

Dear Senators GUTHRIE, Bernt, Wintrow, and
Representatives CRANE, Young, Gannon:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of
the Idaho State Lottery Commission:

IDAPA 52.01.03 - Rules Governing Operations of the Idaho State Lottery - Proposed Rule (Docket
No. 52-0103-2301).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 01/05/2024. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 02/02/2024.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4854, or send a written request to the address on the
memorandum attached below.



Terri Kondeff
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate State Affairs Committee and the House State Affairs Committee
FROM: Deputy Division Manager - Katharine Gerrity
DATE: December 19, 2023
SUBJECT: Idaho State Lottery Commission

IDAPA 52.01.03 - Rules Governing Operations of the Idaho State Lottery - Proposed Rule (Docket No. 52-0103-2301)

Summary and Stated Reasons for the Rule

The Idaho State Lottery Commission submits notice of proposed rule at IDAPA 52.01.03 - Rules Governing Operations of the Idaho State Lottery. According to the commission, the purpose of the rule is to revise provisions as to the manner in which retailers pay out on winning ticket prizes. Currently, the commission notes that retailers pay winning tickets up to \$599. However, retailers are reluctant to keep that much cash on hand due to theft and safety concerns. The commission states that retailers have requested the ability to pay prizes up to \$599 with no-fee prepaid prize payment cards, electronic fund transfer and other modern methods of payment. The rules currently only provide for payment by cash, money order, or check.

Negotiated Rulemaking / Fiscal Impact

The commission notes that negotiated rulemaking was conducted and that there is no fiscal impact as a result of the rulemaking.

Statutory Authority

The rulemaking appears to be authorized pursuant to Section 67-7408, Idaho Code.

cc: Idaho State Lottery Commission
Jeffrey Anderson

***** PLEASE NOTE *****

Per the Idaho Constitution, all administrative rules may be reviewed by the Legislature during the next legislative session. The Legislature has 3 options with this rulemaking docket: **1)** Approve the docket in its entirety; **2)** Reject the docket in its entirety; or **3)** Reject the docket in part.

Paul Headlee, Deputy Director Matt Drake, Manager Keith Bybee, Manager April Renfro, Manager Norma Clark, Manager
Legislative Services Office Research & Legislation Budget & Policy Analysis Legislative Audits Information Technology

Statehouse, P.O. Box 83720
Boise, Idaho 83720-0054

Tel: 208-334-2475
legislature.idaho.gov

IDAPA 52 – IDAHO STATE LOTTERY

52.01.03 – RULES GOVERNING OPERATIONS OF THE IDAHO STATE LOTTERY

DOCKET NO. 52-0103-2301

NOTICE OF RULEMAKING – PROPOSED RULE

AUTHORITY: In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Section 67-7408(1), Idaho Code.

PUBLIC HEARING SCHEDULE: A public hearing concerning this rulemaking will be held as follows:

Tuesday, December 12, 2023 at 2:00 p.m. (MT)
Idaho State Lottery Commission 1199 Shoreline Lane, Suite 100 Boise, ID 83702
To attend by Zoom: https://us02web.zoom.us/j/88267085743?pwd=ZlZ2cDRtdVQyZ0p5N3BENWFpTEhqdz09 Meeting ID: 882 6708 5743 Passcode: 688350

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

Statute requires Lottery retailers to pay winning ticket prizes up to \$599. However, staffing challenges and increasing threats of robbery create concerns over employee safety. Retailers are often unable to pay prizes under \$600 when presented winning tickets because safety concerns necessitate keeping no more than \$100 in the cash drawer. The retail industry has offered solutions. They have requested the ability to pay lottery prizes up to \$599 with no-fee prepaid prize payment cards, electronic fund transfer and other modern methods of payment. Lottery Administrative Rules allow only for prize payment by cash, money order, or check. Retailers will not pay by check and money orders are obsolete. The problem cannot be solved by non-regulatory measures.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased: None.

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking:

No fiscal impact.

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(1), Idaho Code, negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the October 4, 2023, Idaho Administrative Bulletin, [23-10 page 762](#).

INCORPORATION BY REFERENCE: Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule: N/A

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Jeffrey R. Anderson, 208.780.2500.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before December 27, 2023.

DATED this 30th day of October, 2023.

Jeffrey R. Anderson, Director
Idaho State Lottery Commission
1199 Shoreline Lane, Suite 100
Boise, ID 83702
Ph. 208.780.2500

THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 52-0103-2301
(Only Those Sections With Amendments Are Shown.)

000. LEGAL AUTHORITY.

~~These rules are adopted under the general legal authority of Title 67, Chapter 74, Idaho Code, and the specific legal authority of Sections 67-7401, 67-7404, 67-7406, 67-7408, and 67-7411, Idaho Code.~~ (3-25-22)()

001. TITLE AND SCOPE.

~~The title of these rules is IDAPA 52.01.03, "Rules Governing Operations of the Idaho State Lottery." The rules govern operations of the Idaho State Lottery. The rules also set forth which bingo games and raffles are legal in the state of Idaho and to bring all legal bingo games and raffles in the state of Idaho under the control of the Lottery.~~ (3-25-22)()

002. -- 009. (RESERVED)

010. DEFINITIONS.

As used throughout these rules these terms have the following definitions: (3-25-22)

~~**01. Commission.** The Idaho State Lottery Commission established and appointed according to Sections 67-7402, 67-7404(2) and 67-7405, Idaho Code. See Section 67-7702(4), Idaho Code.~~ (3-25-22)

021. Commissioner. A member of the Idaho State Lottery Commission. (3-25-22)

~~**032. Director.** The Director of the State Lottery appointed and confirmed according to Section 67-7407, Idaho Code.~~ (3-25-22)

~~**043. Lottery.** The Idaho State Lottery created by Section 67-7402, Idaho Code, and, as context requires, the Lottery Commission and the Lottery's officers and employees.~~ (3-25-22)

~~**05. Person.** See definition in Section 67-7702, Idaho Code.~~ (3-25-22)

011. -- 099. (RESERVED)

SUBCHAPTER B – OPERATIONS OF THE IDAHO STATE LOTTERY

100. DEFINITIONS.

These rules apply to Subchapter B only: (3-25-22)

~~**01. Administrative Costs.** See definition in Section 67-7404, Idaho Code.~~ (3-25-22)

- 021. Benefit.** Any thing, property or money, favorable consideration or advantage, profit, privileges, gain or interest to which a person is not otherwise entitled. (3-25-22)
- 032. Certificate.** The signed document issued by the Director authorizing a retailer to sell Lottery products. (3-25-22)
- 043. Control Person.** A person in a position of authority that is primarily defined according to organizational type. The following are control persons: (3-25-22)
- a.** In a privately-owned corporation, the officers, directors, and stockholders of the parent company who own five percent (5%) or more of the company's stock and, if applicable, any of its subsidiaries. (3-25-22)
 - b.** In a publicly-owned corporation, the officers and directors of the parent company and each of its subsidiaries. Additionally, stockholders who own five percent (5%) or more of the corporation's stock are control persons. (3-25-22)
 - c.** In a trust, the trustee and all persons entitled to receive income or benefit from the trust. (3-25-22)
 - d.** In an association, the members, officers, and directors. (3-25-22)
 - e.** In a partnership or joint venture, the general partners, limited partners, or joint venturers. (3-25-22)
 - f.** A member of the immediate family of any of who is a control person under Paragraphs 010.06.a. through 06.e. of this definition. (3-25-22)
 - g.** A subcontractor of a vendor if the subcontractor performs more than half of the vendor's contract with the Lottery. (3-25-22)
- 054. Executive Staff.** The director of Lottery Security Division and the deputy directors appointed by the Director. (3-25-22)
- 065. Expenses.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 076. Fiscal Year.** The Lottery's fiscal year of twelve (12) months beginning on July 1 and ending on June 30. (3-25-22)
- 087. Gift.** A transfer, exchange or delivery of anything, property or money, of any value whatsoever, with or without an expectation by the giver to receive anything, tangible or intangible, in return. (3-25-22)
- 098. Immediate Family.** A natural person's spouse, children, brother, sister, or parent by blood, marriage, or adoption who resides as a member of the same household in the principal place of residence of any contractor, vendor, retailer, member, or employee of the State Lottery. (3-25-22)
- 109. Instant Game.** A game in which a ticket is purchased and upon removal of a latex or similar secure covering on the front of the ticket, the ticket bearer determines his or her winnings, if any. (3-25-22)
- 110. Invitation to Bid.** The solicitation of competitive offers in which specifications, price, and delivery (or project completion) will be the predominant award criteria. (3-25-22)
- 121. Lottery Contract or Contract.** Any contract entered into either by the Lottery or for the Lottery by another public agency, for the purchase, lease, or sale of goods or services. (3-25-22)
- 132. Lottery Contractor or Contractor.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 143. Lottery Employee or Employee.** Any person who works full- or part-time for the Lottery. (3-25-22)

- 154. Lottery Game or Game.** Any procedure authorized by the Commission whereby prizes are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares which provide the opportunity to win such prizes. Lottery game themes must be approved by the Commission, be consonant with the dignity of the state. (3-25-22)
- 165. Lottery Game Retailer or Retailer.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 176. Lottery Revenue.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 187. Lottery Vendor or Vendor.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 198. Low, Medium and High Tier Claims.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 2019. Major Procurement.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 240. Net Income.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 221. On-Line System.** The Lottery’s on-line computer wagering system consisting of ticket issuing terminals, central processing equipment, and a communications network. (3-25-22)
- 232. Play Symbols.** The numbers or symbols appearing in the designated area under the removable covering on the front of the ticket. (3-25-22)
- 243. Prize.** Any award, financial or otherwise, awarded by the Director for successfully playing a Lottery game. (3-25-22)
- 254. Redemption Value.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 265. Request for Proposal.** The solicitation of competitive proposals, or offers, to be used in part as a basis for making an acquisition, or entering into a contract, when specification and price will not necessarily be the predominant award criteria. (3-25-22)
- 276. Retailer Validation Code.** The symbols found under the removable rub-off covering over the play symbols on the front of each ticket. (3-25-22)
- 287. Sensitive Procurement.** Those procurement actions or contracts, other than “major procurements,” that may either directly or indirectly affect the integrity, security, honesty, and fairness of the operation and administration of the Lottery. A typical example of this class of procurement is the acquisition of security systems that protect the security and integrity of the Lottery. (3-25-22)
- 298. Share.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 3029. State Lottery Act of 1988 or Act.** The Act approved by the legislature creating the Lottery, which became effective November 23, 1988, as amended, which is codified at Title 67, Chapter 74, Idaho Code. (3-25-22)
- 340. Subcontractor.** Any third party not in the employment of a contractor, who is performing all or part of the work in the contractor’s agreement with the Lottery under a separate contract with the contractor. The term “subcontractor” means subcontractor of any tier. (3-25-22)
- 321. Temporary Retailer.** A retailer under contract with the Lottery for a temporary or seasonal period. A temporary contract may be subject to special conditions or limitations that the Director deems prudent. These limitations or conditions may include, but are not limited to: (3-25-22)
- a.** Length of ticket sale period; (3-25-22)
 - b.** Hours or days of sale; (3-25-22)

- c. Location of sale; (3-25-22)
 - d. Specific persons who may sell Lottery tickets; (3-25-22)
 - e. Specific sporting, charitable, social, or other special events where Lottery tickets may be sold. (3-25-22)
- 332. Provisional Retailer.** A retailer granted a provisional certificate in accordance with these rules. A provisional certificate may contain some or all of the restrictions of a temporary retailer and additional restrictions deemed necessary by the Director. (3-25-22)
- 343. Ticket.** See definition in Section 67-7404, Idaho Code. (3-25-22)
- 354. Ticket Bearer.** The person who has signed the ticket or has possession of the unsigned ticket. (3-25-22)
- 365. Ticket Validation Number or Validation Number.** The multidigit number found on the front of the ticket. It is either uncovered or found underneath the “Do Not Remove” area on the ticket or any stub. (3-25-22)
- 376. Total Annual Revenue or Annual Revenue.** The sum of all of the Lottery’s proceeds and accrued income that is characterized as a reduction or recovery of expenses. (3-25-22)
- 387. Unclaimed Prize.** Any award, financial or otherwise, of more than twenty-five dollars (\$25) for which there is physical, tangible evidence of eligibility but for which the prize has not been paid within one (1) year. (3-25-22)
- 398. Value.** See definition in Section 67-7404, Idaho Code. (3-25-22)

(BREAK IN CONTINUITY OF SECTIONS)

202. GENERAL INSTANT TICKET GAME OPERATING RULES.

- 01. Instant Games -- Authorized -- Director’s Authority.** The Commission hereby authorizes instant games that meet the criteria set forth in these rules. The Director is hereby authorized to select, operate, and contract relating to and for the operation of instant games that meet the criteria set forth in these rules. (3-25-22)
- 02. Definitions.** As used in Section 202 of these rules, these terms have the following definitions: (3-25-22)
- a. Instant Ticket Validation Bar Code. The bar code that enables retailers to validate instant tickets. (3-25-22)
 - b. ITA System. The Instant Ticket Automation system that validates winning instant tickets. (3-25-22)
 - c. Pack. A package of instant game tickets with a designated number of tickets that may be (but do not have to be) fanfolded and attached to each other by perforations, which perforations the retailer tears when selling a ticket, and that are packaged in plastic shrink-wrapping, foil or some similar outer wrapping material. (3-25-22)
 - d. Pack-Ticket Number. The number printed on the ticket. A game identification number must be included in the book-ticket number. (3-25-22)
 - e. Play Symbol Caption. The small printed material appearing below each play symbol which repeats or explains the play symbol. One (1) and only one (1) play symbol captions appears under each play symbol. (3-25-22)

f. Play Symbols. Figures printed in approved ink that appear under each of the rub-off spots on the front of the ticket. (3-25-22)

g. Retailer Validation Code. The small letters found under the removable rub-off covering over the play symbols on the front of the ticket, which the ticket retailer uses to verify winners of twenty-five dollars (\$25) or less. The letters appear in varying locations beneath the removable rub-off covering and among the play symbols. (3-25-22)

h. Ticket. An Idaho instant game ticket. (3-25-22)

i. Ticket Validation Number. The unique number on the front of the ticket. (3-25-22)

03. Sale of Tickets. (3-25-22)

a. No person other than a retailer under a contract for the sale of tickets with the Lottery may sell Lottery tickets, except that nothing in this section prevents a person who may lawfully purchase tickets from making a gift of Lottery tickets to another. (3-25-22)

b. Unless authorized by the Lottery, tickets may not be sold at a location other than the address listed on the retailer's contract with the Lottery. (3-25-22)

c. Nothing in this section prohibits the Commission from designating certain of its agents and employees to sell Lottery tickets directly to the public. (3-25-22)

04. Instant Games Ticket Price. The price of an instant game ticket will be set by the Director. No person may sell a ticket at a price other than that established in accordance with these rules. (3-25-22)

05. Prize Structures. The Director will provide to all Lottery game retailers a detailed tabulation of the estimated number of prizes of each particular prize denomination that are expected to be awarded in each Lottery game and a close approximation of the odds of winning the prizes. (3-25-22)

06. Number and Value of Instant Ticket Prizes. Lottery game prize structures, odds of winning, number of tickets, number and value of prizes, play symbol and captions used for validation will not be adopted by administrative rules. Rather, the Director will submit proposed games to the Commission, who must approve each game's general format before the initiation of each game. All instant games must be conducted in accordance with the rules of the Commission. (3-25-22)

07. Official Start of Game. (3-25-22)

a. Games with a prize structure adopted by the Commission pursuant to Subsection 202.07 of this rule may be started at a time selected by the Director. The Director will publicly announce the starting date of a new game by use of a press release or any other appropriate means. The Director may also issue game information that includes a description of the game, odds of winning a prize, the number and value of prizes, and the play symbols and captions used for prize validation. (3-25-22)

b. Games using a prize structure other than a prize structure previously approved by the Commission must be approved by the Commission before game tickets can be sold to the public. (3-25-22)

08. Determination of Winners. (3-25-22)

a. Winners of an instant game are determined by the matching or specified alignment of the play symbols on the tickets. The play symbols are revealed by scratching or rubbing off the latex or similar secure material that covers spots on the ticket. The ticket bearer must notify the retailer or the Lottery of the win and submit the winning ticket to the retailer or the Lottery as provided in these rules. The winning ticket must be validated by the Lottery through use of the validation number or by any other means specified by the Director. (3-25-22)

- b.** Unless otherwise provided by game rules, only the highest instant prize amount will be paid on a given ticket. (3-25-22)
- c.** No portion of the play symbol captions, retailer validation codes, display printing nor any extraneous matter whatever will be usable or playable as a part of the instant game. (3-25-22)
- d.** The ticket validation number or any portion thereof is not a play spot and is not usable or playable as such. (3-25-22)
- e.** In all Lottery games, the determination of prize winners is subject to the general ticket validation requirements set forth in Subsection 200.14, et seq., and Subsection 202.11 of this rule, and the requirements set out on the back of each instant game ticket. (3-25-22)
- f.** The length of operation of an instant game will be determined by the Director. The start date and closing date of the instant game will be publicly announced. (3-25-22)
- 09. Payment of Prizes.** The procedures for claiming instant ticket prizes are as follows: (3-25-22)
- a.** Instant ticket prizes of less than six hundred dollars (\$600) may be claimed by one (1) of the following methods: (3-25-22)
- i.** The claimant may present the winning ticket to any Lottery retailer. The retailer must verify the claim and, if acceptable, make payment of the amount due the claimant. A retailer may pay prizes in cash or by business check, ~~or~~ money order, electronic fund transfer, no fee prize payment card, or any combination thereof. A retailer that pays a prize with a check that is dishonored may be subject to suspension or termination of the retailer's contract. (3-25-22)()
- ii.** If the retailer cannot verify the claim, the claimant must fill out a claim form and the retailer must present the completed form and the disputed ticket to the Director. If the claim is validated, ~~a check will be forwarded to the claimant in~~ payment ~~of~~ will be made to the claimant in cash, or by check, money order, or by electronic fund transfer in the amount due. If the claim is not validated, the claim will be denied and the claimant will be promptly notified. (3-25-22)()
- iii.** The claimant may bring present the ticket to the Lottery office or complete a claim form and mail it with the ticket to the Idaho State Lottery (registered mail recommended). Claim forms may be obtained from any Lottery game retailer or from the Lottery. (3-25-22)()
- b.** To claim an instant prize of six hundred dollars (\$600) or more, the claimant must either bring present the winning ticket to the Lottery office or complete a claim form and mail the completed form together with the winning ticket to the Idaho State Lottery (registered mail recommended). (3-25-22)()
- c.** Prizes of six hundred dollars (\$600) or more can be paid only from the Boise Lottery office. Upon validation by the Director, ~~a check will be forwarded to the claimant in~~ payment ~~of~~ will be made by check, money order, or by electronic fund transfer in the amount due, less any applicable federal income tax withholding. (3-25-22)()
- d.** Any ticket not passing all the validation checks is void and ineligible for any prize and will not be paid. However, the Director may, solely at the Director's option, replace an invalid ticket with an unplayed ticket (or ticket of equivalent sales price from any other current game). If a defective ticket is purchased, the only responsibility or liability of the Lottery is the replacement of the defective ticket with another unplayed ticket (or ticket of equivalent sale price from any other current game). (3-25-22)
- e.** All prizes will be paid within a reasonable time after they are awarded and after the claims are verified by the Director. For each prize requiring annual payments, all payments after the first payment will be made on the anniversary date of the first payment in accordance with the type of prize awarded. The Director may, at any time, delay any payment in order to review a change of circumstances concerning the prize awarded, the payee, the claim, or any other matter that may have come to his attention. All delayed payments will be brought up to date

immediately upon the Director's confirmation and continue to be paid on each original anniversary date thereafter. (3-25-22)

10. Ticket Validation Requirements. In addition to meeting all of the other requirements in these rules or as may be printed on the back of each instant game ticket, the following validation requirements apply with regard to instant game tickets: (3-25-22)

- a. To be a valid instant game ticket, the ticket must: (3-25-22)
 - i. Have been issued by the Director in an authorized manner. (3-25-22)
 - ii. Not be altered, unreadable, or tampered with in any manner. (3-25-22)
 - iii. Not be counterfeit in whole or in part. (3-25-22)
 - iv. Not be stolen nor appear on any list of omitted tickets on file with the Lottery. (3-25-22)
 - v. Be complete and not blank (or partially blank), miscut, misregistered, defective, or printed or produced in error. (3-25-22)
 - vi. Under the opaque covered play area, have play symbols and the correct corresponding captions, exactly one (1) pack-ticket number, exactly one (1) agent verification code, and exactly one (1) validation number as required by each approved set of game rules, all of which must be present in their entirety, legible, right-side up, and not reversed in any manner. (3-25-22)
 - vii. The validation number of an apparent winning ticket must appear on the Lottery's official list of validation numbers of winning tickets; and a ticket with that validation number cannot have been previously paid. (3-25-22)
 - viii. Pass all additional confidential validation requirements established by the Director. (3-25-22)
 - ix. Be signed if the prize is for six hundred dollars (\$600) or more. (3-25-22)

b. Any ticket not passing all the validation checks in Paragraph 202.11.a. of this rule is void and ineligible for any prize and shall not be paid. However, the Director may, solely at the Director's option, replace an invalid ticket with an unplayed ticket (or tickets of equivalent sales price) from any other current Lottery game. If a defective ticket is purchased, the only responsibility or liability of the Lottery will be the replacement of the defective ticket with another unplayed ticket (or ticket of equivalent sales price from any other current Lottery game). (3-25-22)

c. The Director may authorize reconstruction of an alleged winning ticket that was not received or cannot be located by the Lottery, provided, the person requesting reconstruction must submit to the Lottery sufficient evidence to enable reconstruction and submit a claim for the prize, if any, for that ticket. If the reconstructed ticket is a winning ticket and meets the validation requirements of Paragraph 202.11.a. of this rule and any specific validation requirements contained in the rules for its specific game, the Director may authorize payment of the prize. Provided, the ticket will not be validated nor the prize paid before the one hundred eighty-first (181) day following the official end of that instant game. A ticket(s) validated pursuant to this Subsection will not entitle the claimant to be entered into the grand prize drawing, if any, for that or any subsequent instant game. (3-25-22)

11. Prize Rights Unassignable. No person's right to a prize already drawn is assignable, except that payment of any prize already drawn may be paid to the estate of a deceased prize winner, and a person other than the prize winner may be paid the prize to which the winner is entitled as provided by court order. The Director will be discharged of all liability upon payment of a prize pursuant to this rule. (3-25-22)

12. Payment of Prizes to Persons Under Eighteen Years of Age. If a person entitled to a prize for a winning ticket is under the age of eighteen (18) years, the Director may direct payment of the prize to an adult member of the minor's family or to the minor's guardian by a check or draft payable to the adult member of the

minor's family or the minor's guardian. The adult member of the minor's family or the minor's guardian will have the same duties and powers as a person designated as a custodian in accordance with Idaho law. For purposes of this Subsection, the terms "adult member of a minor's family" and "guardian of a minor" have the same meaning as in the Idaho Gifts to Minors Law. The Director will be discharged of all liability upon payment of a prize to a minor pursuant to this rule. (3-25-22)

13. Prizes Payable After Death or Disability of Owner. (3-25-22)

a. All prizes, and portions of prizes that remain unpaid at the time of the prize winner's death will be payable to the personal representative of the prize winner's estate once satisfactory evidence of the personal representative's appointment has been provided, and the Director is satisfied that payment to the personal representative is lawful and proper. The Director may rely on a certified copy of a court order appointing a personal representative (or similar person responsible for the prize winner's estate, whether denominated an administrator, executor, executrix, or other representative of the prize winner's estate) or may petition the court to determine the proper payee. Payment to the personal representative of the estate of the deceased owner of any prize winnings will absolve the Director and the Lottery's employees of any further liability for payment of prize winnings. (3-25-22)

b. The Lottery may petition any court of competent jurisdiction for a determination of the rightful payee for the payment of any prize winnings that are or may become due to a person under a disability including, but not limited to, mental deficiency, or physical or mental incapacity. (3-25-22)

14. Governing Law. In purchasing a ticket, the customer agrees to comply with, and abide by, Idaho law, and all rules and final decisions of the Lottery, and all procedures and instructions established by the Lottery or the Director for the conduct of the game. (3-25-22)

15. Discharge of All Liability Upon Payment. The state of Idaho, its agents, officers, employees, and representatives, the Lottery, its Director, agents, officers, employees and representatives, will be discharged of all liability upon payment of a prize or any one (1) installment thereof to the holder of any winning Lottery ticket or in accordance with the information set forth on the claim form supplied by the Director. If there is a conflict between the information on a winning Lottery ticket and the information on the claim form, the Lottery may rely on the claim form after the ticket for which it has been filed has been validated as a winning ticket and, in so doing, it will be relieved of all responsibility and liability in the payment of a prize in accordance with the information set forth therein. The Lottery's decisions and judgments in respect to the determination of a winning ticket or of any other dispute arising from payment or awarding of prizes are final and binding upon all participants in the Lottery unless otherwise provided by law or these rules. If a question arises concerning the winning ticket, a claim form, the payment, or the awarding of any prize, the Lottery may deposit the prize winnings into an escrow fund until it determines the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy. (3-25-22)

16. Unclaimed Prize Money. Any prize not claimed within the specified period will be forfeited and placed into the State Lottery Account. (3-25-22)

17. Disclosure. The Lottery may use the names, addresses, and photographs of winners in any Lottery promotional or publicity campaign. The address used will not contain the winner's street or house number without the winner's consent. The Lottery may condition payment of the prize upon agreement to these terms and conditions. (3-25-22)

18. Confidentiality of Tickets. All retailers and their employees and agents are prohibited from attempting to ascertain the numbers or symbols appearing in the designated areas under the removable latex or similar secure coverings or otherwise attempting to identify winning tickets. (3-25-22)

19. Official End of Game. (3-25-22)

a. The official end of an instant game will be announced by the Lottery. Prizes may be claimed up to one hundred eighty (180) days after the official end of the game. If the final day of the claim period falls on a Saturday, Sunday or a state holiday, the claim period will be extended to the end of the next business day. A player may submit a winning ticket claim for prize payment up to one hundred eighty (180) days after the official end of the

game. Depending on the prize amount, the ticket should be submitted to the location specified in Subsection 202.10 of this rule, "Payment of Prizes." To participate in one (1) of the Lottery's special drawings, if any, a player must redeem a ticket that qualifies for entry into that special drawing within the time limits specified by the Director.

(3-25-22)

b. A retailer must return to the Lottery all unsold Lottery tickets for each game within ninety (90) days of the official end of that game in order to receive credit from the Lottery as provided in retailer's contract. The Lottery has no obligation to grant credit for tickets returned after the time limit specified in the contract. (3-25-22)

203. (RESERVED)

204. ON-LINE COMPUTER GAMES.

01. On-Line Games -- Authorized -- Director's Authority. The Commission hereby authorizes the Director to select and operate on-line games which meet the criteria set forth in these rules. (3-25-22)

02. Definitions. As used in Rule 204 these terms have the following definitions: (3-25-22)

a. "Drawing." The procedure determined by the Director by which the Lottery selects the winning combination in accordance with the rules of the game. Drawings are open to the public. (3-25-22)

b. "On-line Game." (3-25-22)

i. A Lottery game in which a player selects a combination of numbers or symbols, the type of game and amount of play, and the drawing date by use of a computer. In return for paying the appropriate price, the player receives a computer-generated ticket with the player's selection printed on it. Each ticket bearer whose valid ticket includes a winning combination will be entitled to a prize if claim is submitted within the specified time period. (3-25-22)

ii. On-line terminal (OLT) instant ticket game having characteristics as defined in Paragraphs 202.02.a., 202.02.b., 202.02.d. and 202.02.i. of these rules. (3-25-22)

c. "On-line Retailer." A person or business authorized by the Lottery to sell on-line tickets. (3-25-22)

d. "On-line Terminal (OLT)." The computer hardware by which an on-line retailer or player enters the combination selected by the player and by which on-line tickets are generated and claims are validated. (3-25-22)

e. "On-line Ticket." A computer-generated ticket issued by an on-line terminal to a player as a receipt for the combination a player has selected. That ticket is the only acceptable evidence of the combination of numbers or symbols selected. (3-25-22)

f. "Ticket Bearer." The person who has signed the on-line ticket or who has possession of an unsigned ticket. (3-25-22)

g. "Validation." The process of determining whether an on-line ticket presented for payment is a winning ticket. (3-25-22)

h. "Winning Combination." One (1) or more numbers or symbols randomly selected by the State Lottery or its designee in a public drawing. (3-25-22)

03. Distribution of Tickets. (3-25-22)

a. Tickets will be sold by retailers selected by the Director. (3-25-22)

b. The Director is authorized to arrange for the distribution of OLTs, player-activated terminals (PATs), ticket stock, and supplies to certificated retailers. (3-25-22)

- 04. Sale of Tickets.** (3-25-22)
- a.** No person other than a retailer under a contract for the sale of tickets with the Lottery may sell on-line Lottery tickets, except that nothing in this section will be construed to prevent a person who may lawfully purchase tickets from making a gift of Lottery tickets to another. (3-25-22)
- b.** Tickets may not be sold at a location other than the address listed on the retailer's contract with the Lottery. (3-25-22)
- c.** Nothing in this section prohibits the Director from designating certain of its agents and employees to sell Lottery tickets directly to the public. (3-25-22)
- 05. On-Line Games Criteria.** (3-25-22)
- a.** The base price of an on-line ticket will not be less than fifty cents (\$.50), except to the extent of discounts authorized by the Commission. (3-25-22)
- b.** The price for a ticket in any particular on-line game will be set out in the game rules adopted by the Commission for that game. No person may sell a ticket at a price other than that established in accordance with these rules. On the average, the total of all prizes available to be won in an on-line game will not be less than forty-five percent (45%) of the on-line game's projected revenue. (3-25-22)
- c.** The manner and frequency of drawings may vary with the type of on-line game as defined in Subparagraph 204.02.b.i. of these rules. (3-25-22)
- d.** The times, locations, and drawing procedures will be determined by the Director. (3-25-22)
- e.** OLT instant ticket game as defined in Subparagraph 204.02.b.ii. of these rules will operate with a finite number of tickets per game and a predetermined and guaranteed prize structure approved by the Director. (3-25-22)
- f.** A ticket bearer entitled to a prize must submit the winning ticket as specified by the Director. The winning ticket must be validated by the Lottery or an on-line retailer through use of the validation number and any other means specified by the Director. (3-25-22)
- 06. Payment of Prizes.** (3-25-22)
- a.** To claim an on-line game prize of less than six hundred dollars (\$600) the claimant may present the winning on-line ticket to any on-line retailer, or to the Lottery office: (3-25-22)
- i.** If the claim is presented to an on-line retailer, the on-line retailer must validate the claim and, if determined to be a winning ticket, pay the amount due the claimant as set forth in Rule 204.10.b. If the on-line retailer cannot validate the claim, the claimant may obtain and complete a claim form and submit it with the disputed ticket to the Lottery by mail or in person. Upon determination that the ticket is a winning ticket, the Lottery will present or mail a check to the claimant in make payment of the amount due in cash, by check, money order, or electronic fund transfer. If the ticket is determined to be a non winning ticket, the claim will be denied and the claimant will be promptly notified. Non-winning tickets will not be returned to the claimant. (3-25-22)()
- ii.** If the claim is presented to the Lottery office, the claimant will be required to complete a claim form and submit it with the winning ticket, either by mail or in person. Upon determination that the ticket is a winning ticket, the Lottery will present or mail a check to the claimant in make payment of the amount due in cash, by check, money order, or electronic fund transfer, less any withholding required by the Internal Revenue Code. If the ticket is determined to be a non-winning ticket, the claim will be denied and the claimant will be promptly notified. Non-winning tickets will not be returned to the claimant. (3-25-22)()
- b.** To claim an on-line prize of six hundred dollars (\$600) or more, the claimant must obtain and complete a claim form and submit it with the winning ticket to the Lottery office by mail or in person. Prizes of six

hundred dollars (\$600) or more can be paid only from the Lottery office. Upon determination that the ticket is a winning ticket, the Lottery will ~~present or mail a check to the claimant in~~ make payment of the amount due by check, money order, or electronic fund transfer, less any withholding required by the Internal Revenue Code and the state of Idaho. The amount due will be calculated according to the rules adopted for the particular on-line game. If the ticket is determined to be a non-winning ticket, the claim will be denied and the claimant will be promptly notified. Non-winning tickets will not be returned to the claimant. (3-25-22)()

c. All prizes must be claimed within one hundred eighty (180) days from the drawing in which the prize was won. If the final day of the one hundred eighty (180) day period falls on a Saturday, Sunday or a state holiday, the claim period will be extended to the end of the next business day. Any prize not claimed within the specified period will be forfeited and placed into the State Lottery account. (3-25-22)

07. Drawings and End of Sales Prior to Drawings. (3-25-22)

a. Drawings will be conducted in a location and at days and times designated by the Director. (3-25-22)

b. For each type of on-line game, the Director will establish a time before the drawing for the end of sales. (3-25-22)

c. The Director will designate the type of equipment to be used and will establish procedures to randomly select the winning combination for each type of on-line game. Drawing procedures will include provisions for the substitution of backup drawing equipment if the primary drawing equipment malfunctions or fails for any reason. (3-25-22)

d. The equipment used to determine the winning combination will not be electronically or otherwise connected to the central computer or to any tapes, discs, files, etc., generated or produced by the central computer. The drawing results, including sales, number of winners and numbers drawn, will be audited and reviewed after each drawing to assure proper operation and lack of tampering or fraud. (3-25-22)

e. All drawings may be broadcast live on television, provided the facilities for such broadcasts are available and operational and can be done at a reasonable cost. (3-25-22)

f. The Director will establish procedures governing the conduct of drawings for each type of on-line game. The procedures must include provisions for deviations that include but are not limited to: (3-25-22)

i. Malfunction of the drawing equipment before determination of the winning combination; (3-25-22)

ii. Fouled drawing; (3-25-22)

iii. Delayed drawing; and (3-25-22)

iv. Other equipment, facility or personnel difficulties. (3-25-22)

g. If a deviation occurs, the drawing will be completed under the supervision of the Lottery or its designee. The winning combination will be provided to the public. (3-25-22)

h. If, during any live-broadcast drawing for a game, a mechanical failure or operator error causes an interruption in the selection of all numbers or symbols, a “foul” will be called by Lottery security or the Lottery’s designee. Any number drawn before a “foul” is called will stand and be deemed official after passing inspection and certification by Lottery security or the Lottery’s designee. (3-25-22)

i. The Director will delay payment of all prizes if any evidence exists or there are grounds for suspicion that tampering or fraud has occurred. Payment will be made after an investigation is completed and the drawing approved by Lottery security or the Lottery’s designee. If the drawing is not approved, it will be void and another drawing will be conducted to determine the actual winner. (3-25-22)

- 08. Validation Requirements.** (3-25-22)
- a.** To be a valid winning on-line ticket, the ticket must: (3-25-22)
- i.** Have all printing on the ticket in its entirety, be legible, and correspond, using the computer validation file, to the combination and the date printed on the ticket. (3-25-22)
- ii.** Be intact, not be mutilated, altered, or tampered with in any manner. (3-25-22)
- iii.** Not be counterfeit or an exact duplicate of another winning ticket. (3-25-22)
- iv.** Have been issued by an authorized on-line retailer or dispensed by a player-activated terminal in an authorized manner. (3-25-22)
- v.** Not have been stolen or cancelled. (3-25-22)
- vi.** Not have been previously paid. (3-25-22)
- vii.** Pass all other confidential security checks of the Lottery. (3-25-22)
- viii.** Be signed if the prize is for six hundred dollars (\$600) or more. (3-25-22)
- b.** A ticket failing any of the validation requirements listed in Paragraph 204.08.a. of this rule is invalid and ineligible for a prize. The final decision on whether a prize is paid will be made by the Director. (3-25-22)
- c.** If there is a dispute between the Director and a claimant whether a ticket is a winning ticket, and if the Director determines that the ticket is not valid and a prize is not paid, the Director may replace the disputed ticket with a ticket of equivalent sales price for a future drawing of the same type of game. This will be the sole and exclusive remedy of the claimant. (3-25-22)
- d.** If a defective on-line ticket is purchased, the only responsibility or liability of the Lottery or of the on-line retailer is the replacement of the defective on-line ticket with another on-line ticket of equivalent value for a future drawing of the same type of game. (3-25-22)
- 09. Retailer Duties.** Retailers with an on-line terminal (OLT) must perform the following duties: (3-25-22)
- a.** Pay costs associated with providing a telephone line or internet or similar connection that must be located as specified by the Lottery. Payment of the telephone line or internet or similar connection is nonrefundable after installation, except if the Lottery denies, through no fault of retailer, the installation of the on-line terminal. (3-25-22)
- b.** Pay the Lottery for the local monthly telephone or internet or similar charges per OLT as specified by the Lottery. The Lottery will pay for the mileage charges (if any) between the retailer's location and the Lottery's central site. (3-25-22)
- c.** Hold funds generated from the sale of on-line tickets in trust for the Lottery. At a time specified by the Lottery, the retailer must pay these funds to the Lottery plus the monthly communications charge specified above in Paragraph 204.09.b. of this rule, less: (3-25-22)
- i.** Prizes paid; (3-25-22)
- ii.** Any credit; and (3-25-22)
- iii.** The retailer discount. (3-25-22)

d. Locate the OLT within the retailer's premises at a point-of-sale location approved by the Lottery. The retailer is prohibited from moving an OLT unless the retailer follows the procedures established by the Director, including reimbursing the State Lottery for any telephone or internet or similar charges associated with the change of OLT location if the retailer requested the change. (3-25-22)

e. Provide dedicated AC power to within approximately five (5) feet of the terminal. Dedicated AC power means that there is no other equipment on the line that is to be used for the on-line terminal. The retailer is responsible for all costs associated with providing dedicated AC power. The Lottery will provide a schematic of outlet requirements to the retailer's electrical contractor. (3-25-22)

f. Sell all Lottery games, including but not limited to instant game tickets offered by the Lottery. The retailer agrees to continue the sale of instant tickets from all cash registers or other points of purchase. (3-25-22)

g. Conduct the sale of on-line tickets during all hours and days that the retailer's business is open and the on-line system is functioning. The retailer must post the hours that redemption of winning tickets may take place if these hours are different from the retailer's normal business hours. The retailer must monitor ticket supply levels and give timely notice when any item is in short supply. (3-25-22)

h. Post winning numbers prominently where tickets are sold as soon as possible following the drawing. (3-25-22)

i. Provide secure storage for OLT supplies and a secure area for the OLT. (3-25-22)

j. Exercise due diligence in the operation of the OLT and immediately notify the Lottery and the central computer facility of any telephone line, internet, radio, or OLT malfunction, such as the issuance of invalid on-line Lottery ticket, inability to sell or redeem an on-line ticket, and non-issuance of an on-line ticket. The retailer is prohibited from performing mechanical or electrical maintenance on the OLT. (3-25-22)

k. Replace ribbons and on-line or instant ticket stock and clear paper jams as required for the OLT per the instructions provided by the Lottery. (3-25-22)

l. Pay, without reimbursement, all electricity charges in connection with the operation of OLT. (3-25-22)

10. Payment of Prizes by On-Line Retailers. (3-25-22)

a. An on-line retailer must pay to the ticket bearer on-line games prizes of less than six hundred dollars (\$600) for any validated claims presented to that on-line retailer. These prizes must be paid during all normal business hours of the on-line retailer, unless redemption hours differ from normal business hours that have been posted pursuant to Paragraph 204.09.g. of this rule, provided, that the on-line system is operational and claims can be validated. (3-25-22)

b. An on-line retailer may pay prizes in cash or by business check, certified check, money order, or any combination thereof. An on-line retailer that pays a prize with a check that is dishonored may be subject to suspension or termination of its contract. (3-25-22)

11. Retailer Settlement. (3-25-22)

a. On-line retailers must establish an account for deposit of monies derived from on-line games with a financial institution that has the capability of electronic funds transfer (EFT). (3-25-22)

b. The amount deposited must be sufficient to cover monies due the Lottery. The Lottery will withdraw by EFT the amount due the Lottery on the day specified by the Director. If the day specified for withdrawal falls on a state holiday, withdrawal may be delayed until the next business day. (3-25-22)

12. Prize Rights Unassignable. No right of any person to a prize drawn is assignable, except that

payment of any prize drawn may be paid to the estate of a deceased prize winner, and that any person may be paid the prize to which the winner is entitled pursuant to an appropriate judicial order. The Director will be discharged of all liability upon payment of a prize pursuant to this rule. (3-25-22)

13. Payment of Prizes to Persons Under Eighteen Years of Age. If a person entitled to a prize for a winning ticket is under the age of eighteen (18) years, the Director may direct payment of the prize to an adult member of the minor's family or to the minor's guardian by a check or draft payable to the adult member of the minor's family or to the minor's guardian. The adult member of the minor's family or the minor's guardian will have the same duties and powers as a person designated as a custodian in accordance with Idaho Law. For purposes of this Subsection the terms "adult member of a minor's family" and "guardian of a minor" have the same meaning as in the Idaho Gifts to Minors Law. The Director will be discharged of all liability upon payment of a prize to a minor pursuant to this rule. (3-25-22)

14. Prizes Payable After Death or Disability of Owner. (3-25-22)

a. All prizes, and portions of prizes, that remain unpaid at the time of the prize winner's death will be payable to the personal representative of the prize winner's estate once satisfactory evidence of the personal representative's appointment has been provided, and the Director is satisfied that payment to the personal representative is lawful and proper. The Director may rely on a certified copy of a court order appointing of a personal representative (or similar person responsible for the prize winner's estate, whether denominated an administrator, executor, executrix, or other representative of the prize winner's estate) or may petition the court to determine the proper payee. Payment to the personal representative of the estate of the deceased owner of any prize winnings will absolve the Director and the Lottery's employees of any further liability for payment of prize winnings. (3-25-22)

b. The Lottery may petition any court of competent jurisdiction for a determination of the rightful payee of any prize winnings that are or may be due to a person under a disability including, but not limited to, minority, mental deficiency, physical or mental incapacity. (3-25-22)

15. Discharge of State Lottery Upon Payment. The state of Idaho, its agents, officers, employees and representatives, the Lottery, its Director, agents, officers, employees and representatives are discharged of all liability upon payment of a prize or any one (1) installment thereof to the holder of any winning Lottery ticket or in accordance with the information set forth on the claim form supplied by the Director. If there is a conflict between the information on a winning Lottery ticket and the information on the claim form, the Lottery may rely on the claim form after the ticket for which it has been filed has been validated as a winning ticket and, in so doing, it will be relieved of all responsibility and liability in the payment of a prize in accordance with the information set forth therein. The Lottery's decisions and judgments in respect to the determination of a winning ticket or of any other dispute arising from payment or awarding of prizes will be final and binding upon all participants in the Lottery unless otherwise provided by law or these rules. If a question arises concerning the winning ticket, a claim form, the payment, or the awarding of any prize, the Lottery may deposit the prize winnings into an escrow fund until it determines the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy. (3-25-22)

16. Disclosure. The Lottery may use the names, addresses, and photographs of winners in any Lottery promotional or publicity campaign. The address used will not contain the winner's street or house number without the winner's consent. The Lottery may condition payment of the prize upon agreement to these terms and conditions. (3-25-22)