

PROPOSED RULEMAKING

DEPARTMENT OF REVENUE

[61 PA. CODE CH. 876]

iLottery Games

The Department of Revenue (Department), is proposing permanent regulations to facilitate its responsibilities for iLottery implementation in this Commonwealth under the authority in 4 Pa.C.S. § 503 (relating to iLottery authorization) that granted the Secretary of the Department with the authority to offer iLottery games and under the general authority in section 303(a) of The State Lottery Law (72 P.S. § 3761-303(a)). Under section 503(b)(1) of Act 42 of 2017 (P.L. 419, No. 42) (act), the Department proposes amendments to the temporary regulations at 61 Pa. Code Chapter 876 (relating to iLottery games—temporary regulations) for permanent regulations as set forth in Annex A.

The act requires that the temporary regulations will expire no later than 2 years following the publication in the *Pennsylvania Bulletin*. The temporary regulations were published at 48 Pa.B. 1829 (March 31, 2018); therefore, the temporary regulations will expire no later than March 31, 2020.

Purpose of this Proposed Rulemaking

The purpose of this proposed rulemaking is to promulgate permanent rules associated with iLottery implementation in this Commonwealth. The Department, through the Secretary, is responsible for implementing iLottery, which will result in the generation of revenue dedicated to and deposited in the State Lottery Fund. Specifically, the Pennsylvania State Lottery, defined in the regulation as the “Bureau,” is responsible for the administration and operation of the lottery. The efficient and successful operation of the lottery requires that the Bureau implement the latest innovations and trends in the industry. The inability to adapt quickly may lead to a reduction in lottery revenues.

Explanation of Regulatory Requirements

The creation of Chapter 876 during the temporary regulations process addressed certain statutory requirements of the act, including iLottery terms and conditions and self-exclusion requirements. The temporary regulations also addressed iLottery games and the rules associated with those games. The permanent regulations provide for rules which were previously only referenced in the iLottery terms and conditions. Registered iLottery player requirements, self-exclusion requirements, along with categories of games and their associated rules will be addressed in permanent rules to be promulgated in this proposed rulemaking.

Changes to the temporary regulations include:

The title of the chapter is changed to iLottery to clarify that this section of the regulations provides for more than information related to iLottery games.

Section 876.2 (relating to definitions) is amended to add new definitions for terms used in this proposed rulemaking: “bonus money,” “bureau,” “cash-out games,” “drawing,” “fixed payouts,” “instant win game,” “lottery products,” “lotto game,” “numbers game,” “pari-mutuel,” “prize or lottery prize,” “prize pool or pools,” “prize tiers,” “progressive,” “purchase price,” “randomizer,” “random number generator,” “responsible gambling tools,” “secre-

tary,” “subscription services,” “top prize,” “traditional lottery products,” “winning play” and “winning numbers.” It is also amended to modify the following definitions for clarity: “iLottery,” and “lottery account.”

Section 876.2a (relating to lottery products available through iLottery) is an entirely new section and reiterates the power vested with the Secretary under section 303 to determine the type of lottery to be conducted.

Section 876.2b (relating to traditional lottery products) is an entirely new section, which establishes that traditional lottery products sold through iLottery may be electronically delivered to the registered iLottery player’s lottery account. Further, it clarifies that traditional lottery products sold through iLottery will be governed by the applicable traditional lottery regulations.

Section 876.2c (relating to categories of iLottery games) is an entirely new section, which sets forth the categories of iLottery games that the Secretary may authorize and that the Bureau may offer, the ways in which the winners or outcomes of a game or a play are determined, how often iLottery game outcomes are determined and iLottery game prize structures. iLottery games may combine any number of the characteristics set forth in subsections (a)—(d) of the regulations, which is provided for under subsection (e).

Section 876.2d (relating to iLottery game rules by category of game offered) replaces § 876.3 (relating to notice of iLottery game rules) and describes how the Bureau will notify players of new games offered by the Bureau, which may include any combination of the criteria described in § 876.2c regarding categories of iLottery games.

Section 876.3 is reserved.

Section 876.4 (relating to iLottery game description) is amended to remove the phrase “Pennsylvania Lottery’s iLottery” web site and replace it with a reference to the Bureau’s web site generally, in addition to the Bureau’s mobile application.

Section 876.4(2) is amended to provide for a range of purchase prices for an iLottery game play.

Section 876.4(6) is amended to remove the word “procedure” and replace it with the more accurate term “instructions.” Additionally, § 876.4(6) is revised to include the phrase “if applicable” at the beginning of the subparagraph and to remove it from elsewhere in the subsection.

Section 876.7 (relating to general provisions) is amended for clarity to include within subsections (a), (b) and (d), the phrase “and to purchase lottery products using a lottery account.”

Section 876.8 (relating to applicability) is amended for clarity to include both iLottery and the sale of lottery products.

Section 876.9 (relating to iLottery terms and conditions) is amended in subsection (a) to include the applicability of the terms and conditions to a lottery account. Further, this section is amended to state that the iLottery terms and conditions will be published in the *Pennsylvania Bulletin*. Two paragraphs are added to subsection (a), which explain where copies of the terms and conditions and amendments thereto can be located. Subsection (b) is amended to include the applicability of the terms and conditions to lottery accounts. Subsection (b)(1)(vi) is

revised to remove the phrase “forfeiture and escheatment of” and replace it with a reference to abandoned and unclaimed property, which is language taken directly from The Fiscal Code (72 P.S. §§ 1301.1—1805). Subsection (b)(1)(vi) is also revised to remove the phrase “that account has been dormant for” and replace with a more accurate description of the action or inaction that will result in the funds becoming abandoned or unclaimed property. Subsection (b)(1)(vii) involving account closure is revised to include subparagraphs (C)—(E) for consistency throughout this proposed rulemaking. Subsection (b)(1)(xi) is revised to change the section name referenced within the subsection. Subsection (b)(1)(xiii) is revised to broaden the possible responsible gambling tools that may be available to registered iLottery players and communicated through the iLottery terms and conditions. Subsection (b)(1)(xiv) is revised to indicate that a registered iLottery player’s self-exclusion may have an impact on the individual’s ability to access or use their lottery account. Subsection (b)(1)(xxi) is added to address the provision in the State Lottery Law which allows individuals to purchase lottery tickets for the benefit of another person. Subsection (b)(2)(iii) is revised to clarify that the prohibition against the use of software during participation in iLottery shall not prohibit the use of adaptive technologies for a registered iLottery player with a disability as defined by the Americans with Disabilities Act of 1990 (42 U.S.C. §§ 12101—12213). Subsection (b)(2)(vi) is revised for purposes of clarification. Throughout § 876.9, the term “fund” is replaced with the term “moneys” for clarification.

Section 876.10 (relating to iLottery registration and participation) is amended at subsection (c) for clarity to include the establishment of a lottery account in addition to the registration for iLottery. Additionally, the phrase “the individual’s” is added to most of the paragraphs for clarity whose information is required. The phrase “for a foreign person such as a passport or taxpayer identification number” was removed and replaced with the more encompassing phrase “comparable equivalent.” Subsection (d) is amended to include the phrase “as set forth in the iLottery terms and conditions” to indicate where a registered iLottery player may locate information regarding supporting documentation and how it can be submitted. Subsection (f) is amended to remove the phrase “lottery account user” which was replaced with the defined term “registered iLottery player.” Subsection (g) is amended for consistency and clarification to include that the prohibition extends to the establishment of a lottery account. Subsection (h) is amended to include the phrase “chance or share or purchase lottery products using a lottery account” for purposes of consistency and to include the word “that” for clarification. Subsection (i) is amended to include a second sentence for purposes of clarification. Subsection (k) is included to provide for communications related to lottery accounts and iLottery to occur electronically. Subsection (l) is added to clarify that lottery accounts must be created through the Bureau’s web site or the Bureau’s mobile application. Subsection (m) is included to inform registered iLottery players that they may close their accounts at any time. Subsection (n) is included to inform registered iLottery players who close their accounts that their information may be retained for fraud prevention measures. Subsection (o) is added to inform registered iLottery players about the process of closing their lottery account.

Section 876.10a (relating to lottery account requirements) is added to expand upon the lottery account requirements, which previously appeared in the terms

and conditions. Subsections (1) and (2) require registered iLottery players shall be subject to the end user license agreements for software and services used in the provision of iLottery. Subsection (3) requires the confirmation of the registered iLottery player’s age and identity. Subsection (4) requires the registered iLottery player to provide true and correct information to the Bureau. Subsection (5) and (6) subject the registered iLottery player to the continuous monitoring and recording of account information, including transactions and physical location. Subsection (7) provides for the suspension or closure of a lottery account under the circumstances listed therein. Subsection (8) requires a registered iLottery player to comply with all applicable laws, statutes, regulations and the iLottery terms and conditions. Subsection (9) requires a registered iLottery player.

Section 876.11 (relating to purchase and prize restrictions) is amended to include paragraph (d), which prohibits the cancellation of a play or lottery product by a registered iLottery player once a play or product has been purchased.

Section 876.11a (relating to methods to fund a lottery account) is added to include requirements that were previously only addressed in the iLottery terms and conditions. Subsection (a) is added to clarify that a registered iLottery player is required to deposit money in their account prior to purchasing a play or other lottery product through a lottery account. Subsection (b) is added to specify that the Secretary will determine which specific payment methods will be available and where that information can be located. Subsection (c) is added to list the wide array of payment methods available and clarifies that the available payment options are at the discretion of the Secretary. Subsection (d) is added to allow the Secretary to establish limits related to different types of deposit methods. Subsection (e) is added to allow for a minimum deposit amount.

Section 876.11b (relating to lottery account moneys and credits) is added to include requirements which were previously only set forth in the iLottery terms and conditions. Subsection (a) is added to clarify that moneys and credits deposited in a lottery account can be used to purchase plays and other lottery products. Subsection (b) is added to state that moneys deposited in lottery accounts will not earn interest. Subsection (c) is added to indicate that moneys remaining in a dormant account will be considered abandoned and unclaimed property.

Section 876.12 (relating to prizes) is amended to add subsections (b)—(f), which include requirements that were previously only set forth in the iLottery terms and conditions. Subsection (b) is included to state that the Bureau will report taxable prizes and events to relevant taxing authorities. Subsection (c) is added to state that the Commonwealth and its agents shall not be liable upon payment of a prize. Subsection (d) is added to state that prizes will be reduced by the required tax withholding and legally required deductions. Subsection (e) is added to state that some prizes may be withheld until the Bureau can confirm there are no outstanding liabilities that must be deducted from the prize. Subsection (f) is added to state that winning plays are based on the information maintained by the Bureau.

Section 876.12a (relating to prize claims) is added to include requirements, which were previously only set forth in the iLottery terms and conditions. Specifically, this section is added to address the claims process requirements, formerly addressed only in the iLottery terms and conditions. Subsection (a) explains that the

Bureau will generate applicable tax forms for reportable gambling and lottery winnings. Subsection (b) states that the Bureau may use the lottery account information provided by the registered iLottery player to complete the applicable tax forms. Subsection (c) states that the Bureau may require a registered iLottery player to complete a claim form and submit it at one of the Bureau's claim centers. Subsection (d) states that prizes requiring a claim form will not be credited to a player's lottery account until the claim form is properly completed and submitted to the Bureau. Subsection (e) provides for the expiration of certain lottery prizes if a required claim form is not properly completed or received.

Section 876.14 (relating to deductions required by law) is amended to include requirements that were previously only set forth in the iLottery terms and conditions. Specifically, this section is amended to include paragraphs (1) and (2), which list the specific statutes that require lottery prizes to be intercepted and reduced by outstanding obligations. Additionally, the term "prize" is made plural in this section.

Section 876.14a (relating to withdrawals from a lottery account) is added to include requirements, which were previously only set forth in the iLottery terms and conditions. Specifically, this section is added to address withdrawal requirements and limitations that were previously only addressed in the iLottery terms and conditions. Subsection (a) states that registered iLottery players may make withdrawals from their lottery accounts. Subsection (b) allows the Secretary to establish a minimum balance in the lottery account before a withdrawal will be processed. Subsection (c) states that the withdrawal request is not required to occur immediately. Subsection (d) allows the Bureau to request information from a registered iLottery player to verify the player's withdrawal request. Subsection (e) prohibits a registered iLottery player from withdrawing bonus money. Subsection (f) provides for a registered iLottery player's withdrawal to be credited to whatever payment types are authorized by the Secretary. Subsection (g) allows the Bureau to make adjustments to a registered iLottery player's account if money or bonus money is mistakenly credited. Subsection (h) allows the Bureau to deduct the purchase price of a lottery product from the registered iLottery player's lottery account.

Section 876.16 (relating to self-exclusion from iLottery) is amended to include additional requirements, which were previously only included in the iLottery terms and conditions. Specifically, subsections (b) and (c) are amended to allow for multiple ways in which an individual may request self-exclusion. Subsection (d) is revised to include the phrase "shares or chances" for clarification and consistency. Subsection (f) allows the Bureau to request certain identifying information from a registered iLottery player upon a request for self-exclusion. Subsection (g) requires a registered iLottery player, who is requesting self-exclusion, to acknowledge and agree to certain statements before the self-exclusion is processed. Subsection (h) prohibits a registered iLottery player from accessing their lottery account until the self-exclusion period expires. Subsection (i) allows a registered iLottery player to request the release of moneys in their lottery account. Subsection (j) provides for the immediate effectiveness of the self-exclusion request. Subsection (k) makes the self-exclusion request irrevocable. Subsection (l) requires a self-excluded, registered iLottery player to contact the Bureau before access to their lottery account is authorized. Subsection (m) provides for the availability of responsible gambling tools through a lot-

tery account. Subsection (n) provides that a self-excluded, registered iLottery player may be prohibited from participating in certain promotions, second chance drawings and other events available through a lottery account.

Section 876.18 (relating to agent promotion programs) is amended to change the word "retailer" to the term "agent" for purposes of consistency.

Section 876.19 (relating to subscription services) is proposed to be added to address the availability of subscription services.

Section 876.20 (relating to confidential information) is proposed to be added to expand upon the provisions in 4 Pa.C.S. § 503(e).

Affected Parties

This proposed rulemaking provides information to the individuals who may register to use a lottery account and purchase products through iLottery in this Commonwealth.

Fiscal Impact

The Department has determined that this proposed rulemaking will generate revenue for the Commonwealth. Further, the Department has determined that the permanent regulation will have no adverse fiscal impact on the Commonwealth and that the iLottery features, such as lottery accounts and iLottery games, described by the regulation will increase revenue for the State Lottery Fund, which in turn benefits Pennsylvanians age 65 and older, in addition to disabled Pennsylvanians.

Paperwork

This proposed rulemaking will require minimal paperwork for the public or the Commonwealth. Registration for and participation in iLottery, in addition to the iLottery self-exclusion process for registered iLottery players are completed online.

Effectiveness / Sunset Date

This proposed rulemaking will become effective upon final-form publication in the *Pennsylvania Bulletin*. This proposed rulemaking is scheduled for review within 5 years of final publication. No sunset date has been assigned.

Public Comments and Contact Person

Interested persons are invited to submit in writing any comments, suggestions or objections regarding this proposed rulemaking to Maria L. Miller, Office of Chief Counsel, Department of Revenue, Dept. 281061, Harrisburg, PA 17128-1061, within 30 days after the date of the publication of this notice in the *Pennsylvania Bulletin*.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on April 23, 2019, the Department submitted a copy of this proposed rulemaking to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Committee on Finance and the Senate Committee on Finance. In addition to submitting this proposed rulemaking, the Department has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Department in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." A copy of this material is available to the public upon request.

The Committees may, at any time prior to the submittal of the final-form rulemaking, convey to the agency and IRRC, their comments, recommendations and objections

to this proposed rulemaking. IRRC may, within 30 days of the close of the public comment period, submit to the Department and Committees any comments, recommendations and objections to this proposed rulemaking. The notification shall specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Department, the General Assembly and the Governor of comments, recommendations or objections raised.

C. DANIEL HASSELL,
Secretary

Fiscal Note: 15-460. No fiscal impact. The Department will absorb nominal legal and accounting costs associated with the implementation of iLottery games; (8) recommends adoption.

Annex A

TITLE 61. REVENUE

PART V. STATE LOTTERIES

CHAPTER 876. iLOTTERY [GAMES—TEMPORARY REGULATIONS]

(Editor's Note: The Department is proposing to make permanent the Temporary Regulations published at 48 Pa.B. 1829 (March 31, 2018) as required by Act 42 of 2017 (P.L. 419, No. 42) (4 Pa.C.S. § 503).)

§ 876.1. Scope.

This chapter establishes procedures for the notification of iLottery game rules, iLottery registration and participation requirements, lottery account requirements and iLottery self-exclusion requirements.

§ 876.2. Definitions.

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

Bonus money—Credit issued to registered iLottery players that does not have a cash value, but which can be converted to a predetermined cash value as further detailed in § 876.14a (relating to withdrawals from a lottery account).

Bureau—The Pennsylvania State Lottery created to administer and operate the lottery by order of the Executive Board.

Cash-out games—A type of iLottery game in which the registered iLottery player is given the option to end the game early for a predetermined amount of money.

Drawing—The process of selecting the numbers, letters or symbols that determine the winning numbers or the outcome of an iLottery game or an individual play. Drawings may be conducted by a mechanical device using balls, a random number generator, a randomizer or by using any other method authorized by the Secretary. Drawings may be on demand or at a predetermined date and time as established by the Secretary.

Fixed payouts—The numbers and amounts of prizes established for an iLottery game, regardless of how many plays are sold.

iLottery—A system that provides for the distribution of lottery products through numerous channels that include, but are not limited to, web applications, mobile applications, mobile web, tablets and social media platforms

that [allows] **allow** players to interface through a portal for the purpose of obtaining lottery products and ancillary services, such as account management, game purchase, game play and prize redemption.

iLottery game—

(i) Internet instant games and other lottery products offered through iLottery.

(ii) The term does not include games that represent physical, Internet-based or monitor-based interactive lottery games which simulate casino-style lottery games, specifically including poker, roulette, slot machines and blackjack.

Instant win game—A type of iLottery game in which the result of a play is the display of numbers, letters or symbols indicating whether a prize has been won. Unlike internet instant games, no reveal is required to determine whether a prize has been won.

Internet instant game—A lottery game of chance in which, by the use of a computer, tablet computer or other mobile device, a player purchases a play, with the result of play being a reveal on the device of numbers, letters or symbols indicating whether a lottery prize has been won according to an established methodology as provided by the Lottery.

Lottery account—An account established by an individual with the Bureau that shall be used to register for [and participate in] iLottery and to participate in iLottery. A lottery account may be used to purchase or use lottery products, to participate in lottery promotions and second chance drawings and for lottery communications.

Lottery products—Plays, shares or chances offered by the Bureau as well as lottery property that may be exchanged for plays, shares or chances. The term includes instant tickets, terminal-based tickets, raffle games, play-for-fun games, lottery vouchers, subscription services and gift cards authorized for sale under the State Lottery Law.

Lotto game—A type of iLottery game in which a registered iLottery player chooses “X” numbers from a field of “Y” numbers. The field of “Y” numbers is established by the Bureau. Winning plays are those in which the registered iLottery player matches a designated combination of numbers, letters, symbols, or a specified combination thereof, with the winning numbers, letters or symbols randomly drawn by the Bureau. Examples of lotto games include Powerball and MegaMillions® and similar games in which multiple “Y” numbers are chosen from a single set of numbers.

Numbers game—A type of iLottery game in which a registered iLottery player chooses “X” numbers from multiple fields of “Y” numbers. The player must choose whether to purchase a straight play or a box play. A straight play requires the registered iLottery player to match the numbers in the same order as the winning numbers are drawn by the Bureau. A box play requires the registered iLottery player to match all of the winning numbers drawn by the Bureau, but in any order. Examples of numbers games include Pick 4 and Pick 5 and similar games in which “Y” numbers are chosen from multiple sets of numbers.

Pari-mutuel—A prize structure in which the total available prize pool is split between all winners at a particular prize level or levels.

Play—An opportunity, for a predetermined price, to participate in an iLottery game. May also be referred to as a chance or a share.

Prize or lottery prize—The item or money that can be won in each iLottery game as determined by the prize structure for that iLottery game. A prize or lottery prize may also be referred to as lottery winnings.

Prize pool or pool—Amount of money designated for payments of prizes for an iLottery game.

Prize tiers—One or more different levels, amounts or types of prizes for an iLottery game.

Progressive—An iLottery game prize structure in which the top prize available begins with a minimum prize amount, as determined by the Bureau, which grows at a predetermined rate every time a play is purchased and then resets to the minimum prize amount whenever a top prize winning play is purchased.

Purchase price—The cost of a play, share or chance for an iLottery game.

Randomizer—A device or program that generates a random set of numbers.

Random number generator—A secured computerized system, which draws random numbers to determine the outcome of an individual play or an iLottery game.

Registered iLottery player—An individual who created a lottery account with the Bureau, registered for iLottery and is approved for participation in iLottery.

Responsible gambling tools—Settings available to a registered iLottery player through iLottery that promote responsible gambling.

Secretary—The Secretary of Revenue of the Commonwealth.

Subscription services—A payment, advance payment or promise of payment for multiple lottery products over a specified period of time, including payment through iLottery.

Top prize—The highest prize available to be won in an iLottery game.

Traditional lottery products—Lottery products offered by the Bureau under 61 Pa. Code Chapters 801—875.

Winning play—A play, chance or share that has been validated by the Bureau and qualifies for a prize.

Winning numbers—The numbers, letters or symbols selected in a particular iLottery game that have been validated by the Bureau and will be used to determine the winning plays for that particular iLottery game.

(Editor's Note: The following sections are proposed to be added and are printed in regular type to enhance readability.)

§ 876.2a. Lottery products available through iLottery.

The Secretary shall authorize and determine the availability of lottery products through iLottery and for purchase using a lottery account.

§ 876.2b. Traditional lottery products.

(a) The Secretary may authorize the sale of traditional lottery products through iLottery and for purchase using a lottery account.

(b) Traditional lottery products delivered through a lottery account may be delivered to a registered iLottery player electronically and in a form and manner determined by the Bureau.

(c) Traditional lottery products offered through iLottery are governed by applicable regulations and corresponding notices published in the *Pennsylvania Bulletin*, unless otherwise noted by the Bureau in the notice for the applicable traditional lottery product.

§ 876.2c. Categories of iLottery games.

(a) In addition to traditional lottery products, the Secretary may authorize and the Bureau may offer categories of iLottery games which include the following types of iLottery games:

- (1) Numbers games.
- (2) Instant win games.
- (3) Lotto games.
- (4) Internet instant games.
- (5) Cash-out games.

(b) The outcomes of iLottery games or plays, chances or shares of iLottery games may be determined on demand or at a predetermined date and time established by the Secretary.

(c) The outcomes of iLottery games or plays of iLottery games may be determined by one or more of the following methods:

- (1) Randomizer.
- (2) Random number generator.
- (3) Drawing.
- (d) Prize structures for iLottery games may include one or more of the following:

- (1) Pari-mutuel.
- (2) Prize tiers.
- (3) Progressive.
- (4) Fixed-payout.
- (5) Prize pool or pools.

(e) Categories of iLottery games may contain any combination of the characteristics described in subsections (a)—(d).

§ 876.2d. iLottery game rules by category of game offered.

For each category of iLottery game authorized under §§ 876.2a, 876.2b and 876.2c (relating to lottery products available through iLottery; traditional lottery products; and categories of iLottery games), the Secretary will publish a notice in the *Pennsylvania Bulletin* with the following minimum information, as applicable:

(1) iLottery game type or types under §§ 876.2b(c) and 876.2c(a).

(2) Definitions.

(3) Whether the outcome of iLottery games or plays of iLottery games are determined on demand or at a predetermined date and time established by the Secretary pursuant to §§ 876.2b(c) and 876.2c(b).

(4) How the outcome or winning numbers of the Lottery game or play are determined under § 876.2c(c).

(5) Prize structure of the iLottery game under § 876.2c(d).

(6) Purchase price or range of purchase prices for a play, share or chance of the iLottery game.

(7) Availability.

(8) Other relevant information as determined by the Secretary.

§ 876.3. [Notice of iLottery game rules] **Reserved.**

[**The Secretary will publish a notice in the *Pennsylvania Bulletin* with the following minimum information about iLottery game rules:**

(1) **Definitions.**

(2) **Operation of the iLottery game.**

(3) **Price range for a play.**

(4) **Eligibility requirements.**

(5) **Procedures for purchasing a play.**

(6) **Procedures for claiming and payment of prizes.**

(7) **Funding for prizes.**

(8) **Retention of unclaimed prizes.**

(9) **Purchase and prize restrictions.**

(10) **Governing law.**

(11) **Termination of the game.**

(12) **Applicability.]**

§ 876.4. **iLottery game description.**

The Secretary will post [**an**] iLottery game descriptions on the [**Pennsylvania Lottery's iLottery**] **Bureau's** web site, **including the Bureau's mobile application**, for each iLottery game with the following minimum information:

(1) The name of the iLottery game.

(2) The purchase price **or range of purchase prices** of a play for the iLottery game.

(3) The chances of winning the iLottery game and the prizes which can be won.

(4) iLottery game instructions.

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

(6) [**The**] **If applicable, the** existence of a bonus game, mini-game or a game within a game, [**if applicable, and the procedure**] **the instructions** for conduct of the same [**, if applicable**] **and the chances of winning the bonus game, mini-game or game within a game and the prizes which can be won.**

(7) Other information necessary for the conduct of the iLottery game.

§ 876.5. **Price.**

The purchase price of a play for each iLottery game will be included in the iLottery game description for each game, as provided for under § 876.4 (relating to iLottery game description).

§ 876.6. **Governing law.**

By registering to participate in iLottery, the registered iLottery player agrees to comply with and abide by Federal and State law, this chapter, the terms and conditions for registration and participation in iLottery, and final decisions of the Secretary. Revenues generated by iLottery games will be apportioned as provided by 4 Pa.C.S. § 503(f) (relating to iLottery authorization) and section 311 of the State Lottery Law (72 P.S. § 3761-311).

§ 876.7. **General provisions.**

(a) An individual shall establish a lottery account and register for iLottery as provided for under § 876.10 (relating to iLottery registration and participation) to purchase [**plays**] **a play, chance or share and to purchase lottery products using a lottery account.**

(b) An individual shall accept, consent, acknowledge and agree to **be legally bound by** the iLottery terms and conditions as provided for under § 876.9 (relating to iLottery terms and conditions) to register for iLottery [**and**] **to purchase a play, chance or share and to purchase lottery products using a lottery account.**

(c) An individual shall be located in this Commonwealth to purchase a play.

(d) An individual shall be 18 years of age or older to register for iLottery, to purchase a play **or to purchase lottery products using a lottery account.**

§ 876.8. **Applicability.**

This chapter applies [**only**] to iLottery **and the sale of lottery products** as offered by the Department and the Bureau.

§ 876.9. **iLottery terms and conditions.**

(a) The terms and conditions for **the establishment of a lottery account and for the** registration and participation in iLottery will be [**available on the Pennsylvania Lottery's iLottery web site and other locations as determined by the Secretary**] **published in the *Pennsylvania Bulletin*.**

(1) Amendments to the terms and conditions will be published in the *Pennsylvania Bulletin*.

(2) The terms and conditions will be available on the Bureau's web site and other locations as determined by the Secretary.

(b) The terms and conditions for **the establishment of a lottery account and for** registration and participation in iLottery will include all of the following:

(1) Acknowledgment, consent, agreement and acceptance by the individual to all of the following:

(i) Confirmation by the Bureau of the applicant's age and identity.

(ii) The use of a mechanism by the Bureau to detect the physical location of a registered iLottery player in compliance with 4 Pa.C.S. § 503(h)(1) (relating to iLottery authorization).

(iii) The terms of the end user license agreement for the software and terms and conditions of any third-party services used for the implementation and operation of iLottery and the provision of iLottery games.

(iv) The monitoring and recording by the Department or the Bureau of any iLottery communications and geographic location information.

(v) The jurisdiction of the Commonwealth to resolve disputes arising out of the conduct of iLottery.

(vi) **[The forfeiture and escheatment of funds remaining on deposit in the registered iLottery player's account if that account has been dormant for 3 years.]**

Any moneys remaining on deposit in the registered iLottery player's account as abandoned and unclaimed property if the registered iLottery player has not logged into their lottery account using their username and password in more than 3 years.

(vii) The registered iLottery player's account may be suspended or closed for reasons established by the Secretary, including any of the following:

(A) Violations of the iLottery terms and conditions as provided for under this chapter.

(B) The registered iLottery player has been charged with or convicted of an offense under 18 Pa.C.S. §§ 4106, 5111 and 5512—5514 or 4 Pa.C.S. (relating to amusements) or conspiracy to commit offenses under 18 Pa.C.S. § 903 (relating to criminal conspiracy), or equivalent crimes under Federal law or the law of another state.

(C) A self-exclusion request under § 876.16 (relating to self-exclusion from iLottery).

(D) The application of a responsible gambling tool, as described in the iLottery terms and conditions, which limits the ability of the registered iLottery player to log into his lottery account.

(E) Other reasons as determined by the Secretary.

(viii) Other terms and conditions that may apply related to registration and participation in iLottery.

(ix) Lottery winnings are subject to Federal and State withholding taxes and prizes awarded to the registered iLottery player will be reduced by the amount of withholding required under applicable law.

(x) Lottery winnings are subject to certain deductions as required by law and that prizes awarded to the registered iLottery player will be reduced by any amount required to be deducted under applicable law.

(xi) To receive certain **[iLottery]** prizes, as identified and described in the iLottery game rules provided for under **[§ 876.3 (relating to notice of iLottery game rules)] § 876.2(c) (relating to categories of iLottery games)** or iLottery game description as provided for under § 876.4 (relating to iLottery game description) or promotional prize notices provided for under § 811.41 (relating to promotional prizes), the registered iLottery player may be required to take additional measures to claim a prize, including to appear in person at a specified **[Pennsylvania Lottery] Bureau** claim center.

(xii) Use of electronic communications to establish a lottery account, for iLottery registration, communications regarding the lottery account and other communications related to iLottery as determined by the Bureau.

(xiii) Ability of the registered iLottery player to **[establish] use the** responsible gambling **[limits including a deposit limit, spend limit or time-based limit, as available, through the lottery account] tools available through iLottery.**

(xiv) Ability of the registered iLottery player to self-exclude from iLottery **and the extent to which the self-exclusion applies to use of the registered iLottery player's lottery account.**

(xv) Methods by which **[funds] moneys** or credits may be deposited and under what circumstances **[funds] moneys** or credits may be deposited into the registered iLottery player's lottery account.

(xvi) Moneys or credits deposited and held in the registered iLottery player's account do not earn interest.

(xvii) Methods by which **[funds] moneys** or credits may be withdrawn and under what circumstances funds or credits may be withdrawn from the registered iLottery player's lottery account.

(xviii) Reporting of suspected fraudulent or unlawful activity related to the operation of iLottery.

(xix) Dispute resolution procedures related to iLottery.

(xx) Information provided to the Department during the establishment, use, access or closure of the lottery account is true and correct.

(xxi) Methods by which a registered iLottery player may purchase lottery products as a gift or for the benefit of another person.

(2) Rules and obligations applicable to the registered iLottery player, other than rules of individual games, including all of the following:

(i) Prohibition from allowing another **[person] individual** to access or use the registered iLottery player's account.

(ii) Prohibition from purchasing a play unless the registered iLottery player is physically located in this Commonwealth.

(iii) Prohibition against **[utilizing] using** automated computerized software or other equivalent mechanisms to engage in iLottery. **Nothing in this section shall prohibit the use of adaptive technologies for registered iLottery players with a disability as defined in the Americans with Disabilities Act of 1990 (42 U.S.C.A. §§ 12101—12213).**

(iv) Prohibition against participation in iLottery by **[a person] an individual** under 18 years of age.

(v) Prohibition of **[a person] an individual** who self-excluded from iLottery from participating in iLottery.

(vi) **[Prohibition against the sale of a play or the award of a prize as follows:] Prohibition against purchasing a play or receiving a prize if the registered iLottery player is:**

(A) **[To an] An** officer or employee of the Bureau.

(B) **[To a] A** spouse, child, brother, sister or parent residing as a member of the same household as an officer or employee of the Bureau.

(C) **[To an] An** officer or employee of a contractor or subcontractor who is directly involved in the operation of iLottery or the provision of iLottery related services.

(D) **[To a] A** spouse, child, brother, sister or parent residing in the same household as an officer or employee of a contractor or subcontractor who is directly involved in the operation of iLottery and the provision of iLottery related services.

(3) Any other terms and conditions the Secretary deems necessary and relevant for the conduct of iLottery.

§ 876.10. iLottery registration and participation.

(a) An individual may not participate in iLottery without first creating a lottery account and registering to participate in iLottery through the Bureau as described in this chapter.

(b) A registered iLottery player agrees to be bound by the terms and conditions in § 876.9 (relating to iLottery terms and conditions).

(c) **[The following information will be required to register for iLottery] To establish a lottery account and register for iLottery, an individual shall provide the following information:**

(1) **[Name] The individual's name** as it appears on a valid government-issued identification or **[on]** tax documents.

(2) **[Date] The individual's date** of birth.

(3) **[Entire] The entire** or last four digits of the individual's Social Security **[number] Number**, or **comparable** equivalent **[for a foreign person such as a passport or taxpayer identification number]**.

(4) **[Home] The individual's** address.

(5) **[Telephone] The individual's telephone** number.

(6) **[E-mail] The individual's e-mail** address.

(7) Any other information as determined by the Secretary to be necessary to verify the age and identity of the individual.

(d) An individual may be required to provide additional information or documentation, **as provided for in the iLottery terms and conditions**, to establish a lottery account or register for iLottery. The information may be used for iLottery registration or to confirm information provided by that individual during the registration process.

(e) The lottery account will require a username and password.

(f) Access to the lottery account and participation in iLottery is limited to the **[lottery account user] registered iLottery player**.

(g) An individual will be prohibited from **establishing a lottery account and from** registering for iLottery if one or more of the following occurs:

(1) The Department is unable to verify the age of the individual.

(2) The Department **[in] is** unable to verify the identity of the individual.

(3) The individual fails to agree to the iLottery terms and conditions as provided for under § 876.9.

(4) The information provided to the Bureau is false or misleading.

(5) Other reasons **[as]** set forth in the terms and conditions as provided for under § 876.9.

(h) A registered iLottery player may not purchase a play, **chance or share or purchase lottery products using a lottery account** if the Bureau is unable to

verify **that** the registered iLottery player is physically located within the geographical borders of this Commonwealth.

(i) An individual may not open, access, maintain or otherwise **[utilize] use** more than one lottery account for participation in iLottery. **This will not prohibit a registered iLottery player that closes their lottery account from reopening their lottery account or creating a new account, as applicable, at a later date.**

(j) An individual may not register or attempt to register for iLottery **[utilizing] using** more than one account.

(k) By establishing a lottery account and registering for iLottery, a registered iLottery player agrees that all communications related to the establishment and use of the lottery account may be through electronic communication. All electronic communications from the Bureau may be directed to a registered iLottery player based on the lottery account information provided by the registered iLottery player and verified by the Bureau.

(l) An individual must create a lottery account and register for iLottery through the Bureau's web site or the Bureau's mobile application.

(m) A lottery account may be closed by the registered iLottery player at any time.

(n) A registered iLottery player's lottery account information may be retained by the Bureau to prevent another individual from using the same lottery account information to open a different lottery account.

(o) To close the registered iLottery player's lottery account, the registered iLottery player is required to contact the Bureau. The Bureau may require the registered iLottery player to confirm lottery account information prior to closing the lottery account.

(Editor's Note: The following section is proposed to be added and is printed in regular type to enhance readability.)

§ 876.10a. Lottery account requirements.

A registered iLottery player is subject to all of the following:

(1) The end user license agreement or agreements for software used in the provision of iLottery.

(2) The terms and conditions of any third-party service providers used in the provision of iLottery, including electronic payment processors, electronic payment transmitters and financial institutions.

(3) The confirmation of the individual's age and identity.

(4) To at all times provide true and correct information to the Department during the establishment, access, use or closure of the registered iLottery player's lottery account.

(5) The continuous monitoring and recording of information communicated and transactions conducted through iLottery, including electronic communications.

(6) The use of a mechanism by the Bureau to detect the physical location of a registered iLottery player in compliance with 4 Pa.C.S. § 503(h)(1) (relating to iLottery authorization).

(7) A registered iLottery player's lottery account may be suspended or closed for any of the following reasons:

(i) Violations of the iLottery terms and conditions as provided under § 876.9 (relating to iLottery terms and conditions).

(ii) A self-exclusion request under § 876.16 (relating to self-exclusion from iLottery).

(iii) The application of a responsible gambling tool which limits access to the registered iLottery player's lottery account as provided for in the iLottery terms and conditions.

(iv) The determination that the registered iLottery player has been charged or convicted of an offense under 18 Pa.C.S. §§ 4106, 5111 and 5512—5514 or 4 Pa.C.S. (relating to amusements) or conspiracy to commit offenses under 18 Pa.C.S. § 903 (relating to criminal conspiracy), or equivalent crimes under Federal law or the law of another state.

(v) Other reasons as determined by the Secretary.

(8) A registered iLottery player's use of iLottery and software or third-party services used by the Bureau in the provision of iLottery shall comply at all times with all applicable laws, statutes, regulations and the iLottery terms and conditions.

(9) The iLottery privacy policy.

§ 876.11. Purchase and prize restrictions.

(a) Individuals must be at least 18 years of age to register for iLottery or to purchase a play.

(b) Registered iLottery players shall be located within the geographical boundaries of this Commonwealth to purchase a play.

(c) A play may not be purchased by and a prize may not be awarded to the following:

(1) An officer or employee of the Bureau.

(2) A spouse, child, brother, sister or parent residing in the same household as an officer or employee of the Bureau.

(3) An officer or employee of a contractor or subcontractor who is directly involved in the operation of iLottery or the provision of iLottery related services.

(4) A spouse, child, brother, sister or parent of an officer or employee of a contractor who is directly involved in the operation of iLottery or the provision of iLottery related services.

(d) A registered iLottery player is prohibited from cancelling the purchase of a play, chance, share or lottery product.

(Editor's Note: The following sections are proposed to be added and are printed in regular type to enhance readability.)

§ 876.11a. Methods to fund a lottery account.

(a) A registered iLottery player shall deposit moneys or credits in the lottery account prior to purchasing a play or purchasing other lottery products using a lottery account.

(b) The Secretary, in his sole discretion, will determine the methods by which registered iLottery players may fund a lottery account and purchase iLottery products. The Bureau will describe those methods in the iLottery terms and conditions.

(c) Methods for funding a lottery account may include the following:

(1) A registered iLottery player's credit card or debit card, including prepaid cards.

(2) Gift cards, as authorized by the Secretary.

(3) Player cards issued by agents, as authorized by the Secretary.

(4) Automated clearing house transfers.

(5) Bonus money, credits or promotional prizes issued by the Bureau.

(6) Prizes received from a winning play.

(7) Payment processors or payment transmitters.

(8) Any other method authorized by the Secretary.

(d) The Secretary may establish conditions of purchase applicable to credit card and debit card transactions, such as daily deposit limits.

(e) The Secretary may establish a minimum deposit amount.

§ 876.11b. Lottery account moneys and credits.

(a) Moneys or credits deposited into a registered iLottery player's lottery account may be used to purchase plays and lottery products as authorized by the Secretary.

(b) Moneys or credits deposited and held in a registered iLottery player's lottery account will not earn interest.

(c) Moneys or credits remaining on deposit in a registered iLottery player's lottery account will be considered abandoned and unclaimed property if the registered iLottery player has not logged into their lottery account using their username and password for more than 3 years.

§ 876.12. Prizes.

(a) Prizes may be awarded by check, draft or electronically through the registered iLottery player's **lottery account or other means as authorized by the Secretary.**

(b) The Bureau will report taxable prizes and events to relevant taxing authorities based on established statutory thresholds.

(c) The Commonwealth and its agents, officers and employees shall be discharged of liability upon payment of a prize.

(d) Prizes will be reduced by required tax withholding and any deductions for outstanding liabilities as required by law, including those set forth in § 876.14 (relating to deductions required by law).

(e) A registered iLottery player may be prohibited from accessing a prize until the Department determines whether there are outstanding liabilities that must be deducted from the prize, including those set forth in § 876.14.

(f) Prize winning plays will be determined based on the iLottery game rules as established in § 876.2d (relating to iLottery game rules by category of game offered) and by the data recorded by the Bureau on its system or systems of record.

(Editor's Note: The following section is proposed to be added and is printed in regular type to enhance readability.)

§ 876.12a. Prize claims.

(a) The Bureau will generate applicable tax forms for reportable gambling and lottery winnings as required by State and Federal laws and regulations.

(b) The Bureau may use lottery account information provided by a registered iLottery player and verified by the Bureau to generate applicable tax forms for reportable gambling and lottery winnings.

(c) The Bureau may require a registered iLottery player to complete a claim form and to submit it in person at a claim center designated by the Bureau.

(d) A prize requiring the completion of a claim form will not be credited to the registered iLottery player's lottery account until a properly completed claim form is submitted to the Bureau.

(e) If a registered iLottery player fails to complete a claim form as required by this section, the prize money will be retained for payment to the prize winner for 1 year after the prize is won. If a claim form is not completed within that period, the ability to claim the prize will expire and the prize money will be used consistent with the State Lottery Law.

§ 876.13. Withholding.

Federal and State withholding taxes will be withheld by the Bureau from prize payments as required by law.

§ 876.14. Deductions required by law.

In addition to any withholding required by Federal and State law, the Department will deduct amounts from [**iLottery prize winnings**] **prizes** as required by law[.], **including those amounts required under:**

(1) 23 Pa.C.S.A. § 4308 (relating to lottery winnings intercept).

(2) 72 P.S. § 215.

(Editor's Note: The following section is proposed to be added and is printed in regular type to enhance readability.)

§ 876.14a. Withdrawals from a lottery account.

(a) A registered iLottery player may withdraw moneys from the registered iLottery player's lottery account.

(b) The Secretary may require a minimum balance in the registered iLottery player's lottery account prior to authorizing a withdrawal.

(c) The Bureau shall not be required to grant a withdrawal request immediately. A withdrawal request from a registered iLottery player's lottery account may be delayed for reasons consistent with these regulations and as provided for in the iLottery terms and conditions.

(d) A registered iLottery player may be required to provide the Bureau with information to verify the details of a withdrawal request before the withdrawal request from the registered iLottery player's lottery account is processed.

(e) A registered iLottery player shall be prohibited from withdrawing bonus money from their lottery account where the registered iLottery player fails to convert bonus money into cash in conformance with the promotional terms and conditions issued under § 811.41 (relating to promotional prizes) and § 876.17 (relating to iLottery promotional prizes).

(f) A registered iLottery player may request that a withdrawal from the registered iLottery player's lottery account be credited to any payment type authorized by the Secretary.

(g) The Bureau may make adjustments to a registered iLottery player's lottery account if the Bureau determines

that moneys or bonus moneys are mistakenly credited to a registered iLottery player's lottery account.

(h) The Bureau will deduct the purchase price of a lottery product from a registered iLottery player's lottery account following the purchase of a lottery product.

§ 876.15. Termination of a game.

The Secretary may terminate an iLottery game at any time and without notice.

§ 876.16. Self-exclusion from iLottery.

(a) A registered iLottery player may request self-exclusion from iLottery under this section.

(b) A registered iLottery player may request self-exclusion through the registered iLottery player's lottery account **or through other means authorized by the Secretary.**

(c) A registered iLottery player may select from the predetermined periods of self-exclusion offered [**through the lottery account**] **by the Secretary.**

(d) During a period of self-exclusion, a self-excluded, registered iLottery player may not purchase plays, **shares or chances**, deposit [**or withdraw funds from**] **funds into** the registered iLottery player's account, or otherwise participate in iLottery and iLottery promotions prior to the conclusion of the self-exclusion period.

(e) During a period of self-exclusion, a registered iLottery player elects not to receive e-mails or other communications about iLottery.

(f) The Bureau may require a registered iLottery player to verify any of the following lottery account information to request self-exclusion:

(1) The individual's name as it appears on a valid government-issued identification or tax documents.

(2) The individual's date of birth.

(3) Social Security Number or comparable equivalent.

(4) The individual's address.

(5) The individual's telephone number.

(6) The individual's e-mail address.

(7) Any other information as determined by the Secretary to be necessary to verify the age and identity of the individual.

(g) To request self-exclusion, a registered iLottery player must:

(1) Acknowledge and agree that self-exclusion is requested voluntarily.

(2) Acknowledge and agree that self-exclusion applies to iLottery but may apply to other lottery products, promotions and drawings as provided for in the iLottery terms and conditions.

(3) Acknowledge and agree to waive and release the Commonwealth and its agents and employees from all liability relating to the processing and enforcement of self-exclusion.

(h) A self-excluded, registered iLottery player shall be prohibited from logging into their lottery account using their username and password until the self-exclusion period expires.

(i) A self-excluded, registered iLottery player may request the release of moneys in the registered iLottery player's lottery account as provided for in the iLottery terms and conditions.

(j) The self-exclusion period will become effective immediately upon submission and verification of the request.

(k) A request for self-exclusion is irrevocable.

(l) At the conclusion of any period of self-exclusion, a self-excluded, registered iLottery player must contact the Bureau to reinstate the registered iLottery player's account.

(m) The Bureau may offer responsible gambling tools applicable to iLottery and the purchase of lottery products through a lottery account as provided for in the iLottery terms and conditions.

(n) During any period of self-exclusion or through the use of responsible gambling tools, a registered iLottery player may be prohibited from participating in second chance drawings, promotions offered by the Bureau and marketing communications from the Bureau.

§ 876.17. iLottery promotional prizes.

The Secretary may authorize iLottery promotions and issue the terms and conditions related thereto under this part and § 811.41 (relating to promotional prizes).

§ 876.18. [Retailer] Agent promotion programs.

[Retailer] Agent incentive and marketing promotion programs may be implemented at the discretion of the Secretary. Funds for the programs, if needed, will be drawn from the Lottery Fund.

(Editor's Note: The following sections are proposed to be added and are printed in regular type to enhance readability.)

§ 876.19. Subscription services.

(a) The Bureau may offer subscription services for lottery products as determined by the Secretary.

(b) The subscription services will be governed by the iLottery terms and conditions.

(c) Details of subscription services purchased through iLottery will be available electronically through a registered iLottery player's lottery account.

§ 876.20. Confidential information.

The following information about a registered iLottery player is confidential, exempt from being disclosed and will be maintained as such by the Bureau:

- (1) The individual's last name.
- (2) The individual's address.
- (3) The individual's telephone number.
- (4) The individual's financial information.
- (5) The individual's self-exclusion information.
- (6) The individual's Social Security Number or comparable equivalent.
- (7) Information related to the individual's use of responsible gambling tools.
- (8) The individual's play history, including information related to wins and losses.
- (9) The individual's play tendencies.

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