



INTEROFFICE MEMO

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

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

From: Deanne Rienstra, Assistant General Counsel *DRR*

Date: December 1, 2016

Re: Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §401.317 (Powerball® On-Line Game Rule)

Attached is a draft rule prepared for submission to the *Texas Register* to adopt amendments to 16 TAC §401.317 (Powerball® On-Line Game Rule), without changes to the proposed text as published in the October 28, 2016 issue of the *Texas Register* (41 TexReg 8448) (copy also attached).

The purpose of the proposed amendments is to conform the Commission's rule to recent changes adopted by the Multi-State Lottery Association (MUSL) to clarify prize pool and reserve accounts, to update rule definitions, to clarify MUSL's use of the "MUSL Annuity Factor", and to clarify player remedies in the event of litigation arising out of a Powerball Play.

A public comment hearing on this proposal was held on Wednesday, November 16, 2016 at 10:00 a.m., at 611 E. 6th Street, Austin, Texas 78701. No individuals were present at that hearing. The public comment period will end Monday, November 28, 2016. As of Monday, November 21 (the date this memorandum was prepared), the Commission has not received any written comments.

Recommendation: Staff recommends the Commission adopt the attached rule amendments to 16 TAC §401.317 (Powerball® On-Line Game Rule).

1 The Texas Lottery Commission (Commission) adopts amendments to 16 TAC §401.317
2 (Powerball® On-Line Game Rule), without changes to the proposed text as published in the
3 October 28, 2016, issue of the *Texas Register* (41 TexReg 8448). The purpose of the
4 amendments is to conform the Commission’s rule to recent changes adopted by the Multi-State
5 Lottery Association (MUSL) to clarify prize pool and reserve accounts, to update rule
6 definitions, to clarify MUSL’s use of the “MUSL Annuity Factor”, and to clarify player remedies
7 in the event of litigation arising out of a Powerball Play.

8 A public comment hearing on this proposal was held on Wednesday, November 16, 2016
9 at 10:00 a.m., at 611 E. 6th Street, Austin, Texas 78701. No individuals were present at that
10 hearing. The Commission received no written comments on the proposed amendments during
11 the public comment period.

12 These amendments are adopted under Texas Government Code §466.015(c), which
13 authorizes the Commission to adopt rules governing the operation of the lottery, §466.451, which
14 authorizes the Commission to adopt rules relating to a multi-jurisdictional lottery game, and
15 §467.102, which authorizes the Commission to adopt rules for the enforcement and
16 administration of the laws under the Commission’s jurisdiction.

17 This adoption is intended to implement Texas Government Code, Chapter 466.
18 §401.317. "Powerball®" On-Line Game Rule.

19 (a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) on-line game offered by
20 all Lotteries that have agreed to MUSL's Powerball Group Rules. "Powerball" is authorized to be
21 conducted by the executive director under the conditions of the MUSL rules, the laws of the
22 State of Texas, this section, and under such further instructions, directives, and procedures as the
23 executive director may issue in furtherance thereof. In this regard, the executive director is

1 authorized to issue such further instructions and directives as may be necessary to conform the
2 conduct and play of Powerball to the requirements of the MUSL rules if, in the opinion of the
3 executive director, such instructions, directives, and procedures are in conformance with state
4 law. If a conflict arises between this section and §401.304 of this chapter (relating to On-Line
5 Game Rules (General)), this section shall have precedence. The purpose of the Powerball game
6 is the generation of revenue for MUSL Party Lottery members and Mega Millions Party
7 Lotteries participating under the Reciprocal Game Agreement, through the operation of a
8 specially designed multi-jurisdiction lottery game that will award prizes to ticket holders
9 matching specified combinations of numbers randomly selected in regularly scheduled drawings.
10 In addition to other applicable rules contained in Chapter 401, this section and definitions apply
11 unless the context requires a different meaning or is otherwise inconsistent with the intention of
12 the rules adopted by the MUSL or the MUSL Powerball Group. To be clear, the authority to
13 participate in the MUSL Powerball game is provided to the Texas Lottery by MUSL. The
14 conduct and play of Powerball must conform to the MUSL Powerball game.

15 (b) Definitions.

16 (1) "Agent" or "retailer" means a person or entity authorized by the Texas Lottery
17 Commission (TLC) to sell lottery Plays.

18 (2) A "Drawing" refers collectively to the formal draw event for randomly selecting the
19 winning numbers which determine the number of winners for each prize level of the Powerball
20 game and the Power Play multiplier.

21 (3) "Game board", "board", "panel", or "playboard" means that area of the playslip which
22 contains two sets of numbered squares to be marked by the player.

1 (4) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket
2 produced in a manner that meets the specifications defined in the MUSL rules or the rules of
3 each member or participating Selling Lottery (Ticket Validation), and is a physical
4 representation of the Play or Plays sold to the player.

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

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

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

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

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

1 (10) "Playslip" means an optically readable card issued by the Texas Lottery used by
2 players of Powerball to select Plays and to elect all features. There shall be five playboards on
3 each playslip. A playslip has no pecuniary value and shall not constitute evidence of ticket
4 purchase or of numbers selected.

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

10 (12) "Prize" means an amount paid to a person or entity holding a winning ticket. "Grand
11 Prize" shall refer to the top prize in the Powerball game. "Advertised Grand Prize" shall mean
12 the estimated annuitized Grand Prize amount as determined by the MUSL Central Office by use
13 of the MUSL Annuity Factor and communicated through the Selling Lotteries prior to the Grand
14 Prize Drawing. The "Advertised Grand Prize" is not a guaranteed prize amount and the actual
15 Grand Prize amount may vary from the advertised amount.

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

19 (14) "Terminal" means a device authorized by a Selling Lottery to function in an on-line,
20 interactive mode with the gaming computer system for the purpose of issuing lottery tickets and
21 entering, receiving, and processing lottery transactions, including purchases, validating tickets,
22 and transmitting reports.

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 contained on a game
3 ticket.

4 (c) Game Description.

5 (1) Powerball is a five (5) out of sixty-nine (69) plus one (1) out of twenty-
6 six (26) numbers lottery game drawn every Wednesday and Saturday, as part of the Powerball
7 Drawing event, which pays the Grand Prize, at the election of the player made in accordance
8 with this rule, or by a default election made in accordance with this rule, either on an annuitized
9 pari-mutuel basis or as a single lump sum payment of the total funding held in the Grand Prize
10 Pool for the winning drawing on a pari-mutuel basis. Except as provided in this section, all other
11 prizes are paid on a single payment basis. Powerball Winning Numbers applicable to determine
12 Powerball prizes will be determined in the Powerball Drawing event. To play Powerball, a player
13 shall select five (5) different numbers, from one (1) through sixty-nine (69) and one (1)
14 additional number from one (1) through twenty-six (26), or request the retailer to generate a
15 Quick Pick selection of numbers from the lottery terminal. The additional number may be the
16 same as one of the first five numbers selected by the player. Plays can be purchased for two
17 dollars (U.S. \$2.00), including any specific statutorily-mandated tax of a Selling Lottery to be
18 included in the price of a Play. Plays may be purchased from a Selling Lottery approved sales
19 outlet in a manner as approved by the Selling Lottery and in accordance with MUSL Rules. The
20 Drawing Procedures adopted by MUSL shall include procedures for randomly selecting the
21 Powerball game Winning Numbers and the Power Play multiplier.

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

1 ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a
2 prize or prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of
3 Play purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or
4 prize value and shall not constitute evidence of Play purchase or of numbers selected.

5 (3) Cancellations Prohibited. A Play may not be voided or canceled by returning the
6 ticket to the selling agent or to the lottery, including tickets that are printed in error. A Selling
7 Lottery may develop an approved method of compensating retailers for Plays that are not
8 transferred to a player for a reason acceptable to the Selling Lottery. No Play that is eligible for a
9 prize can be returned to the lottery for credit. Plays accepted by retailers as returned Plays and
10 which cannot be re-sold shall be deemed owned by the bearer thereof.

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

15 (5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal
16 touch screen or by means of a playslip provided by the Texas Lottery and hand-marked by the
17 player or by such other means approved by the Texas Lottery. Retailers shall not permit the use
18 of facsimiles of playslips, copies of playslips, or other materials that are inserted into the
19 terminal's playslip reader that are not printed or approved by the Texas Lottery. Retailers shall
20 not permit any device to be connected to a lottery terminal to enter Plays, except as approved by
21 the Texas Lottery. A ticket generated using a selection method that is not approved by the Texas
22 Lottery is not valid. A selection of numbers for a Play may be made only if the request is made
23 in person. Acceptable methods of Play selection include:

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

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

10 (d) Powerball Prize Pool.

11 (1) Powerball Prize Pool.

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

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

19 (i) Prize Reserve Accounts. The Product Group has established the
20 following prize reserve accounts for the Powerball game: the Powerball Prize Reserve Account
21 (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims
22 that may result from a system error or other reason; and the Powerball Set Prize Reserve Account

1 (SPRA), which is used to fund deficiencies in low-tier Powerball prize payments, subject to the
2 limitations of the MUSL rules.

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

16 (iii) The above prize reserve accounts, the GPCFP and the Set-Aside Pool
17 shall have maximum balance amounts or balance limiter triggers that are set by the Product
18 Group and are detailed in the *Comments* to the MUSL Rule. The maximum balance amounts and
19 balance limiter triggers are subject to review by the MUSL Board Finance and Audit Committee.
20 The Finance and Audit Committee shall have two weeks to state objections, if any, to the
21 approved maximum balance amounts or balance limiter triggers. Approved maximum balance
22 amounts or balance limiter triggers shall become effective no sooner than two weeks after notice
23 is given to the Finance and Audit Committee and no objection is stated or sooner if the

1 Committee affirmatively approves the maximum balance amounts or balance limiter triggers.
2 The Group may appeal the Committee's objections to the full Board. Group approved changes in
3 the maximum balance amounts or balance limiter triggers set by the Product Group shall be
4 effective only after the next Grand Prize win.

5 (iv) The maximum contribution rate to the Grand Prize Pool shall be
6 68.0131% of the prize pool (34.0066% of sales). An amount up to five percent (5%) of a Party
7 Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed
8 in trust in one or more prize pool accounts and prize reserve accounts held by the Product Group
9 (hereinafter the "prize pool and reserve deduction") at any time that the prize pool accounts and
10 Party Lottery's share of the prize reserve accounts is below the amounts designated by the
11 Product Group. An additional amount up to twenty percent (20%) of a Party Lottery's sales shall
12 be deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in the
13 GPCFP to be held by the Product Group at a time as determined by the Product Group.

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

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

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

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

13 (2) Expected Powerball Prize Payout Percentages. The Grand Prize payout shall be
14 determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes
15 awarded shall be paid as single payment set cash prizes. All prize payouts are made with the
16 following expected prize payout percentages, although the prize payout percentage per draw may
17 vary:

18 Figure: 16 TAC §401.317(d)(2)

Number of Matches Per Play	Prize Payment	Prize Pool Percentage Allocated to Prize
All five (5) of first set plus one (1) of second set.	Grand Prize	68.0131%*
All five (5) of first set and none of second set.	\$1,000,000	8.5558%
Any four (4) of first set plus one (1) of second set.	\$50,000	5.4757%
Any four (4) of first set and none of	\$100	0.2738%

second set.		
Any three (3) of first set plus one (1) of second set.	\$100	0.6899%
Any three (3) of first set and none of second set.	\$7	1.2074%
Any two (2) of first set plus one (1) of second set.	\$7	0.9981%
Any one (1) of first set plus one (1) of second set.	\$4	4.3489%
None of first set plus one (1) of second set.	\$4	10.4373%
<i>*The maximum contribution rate may include contributions to reserves and pools as described in this rule and the MUSL Powerball Group Rules.</i>		

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(A) The prize money allocated to the Powerball Grand Prize category shall be divided equally by the number of Plays winning the Powerball Grand Prize.

(B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize Pool (for single payment cash 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.

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

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

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

20 Figure: 16 TAC §401.317(e)

Number of Matches Per Ticket	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	25	1:11,688,053.5200	\$1,000,000

none of second set			
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	

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2 (f) Powerball Prize Payment.

3 (1) Powerball Grand Prizes. The advertised Grand Prize in a Powerball game is not a
 4 guaranteed amount; it is an estimated amount, and all advertised prizes, even advertised Set
 5 Prizes, are estimated amounts. At the time of ticket purchase, a player must select a payment
 6 option of either a single cash value payment or annuitized payments of a share of the Grand Prize
 7 if the Play is a winning Play. If no selection is made, payment option will be as described in the
 8 chart below:

9 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."
GT Mini (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity.	Not Applicable.
Gemini (Self-service Terminal)	CVO only - designated on on- line game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."

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

4 (B) Shares of the Grand Prize shall be determined by dividing the cash available
5 in the Grand Prize Pool equally among all winning Plays of the Grand Prize. A player(s) who
6 elects a cash value option payment shall be paid his/her share(s) in a single cash payment. The
7 annuitized option prize shall be determined by multiplying the winning Play's share of the Grand
8 Prize Pool by the annuity factor established in accordance with Texas law and the rules of the
9 Texas Comptroller of Public Accounts. The MUSL Annuity Factor will not be used for Texas
10 Lottery players. Neither MUSL nor any Selling Lottery shall be responsible or liable for changes
11 in the advertised or estimated annuity prize amount and the actual amount purchased after the
12 prize payment method is actually known to MUSL.

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

15 (D) If individual shares of the Grand Prize Pool funds held to fund an annuity is
16 less than \$250,000.00, the Powerball Group, in its sole discretion, may elect to pay the winners

1 their share of the funds held in the Grand Prize Pool. All annuitized prizes shall be paid annually
2 in thirty (30) payments with the initial payment being made in a single payment, to be followed
3 by twenty-nine (29) payments funded by the annuity.

4 (E) All annuitized prizes shall be paid annually in thirty (30) graduated payments,
5 as provided by the MUSL rules, (increasing each year) at a rate as determined by the MUSL
6 Product Group. Prize payments may be rounded down to the nearest one thousand dollars
7 (\$1,000).

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

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

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

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

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

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

22 (A) If there are multiple Grand Prize winning Plays during a single Drawing, each
23 selecting the annuitized option prize, then a winning Play's share of the guaranteed annuitized

1 Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the
2 number of winning Plays.

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

11 (C) If there are multiple Grand Prize winning Plays during a single Drawing, and
12 no claimant of the Grand Prize has elected the annuitized option prize, then the amount of cash in
13 the Grand Prize Pool shall be an amount equal to the guaranteed annuitized amount divided by
14 the MUSL Annuity Factor. Minimum guaranteed prizes or increases may be waived if the
15 alternate funding mechanism set out in subsection (d)(2)(D) of this section becomes necessary.

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

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

22 (g) Ticket Validation. To be a valid Play and eligible to receive a prize, a Play's ticket shall
23 satisfy all the requirements established by the Texas Lottery for validation of winning tickets

1 sold through its computer gaming system and any other validation requirements adopted by the
2 Powerball Group, the MUSL Board, and published as the Confidential MUSL Minimum Game
3 Security Standards. The MUSL and the Selling Lotteries shall not be responsible for tickets
4 which are altered in any manner.

5 (h) Ticket Responsibility.

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

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

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

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

19 (i) Ineligible Players.

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

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

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

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

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

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

11 (j) Applicable Law.

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

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

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

1 Lottery, any other Participating Lottery or MUSL, or their respective officers, directors or
2 employees.

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

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

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

14 (1) Power Play Description. The Powerball Power Play is a limited extension of the
15 Powerball game and is conducted in accordance with the Powerball game rules and other lottery
16 rules applicable to the Powerball game except as may be amended herein. Power Play will begin
17 at a time announced by the Selling Lottery and will continue until discontinued by the lottery.
18 Power Play will offer to the owners of a qualifying Play a chance to increase the amount of any
19 of the eight Low-Tier Set Prizes (the Low-Tier prizes normally paying \$4 to \$1,000,000) won in
20 a Power Play Drawing. The Grand Prize is not a Set Prize and will not be increased.

21 (2) Qualifying Play. A qualifying Play is any single Powerball Play for which the player
22 pays an extra dollar for the Power Play option Play and which is recorded at the Selling Lottery's
23 computer gaming system as a qualifying Play.

1 (3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and
 2 this section, a qualifying Play which wins one of the seven lowest Set Prizes (excluding the
 3 Match 5 + 0) will be multiplied by the number drawn, either two (2), three (3), four (4), five (5),
 4 or sometimes ten (10), in a separate random Power Play Drawing announced during the official
 5 Powerball Drawing show. The ten (10X) multiplier will be available for Drawings in which the
 6 initially advertised annuitized Grand Prize amount is one hundred fifty million dollars
 7 (\$150,000,000.00) or less. The announced Match 5+0 prize, for players selecting the Power Play
 8 option, shall be paid two million dollars (\$2,000,000.00) unless a higher limited promotional
 9 dollar amount is announced by the Powerball Group.

10 Figure: 16 TAC §401.317(k)(3)

Prize Amount	Regardless of Power Play number selected:					
	Prize Amount	10X	5X	4X	3X	2X
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
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

11
 12 (4) Prize Pool.
 13 (A) Power Play Prize Pool. The Power Play Prize Pool is created to be used to
 14 fund Power Play Prizes and shall hold the temporary balances that may result from having fewer
 15 than expected winners in the Power Play. The source of the Power Play Prize Pool is the Party

1 Lottery's weekly prize contributions less actual Power Play Prize liability. In total, fifty percent
2 (50%) of each draw's sales shall be collected and placed in the Power Play Prize Pool for the
3 payment of prizes.

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

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

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

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

6 (C) Expected Prize Payout. Except as provided in this section, all prizes awarded
7 shall be paid as single payment cash prizes. Instead of the Powerball Set Prize amounts,
8 qualifying winning Plays of Power Play will pay the amounts shown in paragraph (3) of this
9 subsection, above. In certain rare instances, the Powerball Set Prize amount may be less than the
10 amount shown in Figure: 16 TAC §401.317(k)(3). In such case, the eight lowest Power
11 Play Prizes will be changed to an amount announced after the draw. For example, if the Match
12 4+1 Powerball Set Prize amount of \$50,000 becomes \$25,000 under the rules of the Powerball
13 game, and a 5X Power Play Multiplier is drawn, then a Power Play winning Play prize amount
14 would win \$125,000.

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

21 Figure: 16 TAC §401.317(k)(4)(D)
22

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%

1

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), a Power Play Match 5 prize is set at two million dollars (\$2 million), regardless of the multiplier selected.		

2

3 (5) Limitations on Payment of Power Play Prizes.

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

7 (B) Pari-Mutuel Prizes--All Prize Amounts. If the total of the original Powerball
8 Set Prizes and the Power Play Prizes awarded in a drawing exceeds the percentage of the prize
9 pools allocated to the Set Prizes, then the amount needed to fund the Set Prizes (including the
10 Power Play prize amounts) awarded shall first come from the amount available in the Set Prize

1 Pool, if any, second from the Powerball Group's Set Prizes Reserve Account, if available, not to
2 exceed forty million dollars (\$40,000,000.00) per drawing, and third from other amounts as
3 agreed to by the Powerball Group in their sole discretion.

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

18 (6) Prize Payment.

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

22 (B) Prizes Rounded. Prizes, which, under these rules, may become pari-mutuel
23 prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage

- 1 resulting from rounding these prizes shall be carried forward to the prize pool for the next
- 2 Drawing.

DRAFT

Brian E. Francis
Executive Director
Texas Department of Licensing and Regulation
Earliest possible date of adoption: November 27, 2016
For further information, please call: (512) 463-8179

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**PART 9. TEXAS LOTTERY
COMMISSION**

**CHAPTER 401. ADMINISTRATION OF STATE
LOTTERY ACT**

SUBCHAPTER D. LOTTERY GAME RULES

16 TAC §401.317

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.317 "Powerball®" On-Line Game Rule. The purpose of the proposed amendments is to conform the Commission's rule to recent changes adopted by the Multi-State Lottery Association (MUSL) to clarify prize pool and reserve accounts, to update rule definitions, to clarify MUSL's use of the "MUSL Annuity Factor", and to clarify player remedies in the event of litigation arising out of a Powerball Play.

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, 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 amendments will not have an economic effect on small businesses as defined in Texas Government Code §2006.001(2).

Michael Anger, Director of Lottery Operations, has determined that for each year of the first five years the proposed amendments will be in effect, the public benefits anticipated are to enhance defined terms for the public related to the "Powerball®" On-Line Game Rule and to clarify recent prize pool and reserve account changes adopted by the Multi-State Lottery Association (MUSL).

The Commission requests comments on the proposed amendments from any interested person. Comments on the proposed amendments may be submitted to Deanne Rienstra, Assistant 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. The Commission will hold a public hearing on this proposal on November 16, 2016, at 10:00 a.m., at 611 E. 6th Street, Austin, Texas 78701. Comments must be received within 30 days after publication of this proposal in order 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®" On-Line Game Rule.

(a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) on-line game offered by all Lotteries that have agreed to MUSL's Powerball Group Rules. "Powerball" is authorized to be conducted by the 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 Powerball 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. If a conflict arises between this section and §401.304 of this chapter (relating to On-Line Game Rules (General)), this section shall have precedence. The purpose of the Powerball game is the generation of revenue for MUSL Party Lottery members and Mega Millions Party Lotteries participating under the Reciprocal Game 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. In addition to other applicable rules contained in Chapter 401, this section and definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the MUSL or the MUSL Powerball Group. To be clear, the authority to participate in the MUSL Powerball game is provided to the Texas Lottery by MUSL. The conduct and play of Powerball must conform to the MUSL Powerball game.

(b) Definitions.

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

(2) A "Drawing" refers collectively to the formal draw event for randomly selecting the winning numbers which determine the number of winners for each prize level of the Powerball game and the Power Play multiplier.

(3) "Game board", "board", "panel", or "playboard" means that area of the playslip which contains two sets of numbered squares to be marked by the player.

(4) "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 member or participating Selling Lottery (Ticket Validation), and is a physical representation of the Play or Plays sold to the player.

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

(6) "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.

(7) "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.

(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 Powerball 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.

(10) "Playslip" means an optically readable card issued by the Texas Lottery used by players of Powerball to select Plays and to elect all features. There shall be five playboards on each playslip. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

(11) "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.

(12) "Prize" means an amount paid to a person or entity holding a winning ticket. "Grand Prize" shall refer to the top prize in the Powerball game. "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.

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

(14) "Terminal" means a device authorized by a Selling Lottery to function in an on-line, interactive mode with the gaming computer system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including purchases, validating tickets, and transmitting reports.

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

(c) Game Description.

(1) Powerball is a five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26) numbers [(26)] lottery game drawn every Wednesday and Saturday, as part of the Powerball Drawing event, which pays the Grand Prize, at the election of the player made in accordance with this rule, or by a default election made in accordance with this rule, either on an annuitized pari-mutuel basis or as a single [cash] lump sum payment of the total funding [cash] held in the Grand Prize Pool for the winning drawing [for this prize pool] on a pari-mutuel basis. Except as provided in this section, all other prizes are paid on a single payment [set cash] basis. Powerball Winning Numbers applicable to determine Powerball prizes will be determined in the Powerball Drawing event. 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. 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 Play. 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. The Drawing Procedures adopted by MUSL shall include procedures for randomly selecting the Powerball game Winning Numbers and the Power Play multiplier.

(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. 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. No Play that is eligible for a prize can be returned to the 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 touch screen or by means of a playslip provided by the Texas Lottery and hand-marked by the player or by such other means approved by the Texas Lottery. Retailers shall not permit the use of facsimiles of playslips, copies of playslips, or other materials that are inserted into the terminal's playslip reader that are not printed or approved by the Texas Lottery. Retailers shall not permit any device to be connected to a lottery terminal to enter Plays, except as approved by the Texas Lottery. A ticket generated using a selection method that is not approved by the 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 include:

(A) using a self-service terminal;

(B) using a playslip;

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

(D) 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 Texas Lottery.

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

(d) Powerball Prize Pool.

(1) Powerball Prize Pool.

(A) The prize pool for all prize categories shall consist of fifty percent (50%) of each Drawing period's sales, inclusive of any specific statutorily-mandated tax of a Selling Lottery to be included

in the price of a 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 [and Power Play Pool Account are] 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. [Contributions to the GPCFP will terminate after the drawing on August 2, 2017, unless the Group votes to continue contributions to the

GPCFP; such vote to continue contributions to the GPCFP shall take place no later than January 31, 2017.]

(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) [(vi)] 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 [the] 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) [(vii)] 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) (No change.)

(A) The prize money allocated to the Powerball Grand Prize category shall be divided equally by the number of Plays winning the Powerball Grand Prize.

(B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize Pool (for single payment cash 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 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 Powerball Winning Plays. The following table sets forth the probability of winning Plays and the probable distribution of winning Plays in and among each prize category, based upon the total number of possible combinations in Powerball. 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 cash value payment or annuitized payments of a share of the Grand Prize if the 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 from the Texas Lottery is final and cannot be revoked, withdrawn, or otherwise changed.

(B) Shares of the Grand Prize shall be determined by dividing the cash available in the Grand Prize Pool equally among all winning Plays of the Grand Prize. A player(s) who elects a cash value option payment shall be paid his/her share(s) in a single cash 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 [Party] 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 [cash] held to fund an annuity is less than \$250,000.00, [~~\$250,000;~~] 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, [cash,] 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 [prize] 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. [~~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 Plays during a single Drawing, each selecting the annuitized option prize, then a winning Play's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of winning Plays.

(B) If there are multiple Grand Prize winning 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 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. [the best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized Grand Prize.]

(C) If there are multiple Grand Prize winning 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. [Changes in the allocation of prize money shall be designed to retain approximately the same prize allocation percentages, over a year's time, set out in the Powerball Group Rules.] Minimum guaranteed prizes or increases may be waived 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 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. All liabilities for a Powerball 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) Ticket Validation. To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the requirements established by the Texas Lottery for validation of winning tickets sold through its computer 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.

(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 Texas Lottery. 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. [Lottery.]

(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 [MUSL] 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 [purchaser agrees] 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 Play 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 Powerball 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 Powerball 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 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 Selling Lottery and will continue until discontinued by the lottery. 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.

(2) Qualifying Play. A qualifying Play is any single Powerball Play for which the player pays an extra dollar for the Power Play option Play and which is recorded at the Selling Lottery's computer gaming system as a qualifying Play.

(3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and this section, [these rules,] 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 [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 and placed in the Power Play Prize Pool for the payment of prizes. [combination with subsection (k)(4)(B) of this rule,]

(i) In [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. [ticket.]

(ii) In drawings where the ten In drawings (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 [prizes] awarded in the current draw and held in the Power Play Prize Pool [Account].

[(B) Power Play Pool Account. In Drawings when the ten (10X) multiplier is available, an additional thirty-one thousandths of a percent (0.31%) of sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery Play, may be collected and placed in trust in the Power Play Pool account, for the purpose of paying Power Play prizes. In drawing when the ten (10X) multiplier is not available, for and sixty-six hundredths percent (4.066%) of sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery Play, may be collected and placed in trust in the Power Play Pool account, for the purpose of paying Power Play prizes.]

(B) End of Game. Any amount remaining in the Power Play Prize Pool [account] when the Powerball 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 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). [Figure: 16 TAC §401.317(d)(2).] In such case, the eight lowest Power Play Prizes [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 [allocated to the Set Prizes and carried forward from previous draws], 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 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.

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 October 17, 2016.

TRD-201605357

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General Counsel

Texas Lottery Commission

Earliest possible date of adoption: November 27, 2016

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



TITLE 22. EXAMINING BOARDS

PART 34. TEXAS STATE BOARD OF SOCIAL WORKER EXAMINERS

CHAPTER 781. SOCIAL WORKER LICENSURE

The Texas State Board of Social Worker Examiners (board), proposes new §781.222 and an amendment to §781.419, concerning the licensure and regulation of social workers.

BACKGROUND AND PURPOSE

The proposed amendments to §781.419 implement Senate Bill (SB) 807 and SB 1307, 84th Legislature, Regular Session, 2015, which amended Occupations Code, Chapter 55, relating to occupational license application and examination fees and to licensing and renewal of certain military service members, military veterans, and military spouses.

The proposed new rule in §781.222 implements House Bill (HB) 1449, 84th Legislature, Regular Session, 2015, as it relates to child custody and adoption evaluations in certain suits affecting the parent-child relationship, by stipulating minimum qualifications for licensees who hold doctoral degrees to serve as a child custody evaluator and prohibiting a holder of a baccalaureate social worker license from conducting a child custody or adoption evaluation under amended Family Code, Chapter 107, unless the individual is otherwise qualified by law to conduct the evaluation.

SECTION-BY-SECTION SUMMARY

This summary considers only those sections which were substantially changed in language, meaning, or intent.

The amendments to §781.419 will remove existing language relating to Licensing of Military Service Members, Military Veterans, and Military Spouses in order to address corresponding, new, and amended requirements in compliance with Occupations Code, Chapter 55.

The amendment to §781.419 will implement Occupations Code, Chapter 55, including legislative changes to that chapter relating to the occupational license application and examination fees and to licensing and renewal of certain Military Service Members, Military Veterans, and Military Spouses. However, the rules do not include implementing language concerning the examination fee waiver, which does not apply to the social work licensure examination, since those examination fees are not paid to the state, but to the third party administrator of the examination.

New §781.222 will implement HB 1449 of the 84th Legislature, Regular Session, 2015, as it relates to licensed social workers and child custody and adoption evaluations. HB 1449 amended the Family Code, Chapter 107, relating to child custody and adoption evaluations conducted and provided in certain suits affecting the parent-child relationship. New §781.222 prohibits Licensed Baccalaureate Social Workers (LBSWs) from conducting those evaluations unless the individual is otherwise qualified by law to conduct the evaluation. New §781.222 also specifies certain standards of conduct for licensees performing child custody evaluations or adoption evaluations.

FISCAL NOTE

Alice Bradford, Executive Director, has determined that for each year of the first five years that the proposed new section and amendment will be in effect, there will be no anticipated cost or savings, nor effect on revenue, to local government as a result of the proposed rule changes. For new §781.222, there will be no anticipated cost or savings, nor effect on revenue, to state government as a result of the proposed rule changes. Concerning §781.419, there will be an anticipated fiscal cost to state government as a result of lost revenue from waiving certain initial application fees for military service members, military veterans, and military spouses, and renewal late fees for certain military service members. Since examination fees for the board are not paid to the state, the statutory waiver provision for such fees does not affect revenue for the board. Fees under current laws and rules for the board to which the waiver provisions would apply for qualified applicants and license holders are as follows:

As set forth in 22 TAC §781.316, \$80 for initial application and licensure fee for LBSWs and Licensed Master Social Workers (LMSWs); \$120 for initial application and licensure fee for Licensed Clinical Social Workers (LCSWs); \$20 for late renewal fee within 90 days of expiration date and \$40 late renewal fee for 91 days up to not more than one year of expiration date for an LBSW or an LMSW; and \$25 for late renewal fee within 90 days of expiration date and \$50 late renewal fee for 91 days up to not more than one year of expiration date for an LCSW.

In addition, a \$5 Office of Patient Protection (OPP) fee under Occupations Code, §101.307 applies to initial social worker licensure applications. A \$6 Texas.gov fee under Government Code, §2054.252 applies to initial social worker licensure applications.

In Fiscal Year 2016, the board received an average of 18 applications per month from initial social work license applicants identifying themselves as eligible for an initial license fee waiver. Given that the late fee waiver previously existed in statute, with the recent legislative amendments only broadening to some extent the scope of eligibility for active military service members,

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), a Power Play Match 5 prize is set at two million dollars (\$2 million), regardless of the multiplier selected.