

OREGON STATE LOTTERY

REPORT ON RULEMAKING

DIVISION 85 – Powerball - Update

September 16, 2016

Proposed Rule Action:

Permanent Rulemaking amending:

OAD 177-085-0005	Definitions
OAD 177-085-0015	Powerball® Game Description
OAD 177-085-0020	Prize Claims
OAD 177-085-0025	Powerball® Prize Pool
OAD 177-085-0030	Probability of Winning Powerball® Prizes
OAD 177-085-0035	Powerball® Prize Payment
OAD 177-085-0040	Ticket Validation
OAD 177-085-0050	Ineligible Players
OAD 177-085-0065	Power Play®

Permanent Rulemaking adopting:

OAD 177-085-0070	Applicable Law
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Recommended Motion:

“I move that the Powerball rules presented today be amended as proposed, and that OAD 177-085-0070 be adopted, to be effective October 19, 2016.”

Background:

On August 3, 2016 the Director filed notice of permanent rulemaking to amend the above referenced administrative rules for the Powerball® game and to adopt one new rule. These changes consist of clarifying and adding language regarding tickets and plays and the legal rights and responsibilities of players and the Lottery. There are no changes to how the game is played.

This rulemaking is necessary to implement the changes made to the Powerball® Model Rules by the Multi-State Lottery Association (MUSL), the national organization that administers the multi-state Powerball® game.

The changes are effective for drawings held on or after October 19, 2016, and for tickets purchased for such drawings.

Commission approval is needed to adopt the one new rule and to amend the specified rules as permanent. The proposed amendments and adoption are in keeping with the Lottery's constitutional and statutory mandates.

Public Comment:

The Lottery conducted a public hearing for the purpose of taking comments, and the report of that hearing has been provided to the Commission. The Lottery received no public comments.

Recommendation:

The Director recommends the permanent amendment of the above rules and the adoption of OAR 177-085-0070, as proposed.

Dated this 16th day of September, 2016.

/s/ Mark W. Hohlt
Mark W. Hohlt, Rules & Policies Manager
Oregon State Lottery

OREGON STATE LOTTERY
REPORT ON RULEMAKING HEARING
DIVISION 85 – Powerball - Update

September 16, 2016

Hearing Date: September 16, 2016
2:30 p.m.

Administrative Rules:

Permanent Rulemaking amending:

OAR 177-085-0005	Definitions
OAR 177-085-0015	Powerball® Game Description
OAR 177-085-0020	Prize Claims
OAR 177-085-0025	Powerball® Prize Pool
OAR 177-085-0030	Probability of Winning Powerball® Prizes
OAR 177-085-0035	Powerball® Prize Payment
OAR 177-085-0040	Ticket Validation
OAR 177-085-0050	Ineligible Players
OAR 177-085-0065	Power Play®

Permanent Rulemaking adopting:

OAR 177-085-0070	Applicable Law
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Hearing Location: Oregon State Lottery Headquarters
Salem, Oregon 97301

Summary of Hearing:

I convened the rulemaking hearing on the administrative rules referenced above, proposed for amendment and adoption by the Oregon Lottery Commission, on September 16, 2016 at 2:30 p.m. The hearing was tape recorded, and the tape is available for review.

Attending the hearing from the Oregon State Lottery was Mark W. Hohlt, Rules and Policies Manager.

No one else appeared at the hearing. The Lottery did not receive any written or oral comments on the proposed rule amendments.

I adjourned the hearing at 3:00 p.m., and the public comment period closed at that same time.

Dated this 16th day of September, 2016.

/s/ Mark W. Hohlt
Mark W. Hohlt, Hearings Officer
Oregon State Lottery

OREGON STATE LOTTERY

DIVISION 85

POWERBALL® GAME RULES

October 19, 2016

OAR 177-085-0005

Definitions

The following definitions apply unless the context requires a different meaning.

(1) **“Advertised Grand Prize” or “Advertised Jackpot Prize”** means the estimated, annuitized Grand Prize amount as determined by the MUSL Central Office by use of the MUSL Annuity Factor and communicated through the selling lotteries prior to the Grand Prize drawing. The Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circumstance where there is a guaranteed Grand Prize amount as described in OAR 177-085-0035(11).

(2) **“Drawing”** refers collectively to the formal draw event for randomly selecting the winning indicia that determine the number of winners for each prize level of the Powerball® game and the Power Play® multiplier. Winning indicia include the winning numbers for the Powerball® game and the Power Play® multiplier.

(3) **“Game Board” or “boards”** means that area of the game slip, also known as a panel, that contains sets of numbered squares to be marked by the player.

(4) **“Game Ticket” or “ticket”** means an acceptable evidence of play, which is a ticket produced in a manner which contains the caption Powerball®, one or more lettered game plays followed by the drawing date, the price of the ticket, a six digit retailer number and a serial number that is compatible with the Lottery’s central computer system, ~~and is a physical representation of the play or plays sold to a player.~~

(5) **“Licensee Lottery”** means 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.

(6) **“Lottery”** means the Oregon State Lottery.

(7) **“MUSL”** means the Multi-State Lottery Association, **a government-benefit association wholly owned and operated by the Party Lotteries.**

(8) **“MUSL Annuity Factor”** means 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 these rules.

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

(10) “MUSL Finance and Audit Committee” means the committee of that name established by the MUSL Board.

~~(11)~~ **“Party Lottery”** means a state lottery or lottery of a political subdivision or entity that **has joined the** ~~participates in~~ MUSL and is authorized to sell the Powerball® game. **Unless otherwise indicated, Party Lottery or Member Lottery does not include Licensee Lotteries.**

~~(12)~~ **“Game Play” or “play”** means the six numbers, the first five from a field of sixty-nine numbers and the last one from a field of twenty-six numbers that appear on a ticket as a single lettered selection and are to be played by a player in the Powerball® game.

~~(13)~~ **“Game Slip”** means the paper used in marking a player’s game plays and containing one or more boards.

~~(14)~~ **“Grand Prize” or “Jackpot Prize”** refers to the top prize in the Powerball® game.

~~(15)~~ **“Product Group”** means a group of lotteries which has joined together to offer a product pursuant to the terms of the Multi-State Lottery Agreement and the Product Group’s own rules.

~~(16)~~ **“Quick Pick”** means the random selection by the computer of indicia that appear on a ticket and are played by a player in the game.

~~(17)~~ **“Retailer”** means a person or entity authorized by the Lottery to sell lottery tickets.

(18) “Selling Lottery” or “Participating Lottery” means a lottery authorized by the Product Group to sell Powerball® tickets, including Party Lotteries and Licensee Lotteries.

~~(19)~~ **“Set Prize”**, also referred to as “low-tier prize”, means all prizes except the Grand Prizes, and, except in instances outlined in these Division 85 rules, will be equal to the prize amount established by the **Product Group** ~~MUSL Board~~ for the prize level.

~~(20)~~ **“Draw game terminal” or “terminal”** has the meaning set forth in OAR 177-070-0005(5).

~~(21)~~ **“Winning Numbers”** means the indicia randomly selected during a drawing event which are used to determine winning plays for the Powerball® game contained on a game ticket.

(1) **General Information:** ~~Effective for drawings held on or after October 7, 2015 and for tickets purchased for such drawings,~~ Powerball® is a five out of sixty-nine numbers plus one out of twenty-six 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 these rules or by a default election made in accordance with these rules, either on an annuitized pari-mutuel basis or as a single lump sum payment of the total funding held in the Grand Prize Pool **Account** for the winning drawing on a pari-mutuel basis. Except as provided in the rules, all other prizes are paid as a single lump sum payment. Powerball® winning numbers applicable to determine Powerball® prizes are determined in the Powerball® drawing event.

(2) **Selection of Numbers:** To play Powerball®, a player shall select (or computer pick) five different numbers, from one through sixty-nine and one additional number from one through twenty-six. The additional number may be the same as one of the first five numbers selected by the player, as long as it is from one through twenty-six.

(3) **Purchase of Tickets:** Tickets can be purchased for two dollars, ~~including any specific statutorily mandated tax of a selling lottery to be included in the price of a ticket,~~ from an Oregon Lottery® approved retailer in a manner approved by the Oregon Lottery® and in accordance with these rules. A player may purchase tickets for future consecutive drawings up to the maximum permitted by the Lottery.

(4) **Player's Responsibility:** It is the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. A ticket may not be voided or canceled by returning the ticket to the retailer or to the Lottery, including tickets that are printed in error. No ticket shall be returned to the Lottery for credit. The placing of plays is done at the player's own risk through the Lottery retailer, who when entering the play or plays is acting on behalf of the player. **When the purchase of a ticket fails to complete because the ticket does not print, the player is responsible for notifying the retailer prior to the drawing(s) on the ticket to obtain a refund or a replacement ticket.**

(5) **Entry of Plays:** Plays may be entered manually using a Lottery terminal keypad or touch screen or by means of a play slip provided by the Lottery and marked by the player or by such other means approved by the Lottery. Retailers cannot permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into a terminal's play slip reader that are not printed or approved by the Lottery. Retailers must not permit any device to be connected to a Lottery terminal to enter plays, except as approved by the Lottery.

(6) **Determination of Winning Numbers:** The winning numbers for the Powerball® game shall be determined at a drawing conducted under the supervision of the MUSL Board. The MUSL Board shall determine the frequency of Powerball® game drawings. Winning numbers shall be selected at random with the aid of mechanical drawing equipment or a random number generator. The Lottery Director shall designate a Drawing Manager who shall review and randomly observe the drawings conducted by the MUSL Board. The drawing procedures shall include procedures for randomly selecting the Powerball® game winning numbers and the Power Play® multiplier.

OAR 177-085-0020

Prize Claims

(1) **General:** A ticket, subject to the validation requirements set forth in OAR 177-085-0040, is the only proof of a game play or plays. The submission of a winning ticket to the Lottery or an authorized retailer as required by OAR 177-046-0110 is the sole method of claiming a prize or prizes, except that a Grand Prize (and a Match 5+0 prize) must be claimed in person at Lottery Headquarters. Tickets may also be presented at other locations and for such prize amounts as designated by the Director, unless the ticket specifies that it must be claimed at Lottery Headquarters in Salem, Oregon. A game slip or a copy of a ticket has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected. A terminal produced paper receipt, **if any**, has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected.

(2) **Prize Claims:** Powerball® prize claim procedures are governed by the administrative rules of the Oregon State Lottery. MUSL and the Party Lotteries are not responsible for Powerball® prizes that are not claimed following the proper procedures as determined by the **Oregon State Lottery Director**.

OAR 177-085-0025

Powerball® Prize Pool

(1) **Powerball® Prize Pool:** The prize pool for all prize categories shall consist of 50 percent of each drawing period's sales, ~~inclusive of any specific statutorily mandated tax of a Party Lottery or a Licensee Lottery to be included in the price of a lottery ticket, including contributions to after~~ the prize pool accounts and prize reserve accounts ~~are funded to the amounts established by the Product Group. Any amount remaining in the prize pool at the end of the Powerball® game shall be returned to all lotteries participating in the prize pool after the end of all claims periods of all Party Lotteries and Licensee Lotteries, carried forward to a replacement game or expended in a manner as directed by the members of the Product Group in accordance with state law.~~

(2) **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 it has established. An amount up to five percent of a Party Lottery's sales, inclusive of any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be deducted from a Party Lottery's Grand Prize Pool and placed in trust in one or more Powerball® prize pool accounts and prize reserve accounts until the prize pool accounts and a Party Lottery's share of the prize reserve accounts reaches the amounts designated by the Product Group.~~

~~The Product Group has established the following prize reserve accounts and prize pool accounts for the Powerball® game:~~

(a) **Powerball® Prize Reserve Accounts:** The Product Group has established the following prize reserve accounts for the Powerball® game:

(A) The Powerball® Prize Reserve Account, which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason ~~(subject to the limitations of these rules)~~; and

(B) The Powerball® Set Prize Reserve Account, which is used to fund deficiencies in low-tier Powerball® prize payments (subject to the limitations of these rules).

(b) **Powerball® Prize Pool Accounts:** The Product Group has established the following prize pool accounts for the Powerball® game:

(A) The Grand Prize Pool Account, which is used to fund the **current immediate** Grand Prize;

(B) The Powerball® Set Prize Pool **Account**, which is used to fund the Powerball® set prize payments. **The Set Prize Pool holds the temporary balances that may result from having fewer than expected winners in the Set Prize categories. The source of the Set Prize Pool Account is the Party Lotteries' weekly prize contributions less actual Set Prize liability;**

(C) The Powerball® Set-Aside **Pool** Account, which is used to **fund the guarantee** payment of the **awarded** minimum **starting annuity Grand Prizes and minimum annuity Grand Prize increase, if necessary (subject to the limitations in these rules), as may be set by the Product Group;** ~~and/or starting Grand Prize;~~

(D) The Grand Prize Carry Forward Pool Account, 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; and

~~(E)~~ **The Power Play® Prize Pool Account** and the Power Play Pool Account, which are described in OAR 177-085-0065. ~~;~~ ~~and~~

~~(E) The Set Prize Pool which holds the temporary balances that may result from having fewer than expected winners in the Powerball® set prize (low-tier prize) categories and the source of the Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball® set prize liability. The source of the Set-Aside Account funding shall be the prize reserve deduction until such time as the Set-Aside Account is fully funded.~~

(c) Balance Amounts: The above prize reserve accounts, the Grand Prize Carry Forward Pool Account, and the Set-Aside Pool Account shall have maximum balance amounts or balance limit triggers that are set by the Product Group.

(A) The maximum balance amounts and balance limit triggers are subject to review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved

maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance and Audit Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The 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.

(B) The maximum contribution rate to the Grand Prize Pool Account is 68.0131 percent of the prize pool (34.0066 percent of sales).

(i) An amount up to 5 percent of a Party Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool Account 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 account(s) is below the amounts designated by the Product Group.

(ii) An additional amount up to 20 percent of a Party Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool Account contribution and placed in trust in the Grand Prize Carry Forward Pool Account to be held by the Product Group at a time as determined by the Product Group.

~~Once the Powerball® prize pool accounts and a Party Lottery's share of the Powerball® prize reserve accounts exceed the designated amounts, the excess shall become part of the Grand Prize Pool Account.~~

(3) **Balances:** ~~The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the Powerball® prize pool accounts and prize reserve accounts.~~ The Product Group may determine to expend all or a portion of the funds in the Powerball® prize pool accounts (except the Grand Prize Pool Account **and the Grand Prize Carry Forward Pool Account**) and the prize reserve accounts as follows:

(a) For the purpose of indemnifying the Party Lotteries and Licensee Lotteries in the payment of prizes to be made by the selling lotteries, ~~subject to the approval of the MUSL Board;~~ and

(b) 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 MUSL **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 Board by the Product Group.**

The Grand Prize Carry Forward Prize Pool Account may only be expended to fund the starting minimum annuity Grand Prize.

The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve accounts as may be needed to maintain the approved maximum balance and **sales percentage** shares of the Party Lotteries. 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 ~~the~~ **a prize** reserve account, a Party Lottery is responsible for its full percentage share of the **prize reserve** account, whether or not it has been paid in full. Any amount remaining in the Powerball® prize pool accounts or prize reserve accounts **when the Product Group declares at** the end of the Powerball® game shall be returned to all lotteries participating in the accounts after the end of all claims periods of all ~~Selling Party Lotteries and Licensee Lotteries~~, carried forward to a replacement game, ~~or a replacement prize reserve account~~ or **otherwise** expended in a manner **at the election of the individual as directed by the** members of the Product Group in accordance with state law.

(4) Expected Powerball® Prize Payout Percentages: The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in these rules, all other prizes awarded shall be paid as set lump sum prizes with the following expected prize payout percentages, ~~effective for drawings held on or after October 7, 2015~~ **although the prize payout percentage per draw may vary:**

Number of Matches per Play	Set Prize Amount	Prize Pool Percentage Allocated to Prize
Match 5+1 All 5 of first set plus 1 of second set	Grand Prize	68.0131%
Match 5+0 All 5 of first set and none of second set	\$1,000,000	8.5558%
Match 4+1 Any 4 of first set plus 1 of second set	\$50,000	5.4757%
Match 4+0 Any 4 of first set and none of second set	\$100	0.2738%
Match 3+1 Any 3 of first set plus 1 of second set	\$100	0.6899%
Match 3+0 Any 3 of first set and none of second set	\$7	1.2074%
Match 2+1 Any 2 of first set plus 1 of second set	\$7	0.9981%

Match 1+1 Any 1 of first set plus 1 of second set	\$4	4.3489%
Match 0+1 None of first set plus 1 of second set	\$4	10.4373%

(a) **Division of Grand Prize among Winners:** The prize money allocated to the Grand Prize category shall be divided equally by the number of **tickets with winning** game plays winning the Grand Prize.

(b) **Powerball® Set Prize Pool Account Carried Forward:** The Powerball® Set Prize Pool **Account** (for the single lump sum 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 Determination:** Except as provided in OAR 177-085-0025(4)(c)(C), for Party Lotteries:

(A) 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 from the following sources, in the following order:

(i) The amount **available in the Set Prize Pool Account and the Power Play® Prize Pool Account, allocated to the Powerball® set prizes and carried forward from previous draws,** if any;

(ii) An amount from the Set Prize Reserve Account, if available, not to exceed \$40,000,000 per drawing; and

(iii) Other amounts as agreed to by the Product Group in its sole discretion.

(B) **Lack of Sufficient Prize Funds:** 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 **tickets with winning game** plays in

proportion to their respective prize percentages. Powerball® set prizes and Power Play® prizes will be reduced by the same percentage.

(C) By agreement with the Licensee Lotteries, 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.

OAR 177-085-0030 Probability of Winning Powerball® Prizes

~~Effective for drawings held on or after October 7, 2015, t~~The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations in Powerball®. **The Set Prize amount shall be the prizes set for all Selling Lotteries unless prohibited or limited by state law.**

Number of Matches per Game Play	Probability Winners	Distribution Probability	Probable/Set Prize Amount
Match 5+1 All 5 of first set plus 1 of second set	1	1:292,201,338.0000	Grand Prize
Match 5+0 All 5 of first set and none of second set	25	1:11,688,053.5200	\$1,000,000
Match 4+1 Any 4 of first set plus 1 of second set	320	1:913,129.1813	\$50,000
Match 4+0 Any 4 of first set and none of second set	8,000	1:36,525.1673	\$100
Match 3+1 Any 3 of first set plus 1 of second set	20,160	1:14,494.1140	\$100
Match 3+0 Any 3 of first set and none of second set	504,000	1:579.7646	\$7
Match 2+1 Any 2 of first set plus 1 of second set	416,640	1:701.3281	\$7
Match 1+1 Any 1 of first set plus 1 of second set	3,176,880	1:91.9775	\$4
Match 0+1 None of	7,624,512	1:38.3239	\$4

first set plus 1 of second set			
Overall	11,750,538	1:24.8671	

OAR 177-085-0035 Powerball® Prize Payment

(1) **Selection of Payment Type:** Grand Prizes shall be paid, at the election of the player made no later than 60 days after validation of the prize, with either a per-winner annuity or single lump sum payment. If the payment election is not made by the player within 60 days after validation, then the prize shall be paid as an annuity prize. The election to take the single lump sum payment may be made at the time of validation of the prize claim or within 60 days thereafter. An election made after validation is final and cannot be revoked, withdrawn, or otherwise changed.

(2) **Share of the Grand Prize:** Shares of the Grand Prize shall be determined by dividing the amount available in the Grand Prize **Pool Account** equally among all **tickets with** winning game plays of the Grand Prize.

(3) **Lump Sum Payment:** Winner(s) who elect a lump sum payment shall be paid their share(s) in a single lump sum payment. ~~(Application of the MUSL annuity factor generally is anticipated to result in the Grand Prize winner who elects a single lump sum payment receiving an amount that roughly approximates one half of the advertised Grand Prize amount. The actual single lump sum payment amount will vary as a function of the MUSL annuity factor determined as described in subsection (4)(a) of this rule.)~~

(4) **Annuity Payment:** The annuitized option prize shall be determined by multiplying a winner’s share of the Grand Prize **Pool Account** by **a process as approved by the MUSL Board.**~~the MUSL annuity factor.~~

~~(a) The MUSL annuity factor is determined through a process as approved by the MUSL Finance and Audit Committee.~~

(ab) Neither MUSL nor the Party Lotteries or the Licensee Lotteries 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. In certain instances announced by the Product Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to ~~sub~~section (11) of this rule. If individual shares of the Grand Prize **Pool Account** funds held to fund an annuity are less than \$250,000.00, the Product Group, in its sole discretion, may elect to pay the winners their share of the amount held in the Grand Prize **Pool Account**.

(5) **Initial and Annual Payments:** Except as may be controlled by statute, all annuitized prizes shall be paid annually in thirty payments with the initial payment being made directly with available funds, to be followed by twenty-nine payments funded by the annuity. All annuitized

prizes shall be paid annually in thirty graduated payments (increasing each year) by a rate as determined by the Product Group. Prize payments may be rounded down to the nearest \$1,000. Annual payments after the initial payment shall be made by the lottery on the anniversary date of the first payment or if such date falls on a non-business day, then the first business day following the anniversary date of the first payment. Funds for the initial payment of an annuitized prize or the lump sum payment prize shall be made available by MUSL for payment by the ~~Selling Party-Lottery or the Licensee-Lottery which sold the winning ticket~~ no earlier than the 15th calendar day (or the next banking day if the fifteenth day is a holiday) following the drawing.

(6) **Lack of Available Funds:** If necessary, when the due date for the payment of a prize occurs before the receipt of sufficient funds in the prize pool trust to pay the prize, then the transfer of funds for the payment of the full lump sum payment amount may be delayed pending receipt of funds from the ~~Selling Party-Lotteries and Licensee-Lotteries~~. The Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

(7) **Death of Winner:** In the event of the death of a lottery winner during the annuity payment period, **unless prohibited by state law**, the MUSL Finance and Audit Committee, in its sole discretion excepting a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") or the persons identified on the winner's Beneficiary Designation form (BDF), whichever is applicable, to the state lottery of the state in which the deceased lottery winner purchased the winning ticket, and subject to applicable federal, state, or district laws, may make payment to the Estate or the designated beneficiary of the discounted present value of the **remaining** annuitized prize payments. If a determination is made, then securities and/or amounts held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate or the persons on the BDF. The identification of the securities, if any, to fund the annuitized prize ~~is shall be~~ at the sole discretion of the MUSL Finance and Audit Committee or the Product Group.

(8) **Low-Tier Prizes:** All ~~low-tier prizes (all prizes except the Grand Prize) shall be~~ **are** paid directly through the Lottery that sold the winning ticket, **and at the discretion of the Selling Lottery may be paid by cash, check, warrant, or electronic transfer**. The Lottery may begin paying low-tier prizes after receiving authorization to pay from the MUSL central office.

(9) **Rounding of Powerball® Grand Prize Payments:** Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first payment to the winner or winners. Prizes other than the Grand Prize which, under OAR 177-085-0025(4)(c) and OAR 177-085-0065(11), may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

(10) **Roll Over of Powerball® Grand Prize:** 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 **Account** for the following drawing.

(11) **Minimum Powerball® Grand Prizes and Increases:** The Product 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 Product 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 Product Group, then the Grand Prize amount shall be determined as follows.

(a) **All Winners Select Annuity:** If there are multiple Grand Prize winners during a single drawing, each selecting the annuitized option prize, then a winner's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of **tickets with** winning game plays.

(b) **Mix of Lump Sum and Annuity:** If there are multiple Grand Prize winners during a single drawing and at least one of the Grand Prize winners has elected the annuitized option prize, then the **MUSL annuity factor shall 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 approved by the MUSL Board.**~~best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized Grand Prize.~~

(c) **No Winners Select Annuity:** If no winner of the Grand Prize during a single drawing has elected the annuitized option prize, then the amount of the cash in the Grand Prize Pool **Account** shall be an amount equal to the guaranteed annuitized amount divided by the MUSL annuity factor.

(d) **Changes in Allocation of Prizes:** ~~Changes in the allocation of prize money shall be designed to retain approximately the same prize allocation percentages, over a year's time, set out in OAR 177-085-0025(4).~~ Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in OAR 177-085-0025(4)(c) becomes necessary. Approval of the Group is required to change the guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount. Any reduction in the guaranteed minimum Grand Prize amount or reduction in the minimum increases to the Grand Prize amount shall not become effective until after a Grand Prize win following the action taken by the Group.

(12) **One Prize per Board:** The holder of a winning ticket may win only one prize per **play board** in connection with the winning numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category. **All liabilities for a Powerball® prize are discharged upon payment of a prize claim**

(13) **Claim Expires in One Year:** Claims for all prize categories, including the Grand Prize, must be submitted within one year after the date of the drawing.

To be a valid ticket and eligible to receive a prize, a Powerball® ticket shall satisfy all the requirements established by the Lottery for validation of winning tickets sold through its central computer system and any other validation requirements adopted by the MUSL Board, the Product Group, and published as the Confidential MUSL Minimum Game Security Standards. The Lottery and MUSL shall not be responsible for tickets which are altered in any manner, **(or which fail to print except as provided in OAR 177-085-0015(4))**. When a winning ticket is submitted to the Lottery for validation along with the Lottery's completed claim form, and the Lottery has initiated the validation procedures, the Lottery retains possession of the winning ticket and claim form.

OAR 177-085-0050 Ineligible Players

(1) **MUSL Restrictions:** A ticket ~~or share~~ issued by the MUSL or any of its Party Lotteries or Licensee Lotteries shall not be purchased by, and a prize won by any such ticket ~~or share~~ shall not be paid to:

- (a) A MUSL employee, officer, or director;
- (b) A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;
- (c) An employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, share-holders, or owners in the local office of the firm; or
- (d) An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a) through (c) of this section and residing in the same household.

(2) **Local Lottery Restrictions:** Those persons designated by a Party Lottery's or Licensee Lottery's law as ineligible to play its games shall also be ineligible to play Powerball® in that ~~Selling Party Lottery's or Licensee~~ Lottery's jurisdiction.

OAR 177-085-0065 Power Play®

(1) **General:** **The Powerball® Power Play® promotion** is an optional, limited extension of the Powerball® Game described in OAR Division 85. The Lottery Director, in the Lottery Director's sole discretion and based on agreements with MUSL, is authorized to initiate and terminate the Power Play® option.

(2) **Set Prizes Only:** **The Power Play® promotion offers to the owner of a qualifying play a chance to** increase the amount of any of the cash Set Prizes (the ~~cash~~ prizes normally paying \$4 to \$1,000,000) won in a drawing **held during the promotion**. The Grand Prize is not a Set Prize and will not be increased.

(3) **Power Play® Purchase:** A qualifying Power Play® option play is any single Powerball® play for which the player selects the Power Play® option on either the game slip or by selecting the Power Play® option through a clerk-activated or player-activated terminal, pays one extra dollar for the Power Play® option play, and which is recorded at the Lottery's central computer as a qualifying play.

(4) **Qualifying Play:** Except as provided in these rules, ~~for drawings held on or after October 7, 2015,~~ a qualifying play which wins one of the seven lowest lump sum Set Prizes (excluding the Grand Prize and the Match 5+0 prize) will be multiplied by the number selected, either 2, 3, 4, 5, or sometimes 10 in a separate random Power Play® drawing announced during the official Powerball® drawing show. The "10X" multiplier will be available for drawings in which the initially advertised annuitized Grand Prize amount is \$150,000,000 or less. The announced Match 5+0 prize, for players selecting the Power Play® option, shall be \$2,000,000 unless a higher limited promotional dollar amount is announced by the Group.

(5) **Power Play® Drawings:** ~~Effective for drawings held on or after October 7, 2015,~~ 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, or sometimes 10, shall be drawn. The "10X" multiplier shall be available for all drawings in which the initially advertised annuitized Grand Prize amount ~~is~~ \$150,000,000 or less. The Powerball® Product Group may modify the multiplier features for special promotions from time to time.

(6) **Power Play® Prize Pool ~~Account for Drawings held on or after October 7, 2015:~~**

(a) Power Play® Prize Pool Account: ~~The Power Play® Prize Pool Account has been established by the Product Group and is used to fund Power Play® prizes. The Power Play® Prize Pool Account holds the temporary balances that may result from having fewer than expected winners in the Power Play®. The source of the Power Play® Prize Pool Account is the Party Lotterys' weekly prize contributions less actual Power Play® prize liability.~~

(b) Percentage: In ~~accordance with OAR 177-085-0065(7), total,~~ 50 percent of each draw's sales shall be collected **and placed in the Power Play® Prize Pool Account** for the payment of prizes.

(Aa) "10X" Multiplier Available: In drawings where the "10X" multiplier is available, the expected payout for all prize categories shall consist of up to 49.969 percent of each drawing period's sales, ~~including any specific statutorily mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket.~~

(Bb) "10X" Multiplier Not Available: In drawings where the "10X" multiplier is not available, the expected payout for all prize categories shall consist of up to 45.934 percent of each drawing period's sales, ~~including any specific statutorily~~

~~mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket.~~

~~(7) Power Play® Prize Pool Account for Drawings held on or after October 7, 2015:~~

(C) Additional Amounts:

~~(ia) “10X” Multiplier Available:~~ In drawings where the “10X” multiplier is available, an additional 0.031 percent of **each drawing period’s** sales, ~~including any specific statutorily mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket,~~ may be collected and placed in trust in the Power Play® **Prize** Pool Account, for the purpose of paying Power Play® prizes.

~~(iib) “10X” Multiplier Not Available:~~ In drawings where the “10X” multiplier is not available, **an additional** 4.066 percent of **each drawing period’s** sales, ~~including any specific statutorily mandated tax of a Party Lottery or Licensee Lottery to be included in the price of a lottery ticket,~~ may be collected and placed in trust in the Power Play® **Prize** Pool Account, for the purpose of paying Power Play® prizes.

(D) Carry Forward: The prize payout percentage per draw may vary. The Power Play® Prize Pool **Account** 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 Account.

~~(7e) End of Game: Remaining Amounts:~~ Any amount remaining in the Power Play® **Prize** Pool Account when the Product Group declares the end of this game shall be returned to all lotteries participating in the account after the end of all claim periods of all ~~Selling Party Lotteries and Licensee Lotteries~~, carried forward to a replacement game, or **otherwise** expended in a manner **at the election of** ~~as directed by~~ the **individual** members of the Product Group in accordance with jurisdiction ~~law statute.~~

(8) Power Play® Payout: Except as otherwise provided in these rules, all prizes awarded shall be paid as lump sum set prizes. Instead of the Powerball® set prize amounts, qualifying Power Play® option plays will pay the Power Play® prize amounts shown in section (9) of this rule. In certain rare instances, and as determined under OAR 177-085-0025(4)(c)(B) and section (11) of this rule, the Powerball® set prize amount may be less than the amounts shown in section (9) of this rule. In such case, the eight Power Play® prize amounts will be changed to an amount announced after the draw.

(9) Expected Power Play® Prize Payout ~~—Effective for Drawings held on or after October 7, 2015:~~

	Prize Amount - Regardless of Power Play® number selected:					
Match 5+0	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
	Prize Amount	10X	5X	4X	3X	2X
Match 4+1	\$50,000	\$500,000	\$250,000	\$200,000	\$150,000	\$100,000
Match 4+0	\$100	\$1,000	\$500	\$400	\$300	\$200
Match 3+1	\$100	\$1,000	\$500	\$400	\$300	\$200
Match 3+0	\$7	\$70	\$35	\$28	\$21	\$14
Match 2+1	\$7	\$70	\$35	\$28	\$21	\$14
Match 1+1	\$4	\$40	\$20	\$16	\$12	\$8
Match 0+1	\$4	\$40	\$20	\$16	\$12	\$8

In certain rare instances, the Powerball® set prize amount may be less than the amount shown. 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 \$50,000.00 becomes \$25,000.00 under the rules of the Powerball® game and a 5x Power Play® multiplier is selected, then a Power Play® player winning that prize amount would win \$125,000.00.

(10) **Probability of Winning:** ~~Effective for drawings held on or after October 7, 2015,~~ The following tables set forth the probability of the various Power Play® numbers being drawn during a single Powerball® drawing, except that the Power Play® amount for the Match 5+0 prize will be \$2,000,000. The Group may elect to run limited promotions that may modify the multiplier features.

(a) When the “10X” Multiplier is Available:

Power Play®	Probability of Prize Increase	Chance of Occurrence
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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%
Power Play [®] does not apply to the Grand Prize. Except as provided in OAR 177-085-0065(9), a Power Play [®] Match 5 set prize is set at \$2,000,000 regardless of the multiplier selected.		

(b) When the “10X” Multiplier is not Available:

Power Play [®]	Probability of Prize Increase	Chance of Occurrence
10X - Prize Won Times 10	0 in 42	0.00%
5X - Prize Won Times 5	2 in 42	4.7619%
4X - Prize Won Times 4	3 in 42	7.1429%
3X - Prize Won Times 3	13 in 42	30.9523%
2X - Prize Won Times 2	24 in 42	57.1429%
Power Play [®] does not apply to the Grand Prize. Except as provided in OAR 177-085-0065(9), a Power Play [®] Match 5 set prize is set at \$2,000,000 regardless of the multiplier selected.		

(11) **Pari-Mutuel Prizes – All Prize Amounts:** Except as provided in subsection (d) of this rule, for Party Lotteries, 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 be drawn from the following sources, in the following order:

(a) The amount **available in the Set Prize Pool Account and the Power Play[®] Prize Pool Account, allocated to the set prizes and carried forward from previous draws**, if any;

(b) An amount from the Powerball[®] Set-Prize Reserve Account, if available in the account, not to exceed \$40,000,000 per drawing; **and**

(c) Other amounts as agreed to by the Product Group in their sole discretion.; **and**

(d) 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 rule shall be divided among the **tickets with winning game** plays in proportion to their respective

prize percentages. Powerball® and Power Play® prizes will be reduced by the same percentage.

(e) By agreement with the Licensee Lotteries, 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.

(12) **Prize Payment:** All Power Play® prizes shall be paid in one lump sum **through the Selling Lottery that sold the winning ticket(s)**. The Lottery may begin paying Power Play® prizes after receiving authorization to pay from the MUSL central office.

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

OAR 177-085-0070

Applicable Law

(1) General: In purchasing a Powerball® ticket issued by the Lottery, or attempting to claim a prize, purchasers and prize claimants agree to comply with and be bound by all applicable statutes, administrative rules, and procedures of the Lottery and MUSL, including all applicable provisions in the Powerball® Finance and Operations Procedures, and by all directives and determinations of the Lottery Director. A purchaser or prize claimant agrees, as the purchaser or prize claimant's sole and exclusive remedy, that claims arising out of a Powerball® ticket issued by the Lottery can be pursued only against the Lottery and not any other Party Lottery or against MUSL. Litigation, if any, shall be maintained only within the State of Oregon. No claim shall be made against any other participating Lottery or against MUSL.

(2) Final Determinations: All decisions made by the Lottery Director, including the declaration of prizes and the payment thereof and the interpretation of the Powerball® game rules and procedures, are final and binding on all purchasers of tickets issued by the Lottery and on every person making a prize claim in respect thereof. Nothing in these rules shall be construed as a waiver of any defense or claim that the Lottery, any other participating lottery, or MUSL may have in any litigation, including in the event a purchaser or person making a claim pursues litigation against the Lottery Commission, the Lottery, any other participating lottery, or MUSL, or their respective officers, directors or employees.

(3) Unclaimed Prize: No prize shall be paid upon a ticket purchased, claimed, or sold in violation of the statutes, or rules, procedures, and decisions of the Lottery or MUSL's Powerball® Group Rules effective as of October 19, 2016. Any such prize claimed but unpaid shall constitute an unclaimed prize under the statutes, rules, procedures, and decisions of the Lottery and shall be allocated to the benefit of the public purpose.