OREGON STATE LOTTERY

REPORT ON RULEMAKING

Division 75 – Megabucks Game Rules

July 16, 2015

Proposed Rule Action:

AMEND: OAR 177-075-0000 Definitions
OAR 177-075-0005 Price
OAR 177-075-0010 Ticket Purchase, Characteristics, and Restrictions
OAR 177-075-0015 Drawings
OAR 177-075-0020 Determination of Prize Winners
OAR 177-075-0027 Annuity Conversion Option
OAR 177-075-0030 Ticket Validation Requirements
OAR 177-075-0035 Allocation of Revenues
OAR 177-075-0040 Probability of Winning

Recommended Motion:

“I move that the Megabucks rules presented today be amended as proposed, to be effective October 4, 2015.”

Background:

On June 15, 2015, the Director filed a Notice of Proposed Rulemaking Hearing to amend the above referenced administrative rules to:

- Change the term of the annuity prize payment option from 25 years to 30 years;
- Include the name “Oregon’s Game Megabucks; and
- Revise the percent of gross sales revenues reserved for prizes.

Commission approval is needed to adopt these rule amendments as permanent.

The proposed amendments are in keeping with the Lottery’s constitutional and statutory mandates.

Public Comment:

The Lottery conducted a public hearing on July 16, 2015 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 adoption of the proposed amendments to the Megabucks rules.

Dated this 16th day of July 2015.

Mark W. Hohlt, Rules & Policies Manager
Oregon State Lottery
OREGON STATE LOTTERY

REPORT ON RULEMAKING HEARING

Division 75-Megabucks Game Rules

July 16, 2015

Hearing Date: July 16, 2015
2:30 p.m.

Administrative Rules:

AMEND: OAR 177-075-0000 Definitions
OAR 177-075-0005 Price
OAR 177-075-0010 Ticket Purchase, Characteristics, and Restrictions
OAR 177-075-0015 Drawings
OAR 177-075-0020 Determination of Prize Winners
OAR 177-075-0027 Annuity Conversion Option
OAR 177-075-0030 Ticket Validation Requirements
OAR 177-075-0035 Allocation of Revenues
OAR 177-075-0040 Probability of Winning

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 by the Oregon Lottery Commission, on July 16, 2105 at 2:30 p.m. The hearing was tape recorded, and the tape is available for review.

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 July 2015.

Mark W. Hohlt, Hearings Officer
Oregon State Lottery
OREGON STATE LOTTERY
DIVISION 75
MEGABUCKS GAME RULES
October 4, 2015

OAR 177-075-0000 Definitions

For the purposes of the Oregon Megabucks game (sometimes referred to as “Oregon’s Game Megabucks”, a 6 of 48 lotto game), the following definitions apply except as otherwise specifically provided in OAR Chapter 177 or unless the context requires otherwise:

(1) “Grand Division 1-prize pool” means the amount of money required to fund an advertised Grand Division 1-prize. The Megabucks Grand prize may also sometimes be referred to as the Megabucks Jackpot prize.

(2) “Exchange ticket” means a computer-generated, printed paper issued by a terminal to replace a Megabucks game ticket that had been purchased for play in consecutive Megabucks Lotto games and was validated as a winning ticket before the latest drawing appearing on the game ticket. An exchange ticket shall contain the exact game play and future drawing date(s) appearing on the validated game ticket it is replacing and shall have all other characteristics of a game ticket except as otherwise stated in these rules. An exchange ticket shall not contain a ticket price.

(3) “Game board” or “boards” means that area of the Megabucks play slip which contains 48 squares numbered 1 through 48.

(4) “Game ticket” or “ticket” means a Megabucks ticket produced by a terminal, which contains the caption “Megabucks”, two or more lettered game plays each of which has six numbers from 1 through 48 followed by the drawing date, the price of the ticket, a retailer number, and a serial number.

(5) “Kicker” means the play option whereby a player, by paying an additional one dollar for each dollar wagered on Megabucks, is entitled to receive larger prizes for matching three of six, four of six, or five of six numbers.

(6) “Lotto” means a lottery game wherein a player selects a group of numbers, usually six, out of a larger predetermined set of numbers.

(7) “Play” or “game play” means the six different numbers from 1 through 48 which appear on a Megabucks ticket as a single lettered selection and are to be played by a player in a game.

(8) “Privileged terminal” means a terminal authorized to validate prizes over $600.00.
(9) “Quick pick” means the random selection by a terminal of six different numbers from 1 through 48 which appear on a Megabucks ticket and are to be played by a player in the Megabucks game.

(10) “Play slip” or “Game slip” means a card used in marking a player’s game plays. For this purpose, each play slip has ten game boards. Each game board is lettered with one letter from A through J and, when used to purchase a game play, corresponds to the numbers selected and printed on the ticket. An even number of boards, i.e., two, four, six, eight, or ten must be selected on each slip.

(11) “Random number generator” means a computer-driven electronic device capable of producing numbers at random.

(12) “Draw game terminal” or “Terminal” has the meaning set forth in OAR 177-070-0005(4).

(13) “Winning numbers” means the six numbers between 1 and 48, randomly selected at each drawing, which shall be used to determine winning plays contained on a Megabucks game ticket.

OAR 177-075-0005 Price

Game plays on a Megabucks tickets shall sell for $0.50 each with the minimum wager being two plays for $1. All plays must be made in $1 increments, hence only an even number of selections may be made, up to a maximum of ten selections for $5.

OAR 177-075-0010 Ticket Purchase, Characteristics, and Restrictions

(1) General: Oregon Megabucks is a pari-mutuel 6 of 48 lotto game. A player must select an even number set of six different numbers, between 1 and 48, for input into a terminal. Megabucks tickets can be purchased either from a terminal operated by a retailer (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal). If purchased from a retailer, the player may select each set by marking six numbered squares in any one game board on a play slip and submitting the play slip to the retailer, or by requesting “Quick pick” from the retailer. The retailer will then issue a Megabucks ticket, via the terminal, containing the selected even number set or sets of numbers, each of which constitutes a game play. Tickets can also be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine. A ticket can contain up to ten game plays lettered A through J. A player may purchase a ticket or tickets for future consecutive Megabucks drawings up to the maximum permitted by the Lottery.

(2) Kicker Option: The player must also choose whether to play “Kicker” when purchasing a Megabucks ticket. The Kicker awards larger prizes for correctly selecting three of six, four of six, and five of six numbers.

(3) Non-Cancellation: A Megabucks ticket may not be voided or cancelled by returning the ticket to the retailer, including tickets that are printed in error or purchased for a future
consecutive drawing. The placing of plays is done at the player’s own risk. The Lottery retailer acts on behalf of the player in entering the player’s plays.

OAR 177-075-0015  
**Drawings**

(1) **Time:** Megabucks drawings shall normally take place every Monday, Wednesday, and Saturday at approximately 7:29 PM or at any other times as determined by the Director.

(2) **Selection:** The objective of a drawing is to randomly select six winning numbers between 1 and 48. Drawings may be conducted with the aid of mechanical drawing equipment or a random number generator or other such devices as the Director may determine.

OAR 177-075-0020  
**Determination of Prize Winners**

(1) **General:** Prizes shall be determined and awarded on the following basis:

<table>
<thead>
<tr>
<th>Tickets Containing the Following Number of Matches in One Single Lettered Game Play Irrespective of Drawing Order</th>
<th>Prize Category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Match</strong> All Six Winning Numbers</td>
<td>Grand PrizeDivision 1</td>
</tr>
<tr>
<td><strong>Match</strong> Five Winning Numbers</td>
<td>Estimated $800Division 2</td>
</tr>
<tr>
<td><strong>Match</strong> Four Winning Numbers</td>
<td>Estimated $40Division 3</td>
</tr>
<tr>
<td><strong>Match</strong> Three Winning Numbers</td>
<td>Free TicketDivision 4</td>
</tr>
</tbody>
</table>

(2) **Grand Prize:** A Grand prize Division 1 prizes of less than $100,000 will be paid in a lump sum. A Grand prize Division 1 prizes with a value of $100,000 and more will be paid in the form of the prevailing maximum acceptable annuity or zero coupon bonds which can be purchased with the Grand Division 1 prize pool. The annuity or zero coupon bonds will provide for 30 equal periodic payments, the first immediately and the other 29 annually on the anniversary date (or the first regular business day thereafter) of the applicable Megabucks drawing.

(3) **Match 5 of 6, 4 of 6, and 3 of 6 Prizes:** Match 5 of 6 and 4 of 6 Divisions 2 and 3 prize winners will be paid in a lump sum. Match 3 of 6 Division 4-prize winners with a Kicker game play will be paid in a lump sum. Match 3 of 6 Division 4-prize winners who did not select a Kicker game play on the winning ticket shall receive a free Megabucks ticket valued at $1.00 except when such prize is redeemed at Lottery Headquarters, in which event the winner will either have the option to be paid $1.00 by check from the privileged terminal or to receive a free $1 ticket from the Lottery Store terminal.

(4) **Highest Prize:** Players are eligible to receive only the highest division prize for each winning game play.
(5) **Rounding:** Notwithstanding the allocations in section (1) of this rule, shares in each prize category shall be rounded down to the nearest $0.10 and each winning game play in each prize category shall be considered to be a single unit equal to one share of that prize category. All breakage (amounts left over after rounding down) shall be carried forward to the prize pool for the next drawing.

OAR 177-075-0027  **Annuity Conversion Option**

(1) **General:** A Grand Division 1 prize winner has the option of receiving the advertised Grand Division 1-prize in a single lump sum payment consisting of one-half of the advertised Grand Division 1-prize or of receiving the full value of the Grand Division 1-prize paid out in equal annual installments over a period of 30 25-years.

(2) **Presentment:** A Grand Division 1-prize winner shall present the winner’s ticket and completed claim form, in person, at the Salem Lottery office, pursuant to OAR 177-070-0025. Upon the Lottery’s determination and validation that the winner’s ticket is a winning ticket of the Grand Division 1 prize, the prize winner may exercise the payment option provided in this rule.

(3) **Election of Option:** Within 60 days of the date of validation of the Grand Division 1-prize, a winner, prior to receiving any prize payment from the Lottery, may acknowledge in writing the winner’s election to receive either the single lump sum payment or the annuitized prize payments. A winner’s election is irrevocable once the winner’s written election is received by the Lottery subject to the limited exception provided in Section (5) below.

(4) **Failure to Exercise Option:** In the event a winner does not exercise the above option within 60 days of the validation of the Grand prize, Division 1 prize, the winner shall receive the full value of the prize paid in equal annual installments over a period of 30 25-years pursuant to OAR 177-075-0020(2).

(5) **Last Chance Exercise of Option:** A Grand prize Division 1-prize winner who has elected the annuitized prize payment method or who has failed to make an election and is placed on the annuitized prize payment plan according to Section (4) above, may be permitted at the Lottery’s sole discretion to convert to the lump sum payment provided the Lottery has not yet made any payments to the prize winner. Once the Lottery makes any payment of a Grand prize Division 1-prize to a Grand prize Division 1-prize winner, the choice of payment is irrevocably fixed.

(6) **Multiple Winners:** Multiple winners, jointly claiming ownership of a Grand prize Division 1-prize winning ticket in accordance with OAR Chapter 177, shall make individual determinations whether to exercise the option to receive their portion of the prize in the form of a single lump sum payment or annuitized payments. Each of the multiple winners exercising the option to receive a single lump sum payment or annuitized payments must do so pursuant to the terms of this rule. Each winner has the option of choosing the lump sum payment or the annuitized
payments when the entire prize is more than $100,000 even if each individual’s portion of the prize is less than $100,000.

(7) **No Obligation:** A winner is under no obligation to exercise the option made available by this rule.

**OAR 177-075-0030 Ticket Validation Requirements**

To be a valid **Megabucks** ticket and eligible to receive a prize, all the following requirements must be satisfied in addition to all other requirements contained in OAR Chapter 177:

(1) **Winning Game Play:** Each winning game play appearing on the **Megabucks** ticket must be separately lettered and consist of six different numbers between one and 48.

(2) **Exchange Tickets:** A **Megabucks** game ticket containing a winning game play which was also wagered in subsequent, consecutive drawings may be validated prior to the occurrence of future drawings for which the game ticket was purchased. An exchange ticket shall be issued at the time the original game ticket is validated for the remainder of the drawings appearing on the validated game ticket. An exchange ticket shall also be issued at the time a previously issued exchange ticket is validated for the remainder of the drawings appearing on the validated exchange ticket.

(3) **Multiple Winners:** Claimants who share ownership interests in a winning **Megabucks** ticket must comply with any additional requirements for prize payment described elsewhere in OAR Chapter 177 as it may be amended from time to time.

**OAR 177-075-0035 Allocation of Revenues**

(1) **General:** Approximately 70 percent of all gross sales revenues from **Megabucks tickets** shall be reserved for prizes and shall be allocated to the prize categories as set forth below. The prize payout percentage shall be based on the 30-year annuity value of the Grand prize.

<table>
<thead>
<tr>
<th>WAGER TYPE</th>
<th>Megabucks without Kicker</th>
<th>Megabucks with Kicker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wager Amount</td>
<td>Administration</td>
<td>Non-Kicker Pools 4/6 5/6</td>
</tr>
<tr>
<td>$1</td>
<td>16%</td>
<td>Match 4 of /6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Match 5 of /6</td>
</tr>
<tr>
<td>First Dollar</td>
<td>16%</td>
<td>Match 4 of /6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Match 5 of /6</td>
</tr>
</tbody>
</table>

5
(2) **No Winners:** In the event it is determined that if there are no valid winning Megabucks tickets for a specific prize category in any given drawing, all monies allocated for that prize category shall be carried forward and accumulated with the monies allocated for that prize category for the next drawing. This process shall continue until such time as there is one or more valid winning ticket(s) for the **Grand prize Division 1** prize category.

(3) **Termination of Game:** If the Oregon Megabucks game is terminated for any reason whatsoever, any prizes which were not won shall be reallocated by the Director. Any prizes which were won but not claimed within the specified claim period shall be forfeited and allocated to the benefit of the public purpose. The transfer shall take place at the same time the Lottery’s next scheduled transfer of proceeds is made.

**177-075-0040 Probability of Winning**

(1) **General:** The following tables set 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 of six drawn from a field of 48 numbers.

<table>
<thead>
<tr>
<th>MEGABUCKS</th>
<th>Prize Category - Match</th>
<th>Probability of Winning (Minimum Wager)</th>
<th>Estimated Prize Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grand Prize Division 1</strong></td>
<td>6</td>
<td>1:6,135,756</td>
<td>$8,951,227</td>
</tr>
<tr>
<td><strong>Match 5 of 6 Division 2</strong></td>
<td>5</td>
<td>1:24,348.49</td>
<td>$800</td>
</tr>
<tr>
<td><strong>Match 4 of 6 Division 3</strong></td>
<td>4</td>
<td>1:475.34</td>
<td>$40</td>
</tr>
<tr>
<td><strong>Match 3 of 6 Division 4</strong></td>
<td>3</td>
<td>1:26.98</td>
<td>Free Ticket*</td>
</tr>
</tbody>
</table>

*Unless redeemed at Lottery Headquarters in Salem where the prize is $1.00 **paid by check from the Privileged Terminal** or a free $1 ticket **from the Lottery Store terminal**.
<table>
<thead>
<tr>
<th>Prize Category - Match</th>
<th>Probability of Winning (Minimum Wager)</th>
<th>Estimated Prize Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Prize Division 1</td>
<td>1:6,135,756</td>
<td>$8,951,227</td>
</tr>
<tr>
<td>Match 5 of Division 2</td>
<td>1:24,348.49</td>
<td>$3200</td>
</tr>
<tr>
<td>Match 4 of Division 3</td>
<td>1:475.34</td>
<td>$160</td>
</tr>
<tr>
<td>Match 3 of Division 4</td>
<td>1:26.98</td>
<td>$4</td>
</tr>
</tbody>
</table>

(2) **Supplemental:** If there is no Megabucks prize winner for the match 5 of 6 and 4 of 6 prize categories, Division 2 or 3 prize winner, the Megabucks Plus Kicker match 5 of 6 Division 2 prize shall be $3200 and the **Megabucks Plus Kicker match 4 of 6 Division 3** prize shall be $160.