

5/17/04

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<b>Regulatory Analysis Form</b>		<b>This space for use by IRRC</b>
(1) Agency Revenue		2007 JUN 11 11:04 AM IRRC Number: 2408
(2) I.D. Number (Governor's Office Use) 15-427		IRRC Number: 2408
(3) Short Title Lucky for Life Lotto		
(4) PA Code Cite 61 Pa. Code §§ 873.1 – 873.19	Agency Contacts & Telephone Numbers Primary Contact: Anita M. Doucette (717) 346-4637 Secondary Contact: Douglas A. Berguson (717) 346-4633	
(6) Type of Rulemaking (check one) <input type="checkbox"/> Proposed Rulemaking <input type="checkbox"/> Final Order Adopting Regulation <input checked="" type="checkbox"/> Final Order, Proposed Rulemaking Omitted	(7) Is a 120-Day Emergency Certification Attached? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes: By the Attorney General <input type="checkbox"/> Yes: By the Governor	
(8) Briefly explain the regulation in clear and nontechnical language. <p>The Lucky for Life Lotto game offers the player two opportunities to win: and instant prize feature and correctly matching the numbers on a ticket in a single play to those drawn in the Lottery drawing in which the ticket is entered.</p> <p>The instant prize is determined by the Lottery's central computer system which will assign each play on a ticket a randomly selected number from 1 through 20. Nineteen of these numbers will have been pre-designated by the Lottery's central computer as "non-winning" numbers, the remaining number having been pre-determined by the computer as the "winning" number. If the randomly selected number assigned to a play matches the pre-determined "winning" number, that play will be an instant winning play entitling the player to an instant prize of \$10.</p> <p>Correctly matching six numbers from 1 through 38, or a designated combination thereof, within a single play, and meeting other validation criteria, entitles the ticket holder to a set prize as set forth in § 873.9 (relating to determination of prize winners). The first prize category (jackpot) prize is \$3,000 a month for life (\$1,008,000 lifetime minimum); second prize \$2,000; third prize \$40 and fourth prize \$3.</p>		
(9) State the statutory authority for the regulation and any relevant state or federal court decisions. Statutory authority for the regulation is set forth in section 303 of the State Lottery Law (72 P.S. § 3761-303).		

## Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

The regulation is not mandated by federal or state law, court order or federal regulation.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The regulation establishes and details the procedures that will be followed in operating and administering the Lucky for Life Lotto game.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

There are no public health, safety, environmental or general welfare risks associated with nonregulation.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Programs benefiting older Pennsylvanians will benefit as a result of Lottery sales.

## Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No parties should be adversely affected by the regulation.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

All players of Lucky for Life Lotto and all on-line retailers will be required to comply with the regulation.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

A copy of the regulation was forwarded to the Pennsylvania Bar Association; the Pennsylvania Institute of Certified Public Accountants; the Pennsylvania Society of Public Accountants and the Pennsylvania Chamber of Business and Industry. The regulation will be listed in the Department's next Agenda of Regulations and will be forwarded to interested parties upon request.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

There are no costs and/or savings to the regulated community associated with this regulation.

### Regulatory Analysis Form

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

This regulation does not increase costs or savings to local governments. No legal, accounting or consultant procedures are required by the regulation.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

This regulation does not increase costs or savings to state government by a significant amount.

### Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
<b>SAVINGS:</b>	\$	\$	\$	\$	\$	\$
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Savings</b>	N/A					
<b>COSTS:</b>						
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Costs</b>	N/A					
<b>REVENUE LOSSES:</b>						
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Revenue Losses</b>	N/A					

(20a) Explain how the cost estimates listed above were derived.

The savings from implementing this regulation are insignificant. The costs of implementing this regulation are minimal.

### Regulatory Analysis Form

(20b) Provide the past three year expenditure history for programs affected by the regulation.  
(\$000)

Program	FY -3	FY -2	FY -1	Current FY
Lottery <sup>1</sup>	\$720,347	\$800,417	\$859,278	\$834,084

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The costs associated with this regulation are minimal. The regulation is needed for operational enhancements to the games offered by the Pennsylvania Lottery.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

There are no nonregulatory alternatives associated with the regulation.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

There are no alternative regulatory schemes associated with the regulation.

<sup>1</sup> These amounts represent monies expended from the Lottery Fund to programs to benefit older Pennsylvanians.

## Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

There are no federal standards associated with this regulation.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

This regulation relates to the creation of an on-line lottery game and is consistent with Pennsylvania's other on-line game regulations. The regulation will not put Pennsylvania at a competitive disadvantage with other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

This regulation does not affect any other existing or proposed regulations of the Department or any other state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Department has not scheduled any public hearings or informational meetings to discuss the regulation.

## Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

This regulation does not change existing reporting, record keeping or other paperwork requirements.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

No special groups are affected by the regulation.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

This regulation will be effective upon final publication in the Pennsylvania Bulletin. There are no permits, licenses or other approvals required by the regulation.

(31) Provide the schedule for continual review of the regulation.

This regulation is scheduled for review within five years of final publication. No sunset date has been assigned.



CDL-1

**FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU**

**(Pursuant to Commonwealth Documents Law)**

LEGISLATIVE REFERENCE BUREAU

1200 MARKET STREET, PHILADELPHIA, PA 19102

DO NOT WRITE IN THIS SPACE

5/17/04

# 2408

Copy below is hereby approved as to form and legality. Attorney General

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

Copy below is hereby approved as to form and legality. Executive or Independent Agencies

PA Department of Revenue  
(AGENCY)

BY [Signature]

By: \_\_\_\_\_  
(Deputy Attorney General)

DOCUMENT/FISCAL NOTE NO. 15-427

5/20/04

DATE OF APPROVAL

DATE OF APPROVAL

(Deputy General Counsel)  
(~~Chief Counsel-Independent Agency~~)  
(Strike inapplicable title)

Check if applicable  
Copy not approved. Objections attached.

BY [Signature]  
Gregory C. Fajt  
TITLE Secretary of Revenue  
(Executive Officer, Chairman or Secretary)

Check if applicable. No Attorney General Approval or objection within 30 days after submission.

NOTICE OF FINAL-OMITTED RULEMAKING

DEPARTMENT OF REVENUE

State Lotteries

61 Pa. Code §§ 873.1 -873.19

Lucky for Life Lotto

## PREAMBLE

The Secretary of Revenue (Secretary), under the authority contained in section 303 of the State Lottery Law (72 P.S. § 3761-303), by this notice of proposed rulemaking omitted, adds Chapter 873. Lucky for Life Lotto, sections 873.1 - 873.19.

Because of time constraints associated with the establishment, operation and administration of lottery games, the Department of Revenue (Department), under section 204 of the act of July 31, 1968 (P.L. 769, No. 240) (CDL) (45 P.S. § 1204) and the regulation thereunder, 1 Pa. Code § 7.4, finds that notice of proposed rulemaking is under the circumstances impracticable and, therefore, may be omitted.

The Department's justification for utilizing the proposed rulemaking omitted process is based upon the time constraints associated with the establishment, operation and administration of lottery games. The efficient and successful operation of the Lottery requires that the Lottery implement the latest innovations and trends in the lottery industry. The inability to adapt marketing strategies quickly may lead to a reduction in lottery revenues. The necessity of the Lottery to react quickly to market forces has been recognized in the past as an appropriate justification for utilizing the proposed rulemaking omitted process as evidenced by the approval of these types of regulations in the past.

### Purpose of Regulation

The regulation establishes and details the procedures that will be followed in operating and administering the Lucky for Life Lotto.

### Explanation of Regulatory Requirements

The Lucky for Life Lotto game offers the player two opportunities to win: and instant prize feature and correctly matching the numbers on a ticket in a single play to those drawn in the Lottery drawing in which the ticket is entered.

The instant prize is determined by the Lottery's central computer system which will assign each play on a ticket a randomly selected number from 1 through 20. Nineteen of these numbers will have been pre-designated by the Lottery's central computer as "non-winning" numbers, the remaining number having been pre-determined by the computer as the "winning" number. If the randomly selected number assigned to a play matches the pre-determined "winning" number, that play will be an instant winning play entitling the player to an instant prize of \$10.

Correctly matching six numbers from 1 through 38, or a designated combination thereof, within a single play, and meeting other validation criteria, entitles the ticket holder to a set prize as set forth in § 873.9 (relating to determination of prize winners). The first prize category (jackpot) prize is

\$3,000 a month for life (\$1,008,000 lifetime minimum); second prize \$2,000; third prize \$40 and fourth prize \$3.

#### Fiscal Impact

The Department of Revenue has determined that the regulations will have no adverse fiscal impact on the Commonwealth and that the game described by the regulations could increase revenues available to older Pennsylvanians.

#### Paperwork

The regulations will not generate substantial paperwork for the public or the Commonwealth.

#### Effectiveness/Sunset Date

The regulations will become effective upon publication in the Pennsylvania Bulletin. The regulation is scheduled for review within five years of final publication. No sunset date has been assigned.

#### Contact Person

The contact person for an explanation of the regulations is *Mary R. Sprunk* ~~Anita M. Doucette~~, Office of Chief Counsel, PA Department of Revenue, Dept. 281061, Harrisburg, Pennsylvania 17128-1061.

#### Regulatory Review

Under section 5.1(c) of the Regulatory Review Act (71 P.S. § 745.5a(c)), on *June 11, 2004*, the Department submitted a copy of the regulations with proposed rulemaking omitted to the Independent Regulatory Review Commission (IRRC) and to the

Chairpersons of the House Committee on Finance and the Senate Committee on Finance. On the same date, the regulations were submitted to the Office of Attorney General for review and approval under the Commonwealth Attorneys Act (71 P.S. §§ 732-101 - 732-506). In accordance with section 5.1(j.1) of the Regulatory Review Act (71 P.S. § 745.5a(j.1)), the regulations were (deemed) approved by the Committees on . IRRC met on and (deemed) approved the regulations under section 5.1(e) of the Regulatory Review Act (71 P.S. § 745.5a(e)).

#### Findings

The Department finds that the regulations are necessary and appropriate for the administration and enforcement of the authorizing statute. Under section 204 of the CDL, the Department also finds that the proposed rulemaking procedures in sections 201 and 202 of the CDL (45 P.S. §§ 1201 and 1202) are unnecessary because of the time constraints associated with the establishment, operation and administration of lottery games.

#### Order

The Department, acting under the authorizing statute, orders that:

(a) The regulations of the Department, 61 Pa. Code, are amended by adding Chapter 873. Lucky for Life Lotto, sections 873.1 - 873.19 as set forth in Annex A.

(b) The Secretary shall submit this order and Annex A to the Office of General Counsel and Office of Attorney General for approval as to form and legality as required by law.

(c) The Secretary shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.

(d) This order shall take effect upon publication in the Pennsylvania Bulletin.

GREGORY C. FAJT  
SECRETARY OF REVENUE

03/18/04

CONTINUATION SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU  
(Pursuant to Commonwealth Documents Law)

ANNEX A

Title 61. Revenue, Part V. State Lotteries, Chapter 873. Lucky for Life Lotto.

§ 873.1. Creation.

Under the act and this part, there is created a numbers game, called Lucky for Life Lotto, which will commence at the discretion of the Secretary, and will continue until the Secretary publicly announces a suspension or termination date.

§ 873.2. Purpose.

(a) The Lucky for Life Lotto Game offers the player the opportunity to win two ways: instantly winning a prize; and correctly matching the numbers on his ticket in a single play to those drawn in the Lottery drawing in which the ticket is entered.

(b) The purpose of the Lucky for Life Lotto Game is to determine winners from ticket holders matching six numbers from 1 through 38, or a designated combination thereof, within a single play, with the six winning numbers to be randomly drawn. Correctly matching the six winning numbers drawn, or a designated combination thereof, and meeting other validation criteria, entitles the ticket holder to a set prize identified in § 873.9(a) (relating to determination of prize winners).

Drawings will be conducted twice a week or as determined and publicly announced by the Secretary.

(c) In addition, every Lucky for Life Lotto ticket issued by the Lottery central computer system will be eligible to win an instant prize. The determination of the instant ticket winners, as described in § 873.7 (relating to determination of instant prize winners), will be made by the Lottery's central computer system based upon a statistical probability of 1 in 20. This probability will be adjusted to incorporate the number of plays on each ticket.

#### § 873.3. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Apparent winning ticket - A ticket bearing winning numbers which has not been validated by the Lottery.

Confidential security checks - Proprietary measures used by the Lottery to validate and verify a ticket's authenticity.

Drawing - The process of selecting winning numbers that determines the number of winners for each prize category of the game.

Game section - One of the five areas of the Lucky for Life Lotto bet slip that contains 38 squares each numbered 1 through 38. Each area is lettered either A, B, C, D, or E and, when used to purchase a ticket, each corresponds to the numbers selected or



quick picked, or both, and printed on the ticket for a single play.

Lucky for Life Lotto bet slip - A card having a game section used by a player to play the game.

On-line retailer or retailer - A person who is properly licensed by the Lottery to sell tickets.

Pay status - The designation within the Lottery's gaming computer system, which indicates that a given drawing has been verified and validated.

Play - A single line of six numbers from 1 to 38 which represents a single \$2 wager, and consists of six player-selected or quick-picked numbers, or both.

Quick pick - The random selection through a Lottery terminal of up to six different numbers from 1 through 38 that appear as a play in the Lucky for Life Lotto Game.

Set prize - Any prize other than the first prize category (jackpot) prize that can be won in this game.

Ticket - A Lucky for Life Lotto ticket is a lottery ticket produced by a licensed retailer in an authorized manner, and contains, at the discretion of the player one, two, three, four, or five plays, designated respectively as game A, B, C, D and E. The ticket also contains at a minimum, the drawing date, the amount bet, instant play data as described in § 873.7 (relating to determination of instant prize winners) and validation data.

Trailing ticket - A ticket produced automatically by the lottery's central computer system when an original ticket with remaining plays is presented for payment. The ticket contains the same pertinent play data for the remaining plays as contained on the original ticket.

Validation criteria - Criteria, including those set forth in § 873.11(a) (relating to ticket validation requirements), against which Lottery tickets are compared in the determination of whether the ticket has won a prize.

Winning numbers - Six numbers, from 1 through 38, selected in a Lucky for Life Lotto drawing and which have been subsequently validated by the Lottery, which shall be used to determine the winning Lucky for Life Lotto plays on tickets.

§ 873.4. Ticket sales retailers.

(a) Lucky for Life Lotto Game ticket sales may only be made through licensed retailers the Director will appoint and contract with as provided in § 815.42 (relating to ticket sales agents).

(b) The Lottery may terminate sales by a retailer without prior notice to the retailer if the retailer becomes delinquent in payment of proceeds due the Lottery, or fails to handle Lottery funds in the prescribed manner, or if the retailer fails to follow the contract or an addendum thereof, this part or procedures established governing the sale of tickets or if the Lottery deems it to be in the best interest of the Commonwealth.

§ 873.5. Ticket price.

Lucky for Life Lotto tickets may be purchased for \$2 per play. A play, at the owner's option, may be up to six numbers selected by the player from 1 through 38, and the remainder selected randomly by the Lottery computer system, or all six numbers randomly selected through the Lottery terminal. Additional plays may, at the discretion of the player, be purchased for an additional \$2 for each play purchased. There may be up to five plays on a ticket.

§ 873.6. Lucky for Life Lotto bet slip and ticket characteristics and restrictions.

(a) The player shall select, or request selection by computer, up to six numbered squares from 1 through 38. If less than six numbers are selected by the player the remaining number or numbers will be selected randomly by the Lottery computer system from that same range of numbers, in one or more of the game sections on a Lucky for Life Lotto bet slip. Lucky for Life Lotto bet slips shall be available at no cost to the player. The minimum entry is \$2. For \$2, play game A; for \$4, play games A and B; for \$6, play games A, B and C; for \$8, play games A, B, C, and D; for \$10, play games A, B, C, D and E. Game sections shall be selected in alphabetical order in accordance with the instructions printed on the Lucky for Life Lotto bet slip. A Lucky for Life Lotto bet slip has no pecuniary or prize value and does not constitute evidence of the purchase of a ticket or the numbers selected.

(b) To purchase a ticket, players shall, in addition to the purchase price, submit the completed Lucky for Life Lotto bet slip, or request number selection, either by quick pick or manual terminal entry, or both, to an on-line retailer to have issued a ticket. The ticket shall contain, at a minimum, a six number selection, in each play section, (for each \$2 wagered), the drawing date, amount bet, validation number data and instant play data. This ticket, or a subsequently produced trailing ticket, shall be the only valid proof of the bet placed, and the only valid receipt for claiming a prize. The ticket shall only be valid for the drawing date or dates printed on the ticket.

(c) If Lucky for Life Lotto bet slips are unavailable, number selections may be given to an on-line retailer in groups of up to six number selections for each \$2 wagered. The retailer shall manually enter each group of up to six number selections into the computer terminal. The terminal will randomly generate the remainder of the numbers if the player selected less than the six required numbers.

(d) A Lucky for Life Lotto ticket may not be cancelled or voided once printed by the Lottery terminal, even if the ticket is printed in error.

(e) It is the sole responsibility of the ticket holder to verify the accuracy and condition of data printed on the ticket. The placing of plays is done at the player's own risk through the

on-line retailer who is acting on behalf of the player in entering the play or plays.

(f) The Department reserves the right to stop play on a number or combination of numbers to protect the integrity of the prize structure of the game anytime during the course of the game.

§ 873.7. Determination of instant prize winners.

(a) For each Lucky for Life Lotto play, the Lottery's central computer system will assign that play a randomly selected number from 1 through 20. Nineteen of the numbers from 1 through 20 will have been pre-designated by the Lottery's central computer as "non-winning" numbers, the remaining number having been pre-determined by the computer as the "winning" number. If the randomly selected number assigned to a play matches the pre-determined "winning" number, that play will be an instant winning play.

(b) If on a ticket no play is an instant winner the ticket produced by the Lottery terminal will indicate "NO INSTANT WIN TRY AGAIN."

(c) A ticket upon which one or more plays qualifies as an instant winner will indicate "INSTANT WINNER \$" followed by the total amount of the instant prize won on that ticket.

§ 873.8. Time, place and manner of conducting drawing.

(a) Time of drawing. A Lucky for Life Lotto drawing will be held twice a week or as determined and publicly announced by the Secretary.

(b) Place of drawing. A Lucky for Life Lotto drawing will be conducted in the Harrisburg area unless the Secretary directs that a drawing or part of the drawing procedure be conducted at some other location.

(c) Manner of conducting drawings. The Lottery will select at random, six numbers from a field of numbers from 1 through 38, with the aid of mechanical devices or any other selection methodology as authorized by the Secretary. The validity of a drawing will be solely determined by the Lottery.

§ 873.9. Determination of prize winners.

(a) The prizes to be awarded to an owner of an apparent winning ticket are as follows:

Tickets containing the following numbers in one single game play	Prize Category	Prize Amount	Percent (%) of Sales Anticipated to Be Paid in Prizes/Category
All six winning numbers	1st	\$3,000/month/life	10.27%
Five winning numbers	2 <sup>nd</sup>	\$2,000	6.95%
Four winning numbers	3 <sup>rd</sup>	\$40	5.39%
Three winning numbers	4 <sup>th</sup>	\$3	5.39%
Instant winner	Instant winner	\$10	25.0%

(b) Holders of tickets entitling them to a first prize category (jackpot) prize shall be entitled to a prize of \$3,000 a

month for life (\$1,008,000 lifetime minimum), which shall be paid by an initial cash payment of \$36,000, plus equal annual payments of \$36,000, over the lifetime of the winner. In the event that the winner dies before having received the \$1,008,000 minimum, payments will continue under provisions of § 811.16 (relating to prizes payable after death of prize winner) until the \$1,008,000 minimum has been paid. For purposes of claiming the \$3,000 a month for life prize, "lifetime" for legal entities shall be defined as 28 years, beginning the date the prize is claimed.

(c) If the winner of a Pennsylvania Lottery Lucky for Life Lotto first place prize is younger than 18 years of age, the winner will not begin to receive the prize until the winner has attained 18 years of age.

(d) There can only be one claimant per ticket for a first prize category (jackpot) prize.

(e) Lucky for Life Lotto prizes will be paid as follows:

(1) Individual ticket prize payments will be made as a single payment with the exception of the first prize (jackpot) category.

(2) If more than five winning first prize (jackpot) plays are determined in the same drawing, each, upon meeting the requirements of §§ 873.11 and 873.12 (relating to ticket validation requirements; and procedures for claiming and payment of prizes), is entitled to a share of annual payments totaling \$180,000. Each share is limited to annual payments for the

lifetime of the winner equal to \$180,000 divided by the actual number of jackpot prize winners. In these cases, the minimum lifetime amount is determined to be 28 annual payments each in the amount as determined above. For the purpose of calculating the share of the first-place prize pool, prizes will be rounded down to the nearest 50¢. This conditional pari-mutuel top prize payout may be changed at the discretion of the Secretary and the change will be announced by public notice in the Pennsylvania Bulletin. The change will only apply prospectively to Lucky for Life Lotto drawings as of the date specified in the public notice.

(f) A winning Lucky for Life Lotto play is entitled only to the highest prize won by those numbers, plus the instant prize, if applicable.

(g) The number of prize categories, the allocation of prize money among the prize categories, the instant prize amount and frequency of instant prize award, and the annuity amount or terms may be changed at the discretion of the Secretary and the change will be announced by public notice in the Pennsylvania Bulletin. The changes will only apply prospectively to Lucky for Life Lotto drawings as of the date specified in the public notice.

(h) Retailer incentive and marketing promotion programs, including the use of free tickets, may be implemented at the discretion of the Secretary. Funds for the programs, if needed, will be drawn from the Lottery fund.



§ 873.10. Ticket responsibility.

(a) A ticket is a bearer document deemed to be owned by the person holding the ticket, except that if a name is contained on the back of the ticket, the person so named will, for all purposes, be considered the owner of the ticket.

(b) The Commonwealth will not be responsible for lost or stolen tickets.

(c) The purchaser of the ticket has the sole responsibility for checking the accuracy and condition of the data printed on the ticket.

(d) The Commonwealth will not be responsible for tickets redeemed in error by a player at an on-line retailer.

§ 873.11. Ticket validation requirements.

(a) Valid tickets. To be a valid ticket, the following conditions shall be met:

(1) The ticket validation number shall be present in its entirety and shall correspond to the computer record generated at the time the ticket is produced.

(2) The ticket shall be intact.

(3) The ticket may not be mutilated, altered, reconstituted or tampered with.

(4) The ticket may not be counterfeit or an exact duplicate of a winning ticket.

(5) The ticket shall have been issued by the Lottery through a licensed retailer.

(6) The ticket may not have been stolen.

(7) The ticket shall be validated in accordance with § 873.12 (relating to procedures for claiming and payment of prizes).

(8) The player-selected or computer-selected numbers, or both, on the ticket shall be in individual groups of six numbers each associated with a single letter, A, B, C, D, or E. The six numbers and the associated letter shall constitute a single play.

(9) The ticket data shall have been recorded on the Lottery's central computer system prior to the drawing and the ticket data shall match this computer record in every way.

(10) The player-selected and computer-selected numbers, the validation number data and the drawing date of an apparent winning ticket shall appear on the official file of winning tickets; and a ticket with that exact data may not have been previously paid.

(11) The ticket may not be mis-registered, defectively printed, or printed or produced in error to an extent that it cannot be processed by the Lottery.

(12) The ticket shall pass other confidential security checks of the Lottery.

(13) By submitting a ticket for validation, the player agrees to abide by this chapter as determined by the Secretary.

(14) There may not be another breach of this part in relation to the ticket which, in the opinion of the Secretary, justifies disqualification.

(b) Invalid or defective tickets/disputes. A ticket not passing the validation checks in subsection (a) will be considered invalid and will not be paid.

(1) In cases of doubt, the determination of the Secretary is final and binding. The Secretary may replace an invalid ticket with a ticket of equivalent sale price from a current Lottery game.

(2) If a defective ticket is purchased or if the Secretary determines to adjust an error, the sole and exclusive remedy will be the replacement of the defective or erroneous ticket with a ticket of equivalent sale price from a current Lottery game.

(3) If a ticket is not paid by the Lottery and a dispute occurs as to whether the ticket is a winning ticket, the Lottery may replace the ticket as provided in paragraph (2). This is the sole and exclusive remedy of the holder of the ticket.

§ 873.12. Procedures for claiming and payment of prizes.

(a) A prize shall be claimed only through a licensed on-line retailer, and except for the instant prize, may be claimed as soon as that drawing is placed in pay status by the Lottery.

(1) The holder of a ticket designated as an instant prize winner may claim the instant prize before or after the drawing for which the ticket was valid.

(2) The holder of a ticket designated as an instant prize winner, who has claimed the instant prize prior to the drawing for which the ticket is valid shall be issued a trailing ticket which shall contain the same relevant play information as contained in the redeemed ticket except for the instant prize data.

(b) An on-line retailer is authorized and required to make payment of a prize of \$2,500 or less, if the ticket is presented within a designated time period as announced by the Secretary, on an individual winning ticket, if the retailer has sufficient funds available for payment.

(c) The holder of an apparent winning ticket representing a prize of \$2,500 or less will be paid by participating on-line retailers as provided in subsection (b), if the ticket validation requirements in § 873.11 (relating to ticket validation requirements) have been met, a proper validation pay ticket has been issued by the retailer's computer terminal, and other retailer procedures have been met.

(d) The holder of an apparent winning ticket representing a prize in excess of \$2,500, with the exception of the first place prize (jackpot), shall present the winning ticket to an on-line

retailer or authorized claim center under Chapter 811 (relating to prizes).

(e) The holder of an apparent winning ticket representing a first place prize (jackpot) shall present, in person, the apparent winning ticket to Lottery Headquarters under Chapter 811.

(f) The payment of a prize to a person who dies before receiving any or all of a particular prize or to a person under 18 years of age will be paid under §§ 811.16 and 811.27 (relating to prizes payable after death of prize winner; and payment of prizes to persons under 18 years of age).

(g) The Commonwealth will be discharged of liability after payment of prizes as provided in § 811.26 (relating to discharge of State liability upon payment).

§ 873.13. Prizes.

(a) If the total of the set prizes awarded in a Lucky for Life Lotto drawing exceeds the sales for that drawing by 100% or more, then those set non-jackpot prize tiers, in which the stated prizes won exceed the percentage of sales anticipated to be paid in prizes/category, will become pari-mutuel (rounded down to the nearest 50¢) to the extent necessary to limit the total set prizes awarded to 200% of sales. Monies shall be drawn from the Lottery Fund, to the extent necessary, to fund the payment of prizes under this subsection.

(b) If the Lucky for Life Lotto is terminated for any cause, prize monies remaining undistributed will be paid out of the State Lottery Fund and used for purposes otherwise provided for by law.

§ 873.14. Unclaimed prize money.

Prize money on a winning Lucky for Life Lotto play may be retained by the Secretary for payment to the person entitled to it. If within 1 year of the drawing date on the ticket, no claim is made on a winning play, as determined by the Secretary, the right to claim prize money terminates, and the prize money will be paid into the State Lottery Fund and used for purposes otherwise provided for by statute.

§ 873.15. Withholding.

Federal withholding taxes will be withheld by the Lottery for prize payments in amounts required in accordance with applicable provisions of law.

§ 873.16. Purchase and prize restrictions.

A ticket may not be purchased by, and a prize will not be paid to, an officer or employee of the Lottery, Lottery professional services contractors or subcontractors, who are involved in the operation of the on-line Lottery games system its associated drawing; or to a spouse, child, brother, sister or parent residing in the same household of the officer, contractor, or subcontractor.

§ 873.17. Restriction on voluntary assignment of first place prize (jackpot).

A prize payable over, and whose term is determined by the lifetime of the winner, can be voluntarily assigned only to the extent of remaining unpaid minimum guaranteed prize amount.

§ 873.18. Governing law.

(a) In purchasing a ticket, the purchaser agrees to comply with and abide by applicable laws, this part, instructions, conditions and final decisions of the Secretary, and procedures established by the Director for the conduct of the Lucky for Life Lotto.

(b) Decisions made by the Director or the Secretary including the declaration of prizes and the payment thereof in interpretation of this part are final and binding on players and persons making a claim in respect thereof.

§ 873.19. Probability of winning.

Tickets containing the following numbers in one single game play	Prize Category	Odds of winning	Prize Amount
All six winning numbers	1st	1:2,760,681	\$3,000/month/life
Five winning numbers	2 <sup>nd</sup>	1:14,378.5	\$2,000
Four winning numbers	3 <sup>rd</sup>	1:371.1	\$40
Three winning numbers	4 <sup>th</sup>	1:27.8	\$3
Instant winner	Instant winner	1:20	\$10

04/08/04

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE  
REGULATORY REVIEW ACT**

I.D. NUMBER: 15-427  
 SUBJECT: Lucky for Life Lotto  
 AGENCY: DEPARTMENT OF REVENUE

# 2408

**TYPE OF REGULATION**

- Proposed Regulation
- Final Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor
- Delivery of Tolled Regulation
  - a. With Revisions
  - b. Without Revisions

RECEIVED  
 DEPARTMENT OF REVENUE  
 JUN 11 11 07 AM '04

**FILING OF REGULATION**

DATE	SIGNATURE	DESIGNATION
6/11/04	<i>Nancy S. Cole</i>	HOUSE COMMITTEE ON FINANCE
6/11/04	<i>Robert...</i>	
6/11/04	<i>J. Hess</i>	SENATE COMMITTEE ON FINANCE
6/11/04	<i>[Signature]</i>	
6/11/04	<i>Stephen J. Hoff</i>	INDEPENDENT REGULATORY REVIEW COMMISSION
6-11-04	<i>Joseph P. Noon</i>	ATTORNEY GENERAL (for Final Omitted only)
		LEGISLATIVE REFERENCE BUREAU (for Proposed only)