

| Date: | March 20, 2025 |
|----------|--|
| To: | Oregon State Lottery Commissioners |
| From: | Kris Skaro, rules and policy analyst |
| Subject: | Motion to Adopt Mega Millions Rule Changes (OAR 177-098) |

Background:

As discussed at the January Commission meeting, the Multi-State Lottery Association (known as MUSL) is making changes to the Mega Millions game in April 2025. The changes are intended to increase player interest by offering bigger and more frequent jackpots, higher non-jackpot prizes, and improved odds of winning a jackpot.

As a member of MUSL, Lottery needs to amend its rules to reflect the game changes, including updating the game description, ticket price, and odds of winning.

Rulemaking Process and Public Comment:

Lottery has completed the rulemaking process for the proposed rule changes. The process is documented in the enclosed Rulemaking Report. To summarize, Lottery notified interested parties, certain legislators, and media contacts about the proposed changes and the opportunity to comment. Lottery provided five weeks for the public to comment in writing, and we held a virtual rulemaking hearing. Lottery did not receive any public comment for you to consider.

Enclosures and Director's Recommendation:

The Rulemaking Report and Permanent Administrative Order are enclosed. Director Wells has reviewed the rules and recommends the Commission amend and repeal the rules as presented here to be effective on April 5, 2025.

Thank you, and please reach out to me or Director Wells if you have any questions.



| Prepared By: | Kris Skaro, rules and policy analyst |
|---------------|---|
| Rule Caption: | Updating Mega Millions game rules to align with MUSL rules and support game changes |

Overview

This report summarizes the rulemaking process for changes to the Mega Millions game rules that, if approved, will take effect on April 5, 2025.

The Multi-State Lottery Association (known as MUSL) oversees the multijurisdictional draw game, Mega Millions. MUSL plans to make enhancements to the game that will apply to tickets sold on and after April 5, 2025. The changes are intended to increase player interest by offering bigger and more frequent jackpots, higher non-jackpot prizes, and improved odds of winning a jackpot.

As a member of MUSL, Lottery needs to amend its rules to reflect the game changes. This allows Lottery to continue to offer the game, which is popular draw game that has generated approximately \$140 million for public programs since 2010. Rule changes include:

- Increase the ticket price from \$2 to \$5.
- Provide a multiplier at no extra cost that increases the value of non-jackpot prizes up to 10X.
- Provide updated game matrix, odds of winning, and frequency of multiplier.
- Repeal previous promotions that are replaced by the permanent game changes.
- Make non-substantive edits throughout the rules to align with MUSL terminology and phrasing.

Notice of Proposed Rulemaking

The Lottery filed a <u>Notice of Proposed Rulemaking</u> with the Oregon Secretary of State on January 24, 2025. The notice indicated that Lottery proposed to amend 11 and repeal two rules in the division:

Amend: OAR 177-098-0000, Purpose

OAR 177-098-0010, Definitions

OAR 177-098-0020, Game Description

OAR 177-098-0030, Prize Claims

OAR 177-098-0040, Mega Millions Prize Pool

OAR 177-098-0050, Prize Structure
OAR 177-098-0060, Prize Payment
OAR 177-098-0070, Ticket Validation
OAR 177-098-0080, Ticket Responsibility
OAR 177-098-0090, Ineligible Players
OAR 177-098-0100, Applicable Law

Repeal: OAR 177-098-0110, Megaplier

OAR 177-098-0120, Just the Jackpot Promotion

Rulemaking Timeline

| Date | Rulemaking Activity |
|---------|---|
| 1/24/25 | Lottery filed notice of rule changes/opportunity to comment with the Secretary of State. |
| 1/24/25 | Rules sent to interested parties, certain legislators, and media contacts, and posted online. |
| 1/24/25 | Draft rules were presented at the public meeting of the Commission. |
| 2/1/25 | Rules/how to comment published in the Oregon Bulletin. |
| 2/18/25 | Lottery held a public rulemaking hearing. No one attended to comment. |
| 2/28/25 | After five weeks, the written comment period closed at 5 p.m. No comment was received. |
| 3/28/25 | Lottery will request Commission approval to adopt the rules as presented. |
| TBD | If approved, Lottery will file a Permanent Administrative Order with the Secretary of State. |
| 4/5/25 | If approved, the rule changes will take effect. |

Public Comment Opportunities and Summary of Comment Received

As required by law, the Lottery emailed the proposed rule changes to Lottery's interested parties list (26 people who have requested to be notified of Lottery rulemaking), nine legislators, and the capitol press room. The changes were posted on Lottery's website, the Secretary of State's website, and published in the Oregon Bulletin.

The public had five weeks to comment in writing or in person at a hearing. No comment was received.

Director's Recommendation and Commission Motion to Adopt

Director Wells has reviewed the rules and recommends the Commission adopt the rules as presented to be effective on April 5, 2025.

Enclosed: Permanent Administrative Order (with rules showing changes).

DRAFT PERMANENT ADMINISTRATIVE ORDER

CHAPTER 177 OREGON STATE LOTTERY

FILING CAPTION: Updating Mega Millions game rules to align with MUSL rules and support game changes

EFFECTIVE DATE: 04/05/2025

AGENCY APPROVED DATE: Pending Commission Approval

RULES:

177-098-0000, 177-098-0010, 177-098-0020, 177-098-0030, 177-098-0040, 177-098-0050, 177-098-0060, 177-098-0070, 177-098-0080, 177-098-0090, 177-098-0100, 177-098-0110, 177-098-0120

RULES AMENDED AND REPEALED

For each rule being amended or repealed, Lottery provides a summary of the change followed by the rule text showing changes in tracked changes.

<u>RULE SUMMARY</u>: The Lottery is amending OAR 177-098-0000, which explains the purpose of the rules in division 98. The amendment aligns Lottery's rules with MUSL terminology. Specifically, MUSL has changed the term "cross-selling agreement" to "cross-sell agreement." The proposed amendment aligns with that change. Lottery also updated the statutory references section of the rule.

177-098-0000

Purpose

These rules establish the requirements for playing Mega Millions, a lotto game operated through a Cross-Selling Agreement for the selling of the Mega Millions Game by the Multi-State Lottery Association (hereinafter referred to as "MUSL"), of which the Oregon State Lottery is a member.

Statutory/Other Authority: ORS 190, 461, ORr Const., Art. XV, & Sec. § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

Statutes/Other Implemented: Or Const., Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: The Lottery is amending OAR 177-098-0010 about definitions that apply to the Mega Millions game rules. The changes are to delete, add, or amend definitions to better align with terminology used by MUSL. Most of these changes are not substantive except to the extent that they reflect the changes to the game taking effect in April 2025.

177-098-0010

Definitions

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

- (1) "Advertised Grand Prize" or "Advertised Jackpot Prize" means the estimated annuitized Grand Prize-Mega Millions Jackpot amount as determined by the Mega Millions Lotteries Finance Committee and communicated through the Selling Lotteries prior to the Grand Prize drawing. The advertised Grand Prize Jackpot prize is not a guaranteed prize amount and the actual Grand Prize-Mega Millions Jackpot amount may vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize Mega Millions Jackpot amount as described in OAR 177-098-0060(5).
- "Drawing" refers collectively to the formal draw event for randomly selecting the winning indicia that determine the number of winners for each prize level of the Mega Millions game. Winning indicia includes the winning numbers for the Mega Millions game.
- (3) "Draw game terminal" or "terminal" means a device that meets all security and definitional requirements of the Lottery and MUSL Rules, and which is authorized by the Lottery to function in an on-line, interactive mode with the Lottery's computer gaming system for the purpose of issuing tickets and entering, receiving, and processing lottery transaction, including making the purchases, validating tickets, and transmitting reports.
- (42) "Finance & Audit-Committee" means the committee established by the Multi-State Lottery Association Agreement.
- (5) "Game board" or "boards" means that area of the play slip, which contains sets of numbered squares to be marked by the player.
- (63) "Game ticket" or "ticket" means the physical evidence of a play or plays, printed on paper that meets the play and security data required by the Lottery, these rules, and the MUSL rules that allow redemption of a prize. Tickets shall be printed by terminals as permitted by the Lottery.
- (74) "Jackpot" or "Grand Jackpot Prize" refers to the top prize in the Mega Millions game.
- (8) "Mega Millions Finance Committee" means a committee of the Mega Millions Lotteries, which determines the Jackpot Prize amount (cash value option and annuity).
- "Mega Millions Lotteryies" or "lotteries" means those lotteries which that have joined under the Mega Millions Lottery Agreement and through reached a Cross-Selling Agreement with MUSL, to operate and sell for the selling of the Mega Millions game. The Mega Millions lotteries determine the Advertised Jackpot Prize amount (cash value option and annuity).

- (6) "Mega Millions Plays" means plays purchased for the Mega Millions game.
- (10) "Megaplier" means a Mega Millions game feature, known as "Megaplier", by which a player, for an additional wager of \$1 per play, can increase the guaranteed prize amount or pari-mutuel prize amount, as applicable, excluding the Jackpot Prize, by a factor of two, three, four, or five times depending upon the multiplier number that is drawn prior to the Mega Millions game drawing.
- (7) "Multiplier" means a unique number that is automatically selected by computer software according to the frequency set forth in OAR 177-098-0050 for each Mega Millions play.
- (118) "MUSL" means the Multi-State Lottery Association, a government benefit association wholly owned and operated by the Party Lotteries.
- (129) "MUSL Board" means the governing body of MUSL, which is comprised of the chief executive officer of each Party Lottery.
- (510) "Game board" or "boards Number set" means that area of the play slip, which contains sets of numbersed squares to be marked by the player.
- (131) "Participating Lottery" or "Selling Lottery" means a state lottery or lottery of a political subdivision or entity which is participating in selling the Mega Millions game and which may be a member of either MUSL or the Mega Millions lotteries. In context, "selling lottery" may refer to the participating lottery which sold a particular play.
- (142) "Party Lottery" means a state lottery or lottery of a political subdivision or entity, which has joined the MUSL and, in the context of these Product Group Rules, which that has joined in selling the games offered by the MUSL Mega Millions Product Group.
- (13) "Play" or "bet" means a physical or electronic means by which a player communicates their intended play selection to the retailer as defined and approved by the Lottery. As used in these rules, "play" or "bet" means a Mega Millions play.
- (15) "Play" or "game play" means a set of six numbers, the first five from a field of seventy numbers and the last one from a field of twenty-five numbers that appear on a ticket as a single lettered selection and are to be played by a player in the game. Each play is played separately in determining matches to winning numbers and prize amounts.
- (164) "Play slip" or "Bet slip" means a physical or electronic means by which a player communicates their intended play selection to the retailer as defined and approved by the Lottery. A Play Slip or Bet Slip is not a ticket.
- "Product Group" or "the Group" means the group of lotteries which that has joined together to offer the Mega Millions lottery game product pursuant to the terms of a Cross-Selling Agreement with the Mega Millions Lotteries, the Multi-State Lottery Agreement, and the Product Group's own rules.

- (186) "Quick Pick" means the random selection of game play number indicia by the Lottery's computer gaming system that appear on a ticket and are played by a player in the game.
- (197) "Retailer" means a person or entity authorized by the Lottery to sell lottery tickets.
- (2018) "Set Prize," also referred to as "low-tier prize," means all other prizes except the Jackpot Prize and, except in instances outlined in these rules, will be equal to the prize amount established by the MUSL Board for the prize level Mega Millions Lotteries.
- (319) "Draw game terminal" or "tTerminal" means a device that meets all security and definitional requirements of the Lottery and MUSL Rrules, and which is authorized by the Lottery to function in an on-line, interactive mode with the Lottery's computer gaming system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including making the purchases, validating tickets, and transmitting reports.
- (2±0) "Winning numbers" means the game results indicia randomly selected during an official drawing event performed by the Mega Millions lotteries, and which shall be are used by the Mega Millions lotteries to determine winning plays for the Mega Millions game contained on a game ticket.

Statutory/Other Authority: Or Const, Art XV, § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300 Statutes/Other Implemented: Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: OAR 177-098-0020 describes how the Mega Millions game works. The rule is amended to reflect the new game enhancements that will take effect in April 2025 and to overall align the rule language more closely to the MUSL Mega Millions rules. For example, the ticket price goes from \$2 to \$5; the game matrix is changed from a 5/70 plus 1/25 to a 5/70 plus 1/24 game; and each play includes a multiplier for no additional cost that increases the value of non-Jackpot prizes by two, three, four, five, or ten times the prize won.

177-098-0020

Game Description

- (1) General Information: Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-fourive (24) lottery game, drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. Each Mega Millions play will include a multiplier, which is a unique number that is automatically selected by computer software according to the frequency set in OAR 177-098-0050 and printed directly on a Mega Millions ticket. The multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won. and which pays the A Jackpot Prize will be paid, at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Finance Committee Lotteries on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid as-on a single lump sum-payment basis.
- Winning Numbers: Mega Millions winning numbers applicable to determine Mega Millions prizes will be determined on the day(s), time(s), and location(s) as determined by the Mega Millions lotteries. During a drawing event, five (5) numbers shall be drawn from the first set field of seventy (70) numbers, and one (1) number shall be drawn from the second set field of twenty-fiveour (24) numbers, which shall constitute the winning numbers. For each Mega Millions play, a multiplier will be automatically selected by computer software according to the frequency set forth in OAR 177-098-0050.
- (23) Selection of Numbers: To play the Mega Millions game, a player shall select (or computer pick) five (5) different numbers, from a field of one (1) through seventy (70), and one (1) additional number from a second field of one (1) through twenty-fiveour (24) (the Mega ball). The additional player selected (or computer picked) number from the second field may be the same as one of the first-five numbers selected from the first field. A computer-generated multiplier will be included on each Mega Millions play purchased and will multiply lower tier prizes only. The multiplier is including in the price of a Play and is not an add-on. The multiplier is further defined in OAR 177-098-0050the player, as long as it is from one through twenty-five.
- (34) Purchase of Tickets: Tickets can be purchased for two-five dollars (U.S. \$25.00), either from a terminal operated by a retailer (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal).
 - (a) Purchase from Retailer: If purchased from a retailer, the retailer will issue a ticket, via the terminal, containing the player's selected set or sets of numbers or other indicia, each of which constitutes a game play. The player may select a set of five (5) numbers

from one (1) to seventy (70) and one (1) additional number from one (1) through twenty-fiveour (24) by:

- (A) Marking six numbered squares in any one game board-number set on a play slip and submitting the play slip to the retailer; or
- (B) Requesting "Quick Pick" from the retailer.
- (b) Player-activated Terminal: Tickets can be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine.
- (c) Future Drawings: A player may purchase tickets for future consecutive drawings up to the maximum permitted by the Lottery.
- (45) Player Responsibility: It is the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. A ticket may not be voided or canceled by returning the ticket to the retailer or to the Lottery, including tickets that are printed in error. No ticket may be returned to the Lottery for credit. The placing of plays is done at the player's own risk through the Lottery retailer, who when entering the play or plays is acting on behalf of the player. When the purchase of a ticket fails to complete because the ticket does not print, the player is responsible for notifying the retailer prior to the drawing(s) on the ticket to obtain a refund or a replacement ticket.
- (56) Printed Plays.: Plays shall be sold through the Lottery and shall be printed on paper that meets the security requirements for paper used in the Lottery's other games and other requirements adopted by the MUSL Board and the Product Group.
- (67) Entry of Plays: Plays may only be entered as approved by the Lottery. Retailers shall not permit the use of play slips that are not allowed by the Lottery. Retailers shall not permit any device to enter plays, except as allowed by the Lottery.
- (78) Determination of Winning Numbers: The winning numbers for the Mega Millions game shall be determined at a drawing conducted under the supervision of the Mega Millions Lotteries and the MUSL Board. Winning numbers shall be selected at random with the aid of mechanical drawing equipment or a random number generator. The Lottery Director shall designate a Drawing Manager who shall review and randomly observe the Mega Millions game drawings conducted.

Statutory/Other Authority: Or Const, Art XV, § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300 Statutes/Other Implemented: Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220,

461.230, 461.240, 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: The Lottery is amending OAR 177-098-0030. This rule explains how a play can claim a prize in the Mega Millions game. The amendments align the rule with the MUSL rules but do not substantively change prize claim requirements for Mega Millions. The Lottery also updated the statutory citations section of the rule.

177-098-0030

Prize Claims

- (1) General: A ticket, subject to the validation requirements set forth in these rules and OAR 177-070-0035, is the only proof of a game play or plays and the submission of a winning ticket to the Lottery or an authorized retailer as required by these rules is the sole method of claiming a prize or prizes, except that a Jackpot Prize (and a Match 5 prize) must be claimed in person at Lottery Headquarters or at a Lottery Branch, unless the ticket specifies that it must be claimed at Lottery Headquarters. A play slip, paper receipt, or printed summation of a play printed by a terminal which is not a ticket or a copy of a ticket has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected. A terminal produced paper receipt, if any, has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected.
- (2) Prize Claims: Mega Millions prize claim procedures are governed by the administrative rules of the Oregon State Lottery. MUSL and the selling lotteries are not responsible for Mega Millions prizes that are not claimed following the proper procedures as determined by the Director.

Statutory/Other Authority: ORS 190, ORT Const-, Art- XV, Sec. § 4(4)(a), & ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300 Statutes/Other Implemented: Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

RULE SUMMARY: The Lottery is amending OAR 177-098-0040. This rule explains the Mega Millions Prize Pool, which are the different accounts that are used to fund prizes in the Mega Millions game. The changes align with the MUSL rules. Most changes are terminology changes that are not substantive. The prize payout percentage chart is removed from this rule; the prize structure, odds of winning, and percent payout are provided in the new charts being added to OAR 177-098-0050 described later in this order. Lottery also updated the statutory citations section of the rule.

177-098-0040

Mega Millions Prize Pool

- (1) **Prize Pool:** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each drawing period's sales, inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower than fifty five percent based upon the number of winners at each prize level, as well as the funding required to meet a guaranteed Annuity Mega Millions Jackpot Prize as may be required by OAR 177-098-0060(5).
- (2) Mega Millions Prize Pool Accounts and Prize Reserve Accounts: The Product Group shall set the contribution rates to the prize pool and one or more the prize pool and prize reserve or pool accounts it has established.
 - (a) **Prize Reserve Accounts:** The Product Group has established the following prize reserve accounts for the Mega Millions game:
 - (A) The Prize Reserve Account (PRA), which is used to guarantee the payment of valid, but unanticipated, Jackpot Prize claims that may result from a system error or other reason, to fund deficiencies in the Set-Aside Pool, and to fund pari-mutuel prize deficiencies as defined and limited in subsection (3)(c) of this rule OAR 177-098-0040(3)(c).
 - (b) **Prize Pool Accounts:** The Product Group has established the following prize pool accounts for the Mega Millions games:
 - (A) The Grand Prize Jackpot Prize Pool (JPP), which is used to fund the current immediate Jackpot Prize;
 - (B) The Set Prize Pool (SPP), which is used to fund the set or lower tier prizes. The Set Prize Pool SSP holds the temporary balances that may result from having fewer than expected winners in the Set Prize categories. The source of the Set Prize Pool SSP is the Party Lotteries' weekly prize contributions less actual Set Prize liability; and
 - (C) The Set-Aside Pool (SAP), which is used to fund the payment of the awarded minimum starting annuity Mega Millions Jackpot Prizes and the minimum annuity Mega Millions Jackpot Prize increase, if necessary (subject to the limitations in these rules), as may be set by the Product Group. The source of the Set-Aside Pool-SAP funding shall accumulate from the difference between the amount in the Grand-Mega Millions Jackpot Prize Pool at the time of a Mega Millions Jackpot Prize win and the amount needed to fund Mega Millions Jackpot Prize payments as determined by the Mega Millions lotteries;

- (c) Balance Limits: The above prize reserve accounts shall have maximum balance amounts or balance limiter triggers that are set by the Product Group. The maximum balance amounts and balance limiter triggers are subject to review by the MUSL Board-Finance and Audit-Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance and Audit Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Product Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Mega Millions Jackpot Prize win.
- (d) Contribution Rate: The contribution rate to the Grand Jackpot Prize Pool (JPP) from Mega Millions is 37.6509-27.6305 percent of sales. An amount up to five percent of a Party Lottery's sales, shall be added to a Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the Prize Reserve Account (PRA) is below the amounts designated by the Product Group.
- (e) **Balances:** The Product Group may determine to expend all or a portion of the funds in the prize pool accounts (except the Grand Jackpot Prize Pool) and the prize reserve accounts as follows:
 - (A) For the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the Selling Lotteries; and
 - (B) For the payment of prizes or special prizes in the game; limited to prize pool and prize reserve contribution from lotteries participating in the special prize promotion, subject to the approval of the MUSL Board's Finance and Audit Committee or that Committee's failure to object after being given two weeks' notice of the planned action, which actions may be appealed to the full Board by the Product Group.
- (f) **Adjustments:** The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.
- (g) **Sales Percentage Share:** A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for <u>payment of</u> its full sales percentage share of the prize reserve account, <u>whether or not it has been paid in full</u>.
- (h) Remaining Balances: Any amount remaining in the Mega Millions prize pool accounts or prize reserve accounts when the Product Group declares the end of the Mega Millions game shall be returned to the lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries, carried forward to a

replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with the laws of the jurisdiction.

(3) Expected Prize Payout-Percentages: The Mega Millions Jackpot Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in these rules, all other prizes awarded by party lotteries shall be paid as single payment prizes. All prize payouts are made with the following expected prize payout percentages in OAR 177-098-0050, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary.

| Prize Pool Percentages | | | |
|--|--------------------------|--|-------------------------------------|
| Number of Matches per Play | Prize Payment | Prize Pool Percentage Allocated to Prize | Sales Percentage Allocated to Prize |
| 1. All 5 of first set plus one of second set (Mega Ball) | Jackpot Prize | 75.3018%* | 37.6509% |
| 2. All 5 of first set and none of second set (no Mega Ball) | \$1,000,000 | 7.9319% | 3.9659% |
| 3. Any four of first set plus one of second set (Mega Ball) | \$10,000 | 1.0472% | 0.5371% |
| 4. Any four of first set and none of second set (no Mega Ball) | \$500 | 1.2889% | 0.6445% |
| 5. Any three of first set plus one of second set (Mega Ball) | \$200 | 1.3749% | 0.6875% |
| 6. Any three of first set and none of second set | \$10 | 1.6498% | 0.8249% |
| 7. Any two of first set plus one of second set (Mega Ball) | \$10 | 1.4436% | 0.7218% |
| 8. Any one of first set plus one of second set (Mega Ball) | \$ 4 | 4.4752% | 2.2376% |
| 9. None of first set and one of second set (Mega Ball only) | \$2 | 5.4597% | 2.7298% |

^{*} The Jackpot Prize shall include the Mega Millions Prize Pool percentage allocated to the Grand Prize combined with the Just the Jackpot Prize.

- (a) **Division of Jackpot Prize among Winners:** The Jackpot Prize amount shall be divided equally by the number of game tickets Mega Millions plays winning the Jackpot Prize.
- (b) **Set Prizes:** The Set Prize Pool (for payment of single payment prizes of \$1,000,000 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw.
- (c) Pari-Mutuel Prize Determinations:
 - (A) Available Resources: Except as otherwise provided for in OAR 177-098-0110(10)(c) paragraph (C) of this subsection, if the total of the Mega Millions Set Prizes (as multiplied by the respective Megaplier multiplier if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the

Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set Prizes, including Megaplier prizes, awarded shall be drawn from the following sources, in the following order:

- (i) The amount available in the Set Prize Pool (SPP) and the Megaplier Prize Pool, if any;
- (ii) An amount from the Prize Reserve Account (PRA) described in section (2) of this rule, if available, not to exceed \$40,000,000 per drawing.
- (B) Lack of Sufficient Prize Funds: If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes-awarded, including Megaplier prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the tickets with winning game-plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.
- (C) Independent Calculations: By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently- calculated prize amounts.
- (4) Advertised Jackpot Prize Annuity Amount: Except as required by OAR 177-098-0060, the official advertised Mega Millions Jackpot Prize annuity amount is subject to change based on sales forecasts and/or actual sales.
- (5) **Changes to Prize Categories:** The number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by the Mega Millions Lotteryies prior to the drawing to which the change applies.

Statutory/Other Authority: ORS 190, 461, ORr Const., Art. XV, & Sec. § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300 Statutes/Other Implemented: Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: The Lottery is amending OAR 177-098-0050 almost in its entirety. This rule used to provide the probability of winning Mega Millions. However, the probability chart is removed and is replaced with two new charts that reflect the game enhancements that will be launched in April 2025. The new chart provides the odds of winning and other information associated with each prize category offered in the game. Section (2) of the rule provides the frequency and odds of the new multiplier feature. Lottery also updated the statutory citations section of the rule.

177-098-0050

Probability of WinningPrize Structure

General: (1) Prize Structure: The matrix of 5/70 and 1/24 with an anticipated prize payout is shown below and applies to all Product Group members with respect to the Jackpot Prize and will apply for all Product Group members for the second through ninth level prizes. The following table sets forth the probability odds of winning and the probable distribution of winners in and among each prize category for winning Mega Millions plays sold by party lotteries, based upon the total number of possible combinations in Mega Millions. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary:

| | | Probability Distribution | | |
|----------------|--|--------------------------|---------------------|---------------------------|
| Prize Level | Numbers of Matches per Mega Millions Play | Winners | Probability | Probable/Set Prize Amount |
| 1 | Match 5 + Mega Ball | 1 | 1:302,575,350 | Jackpot Prize |
| 2 | Match 5 | 2 4 | 1:12,607,306 | \$1,000,000 |
| 3 | Match 4 + Mega Ball | 325 | 1:931,001 | \$ 10,000 |
| 4 | Match 4 | 7,800 | 1:38,792 | \$500 |
| 5 | Match 3 + Mega Ball | 20,800 | 1:14,547 | \$200 |
| 6 | Match 3 | 499,200 | 1:606 | \$10 |
| 7 | Match 2 + Mega Ball | 436,800 | 1:693 | \$10 |
| 8 | Match 1 + Mega Ball | 3,385,200 | 1:89 | \$ 4 |
| 9 | Match Mega Ball | 8,259,888 | 1:37 | \$2 |
| | Overall | 12,610,038 | 1:24.0 | |

| <u>Match</u> | <u>Match</u> | <u>Odds</u> | <u>Prize</u> | Base Prize | % of Sales | % of Payout |
|--------------|--------------|------------------|----------------|----------------|-----------------|-----------------|
| Field 1 | Field 2 | | Category | | | |
| <u>5</u> | <u>1</u> | 290,472,336.0000 | <u>Jackpot</u> | <u>Jackpot</u> | <u>27.6305%</u> | <u>55.2610%</u> |
| <u>5</u> | <u>0</u> | 12,629,232.0000 | <u>Second</u> | \$1,000,000 | <u>4.7509%</u> | <u>9.5018%</u> |

| <u>4</u> | <u>1</u> | 893,761.0338 | <u>Third</u> | \$10,000 | 0.6713% | <u>1.3426%</u> |
|-------------|-----------|--------------------|----------------|--------------|-----------------|------------------|
| <u>4</u> | <u>0</u> | <u>38,859.1754</u> | <u>Fourth</u> | <u>\$500</u> | <u>0.7720%</u> | <u>1.5440%</u> |
| <u>3</u> | <u>1</u> | <u>13,965.0162</u> | <u>Fifth</u> | <u>\$200</u> | <u>0.8593%</u> | <u>1.7186%</u> |
| <u>3</u> | <u>0</u> | <u>607.1746</u> | <u>Sixth</u> | <u>\$10</u> | <u>0.9882%</u> | <u>1.9764%</u> |
| <u>2</u> | <u>1</u> | <u>665.0008</u> | <u>Seventh</u> | <u>\$10</u> | <u>0.9023%</u> | <u>1.8046%</u> |
| <u>1</u> | <u>1</u> | <u>85.8066</u> | <u>Eighth</u> | <u>\$7</u> | <u>4.8947%</u> | <u>9.7894%</u> |
| <u>0</u> | <u>1</u> | <u>35.1666</u> | <u>Ninth</u> | <u>\$5</u> | <u>8.5308%</u> | <u>17.0616%</u> |
| <u>TOT.</u> | <u>AL</u> | <u>1:23.0737</u> | | | <u>50.0000%</u> | <u>100.0000%</u> |

(2) Multiplier frequency and odds: The multiplier shall apply to all prize levels except the Jackpot Prize. The multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won. The multiplier shall print directly on, or be applied to each play on a ticket. Multipliers may repeat due to the frequency and limited Multiplier levels as shown below. The multiplier frequency and odds are as follows:

| Multiplier | Frequency | Odds |
|-----------------------------|---|---------------------------------------|
| 10X | 1 | 32.0000 |
| 5X | 2 | 16.0000 |
| | <u>=</u> 1 | |
| | 10 | |
| | | |
| | | |
| 4X 3X 2X Field of: | <u>4</u> <u>10</u> <u>15</u> 32* | 8.0000 3.2000 2.1333 3.00 ** |

Statutory/Other Authority: ORS 190, 461, ORr Const-, Art- XV, & Sec. § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300
Statutes/Other Implemented: ORS 461Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

^{*}Total of frequencies

^{**}Average multipliers value

<u>RULE SUMMARY</u>: The Lottery is amending OAR 177-098-0060. This rule explains how prizes are paid to winners in the Mega Millions game. The proposed changes align with MUSL rules. Most changes are to terminology and are not substantive in nature, such as changing "lump sum payment" to "cash value option," and otherwise aligning with the exact wording used in the MUSL rules. Lottery also updated the statutory citations section of the rule.

177-098-0060

Prize Payment

- (1) Selection of Payment Type: Except as provided otherwise in section (2) of this rule, Mega Millions Jackpot Prizes shall be paid, at the election of the player made no later than 60 days after validation of the prize, with either a per winner annuity or single lump sum cash payment. If the payment election is not made by the player within 60 days after validation, then the prize shall be paid as an annuity prize. The election to take the single lump sum payment may be made at the time of validation of the prize claim or within 60 days thereafter. An election made after validation is final and cannot be revoked, withdrawn, or otherwise changed.
- (2) **Multiple Claimants**: Unless an exception is approved, when a Jackpot Prize is claimed jointly under OAR 177-046-0110(5), each claimant must select the same payment type, either single lump sum-cash value option or annuity.
- (3) Share of the Jackpot Prize: Shares of the Jackpot Prize shall be determined by dividing the amount available in the Grand Jackpot Prize Pool equally among all tickets with winning game plays of the Jackpot Prize in all participating lotteries. The prize money allocated from the current Mega Millions Grand Prize Pool for the Mega Millions Jackpot Prize, plus any previous portions of prize money allocated to the Jackpot Prize category in which no matching tickets were sold will be divided equally among all Mega Millions Jackpot Prize winning tickets plays in all participating lotteries.
- (4) Lump Sum Cash Value Option Payment: In the event of a prize winner who selects the Jackpot Prize winner(s) who elect a lump sum payment (cash value option), the prize winner's share shall be paid their share(s) in a single lump sum payment upon completion of internal validation procedures. The lump sum payment amount cash value option shall be determined by the Mega Millions lotteries. The lump sum payment shall be paid upon completion of all internal validation procedures. Prize payments may be rounded down to the nearest \$1,000.
- (5) Initial and Annual Annuitized Payments: All annuitized prizes If an annuity is chosen, it shall be paid in graduated annual payments. The annuity option Jackpot Prize amount will be paid in thirty 30 consecutive graduated annual installments by the Lottery, with graduated annual installments as defined by the Mega Millions Lotteries in the Mega Millions Finance and Operations Procedures. The initial payment shall be paid upon completion of all-internal validation procedures. The subsequent twenty-nine (29) payments shall be paid graduated annually to coincide with the month of the Ffederal auction date at which the bonds were purchased to fund the annuity, with graduated annual installments defined in the Mega Millions Lotteries' Finance and Operations Procedures. Payments shall escalate by a factor of five percent annually, and annual payments shall be rounded down to the nearest even one thousand dollar increment. All such payments shall be made within seven (7) days of the anniversary of the annual auction date.

- (6) **Jackpot Prizes and Increases:** The Mega Millions <u>Lotteries</u> may set a minimum guaranteed annuity Jackpot Prize amount, which that shall be advertised by the selling lotteries as the starting guaranteed annuity Jackpot Prize amount.
- (7) Roll-Oover of Jackpot Prize: If, in any Mega Millions drawing there are no Mega Millions plays which that qualify for the Mega Millions Jackpot Prize category, the portion of the prize fund allocated to such Jackpot Prize category shall remain in the Mega Millions Jackpot Prize category and be added to the amount allocated for the Mega Millions Jackpot Prize category in the next consecutive Mega Millions drawing.
- (8) Funding the Annuity: Funds for the initial payment of an annuitized prize or the lump sum cash value option prize shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If individual shares of the Grand-Mega Millions Jackpot Prize pPool funds held to fund an annuity is less than \$250,000, the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Grand-Mega Millions Jackpot Prize Pool. Neither MUSL nor the party lotteries shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL.
- (9) Lack of Available Funds: If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full https://lump.sum-cash-amount-cash-value option amount-may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega Millions Game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.
- (10) **Death of Winner:** In the event of the death of a lottery winner during the annuity payment period, unless prohibited by state law, the MUSL Finance & Audit Committee, in its sole discretion excepting a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") or the persons identified on the winner's Beneficiary Designation form (BDF), whichever is applicable, to the state lottery of the state in which the deceased lottery winner purchased the winning ticket, and subject to applicable federal, state, or district laws, may make payment to the Estate or the designated beneficiary of the discounted present value of the remaining annuitized prize payments. If such a determination is made, then securities and/or cash amounts held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate or the persons on the BDF. The identification of the securities to fund the annuitized prize is at the sole discretion of the Finance & Audit Committee or the Product Group.
- (11) **No Recourse:** If a party lottery purchases or holds the prize payment annuity for a prize won in that jurisdiction, that party lottery's game rules, and any prize payment agreement with the prize winner, shall indicate that the prize winner has no recourse on against MUSL or any other party lottery for payment of that prize.
- (12) **Prize Payments:** All prizes are paid through the Lottery that sold the winning ticketplay(s), and at the discretion of the Selling Lottery may be paid by cash, check, warrant, or electronic

transfer. The Lottery may begin paying <u>set or</u> low-tier prizes after receiving authorization to pay from the MUSL central office.

- (13) Rounding of Prize Payments: Annuitized payments of the Mega Millions Jackpot Prize or a share of the Mega Millions Jackpot Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Mega Millions Jackpot Prize win shall be added to the first payment to the winner or winners. Prizes other than the Jackpot Prize which that, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.
- (14) One Prize per Game Play: The holder of a winning ticket-Mega Millions play may win only one (1) prize per game-play in connection with the winning numbers drawn for the Mega Millions game, and shall be entitled only to the prize won by those numbers in the highest matching prize category.
- (15) <u>Liability Discharged Upon Payment:</u> All liability for a Mega Millions prize is discharged upon payment of a prize claim.
- (156) Claim Expires in One Year: Claims for all prize categories, including the Jackpot Prize, shall be submitted within one year after the date of the drawing in accordance with this division of rules, OAR 177-046-0110, and 177-070-0025(4).

Statutory/Other Authority: Or Const, Art XV, § 4(4)(a), ORS Ch. 190, ORS 461.120, 461.220, 461.230, 461.240, & 461.250, 461.260 & 461.300

Statutes/Other Implemented: Or Const, Art XV, § 4(4), ORS 461.130, 461.150, 461.210, ORS Ch. 190, ORS 461.120, 461.220, 461.230, 461.240, & 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: The Lottery is amending OAR 177-098-0070. This rule explains the Lottery's ticket validation requirements, meaning how Lottery determines if a winning ticket is valid. The proposed changes align with the wording used in the MUSL rules. (For example, where our rules use "ticket," the MUSL rules used "play," so we aligned when appropriate.)

177-098-0070

Ticket Validation

- Validation Requirements: To be a valid ticket-play and eligible to receive a prize, a Mega Millions play's ticket shall satisfy all the requirements established by Lottery for validation of winning Mega Millions tickets plays sold through Lottery's computer gaming system and any other validation requirements adopted by the Product Group, the MUSL Board, and any other requirements published as the Confidential MUSL Minimum Game Security Standards. The Lottery and MUSL are not responsible for tickets plays which that are altered in any manner (or which fail to print except as provided in OAR 177-098-0020(45)). When a winning Mega Millions ticket is submitted to the Lottery for validation along with the Lottery's completed claim form, and the Lottery has initiated the validation procedures, the Lottery retains possession of the winning ticket and claim form.
- (2) Mega Millions Ticket Required: Under no circumstances will a claim be paid for either the Jackpot Prize or a lower tier set prize without an official Mega Millions ticket matching all game play, serial number and other validation data residing in Lottery's computer gaming system and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.
- (3) Additional Validation Requirements: In addition to the validation requirements set forth in sections (1) and (2) of this rule, in order to be deemed a valid, winning Mega Millions ticketplay, all of the following conditions must be met:
 - (a) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the drawing date(s) printed on the ticket;
 - (b) The ticket must be intact;
 - (c) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner;
 - (d) The ticket must not be counterfeit or an exact duplicate of another winning ticket;
 - (e) The ticket must have been issued by a Lottery retailer authorized to sell Mega Millions tickets and printed on paper in compliance with MUSL Rules;
 - (f) The ticket must not have been stolen, to the knowledge of the Lottery;
 - (g) The ticket must be submitted for payment in accordance with these rules.

- (h) The ticket-play data must have been recorded on the Lottery's computer gaming system prior to the drawing and the ticket play data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the Lottery's computer gaming system, the wager accepted by the Lottery's computer gaming system shall be the valid wager;
- (i) The player or computer pick number selections, validation data and the drawing date(s) of an apparent winning ticket must appear on the official file of winning tickets plays, and a ticket play with that exact data must not have been previously paid;
- (j) The <u>ticket-play</u> must not be misregistered, defectively printed, or printed or produced in error to an extent that it cannot be validated by the Lottery;
- (k) The ticket-play must pass validation tests using a minimum of three of the five validation methods as defined in the Mega Millions Finance and Operations Procedures for Mega Millions, Section 15. In addition, the ticket-play must pass all other confidential security checks requirements of the Lottery;
- (I) In submitting a Mega Millions ticket play for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions and final decisions of the Lottery Director;
- (m) There must not be any other breach of these Mega Millions Rules in relation to the ticket, which, play that, in the opinion of the Lottery Director, justifies invalidation; and
- (n) The ticket-play must be submitted to the Lottery.

Statutory/Other Authority: Or Const, Art XV, § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300 Statutes/Other Implemented: Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: The Lottery is amending OAR 177-098-0080. This rule explains that tickets are bearer instruments, that winners are determined using the certified numbers drawn in the Mega Millions drawing, and that neither the Lottery, nor MUSL, is responsible for winning numbers reported in error. This rule is amended to align more closely with the wording used in the MUSL rules, including clarifying that Lottery is not responsible for plays redeemed in error by a retailer. The Lottery also updated the statutory citations section of the rule.

177-098-0080

Ticket Responsibility

- (1) General: Until such time as a signature is placed in the area designated for signature, a Mega Millions ticket is owned by the bearer of the ticket. MUSL, the Product Group, and the Lottery are not responsible for lost or stolen tickets plays.
- (2) Reporting Errors: Winners are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions draw. Neither the Lottery, nor MUSL is responsible for Mega Millions winning numbers reported in error.
- (3) The Lottery is not responsible to a prize claimant for plays redeemed in error by a retailer.

Statutory/Other Authority: Or Const, Art XV, § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300, OR Const. Art. XV & Sec. 4(4)
Statutes/Other Implemented: Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

RULE SUMMARY: The Lottery is amending OAR 177-098-0090 about people who are ineligible to play Mega Millions. The rule is amended to align with MUSL's rules on ineligible players. MUSL's ineligibility rules for Mega Millions are different than for Powerball, in that some ineligible players are ineligible in all jurisdictions, not just the one in which they reside. For example, an Oregon Lottery employee cannot play Mega Millions in other jurisdictions, even though they could play Powerball in, for example, Washington. The Lottery also updated the statutory citations section of the rule.

177-098-0090

Ineligible Players

- (1) General: A Mega Millions game ticket may not be purchased by and a prize may not be paid to, a member of the Lottery Commission, the director, the assistant directors or any employee of the Lottery, or to any spouse, child, brother, sister, or parent of such person.
- (2) MUSL Restrictions: A <u>Mega Millions game ticket play or share for a MUSL game</u> issued by the MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such <u>ticket play or share</u> shall not be paid to:
 - (a) A MUSL employee, officer, or director;
 - (b) A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures;
 - (c) An employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, share-holders, or owners in the local office of the firm; or
 - (d) An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) or any person residing in the same household of an individual described in subsections (a) through (c) of this section and residing in the same household.
- (3) A play or share of the Mega Millions game may not be purchased in any lottery jurisdiction by any Party Lottery board member, commissioner, officer, or employee; or a spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of any such person. Prizes shall not be paid to any persons prohibited from playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed by the selling lottery.

Statutory/Other Authority: ORS 190, 461, ORr Const., Art. XV, & Sec. § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

Statutes/Other Implemented: ORS 461Or Const, Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: OAR 177-098-0100 explains the laws and rules that apply to the Mega Millions games. The Lottery is amending the rule to align the rule more closely with the language and organization used in a similar provision in the MUSL rules. The Lottery also updated the statutory citations section of the rule.

177-098-0100

Applicable Law

- (1) General: In purchasing a Mega Millions game ticket-playissued by the Lottery, or attempting to claim a prize, purchasers and prize claimants agree to comply with and be bound by all applicable statutes, administrative rules, regulations, and procedures, and decisions of the Lottery and MUSL, including all applicable provisions in the Mega Millions Finance and Operations Procedures, and by all directives and determinations of the Lottery Director. A purchaser or prize claimant agrees, as the purchaser or prize claimant's sole and exclusive remedy, that claims arising out of a Mega Millions ticket-play issued by the Lottery can be pursued only against the Lottery and not any other Party Lottery or against MUSL. Litigation, if any, shall be maintained only within the State of Oregon. No claim shall be made against any other participating Lottery or against MUSL. Nothing in these rules shall be construed as a waiver of any defense or claim that the Lottery, any other participating lottery, or MUSL may have in any litigation, including in the event a purchaser or person making a claim pursues litigation against the Lottery Commission, the Lottery, any other participating Lottery, or MUSL, or their respective officers, directors, or employees.
- (2) Final Determinations: All decisions made by the Lottery Director, including the declaration of prizes and the payment thereof and the interpretation of the Mega Millions game rules and procedures, are final and binding on all <u>play</u> purchasers of tickets issued by the Lottery and on every person making a prize claim in respect thereof. Nothing in these rules shall be construed as a waiver of any defense or claim that the Lottery, any other participating lottery, or MUSL may have in any litigation, including in the event a purchaser or person making a claim pursues litigation against the Lottery Commission, the Lottery, any other participating Lottery, or MUSL, or their respective officers, directors, or employees.
- (3) Unclaimed Prize: No prize shall be paid upon a ticket-play purchased, claimed, or sold in violation of these rules and the laws, statutes, or rules, regulations, procedures, and decisions of the Lottery-or MUSL's Mega Millions Group Rules effective October 18, 2016. Any such prize claimed but unpaid shall constitute an unclaimed prize under the statutes, rules, procedures, and decisions of the Lottery and shall be allocated to the benefit of the public purpose.

Statutory/Other Authority: ORS 190, 461, ORr Const., Art. XV, & Sec. § 4(4)(a), ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300 Statutes/Other Implemented: ORS 4610 Const., Art XV, § 4, ORS chapter 190, ORS 461.120, 461.210, 461.220, 461.230, 461.240, 461.250, 461.260 & 461.300

<u>RULE SUMMARY</u>: The Lottery is repealing OAR 177-098-0110. This rule explains how the Megaplier works in the Mega Millions game. However, as explained in the Notice of Proposed Rulemaking, MUSL is rolling out enhancements to the Mega Millions game in April 2025, including replacing the Megaplier promotion with a multiplier that will be applied to all ticket purchases. Therefore, this rule is no longer applicable. The provisions that apply to the new multiplier feature are provided in other rules described in this order such as OAR 177-098-0020 and 177-098-0050.

177-098-0110

Megaplier

- (1) General: The Mega Millions Megaplier promotion is an optional, limited extension of the Mega Millions Game described in OAR Division 98. The Lottery Director, in the Lottery Director's sole discretion and based on agreements with MUSL, is authorized to initiate and terminate the Megaplier option.
- (2) **Set Prizes Only:** Megaplier offers to the owner of a qualifying play a chance to multiply or increase the amount of any of the lump sum Set Prizes (the prizes normally paying \$2 to \$1,000,000) won in a drawing held during the promotion. The Jackpot Prize is not a Set Prize and will not be multiplied or increased by means of the Megaplier promotion.
- (3) Qualifying Play: A qualifying Megaplier option play is any single Mega Millions Play for which the player selects the Megaplier option on either the Play Slip or by selecting the Megaplier option through a clerk activated or player activated terminal, pays one extra dollar for the Megaplier option play, and which is recorded at the Party Lottery's computer gaming system as a qualifying Megaplier play.
- (4) Prizes to be Increased: Except as provided in these rules, a qualifying Megaplier play which wins one of the lump sum Set Prizes will be multiplied by the number drawn (either 2, 3, 4, or 5), in a separate random Megaplier drawing announced in a manner determined by the Product Group.
- (5) Selection of Multiplier: MUSL will either itself conduct, or authorize a U.S. Lottery to conduct on its behalf, a separate random Megaplier drawing. Before each Mega Millions drawing a single number (2, 3, 4, or 5) shall be drawn. The Mega Millions Product Group may change one or more of the multiplier features for special promotions from time to time. In the event the Megaplier drawing does not occur prior to the Mega Millions drawing, the multiplier number will be a 5, which shall solely be determined by the lottery authorized to conduct the Megaplier drawing.

(6) Megaplier Prize Pool:

- (a) General: The Megaplier Prize Pool has been established by the Product Group and is used to fund Megaplier prizes. The Megaplier Prize Pool holds the temporary balances that may result from having fewer than expected winning Megaplier plays. The source of the Megaplier Prize Pool consists of the Party Lotterys' weekly prize contributions less actual Megaplier Prize liability.
- (b) Percentage: Up to fifty-five percent of each drawing period's sales, as determined by the Product Group, shall be collected for the payment of Megaplier prizes.

- (c) **Prize Payout:** Prize payout percentages may vary. The Megaplier Prize Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Megaplier prizes awarded in the current draw and held in the Megaplier Prize Pool.
- (d) End of Game: Any amount remaining in the Megaplier Prize Pool when the Product
 Group declares the end of this game shall be returned to the lotteries participating in
 the Megaplier Prize Pool after the end of all claim periods of all Selling Lotteries, carried
 forward to a replacement game, or expended in a manner at the election of the
 individual members of the Product Group in accordance with jurisdiction law.
- (7) **Expected Prize Payout:** Except as otherwise provided in these rules, all prizes awarded shall be paid as lump sum Set Prizes. Instead of the Mega Millions Set Prize amounts, qualifying Megaplier plays will pay the amounts shown below when matched with the Megaplier number drawn:

| | | Megaplier Prize Amount with Megaplier Purchase | | | |
|------------------------|------------------------|--|------------------------|------------------------|---------------------|
| Prize Levels | Set Prize Amount | 2X | 3X | 4X | 5X |
| Match 5 | \$1,000,000 | \$2,000,000 | \$3,000,000 | \$4,000,000 | \$5,000,000 |
| Match 4 + Mega Ball | \$ 10,000 | \$20,000 | \$30,000 | \$40,000 | \$50,000 |
| Match 4 | \$500 | \$1,000 | \$1,500 | \$2,000 | \$2,500 |
| Match 3 + Mega Ball | \$200 | \$400 | \$600 | \$800 | \$1,000 |
| Match 3 | \$10 | \$20 | \$30 | \$40 | \$50 |
| Match 2 + Mega Ball | \$10 | \$20 | \$30 | \$40 | \$50 |
| Match 1 + Mega Ball | \$4 | \$8 | \$12 | \$16 | \$20 |
| Match Mega Ball | \$2 | \$ 4 | \$6 | \$8 | \$10 |

Megaplier promotion and multiplier numbers do not apply to the Mega Millions Jackpot Prize.

In certain rare instances, the Mega Millions Set Prize amount may be less than the amount shown. In such case, the Megaplier prizes will be a multiple of the changed Mega Millions prize amount announced after the draw. For example, if the Match 4+1 Mega Millions Set Prize amount of \$10,000 becomes \$2,000 under the rules of the Mega Millions game, then a Megaplier player winning that prize amount with a 4X multiplier would win \$8,000 (\$2,000 x 4).

(8) **Probability of Winning:** The following table sets forth the probability of the various Megaplier numbers being drawn during a single Mega Millions drawing. The Product Group may elect to run limited promotions that may modify the multiplier features.

| Megaplier | | Probability of Prize Increase |
|---------------|-------------------|-------------------------------|
| 5X | Prize Won Times 5 | 1 in 15 |
| 4X | Prize Won Times 4 | 3 in 15 |
| 3X | Prize Won Times 3 | 6 in 15 |
| 2X | Prize Won Times 2 | 5 in 15 |

The Megaplier promotion and multiplier numbers do not apply to the Mega Millions Jackpot Prize.

- (9) Prize Pool Carried Forward: The prize pool percentage allocated to the Megaplier Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw or may be held in a prize reserve account.
- (10) Pari-Mutuel Prizes All Prize Amounts: Except as otherwise provided in OAR 177-098-0110(10)(c):
 - (a) Available Resources: If the total of the original Mega Millions Set Prizes and the Megaplier prize amounts awarded in a drawing exceeds the percentage of the prize pools allocated to the Set Prizes, then the amount needed to fund the Set Prizes (including the Megaplier prize amounts) awarded shall be drawn from the following sources, in the following order:
 - (A) The amount available in the Set Prize Pool and the Megaplier Prize Pool, if any.
 - (B) An amount from the Mega Millions Prize Reserve Account, if available in the account, not to exceed \$40,000,000 per drawing.
 - (b) Pari Mutuel Conversion: If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Megaplier prize amounts), then the highest Set Prize (including the Megaplier prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize, including the Megaplier prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prizes become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the tickets with winning game plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

- (c) Independent Calculations: By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Megaplier prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently calculated prize amounts.
- (11) Prize Payment: All Megaplier prizes shall be paid in one single payment through the Party Lottery that sold the winning ticket(s). The Lottery may begin paying Megaplier prizes after receiving authorization to pay from the MUSL central office.
- (12) **Prizes Rounded:** Prizes, which under these rules may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the Megaplier Prize Pool for the next drawing.

Statutory/Other Authority: ORS 190, 461, OR Const. Art. XV & Sec. 4(4)

Statutes/Other Implemented: ORS 461

<u>RULE SUMMARY</u>: The Lottery is repealing OAR 177-098-0120. This rule was adopted in 2017 to explain that the Oregon State Lottery had decided not to offer the Mega Millions promotion called "Just the Jackpot." MUSL is discontinuing this promotion in 2025, so this rule is no longer needed.

177-098-0120

Just the Jackpot[™] Promotion

General: The Mega Millions Just the JackpotTM-promotion is a limited extension of the Mega Millions game and is conducted in accordance with the MUSL Mega Millions Product Group game rules. The Oregon State Lottery Commission has elected not to offer the Just the JackpotTM-promotion. The Just the JackpotTM-promotion will impact the amount of the Jackpot Prize in the Mega Millions game, and participants in the Just the JackpotTM-promotion in other lottery jurisdictions may win the Mega Millions Jackpot Prize.

Statutory/Other Authority: ORS Chapter 461 & Oregon Constitution, Article XV, § 4(4) Statutes/Other Implemented: ORS 461.210, 461.220, 461.230, 461.240 & 461.250