

3-16-06

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# Regulatory Analysis Form

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INDEPENDENT REGULATORY  
REVIEW COMMISSION

(1) Agency

Revenue

(2) I.D. Number (Governor's Office Use)

15-435

IRRC Number: 2531

(3) Short Title

Terminal-Based Lottery Games

(4) PA Code Cite

61 Pa. Code §§ 875.1 – 875.17

(5) Agency Contacts & Telephone Numbers

Primary Contact: Mary R. Sprunk (717) 783-7524

Secondary Contact: Douglas A. Berguson (717) 346-4633

(6) Type of Rulemaking (check one)

- Proposed Rulemaking
- Final Order Adopting Regulation
- Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No
- Yes: By the Attorney General
- Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

The addition of Chapter 875 establishes procedures for the creation of terminal-based lottery games, sales of tickets, validation of winners, and payment of prizes for terminal-based lottery games conducted by the Pennsylvania State Lottery.

The purpose of a terminal-based lottery game is to determine winners from ticket holders matching a designated combination of numbers, letters, symbols, or a specified combination thereof, with the winning numbers, letters, or symbols randomly drawn as determined and publicly announced by the Secretary. Prior to the commencement of sales of a terminal-based lottery game, the Department will publish a notice in the *Pennsylvania Bulletin* with information as outlined in the new Chapter 875 regulations.

(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 Terminal-Based Lottery Games.

(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 Terminal-Based Lottery Games 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 Philadelphia 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 was listed in the Department's 4<sup>th</sup> Quarter, 2005 Regulatory Report posted on the Department's website 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 this 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 any 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>	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
<b>Total Savings</b>						
<b>COSTS:</b>						
Regulated Community						
Local Government						
State Government						
<b>Total Costs</b>						
<b>REVENUE LOSSES:</b>						
Regulated Community						
Local Government						
State Government						
<b>Total Revenue Losses</b>						

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

There are minimal savings from implementing this regulation. There are no costs for implementing this regulation.

## Regulatory Analysis Form

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

Program	FY -3	FY -2	FY -1	Current FY
	NA	NA	NA	NA

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

The regulation does not alter existing law. It generally provides convenience to the existing law.

(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 this 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.

## 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 a terminal-based 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.



FACE SHEET  
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(Pursuant to Commonwealth Documents Law)

3-16-06

#2531

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INDEPENDENT REGULATORY  
REVIEW COMMISSION  
DO NOT WRITE IN THIS SPACE

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

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

DATE OF APPROVAL

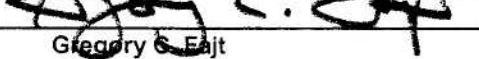
Check if applicable  
Copy not approved. Objections attached.

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

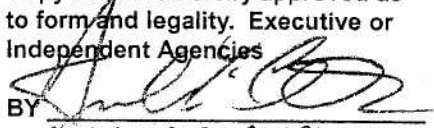
PA Department of Revenue  
(AGENCY)

DOCUMENT/FISCAL NOTE NO. 15-435

DATE OF ADOPTION \_\_\_\_\_

BY   
Gregory S. Fajt  
TITLE Secretary of Revenue  
(Executive Officer, Chairman or Secretary)

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

BY   
ANDREW C. CLARK

MAR 28 2006

DATE OF APPROVAL

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

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 §§ 875.1 -875.17

Terminal-Based Lottery Games

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 875. Terminal-Based Lottery Games, sections 875.1 - 875.17.

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 Terminal-Based Lottery Games.

### Explanation of Regulatory Requirements

The addition of Chapter 875 establishes procedures for the creation of terminal-based lottery games, sales of tickets, validation of winners, and payment of prizes for terminal-based lottery games conducted by the Pennsylvania State Lottery.

The purpose of a terminal-based lottery game is to determine winners from ticket holders matching a designated combination of numbers, letters, symbols, or a specified combination thereof, with the winning numbers, letters, or symbols randomly drawn as determined and publicly announced by the Secretary. Prior to the commencement of sales of a terminal-based lottery game, the Department will publish a notice in the *Pennsylvania Bulletin* with information as outlined in the new Chapter 875 regulations.

### 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, 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 *April 5*, 2006, 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 \_\_\_\_\_, 200\_. IRRC met on

, 200\_ 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 875. Terminal-Based Lottery Games, sections 875.1 - 875.17 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

10/11/05

CONTINUATION SHEET  
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(Pursuant to Commonwealth Documents Law)

ANNEX A

Title 61. Revenue, Part V. State Lotteries, Chapter 875.  
Terminal-Based Lottery Games.

§ 875.1. Creation.

Under the act and this part, there is created a category of lottery games, called terminal-based lottery games, which will commence at the discretion of the Secretary, and will continue until the Secretary publicly announces a suspension or termination date.

§ 875.2. Purpose.

(a) The purpose of a terminal-based lottery game is to determine winners from terminal-based lottery game ticket holders matching a designated combination of numbers, letters, symbols, or a specified combination thereof, with the winning numbers, letters, or symbols randomly drawn as determined and publicly announced by the Secretary.

(b) The object of the game is for a player to have selected the designated numbers, letters, or symbols, as defined in the game notice for the particular game as published in the *Pennsylvania Bulletin*, which match all or a specified

combination of the winning numbers, letters, or symbols drawn in the game drawing in which the terminal-based lottery game ticket is participating.

(c) Correctly matching all or a designated combination of the winning numbers, letters, or symbols drawn, and meeting the other validation criteria as defined in § 875.7 (relating to determination of prize-winning, terminal-based lottery game tickets), entitles the terminal-based lottery game ticket holder to a prize identified in the game notice for the particular game as published in the *Pennsylvania Bulletin*.

(d) This chapter establishes procedures for the creation of terminal-based lottery games, sales of terminal-based lottery game tickets, validation of winners, and payment of prizes for terminal-based lottery games conducted by the Pennsylvania State Lottery.

#### § 875.3. Definitions.

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

Apparent winning terminal-based lottery game ticket - A terminal-based lottery game ticket which has not yet been validated by the Lottery, bearing winning numbers, letters, or symbols.



Bet Slip - A pre-printed game-specific form prepared by the Lottery upon which the player may mark or designate the numbers, letters, or symbols which when processed through the Lottery terminal produces a terminal-based lottery game ticket with the numbers, letters, or symbols constituting the player's selection.

Drawing - The process of selecting the winning numbers, letters, or symbols that determine the winners for each designated prize for a particular terminal-based lottery game.

Lottery Central Computer System - The computer gaming system on which all Lottery bets are registered through a computer terminal located at a licensed Lottery retailer.

Lottery Terminal - A device installed at a retail location by the Lottery for the purpose of selling and validating on-line and instant tickets, performing inventory functions, generating informational accounting reports, and performing such other functions at the discretion of the Lottery.

On-line retailer or retailer - A person who is properly licensed by the Lottery and has a valid agreement to sell terminal-based lottery game tickets issued through a Lottery terminal. Also referred to as a Lottery retailer or licensed retailer.

Pay Status - The Lottery central computer system designation into which a game is placed after the Lottery

officials verify the accuracy of the game's drawing and which enables the validation and payment of winning terminal-based lottery game tickets.

Play - A chance to participate in a particular terminal-based lottery game drawing.

Prize - The item or money that can be won as specified by the notice for each terminal-based lottery game as published under § 875.4 (relating to notice of terminal-based lottery game rules).

Quick pick - The random selection through a Lottery terminal of the different numbers, letters, or symbols that appear as a play in a particular terminal-based lottery game.

Secretary - The Secretary of Revenue of the Commonwealth.

Terminal-Based Lottery Game - Any Lottery game, also referred to as an on-line game, for which a terminal-based lottery game ticket is generated through a computer connected to the Lottery central computer system.

Terminal-Based Lottery Game Ticket - A bearer instrument produced through a Lottery terminal that is the player's record of a wager for an on-line lottery game and sold by a licensed retailer in an authorized manner containing at a minimum the appropriate play data as published in the *Pennsylvania Bulletin* for that particular terminal-based lottery game, the drawing dates, amount bet, and validation data. A terminal-based

lottery game ticket may contain one or more plays as prescribed in the notice of terminal-based lottery game rules.

Top Prize - The highest prize available to be won as published in the *Pennsylvania Bulletin* for that particular terminal-based lottery game.

Winning numbers - The numbers, letters, or symbols selected in a particular Lottery game drawing, which have been subsequently validated by the Lottery, and which shall be used to determine the winning plays as published in the *Pennsylvania Bulletin* for that particular terminal-based lottery game.

§ 875.4. Notice of terminal-based lottery game rules.

Prior to the commencement of sales of a terminal-based lottery game, the Department will publish a notice in the *Pennsylvania Bulletin* containing, at a minimum, the following information about the particular terminal-based lottery game:

- (a) The name of the terminal-based lottery game.
- (b) The purchase price of a terminal-based lottery game.
- (c) Description of the game.
- (d) Bet slip and terminal-based lottery game ticket characteristics.
- (e) The time, place and manner of conducting drawings.
- (f) Prizes available to be won and determination of prize winners.
- (g) Probability of winning and prize restrictions, if any.

(h) Restrictions on procedures for claiming prizes, if any.

(i) The existence of a finalist, grand prize, second-chance or other offering, if applicable, and the procedure for conducting the same, if applicable.

(j) Other information necessary for the conduct of that terminal-based lottery game.

§ 875.5 Purchase price.

The Secretary will prescribe the purchase price of a terminal-based lottery game play or terminal-based lottery game ticket.

§ 875.6. Terminal-based lottery game ticket sales.

Terminal-based lottery game tickets may only be sold through Lottery retailers.

§ 875.7. Determination of prize-winning, terminal-based lottery game tickets.

(a) Terminal-based lottery game prize-winning plays will be determined under this part and specific terminal-based lottery game notifications published in the *Pennsylvania Bulletin* under § 875.4 (relating to notice of terminal-based lottery game rules).

(b) A prize shall be paid only if the terminal-based lottery game ticket meets the criteria established in § 875.10

(relating to terminal-based lottery game ticket validation and requirements).

§ 875.8. Terminal-Based lottery game purchase and terminal-based lottery game ticket characteristics.

(a) To purchase a terminal-based lottery game ticket, the players shall request an on-line retailer to issue a terminal-based lottery game ticket. The terminal-based lottery game ticket, at a minimum, will contain appropriate play data as published in the *Pennsylvania Bulletin* for that particular terminal-based lottery game, the drawing dates, amount bet, and validation data. The terminal-based lottery game ticket shall be the only valid proof of the bet placed, and the only valid receipt for claiming a prize. The terminal-based lottery game ticket shall only be valid for the drawing dates printed on the terminal-based lottery game ticket.

(b) A terminal-based lottery game ticket may not be canceled or voided once printed by the Lottery terminal, even if the terminal-based lottery game ticket is printed in error.

(c) It is the sole responsibility of the terminal-based lottery game ticket holder to verify the accuracy and condition of data printed on the terminal-based lottery game ticket. The purchase of plays is at the player's own risk.

§ 875.9. Terminal-based lottery game ticket responsibility.

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

(b) The holder of a terminal-based lottery game ticket has the sole responsibility for checking the accuracy and condition of the data printed on the terminal-based lottery game ticket.

(c) The Commonwealth will not be responsible for a lost or stolen terminal-based lottery game ticket.

(d) The Commonwealth will not be responsible for a terminal-based lottery game ticket redeemed by a player in error.

(e) A prize shall be claimed within 1 year of the date of the terminal-based lottery drawing for which the terminal-based lottery game ticket was entered.

§ 875.10. Terminal-based lottery game ticket validation and requirements.

(a) Valid terminal-based lottery game tickets. To be a valid terminal-based lottery game ticket, the presented terminal-based lottery game ticket shall meet the following conditions:

(1) The terminal-based lottery game ticket validation numbers shall be present in their entirety and shall correspond, using the Lottery's validation file, to the selected numbers, letters, or symbols printed on the terminal-based lottery game ticket for the dates printed on the terminal-based lottery game ticket.

(2) The terminal-based lottery game ticket shall be intact.

(3) The terminal-based lottery game ticket may not be mutilated, altered, reconstituted or tampered with.

(4) The terminal-based lottery game ticket may not be counterfeit or an exact duplicate of a winning ticket.

(5) The terminal-based lottery game ticket shall have been issued by the Lottery through a licensed retailer.

(6) The terminal-based lottery game ticket may not have been stolen.

(7) The terminal-based lottery game ticket shall be validated in accordance with § 875.11 (relating to procedures for claiming and payment of prizes).

(8) The terminal-based lottery game ticket data shall have been recorded on the Lottery's central computer system prior to the drawing and the terminal-based lottery game ticket data shall match this computer record in every respect.

(9) The player and/or computer-selected numbers, letters, or symbols, the validation data and the drawing date of an apparent winning terminal-based lottery game ticket shall appear on the official file of winning terminal-based lottery game tickets. A terminal-based lottery game ticket with that exact data may not have been previously paid.

(10) The terminal-based lottery game ticket may not be misregistered, defectively printed, or printed or produced in error to an extent that it cannot be processed by the Lottery.

(11) The terminal-based lottery game ticket shall pass other confidential security checks of the Lottery.

(12) By submitting a terminal-based lottery game ticket for validation, the player agrees to abide by this chapter as determined by the Secretary.

(13) There may not be another breach of this part in relation to the terminal-based lottery game ticket which, in the opinion of the Secretary, justifies disqualification.

(b) Invalid or defective terminal-based lottery game tickets/disputes. A terminal-based lottery game 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. The Secretary may replace an invalid terminal-based lottery game ticket with a terminal-based lottery



game ticket of equivalent sale price from a current Lottery game.

(2) If a defective terminal-based lottery game 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 terminal-based lottery game ticket with a terminal-based lottery game ticket of equivalent sale price from a current Lottery game.

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

§ 875.11. Procedures for claiming and payment of prizes.

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

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

terminal-based lottery game ticket, if the retailer has sufficient funds available for payment.

(c) The holder of an apparent winning terminal-based lottery game ticket representing a prize of \$2,500 or less will be paid by participating on-line retailers as provided in subsection (b), if the terminal-based lottery game ticket validation requirements in § 875.10. (relating to terminal-based lottery game ticket validation and 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 terminal-based lottery game ticket representing a prize in excess of \$2,500, with the exception of a top prize, shall present the terminal-based lottery game ticket to an on-line retailer or authorized claim center under Chapter 811 (relating to prizes).

(e) The holder of an apparent winning terminal-based lottery game ticket representing a top prize shall present, in person, the ticket to Lottery Headquarters or a Lottery area office.

(f) The payment of a prize to a person who dies before receiving 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).

§ 875.12. Funding for prizes.

(a) Monies shall be drawn from the Lottery Fund, to the extent necessary, to fund the payment of prizes under this subsection.

(b) If the terminal-based lottery game is terminated for any cause, prize monies remaining undistributed will remain in the State Lottery Fund and used for purposes otherwise provided for by law.

§ 875.13. Unclaimed prize money.

Prize money on a winning terminal-based lottery game ticket may be retained by the Secretary for payment to the person entitled thereto. If no claim is made within 1 year of the date of the terminal-based lottery drawing for which the terminal-based lottery game ticket was entered, the right of a terminal-based lottery game ticket holder to claim the prize represented by that terminal-based lottery game ticket, if any, shall expire and the prize money will be paid into the State Lottery Fund and used for purposes otherwise provided for by statute.

§ 875.14. Withholding.

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

§ 875.15. Purchase and prize restrictions.

A terminal-based lottery game 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 terminal-based lottery games system or its associated drawings, or to a spouse, child, brother, sister or parent residing in the same household of the officer, employee, contractor, or subcontractor.

§ 875.16. 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 Secretary for the conduct of the terminal-based lottery game.

(b) Decisions made by 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.

§ 875.17. Retailer promotion programs.

Retailer incentive and marketing promotion programs, including the use of unfunded free terminal-based lottery game tickets, may be implemented at the discretion of the Secretary. Funds for the programs, if needed, will be drawn from the Lottery Fund.

2/14/06

S A M P L E   N O T I C E

SAMPLE NOTICE - FYI ONLY - not part of the regulation package. Department intends to file Notices for terminal-based lottery games (as we currently do for instant games.)

DEPARTMENT OF REVENUE

TERMINAL-BASED LOTTERY GAME NOTICE

The Daily Number

Under the State Lottery Law (72 P.S. §§ 3761-101 -- 3761-314), and 61 Pa. Code § 875.4 (relating to notice of terminal-based lottery game rules), the Secretary of Revenue hereby provides public notice of the rules for the following terminal-based lottery game:

1. Name: The name of the terminal-based lottery game is The Daily Number. The game will commence at the discretion of the Secretary, and will continue until the Secretary publicly announces a suspension or termination date.

2. Price: The Daily Number ticket may be purchased for \$.50 per ticket or in increments of \$.50 up to \$5.00 per ticket, for a single day, at the discretion of the purchaser.

3. Description of The Daily Number game:

The purpose of The Daily Number game is to determine winners from ticket holders matching a three-digit number, or a designated combination thereof, whether three-digit or two-digit with a three-digit number randomly drawn at a drawing of The Daily Number game. A player may elect to have the numbers computer selected by indicating this option to the retailer.

S A M P L E   N O T I C E

SAMPLE NOTICE - FYI ONLY - not part of the regulation package. Department intends to file Notices for terminal-based lottery games (as we currently do for instant games.)

Correctly matching the three-digit number, or a designated combination thereof, entitles the ticket holder to prizes identified in § 6 (relating to determination of prize winners).

4. Method of purchase and ticket characteristics:

(a) A purchaser may select his own combination of either three digits or two digits or request they be selected by computer generation.

(b) The following play (bet) types are available:

(1) Straight Bet. A wager placed by the player that his three-digit selection will match the three digits drawn in that exact order.

(2) Combination or Box Bet. A wager placed by the player that his selected three digits will match the three digits drawn in any order.

(3) Front Pair Bet. A wager placed by the player that his two-digit selection will match the first two digits of the three-digit number drawn in that exact order.

(4) Back Pair Bet. A wager placed by the player that his two-digit selection will match the last two digits of the three-digit number drawn in that exact order.

(b) A purchaser may select the day of bet for a single day or multiple days, up to 6 days in advance of the sale date.

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SAMPLE NOTICE - FYI ONLY - not part of the regulation package. Department intends to file Notices for terminal-based lottery games (as we currently do for instant games.)

(c) A ticket is issued by the licensed Lottery retailer after first entering the information required in this section via a computer terminal.

(d) The ticket shall only be valid for the drawing dates printed on the ticket.

5. Time, place and manner of conducting drawing.

(a) Time of drawings. The Daily Number game drawings will be held on a daily basis or as determined and publicly announced by the Secretary.

(b) Place of drawings. The Daily Number 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 objective of The Daily Number game drawing is to select, at random, one three-digit number with the aid of mechanical devices or any other selection methodology as authorized by the Secretary. This one three-digit number will be used in determining The Daily Number game winners. The validity of a drawing will be determined solely by the Lottery.

6. Determination of prize winners.

(a) Straight Bet. The owner of a ticket with a straight bet three-digit number appearing on the ticket matching exactly



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with the three-digit number drawn for the date and drawing on the ticket is entitled to a prize of \$500 for each \$1.00 bet.

(b) Combination or Box Bet. The owner of a ticket with a combination or box bet three-digit number appearing on the ticket matching in any order with the three-digit number drawn for the date and drawing on the ticket is entitled to a prize as follows:

(1) If the ticket contains two identical numbers within the three-digit number, for example, 112-\$160 for each \$1.00 bet.

(2) If each of the three digits on the ticket are unique, for example, 123-\$80 for each \$1.00 bet.

(c) Front Pair Bet. The owner of a ticket with a front pair bet with the first two digits appearing on the ticket matching exactly with the first two digits of the three-digit number drawn for the date and drawing designated on the ticket is entitled to a prize of \$50 for a \$1.00 bet.

(d) Back Pair Bet. The owner of a ticket with a back pair bet with the last two digits appearing on the ticket matching exactly with the last two digits of the three-digit number drawn for the date and drawing designated on the ticket is entitled to a prize of \$50 for a \$1.00 bet.

(e) At the discretion of the Director, a prize amount stated in subsections (a)-(d) may be altered temporarily for

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marketing or promotional purposes. Announcements of an alteration of the prize amounts by the Director will be made through media used to advertise or promote The Daily Number game or through normal communications media.

7. Probability of winning.

(a) Probabilities of winning per bet:

Type Of Bet	Amount Bet	Odds Of 1 In:	Win:
Straight Bet	\$1	1000	\$500
Combination Bet (Box Bet) with two identical numbers	\$1	333	\$160
Combination Bet (Box Bet) with three-digit number with no digits repeated	\$1	167	\$80
Front Pair Bet	\$1	100	\$50
Back Pair Bet	\$1	100	\$50

8. Retailer Incentive and Marketing Promotion Programs.

(a) The Lottery may conduct a separate Retailer Incentive Program for retailers who sell The Daily Number game tickets. The conduct of the Program will be governed by 61 Pa. Code § 811.41 (relating to promotional prizes).

(b) Retailer incentive and marketing promotion programs, including the use of unfunded free tickets, may be implemented at the discretion of the Secretary. If needed, funds for the programs, including the payment of prizes resulting from the programs, will be drawn from the Lottery fund.

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(c) Special drawings. The Secretary may designate and announce through available media special drawings to be held in addition to those previously scheduled. In that event, a ticket purchased for that day's drawing shall be valid for the special drawing held on the same day. A ticket purchased for that day's drawing shall also be eligible for the prizes as provided in this subchapter. Money for prizes to be paid to winners of special drawings under § 815.46 (relating to determination of prize winners), will be paid from funds authorized for the payment of prizes.

9. Other information necessary for the conduct of this game.

(a) The Bureau reserves the right to limit the selections listed in this section for any reason before or during the course of The Daily Number game.

(b) A ticket may be cancelled by a player only if the following occur:

(i) The player produces the ticket.

(ii) The player returns the ticket to the selling agent.

(iii) The ticket is timely cancelled prior to the time of the drawing.



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(iv) No drawing applicable to the ticket has previously been held.

(c) 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 at any time during the course of the Daily Number game.

10. Unclaimed Prize Money: For a period of one year from the announced close of The Daily Number game, prize money from winning The Daily Number game tickets will be retained by the Secretary for payment to the persons entitled thereto. If no claim is made within one year of the anniversary date of the drawing in which the ticket or chance was entered, the right of a ticket holder to claim the prize represented by the ticket, if any, will expire and the prize money will be paid into the State Lottery Fund and used for purposes provided for by statute.

11. Governing Law: In purchasing a ticket, the customer agrees to comply with and abide by the State Lottery Law (72 P.S. §§ 3761-101 -- 3761-314), the regulations contained in Part V of Title 61 of the Pennsylvania Code (relating to State Lotteries) and the provisions contained in this notice.

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Gregory C. Fajt  
Secretary of Revenue

DATE

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DEPARTMENT OF REVENUE

TERMINAL-BASED LOTTERY GAME NOTICE

Pennsylvania Match 6 Lotto

Under the State Lottery Law (72 P.S. §§ 3761-101 -- 3761-314), and 61 Pa. Code § XXX.4 (relating to notice of terminal-based lottery game rules), the Secretary of Revenue hereby provides public notice of the rules for the following terminal-based lottery game:

1. Name: The name of the terminal-based lottery game is Pennsylvania Match 6 Lotto. The game will commence at the discretion of the Secretary, and will continue until the Secretary publicly announces a suspension or termination date.
2. Price: The price of a Pennsylvania Match 6 Lotto lottery game ticket is \$2 per game. Each game shall consist of three individual plays, one of which, at the player's option, may be numbers selected by the player; the remaining two number plays are quick pick selections. These three individual plays combined constitute a game. Additional games may be purchased at the discretion of the player. A ticket may contain one to five games.
3. Description of the Match 6 Lotto lottery game:
  - (a) Match 6 Lotto is designed to give players the opportunity to win up to four prizes in each game.

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(b) For a \$2 purchase, the player gets a ticket containing three sets of six numbers, the numbers in each of these sets ranging from 1 to 49. Players can win one, two or three prizes by matching, in each of their sets of numbers, three or more of the six winning numbers randomly drawn twice a week or as determined and publicly announced by the Secretary. Correctly matching three or more of the six winning numbers selected by the Lottery and meeting the other validation criteria, entitles the ticket holder to a prize identified in Section 6 (relating to prizes available to be won and determination of prize winners).

(c) The combination of the player's 18 numbers generated by the single \$2 purchase (arranged in the three sets of six numbers each), offers the player an additional opportunity to win. Matching any four or more numbers from among all of their three sets of numbers to any of the winning numbers selected by the Lottery and meeting the other validation criteria, entitles the ticket holder to a prize identified in Section 6 (relating to prizes available to be won and determination of prize winners).

4. Match 6 Lotto bet slip and ticket characteristics:

(a) The player shall select, or request selection by computer, six numbered squares, in one or more of the game sections on a Match 6 Lotto bet slip. Match 6 Lotto bet slips shall be available at no cost to the player. The minimum entry

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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 Match 6 Lotto bet slip. A Match 6 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 Match 6 Lotto bet slip, or request number selection, either by quick pick or manual terminal entry, to an on-line retailer to have issued a ticket. The ticket shall consist of one to five games, each containing three six-number selections, two of which will be quick pick selections, in each game section (for each \$2 wager) identified by a letter, the drawing date, amount bet, and validation number data. This 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 dates printed on the ticket.

(c) If Match 6 Lotto bet slips are unavailable, number selections may be given to an on-line retailer in groups of six number selections, one for each game section and for each \$2



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wagered. The retailer shall manually enter the selections into the computer terminal.

5. Time, place and manner of conducting drawing.

(a) Time of drawing. A Match 6 Lotto drawing will be held twice a week or as determined and publicly announced by the Secretary.

(b) Place of drawing. A Match 6 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 draw at random, six numbers from 1 through 49, with the aid of mechanical devices or any other selection methodology as authorized by the Secretary. The six numbers selected will be used in determining base play winners and combined game winners for each individual drawing. The validity of a drawing will be determined solely by the Lottery.

6. Prizes available to be won and determination of prize winners.

(a) The Match 6 Lotto base play prizes and determination of Match 6 Lotto base prize play winners is as follows:

Tickets Containing The Following, In	Prize	Percent (%) of Sales Anticipated To Be Paid In
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<i>One Single Play</i>	<i>Category</i>	<i>Prize</i>	<i>Prizes/Category</i>
All Six Winning Numbers	1st	Jackpot	12.83% Actual
Five Winning Numbers	2nd*	\$1,000	2.76%
Four Wining Numbers	3rd*	\$20	2.92%
Three Winning Numbers	4th*	\$2	5.30%
*Indicates set prize.			

(1) Prize money allocated to the base play first prize category (jackpot) will be paid on a pari-mutuel basis, divided equally by the number of plays on tickets determined by the Lottery to be entitled to claim a first prize. The Lottery will estimate and announce the projected amount of the upcoming jackpot (first-place prize pool) prior to the drawing; however, payment will be made only in the amount actually in the first-place (jackpot) prize pool.

(2) If, in a Match 6 Lotto drawing, there are no winning base play first-place prize plays (jackpots), prize money allocated to that prize category will be added to the amount allocated for the first prize category money in the next Match 6 Lotto drawing.

(3) If more than one winning base play first-place prize play is determined, each, upon meeting the requirements of §§ XXX.9 and XXX.10 (relating to ticket validation requirements; and procedures for claiming and payment of prizes), is entitled to a prorated payment share of the total first prize category.

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(b) The Match 6 Lotto combined game prizes and determination of Match 6 Lotto combined game prize play winners is as follows:

<i>Tickets Containing the Following, in One Single Game</i>	<i>Prize*</i>	<i>Percent (%) of Sales Anticipated To Be Paid In Prizes/Category</i>
10 or More Winning Numbers	\$2,500	0.21%
9 Winning Numbers	\$1,000	1.11%
8 Winning Numbers	\$50	0.58%
7 Winning Numbers	\$25	2.12%
6 Winning Numbers	\$10	4.66%
5 Winning Numbers	\$5	9.49%
4 Winning Numbers	\$2	11.02%
*All prizes listed are set prizes.		

(c) All Match 6 Lotto prize payments, including the jackpot prize, will be made as a one-time, lump-sum cash payment.

(d) A winning Match 6 Lotto game ticket is entitled only to the highest prize won by those numbers on each play plus the highest prize won by those numbers on the combined game.

(e) The number of prize categories, the allocation of prize money among the prize categories, and the minimum base play first-place prize category (jackpot) amount may be changed at the discretion of the Secretary and the change will be announced by public notice. The changes will only apply prospectively to Match 6 Lotto drawings as of the date specified in the public notice.

7. Probability of winning.

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(a) Probabilities of winning per game:

<i>Number of Winning Numbers Selected By Player</i>	<i>Prize Category</i>	<i>Probability* of Winnings Per Game</i>
All Six Winning Numbers	Jackpot	1:4,661,272.3
Five Winning Numbers	\$1,000	1:18,067.3
Four Winning Numbers	\$20	1:344.5
Three Winning Numbers	\$2	1:19.2
*Odds that one or more plays in a 3-play game will win a prize at the given level. Since more than one play can win a prize, levels are not mutually exclusive.		

(b) Probability of winning combined game:

<i>Number of Winning Numbers Selected By Player</i>	<i>Prize*</i>	<i>Probability of Winnings Per Game</i>
10 or More Winning Numbers	\$2,500	1:597,302.6
9 Winning Numbers	\$1,000	1:45,267.4
8 Winning Numbers	\$50	1:4,440.4
7 Winning Numbers	\$25	1:590.9
6 Winning Numbers	\$10	1:106.7
5 Winning Numbers	\$5	1:26.4
4 Winning Numbers	\$2	1:9.1
*All combined game prizes are set prizes.		

8. Retailer Incentive and Marketing Promotion Programs.

(a) The Lottery may conduct a separate Retailer Incentive Program for retailers who sell Pennsylvania Match 6 Lotto lottery game tickets. The conduct of the Program will be governed by 61 Pa. Code § 811.41 (relating to promotional prizes).

(b) Retailer incentive and marketing promotion programs, including the use of unfunded free tickets, may be implemented at

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the discretion of the Secretary. If needed, funds for the programs, including the payment of prizes resulting from the programs, will be drawn from the Lottery fund.

9. Unclaimed Prize Money: For a period of one year from the announced close of Pennsylvania Match 6 Lotto, prize money from winning Pennsylvania Match 6 Lotto lottery game tickets will be retained by the Secretary for payment to the persons entitled thereto. If no claim is made within one year of the anniversary date of the drawing in which the ticket or chance was entered, the right of a ticket holder to claim the prize represented by the ticket, if any, will expire and the prize money will be paid into the State Lottery Fund and used for purposes provided for by statute.

10. Governing Law: In purchasing a ticket, the customer agrees to comply with and abide by the State Lottery Law (72 P.S. §§ 3761-101 -- 3761-314), the regulations contained in Part V of Title 61 of the Pennsylvania Code (relating to State Lotteries) and the provisions contained in this notice.

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Gregory C. Fajt  
Secretary of Revenue

Date/2005

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

I.D. NUMBER: 15-435  
 SUBJECT: State Lotteries: Terminal-Based Lottery Games  
 AGENCY: DEPARTMENT OF REVENUE

# 2531

**TYPE OF REGULATION**

- Proposed Regulation
- Final Regulation
- X 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  
 2006 APR -5 AM 10:12  
 INDEPENDENT REGULATORY  
 REVIEW COMMISSION

**FILING OF REGULATION**

DATE	SIGNATURE	DESIGNATION
4-5-06	<i>Nancy S. Cole</i>	HOUSE COMMITTEE ON FINANCE
4-5-06	<i>Art De Cello</i>	
4/5/06	<i>Kristi Kreiser</i>	SENATE COMMITTEE ON FINANCE
	<i>Glenn Keefe</i>	
4/5/06	<i>Steph J Hoff</i>	INDEPENDENT REGULATORY REVIEW COMMISSION
4-5-06	<i>M. Mummert</i>	ATTORNEY GENERAL (for Final Omitted only)
		LEGISLATIVE REFERENCE BUREAU (for Proposed only)