Plays shall consist of up to fifty-five percent (55%) of each Drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based the funding required to meet a guaranteed Annuity Grand Prize as may be required by the MUSL MM Rules.

(B) Mega Millions Prize Pool Account and Prize Reserve Account contributions. The Product Group shall set the contribution rates to the Just the Jackpot prize pool and prize reserve accounts established by this section.

(i) The contribution rate for JJ Plays to the GPP shall be 50.2012% of sales. An amount up to five percent (5%) of a Party Lottery's JJ Play sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, shall be added to a Party Lottery's Just the Jackpot Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group. Details shall be noted in the Comments to the MUSL MM Rule JJ5.2.

(ii) All provisions regarding the Grand Prize Pool and Prize Reserve Account as described herein are applicable to JJ Play contributions to the Grand Prize Pool and Prize Reserve Account.

(7) Expected Prize Payout Percentage. The Mega Millions Grand Prize payout shall be determined on a pari-mutuel basis. The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Mega Millions Grand Prize. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount held in prize reserves:

Figure: 16 TAC §401.315(l)(7) (No change.)

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 14, 2018.

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Bob Biard

General Counsel

Texas Lottery Commission

Earliest possible date of adoption: January 27, 2019

For further information, please call: (512) 344-5012

◆ ◆ ◆
16 TAC §401.317

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.317 ("Powerball® Draw Game Rule). There are two purposes for the proposed amendments. The first purpose is to facilitate the potential future sale of Powerball tickets using Commission-approved third-party point-of-sale systems (in-lane sales) by removing the requirement that the drawing date be printed on the ticket, updating language regarding a player's selection of a Quick Pick, and making other conforming and non-substantive changes, including a recent clarification by the Multi-State Lottery Association regarding cancellation of plays. These changes complement rule amendments adopted by the Commission in December 2017 that also facilitated in-lane sales, but ongoing product development has necessitated small, additional updates to the rule language. The December 2017 rule amendment order noted that the term "third-party point-of-sale systems" refers to the industry terminology used by traditional brick and mortar retailers, such as grocery stores and chain retail stores, to describe their self-contained equipment that performs sales-related tasks at the in-lane check-out counter. These point-of-sale systems are basically cash registers at the checkout counter utilized by the retailers' sales clerks, or self-checkout terminals. A definition of "third-party point-of-sale systems" is already included in the Commission's rules at 16 TAC §401.301(50) and states these systems do not include any gambling device.

Second, the proposed amendments delete references to "Winner Take All®", a promotional play option adopted in 2017 by the Multi-State Lottery Association (MUSL) and reflected in the Commission's current Powerball rule (in amendments also adopted in December 2017), but which MUSL declined to implement.

Kathy Pyka, Controller, has determined that for each year of the first five years the amendments will be in effect, there will be no significant fiscal impact for state or local governments as a result of the proposed amendments. There will be no adverse effect on small businesses or rural communities, micro businesses, or local or state employment. There will be no additional economic cost to persons required to comply with the amendments, as proposed. Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required because the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

Ryan Mindell, Lottery Operations Director, has determined that for each year of the first five years the proposed amendments will be in effect, the public benefit expected is increased convenience to Powerball ticket purchasers through the availability of an in-lane sales purchase option. In addition, the public will benefit from greater clarity of the rule language by deleting references to a promotional play option that will not be implemented.

(4) To play Just the Jackpot, a player shall select (or request a Quick Pick) two (2) sets of five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from one (1) through twenty-five (25). The additional number may be the same as one of the first five numbers selected by the player. Each set of numbers shall constitute a [single lettered selection; or] single "Play" as that term is defined in subsection (b)(11) of this section. The two (2) Plays for each three dollar (\$3.00) JJ Plays purchase shall be for the same drawing, although the commission [Texas Lottery] may sell multi-draw JJ Plays as well.

(5) The purchase price of a single JJ Play shall be three dollars (US \$3.00) for two (2) [single lettered selection of] Plays, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery JJ Play. JJ Plays must be printed on separate tickets from MM Plays and must clearly indicate the Plays are for the Just the Jackpot Promotion. Each JJ Play is played separately in determining matches to winning numbers and prize amounts. JJ Plays may be purchased from any authorized Texas Lottery sales agent in a manner as approved by the commission [Texas Lottery] and in accordance with this section and the MUSL rules. The winning numbers for the JJ Plays will be the winning numbers drawn in the applicable Mega Millions Drawing. The Grand Prize will not be multiplied or increased by means of the Megaplier Promotion.

(6) Just the Jackpot Prize Pool Contributions.

(A) Mega Millions Prize Pool. The prize pool for JJ Plays shall consist of up to fifty-five percent (55%) of each Drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based the funding required to meet a guaranteed Annuity Grand Prize as may be required by the MUSL MM Rules.

(B) Mega Millions Prize Pool Account and Prize Reserve Account contributions. The Product Group shall set the contribution rates to the Just the Jackpot prize pool and prize reserve accounts established by this section.

(i) The contribution rate for JJ Plays to the GPP shall be 50.2012% of sales. An amount up to five percent (5%) of a Party Lottery's JJ Play sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, shall be added to a Party Lottery's Just the Jackpot Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group. Details shall be noted in the Comments to the MUSL MM Rule JJ5.2.

(ii) All provisions regarding the Grand Prize Pool and Prize Reserve Account as described herein are applicable to JJ Play contributions to the Grand Prize Pool and Prize Reserve Account.

(7) Expected Prize Payout Percentage. The Mega Millions Grand Prize payout shall be determined on a pari-mutuel basis. The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Mega Millions Grand Prize. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount held in prize reserves:

Figure: 16 TAC §401.315(1)(7) (No change.)

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 14, 2018.

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Bob Biard

General Counsel

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Earliest possible date of adoption: January 27, 2019

For further information, please call: (512) 344-5012

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16 TAC §401.317

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.317 ("Powerball® Draw Game Rule). There are two purposes for the proposed amendments. The first purpose is to facilitate the potential future sale of Powerball tickets using Commission-approved third-party point-of-sale systems (in-lane sales) by removing the requirement that the drawing date be printed on the ticket, updating language regarding a player's selection of a Quick Pick, and making other conforming and non-substantive changes, including a recent clarification by the Multi-State Lottery Association regarding cancellation of plays. These changes complement rule amendments adopted by the Commission in December 2017 that also facilitated in-lane sales, but ongoing product development has necessitated small, additional updates to the rule language. The December 2017 rule amendment order noted that the term "third-party point-of-sale systems" refers to the industry terminology used by traditional brick and mortar retailers, such as grocery stores and chain retail stores, to describe their self-contained equipment that performs sales-related tasks at the in-lane check-out counter. These point-of-sale systems are basically cash registers at the checkout counter utilized by the retailers' sales clerks, or self-checkout terminals. A definition of "third-party point-of-sale systems" is already included in the Commission's rules at 16 TAC §401.301(50) and states these systems do not include any gambling device.

Second, the proposed amendments delete references to "Winner Take All®", a promotional play option adopted in 2017 by the Multi-State Lottery Association (MUSL) and reflected in the Commission's current Powerball rule (in amendments also adopted in December 2017), but which MUSL declined to implement.

Kathy Pyka, Controller, has determined that for each year of the first five years the amendments will be in effect, there will be no significant fiscal impact for state or local governments as a result of the proposed amendments. There will be no adverse effect on small businesses or rural communities, micro businesses, or local or state employment. There will be no additional economic cost to persons required to comply with the amendments, as proposed. Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required because the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

Ryan Mindell, Lottery Operations Director, has determined that for each year of the first five years the proposed amendments will be in effect, the public benefit expected is increased convenience to Powerball ticket purchasers through the availability of an in-lane sales purchase option. In addition, the public will benefit from greater clarity of the rule language by deleting references to a promotional play option that will not be implemented.

Pursuant to Texas Government Code §2001.0221, the Commission provides the following Government Growth Impact Statement for the proposed amendments to 16 TAC §401.317 ("Powerball® Draw Game Rule). For each year of the first five years the proposed amendments will be in effect, Kathy Pyka, Controller, has determined the following:

- (1) The proposed amendments do not create or eliminate a government program.
- (2) Implementation of the proposed amendments does not require the creation of new employee positions or the elimination of existing employee positions.
- (3) Implementation of the proposed amendments does not require an increase or decrease in future legislative appropriations to the Commission.
- (4) The proposed amendments do not require an increase or decrease in fees paid to the Commission.
- (5) The proposed amendments do not create a new regulation.
- (6) The proposed amendments do not expand or limit an existing regulation.
- (7) The proposed amendments do not increase or decrease the number of individuals subject to the rule's applicability.
- (8) The proposed amendments do not positively or adversely affect this state's economy.

The Commission requests comments on the proposed amendments rule from any interested person. Comments on the proposed amendments may be submitted to Bob Biard, General Counsel, by mail at Texas Lottery Commission, P.O. Box 16630, Austin, Texas 78761-6630; by facsimile at (512) 344-5189; or by email at legal.input@lottery.state.tx.us. Comments must be received within 30 days after publication of this proposal in the *Texas Register* to be considered.

These amendments are proposed under Texas Government Code §466.015(c), which authorizes the Commission to adopt rules governing the operation of the lottery; §466.451, which authorizes the Commission to adopt rules relating to a multi-jurisdiction lottery game; and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code Chapter 466.

§401.317. "Powerball® Draw Game Rule.

(a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) lottery draw game offered by all Lotteries that have agreed to MUSL's Powerball Group Rules. The purpose of the Powerball game is the generation of revenue for MUSL Party Lottery members and Mega Millions Party Lotteries participating under the Cross-Sell Agreement, through the operation of a specially designed multi-jurisdiction lottery game that will award prizes to ticket holders of validated winning tickets matching specified combinations of numbers randomly selected in regularly scheduled Drawings. The Powerball game is authorized to be conducted by the commission executive director (executive director) under the conditions of the MUSL rules, the laws of the State of Texas, this section, and under such further instructions, directives, and procedures as the executive director may issue in furtherance thereof. In this regard, the executive director is authorized to issue such further instructions and directives as may be necessary to conform the conduct and play of the Powerball game to the requirements of the MUSL rules if, in the opinion of the executive director, such instructions, directives,

and procedures are in conformance with state law. To be clear, the authority to participate in the Powerball game is provided to the Texas Lottery Commission (commission) by MUSL. The conduct and play of the Powerball game must conform to the MUSL Powerball Group Rules. Further, if a conflict arises between this section and §401.304 of this chapter (relating to Draw Game Rules (General)), this section shall have precedence. In addition to other applicable rules contained in Chapter 401, this section and definitions herein apply unless the context requires a different meaning or is otherwise inconsistent with the intent of the rules adopted by the MUSL or the MUSL Powerball Group.

(b) Definitions.

(1) "Agent" or "retailer" means a person or entity authorized by the commission to sell lottery Plays.

(2) A "Drawing" refers collectively to the formal draw event for randomly selecting the Winning Numbers that determine the number of winning Plays for each prize level of the Powerball game and Power Play promotion. [or a Powerball game promotion as described in this section.]

[(A) The Powerball Drawing (PB Drawing) shall determine the Winning Numbers for the Powerball game and the Power Play multiplier.]

[(B) A Winner Take All® Drawing (WTA Drawing) is a separate Drawing event from the PB Drawing and shall determine the Winning Numbers for the Winner Take All® promotion.]

[(C) The PB Drawing Winning Numbers shall not be used for the WTA promotion; and shall not be used to determine winning Winner Take All Play(s) (WTA Plays) or prizes. Similarly, the WTA Winning Numbers shall not be used as the Winning Numbers for the Powerball game or to determine the Powerball winning Play(s) or prizes.]

(3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket produced in a manner that meets the specifications defined in the rules of the Selling Lottery and subsection (g) of this section, and is a physical representation of the Play or Plays sold to the player.

(4) "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the MUSL Party Lotteries.

(5) "MUSL Board" means the governing body of the MUSL, which is comprised of the chief executive officer of each Party Lottery. "MUSL Finance and Audit Committee" shall mean the committee of that name established by the MUSL Board.

(6) "MUSL Annuity Factor" shall mean the annuity factor as determined by the MUSL central office through a method approved by the MUSL Finance and Audit Committee and which is used as described in this rule.

(7) "Pari-Mutuel" or "pari-mutuel" as used in this section shall mean wagered funds that are pooled and then paid in equal shares to the holders of winning Plays as described in this section and the MUSL Rules.

(8) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that has joined MUSL and is authorized to sell the Powerball game. "Licensee Lottery" shall mean a state lottery or lottery of a governmental unit, political subdivision, or entity thereof that is not a Party Lottery but has agreed to comply with all applicable MUSL and Product Group requirements and has been authorized by the MUSL and by the Powerball Product Group to sell the Powerball game. "Selling Lottery" or "Participating Lottery" shall mean a lottery

authorized by the Product Group to sell Plays, including Party Lotteries and Licensee Lotteries.

(9) "Play" means the six (6) numbers, the first five (5) from a field of sixty-nine (69) numbers and the last one (1) from a field of twenty-six (26) numbers, that appear on a ticket [as a single lettered selection] and are to be played by a player in the Powerball game. [as well as in the WTA promotion if the WTA promotion is selected by the player. As used in this section, unless otherwise indicated, "Play" includes both Powerball Plays and Winner Take All Plays.]

(A) "Powerball Plays" (PB Plays) shall refer to Plays purchased as part of the Powerball game, but shall not include [WTA Plays or] Power Play Plays.

(B) "Power Play Plays" shall refer to Plays purchased as part of the Power Play promotion described in subsection (k) of this section.

~~[(C)]~~ "Winner Take All Plays" (WTA Plays) shall refer to Plays purchased as part of the WTA promotion as described in subsection (l) of this section.]

(10) "Playslip" means a physical or electronic means by which a player communicates their intended Play selection to the retailer as defined and approved by the Selling Lottery. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

(11) "Power Play" shall refer to the Power Play promotion as described in subsection (k) of this section.

(12) "Powerball Group" or "Product Group" means the MUSL member group of lotteries which have joined together to offer the Powerball product pursuant to the terms of the Multi-State Lottery Agreement and the Powerball Group's rules, including the MUSL Powerball Drawing Procedures. In this rule, wherever either term is used it is referring to the MUSL Powerball Group.

(13) "Prize" means an amount paid to a person or entity holding a winning ticket.

(A) "The Grand Prize" shall refer to the top prize in the Powerball game.

~~[(B)]~~ The "Winner Take All Prize" (WTA Prize) means the Prize established by the Product Group for the WTA promotion set forth in subsection (l) of this section.]

(B) ~~[(C)]~~ The Advertised Grand Prize shall mean the estimated annuitized Grand Prize amount as determined by the MUSL Central Office by use of the MUSL Annuity Factor and communicated through the Selling Lotteries prior to the Grand Prize Drawing. The Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize amount as described in paragraph (6) of subsection (f) of this section.

(C) ~~[(D)]~~ The "Set Prize" or "low-tier prize" means all other prizes, except the Grand Prize [and WTA Prize], and, except in instances outlined in this section, will be equal to the prize amount established by the Product Group for the prize level.

(14) "Terminal" means a device authorized by the commission for the purpose of issuing Powerball game tickets and as defined in §401.301 (General Definitions) of this chapter.

~~[(15)]~~ "Winner Take All" (WTA) shall refer to the Winner Take All® promotion as described in subsection (l) of this section.]

(15) ~~[(16)]~~ "Winning Numbers" means the numbers randomly selected during a Drawing event which shall be used to deter-

mine the winning Plays for the Powerball game or the Powerball game promotion being drawn.

(c) Game Description.

(1) Powerball Game. Powerball is a five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26) numbers lottery game drawn every Wednesday and Saturday, as part of the Powerball Drawing, which pays the Grand Prize, at the election of the player made in accordance with this section, or by a default election made in accordance with this section, either on an annuitized pari-mutuel basis or as a single lump sum payment of the total funding held in the Grand Prize Pool for the winning Drawing on a pari-mutuel basis. Except as provided in this section, all other prizes are paid on a single payment basis.

(A) Powerball Winning Numbers applicable to determine Powerball prizes will be determined in the Powerball Drawing. During the Powerball Drawing, five (5) numbers shall be drawn from the first set of sixty-nine (69) and one (1) number shall be drawn from the second set of twenty-six (26) numbers, which shall constitute the Powerball Winning Numbers.

(B) To play Powerball, a player shall select five (5) different numbers, from one (1) through sixty-nine (69) and one (1) additional number from one (1) through twenty-six (26), or request the retailer to generate a Quick Pick selection of numbers from the lottery terminal. The additional number may be the same as one of the first five numbers selected by the player.

(C) Powerball Plays can be purchased for two dollars (U.S. \$2.00), including any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play. PB Plays may be purchased from a Selling Lottery approved sales outlet in a manner as approved by the Selling Lottery and in accordance with MUSL Rules.

(2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the validation requirements set forth in subsection (g) of this section. The submission of a winning ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected.

(3) Cancellations Prohibited. [A Play may not be voided or canceled by returning the ticket to the selling agent or to the lottery, including tickets that are printed in error.] In all instances, a Play recorded on the computer gaming system may not be voided or cancelled by returning the ticket to the selling agent or to the commission, including tickets that are misprinted, illegible, printed in error, or for any reason not successfully transferred to an authorized selling entity or player. A Selling Lottery may develop an approved method of compensating retailers for Plays that are not transferred to a player for a reason acceptable to the Selling Lottery and not prohibited by the Powerball Product Group. No Play that is eligible for a prize can be returned to the commission [lottery] for credit. Plays accepted by retailers as returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

(4) Player Responsibility. It shall be the sole responsibility of the player to verify the accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is done at the player's own risk through the licensed sales agent who is acting on behalf of the player in entering the Play or Plays.

(5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal keypad or touch screen, by means of a commission-approved [an approved] playslip, or by such other means

as approved by the commission, including entry using authorized third-party point-of-sale ("POS") systems. Retailers shall not permit the use of playslips that are not approved by the commission. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission.

[(A)] A ticket generated using a selection method that is not approved by the commission is not valid.

[(B)] A selection of numbers for a Play may be made only if the request is made in person. Acceptable methods of Play selection may include:

- (A) [(i)] using a self-service terminal;
- (B) [(ii)] using a playslip;
- (C) [(iii)] using a previously-generated "Powerball" ticket provided by the player;
- (D) [(iv)] selecting [requesting a retailer to use] a Quick Pick;
- (E) [(v)] requesting a retailer to manually enter numbers; or
- (F) [(vi)] using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.

(6) Subscription Sales. A subscription sales program may be offered, at the discretion of the executive director.

(7) Maximum Purchase. The maximum number of consecutive Drawings on a single PB Play purchase is ten (10), including Power Play Plays if purchased. [Advanced purchases are prohibited for the WTA promotion described in subsection (f).]

(d) Powerball Prize Pool.

(1) Powerball Prize Pool.

(A) The prize pool for all Powerball prize categories shall consist of fifty percent (50%) of each Drawing period's Powerball sales, inclusive of any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play, and including contributions to the prize pool accounts and prize reserve accounts.

(B) Powerball Prize Pool Accounts and Prize Reserve Accounts. The Product Group shall set the contribution rates to the prize pool and to one or more prize reserve or pool accounts established by the MUSL Powerball Group Rules.

(i) Prize Reserve Accounts. The Product Group has established the following prize reserve accounts for the Powerball game: the Powerball Prize Reserve Account (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason; and the Powerball Set Prize Reserve Account (SPRA), which is used to fund deficiencies in low-tier Powerball prize payments, subject to the limitations of the MUSL rules.

(ii) Prize Pool Accounts. The Product Group has established the following prize pool accounts for the Powerball game: the Grand Prize Pool, which is used to fund the current Grand Prize; the Powerball Set Prize Pool, which is used to fund the Powerball Set Prizes; the Powerball Set-Aside Pool, which is used to fund the payment of the awarded minimum starting annuity Grand Prizes and minimum annuity Grand Prize increase, if necessary (subject to the limitations in the MUSL Powerball Group Rules), as may be set by the Product Group; and the Grand Prize Carry Forward Pool (GPCFP), which is used to fund the starting minimum annuity Grand Prize, as may be set by the Product Group, if such funds are available, and if sales do

not fund the Grand Prize. The Power Play Prize Pool is described in subsection (k)(4) of this section. The Powerball Set Prize Pool shall hold the temporary balances that may result from having fewer than expected winners in the Powerball Set Prize (aka low-tier prize) categories and the source of the Powerball Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball Set Prize liability.

(iii) The above prize reserve accounts, the GPCFP and the Set-Aside Pool shall have maximum balance amounts or balance limiter triggers that are set by the Product Group and are detailed in the Comments to the MUSL Rule. The maximum balance amounts and balance limiter triggers are subject to review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance and Audit Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Grand Prize win.

(iv) The maximum contribution rate to the Grand Prize Pool shall be 68.0131% of the prize pool (34.0066% of sales). An amount up to five percent (5%) of a Party Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in one or more prize pool accounts and prize reserve accounts held by the Product Group (hereinafter the "prize pool and reserve deduction") at any time that the prize pool accounts and Party Lottery's share of the prize reserve accounts is below the amounts designated by the Product Group. An additional amount up to twenty percent (20%) of a Party Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in the GPCFP to be held by the Product Group at a time as determined by the Product Group.

(v) The Product Group may determine to expend all or a portion of the funds in the Powerball prize pool accounts (except the Powerball Grand Prize Pool account and the GPCFP) and the prize reserve accounts: (1) for the purpose of indemnifying the Selling Lotteries for the payment of prizes to be made by the Selling Lottery; and, (2) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance and Audit Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full MUSL Board by the Product Group. The GPCFP may only be expended to fund the starting minimum annuity Grand Prize.

(vi) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(vii) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a prize reserve account, a Party Lottery is responsible for its full sales percentage share of the prize reserve account, whether or not it has been paid in full.

(viii) Any amount remaining in the Powerball prize pool accounts or prize reserve accounts when the Product Group declares the end of this game shall be returned to the lotteries participating in the accounts after the end of all claim periods of all Selling Lotter-

ies, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

(2) Expected Powerball Prize Payout Percentages. The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes awarded shall be paid as single payment set cash prizes. All prize payouts are made with the following expected prize payout percentages, although the prize payout percentage per draw may vary:
Figure: 16 TAC §401.317(d)(2) (No change.)

(A) The prize money allocated to the Powerball Grand Prize category shall be divided on a pari-mutuel basis by the number of PB Plays winning the Powerball Grand Prize.

(B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize Pool (for single payment prizes of \$1,000,000 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Powerball Set Prizes awarded in the current draw.

(C) Pari-Mutuel Powerball Prize Determinations. Except as otherwise provided, if the total of the Powerball Set Prizes (as multiplied by the respective Power Play multiplier, if applicable) awarded in a Drawing exceeds the percentage of the prize pool allocated to the Powerball Set Prizes, then the amount needed to fund the Powerball Set Prizes, including Power Play prizes, awarded shall be drawn first from the amount available in the Powerball Set Prize Pool and the Power Play Prize Pool, if any; second from the SPRA, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing; and, third from other amounts as agreed to by the Product Group in their sole discretion.

(D) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded, including Power Play Prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize, including Power Play prizes, shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning PB Plays in proportion to their respective prize percentages. Powerball Set Prizes and Power Play Prizes will be reduced by the same percentage.

(E) By agreement, the Licensee Lotteries shall independently calculate their Set Prize pari-mutuel prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(e) Probability of Winning Powerball Plays. The following table sets forth the probability of winning PB Plays and the probable distribution of winning PB Plays in and among each prize category, based upon the total number of possible combinations in the Powerball game. The Set Prize Amount shall be the prizes set for all Selling Lotteries unless prohibited or limited by a jurisdiction's statute or judicial requirements.

Figure: 16 TAC §401.317(e) (No change.)

(f) Powerball Prize Payment.

(1) Powerball Grand Prizes. The Advertised Grand Prize in a Powerball game is not a guaranteed amount; it is an estimated amount, and all advertised prizes, even advertised Set Prizes, are estimated amounts. At the time of ticket purchase, a player must select a

payment option of either a single lump sum payment (cash value option or CVO) or annuitized payments (Annuity) of a share of the Grand Prize if the PB Play is a winning Play. If no selection is made, payment option will be as described in the chart below:
Figure: 16 TAC §401.317(f)(1) (No change.)

(A) A player's selection of the payment option at the time of purchase is final and cannot be revoked, withdrawn, or otherwise changed.

(B) The Grand Prize available in the Grand Prize Pool shall be determined on a pari-mutuel basis among all winning PB Plays of the Grand Prize. A player(s) who elects a cash value option payment shall be paid their share(s) in a single lump sum payment. The annuitized option prize shall be determined by multiplying the winning Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players. Neither MUSL nor any Selling Lottery shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL.

(C) In certain instances announced by the Powerball Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to paragraph (6) of this subsection.

(D) If individual shares of the Grand Prize Pool funds held to fund an annuity is less than \$250,000.00, the Powerball Group, in its sole discretion, may elect to pay the winners their share of the funds held in the Grand Prize Pool. All annuitized prizes shall be paid annually in thirty (30) payments with the initial payment being made in a single payment, to be followed by twenty-nine (29) payments funded by the annuity.

(E) All annuitized prizes shall be paid annually in thirty (30) graduated payments, as provided by the MUSL rules, (increasing each year) at a rate as determined by the MUSL Product Group. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000).

(F) Funds for the initial payment of an annuitized prize or the lump sum cash value option payment shall be made available by MUSL for payment by the Selling Lottery no earlier than the fifteenth calendar day (or the next banking day if the fifteenth day is a holiday) following the Drawing. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash value option payment amount may be delayed pending receipt of funds from the Selling Lotteries. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the State of Texas. If the State of Texas purchases the securities, or holds the prize payment annuity for a Powerball prize won in this state, the prize winner will have no recourse on the MUSL or any other Party Lottery for payment of that prize.

(2) Payment of Prize Payments upon the Death of a Prize Winner. In the event of the death of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments will be made to the estate of a deceased prize winner in accordance with Texas Government Code §466.406.

(3) Powerball Prize Payments. All prizes shall be paid through the Selling Lottery that sold the winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash or warrants in accordance with Texas statutes and these rules. A

Selling Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

(4) **Powerball Prizes Rounded.** Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner or winners. Prizes other than the Grand Prize, which, under this section, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

(5) **Powerball Prize Rollover.** If the Grand Prize is not won in a Drawing, the prize money allocated for the Grand Prize shall roll over and be added to the Grand Prize Pool for the following Drawing.

(6) **Funding of Guaranteed Powerball Prizes.** The Powerball Group may offer guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount between Drawings or make other changes in the allocation of prize money where the Powerball Group finds that it would be in the best interest of the game. If a minimum Grand Prize amount or a minimum increase in the Grand Prize amount between Drawings is offered by the Powerball Group, then the Grand Prize shares shall be determined as follows:

(A) If there are multiple Grand Prize winning PB Plays during a single Drawing, each selecting the annuitized option prize, then a winning PB Play's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of Grand Prize winning PB Plays.

(B) If there are multiple Grand Prize winning PB Plays during a single Drawing and at least one of the Grand Prize ticket holders has elected the annuitized option prize, then the MUSL Annuity Factor may be utilized to determine the cash pool. The cost of the annuitized prize(s) will be determined at the time the annuity is purchased through a process as approved by the MUSL Board. If the annuitized option prize is selected by a Texas Lottery player, the amount shall be determined by multiplying the winning PB Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players.

(C) If there are multiple Grand Prize winning PB Plays during a single Drawing, and no claimant of the Grand Prize has elected the annuitized option prize, then the amount of cash in the Grand Prize Pool shall be an amount equal to the guaranteed annuitized amount divided by the MUSL Annuity Factor.

(D) Minimum guaranteed prizes or increases may be waived upon approval of the Powerball Group if the alternate funding mechanism set out in subsection (d)(2)(D) of this section becomes necessary.

(7) **Limited to Highest Powerball Prize Won.** The holder of a winning PB Play may win only one (1) prize per PB Play in connection with the Winning Numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category. All liabilities for a Powerball game or Powerball game promotional prize are discharged upon payment of a prize claim.

(8) **Powerball Prize Claim Period.** Prizes must be claimed no later than 180 days after the draw date.

(g) **Play Validation.** To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the requirements established by the commission for validation of winning tickets sold through its lottery gaming system and any other validation requirements adopted by

the Powerball Group, the MUSL Board, and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Selling Lotteries shall not be responsible for tickets which are altered in any manner.

(1) Under no circumstances will a claim be paid for any prize without an official ticket matching all game Play, serial number and other validation data residing in the selling Party Lottery's lottery gaming system and such ticket shall be the only valid proof of the wager placed and the only valid evidence for purposes of claiming or redeeming such prize.

(2) In addition to the above condition, in order to be deemed a valid winning Play, all of the following conditions must be met:

(A) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the applicable Drawing date(s) [printed on the ticket].

(B) The ticket must be intact.

(C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner.

(D) The ticket must not be counterfeit or an exact duplicate of another winning ticket.

(E) The ticket must have been issued by an authorized sales agent, selling agent or retailer on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(F) The ticket must not have been stolen, to the knowledge of the commission.

(G) The Play data must have been recorded on the commission's lottery gaming system prior to the Drawing and the Play data must match this lottery record in every respect. In the event of a conflict between information as printed on the ticket and as accepted by the commission's lottery gaming system, the wager accepted by the commission's lottery gaming system shall be the valid wager.

(H) The player or [computer pick] Quick Pick number selections, validation data and the Drawing date(s) of an apparent winning Play must appear in [on] the official file of winning Plays, and a Play with that exact data must not have been previously paid.

(I) The play must not be misregistered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the commission.

(J) In submitting a Play for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions and final decisions of the executive director.

(K) There must not be any other breach of the Powerball Game Rules in relation to the Play that, in the opinion of the executive director, justifies invalidation.

(L) The Play must be submitted to the Selling Lottery that issued it.

(3) A Play submitted for validation that fails any of the validation conditions shall be considered void, subject to the following determinations:

(A) In all cases of doubt, the determination of the commission shall be final and binding; however, the commission may, at its option, replace an invalid Play with a Play of equivalent sales price;

(B) In the event a defective ticket is purchased or in the event the commission determines to adjust an error, the claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Play of equivalent sales price;

(C) In the event a Play is not paid by the commission and a dispute occurs as to whether the Play is a winning Play, the commission may, at its option, replace the Play as provided in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy of the claimant.

(h) Ticket Responsibility.

(1) Signature. Until such time as a signature is placed upon a ticket in the area designated for signature, a ticket shall be owned by the bearer of the ticket. When a signature is placed on the ticket in the place designated, the person whose signature appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation requirements in subsection (g) of this section (Ticket Validation) and state or district law) to any prize attributable thereto.

(2) Multiple Claimants. The issue of multiple claimants shall be handled in accordance with Texas Government Code Chapter 466 and §401.304 of this chapter.

(3) Stolen Tickets. The Powerball Group, the MUSL and the Party Lotteries shall not be responsible for lost or stolen tickets.

(4) Prize Claims. Prize claim procedures shall be governed by the rules of the commission as set out in §401.304 of this subchapter and any internal procedures used by the commission. The MUSL and the Party Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the Selling Lottery.

(5) The MUSL and the Participating Lotteries shall not be responsible to a prize claimant for Plays redeemed in error by a selling agent, sales agent or retailer.

(6) Winning Plays are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Drawing. MUSL and the Participating Lotteries are not responsible for Winning Numbers reported in error.

(i) Ineligible Players.

(1) A Play or share for a MUSL game issued by the MUSL or any of its Selling Lotteries shall not be purchased by, and a prize won by any such Play or share shall not be paid to:

(A) a MUSL employee, officer, or director;

(B) a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;

(C) an employee of an independent accounting firm under contract with MUSL to observe Drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm; or

(D) an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subparagraphs (A), (B), and (C) of this paragraph and residing in the same household.

(2) Those persons designated by a Selling Lottery's law as ineligible to play its games shall also be ineligible to Play the Powerball game in that Selling Lottery's jurisdiction.

(j) Applicable Law.

(1) In purchasing a Play, as evidenced by a ticket, or attempting to claim a prize, the purchasers and prize claimants agree to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Selling Lottery where the ticket was purchased, and by directives and determinations of the director of that Party Lottery.

(2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a Powerball game or a Powerball game promotion (as described in this section) can only be pursued against the Selling Lottery which issued the Play. Litigation, if any, shall only be maintained within the jurisdiction in which the Play was purchased and only against the Selling Lottery that issued the Play. No claim shall be made against any other Participating Lottery or against the MUSL.

(3) Nothing in these Rules shall be construed as a waiver of any defense or claim the Selling Lottery which issued the Play, any other Participating Lottery or MUSL may have in any litigation, including in the event a player or prize claimant pursues litigation against the Selling Lottery, any other Participating Lottery or MUSL, or their respective officers, directors or employees.

(4) All decisions made by a Selling Lottery, including the declaration of prizes and the payment thereof and the interpretation of Powerball Rules, shall be final and binding on all Play purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction where the Play was issued.

(5) Unless the laws, rules, regulations, procedures, and decisions of the Lottery which issued the Play provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold in violation of the MUSL Powerball Rules or the laws, rules, regulations, procedures, and decisions of that Selling Lottery; any such prize claimed but unpaid shall constitute an unclaimed prize under these Rules and the laws, rules, regulations, procedures, and decisions of that Selling Lottery.

(k) Powerball Special Game Rules: Powerball Power Play®.

(1) Power Play® Description. The Powerball Power Play® is a promotional limited extension of the Powerball game and is conducted in accordance with the Powerball game rules and other lottery rules applicable to the Powerball game except as may be amended herein. Power Play will begin at a time announced by the commission and will continue until discontinued by the commission. Power Play will offer to the owners of a qualifying Play a chance to increase the amount of any of the eight Low-Tier Set Prizes (the Low-Tier prizes normally paying \$4 to \$1,000,000) won in a Power Play Drawing. The Grand Prize is not a Set Prize and will not be increased. MUSL will conduct a separate random "Power Play" Drawing and announce results during each of the regular Powerball Drawings held during the promotion. During each Power Play Drawing a single number (2, 3, 4, 5 and sometimes 10) shall be drawn. The ten (10X) multiplier shall be available for all Drawings in which the initially Advertised Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The probability of the possible Power Play numbers being drawn is indicated in Figure 16 TAC §401.317(k)(4)(D). The Powerball Group may modify the multiplier features for special promotions from time to time.

(2) Qualifying Play. A qualifying Play is any single PB Play for which the player pays an extra dollar (\$1.00) for the Power Play option and which is recorded at the commission's lottery gaming system as a qualifying Power Play Play. [A Power Play Play purchase will not multiply a WTA Play.]

(3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and this section, a qualifying Play which wins

one of the seven lowest Set Prizes (excluding the Match 5 + 0) will be multiplied by the number drawn, either two (2), three (3), four (4), five (5), or sometimes ten (10), in a separate random Power Play Drawing announced during the official Powerball Drawing show. The ten (10X) multiplier will be available for Drawings in which the initially advertised annuitized Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The announced Match 5+0 prize, for players selecting the Power Play option, shall be paid two million dollars (\$2,000,000.00) unless a higher limited promotional dollar amount is announced by the Powerball Group.

Figure: 16 TAC §401.317(k)(3) (No change.)

(4) Prize Pool.

(A) Power Play Prize Pool. The Power Play Prize Pool is created to be used to fund Power Play Prizes and shall hold the temporary balances that may result from having fewer than expected winners in the Power Play. The source of the Power Play Prize Pool is the Party Lottery's weekly prize contributions less actual Power Play Prize liability. In total, fifty percent (50%) of each draw's sales shall be collected for the payment of prizes.

(i) In Drawings where the ten (10X) multiplier is available, the expected payout for all prize categories shall consist of up to forty-nine and nine hundred sixty-nine thousandths percent (49.969%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery Play. In Drawings where the ten (10X) multiplier is not available, the expected payout for all prize categories shall consist of up to forty-five and nine hundred thirty-four thousandths percent (45.934%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery Play.

(ii) In Drawings where the ten (10X) multiplier is available, an additional thirty-one thousandths percent (0.031%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play prizes. In drawings where the ten (10X) multiplier is not available, an additional four and sixty-six thousandths percent (4.066%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play Prizes.

(iii) The prize payout percentage per draw may vary. The Power Play Prize Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Power Play Prizes awarded in the current draw and held in the Power Play Prize Pool.

(B) End of Promotion. Any amount remaining in the Power Play Prize Pool when the Powerball Group declares the end of this promotion shall be returned to the lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or promotion, or otherwise expended in a manner at the election of the individual Participating Lotteries of the Product Group in accordance with jurisdiction statute.

(C) Expected Prize Payout. Except as provided in this section, all prizes awarded shall be paid as single payment cash prizes. Instead of the Powerball Set Prize amounts, qualifying winning Plays of Power Play will pay the amounts shown in paragraph (3) of this subsection, above. In certain rare instances, the Powerball Set Prize amount may be less than the amount shown in Figure: 16 TAC §401.317(k)(3). In such case, the eight lowest Power Play Prizes will be changed to an amount announced after the draw. For example,

if the Match 4+1 Powerball Set Prize amount of \$50,000 becomes \$25,000 under the rules of the Powerball game, and a 5X Power Play Multiplier is drawn, then a Power Play winning Play prize amount would win \$125,000.

(D) Probability of Power Play Numbers Being Drawn. The following table sets forth the probability of the various Power Play numbers being drawn during a single Powerball Power Play Drawing. The Powerball Group may elect to run limited promotions that may modify the multiplier features. Power Play does not apply to the Powerball Grand Prize. Except as provided in subparagraph (C) of this paragraph, a Power Play Match 5 + 0 prize is set at two million dollars (\$2,000,000.00), regardless of the multiplier selected.

Figure: 16 TAC §401.317(k)(4)(D)

Figure: 16 TAC §401.317(k)(4)(D)

(5) Limitations on Payment of Power Play Prizes.

(A) Prize Pool Carried Forward. The prize pool percentage allocated to the Power Play Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw.

(B) Pari-Mutuel Prizes--All Prize Amounts. If the total of the original Powerball Set Prizes and the Power Play Prizes awarded in a Drawing exceeds the percentage of the prize pools allocated to the Set Prizes, then the amount needed to fund the Set Prizes (including the Power Play prize amounts) awarded shall first come from the amount available in the Set Prize Pool and the Power Play Prize Pool, if any, second from the Powerball Group's Set Prizes Reserve Account, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing, and third from other amounts as agreed to by the Powerball Group in their sole discretion.

(C) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Power Play prize amounts), then the highest Set Prize (including the Power Play prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize, including the Power Play prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this section shall be divided among the winning Plays in proportion to their respective prize percentages. Powerball and Power Play prizes will be reduced by the same percentage. By agreement, the Licensee Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Power Play prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(6) Prize Payment.

(A) Prize Payments. All Power Play prizes shall be paid in a single payment through the Selling Lottery that sold the winning Power Play Play(s). A Selling Lottery may begin paying Power Play prizes after receiving authorization to pay from the MUSL central office.

(B) Prizes Rounded. Prizes, which, under these rules, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

[(4) Powerball Special Game Rules: Powerball Winner Take All®.]

[(4) Winner Take All® (WTA) is a promotional add-on game element for the Powerball game and is conducted in accordance with the Powerball game rules and commission rules applicable to the Powerball game, except as may be amended herein.]

[(A) The promotion will begin at a time announced by the commission and will continue until discontinued by the MUSL Product Group and/or the commission.]

[(B) This promotion will offer to the owners of a qualifying WTA Play a chance to win the WTA Prize as a result of the selection of Winner Take All Winning Numbers.]

[(C) All rules applicable to the Powerball game in this section are applicable to the WTA promotion unless otherwise indicated.]

[(D) WTA is a five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26) add-on promotion; to be drawn weekly on Mondays and/or Thursdays; as determined by the executive director; and which pays a single WTA Prize paid as a pari-mutuel single lump sum payment. Notification of WTA Drawing dates and times will be posted on the agency website and printed on the player's ticket evidencing purchase of the WTA Play(s).]

[(E) A WTA Drawing shall determine the Winning Numbers for the WTA promotion. During the WTA Drawing, five (5) numbers shall be drawn from the first set of sixty-nine (69) numbers; and one (1) number shall be drawn from the second set of twenty-six (26) numbers, which shall constitute the Winning Numbers.]

[(F) All WTA Play purchases shall qualify for the Drawing as indicated to the Player on the ticket as recorded on the commission's lottery gaming system. WTA Play(s) shall qualify for the next scheduled WTA Drawing, regardless of the date of the Drawing(s) for the qualifying purchased Powerball Plays. A WTA Play purchased before the close of sales on the day of the scheduled WTA Drawing will be eligible for that day's Drawing, otherwise, the WTA Play is eligible only on the next scheduled WTA Drawing. Advanced purchase for consecutive WTA Drawings is not available for the WTA promotion. Examples: (a) If a Player purchases one (1) Powerball and Power Play Play applicable for the next five (5) consecutive Powerball and Power Play Drawings, and selects the WTA option, the Player will receive one (1) WTA Play for the next scheduled WTA Drawing in addition to the one (1) Powerball and Power Play Plays for the next five (5) Powerball and Power Play Drawings. The purchase price for this selection would be sixteen dollars (\$16.00), reflecting fifteen dollars (\$15.00) for the five (5) advanced purchase Powerball and Power Play Plays, and one dollar (\$1.00) for the WTA Play; (b) If a Player purchases two (2) Powerball and Power Play Plays applicable for the next five (5) consecutive Powerball and Power Play Drawings, and selects the WTA option, the Player will receive two (2) WTA Plays for the next scheduled WTA drawing in addition to the two (2) Powerball and Power Play Plays for the next five (5) Powerball Drawings. The purchase price for this selection would be thirty-two dollars (\$32.00), reflecting thirty dollars (\$30.00) for each of the five (5) advanced purchased Powerball and Power Play Plays, and two dollars (\$2.00) for the WTA Plays.]

[(G) The winning WTA Play(s) are determined as the Play(s) matching the highest WTA Winning Numbers drawn in the scheduled WTA Drawing (see subparagraph (A) of paragraph (4) of this subsection). There is only one WTA Prize for each WTA Drawing and the WTA Prize will be divided on a pari-mutuel basis among all winning WTA Plays. For instance, if a WTA Play matching five (5)

of the first set of Winning Numbers and none (0) of the second set is the highest level of matching numbers, then all Plays of that level will divide the entire WTA Prize and all remaining WTA Plays matching any combination of numbers will not qualify for a prize.]

[(H) The PB Play numbers selected by the player (or randomly generated as a Quick Pick selection) in the qualifying purchase, shall be used as the WTA Play numbers if the WTA promotion has been purchased. The ticket evidencing the WTA Play shall conspicuously indicate the WTA Play numbers and shall indicate the date of Drawing for which the WTA Play is applicable. This information shall be on a separate ticket from the PB Play(s).]

[(I) The Power Play multiplier is not applicable to the WTA promotion.]

[(2) Winner Take All Qualifying Play. To participate in the WTA add-on promotion, a player must first purchase a PB Play and Power Play Play, and then must pay an additional one dollar (\$1.00) per WTA Play per each PB Play and Power Play Play purchased, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket. The Power Play purchase is required for each WTA Play purchase. The WTA Play shall be recorded on the commission's lottery gaming system as a WTA Play.]

[(3) Winner Take All Prize Pool. The prize pool for the WTA Prize shall consist of fifty percent (50%) of each WTA Drawing period's WTA Play sales, inclusive of any specific statutorily mandated tax of a Selling Lottery to be included in the price of a WTA Play, and including contributions to the prize pool accounts. For the WTA promotion, the Winner Take All Prize Pool (WTAPP), which is used to fund the WTA Prize, is hereby established. The contribution rate to the WTAPP shall be 100% of the prize pool (50.0% of WTA Play sales from each WTA Drawing period). Any amount remaining in the WTAPP when the Product Group declares the end of the promotion shall be returned to the Selling Lotteries participating in the accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or promotion, or otherwise expended in a manner at the election of the individual Participating Lotteries in accordance with jurisdiction statute. No amount of the WTAPP shall be used to fund Powerball or Power Play prizes. No Powerball or Power Play prize pool accounts or prize reserve accounts shall be used to fund WTA Prizes.]

[(4) Winner Take All® Expected Prize Payout Percentage and Winning Numbers Match Determination.]

[(A) Pari-Mutuel Determination. The WTA Prize payout shall be determined on a pari-mutuel basis. Except as otherwise mandated by jurisdiction statute or judicial requirements, or provided for in the MUSL Powerball game rules, the WTA Prize awarded will consist of 100% of the allocated prize pool and shall be paid as a single lump sum payment to the WTA Play(s) matching the most Winning Numbers in a WTA Drawing as indicated below:]

[(i) The WTA Prize will be paid to the holder(s) of the winning WTA Play(s) that matches all five (5) of the first set, plus one (1) of the second set selected in the WTA Drawing.]

[(ii) If the WTA Prize has not been awarded under clause (i) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches all five (5) of the first set and none (0) of the second set.]

[(iii) If the WTA Prize has not been awarded under clause (i) or (ii) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any four (4) of the first set plus one (1) of the second set.]

[(iv)] If the WTA Prize has not been awarded under clauses (i) through (iii) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any four (4) of the first set and none (0) of the second set.]

[(v)] If the WTA Prize has not been awarded under clauses (i) through (iv) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any three (3) of the first set plus one (1) of the second set.]

[(vi)] If the WTA Prize has not been awarded under clauses (i) through (v) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any three (3) of the first set and none (0) of the second set.]

[(vii)] If the WTA Prize has not been awarded under clauses (i) through (vi) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any two (2) of the first set plus one (1) of the second set.]

[(viii)] If the WTA Prize has not been awarded under clauses (i) through (vii) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any one (1) of the first set plus one (1) of the second set.]

[(ix)] If the WTA Prize has not been awarded under clauses (i) through (viii) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches none (0) of the first set plus one (1) of the second set.]

[(x)] If the WTA Prize has not been awarded under clauses (i) through (ix) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any two (2) of the first set and none (0) of the second set.]

[(xi)] If the WTA Prize has not been awarded under clauses (i) through (x) of this subparagraph, then the WTA Prize will be awarded to the WTA Play(s) that matches any one (1) of the first set and none (0) of the second set.]

[(xii)] If the WTA Prize has not been awarded under clauses (i) through (xi) of this subparagraph, then the WTAPP shall be carried forward to the subsequent Drawing.]

[(B)] WTA Prize Pool Allocation: The WTAPP money allocated to the WTA Prize shall be divided on a pari-mutuel basis by the number of winning WTA Plays. The WTA Prize shall not be multiplied by the Power Play multiplier.]

[(C)] WTA Prize Pool Carried Forward: The WTAPP shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the WTA Prize(s) awarded in the current draw (See clause (xi) of subparagraph (4)(A) of subsection (1) and subparagraph (D) of paragraph (6) of subsection (1) of this section).]

[(5)] Winner Take All Probabilities: The odds of winning a prize in the WTA promotion depend on the highest prize level at which the WTA Prize is won. As more fully described in subparagraph (4) above, the winning WTA Play(s) are determined as the WTA Play(s) matching the highest WTA Winning Numbers drawn in the scheduled drawing. The following table sets forth the probability of a WTA Play matching the Winning Numbers from the WTA Drawing:]
[Figure: 16 TAC §401.317(1)(5)]

[(6)] Winner Take All Prize Payment: There is only one WTA Prize for each WTA Drawing and the WTA Prize will be divided on a pari-mutuel basis among all winning WTA Plays and shall be paid as a single lump sum payment to each holder of a winning WTA Play.]

[(A)] WTA Prize payments (whether described as "cash" payment prizes or otherwise) shall be paid through the Selling Lottery(ies) that sold the winning WTA Play(s) and at the discretion of the Selling Lottery(ies) that sold the winning WTA Play(s) may be paid by cash, check, warrant or electronic transfer.]

[(B)] A Selling Lottery may begin making WTA Prize payment(s) after receiving confirmation from MUSL of the WTA prize winning Play(s) and WTA Prize amount(s) to be paid.]

[(C)] A lottery may elect to make WTA Prize payment(s) from its own funds after validation, without having received a transfer from MUSL, with prior notice to MUSL.]

[(D)] WTA Prize Rounded; Breakage Carried Forward: The WTA Prize is a single prize that will be divided on a pari-mutuel basis among all holders of winning WTA Plays, and therefore, being a pari-mutuel prize may be rounded down so that amounts may be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.]

[(E)] WTA Prize Claim Period: WTA Prize claims shall be submitted within one hundred eighty (180) days after the Drawing date.]

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 14, 2018.

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Bob Biard

General Counsel

Texas Lottery Commission

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For further information, please call: (512) 344-5012



TITLE 19. EDUCATION

PART 2. TEXAS EDUCATION AGENCY

CHAPTER 74. CURRICULUM REQUIREMENTS

SUBCHAPTER C. OTHER PROVISIONS

19 TAC §74.28

(Editor's note: In accordance with Texas Government Code, §2002.014, which permits the omission of material which is "cumbersome, expensive, or otherwise inexpedient," the figure in 19 TAC §74.28 is not included in the print version of the Texas Register. The figure is available in the online version of the December 28, 2018, issue of the Texas Register.)

The State Board of Education (SBOE) proposes an amendment to §74.28, concerning students with dyslexia and related disorders. The proposed amendment would adopt in rule as a figure the updated *Dyslexia Handbook: Procedures Concerning Dyslexia and Related Disorders* (*Dyslexia Handbook*).

Section 74.28 provides guidance to school districts and open-enrollment charter schools for identifying students with dyslexia or related disorders and providing appropriate services to those students.

TABLES & GRAPHICS

Graphic images included in rules are published separately in this tables and graphics section. Graphic images are arranged in this section in the following order: Title Number, Part Number, Chapter Number and Section Number.

Graphic images are indicated in the text of the emergency, proposed, and adopted rules by the following tag: the word "Figure" followed by the TAC citation, rule number, and the appropriate subsection, paragraph, subparagraph, and so on.

Figure: 16 TAC §401.317(k)(4)(D)

When the 10X multiplier is available:		
Power Play	Probability of Prize Increase	Chance of Occurrence
10X (Prize Won Times 10)	1 in 43	2.3255%
5X (Prize Won Times 5)	2 in 43	4.6512%
4X (Prize Won Times 4)	3 in 43	6.9767%
3X (Prize Won Times 3)	13 in 43	30.2326%
2X (Prize Won Times 2)	24 in 43	55.8140%
When the 10X multiplier is not available:		
Power Play	Probability of Prize Increase	Chance of Occurrence
10X (Prize Won Times 10)	0 in 42	0.0000%
5X (Prize Won Times 5)	2 in 42	4.7619%
4X (Prize Won Times 4)	3 in 42	7.1429%
3X (Prize Won Times 3)	13 in 42	30.9523%
2X (Prize Won Times 2)	24 in 42	57.1429%
Power Play does not apply to the Grand Prize, ~~or the WTA Prize.~~ Except as provided in subparagraph (C) of this paragraph, a Power Play Match 5 prize is set at two million dollars (\$2 million), regardless of the multiplier selected.		