

## WSR 24-22-017

## PROPOSED RULES

## WASHINGTON STATE LOTTERY

[Filed October 25, 2024, 9:43 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 24-18-109.

Title of Rule and Other Identifying Information: Washington's lottery (lottery) is proposing revisions to chapter 315-38 WAC, Mega Millions. Lottery is proposing amendments to this chapter in order to make changes consistent with the upcoming game changes by the Mega Millions Consortium, which controls the operation of this multistate game.

Hearing Location(s): On December 12, 2024, at 8:30 a.m., at 814 East 4th Avenue, Olympia, WA 98506-3922. A virtual option will be available for this hearing using Microsoft Teams. See [walottery.com](http://walottery.com) or contact Kristi Weeks for details on how to participate virtually.

Date of Intended Adoption: December 12, 2024.

Submit Written Comments to: Kristi Weeks, P.O. Box 4300, Olympia, WA 98504-3000, email [KWeeks@walottery.com](mailto:KWeeks@walottery.com), fax 360-515-0416, beginning October 31, 2024, by December 11, 2024.

Assistance for Persons with Disabilities: Contact Leah White-Noreen, phone 360-791-3045, fax 360-742-3902, TTY 360-586-0933, email [Leah.White@walottery.com](mailto:Leah.White@walottery.com), by December 5, 2024.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The proposed new rule will allow lottery to continue to offer Mega Millions tickets in accordance with the rules promulgated by the Mega Millions Consortium.

Reasons Supporting Proposal: The current rules will not be consistent with the Mega Millions Consortium's changes to the multistate game after April 2025.

Statutory Authority for Adoption: RCW 67.70.040 (1) and (3).

Statute Being Implemented: RCW 67.70.044(1).

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Washington's lottery, governmental.

Name of Agency Personnel Responsible for Drafting and Implementation: Kristi Weeks, 814 4th Avenue East, Olympia, WA, 360-810-2881; and Enforcement: Joshua Johnston, 814 4th Avenue East, Olympia, WA, 360-810-2866.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. Lottery is not an agency listed in RCW 34.05.328 (5)(a)(i). Further, lottery does not voluntarily make that section applicable to the adoption of this rule pursuant to subsection (5)(a)(ii) and to date the joint [administrative] rules review committee has not made the section applicable to the adoption of this rule.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rules relate only to internal governmental operations that are not subject to violation by a nongovernment party.

Scope of exemption for rule proposal:

Is fully exempt.

October 24, 2024

Kristi Weeks

## OTS-5955.1

AMENDATORY SECTION (Amending WSR 14-06-048, filed 2/26/14, effective 3/29/14)

**WAC 315-38-010 General description.** Mega Millions is a game conducted by the Washington state lottery, pursuant to chapter 67.70 RCW and Title 315 WAC and pursuant to the requirements of the multi-state agreement, Mega Millions official game rules, Mega Millions finance and operation procedures, and Mega Millions (~~line~~) online drawing procedures, all of which are incorporated by this rule pursuant to WAC 315-30-010. The Mega Millions game awards prizes to ticket holders matching specified combinations of numbers randomly selected in regularly scheduled drawings. Chapter 315-38 WAC applies only to Mega Millions tickets purchased and redeemed in Washington state. Players who purchase Mega Millions tickets in other party lottery states must comply with the rules of the party lottery state in which the ticket was purchased.

AMENDATORY SECTION (Amending WSR 19-16-015, filed 7/25/19, effective 8/25/19)

**WAC 315-38-020 Definitions.** Words and terms set forth below, when used herein, shall have the following meaning unless otherwise indicated:

(1) Annual/annuitized/annuity option: The manner in which the Mega Millions jackpot prize may be paid in (~~thirty~~) 30 consecutive graduated annual installments. Payments shall escalate by a factor of five percent annually, and annual payments shall be rounded to the nearest even \$1,000 increment to facilitate the purchase of securities.

(2) Authorized claim center: Any Mega Millions agent or retailer, or party lottery office, in the state where the winning official Mega Millions ticket was purchased.

(3) Cash option: The manner in which the Mega Millions jackpot prize may be paid in a single payment.

(4) Claimant: Any person or entity submitting a claim form within the required time period to collect a prize for an official Mega Millions ticket. A claimant may be the purchaser, the person or entity named on a signed official Mega Millions ticket, the bearer of an unsigned official Mega Millions ticket, or any other person or entity who may seek entitlement to a Mega Millions prize payment in accordance with the Mega Millions rules and party lottery governing laws, policies, and rules. No claimant may assert rights different from the rights acquired by the original purchaser at the time of purchase.

(5) Director(s): The chief (~~officers~~) executives of the party lotteries or any other persons to whom the directors' authority is lawfully delegated.

(6) Multistate agreement: The amended and restated multistate agreement regarding the Mega Millions game, or any subsequent amended agreement, signed by the party lotteries and including the Mega Millions official game rules, finance and operations procedures for Mega Millions, and online drawing procedures for Mega Millions.

(7) Official Mega Millions ticket: A game ticket, produced on official paper (~~(stock)~~) with certain security controls by a Mega Millions agent or retailer in an authorized manner, bearing player or computer selected numbers, game name, drawing date, amount of wager, participation in any add-on game(s), and validation data.

(8) Party lottery or lotteries: One or more of the state lotteries (~~(authorized to become a member of Mega Millions)~~) that is a current signatory on the then-current multistate agreement.

(9) Parimutuel: Total amount of sales allocated to pay prize claimants, at the designated prize level, divided among the number of winning official Mega Millions (~~(tickets at the designated prize level)~~) plays.

(10) Prize fund: That portion of Mega Millions gross sales set aside for the payment of Mega Millions prizes. The prize fund for any drawing is expected to be (~~(fifty)~~) 50 percent of Mega Millions sales, but may be higher or lower based upon the number of winners at each set prize level, as well as the funding required to (~~(meet the advertised)~~) contribute to the jackpot.

(11) Purchaser(s): Player(s) of Mega Millions who purchase tickets in accordance with Mega Millions rules and party lottery governing laws, policies, and rules.

(12) Quick-pick, auto-pick, or easy pick: (~~(A player option in which Mega Millions number selections are determined at random by computer software)~~) The random selection of game play number indicia by the selling party lottery's gaming system for an official Mega Millions ticket transaction.

(13) Total prize liability: The liability of the participating states in any Mega Millions game prize, or any Mega Millions add-on game prize, will be in accordance with the finance and operations procedures for Mega Millions.

(14) Subscription/season ticket: An extended, multidraw purchase option, which may be offered in Washington state at the discretion of the director of the Washington state lottery, wherein the same set(s) of numbers may be played for a specified number of consecutive drawings (for example, 26, 52 or 104), effective on a future date. Subscription/season tickets are distinguished from multidraw tickets, which are effective for specified future drawings and are sold at the retailer level.

(15) Mega Millions agent, sales agent or retailer: A location in one of the states which are party lotteries and which is licensed or contracted and equipped by its respective state lottery to sell official Mega Millions tickets.

(16) Mega Millions panel, play board, or play area: That area of an official Mega Millions ticket identified by an alpha character and containing one field of five one-digit or two-digit player or computer selected numbers, and a second field of one one-digit or two-digit player or computer selected number, and one multiplier number that is computer selected.

(17) Mega Millions play/bet slip: A computer-readable form, printed and issued by each party lottery, used in purchasing an official Mega Millions ticket, with each play area consisting of two fields. One field contains (~~(seventy)~~) 70 areas/spaces numbered one through

((seventy)) 70; and one field contains ((twenty-five)) 24 areas/spaces numbered one through ((twenty-five)) 24.

(18) Mega Millions winning numbers - Five one or two digit numbers from one through ((seventy)) 70, and one or two digit number from one to ((twenty-five)) 24, randomly selected at each Mega Millions drawing, which shall be used to determine winning Mega Millions plays contained on official Mega Millions tickets.

(19) Add-on game: A game that may provide prize amounts in addition to the Mega Millions prizes, other than the Mega Millions jackpot prize.

(20) Exchange ticket: A ticket provided to a player when a multi-draw ticket with outstanding draws is validated. An exchange ticket will be valid for the remaining draws purchased by the player, have a serial number distinct from the original ticket, and be labeled as an exchange ticket.

AMENDATORY SECTION (Amending WSR 02-15-122, filed 7/19/02, effective 8/19/02)

**WAC 315-38-030 Ticket sales.** (1) The sale of official Mega Millions tickets may be conducted only by such locations as the directors shall contract with and/or license pursuant to the governing laws, policies, and rules of the party lotteries and the Mega Millions rules.

(2) Internet sales and lottery courier services are not authorized in Washington state.

(3) The director of the Washington state lottery shall have the discretion to take steps to improve the efficiency of ticket sales when the Mega Millions jackpot prize reaches what ((he or she)) the director considers a high enough level to warrant action. Steps include, but are not limited to, allowing retailers to restrict ticket purchases to quick pick only.

AMENDATORY SECTION (Amending WSR 19-16-015, filed 7/25/19, effective 8/25/19)

**WAC 315-38-040 Ticket price.** ((-1)) Official Mega Millions tickets may be purchased for ((two)) five dollars per play, or multiples thereof, at the discretion of the purchaser, in accordance with the number of game panels and inclusive drawings. The purchaser receives one play for every ((two)) five dollars wagered in Mega Millions. The multiplier feature is included in the five dollar price and is not an add-on game.

~~((2) Subject to the laws and regulations governing each party lottery, the directors may collectively authorize the sale of official Mega Millions tickets at a discount for promotional purposes.~~

~~(3) Individual directors may authorize sale of official Mega Millions tickets at a discount for promotional purposes within their respective jurisdictions, provided that such discounted sales shall be reported to the party lotteries at full gross sales value.)~~

AMENDATORY SECTION (Amending WSR 19-16-015, filed 7/25/19, effective 8/25/19)

**WAC 315-38-050 Play characteristics and restrictions.** (1) Official Mega Millions tickets may only be sold to persons (~~(eighteen)~~) 18 years of age or older, (~~(providing)~~) provided such persons are not prohibited from playing Mega Millions in a party lottery state by the governing law, policies, or rules of that party lottery, or any contract executed by that party lottery.

(2) Official Mega Millions tickets may not be purchased in any other party lottery state by any party lottery board member or commissioner; or any officer or employee; or any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of any such person.

(3) Under no circumstances will a claim be paid without an official Mega Millions ticket matching all game play, serial number, and other validation data residing in the selling party lottery's online gaming system computer, and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming any prize.

(4) Official Mega Millions tickets cannot be canceled.

(5) Purchasers may submit a manually completed Mega Millions play slip to a Mega Millions agent or retailer to have issued an official Mega Millions ticket. Mega Millions play slips shall be available at no cost to the purchaser and shall have no pecuniary or prize value, and shall not constitute evidence of purchase or number selections. The use of mechanical, electronic, computer generated or any other nonmanual method of marking play slips is prohibited.

(6) Purchasers may orally convey their selections to a Mega Millions agent or retailer to have issued an official Mega Millions ticket. Such selections shall be manually entered into the computer terminal by the Mega Millions agent or retailer.

(7) If player operated sales terminals or self-service terminals are available, purchasers may use such terminals for the purchase of official Mega Millions tickets.

AMENDATORY SECTION (Amending WSR 19-16-015, filed 7/25/19, effective 8/25/19)

**WAC 315-38-080 Prize structure and odds.** (1) Winning number matches shall win prizes as set forth below, based on an estimated anticipated prize fund of (~~(fifty)~~) 50 percent of gross sales and estimated percents of prize fund, as defined in WAC 315-38-020(10) and the Mega Millions multistate agreement:

<b>((PRIZE LEVEL</b>	<b>MATCH (Field 1 + Field 2)</b>	<b>ODDS</b>	<b>PRIZE</b>
Jackpot	5 numbers + mega ball	1 in 302,575,350	Jackpot
Second	5 numbers	1 in 12,607,306	\$1,000,000
Third	4 numbers + mega ball	1 in 931,001	\$10,000
Fourth	4 numbers	1 in 38,792	\$500

<b>((PRIZE LEVEL</b>	<b>MATCH (Field 1 + Field 2)</b>	<b>ODDS</b>	<b>PRIZE</b>
Fifth	3 numbers + mega-ball	1 in 14,547	\$200
Sixth	3 numbers	1 in 606	\$10
Seventh	2 numbers + mega-ball	1 in 693	\$10
Eighth	1 number + mega-ball	1 in 89	\$4
Ninth	Mega-ball only	1 in 37	(\$2))

<b>Match Field 1</b>	<b>Match Field 2</b>	<b>Odds</b>	<b>Prize Level</b>	<b>Base Prize</b>	<b>% of Sales</b>	<b>% of Payout</b>
<u>5</u>	<u>1</u>	<u>290,472,336</u>	<u>Grand</u>	<u>Jackpot</u>	<u>27.63%</u>	<u>55.26%</u>
<u>5</u>	<u>0</u>	<u>12,629,232</u>	<u>Second</u>	<u>\$1,000,000</u>	<u>4.75%</u>	<u>9.50%</u>
<u>4</u>	<u>1</u>	<u>893,761</u>	<u>Third</u>	<u>\$10,000</u>	<u>0.67%</u>	<u>1.34%</u>
<u>4</u>	<u>0</u>	<u>38,859</u>	<u>Fourth</u>	<u>\$500</u>	<u>0.77%</u>	<u>1.54%</u>
<u>3</u>	<u>1</u>	<u>13,965</u>	<u>Fifth</u>	<u>\$200</u>	<u>0.86%</u>	<u>1.72%</u>
<u>3</u>	<u>0</u>	<u>607</u>	<u>Sixth</u>	<u>\$10</u>	<u>0.99%</u>	<u>1.98%</u>
<u>2</u>	<u>1</u>	<u>665</u>	<u>Seventh</u>	<u>\$10</u>	<u>0.90%</u>	<u>1.80%</u>
<u>1</u>	<u>1</u>	<u>86</u>	<u>Eighth</u>	<u>\$7</u>	<u>4.89%</u>	<u>9.79%</u>
<u>0</u>	<u>1</u>	<u>35</u>	<u>Ninth</u>	<u>\$5</u>	<u>8.53%</u>	<u>17.06%</u>
<b>TOTAL</b>		<b>1:23.07</b>			<b>50.00%</b>	<b>100.00%</b>

(2) The multiplier shall print directly on, or be applied to, of-  
 ficial Mega Millions tickets for each play board. Each Mega Millions  
 play board will have one multiplier. If any official Mega Millions  
 ticket contains multiple play boards, each play board will have its  
 own multiplier. Multipliers apply only to the play board that they  
 were printed on or applied to. However, on official Mega Millions  
 tickets with multiple play boards, the multipliers may repeat due to  
 the frequency and limited multiplier levels. Exchange tickets, if any,  
 shall print or apply the multiplier(s) from the ticket being ex-  
 changed. The multiplier shall apply to all prize levels except the  
 jackpot. The multiplier frequency and odds are as follows:

<b>Multiplier</b>	<b>Frequency</b>	<b>Odds</b>
<u>10X</u>	<u>1</u>	<u>32.00</u>
<u>5X</u>	<u>2</u>	<u>16.00</u>
<u>4X</u>	<u>4</u>	<u>8.00</u>
<u>3X</u>	<u>10</u>	<u>3.20</u>
<u>2X</u>	<u>15</u>	<u>2.13</u>
	<u>32*</u>	<u>3.00**</u>

\* Total of frequencies  
 \*\* Average multiplier value

AMENDATORY SECTION (Amending WSR 19-16-015, filed 7/25/19, effective 8/25/19)

**WAC 315-38-090 Jackpot prize payments.** (1) Prior to each draw-  
 ing, the directors shall determine the estimated annuitized jackpot  
 prize amount to be advertised. The jackpot prize amount shall be esti-  
 mated and established based upon sales and the annuity factor estab-

lished for the drawing. The advertised jackpot prize amount shall be the basis for determining the amount to be awarded for each Mega Millions panel matching all five of the five Mega Millions winning numbers drawn for Field 1 and the one Mega Millions winning number drawn for Field 2. (~~No annuitized jackpot prize, when there is only one jackpot prize winning ticket, shall be less than \$12 million.~~)

(2) If, in any Mega Millions drawing, there are no Mega Millions panels that qualify for the jackpot prize category, the portion of the prize fund allocated to such jackpot prize category shall remain in the jackpot prize category and be added to the amount allocated for the jackpot prize category in the next consecutive Mega Millions drawing.

(3) If the annuitized jackpot prize divided by the number of Mega Millions panels matching all five of the five Mega Millions winning numbers for Field 1 and the one Mega Millions winning number for Field 2, is equal to or greater than \$1,000,000, the jackpot prize(s) will be paid under the annuity option unless a cash option was selected by the winner(s), as follows:

(a) **Cash option:** When a player claims a jackpot prize or a share of a jackpot prize, the player may elect to be paid a one-time single cash option payment as defined by WAC 315-38-020(3), provided:

(i) The player must elect this cash option within (~~(sixty)~~) 60 days of the presentation of his or her winning ticket, by following the procedure required by the lottery;

(ii) If the federal tax code is interpreted by federal authorities to require that this cash option be exercised within (~~(sixty)~~) 60 days of the drawing for the prize, then (a)(i) of this subsection will not apply and instead, the player must elect this cash option within (~~(sixty)~~) 60 days of the date of the drawing for the prize;

(iii) The player's choice of payment method as designated by signing the appropriate lottery form is final and may not be changed by the player at a later date;

(iv) Cash option jackpot prizes shall be paid in a single payment in accordance with the internal validation procedures and settlement procedures pursuant to the multistate agreement and the Washington state lottery. At the director's discretion, an initial payment of a portion of the cash option prize may be paid to the winner at the time the prize is claimed.

(b) **Annuity:** A player who chooses not to elect the cash option or who does not elect the cash option within the (~~(sixty)~~) 60-day limit will be paid (~~(his or her prize)~~) in (~~(thirty)~~) 30 graduated annual installment payments. The initial payment shall be paid in accordance with the internal validation procedures and settlement procedures established by the multistate agreement and the Washington state lottery. The subsequent (~~(twenty-nine)~~) 29 payments shall be paid annually to coincide with the month of the federal auction date at which the bonds were purchased to fund the annuity. All such payments shall be made within seven days of the anniversary of the actual auction date. This date of payment of the subsequent payments is subject to the discretion of the director of the Washington state lottery, acting in the best interest of the lottery.

(4) After the player has made (~~(his or her)~~) the choice of payment method, the lottery will validate the claim, including a debt check pursuant to WAC 315-06-125, and pay the prize as appropriate.

(5) In the event multiple Mega Millions panels match all five of the five Mega Millions winning numbers for Field 1 and the one Mega Millions winning number for Field 2, and the annuitized Mega Millions

jackpot prize divided by the number of winning game panels is less than \$1,000,000, each Mega Millions jackpot prize winner shall be paid an amount equal to the "cash equivalent grand/jackpot prize," as defined by the multistate agreement, divided equally by the number of jackpot prize winners. Each such jackpot prize winner will be paid in a single cash payment.

AMENDATORY SECTION (Amending WSR 02-15-122, filed 7/19/02, effective 8/19/02)

**WAC 315-38-150 Ticket responsibility.** (1) A winning official Mega Millions ticket is a bearer instrument and is deemed to be owned by the person or entity named on the ticket or, in the case of a ticket not completed with name, the ticket is deemed to be owned by the claimant.

(2) The Washington state lottery shall not be responsible for lost or stolen official Mega Millions tickets, including tickets lost in the mail, unless otherwise provided in the laws and regulations governing the lottery.

(3) The purchaser of an official Mega Millions ticket has the sole responsibility for verifying the accuracy and condition of the data printed on the ticket at the time of purchase.

(4) The Washington state lottery shall not be responsible to the claimant for official Mega Millions tickets redeemed in error by a Mega Millions agent or retailer.

(5) Winners are determined by the numbers drawn and not the numbers reported. The party lotteries shall not be responsible for Mega Millions winning numbers reported in error.

AMENDATORY SECTION (Amending WSR 02-15-122, filed 7/19/02, effective 8/19/02)

**WAC 315-38-170 Validations.** An official Mega Millions ticket submitted for validation that fails any of the preceding validation conditions shall be considered void, subject to the following determinations:

(1) In all cases of doubt, the determination of the director of the party lottery which sold the official Mega Millions ticket shall be final and binding; however, the director may, at ~~((his/her))~~ the director's option, replace an invalid ticket with an official Mega Millions ticket of equivalent sales price;

(2) In the event a defective ticket is purchased or in the event the director determines to adjust an error, the sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with an official Mega Millions ticket of equivalent sales price;

(3) In the event an official Mega Millions ticket is not paid by the Washington state lottery and a dispute occurs as to whether the ticket is a winning ticket, the Washington state lottery may, at its option, replace the ticket as provided in WAC 315-06-120(~~((17))~~) (18).



AMENDATORY SECTION (Amending WSR 02-15-122, filed 7/19/02, effective 8/19/02)

**WAC 315-38-180 Procedures for claiming and payment of prizes.**

(1) Prizes shall be redeemed or claimed only in the state where the official Mega Millions ticket was purchased and only through Mega Millions agents or retailers or other authorized claim centers, effective upon determination of prize payouts.

(2) A Mega Millions prize claimed in Washington state must be claimed no later than (~~one hundred eighty~~) 180 days after the Mega Millions drawing for which the ticket was purchased. Pursuant to WAC 315-02-230 a "claim" means the actual physical receipt of a ticket, and claim form, if necessary under these rules, by a location authorized to pay the prize sought. Placement of the ticket, and claim form, if necessary, in the United States mail or another mail service does not constitute receipt.

(3) Claimants of a winning official Mega Millions ticket must comply with the prize claim requirements of the party lottery which issued the winning ticket.

(4) In the event that a single official Mega Millions ticket contains two or more winning game panels, the cumulative prize amount shall be claimed or redeemed in accordance with the specified prize payment limits for the party lottery (~~which~~) that issued the winning ticket.

(5) Federal withholding taxes, and any other applicable taxes, shall be withheld from Mega Millions prizes in such amounts as may be required by law.

(6) Mega Millions prizes shall not be paid to any persons prohibited from playing Mega Millions in a particular party lottery state by Mega Millions rules or by the governing law or rules of that party lottery or any contract executed by that party lottery.

(7) Mega Millions prizes shall not be paid to any person who purchased or acquired the winning ticket through an unauthorized source including, but not limited to, internet sales or lottery courier services.

(8) The name and city or other location of the winner of a jackpot prize, or second prize, will be disclosed in a news conference or in a news release and the winner may be requested to participate in a news conference.

(~~(8)~~) (9) If the winner claims a Mega Millions jackpot or second prize as a legal entity pursuant to WAC 315-06-120, the entity shall provide the name of a natural person who is a principal of the legal entity. This natural person shall be available for appearance at any news conference regarding the prize and shall be featured in any lottery's news releases.

AMENDATORY SECTION (Amending WSR 02-15-122, filed 7/19/02, effective 8/19/02)

**WAC 315-38-200 Governing law.** (1) In purchasing a ticket issued for Mega Millions, the purchaser agrees to comply with and be bound by all applicable statutes, administrative rules and regulations, and procedures of the individual state in which the ticket is issued, and by directives, instructions, conditions, policies, and determinations of the director of that state's lottery. The purchaser agrees, as

((its)) the sole and exclusive remedy, that claims arising out of this ticket can be pursued only against the state of ticket purchase. Litigation, if any, shall only be maintained against the party lottery of the state of ticket purchase and within the state of ticket purchase.

(2) In the event of conflict between the multistate agreement and the statutes, rules, or regulations of any party lottery, the party lottery's statutes, rules, and regulations shall control.

(3) All decisions made by (~~the directors of the party lotter-~~  
~~ies~~) a director of a party lottery, including the declaration of prizes and the payment thereof and the interpretation of Mega Millions rules, shall be final and binding on all purchasers and on every person making a claim in respect thereof in the state where the official Mega Millions ticket was issued.