

## INTEROFFICE MEMO

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

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

**From:** Deanne Rienstra, Special Counsel *DR*

**Date:** February 8, 2018

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

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Attached is a draft rule prepared for submission to the *Texas Register* to adopt amendments to 16 TAC §401.317 (Powerball® Draw Game Rule), with changes to the proposed text as published in the October 20, 2017, issue of the *Texas Register* (42 TexReg 5777) (also attached). In addition to extending the proposed implementation date for the new Powerball® Winner Take All® promotion to on or after September 7, 2018, the adopted version of the rule makes several clarification changes explicitly noted in the preamble, including changing the number of drawings for the Powerball® Winner Take All® promotion from two weekly drawings (as proposed) to an optional one or two weekly drawings, reflecting changes to the game approved by the Multi-State Lottery Association (MUSL) after the proposal was published. These changes are consistent with the initial purpose and within the scope of the proposed amendments, and are necessary to conform the Commission's rule to the recent changes made by MUSL to the Powerball game.

As in the proposed version, the amendments also include language to facilitate the potential future sale of lottery tickets using Commission-approved third-party point-of-sale systems and updating how tickets are printed on such systems. Finally, the amendments make conforming changes that match rule language to current Commission (and industry) practice and terminology, including changing the reference to the Powerball game from "on-line" to "draw" and other clarifications of meanings and terms.

The Commission received written comments on the proposed amendments during the public comment period from a representative of the Kickapoo Traditional Tribe of Texas. These comments are summarized and addressed in the preamble to the attached draft rule amendments. No changes were made to the rule amendments in this proceeding based on the comments received.

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

The Texas Lottery Commission (Commission) adopts amendments to 16 TAC §401.317 (Powerball® Draw Game Rule), with changes to the proposed text as published in the October 20, 2017, issue of the *Texas Register* (42 TexReg 5777). In addition to extending the proposed implementation date for the Winner Take All® promotion to on or after September 7, 2018, the language changes include: (1) adding the word “Game” and deleting the words “event” in subsection (c), paragraph (1) and subparagraph (A); (2) clarifying that advanced purchases are not available for the Winner Take All® promotion in subsection (c), paragraph (7); (3) adding “PB” to column title “Prize Pool Percentage Allocated to Prize” in Figure 16 TAC §401.317(d)(2); (4) removing the word “cash” from subsection (d), paragraph (2), subparagraph (B); (5) capitalizing the word “advertised” in subsection (f), paragraph (1); (6) removing the word “ticket” and replacing with the word “play” in subsection (g); (7) adding language “addition to the above condition, in” in subsection (g), paragraph (2); (8) removing redundant language in Figure (l)(5); (9) adding the word “or” to include discontinuance of the promotion as determined by the Commission in subsection (l), paragraph (1), subparagraph (A); (10) allowing flexibility for the Commission to hold either one or two Winner Take All® drawings weekly in subsection (l), paragraph (1), subparagraph (D); (11) revising language regarding proposed scheduling of the times and days for the drawings in subsection (l), paragraph (1), subparagraph (F) and providing examples; (12) clarifying with examples of winning and non-winning WTA Play(s) in subsection (l), paragraph (1), subparagraph (G); (13) revising “Powerball Play” to “PB Play” and clarifying that the WTA Play will be printed on a separate ticket from the Powerball Play in subsection (l), paragraph (1), subparagraph (H); (14) removing the availability of advanced play option for WTA Plays in subsection (1), paragraph (3); (15) clarifying that the odds of winning the WTA Prize are dependent on the highest prize level at which the WTA Prize

1 is won in subsection (l), paragraph (5); and (16) clarifying that there is only one WTA Prize per  
2 WTA Drawing, which will be divided among all winning WTA Plays, in subsection (l),  
3 paragraph (6).

4 The purpose of the amendments and the language changes noted above is to conform the  
5 Commission's rule to recent changes to the Powerball game approved by the Multi-State Lottery  
6 Association (MUSL) as of January 4, 2018. These changes include offering Winner Take All®, a  
7 promotional play option the player may purchase for an additional one dollar (\$1.00), which will  
8 give the player a chance to win the Winner Take All® Prize during the WTA Drawings. These  
9 drawings for this promotion will be held on days and times as determined by MUSL. The single  
10 prize, based upon the sales of the promotional play option, will be divided equally among all  
11 holders of winning plays. The Commission anticipates the new Powerball game changes will be  
12 implemented on or after September 7, 2018.

13 The amendments also include language to facilitate the potential future sale of lottery  
14 tickets using Commission-approved third-party point-of-sale systems, including updating how  
15 tickets are printed on such systems. Finally, the amendments make conforming changes that  
16 match rule language to current Commission (and industry) practice and terminology, including  
17 changing the reference to the Powerball game from “on-line” to “draw” and other clarifications  
18 of meanings and terms.

19 The Commission received written comments on the proposed amendments during the  
20 public comment period from a representative of the Kickapoo Traditional Tribe of Texas.

21 COMMENT SUMMARY: None of the proposed amendments define the phrase  
22 “Commission-approved third-party point-of-sale systems.” Nor do they define “third party point  
23 of sales system” or “point of sale system” or any other part of this phrase that would tell the

1 reader what the term entails and what exact devices would be captured under it. Third-party  
2 point-of-sale systems must be defined so the public understands the implications of the  
3 regulations. Furthermore, the phrase “otherwise issued in a manner approved by the  
4 commission” (used in reference to tickets issued by “Commission-approved third-party point-of-  
5 sale systems”) provides no specificity at all about how a ticket may be issued by a third-party  
6 point-of-sale system. The Commission should be precise and specifically set forth the manner in  
7 which a third-party point-of-sale system will issue a ticket under these proposed regulations and  
8 clarify exactly how that ticket will be used.

9 COMMISSION RESPONSE: As noted in the preamble to the rule proposal, one of the  
10 purposes of the proposed amendments is to facilitate the potential future sale of lottery tickets on  
11 Commission-approved third-party point-of-sale systems. These sales would occur in-lane at  
12 traditional brick and mortar retail locations, such as grocery stores and chain retail stores, after  
13 those retailers obtained a Texas Lottery sales agent license. Third-party point-of-sale systems  
14 refers to the industry terminology used by these retailers to describe their self-contained  
15 equipment that performs sales-related tasks at the in-lane check-out counter. These third-party  
16 point-of-sale systems are basically cash registers at the checkout counter strictly utilized by the  
17 retailers’ sales clerks, and will not include any gambling device.

18 The proposed amendments differentiate the third-party point-of-sale systems from the  
19 Texas Lottery dedicated lottery terminals currently used to sell draw game tickets. However, the  
20 third-party point-of-sale systems will only perform lottery-related tasks currently performed on  
21 Texas Lottery dedicated lottery terminals; in other words, the third-party systems will never do  
22 more than what a dedicated lottery terminal can do. The proposed amendments also differentiate  
23 the draw game ticket printing process used by the dedicated lottery terminals from the process

1 that may be used on a third-party system. Each retailer may have its own proprietary point-of-  
2 sale system, so the Commission cannot define with specificity the exact hardware or software on  
3 which these draw game tickets may be sold or printed. The proposed amendments therefore  
4 provide that any third-party system and its method of issuing tickets must have Commission  
5 approval before being used to print and sell Texas Lottery draw game tickets to ensure  
6 compliance with the Commission's lottery security and integrity requirements.

7 To make the proposed amendments more clear on these points, on December 7, 2017, in  
8 a separate rulemaking proceeding to amend other lottery rules, the Commission adopted the  
9 following definition in §401.301(50) ("General Definitions" rule): Third-party point-of-sale  
10 systems--Self-contained computerized equipment (not owned or operated by the commission or  
11 lottery operator) that performs sales-related tasks at a licensed lottery ticket retailer's checkout  
12 counter. Third-party point-of-sale systems do not include any gambling device. *See* 42 TexReg  
13 7385, at 7388. Therefore, the Commission declines to make changes to the proposed  
14 amendments in this proceeding in response to this comment.

15 These amendments are adopted under Texas Government Code §466.015(c), which  
16 authorizes the Commission to adopt rules governing the operation of the lottery; §466.451,  
17 which authorizes the Commission to adopt rules relating to a multi-jurisdiction lottery game; and  
18 §467.102, which authorizes the Commission to adopt rules for the enforcement and  
19 administration of the laws under the Commission's jurisdiction.

20 This adoption is intended to implement Texas Government Code, Chapter 466.

21 §401.317."Powerball®" Draw Game Rule.

22 (a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) lottery draw game offered  
23 by all Lotteries that have agreed to MUSL's Powerball Group Rules. The purpose of the

Powerball game is the generation of revenue for MUSL Party Lottery members and Mega Millions Party Lotteries participating under the Cross-Sell Agreement, through the operation of a specially designed multi-jurisdiction lottery game that will award prizes to ticket holders of validated winning tickets matching specified combinations of numbers randomly selected in regularly scheduled Drawings. The Powerball game is authorized to be conducted by the executive director under the conditions of the MUSL rules, the laws of the State of Texas, this section, and under such further instructions, directives, and procedures as the executive director may issue in furtherance thereof. In this regard, the executive director is authorized to issue such further instructions and directives as may be necessary to conform the conduct and play of the Powerball game to the requirements of the MUSL rules if, in the opinion of the executive director, such instructions, directives, and procedures are in conformance with state law. To be clear, the authority to participate in the Powerball game is provided to the Texas Lottery by MUSL. The conduct and play of the Powerball game must conform to the MUSL Powerball Group Rules. Further, if a conflict arises between this section and §401.304 of this chapter (relating to Draw Game Rules (General)), this section shall have precedence. In addition to other applicable rules contained in Chapter 401, this section and definitions herein apply unless the context requires a different meaning or is otherwise inconsistent with the intent of the rules adopted by the MUSL or the MUSL Powerball Group.

(b) Definitions.

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

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

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

6 (B) A Winner Take All<sup>®</sup> Drawing (WTA Drawing) is a separate Drawing event  
7 from the PB Drawing and shall determine the Winning Numbers for the Winner Take All<sup>®</sup>  
8 promotion.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (16) "Winning Numbers" means the numbers randomly selected during a Drawing event  
9 which shall be used to determine the winning Plays for the Powerball game or the Powerball  
10 game promotion being drawn.

11 (c) Game Description.

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

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

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

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

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

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

21 (4) Player Responsibility. It shall be the sole responsibility of the player to verify the  
22 accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is

1 done at the player's own risk through the licensed sales agent who is acting on behalf of the  
2 player in entering the Play or Plays.

3 (5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal  
4 touch screen, by means of an approved playslip, or by such other means as approved by the  
5 commission. Retailers shall not permit the use of playslips that are not approved by the  
6 commission. Retailers shall not permit any device to be physically or wirelessly connected to a  
7 lottery terminal to enter Plays, except as approved by the commission.

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

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

- 12 (i) using a self-service terminal;
- 13 (ii) using a playslip;
- 14 (iii) using a previously-generated "Powerball" ticket provided by the  
15 player;
- 16 (iv) requesting a retailer to use a Quick Pick;
- 17 (v) requesting a retailer to manually enter numbers; or
- 18 (vi) using a QR code generated through a Texas Lottery Mobile  
19 Application offered and approved by the commission.

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

1 (7) Maximum Purchase. The maximum number of consecutive Drawings on a single PB  
2 Play purchase is ten (10), including Power Play Plays if purchased. Advanced purchases are  
3 prohibited for the WTA promotion described in subsection (1).

4 (d) Powerball Prize Pool.

5 (1) Powerball Prize Pool.

6 (A) The prize pool for all Powerball prize categories shall consist of fifty percent  
7 (50%) of each Drawing period's Powerball sales, inclusive of any specific statutorily-mandated  
8 tax of a Selling Lottery to be included in the price of a PB Play, and including contributions to  
9 the prize pool accounts and prize reserve accounts.

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

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

19 (ii) Prize Pool Accounts. The Product Group has established the following  
20 prize pool accounts for the Powerball game: the Grand Prize Pool, which is used to fund the  
21 current Grand Prize; the Powerball Set Prize Pool, which is used to fund the Powerball Set  
22 Prizes; the Powerball Set-Aside Pool, which is used to fund the payment of the awarded  
23 minimum starting annuity Grand Prizes and minimum annuity Grand Prize increase, if necessary

(subject to the limitations in the MUSL Powerball Group Rules), as may be set by the Product Group; and the Grand Prize Carry Forward Pool (GPCFP), which is used to fund the starting minimum annuity Grand Prize, as may be set by the Product Group, if such funds are available, and if sales do not fund the Grand Prize. The Power Play Prize Pool is described in subsection (k)(4) of this section. The Powerball Set Prize Pool shall hold the temporary balances that may result from having fewer than expected winners in the Powerball Set Prize (aka low-tier prize) categories and the source of the Powerball Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball Set Prize liability.

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

(iv) The maximum contribution rate to the Grand Prize Pool shall be 68.0131% of the prize pool (34.0066% of sales). An amount up to five percent (5%) of a Party Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed

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

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

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

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



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

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

Figure: 16 TAC §401.317(d)(2)

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

1  
2 (A) The prize money allocated to the Powerball Grand Prize category shall be  
3 divided on a pari-mutuel basis by the number of PB Plays winning the Powerball Grand Prize.

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

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

16 (D) If, after these sources are depleted, there are not sufficient funds to pay the  
17 Set Prizes awarded, including Power Play Prizes, then the highest Set Prize shall become a pari-  
18 mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to  
19 or below the next highest Set Prize and there are still not sufficient funds to pay the remaining  
20 Set Prizes awarded, then the next highest Set Prize, including Power Play prizes, shall become a  
21 pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary,  
22 until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available

from the funding sources listed in this rule shall be divided among the winning PB Plays in proportion to their respective prize percentages. Powerball Set Prizes and Power Play Prizes will be reduced by the same percentage.

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

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

Figure: 16 TAC §401.317(e)

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

set			
None of the first set plus one (1) of second set	7,624,512	1:38.3239	\$4
Overall	11,750,538	1:24.8671	

(f) Powerball Prize Payment.

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

Figure: 16 TAC §401.317(f)(1)

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

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

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

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

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

19 (E) All annuitized prizes shall be paid annually in thirty (30) graduated payments,  
20 as provided by the MUSL rules, (increasing each year) at a rate as determined by the MUSL  
21 Product Group. Prize payments may be rounded down to the nearest one thousand dollars  
22 (\$1,000).

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

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

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

22 (4) Powerball Prizes Rounded. Annuitized payments of the Grand Prize or a share of the  
23 Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism.

1 Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the  
2 winner or winners. Prizes other than the Grand Prize, which, under this section, may become  
3 single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples  
4 of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the  
5 prize pool for the next Drawing.

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

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

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

19 (B) If there are multiple Grand Prize winning PB Plays during a single Drawing  
20 and at least one of the Grand Prize ticket holders has elected the annuitized option prize, then the  
21 MUSL Annuity Factor may be utilized to determine the cash pool. The cost of the annuitized  
22 prize(s) will be determined at the time the annuity is purchased through a process as approved by  
23 the MUSL Board. If the annuitized option prize is selected by a Texas Lottery player, the amount

1 shall be determined by multiplying the winning PB Play's share of the Grand Prize Pool by the  
2 annuity factor established in accordance with Texas law and the rules of the Texas Comptroller  
3 of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players.

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

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

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

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

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



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

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

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

10 (B) The ticket must be intact.

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

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

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

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

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

commission's lottery gaming system, the wager accepted by the commission's lottery gaming system shall be the valid wager.

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

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

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

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

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

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

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

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

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

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

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

1 (i) Ineligible Players.

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

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

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

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

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

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

15 (j) Applicable Law.

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

20 (2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a  
21 Powerball game or a Powerball game promotion (as described in this section) can only be  
22 pursued against the Selling Lottery which issued the Play. Litigation, if any, shall only be  
23 maintained within the jurisdiction in which the Play was purchased and only against the Selling

1 Lottery that issued the Play. No claim shall be made against any other Participating Lottery or  
2 against the MUSL.

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

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

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

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

19 (1) Power Play® Description. The Powerball Power Play® is a promotional limited  
20 extension of the Powerball game and is conducted in accordance with the Powerball game rules  
21 and other lottery rules applicable to the Powerball game except as may be amended herein.  
22 Power Play will begin at a time announced by the commission and will continue until  
23 discontinued by the commission. Power Play will offer to the owners of a qualifying Play a

1 chance to increase the amount of any of the eight Low-Tier Set Prizes (the Low-Tier prizes  
2 normally paying \$4 to \$1,000,000) won in a Power Play Drawing. The Grand Prize is not a Set  
3 Prize and will not be increased. MUSL will conduct a separate random "Power Play" Drawing  
4 and announce results during each of the regular Powerball Drawings held during the promotion.  
5 During each Power Play Drawing a single number (2, 3, 4, 5 and sometimes 10) shall be drawn.  
6 The ten (10X) multiplier shall be available for all Drawings in which the initially Advertised  
7 Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The  
8 probability of the possible Power Play numbers being drawn is indicated in Figure 16 TAC  
9 §401.317(k)(4)(D). The Powerball Group may modify the multiplier features for special  
10 promotions from time to time.

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

15 (3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and  
16 this section, a qualifying Play which wins one of the seven lowest Set Prizes (excluding the  
17 Match 5 + 0) will be multiplied by the number drawn, either two (2), three (3), four (4), five (5),  
18 or sometimes ten (10), in a separate random Power Play Drawing announced during the official  
19 Powerball Drawing show. The ten (10X) multiplier will be available for Drawings in which the  
20 initially advertised annuitized Grand Prize amount is one hundred fifty million dollars  
21 (\$150,000,000.00) or less. The announced Match 5+0 prize, for players selecting the Power Play  
22 option, shall be paid two million dollars (\$2,000,000.00) unless a higher limited promotional  
23 dollar amount is announced by the Powerball Group.

1 Figure: 16 TAC §401.317(k)(3)

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

2  
3 (4) Prize Pool.

4 (A) Power Play Prize Pool. The Power Play Prize Pool is created to be used to  
5 fund Power Play Prizes and shall hold the temporary balances that may result from having fewer  
6 than expected winners in the Power Play. The source of the Power Play Prize Pool is the Party  
7 Lottery's weekly prize contributions less actual Power Play Prize liability. In total, fifty percent  
8 (50%) of each draw's sales shall be collected for the payment of prizes.

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

1 period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included  
2 in the price of a lottery Play.

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

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

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

21 (C) Expected Prize Payout. Except as provided in this section, all prizes awarded  
22 shall be paid as single payment cash prizes. Instead of the Powerball Set Prize amounts,  
23 qualifying winning Plays of Power Play will pay the amounts shown in paragraph (3) of this



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

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

Figure: 16 TAC §401.317(k)(4)(D)

<b>When the 10X multiplier is available:</b>		
<b>Power Play</b>	<b>Probability of Prize Increase</b>	<b>Chance of Occurrence</b>
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%
<b>When the 10X multiplier is not available:</b>		
<b>Power Play</b>	<b>Probability of Prize Increase</b>	<b>Chance of Occurrence</b>
10X (Prize Won Times 10)	0 in 42	0.0000%

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

(5) Limitations on Payment of Power Play Prizes.

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

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

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

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

10 (6) Prize Payment.

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

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

19 (l) Powerball Special Game Rules: Powerball Winner Take All®.

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

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

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

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

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

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

16 (F) All WTA Play purchases shall qualify for the Drawing as indicated to the  
17 Player on the ticket as recorded on the commission's lottery gaming system. WTA Play(s) shall  
18 qualify for the next scheduled WTA Drawing, regardless of the date of the Drawing(s) for the  
19 qualifying purchased Powerball Plays. A WTA Play purchased before the close of sales on the  
20 day of the scheduled WTA Drawing will be eligible for that day's Drawing, otherwise, the WTA  
21 Play is eligible only on the next scheduled WTA Drawing. Advanced purchase for consecutive  
22 WTA Drawings is not available for the WTA promotion. Examples: (a) If a Player purchases one  
23 (1) Powerball and Power Play Play applicable for the next five (5) consecutive Powerball and

Power Play Drawings, and selects the WTA option, the Player will receive one (1) WTA Play for the next scheduled WTA Drawing in addition to the one (1) Powerball and Power Play Plays for the next five (5) Powerball and Power Play Drawings. The purchase price for this selection would be sixteen dollars (\$16.00), reflecting fifteen dollars (\$15.00) for the five (5) advanced purchase Powerball and Power Play Plays, and one dollar (\$1.00) for the WTA Play; (b) If a Player purchases two (2) Powerball and Power Play Plays applicable for the next five (5) consecutive Powerball and Power Play Drawings, and selects the WTA option, the Player will receive two (2) WTA Plays for the next scheduled WTA drawing in addition to the two (2) Powerball and Power Play Plays for the next five (5) Powerball Drawings. The purchase price for this selection would be thirty-two dollars (\$32.00), reflecting thirty dollars (\$30.00) for each of the five (5) advanced purchased Powerball and Power Play Plays, and two dollars (\$2.00) for the WTA Plays.

(G) The winning WTA Play(s) are determined as the Play(s) matching the highest WTA Winning Numbers drawn in the scheduled WTA Drawing (see subparagraph (A) of paragraph (4) of this subsection). There is only one WTA Prize for each WTA Drawing and the WTA Prize will be divided on a pari-mutuel basis among all winning WTA Plays. For instance, if a WTA Play matching five (5) of the first set of Winning Numbers and none (0) of the second set is the highest level of matching numbers, then all Plays of that level will divide the entire WTA Prize and all remaining WTA Plays matching any combination of numbers will not qualify for a prize.

(H) The PB Play numbers selected by the player (or randomly generated as a Quick Pick selection) in the qualifying purchase, shall be used as the WTA Play numbers if the WTA promotion has been purchased. The ticket evidencing the WTA Play shall conspicuously

1 indicate the WTA Play numbers and shall indicate the date of Drawing for which the WTA Play  
2 is applicable. This information shall be on a separate ticket from the PB Play(s).

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

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

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

1 (4) Winner Take All<sup>®</sup> Expected Prize Payout Percentage and Winning Numbers Match  
2 Determination.

3 (A) Pari-Mutuel Determination. The WTA Prize payout shall be determined on a  
4 pari-mutuel basis. Except as otherwise mandated by jurisdiction statute or judicial requirements,  
5 or provided for in the MUSL Powerball game rules, the WTA Prize awarded will consist of  
6 100% of the allocated prize pool and shall be paid as a single lump sum payment to the WTA  
7 Play(s) matching the most Winning Numbers in a WTA Drawing as indicated below:

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

Figure: 16 TAC 401.317(l)(5)

Number of Matches Per WTA Play	Probability of Matching
All five (5) of first set plus one (1) of second set	1:292,201,338.0000
All five (5) of first set and none (0) of second set	1:11,688,053.5200
Any four (4) of first set plus one (1) of second set	1:913,129.1813
Any four (4) of first set and none (0) of second set	1:36,525.1673
Any three (3) of first set plus one (1) of second set	1:14,494.1140
Any three (3) of first set and none (0) of second set	1:579.7646
Any two (2) of first set plus one (1) of second set	1:701.3281
Any one (1) of first set plus one (1) of second set	1:91.9775
None (0) of first set plus one (1) of second set	1:38.3239
Two (2) of the first set plus none (0) of the second set	1:28.0531
One (1) of the first set plus none (0) of the second set	1:3.6791

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

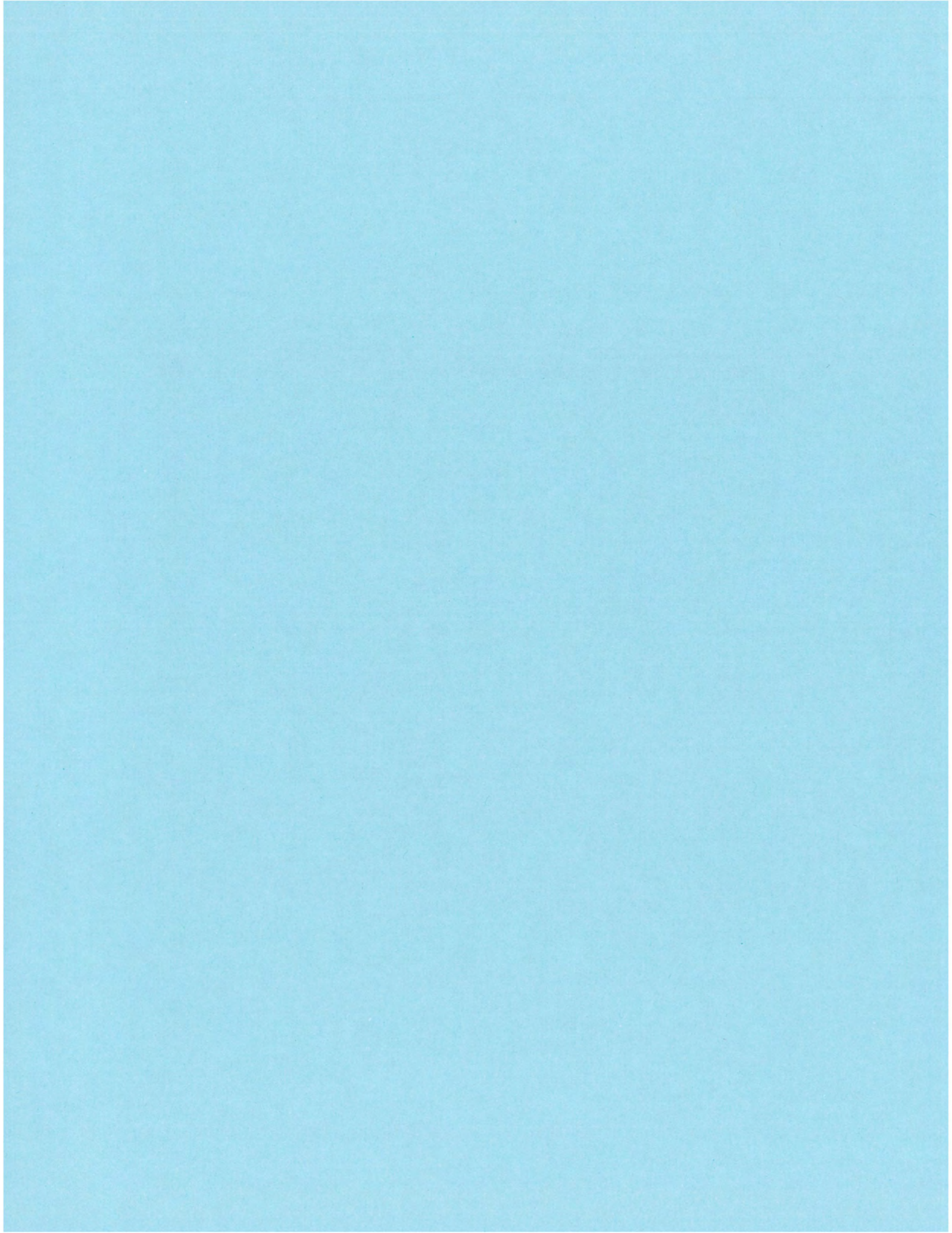
4 (A) WTA Prize payments (whether described as "cash" payment prizes or  
5 otherwise) shall be paid through the Selling Lottery(ies) that sold the winning WTA Play(s) and  
6 at the discretion of the Selling Lottery(ies) that sold the winning WTA Play(s) may be paid by  
7 cash, check, warrant or electronic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

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

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

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

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



then the LTWTA play will qualify for the next LTWTA Drawing on Monday and the Lotto Texas Play and Lotto Texas With Extra! Play will qualify for the next Lotto Texas base game drawing on Wednesday.

(7) The winning LTWTA Play(s) are determined as the play(s) matching the highest LTWTA winning combination of numbers (see paragraph (10) of this subsection). There is only one LTWTA Prize for each LTWTA Drawing and the LTWTA Prize will be divided on a pari-mutuel basis among all winning LTWTA Plays.

(8) The Lotto Texas With Extra! add-on feature is not applicable to the LTWTA promotional drawings and prize.

(9) LTWTA Prize Pool. The prize pool for the LTWTA Prize shall consist of fifty percent (50%) of each LTWTA Drawing period's sales of LTWTA Plays.

(10) LTWTA Expected Prize Payout Percentage and Winning Numbers Match Determination.

(A) Pari-Mutuel Determination. The LTWTA Prize payout shall be determined on a pari-mutuel basis. The LTWTA Prize awarded will consist of 100% of the allocated prize pool and shall be paid as a single lump sum payment to the LTWTA Play(s) matching the most winning numbers in a LTWTA Drawing as indicated below:

(i) The LTWTA Prize will be paid to the holder(s) of the LTWTA Play(s) that matches all six (6) of the numbers selected in the LTWTA Drawing.

(ii) If the LTWTA Prize has not been awarded under clause (i) of this subparagraph, then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches five (5) of the six (6) numbers selected in the LTWTA Drawing.

(iii) If the LTWTA Prize has not been awarded under clause (i) or (ii) of this subparagraph, then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches four (4) of the six (6) numbers selected in the LTWTA Drawing.

(iv) If the LTWTA Prize has not been awarded under clauses (i) - (iii) of this subparagraph, then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches three (3) of the six (6) numbers selected in the LTWTA Drawing.

(v) If the LTWTA Prize has not been awarded under clauses (i) - (iv) of this subparagraph, then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches two (2) of the six (6) numbers selected in the LTWTA Drawing.

(vi) If the LTWTA Prize has not been awarded under clauses (i) - (v) of this subparagraph, then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches one (1) of the six (6) numbers selected in the LTWTA Drawing.

(vii) If all or a portion of the LTWTA Prize pool has not been awarded under clauses (i) - (vi) of this subparagraph, then the prize pool shall be carried forward to the subsequent LTWTA Drawing.

(B) LTWTA Prize Pool Allocation. The LTWTA Prize Pool money allocated to the LTWTA Prize shall be divided on a pari-mutuel basis by the number of winning LTWTA Plays.

(C) LTWTA Prize Rounded; Breakage Carried Forward. The LTWTA Prize is a single prize that will be divided on a pari-mutuel basis among all holders of winning LTWTA Plays and shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount. A LTWTA Prize will never be less than one dollar (\$1.00). Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next LTWTA Drawing.

(11) LTWTA Probabilities. The following table sets forth the probability of a LTWTA Play matching the winning numbers from the LTWTA Drawing.

Figure: 16 TAC §401.305(i)(11)

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 6, 2017.

TRD-201704023

Bob Biard

General Counsel

Texas Lottery Commission

Earliest possible date of adoption: November 19, 2017

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

◆ ◆ ◆

## 16 TAC §401.317

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.317 "Powerball®" 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). These changes include offering Winner Take All®, a promotional play option the player may purchase for an additional one dollar (\$1.00), which will give the player a chance to win the Winner Take All® Prize during bonus drawings. The bonus drawings for this promotion will be held on Mondays and Thursdays. The single prize, based upon the sales of the promotional play feature, will be divided equally among all holders of winning plays. The proposed amendments also include language to facilitate the potential future sale of lottery tickets using Commission-approved third-party point-of-sale systems, including updating how tickets are printed on such systems. Finally, the proposed amendments make conforming changes that match rule language to current Commission (and industry) practice and terminology, including changing the reference to the Powerball game from "on-line" to "draw" and other clarifications of meanings and terms. The Commission anticipates the new Powerball game changes to be implemented April 15, 2018.

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

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 benefit anticipated is providing Texas Lottery players with notification of the changes to the Powerball game, specifically the addition of new Powerball bonus drawings called Winner Take All®. The addition of Winner Take All® offers players who chose to participate in these bonus drawings the potential to win prizes in the additional drawings. Also, included in the anticipated public benefit is allowing for



increased convenience for lottery ticket purchasers through the use of Commission-approved third-party point-of-sale systems, as well as a more understandable rule aligned with Commission practice.

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](mailto:legal.input@lottery.state.tx.us). Comments must be received within 30 days after publication of this proposal in the *Texas Register* 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®" Draw [On-Line] Game Rule.*

(a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) lottery draw game offered by all Lotteries that have agreed to MUSL's Powerball Group Rules. The purpose of the Powerball game is the generation of revenue for MUSL Party Lottery members and Mega Millions Party Lotteries participating under the Cross-Sell Agreement, through the operation of a specially designed multi-jurisdiction lottery game that will award prizes to ticket holders of validated winning tickets matching specified combinations of numbers randomly selected in regularly scheduled Drawings. The Powerball game is authorized to be conducted by the executive director under the conditions of the MUSL rules, the laws of the State of Texas, this section, and under such further instructions, directives, and procedures as the executive director may issue in furtherance thereof. In this regard, the executive director is authorized to issue such further instructions and directives as may be necessary to conform the conduct and play of the Powerball game to the requirements of the MUSL rules if, in the opinion of the executive director, such instructions, directives, and procedures are in conformance with state law. To be clear, the authority to participate in the Powerball game is provided to the Texas Lottery by MUSL. The conduct and play of the Powerball game must conform to the MUSL Powerball Group Rules. Further, if a conflict arises between this section and §401.304 of this chapter (relating to Draw Game Rules (General)), this section shall have precedence. In addition to other applicable rules contained in Chapter 401, this section and definitions herein apply unless the context requires a different meaning or is otherwise inconsistent with the intent of the rules adopted by the MUSL or the MUSL Powerball Group.

{(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 commission [Texas Lottery Commission (TLC)] to sell lottery Plays.

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

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

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

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

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

(3) [(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 and subsection (g) of this section, [(Ticket Validation).] and is a physical representation of the Play or Plays sold to the player.

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

(5) [(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.

(6) [(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.

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

(8) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that has joined MUSL and is authorized to sell the Powerball game. "Licensee Lottery" shall mean a state lottery or lottery of a governmental unit, political subdivision, or entity thereof that is not a Party Lottery but has agreed to comply with all applicable MUSL and Product Group requirements and has been authorized by the MUSL and by the Powerball Product Group to sell the Powerball game. "Selling Lottery" or "Participating Lottery" shall mean a lottery authorized by the Product Group to sell [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 as well as in the WTA promotion if the WTA promotion is selected by the player. As used in this section, unless otherwise indicated, "Play" includes both Powerball Plays and Winner Take All Plays.

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

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

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

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

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

(12) [(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.

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

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

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

(C) The Advertised Grand Prize ["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 ["Advertised Grand Prize"] is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circum-

stances where there is a guaranteed Grand Prize amount as described in paragraph (6) of subsection (f) of this section.

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

[(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 for the prize level.]

(14) "Terminal" means a device authorized by the commission for the purpose of issuing Powerball game tickets and as defined in §401.301 (General Definitions) of this chapter. [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) "Winner Take All" (WTA) shall refer to the Winner Take All® promotion as described in subsection (l) of this section.

(16) [(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 or the Powerball game promotion being drawn [contained on a game ticket].

(c) Game Description.

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

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

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

(C) Powerball Plays can be purchased for two dollars (U.S. \$2.00), including any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play. PB Plays may be purchased from a Selling Lottery approved sales outlet in a manner as approved by the Selling Lottery and in accordance with MUSL Rules. [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, by means of an approved playslip, or by such other means as approved by the commission. Retailers shall not permit the use of playslips that are not approved by the commission. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission.

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

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

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

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

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

(d) **Powerball Prize Pool.**

(1) **Powerball Prize Pool.**

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

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

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

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

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

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

Prize Pool contribution and placed in trust in the GPCFP to be held by the Product Group at a time as determined by the Product Group.

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

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

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

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

[Figure: 16 TAC §401.317(d)(2)]

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

(B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize Pool (for single payment 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 PB Plays in proportion to their respective prize percentages. Powerball Set Prizes and Power Play Prizes will be reduced by the same percentage.

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

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

Figure: 16 TAC §401.317(e)

[Figure: 16 TAC §401.317(e)]

(f) Powerball Prize Payment.

(1) Powerball Grand Prizes. The advertised Grand Prize in a Powerball game is not a guaranteed amount; it is an estimated amount, and all advertised prizes, even advertised Set Prizes, are estimated amounts. At the time of ticket purchase, a player must select a payment option of either a single lump sum payment (cash value option or CVO) or annuitized payments (Annuity) of a share of the Grand Prize if the PB Play is a winning Play. [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)

[Figure: 16 TAC §401.317(f)(1)]

(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) The Grand Prize available in the Grand Prize Pool shall be determined on a pari-mutuel basis among all winning PB Plays of the Grand Prize. A player(s) who elects a cash value option payment shall be paid their share(s) in a single lump sum payment. [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 Lottery shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL.

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



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

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

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

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

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

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

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

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

(A) If there are multiple Grand Prize winning PB Plays during a single Drawing, each selecting the annuitized option prize,

then a winning PB Play's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of Grand Prize winning PB Plays.

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

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

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

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

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

(g) 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 commission [Texas Lottery] for validation of winning tickets sold through its lottery [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.

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

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

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

(B) The ticket must be intact.

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

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

(E) The ticket must have been issued by an authorized sales agent, selling agent or retailer on official Texas Lottery paper

stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

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

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

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

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

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

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

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

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

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

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

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

(h) Ticket Responsibility.

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

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

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

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

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

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

(i) Ineligible Players.

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

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

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

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

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

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

(j) Applicable Law.

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

(2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a Powerball game or a Powerball game promotion (as described in this section) [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 promotional limited extension of the Powerball game and is conducted in accordance with the Powerball game rules and other lottery rules applicable to the Powerball game except as may be amended herein. Power Play will begin at a time announced by the commission [Selling Lottery] and will continue until discontinued by the commission [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. MUSL will conduct a separate random "Power Play" Drawing and announce results during each of the regular Powerball Drawings held during the promotion. During each Power Play Drawing a single number (2, 3, 4, 5 and sometimes 10) shall be drawn. The ten (10X) multiplier shall be available for all Drawings in which the initially Advertised Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The probability of the possible Power Play numbers being drawn is indicated in Figure 16 TAC §401.317(k)(4)(D). The Powerball Group may modify the multiplier features for special promotions from time to time.

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

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

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

(4) Prize Pool.

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

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

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

(ii) In Drawings [drawings] where the ten (10X) multiplier is available, an additional thirty-one thousandths percent (0.031%) of each Drawing [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 [drawing] period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play Prizes.

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

(B) End of Promotion [Game]. Any amount remaining in the Power Play Prize Pool when the Powerball Group declares the end of this promotion [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 Promotion, or otherwise expended in a manner at the election of the individual Participating Lotteries [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). In such case, the eight lowest Power Play Prizes will be changed to an amount announced after the draw. For example, if the Match 4+1 Powerball Set Prize amount of \$50,000 becomes \$25,000 under the rules of the Powerball game, and a 5X Power Play Multiplier is drawn, then a Power Play winning Play prize amount would win \$125,000.

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

Figure: 16 TAC §401.317(k)(4)(D)

[Figure: 16 TAC §401.317(k)(4)(D)]

(5) Limitations on Payment of Power Play Prizes.

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

(B) Pari-Mutuel Prizes--All Prize Amounts. If the total of the original Powerball Set Prizes and the Power Play Prizes awarded in a Drawing [drawing] exceeds the percentage of the prize pools allo-

cated to the Set Prizes, then the amount needed to fund the Set Prizes (including the Power Play prize amounts) awarded shall first come from the amount available in the Set Prize Pool and the Power Play Prize Pool, if any, second from the Powerball Group's Set Prizes Reserve Account, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing, [drawing,] and third from other amounts as agreed to by the Powerball Group in their sole discretion.

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

(6) Prize Payment.

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

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

(I) Powerball Special Game Rules: Powerball Winner Take All®.

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

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

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

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

(D) WTA is a five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26) add-on promotion, drawn every Monday and Thursday, which pays a single WTA Prize paid as a pari-mutuel single lump sum payment.

(E) A WTA Drawing shall determine the Winning Numbers for the WTA promotion. During the WTA Drawing, five (5) numbers shall be drawn from the first set of sixty-nine (69) numbers,

and one (1) number shall be drawn from the second set of twenty-six (26) numbers, which shall constitute the Winning Numbers.

(F) A single purchased WTA Play shall qualify for the next scheduled WTA Drawing; advance WTA Play purchases shall qualify for the Drawings as indicated to the Player on the ticket as recorded on the commission's lottery gaming system. For example, if a player purchases a Powerball Play and a WTA Play on Thursday prior to the close of WTA sales for that Thursday WTA Drawing, the Powerball Play shall qualify for the next Saturday Powerball Drawing and the WTA Play shall qualify for the Thursday WTA Drawing; if the Powerball Play and WTA Play are purchased on Thursday after the close of sales for the Thursday WTA Drawing, the Powerball Play shall qualify for the next Saturday Powerball Drawing and the WTA Play shall qualify for the next Monday WTA Drawing; if a Player purchases a Powerball Play and a WTA Play on a Sunday, the Powerball Play shall qualify for the next Wednesday Powerball Drawing, and the WTA Play shall qualify for the next Monday WTA Drawing.

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

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

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

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

(A) A Power Play purchase is required for each WTA Play purchase.

(B) Advance Plays are permitted per paragraph (7) of subsection (e) of this section.

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

Play prize pool accounts or prize reserve accounts shall be used to fund WTA Prizes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Winner Take All Probabilities. The following table sets forth the probability of a WTA Play matching the Winning Numbers from the WTA Drawing:  
Figure: 16 TAC 401.317(I)(5)

(6) Winner Take All Prize Payment. The WTA Prize shall be paid with a single lump sum payment and will be divided on a pari-mutuel basis among all winning WTA Plays.

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

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

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

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

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

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

Filed with the Office of the Secretary of State on October 6, 2017.

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Bob Biard

General Counsel

Texas Lottery Commission

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



## CHAPTER 402. CHARITABLE BINGO OPERATIONS DIVISION

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §§402.400 (General Licensing Provisions), 402.401 (Temporary License), 402.402 (Registry of Bingo Workers), 402.404 (License and Registry Fees), 402.405 (Temporary Authorization), 402.407 (Unit Manager), 402.410 (Amendment of a License- General Provisions), 402.411 (License Renewal),

Figure: 16 TAC 401.317(d)(2)

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

Figure: 16 TAC §401.317(e)

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

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)	<del>Default to CVO; retailer toggles to choose Annuity.</del>	<del>Not Applicable.</del>
Gemini (Self-service Terminal)	CVO only - designated on on- line game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
<u>Third-party POS systems</u>	<u>CVO only – Quick Pick selections through authorized third-party POS systems.</u>	<u>N/A</u>



Figure: 16 TAC §401.317(k)(4)(D)

<b>When the <u>10X</u> <del>10x</del> multiplier is available:</b>		
<b>Power Play</b>	<b>Probability of Prize Increase</b>	<b>Chance of Occurrence</b>
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%
<b>When the <u>10X</u> <del>10x</del> multiplier is not available:</b>		
<b>Power Play</b>	<b>Probability of Prize Increase</b>	<b>Chance of Occurrence</b>
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 <u>or the WTA Prize</u> . Except as provided in subparagraph (C) <u>of this paragraph</u> , a Power Play Match 5 prize is set at two million dollars (\$2 million), regardless of the multiplier selected.		

Figure: 16 TAC 401.317(l)(5)

<u>Number of Matches Per WTA Play</u>	<u>Probability of Matching (Not a Probability of Winning) (Not a Probability of Winning)</u>
<u>All five (5) of first set plus one (1) of second set</u>	<u>1:292,201,338.0000</u>
<u>All five (5) of first set and none (0) of second set</u>	<u>1:11,688,053.5200</u>
<u>Any four (4) of first set plus one (1) of second set</u>	<u>1:913,129.1813</u>
<u>Any four (4) of first set and none (0) of second set</u>	<u>1:36,525.1673</u>
<u>Any three (3) of first set plus one (1) of second set</u>	<u>1:14,494.1140</u>
<u>Any three (3) of first set and none (0) of second set</u>	<u>1:579.7646</u>
<u>Any two (2) of first set plus one (1) of second set</u>	<u>1:701.3281</u>
<u>Any one (1) of first set plus one (1) of second set</u>	<u>1:91.9775</u>
<u>None (0) of first set plus one (1) of second set</u>	<u>1:38.3239</u>
<u>Two (2) of the first set plus none (0) of the second set</u>	<u>1:28.0531</u>
<u>One (1) of the first set plus none (0) of the second set</u>	<u>1:3.6791</u>