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Kim Reynolds · Governor

Matthew N. Strawn · Chief Executive Officer

# AGENDA

## IOWA LOTTERY COMMISSION

December 18, 2024

10:30 am

**Dial In: 515-206-9299**

(No PIN # is required to join the call)

- I. Call to Order
  - A. Approval of Agenda
  - B. Approval of Minutes from September 24, 2024 Commission Meeting
- II. Remarks from Iowa Department of Revenue Director Mary Mosiman
- III. CEO Report
- IV. Quarterly Reports
  - A. Revenue (Sales and Marketing)
  - B. External Relations
  - C. Security
  - D. Finance
- V. Mega Millions – Game Update\*
- VI. Creative Advertising Services Contract Extension – Strategic America\*
- VII. Media Planning, Buying and Products Contract Renewal – Flynn Wright\*
- VIII. Pull-Tab Related Services (Pollard Games, Inc. dba American Games)
  - A. Printing Services Renewal\*
  - B. Pull-Tab Vending Machine Maintenance Renewal\*
- IX. Administrative Rules Revisions\*
- X. Adjournment

*\* Commission Action Required*

If you require the assistance of auxiliary aids or services to participate in or attend the meeting because of a disability please call our ADA coordinator at 515-725-7864, or if you are hearing impaired, call Relay TTY at 1-800-735-2942.

# MINUTES

## IOWA LOTTERY COMMISSION

September 24, 2024

10:30 a.m.

The Iowa Lottery Commission convened at 10:30 a.m. at Lottery Headquarters in Clive; Commission Chair Dana Wingert presiding.

**Commission Members Present:**

Dana Wingert, Josh Cook, Katie New, Mick Connealy

**Commission Members Present on Teleconference:**

Mary Rathje

**Dept of Revenue, Lottery Staff Participating:**

Mary Mosiman, Dept. of Revenue Director; Matt Strawn, Lottery CEO; Jon Roth, CRO; Mary Neubauer, External Relations and Social Responsibility; Hale Strasser, Systems; Jenny Podrebarac, Accounting and Validations Manager; Deb Bassett, Commission Secretary

**Others Present:**

Alana Stamas, Zach Waldmeier, Steve French, and Brenda Emelo, Dept. of Revenue; David Ranscht, John Fordyce, AAG; John Schreurs, Strategic America; Sarah DeKock and Tony Chance, Flynn Wright; Mitch Stone, Scientific Games; Dar Danielson, Radio Iowa; Heather Hackbarth, Dept. of Management

**CALL TO ORDER**

Wingert called the meeting to order at 10:30 a.m. and roll was taken. There was a quorum. Wingert announced the meeting would be held via teleconference in accordance with Iowa Code section 21.8.

Cook moved to conduct the meeting via teleconference. New seconded. Motion carried unanimously.

**APPROVAL OF AGENDA**

New moved to approve the agenda for the meeting. Cook seconded. Motion carried unanimously.

**APPROVAL OF MINUTES**

Cook moved to approve the June 25, 2024 Commission meeting minutes. Connealy seconded. Motion carried unanimously.

**DIRECTOR'S REMARKS**

Mosiman provided the Commission an update on the integration phase of realignment, which goes through December 2024. After December, the department will evaluate the effectiveness of integration, and determine tasks that still need to be completed. Items that impact Lottery include: The continued integration of shared services. The CFO is working to redefine the finance team and continue to support the Lottery. The department's General Counsel is coordinating the legal team, in partnership with AG's office, to provide legal support for lottery. There has been a strong integration in HR, Security, and data analysis.

Mosiman concluded her remarks by stating that everyone is working together on services that impact the entire department.

### **CEO REPORT**

Strawn reported the final performance totals for FY2024; the lottery had a record \$489.9 million in sales and \$105.3 million in proceeds returned to the State. Strawn also noted that previous cautionary predictions and forecasts have proven accurate, as soft sales in national lotto games have significantly contributed to downward Iowa Lottery sales trends to start FY2025. Gross lottery sales through the first two months of FY2025 total \$69,490,821. This represents a 26.8% decrease from this same point last year. FY2025 lottery proceeds through August total \$11,646,367, which represents a 48.4% decrease from this same point last year.

One data point that explains this year-over-year variance is the performance of Powerball sales. Last fiscal year, through August, Powerball sales in Iowa totaled \$16.5 million. This year, over the same two-month period, Powerball sales in Iowa totaled \$5.9 million. Thus, year-over-year Powerball sales in Iowa are down 64.08%; this aligns with national Powerball sales trends.

This downward sales pressure can be attributed to the variance in grand prize jackpot amounts in the game. Higher jackpots equal increased sales, especially when the jackpots climb above \$1 billion, which happened twice (once in Powerball and once in Mega Millions) during the first two months of last fiscal year alone. As a result, Mega Millions performance to start the fiscal year is largely mirroring Powerball, as Mega Millions game sales are down 66.5%.

There are two factors that suggest it will be a challenge to level-out Powerball sales over the remaining ten months of FY2025. The first is that Powerball saw two additional billion dollar jackpots during last fiscal year (one in October 2023 and one in April 2024) that drove last year's sales. While sales influence advertised lotto jackpot amounts, so too do interest rates. That is the second factor that suggests challenges facing both Powerball and Mega Millions sales in the near future. As noted in an article published by the Public Gaming Research Institute, "the 30-year annuitized jackpots for Powerball and Mega Millions will be impacted by the Federal Reserve's decision this week to cut its benchmark interest rate by a sizeable half-point." The annuity factor, or the cost to fund an annuity prize, is a key component of calculating jackpots. The annuity factor is made up of interest rates for securities purchased to fund prize payments. Simply stated, higher interest rates lead to corresponding higher advertised grand prize amounts. And as we've discussed, bigger jackpots lead to bigger game sales, as many Mega Millions and Powerball players only participate when the advertised prize amount grows to unthinkable fortunes.

Notwithstanding these challenges, Lottery sales for the first two months of FY 2025 are \$3.1 million ahead of budget projections. Lottery operating expenses are \$247,000 under budget. And fiscal year-to-date proceeds are less than \$1 million behind budget projections.

While Lottery sales in FY2025 will be unlikely to reach the record heights of recent years, I appreciate our team's responsible budgeting and forecasting which then set appropriate expectations for state policymakers who have responsibility to allocate lottery proceeds contributed to the State's General Fund.

The Lottery's recent and strategic business planning efforts that include the continued growth of the Powerball Double Play initiative, the delivery of an additional 150 self-service kiosks to the market, and upcoming promotions will no doubt help blunt the impact of these broader challenges.

Strawn concluded his remarks by welcoming new Commission member Mick Connealy to Lottery headquarters. He also thanked David Ranscht, Assistant Attorney General, for his counsel and advice over the years. David will be transitioning to other state clients, and new AAG, John Fordyce, will be providing legal coverage for the Lottery going forward, along with IDR's legal team. Strawn also recognized Chair Dana Wingert on his retirement as Chief of Police for the City of Des Moines.

## **QUARTERLY REPORTS**

### **Revenue (Sales and Marketing):**

Roth gave a Revenue report. Through August, data shows that the lottery industry is still facing strong headwinds with a decline in sales of 3.8% over the last 52 weeks and by 4.4% over the calendar year to date. This creates more challenge for the Iowa Lottery compared to last year's record sales.

Scratch-ticket sales continue to be down, but to a lesser degree than in the Lotto category. In May, the industry was down by 1.2% for the previous 52 weeks, but calendar year-to-date exhibited a larger downturn in sales of 2.3%. While the industry had hoped for some bounce back over the past few months due to general increased consumer activity during the summer months, through early August the numbers are pretty close to the same levels but slightly lower with an overall decline of 3.0% over the past 52 weeks and down 3.2% calendar year to date.

Through August, we are seeing the impact of the decline in Lotto sales, particularly as those record setting jackpots from July 2023 are not included in the performance data for the prior 52 weeks. In early August, the lottery industry is experiencing a decline in sales for games like Powerball and Mega Millions of 17.4% over the past 52 weeks. More specifically, when looking at a year over year comparison from early August for just the prior 12 week periods, the industry has experienced an overall decline in Lotto game sales of 23.2%.

For InstaPlay, the pattern is a bit higher in terms of declines compared to Scratch-Ticket sales performance. Through early August, states that are comparable to the Iowa Lottery with a consistent InstaPlay offering, are showing a decrease in sales of 5.5% over the past 52 weeks.

With the lottery industry facing these sales headwinds it has become even more important as the Iowa Lottery works to implement several new initiatives that should have positive impact sales. Sales from Double Play have been tracking well ahead of our early projections of 8% of Powerball sales and have been more towards 20% of Powerball sales. The lottery will be introducing 150 new state of the art self-serve kiosks in the market. For retailers that continue to face staffing challenges, these new machines will help significantly to provide an additional way to serve their customers and our players. And, the implementation of updates for the InstaPlay category have begun. With the full refresh of the entire category to be completed in November, the new games will provide players with both fun play experiences along with new winning opportunities.

Roth concluded his report by noting that the lottery will have some additional new efforts that will be discussed at the next Commission meeting.

### **External Relations:**

Neubauer gave an External Relations report. The External Relations team is working to expand the "Truth vs Myth" series into retail locations in an effort to get the information out to the public. The lottery capped off the Fair Fever promotion with a live game show on the opening day of the Iowa State Fair. Neubauer shared a video interview with the contestant who won \$500,000 during game show.

Neubauer concluded her report by sharing that the External Relations team worked hard to highlight two significant Powerball prizes that had gone unclaimed for months; but in the end, both prizes expired without being claimed. However, the Lottery's efforts to find the winner of an unclaimed prize in Mega Millions were successful with just 5 days to spare before the prize would have expired.

**Security:**

Waymire's Security report was provided in the Commission packet and there were no changes to the submitted report.

**Finance:**

Podrebarac gave a finance report. The FY2024 performance measures show total sales for the fiscal year were \$489.9 million, which was \$92.2 million ahead of budget. Prizes paid to players during the fiscal year totaled \$312.6 million, which was ahead of budget by \$65 million. Operating expenses for the fiscal year were \$12.9 million, which was under budget by \$2.9 million. Total proceeds for FY2024 were \$106.6 million, which was ahead of budget by \$31.7 million.

The FY2025 performance measures through August show YTD sales are at \$69.5 million. The YTD sales are ahead of budget by \$3.1 million, or 4.6%. YTD sales are behind sales for the same period last year by \$25.5 million, or 26.9%, largely impacted by the jackpots in Powerball and Mega Millions, which both exceeded \$1 Billion last year. Through August, YTD proceeds are \$11.6 million. The YTD proceeds are less than budgeted by \$1 million, or 7.9%. YTD proceeds are behind proceeds for the same period last year by \$11 million, or 48.5%, largely impacted by the \$1B jackpot runs in Powerball and Mega Millions last July/August. Through August, YTD prize expense is at \$45.2 million. The YTD prize expense is ahead of budget by \$3.4 million, or 8%. YTD prize expense is behind prizes for the same period last year by \$13.6 million, or 23.3%. YTD operating expenses through August remain under budget at \$2.4 million.

**SCRATCH TICKET PRINTING CONTRACT EXTENSION**

Roth stated it will be necessary to execute short term contract extensions with the Lottery's three scratch ticket printing vendors, as the current contracts are set to expire at the end of the calendar year. Roth requested the Commission approve one year contract extensions, until December 31, 2025, for scratch ticket printing with Scientific Games, Pollard, and IGT.

New moved to approve the contract extensions. Rathje seconded. Motion carried unanimously.

**ADJOURNMENT**

Cook moved to adjourn. New seconded. Motion carried unanimously.

Meeting adjourned at 11:30 a.m.



**Iowa Lottery - Security Division**  
**Quarterly Activity Summary**  
**09/18/2024 to 12/09/2024**

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Incident Type		
	Incident Report	56
	Case Report	16
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Contact Reasons		
	Burglary	4
	Contest Draw	4
	Employee Theft	6
	Fraud/Forgery	3
	Law Enforcement Assist	2
	Missing Packs/Tickets	2
	Missing Tickets - Shipping	3
	Other	2
	Player Assist	8
	Promotional Draw	5
	Quality Control Tickets	9
	Retailer Assist	4
	Theft	5
	Ticket Re-construction	1
	Validations	14
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Retailer Inspections	2 <sup>nd</sup> Quarter	177
	<b>Year to date</b>	<b>447</b>

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**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Quarter Ending Saturday, September 30, 2023**

	<u>Qtr Ended 9/30/2023</u>	<u>Year to Date 2024</u>
Operating revenues:		
Instant-scratch ticket sales	\$73,835,603.00	\$73,835,603.00
InstaPlay sales	6,715,917.00	6,715,917.00
Pick 3 sales	2,260,564.00	2,260,564.00
Powerball sales	24,253,148.50	24,253,148.50
Mega Millions Sales	17,623,015.00	17,623,015.00
Pick 4 sales	1,441,078.50	1,441,078.50
Lucky for Life sales	2,214,614.00	2,214,614.00
Lotto America sales	2,020,406.00	2,020,406.00
Pull-tab sales	3,023,596.99	3,023,596.99
Application fees	1,075.00	1,075.00
Other	1,752.95	1,752.95
Total operating revenues	<u>133,390,770.94</u>	<u>133,390,770.94</u>
Operating expenses:		
Scratch ticket prizes	51,862,414.00	51,862,414.00
InstaPlay prizes	4,564,300.53	4,564,300.53
Pick 3 prizes	1,356,338.40	1,356,338.40
Powerball prizes	12,112,233.65	12,112,233.65
Mega Millions prizes	8,811,507.50	8,811,507.50
Pick 4 prizes	864,647.10	864,647.10
Lucky for Life prizes	1,316,222.68	1,316,222.68
Lotto America prizes	1,010,203.00	1,010,203.00
Pull-tab prizes	1,887,066.18	1,887,066.18
Advertising/publicity	3,535,095.00	3,535,095.00
Retailer compensation expense	8,670,994.77	8,670,994.77
Ticket expense	701,343.66	701,343.66
Vendor compensation expense	2,135,548.55	2,135,548.55
Salary and benefits	2,646,304.61	2,646,304.61
Travel	71,590.11	71,590.11
Supplies	15,925.72	15,925.72
Postage	999.85	999.85
Communications	54,268.26	54,268.26
Rentals	27,381.80	27,381.80
Utilities	26,519.00	26,519.00
Professional fees	24,458.25	24,458.25
Vending machine maintenance	76,749.98	76,749.98
Outside services and repairs	324,735.99	324,735.99
Data processing	34,753.10	34,753.10
Equipment	59,904.76	59,904.76
Reimbursement to other state agencies	106,562.84	106,562.84
Depreciation	123,204.22	123,204.22
Amortization	137,654.10	137,654.10
MUSL/Lotto administrative expense	29,994.89	29,994.89
Debit card fees	64,645.25	64,645.25
Other	15,060.63	15,060.63
Total operating expenses	<u>102,668,628.38</u>	<u>102,668,628.38</u>
Operating income	<u>30,722,142.56</u>	<u>30,722,142.56</u>
Non-operating revenue (expenses):		
Proceeds to state causes	(30,831,432.62)	(30,831,432.62)
Interest income	322,530.97	322,530.97
Interest expense	(8,267.72)	(8,267.72)
Gain (Loss) on disposal of capital assets	23,155.00	23,155.00
Net non-operating revenues (expenses)	<u>(30,494,014.37)</u>	<u>(30,494,014.37)</u>
Change in net position	228,128.19	228,128.19
Net position beginning of period	6,908,834.45	6,908,834.45
Net position end of period	<u><u>7,136,962.64</u></u>	<u><u>7,136,962.64</u></u>

**IOWA LOTTERY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Three Months Ending Monday, September 30, 2024**

	Month ended 9/30/2024	Month ended 9/30/2023	Year-to-date 9/30/2024	Year-to-date 9/30/2023
<b>Operating revenues:</b>				
Scratch ticket sales	\$21,409,102.00	\$22,748,677.00	\$68,052,697.00	\$73,835,603.00
InstaPlay sales	2,159,389.00	2,600,514.00	6,171,119.00	6,715,917.00
Pick 3 sales	730,508.00	737,580.00	2,277,137.50	2,260,564.00
Powerball sales	3,360,243.00	7,697,939.00	9,307,009.00	24,253,148.50
Mega Millions Sales	2,606,012.00	1,879,983.00	7,865,813.00	17,623,015.00
Pick 4 sales	463,934.50	464,736.50	1,444,694.00	1,441,078.50
Lucky for Life sales	666,790.00	692,588.00	2,071,112.00	2,214,614.00
Lotto America sales	644,047.00	604,135.00	1,848,079.00	2,020,406.00
Pull-tab sales	1,081,301.74	955,912.00	3,574,487.28	3,023,596.99
Application fees	325.00	225.00	1,300.00	1,075.00
Other	520.82	551.14	56,530.13	1,752.95
<b>Total operating revenues</b>	<b>33,122,173.06</b>	<b>38,382,840.64</b>	<b>102,669,977.91</b>	<b>133,390,770.94</b>
<b>Operating expenses:</b>				
Scratch ticket prizes	15,164,903.85	16,365,086.00	47,192,094.35	51,862,414.00
InstaPlay prizes	1,383,113.72	1,751,268.04	4,402,630.21	4,564,300.53
Pick 3 prizes	438,304.80	442,548.00	1,366,282.50	1,356,338.40
Powerball prizes	1,693,970.15	3,849,541.00	4,692,009.30	12,112,233.65
Mega Millions prizes	1,320,406.03	939,991.50	3,950,521.59	8,811,507.50
Pick 4 prizes	278,360.70	278,841.90	866,816.40	864,647.10
Lucky for Life prizes	396,296.63	411,629.29	1,230,934.33	1,316,222.68
Lotto America prizes	322,023.50	302,067.50	891,746.10	1,010,203.00
Pull-tab prizes	672,809.97	597,802.63	2,234,725.42	1,887,066.18
Advertising/publicity	874,825.85	1,036,967.58	3,107,203.83	3,535,095.00
Retailer compensation expense	2,149,379.76	2,496,991.07	6,668,977.23	8,670,994.77
Ticket expense	194,109.85	254,032.96	778,262.23	701,343.66
Vendor compensation expense	491,977.89	595,947.67	1,578,217.48	2,135,548.55
Salary and benefits	844,860.96	830,243.12	2,714,525.28	2,646,304.61
Travel	38,651.18	23,833.10	86,417.56	71,590.11
Supplies	20,655.04	6,190.13	30,852.24	15,925.72
Printing	210.55	-	290.55	-
Postage	236.16	286.93	936.66	999.85
Communications	16,310.33	17,528.88	49,180.90	54,268.26
Rentals	8,558.51	10,184.70	25,702.81	27,381.80
Utilities	8,770.78	9,182.24	26,370.98	26,519.00
Professional fees	9,542.26	9,480.00	23,219.76	24,458.25
Vending machine maintenance	26,006.40	26,349.98	78,019.20	76,749.98
Outside services and repairs	120,131.27	128,656.18	416,439.49	324,735.99
Data processing	9,607.89	11,673.03	30,213.63	34,753.10
Equipment	52,060.86	2,450.01	142,265.05	59,904.76
Reimbursement to other state agencies	1,521.83	36,767.91	66,481.43	106,562.84
Depreciation	35,433.13	41,125.00	110,866.42	123,204.22
Amortization	45,884.70	45,884.70	137,654.10	137,654.10
MUSL/Lotto administrative expense	11,435.32	9,998.30	34,305.99	29,994.89
Debit card fees	18,674.73	19,122.24	57,369.00	64,645.25
Other	5,016.63	5,251.73	125,254.81	15,060.63
<b>Total operating expenses</b>	<b>26,654,051.23</b>	<b>30,556,923.32</b>	<b>83,116,786.83</b>	<b>102,668,628.38</b>
Operating income	6,468,121.83	7,825,917.32	19,553,191.08	30,722,142.56
<b>Non-operating revenue (expenses):</b>				
Proceeds to state causes	(6,340,352.73)	(8,226,480.09)	(17,986,719.67)	(30,831,432.62)
Interest income	87,531.50	226,836.66	260,011.18	322,530.97
Interest expense	(1,970.95)	(2,489.17)	(6,491.79)	(8,267.72)
Gain (Loss) on disposal of capital assets	-	-	-	23,155.00
<b>Net non-operating revenues (expenses)</b>	<b>(6,254,792.18)</b>	<b>(8,002,132.60)</b>	<b>(17,733,200.28)</b>	<b>(30,494,014.37)</b>
Change in net position	213,329.65	(176,215.28)	1,819,990.80	228,128.19
Net position beginning of period	10,927,554.71	7,313,177.92	9,320,893.56	6,908,834.45
Net position end of period	11,140,884.36	7,136,962.64	11,140,884.36	7,136,962.64



**IOWA LOTTERY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Four Months Ending Thursday, October 31, 2024**

	Month ended 10/31/2024	Month ended 10/31/2023	Year-to-date 10/31/2024	Year-to-date 10/31/2023
Operating revenues:				
Scratch ticket sales	\$23,053,403.00	\$24,528,671.00	\$91,106,100.00	\$98,364,274.00
InstaPlay sales	2,568,224.00	2,184,502.00	8,739,343.00	8,900,419.00
Pick 3 sales	740,158.00	751,033.00	3,017,295.50	3,011,597.00
Powerball sales	3,863,556.50	11,852,661.50	13,170,565.50	36,105,810.00
Mega Millions Sales	1,586,434.00	2,103,420.00	9,452,247.00	19,726,435.00
Pick 4 sales	471,734.50	492,499.50	1,916,428.50	1,933,578.00
Lucky for Life sales	684,054.00	743,742.00	2,755,166.00	2,958,356.00
Lotto America sales	689,743.00	573,795.00	2,537,822.00	2,594,201.00
Pull-tab sales	1,221,849.50	1,208,853.85	4,796,336.78	4,232,450.84
Application fees	375.00	700.00	1,675.00	1,775.00
Other	1,135.49	766.17	57,665.62	2,519.12
Total operating revenues	<u>34,880,666.99</u>	<u>44,440,644.02</u>	<u>137,550,644.90</u>	<u>177,831,414.96</u>
Operating expenses:				
Scratch ticket prizes	16,019,763.50	18,344,689.57	63,211,857.85	70,207,103.57
InstaPlay prizes	2,014,908.55	1,793,623.62	6,417,538.76	6,357,924.15
Pick 3 prizes	444,094.80	450,619.80	1,810,377.30	1,806,958.20
Powerball prizes	1,946,407.80	5,927,890.50	6,638,417.10	18,040,124.15
Mega Millions prizes	793,217.00	1,051,710.00	4,743,738.59	9,863,217.50
Pick 4 prizes	283,040.70	295,499.70	1,149,857.10	1,160,146.80
Lucky for Life prizes	406,557.24	442,031.89	1,637,491.57	1,758,254.57
Lotto America prizes	344,871.50	286,897.50	1,236,617.60	1,297,100.50
Pull-tab prizes	772,361.91	756,178.73	3,007,087.33	2,643,244.91
Advertising/publicity	682,282.34	863,962.89	3,789,486.17	4,399,057.89
Retailer compensation expense	2,270,496.16	2,884,544.09	8,939,473.39	11,555,538.86
Ticket expense	257,430.21	310,892.04	1,035,692.44	1,012,235.70
Vendor compensation expense	636,035.83	725,755.91	2,214,253.31	2,861,304.46
Salary and benefits	894,156.64	870,073.79	3,608,681.92	3,516,378.40
Travel	20,764.59	20,456.38	107,182.15	92,046.49
Supplies	4,822.63	6,093.58	35,674.87	22,019.30
Printing	-	40.00	290.55	40.00
Postage	298.44	276.58	1,235.10	1,276.43
Communications	19,594.98	17,850.09	68,775.88	72,118.35
Rentals	8,554.88	8,531.23	34,257.69	35,913.03
Utilities	3,473.38	3,226.67	29,844.36	29,745.67
Professional fees	7,915.00	8,922.25	31,134.76	33,380.50
Vending machine maintenance	26,006.40	25,230.00	104,025.60	101,979.98
Outside services and repairs	170,582.58	165,705.57	587,022.07	490,441.56
Data processing	10,024.71	11,666.93	40,238.34	46,420.03
Equipment	54,985.56	6,491.80	197,250.61	66,396.56
Reimbursement to other state agencies	21,096.10	37,094.03	87,577.53	143,656.87
Depreciation	36,448.30	40,738.83	147,314.72	163,943.05
Amortization	45,884.70	45,884.70	183,538.80	183,538.80
MUSL/Lotto administrative expense	11,435.32	13,226.56	45,741.31	43,221.45
Debit card fees	21,817.09	23,251.36	79,186.09	87,896.61
Other	5,099.58	4,504.75	130,354.39	19,565.38
Total operating expenses	<u>28,234,428.42</u>	<u>35,443,561.34</u>	<u>111,351,215.25</u>	<u>138,112,189.72</u>
Operating income	<u>6,646,238.57</u>	<u>8,997,082.68</u>	<u>26,199,429.65</u>	<u>39,719,225.24</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(6,998,823.70)	(9,363,308.79)	(24,985,543.37)	(40,194,741.41)
Interest income	67,372.26	60,309.52	327,383.44	382,840.49
Interest expense	(1,928.94)	(2,447.63)	(8,420.73)	(10,715.35)
Capital contributions	47,425.00	-	47,425.00	-
Gain (Loss) on disposal of capital assets	1,885.00	7,580.00	1,885.00	30,735.00
Net non-operating revenues (expenses)	<u>(6,884,070.38)</u>	<u>(9,297,866.90)</u>	<u>(24,617,270.66)</u>	<u>(39,791,881.27)</u>
Change in net position	<u>(237,831.81)</u>	<u>(300,784.22)</u>	<u>1,582,158.99</u>	<u>(72,656.03)</u>
Net position beginning of period	11,140,884.36	7,136,962.64	9,320,893.56	6,908,834.45
Net position end of period	<u>10,903,052.55</u>	<u>6,836,178.42</u>	<u>10,903,052.55</u>	<u>6,836,178.42</u>

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2025  
October 31, 2024

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Gross Sales</b>	Budget FY 2025	33,294,292	33,131,492	29,528,175	35,096,767	31,776,182	34,717,957	40,096,418	32,955,206	38,531,320	35,722,834	38,471,119	34,363,238
	Actual '25	34,251,832	35,238,989	33,121,327	34,879,157	-	-	-	-	-	-	-	-
<b>Prize Expense</b>	Budget FY 2025	20,990,585	20,811,061	18,829,824	21,865,948	20,231,064	21,962,495	24,985,431	20,990,768	24,326,007	22,988,379	24,508,156	21,900,108
	Actual '25	22,234,304	22,923,267	21,670,189	23,025,223	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>	Budget FY 2025	1,339,307	1,315,397	1,257,890	1,334,920	1,253,756	1,312,808	1,371,523	1,257,337	1,308,465	1,291,577	1,359,530	1,337,869
	Actual '25	1,222,681	1,184,983	1,101,129	1,147,144	-	-	-	-	-	-	-	-
<b>Total Proceeds</b>	Budget FY 2025	6,928,110	5,720,132	5,364,280	6,856,663	5,912,764	5,185,374	8,038,398	6,744,334	6,011,026	6,771,090	7,370,696	6,142,912
	Actual '25	6,629,199	5,017,168	6,340,353	6,998,824	-	-	-	-	-	-	-	-
<b>YEAR TO DATE</b>													
<b>Gross Sales</b>	Budget FY 2025	33,294,292	66,425,784	95,953,959	131,050,726	162,826,908	197,544,865	237,641,283	270,596,489	309,127,809	344,850,643	383,321,762	417,685,000
	Actual '25	34,251,832	69,490,821	102,612,148	137,491,305	-	-	-	-	-	-	-	-
<b>Prize Expense</b>	Budget FY 2025	20,990,585	41,801,646	60,631,470	82,497,418	102,728,482	124,690,977	149,676,408	170,667,176	194,993,183	217,981,562	242,489,718	264,389,826
	Actual '25	22,234,304	45,157,571	66,827,760	89,852,983	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>	Budget FY 2025	1,339,307	2,654,704	3,912,594	5,247,514	6,501,270	7,814,078	9,185,601	10,442,938	11,751,403	13,042,980	14,402,510	15,740,379
	Actual '25	1,222,681	2,407,664	3,508,793	4,655,937	-	-	-	-	-	-	-	-
<b>Total Proceeds</b>	Budget FY 2025	6,928,110	12,648,242	18,012,522	24,869,185	30,781,949	35,967,323	44,005,721	50,750,055	56,761,081	63,532,171	70,902,867	77,045,779
	Actual '25	6,629,199	11,646,367	17,986,720	24,985,544	-	-	-	-	-	-	-	-

**Current Month Year to Date**

Prize Payout - Budget	62.30%	62.95%
Prize Payout - Actual	66.01%	65.35%
Sales - Actual increase (decrease) vs. Budget		4.91%
Proceeds - Actual increase (decrease) vs. Budget		0.47%

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2025

		October 31, 2024											
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>MONTH</b>													
<b>Gross Sales</b>	<b>Budget FY 2025</b>	<b>33,294,292</b>	<b>33,131,492</b>	<b>29,528,175</b>	<b>35,096,767</b>	<b>31,776,182</b>	<b>34,717,957</b>	<b>40,096,418</b>	<b>32,955,206</b>	<b>38,531,320</b>	<b>35,722,834</b>	<b>38,471,119</b>	<b>34,363,238</b>
	5-year av.	38,478,055	35,156,671	33,617,696	36,862,933	36,686,715	37,487,209	43,679,417	33,799,737	38,134,271	38,018,612	38,367,013	35,436,376
	Actual '24	49,622,689	45,383,189	38,382,065	44,439,178	36,700,677	41,692,825	39,224,564	35,778,315	46,478,492	40,738,868	38,444,958	32,995,294
	Actual '25	34,251,832	35,238,989	33,121,327	34,879,157	-	-	-	-	-	-	-	-
<b>Prize Expense</b>	<b>Budget FY 2025</b>	<b>20,990,585</b>	<b>20,811,061</b>	<b>18,829,824</b>	<b>21,865,948</b>	<b>20,231,064</b>	<b>21,962,495</b>	<b>24,985,431</b>	<b>20,990,768</b>	<b>24,326,007</b>	<b>22,988,379</b>	<b>24,508,156</b>	<b>21,900,108</b>
	5-year av.	24,025,247	22,387,492	21,336,167	23,523,457	22,411,540	25,215,600	26,787,270	21,005,325	24,853,948	24,527,985	24,667,051	22,704,975
	Actual '24	31,264,114	27,582,044	24,938,776	29,349,141	22,441,971	28,011,239	24,925,757	22,632,696	29,272,906	26,176,721	24,677,185	21,295,203
	Actual '25	22,234,304	22,923,267	21,670,189	23,025,223	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>	<b>Budget FY 2025</b>	<b>1,339,307</b>	<b>1,315,397</b>	<b>1,257,890</b>	<b>1,334,920</b>	<b>1,253,756</b>	<b>1,312,808</b>	<b>1,371,523</b>	<b>1,257,337</b>	<b>1,308,465</b>	<b>1,291,577</b>	<b>1,359,530</b>	<b>1,337,869</b>
	5-year av.	1,071,772	1,130,423	1,117,142	1,128,681	1,113,312	1,083,346	1,142,167	1,059,105	1,152,775	1,120,156	1,136,239	972,361
	Actual '24	1,108,707	1,176,130	1,075,057	1,102,678	1,116,711	1,038,117	1,180,069	1,066,066	1,073,230	1,221,112	1,137,805	641,039
	Actual '25	1,222,681	1,184,983	1,101,129	1,147,144	-	-	-	-	-	-	-	-
<b>Total Proceeds</b>	<b>Budget FY 2025</b>	<b>6,928,110</b>	<b>5,720,132</b>	<b>5,364,280</b>	<b>6,856,663</b>	<b>5,912,764</b>	<b>5,185,374</b>	<b>8,038,398</b>	<b>6,744,334</b>	<b>6,011,026</b>	<b>6,771,090</b>	<b>7,370,696</b>	<b>6,142,912</b>
	5-year av.	9,164,175	7,203,935	7,561,299	8,439,148	9,050,985	7,037,999	11,063,867	8,034,347	7,927,917	8,396,649	8,197,242	7,176,161
	Actual '24	11,582,796	11,022,157	8,226,480	9,363,309	9,222,202	7,663,694	8,763,927	8,136,451	11,182,156	9,081,442	7,462,047	4,915,347
	Actual '25	6,629,199	5,017,168	6,340,353	6,998,824	-	-	-	-	-	-	-	-
<b>YEAR TO DATE</b>													
<b>Gross Sales</b>	<b>Budget FY 2025</b>	<b>33,294,292</b>	<b>66,425,784</b>	<b>95,953,959</b>	<b>131,050,726</b>	<b>162,826,908</b>	<b>197,544,865</b>	<b>237,641,283</b>	<b>270,596,489</b>	<b>309,127,809</b>	<b>344,850,643</b>	<b>383,321,762</b>	<b>417,685,000</b>
	5-year av.	38,478,055	73,634,726	107,252,422	144,115,355	180,802,070	218,289,279	261,968,696	295,768,433	333,902,704	371,921,316	410,288,329	445,724,705
	Actual '24	49,622,689	95,005,878	133,387,943	177,827,121	214,527,798	256,220,623	295,445,187	331,223,502	377,701,994	418,440,862	456,885,820	489,881,114
	Actual '25	34,251,832	69,490,821	102,612,148	137,491,305	-	-	-	-	-	-	-	-
<b>Prize Expense</b>	<b>Budget FY 2025</b>	<b>20,990,585</b>	<b>41,801,646</b>	<b>60,631,470</b>	<b>82,497,418</b>	<b>102,728,482</b>	<b>124,690,977</b>	<b>149,676,408</b>	<b>170,667,176</b>	<b>194,993,183</b>	<b>217,981,562</b>	<b>242,489,718</b>	<b>264,389,826</b>
	5-year av.	24,025,247	46,412,739	67,748,906	91,272,363	113,683,903	138,899,503	165,686,773	186,692,098	211,546,046	236,074,031	260,741,082	283,446,057
	Actual '24	31,264,114	58,846,158	83,784,934	113,134,075	135,576,046	163,587,285	188,513,042	211,145,738	240,418,644	266,595,365	291,272,550	312,567,753
	Actual '25	22,234,304	45,157,571	66,827,760	89,852,983	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>	<b>Budget FY 2025</b>	<b>1,339,307</b>	<b>2,654,704</b>	<b>3,912,594</b>	<b>5,247,514</b>	<b>6,501,270</b>	<b>7,814,078</b>	<b>9,185,601</b>	<b>10,442,938</b>	<b>11,751,403</b>	<b>13,042,980</b>	<b>14,402,510</b>	<b>15,740,379</b>
	5-year av.	1,071,772	2,202,195	3,319,337	4,448,018	5,561,330	6,644,676	7,786,843	8,845,948	9,998,723	11,118,879	12,255,118	13,227,479
	Actual '24	1,108,707	2,284,837	3,359,894	4,462,572	5,579,283	6,617,400	7,797,469	8,863,535	9,936,765	11,157,877	12,295,682	12,936,721
	Actual '25	1,222,681	2,407,664	3,508,793	4,655,937	-	-	-	-	-	-	-	-
<b>Total Proceeds</b>	<b>Budget FY 2025</b>	<b>6,928,110</b>	<b>12,648,242</b>	<b>18,012,522</b>	<b>24,869,185</b>	<b>30,781,949</b>	<b>35,967,323</b>	<b>44,005,721</b>	<b>50,750,055</b>	<b>56,761,081</b>	<b>63,532,171</b>	<b>70,902,867</b>	<b>77,045,779</b>
	5-year av.	9,164,175	16,368,110	23,929,409	32,368,557	41,419,542	48,457,541	59,521,408	67,555,755	75,483,672	83,880,321	92,077,563	99,253,724
	Actual '24	11,582,796	22,604,953	30,831,433	40,194,742	49,416,944	57,080,638	65,844,565	73,981,016	85,163,172	94,244,614	101,706,661	106,622,008
	Actual '25	6,629,199	11,646,367	17,986,720	24,985,544	-	-	-	-	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	62.30%	62.95%
Prize Payout - 5-Year Average	63.81%	63.33%
Prize Payout - Actual	66.01%	65.35%
Sales - Actual increase (decrease) vs. 5-Year Average		(4.60%)
Proceeds - Actual increase (decrease) vs. 5-Year Average		(22.81%)
Sales - Actual increase (decrease) vs. Budget		4.91%
Proceeds - Actual increase (decrease) vs. Budget		0.47%

## MUSL MEGA MILLIONS® (M2G2) PRODUCT GROUP RULES

*Adopted Dec 15, 2009; last amended December 5, 2024, to be effective with sales beginning April 5, 2025, and the drawing held on April 8, 2025.*

**These Rules Changes are effective with sales beginning April 5, 2025, and the drawing held on April 8, 2025.**

### PART I — ADMINISTRATION

#### MM RULE 1—LICENSE; DISPUTES, VOTING, ELECTIONS.

**1.0 Cross-Sell Agreement; Terms Incorporated.** The MUSL Board has entered into an agreement (“Cross-Sell Agreement”) with certain U.S. lotteries operating the Mega Millions® lottery game (“Mega Millions Lotteries”) that allows the MUSL Mega Millions (M2G2) Product Group (“Product Group”) to sell the Mega Millions lottery game. All provisions and requirements of the Cross-Sell Agreement, as it may be amended, are incorporated herein. Any conflict between the terms of these Rules and the Cross-Sell Agreement shall be interpreted in favor of the Cross-Sell Agreement.

The Mega Millions Lotteries shall determine the Mega Millions Jackpot Prize amount (cash value option and annuity) prior to each drawing. The Amended and Restated Mega Millions Official Game Rules and the Finance and Operations Procedures for Mega Millions as adopted and amended by the Mega Millions Lotteries are also incorporated herein. Any conflict between the Amended and Restated Mega Millions Official Game Rules, the Finance and Operations Procedures for Mega Millions, and these Product Group Rules shall be interpreted in favor of the Amended and Restated Mega Millions Official Game Rules and the Finance and Operations Procedures for Mega Millions.

*Amended June 3, 2010, to be effective September 14, 2010; March 29, 2013; June 5, 2014. October 28, 2019; June 27, 2024.*

**1.1 First Review.** The Product Group shall have the first opportunity to informally resolve any disputes arising between or among Party Lotteries regarding the Product Group, rules, policies, or guidelines. The Party Lottery seeking resolution of a dispute shall seek a remedy from the Product Group by filing a notice of dispute with the Product Group. Filing shall be done by certified mail, return receipt requested, addressed to the MUSL Executive Director. If the Product Group fails to resolve the dispute to the satisfaction of any party to the dispute within sixty (60) days after receiving notice of the dispute, the aggrieved Party Lottery may seek any other remedy authorized by the Multi-State Lottery Agreement (the MUSL Agreement), or the Cross-Sell Agreement with the Mega Millions Lotteries.

*Amended March 29, 2013.*

**1.2 Voting.** Each Party Lottery has one (1) vote. Unless a different percentage is provided in these rules, the percentage of votes necessary to allow action by the Product Group shall be more than fifty percent (50%) of the votes cast, in person or by proxy of the Product Group members.

*Amended March 29, 2013; June 27, 2024.*

**1.3 Amendment of Rules.** These Product Group Rules may be amended upon a vote of two-thirds (2/3) or more of the votes cast.

*Amended March 29, 2013; June 27, 2024.*

**1.4 Quorum.** The quorum necessary to hold an official meeting of the Product Group shall be representation in person or by proxy from more than fifty percent (50%) of all members. If neither the Chair nor Vice-Chair can attend a scheduled meeting in person, then the meeting shall be rescheduled.

*Amended March 29, 2013.*

**1.5 Elections.** A Product Group Chair and Product Group Vice-Chair shall be elected for one-year terms starting July 1. The Chair shall appoint a Nominating Committee to recommend candidates to the Product Group. Nominations may also be made by motion and properly seconded.

## **MM RULE 2 RESERVED.**

## **MM RULE 3—BUDGET.**

**3.1 Duties of Executive Director.** Annually or on a more frequent basis, the Executive Director shall prepare and submit to the Product Group Chair a proposed budget and fees for the Party Lotteries to pay the Product Group for the services it renders to them and shall be paid as a fee for services by each of the Party Lotteries in accordance with estimated sales. An acceptable method of payment shall be determined by the Product Group, subject to approval by the Board.

If a lottery withdraws from participation in the product group without giving proper notice of such withdrawal before approval of the group's budget, then that Participating Lottery shall not be entitled to a refund of its contributions to the budget.

If the Product Group terminates before the end of a fiscal year, all unspent funds shall be returned to the lotteries which contributed to the Group's budget, however Group contributions to MUSL overhead expenses shall not be refunded.

*Amended March 29, 2013; June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## **MM RULE 4—DRAWINGS.**

Drawings will be held at the times and places established by the Mega Millions Lotteries. Each Party Lottery Director shall determine the time for the end of sales prior to the drawings, which shall not be less than fifteen (15) minutes between the close of the game Play sales and the time of the drawing for those Plays sold. Lotteries shall not process plays for that drawing after the time established by the Party Lottery Director.

The Product Group shall approve draw procedures used by MUSL that facilitate the timely exchange of game and draw information with the Mega Millions Lotteries.

*Amended June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 16, 2022; June 27, 2024.*

**MM RULE 5 RESERVED.**

**MM RULE 6—RECORDS MANAGEMENT.**

**6.1 Records Defined.** “Records” shall mean any document, paper, photograph, or recording made or received, in whatever form, in connection with the official business of the Product Group. Records do not include materials made or acquired for reference or exhibition purposes, or miscellaneous papers or correspondence without official significance.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017*

**6.2 Duties of Executive Director.** The Executive Director shall maintain Product Group records in a secure and orderly manner.

**6.3 Confidentiality.** To the maximum extent practical, Product Group records shall be made available for inspection by Party Lotteries in a reasonable and responsible manner.

*Amended June 14, 2016.*

**6.4 Records Retention.** The Executive Director shall establish the minimum retention period for each record or class of record with Product Group approval. The Executive Director shall establish the criteria for the disposal of Product Group records.

**MM RULE 7 RESERVED.**

**MM RULE 8—PETITION FOR ADMISSION.**

**8.1 Minimum Internal Control Systems (ICS) Standards.** A Lottery seeking admission to the Product Group shall have a fully tested internal control system that meets or exceeds the minimum standards set forth in MUSL Rule 2 (Minimum ICS Standards) before sales of Plays commence. The MUSL Security and Integrity Committee shall review the ICS of each lottery seeking admission to the Product Group for compliance with Rule 2 (Minimum ICS Standards) and shall issue a written report summarizing its findings.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**8.2 Other Admission Requirements.** The Product Group shall determine other admission requirements as allowed by the MUSL Agreement and in the Cross Sell Agreement.

**MM RULE 9—EXPULSION OR SUSPENSION OF A PARTY LOTTERY.**

**9.1** The Product Group can expel or suspend a Party Lottery of the Product Group for cause as determined in the sole discretion of the Product Group with the consent of two-thirds (2/3) or more of the members pursuant to both methods of voting in conformance with the MUSL Agreement. If the Product Group votes to expel or suspend a Party Lottery as provided in the MUSL Agreement, the Party Lottery being considered for expulsion shall be excluded from voting on that matter, and shall also be excluded from any subsequent vote by the Product

Group to reinstate that Party Lottery, and in the voting calculations outlined in these Product Group Rules.

*Amended March 29, 2013; June 25, 2013, October 25, 2017.*

**9.2** The Product Group can reinstate a Party Lottery of the Product Group with the consent of two-thirds (2/3) or more of the Members pursuant to both methods of voting in conformance with the MUSL Agreement. Requests for reinstatement shall be considered by the Product Group at its earliest convenience, following submission of support sufficient for such reinstatement from the requesting lottery.

*Adopted: October 25, 2017.*

**9.3** Any Party Lottery, which fails, is unwilling, or loses the ability to transfer prize contributions as required under these Rules shall suspend its sales of Mega Millions within seven (7) days of such failure or loss of ability. The Party Lottery may request reinstatement as provided for under these Rules. Failure to notify the Product Group of such circumstances, or of the suspension of sales, or the failure to suspend sales as required, shall be grounds for suspension or expulsion.

*Adopted: October 25, 2017.*

**9.4** Any Party Lottery that fails, is unwilling, or loses the ability to pay all prize levels in the game(s) after prize claimants have met all prize claim procedures of the Party Lottery, the Group and the MUSL Board, shall immediately suspend its sales of Mega Millions upon such failure, unwillingness, or loss of ability. The Party Lottery may request reinstatement as provided for under these Rules. Failure to notify the Product Group of such circumstances, or of the suspension of sales, or the failure to suspend sales as required, shall be grounds for suspension or termination.

*Adopted: October 25, 2017.*

## **MM RULE 10—ADVERTISING.**

**10.1 Unfair Advertising.** No Party Lottery may advertise, either directly or indirectly, that Plays sold in its jurisdiction offer better odds, better chances of winning, or better payoffs than Plays sold in other jurisdictions. This rule does not prohibit a Party Lottery from offering retailer promotions or other creative promotions designed to increase the sale of Plays.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**10.2 Mega Millions Jackpot Estimate.** No Party Lottery may publicize an advertised Mega Millions Jackpot Prize amount or guaranteed Mega Millions Jackpot Prize amount that is different than the estimated Mega Millions Jackpot Prize amount provided to the Party Lotteries by the Mega Millions Lotteries.

*Amended March 29, 2013; June 14, 2016; October 28, 2019.*

## **MM RULE 11—TICKET PRICE**

**11.1 Uniform Price.** Each Play shall be sold at retail for the price set by the Mega Millions Lotteries.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; XX, 2024.*

**11.2 Taxes.** The Play price set by the Mega Millions Lotteries shall include all the applicable taxes that a Party Lottery may be required to collect.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31,*



2017; June 27, 2024.

**11.3 Discounts, Rebates, and Promotions.** A Party Lottery may offer Plays through discounts, rebates, or promotions as long as the full prize share is paid to the Product Group, without discount, and after a notice is provided to all Group members of the terms and dates of the offering.

*Amended June 3, 2010, to be effective September 14, 2010; March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**11.4 Plays as Prizes.** Nothing in this rule shall prohibit a Party Lottery from offering Plays as a prize in any other non-MUSL game or promotion operated by the Party Lottery after advising all Group members of the terms and dates of the offering.

*Amended June 3, 2010, to be effective September 14, 2010; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**11.5 Contribution to Prize Pool.** Party Lotteries that offer Plays as a prize or as part of an authorized discount, promotion, or rebate shall contribute to the prize pool the full amount assessed for a Play sold at the uniform price.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## MM RULE 12—SALE OF PLAYS

**12.1 Agents and Retailers.** Plays shall be sold only through Agents and Retailers and means authorized by a Party Lottery.

*Amended June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**12.2 Printed Plays.** Plays sold through the Product Group shall be sold through a Party Lottery and, other than Ticketless Transaction Plays, shall be printed on paper that meets the security requirements for paper used in the Party Lottery's other games and other requirements adopted by the MUSL Board and the Product Group.

*Amended March 29, 2013; June 25, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**12.3 MUSL Markings.** All Play Slips used in the game shall contain registered game trademarks and shall communicate other information as may be required by the MUSL Board and the Product Group.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**12.4 Game Sell Out Prohibited.** No Party Lottery shall directly and knowingly sell a Play or combination of Plays to any person or entity that would guarantee such purchaser a Mega Millions Jackpot Prize win.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**12.5 Location and Method of Sales.** An offer to buy and an offer to sell a Play sold through the Product Group shall be made only at a location or only by a method that is licensed, certified, authorized, or contracted by the Party Lottery.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*



**MM RULE 13—PRIZE PAYMENTS.**

No Party Lottery may pay prizes that are less than or more than the prize amounts established by the Mega Millions Lotteries. The prize won cannot be indirectly increased by Party Lottery promotions or agent promotions that have the effect of increasing the designated prize.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**MM RULE 14—MEGA MILLIONS PRIZE POOL TRANSFERS.**

**14.1 Prize Funds Transferred to MUSL.** Each Party Lottery shall transfer to MUSL, in trust, an amount determined by the Product Group to be its total proportionate share of the Mega Millions Prize Pool less actual Mega Millions low-tier prize liability. If this results in a negative amount, the MUSL central office shall transfer funds from the appropriate prize pool to the Party Lottery.

In the event of a Mega Millions Jackpot Prize win at a MUSL Lottery, the Mega Millions Lottery's Mega Millions Clearinghouse shall collect the total proportionate share of the Jackpot Prize pool from the Mega Millions Lotteries and shall transfer that amount to MUSL within 14 calendar days from the date of the winning draw.

*Amended Dec 31, 2009; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the draw on April 21, 2020; June 27, 2024.*

**14.2 Mega Millions Jackpot Prize Funds Transferred to Lottery.** Mega Millions Jackpot Prize amounts held by MUSL shall be transferred to a Party Lottery having a winner in the Mega Millions game on a schedule approved by the Product Group and after MUSL has collected the prize pool shares from all Participating Lotteries selling the Mega Millions lottery game.

*Amended Dec 31, 2009; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**14.3 Unclaimed Prizes.**

**(a)** All funds to pay a Mega Millions Jackpot Prize that went unclaimed shall be returned to Selling Lotteries in proportion to sales by Selling Lotteries for the Mega Millions Jackpot Prize in question after the claiming period set by the Selling Lottery selling the winning Play expires.

If after a winning Play has not been claimed or redeemed and the corresponding prize monies have been returned to Party Lotteries pursuant to this Rule, a claim is made or redemption sought which a Party Lottery pays (i) as a result of the provisions of the Servicemembers Civil Relief Act (50 U.S.C. App. §3901 et seq as amended) (SCRA); (ii) as a result of jurisdictional legislation adopted to satisfy the requirements of the SCRA; or (iii) as a result of jurisdictional legislation requiring such payment to a member of the armed forces who was engaged in active military service outside the paying Party Lottery jurisdiction when the usual permitted time period to make a claim or seek redemption expired, each other Party Lottery, that was a Party Lottery at the time of the drawing, shall reimburse the paying Party Lottery in an amount equal to the amount such other Party Lottery would have contributed to the prize had the claim been made or redemption sought within the usual permitted time period for that claim or redemption. The provisions of this rule shall remain in force and effect and be binding upon the Party

Lotteries without regard to whether the Mega Millions game remains in existence and/or whether the Party Lottery seeking reimbursement has withdrawn from the game at the time a Party Lottery seeks reimbursement pursuant to this rule.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(b)** The return of unclaimed Mega Millions Jackpot Prize funds shall occur promptly upon the termination of the relevant claim period for the Participating Lottery in which the unclaimed Jackpot Prize Play was purchased. Interest accrued on any securities purchased to fund an unclaimed Mega Millions Jackpot Prize will be reflected in market rates at the time of liquidation by the Purchaser of the securities. The Purchaser shall return interest earned on unclaimed cash value option Mega Millions Jackpot Prizes based on the interest yields realized on such funds during the claim period.

Any interest earned on unclaimed Mega Millions Jackpot Prizes held by Mega Millions Lotteries shall be returned on a proportional basis to MUSL. Any interest earned on unclaimed Mega Millions Jackpot Prizes held by MUSL shall be returned on a proportional basis to the Mega Millions Lotteries.

*Amended June 5, 2014; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**(c)** By agreement with the Mega Millions Lotteries, the Product Group will not participate in the sharing of liabilities at the low-tier prize level (all prizes below the Mega Millions Jackpot Prize) and shall not reconcile unclaimed low-tier prizes with the Mega Millions Lotteries.

*Amended October 28, 2019.*

**MM RULES 15 through 18 RESERVED.**

**MM RULE 19—FUNDS TRANSFER.**

Funds shall be collected from each Party Lottery by wire transfer, electronic funds transfer, or by other means acceptable to the Product Group. The amount to be transferred shall be calculated in accordance with Product Group rules. The Product Group shall determine collection days. If MUSL is unable to collect all funds in a timely manner for the transfer to the winning lottery(ies), MUSL may borrow the funds from other appropriate Mega Millions Product Group cash reserves, or from the MUSL Operations Account, following notice to the Product Group Officers, the Finance Committee, and the Executive Committee. The borrowed funds shall be immediately replenished upon collection of prize funds from the Party Lotteries.

*Amended March 29, 2013; May 13, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**MM RULE 20 RESERVED.**

**MM RULE 21—ADVANCE SALES.**

Proceeds from advance sales may be held by the Party Lottery until the draw date for which the Play applies.

*Amended June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**MM RULES 22 – 25 RESERVED.**

**PART II GENERAL RULES FOR THE MEGA MILLIONS GAME**

*Amended December 5, 2024, to be effective with sales starting on April 5, 2025, and the drawing on April 8, 2025.*

**MM RULE 26—DEFINITIONS.**

The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Product Group. Capitalized terms used but not defined in these rules shall have the meanings ascribed to them in the MUSL Agreement.

**26.1** “Advertised Jackpot Prize” shall mean the estimated annuitized Mega Millions Jackpot amount as determined by the Mega Millions Lotteries. The Advertised Jackpot Prize is not a guaranteed prize amount, and the actual Mega Millions Jackpot amount may vary from the advertised amount, except in circumstances where there is a guaranteed Mega Millions Jackpot amount as described in Rule 30.1(a).

*Adopted June 14, 2016, to be effective with the drawing on October 18, 2016; Amended June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**26.2** "Agent" or "retailer" means a person or entity authorized by a Party Lottery to sell lottery Plays.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**26.3** "Computer pick" means the random selection of game play number indicia by the authorized retailer computer that appear on a ticket or Ticketless Transaction and are played by a player in the game.

*Adopted October 28, 2019, to be effective with the drawing on April 21, 2010*

**26.4** “Exchange ticket” means a reprinted Game ticket produced by a Terminal in an authorized manner to replace a Game ticket which is presented by a player that has been purchased for play in multiple consecutive drawings per MM Rule 27.5 and that was validated before the last drawing appearing on the Game ticket.

*Adopted December 5, 2024.*

**26.5 Reserved.**

**26.6 Reserved.**

**26.7** “Finance Committee” shall mean the committee established by the Multi-State Lottery Association.

**26.8** "Game ticket" or "Ticket" means the physical evidence of a Play or Plays, printed on paper that meets the play and security data required by the Selling Lottery, these Game Rules, and the MUSL Rules that allow redemption of a prize. Tickets may be printed by Terminals or Retailer Controlled Selling Devices as permitted by these Rules and the Selling Lottery. Affected MUSL Rules include, but are not limited to MUSL Rules 2.14, 2.20, and 2.21.

*Amended March 29, 2013; June 25, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.9** “Jackpot” or “Jackpot Prize” shall refer to the top prize in the Mega Millions game.

*Amended June 25, 2013, to be effective with the drawing on October 22, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**26.10 Reserved.**

**26.11 Reserved.**

**26.12 Reserved.**

**26.13** “Mega Millions Lotteries” means those lotteries that have reached a Cross Sell Agreement with MUSL for the selling of the Mega Millions Game. The Mega Millions Lotteries determine the Mega Millions Advertised Jackpot Prize amount (cash value option and annuity)

*Amended March 29, 2013; June 27, 2024.*

**26.14** “Mega Millions Plays” or “MM Plays” shall refer to Plays purchased for the Mega Millions game.

*Adopted June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**26.15 Reserved.**

**26.16** “Multiplier” means a unique number that is automatically selected by computer software according to the frequency set forth in **MM RULE 38** for each Mega Millions Play.

*Adopted June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**26.17** "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.

**26.18** "MUSL Board" means the governing body of the MUSL that is comprised of the chief executive officer of each Party Lottery.

*Amended March 29, 2013.*

**26.19** “Participating Lottery” or “Selling Lottery” means a state lottery or lottery of a political subdivision or entity that is participating in selling the Mega Millions game and that may be a member of either MUSL or the Mega Millions Lotteries. In context, “Selling Lottery” may refer to the Participating Lottery which sold a particular Play.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**26.20** "Party Lottery" means a state lottery or lottery of a political subdivision or entity which has joined MUSL and, in the context of these Product Group Rules that has joined in selling the games offered by the MUSL Mega Millions Product Group.

*Amended March 29, 2013.*

**26.21** "Play" or "Bet" means a physical or electronic means by which a player communicates their intended Play selection to the retailer as defined and approved by the Selling Lottery. As used in these Rules “Play” or “Bet” means a Mega Millions Play.

*Amended June 25, 2013 to be effective with the drawing on October 22, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 16, 2022; June 27, 2024.*

**26.22** "Play Slip" or "Bet Slip" means a physical or electronic means by which a player communicates their intended play selection to the retailer as defined and approved by the Selling Lottery. A Play Slip or a Bet Slip is not a ticket or Ticketless Transaction.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**26.23** "Product Group" or "the Group" means the group of lotteries that has joined together to offer the Mega Millions lottery game product pursuant to the terms of the Agreement for Cross Sell between MUSL and the Mega Millions Lotteries, the Multi-State Lottery Agreement, and the Product Group's own rules.

*Amended March 29, 2013; June 5, 2014.*

**26.24** "Registered Play" means a wager where the play is owned by a specifically identified player at the time of purchase through a means acceptable by the Selling Lottery, and which is recorded on the Selling Lottery's computer gaming system and internal control system.

*Adopted June 16, 2022.*

**26.25** "Request for Play" means a sale that is not immediately recorded on the CGS but is recorded onto the CGS at some future time prior to a draw event.

**26.26** "Retailer Controlled Selling Device" means a device that is not a Terminal, and which is controlled by a retailer for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including making purchases, validating tickets, and transmitting reports. Examples of Retailer Controlled Selling Devices include cash registers. Retailer Controlled Selling Devices must meet all security requirements of the Selling Lottery, these Rules, and the MUSL Rules. Retailer Controlled Selling Devices do not include player provided point of sale devices such as smartphones.

*Adopted June 16, 2022.*

**26.27** "Returned Plays" means Plays accepted by the Selling Lottery as returned to the Selling Lottery because the Play is misprinted, illegible, printed in error, a future Plays affected by changes in game features by the Selling Lottery, or is returned due to game cancellations.

**26.28** "Set Prize", also referred to as "low-tier prize", means all other prizes except the Mega Millions Jackpot Prize and, except in instances outlined in these rules, will be equal to the prize amount established by the Mega Millions Lotteries.

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

**26.29** "Terminal" means a device that meets all security and definitional requirements of these Rules, the MUSL Rules, and the Selling Lottery, and which is authorized by a Party Lottery to function in an on-line, interactive mode with the lottery's computer gaming system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including purchases, validating tickets, and transmitting reports. The term Terminal does not include a Retailer Controlled Selling Device such as a cash register or player provided point of sale device such as a smartphone.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.30** "Ticketless Transaction" means any Play that is not printed on paper that meets the anti-counterfeiting requirements described in the MUSL Rules. Examples of Ticketless Transactions include internet, subscription, and other types of Registered Plays. All Ticketless



Transactions must be Registered Plays. Any Play sold through a Terminal or Retailer Controlled Selling Device, but which is a Registered Play requiring confirmation of the player's identity upon prize redemption shall be considered a Ticketless Transaction even when a receipt, summation, or recognition of purchase is printed by or through the device.

*Adopted June 25, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.31** "Winning numbers" means the game results selected during an official drawing event performed by the Mega Millions Lotteries and are used by the Mega Millions Lotteries to determine winning Plays contained on a game ticket or Ticketless Transaction.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

**MM RULE 27-- Proof of Play; Cancelled Plays Prohibited; Request for Plays, Returned Plays, Incomplete Transaction Plays, Stolen Plays, Exchange Tickets, and Refunds for Game Cancellations.**

**27.1 General.** Unless otherwise permitted by the Selling Lottery, a ticket (subject to the validation requirements set forth in Rule 31 – Play Validation) or properly registered Ticketless Transaction shall be the only proof of a game Play or Plays, and the submission of a winning ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A Play Slip, paper receipt, or printed summation of a Play printed by a Terminal which is not a ticket has no pecuniary or prize value and shall not constitute evidence of a Play purchase or numbers selected.

*Amended December 5, 2024.*

**(a) Cancelled Plays Prohibited.** In all instances, a Play recorded on the CGS may not be voided or cancelled by returning the ticket or Ticketless Transaction to the Agent, Retailer, or Selling Lottery.

**(b) Request for Plays.** A lottery may conduct future sales through a subscription or other system that does not immediately record such sales on the CGS. At the sole discretion of the lottery, authorized sales through a subscription or other system which are recorded as a Request for Play(s) may be cancelled at any time prior to the time the Request for Play is recorded as a Play on the CGS. If a Request for Play is cancelled, it shall not be recorded on the CGS. Per 27.1 (a) above, once a Play is recorded on the CGS, it may not be cancelled at any time. Any cancelled Request for Play shall not be included in sales data report to MUSL. Examples of permitted cancellation of subscription "Request for Plays" include game matrix changes, price changes, modification of the game features, player enrollment in self-exclusion programs, and other circumstances as determined by the Selling Lottery.

**(c) Returned Plays.** To promote good Player or Retailer relations, a Selling Lottery, at its sole discretion, may develop a method of compensating Players or Retailers for Plays accepted by the Selling Lottery as returned to the Selling Lottery (“Returned Plays”) that are misprinted, illegible, printed in error, and, future Plays affected by changes in game features by the Selling Lottery or due to game cancellations.

*Amended December 5, 2024.*

Returned Plays may not be cancelled or voided. Returned Plays are not reported to MUSL.

The Selling Lottery Must remit its required prize pool contributions on all Plays accepted as returned Plays by the Selling Lottery.

Returned Plays may not be claimed for a prize by any person or entity, including the Selling Lottery. Any prizes which would have been won on a Returned Play shall become an unclaimed prize at the end of the prize claim period.

**(d) Exchange Tickets.** When an Exchange Ticket is produced, the Exchange Ticket shall contain the exact same game Play, including the unique Multiplier(s) for each remaining Play, from the validated Game ticket that is being exchanged. Once Printed, an Exchange Ticket serves as a Game ticket and is subject to the requirements and provisions applicable to Game tickets.

*Amended December 5, 2024.*

**(e) Incomplete Transaction Plays.** Incomplete Transaction Plays occur when a Retailer begins a Play transaction as requested by a Player, and the Play is registered on the CGS, but the transaction is terminated prior to transferring Play confirmation to the Player, there is no attempt to print the Play on a ticket, and the Player has not paid for the Play. Transaction terminations may be due to time sensitivities, communications loss or other issues as accepted by the Selling Lottery.

A Selling Lottery, at its sole discretion, may develop an approved method of managing Incomplete Transaction Plays, subject to these provisions.

Incomplete Transaction Plays may not be cancelled or voided.

The Selling Lottery must remit its required prize pool contributions on any Incomplete Transaction Plays. At its sole discretion, the Selling Lottery may develop a method of compensation Retailers for Incomplete Transaction Plays if Retailers are required to reimburse Selling Lotteries for prize pool contributions.

Incomplete Transaction Plays may not be claimed for a prize by any person or entity including the Retailer. Any prize which cannot be claimed as a prize under this Rule but would otherwise have been won on an Incomplete Transaction Play shall become an unclaimed prize at the end of the prize claim period of the drawing for which the Incomplete Transaction Play was recorded. Incomplete Transaction Plays are not reported to MUSL.

**(f) Stolen Plays.** Plays reported as stolen from a Retailer that have been recovered cannot be accepted by the Selling Lottery as Returned Plays.

Selling Lotteries may compensate a Retailer for the loss from theft if a Selling Lottery, solely at its discretion, determines to assume such a loss, but Stolen Plays cannot be cancelled or voided.

Ownership of Stolen Plays, and whether any party has a right to claim prizes on Stolen Plays, shall be determined by the rules of the Selling Lottery.



**(g) Game Cancellation.** In the event of cancellation of the Game by the Product Group prior to the occurrence of all drawings for which Plays have been sold and recorded on the CGS, the Selling Lottery may provide a refund mechanism for such Plays to the Players, and the Selling Lottery shall not be required to remit its prize pool contributions for any such refunded Plays.

**(h) Selling Lotteries Prohibited from Claiming Prizes.** Selling Lotteries and lottery officials are prohibited from claiming any prizes on Plays that are owned by the Selling Lottery through “Returned Plays” or otherwise acquired and held by the Selling Lottery. Any prizes that would otherwise be won on Plays owned or acquired by Selling Lotteries shall become unclaimed prizes at the end of the prize claim period.

**27.2 Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the game Play or Plays and other data printed on the ticket or contained in a Ticketless Transaction. The placing of Plays is done at the player's own risk through the agent that is acting on behalf of the player in entering the Play or Plays. The purchaser of a Play or Plays through a Ticketless Transaction has the sole responsibility for verifying the accuracy and condition of the data at the time of purchase.

*Amended March 29, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**27.3 Entry of Plays.** Plays may only be entered as approved by the Party Lottery by such means as approved by the Party Lottery. Retailers shall not permit the use of Play Slips that are not allowed by the Party Lottery. Retailers shall not permit any device to enter Plays, except as allowed by the Party Lottery.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**27.4 Registration of Plays.** Ticketless Transaction Plays may be registered with the Party Lottery in a manner that meets the requirements established by the Product Group, the Party Lottery, and the MUSL Rules.

*Amended March 29, 2013; June 25, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**27.5 Maximum Purchase.** Except for a Ticketless Transaction Play purchase when the Party Lottery has a process in place to allow players to make changes to their Play purchases in the event of a game change, the maximum number of consecutive drawings on a single Play purchase is twenty-six (26). The maximum number of consecutive drawings encompassed by a Ticketless Transaction Play purchase when the Party Lottery has a process in place to allow players to make changes to their Play purchases in the event of a game change is one hundred four (104).

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**27.6 Matrix Changes.** In the event of a matrix change, the Party Lottery that issued the Ticketless Transaction will determine the option(s) available to Ticketless Transaction purchasers from that Party Lottery for the balance of Plays remaining on their Ticketless Transactions effective as of the date of the matrix change.

*Amended March 29, 2013; June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**MM RULES 28 – 29 RESERVED.**

**MM RULE 30 PRIZE PAYMENTS.**

**30.1 Jackpot Prize for Mega Millions Game**

(a) The prize money allocated from the current Mega Millions prize pool for the Mega Millions Jackpot Prize, will be divided equally among all Mega Millions Jackpot Prize winning MM Plays in all Participating Lotteries. The annuity Mega Millions Jackpot Prize amount will be paid in thirty (30) graduated annual installments. Mega Millions Jackpot Prize won shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions Lotteries. The Mega Millions Lotteries may set a minimum guaranteed annuity Mega Millions Jackpot Prize amount that shall be advertised by the Selling Lotteries as the starting guaranteed annuity Mega Millions Jackpot Prize amount.

*Amended Dec 31, 2009; June 3, 2010, to be effective September 14, 2010; March 29, 2013; June 25, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

(b) **Rollover.** If, in any Mega Millions drawing there are no MM Plays that qualify for the Mega Millions Jackpot Prize category, the portion of the prize fund allocated to such Mega Millions Jackpot Prize category shall remain in the Mega Millions Jackpot Prize category and be added to the amount allocated for the Mega Millions Jackpot Prize category in the next consecutive Mega Millions drawing.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

(c) Unless there is a different Party Lottery rule, Mega Millions Jackpot Prizes shall be paid, at the election of the player made no later than sixty (60) days after the player becomes entitled to the prize as determined by the Selling Lottery, with either a per winner annuity or cash payment. If the payment election is not made by the player within sixty (60) days after the player becomes entitled to the prize, then the prize shall be paid as an annuity prize. An election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn, or otherwise changed.

*Amended March 29, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

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**MULTI STATE LOTTERY ASSOCIATION – MEGA MILLIONS GROUP (M2G2) RULES**

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**(d)** In the event of a prize winner who selects the cash value option, the prize winner's share shall be paid in a single payment upon completion of internal validation procedures. The cash value option shall be determined by the Mega Millions Lotteries.

*Amended Dec 31, 2009; June 5 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(e)** If an annuity is chosen, it shall be paid in thirty (30) consecutive graduated annual installments by the Party Lottery that sold the winning Mega Millions Ticket, with graduated annual installments as defined by the Mega Millions Lotteries in the Mega Millions Finance and Operations Procedures. The initial payment shall be paid upon completion of internal validation procedures. The subsequent twenty-nine (29) payments shall be paid annually to coincide with the month of the federal auction date at which the bonds were purchased to fund the annuity. All such payments shall be made within seven (7) days of the anniversary of the annual auction date.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**(f)** If individual shares of the Mega Millions Jackpot Prize Pool funds held to fund an annuity is less than two hundred fifty-thousand dollars (\$250,000.00), the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Mega Millions Jackpot Prize pool.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5, 2014; October 28, 2019, to be effective with the drawing on April 21, 2020.*

**(g)** Funds for the initial payment of an annuitized prize or the cash value option prize shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full cash value option amount may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega Millions Game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

*Amended Dec 31, 2009; June 5, 2014.*

**(h)** In the event of the death of a lottery winner sold by a Party Lottery during the annuity payment period, unless prohibited by jurisdictional law, the MUSL Finance Committee, in its sole discretion excepting a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") to the lottery of the jurisdiction in which the deceased lottery winner purchased the winning Play, and subject to federal, state, district or territorial applicable laws, may accelerate the payment of all of the remaining lottery proceeds to the Estate. If such a determination is made, then securities and/or cash held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Finance Committee or the Product Group.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(i)** If a Party Lottery purchases or holds the prize payment annuity for a prize won in that jurisdiction, that Party Lottery's game rules, and any prize payment agreement with the prize

winner, shall indicate that the prize winner has no recourse against MUSL or any other Party Lottery for payment of that prize.

**30.2 Reserved.**

**30.3 Set Prizes.** A Party Lottery may begin paying set or low-tier prizes after receiving authorization to pay from the MUSL central office.

**30.4 Process for Prize Payments.** All prizes shall be paid through the Selling Lottery that sold the winning Plays, and at the discretion of the Selling Lottery may be paid by cash, checks, warrants or electronic transfers.

*Amended March 29, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**30.5 Prizes Rounded.** Annuitized payments of the Mega Millions Jackpot Prize or a share of the Mega Millions Jackpot Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Mega Millions Jackpot Prize win shall be added to the first payment to the winner or winners.

Prizes other than the Mega Millions Jackpot Prize that, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool(s) for the next drawing.

*Amended March 29, 2013; June 5, 2014.*

**30.6 Limited to Highest Prize Won.**

(a) The holder of a winning MM Play may win only one (1) prize per Play in connection with the winning numbers drawn for the Mega Millions game and shall be entitled only to the prize won by those numbers in the highest matching prize category.

(b) All liability for a Mega Millions prize is discharged upon payment of a prize claim.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**30.7 Prize Claim Period.** Prize claims shall be submitted within the period set by the Party Lottery selling the Play. If no such claim period is established, all prize claims shall be made within one hundred eighty (180) days after the drawing date.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**MM RULE 31—PLAY VALIDATION FOR MEGA MILLIONS PLAYS**

**31.1** To be a valid Play and eligible to receive a prize, a Play's ticket or ticketless transaction shall satisfy all the requirements established by a Party Lottery for validation of winning Plays sold through its computer gaming system and any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for Plays that are altered in any manner.

*Amended March 29, 2013; June 5 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**31.2** Under no circumstances will a claim be paid for a prize without an official Mega

Millions ticket, or validly registered Ticketless Transaction, matching all game Play, serial number and other validation data residing in the selling Party Lottery's computer gaming system and such ticket or validly registered Ticketless Transaction shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize. Prize payment(s) will be made only after completion of the internal validation procedures and administrative processes as required by these Rules and the requirements of the Party Lottery that sold the winning Play.

*Amended June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**31.3** In addition to the above, in order to be deemed a valid, winning Play, unless the Play is a validly registered Ticketless Transaction, all of the following conditions must be met:

(a) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the drawing date(s) printed on the ticket.

(b) The ticket must be intact.

(c) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner.

(d) The ticket must not be counterfeit or an exact duplicate of another winning ticket.

(e) The ticket must have been issued by an authorized Mega Millions sales agent, or retailer of the selling Party Lottery and printed on paper in compliance with MUSL Rule 2.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

(f) The ticket must not have been stolen, to the knowledge of the Party Lottery.

(g) The ticket must be submitted for payment in accordance with the Amended and Restated Mega Millions Official Game Rules.

(h) The Play data must have been recorded on the CGS prior to the drawing and the Play data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the Party Lottery's computer gaming system, the wager accepted by the Party Lottery's computer gaming system shall be the valid wager.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(i) The player or computer pick number selections, validation data and the drawing date(s) of an apparent winning Play must appear on the official file of winning Plays, and a Play with that exact data must not have been previously paid.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(j) The play must not be mis-registered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the Party Lottery that issued the Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(k) The Play must pass validation tests using a minimum of three (3) of the five (5) validation methods as defined in the Finance and Operations Procedures for Mega Millions. In addition, the Play must pass all other confidential security requirements of the Party Lottery that issued the Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(l) In submitting a Play for validation, the claimant agrees to abide by applicable laws, all



rules and regulations, instructions, conditions, and final decisions of the Director of the Party Lottery that issued the Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(m)** There must not be any other breach of these Mega Millions Rules in relation to the Play that, in the opinion of the Director of the Party Lottery issuing the Play, justifies invalidation.

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**(n)** The Play must be submitted to the Party Lottery that issued it.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(o)** Ticketless transaction Plays must meet the validation requirements of the Party Lottery that issued the Play.

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**31.4** A Play submitted for validation that fails any of the preceding validation conditions shall be considered void, subject to the following determinations:

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(a)** In all cases of doubt, the determination of the Party Lottery that sold the Play, shall be final and binding; however, the Party Lottery may, at its option, replace an invalid Play with a Play of equivalent sales price.

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(b)** In the event a defective ticket is purchased or in the event the Party Lottery determines to adjust an error, the Claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Play of equivalent sales price.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(c)** In the event a Play is not paid by a Party Lottery and a dispute occurs as to whether the Play is a winning Play, the Party Lottery may, at its option, replace the Play as provided in paragraph (a) of this subsection. This shall be the sole and exclusive remedy of the Claimant unless the laws or regulations governing the Party Lottery provide for further administrative review.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## **MM RULE 32—PLAY RESPONSIBILITY.**

**32.1 Prize Claims.** Prize claim procedures shall be governed by the rules of the Selling Lottery. MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the Selling Lottery.

*Amended March 29, 2013; June 25, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**32.2 Reserved.**

**32.3 Stolen Plays.** The Product Group, MUSL and the Party Lotteries shall not be responsible for lost or stolen Plays.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**32.4 Ticketless Transactions.** A Ticketless Transaction Play is only valid when

registered with the lottery in accordance with lottery rules, these Rules, and the MUSL Rules. The person or, if permitted by the lottery rules, the persons registering the Play shall be the owner of the Ticketless Transaction play. A receipt for a Ticketless Transaction Play has no value and is not evidence of a Play.

*Amended June 25, 2013; June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**32.5** The Party Lotteries shall not be responsible to a prize claimant for Plays redeemed in error by a selling agent or retailer.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**32.6** Winners are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions draws. MUSL and the Party Lotteries are not responsible for Mega Millions winning numbers reported in error.

*Amended October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

### **MM RULE 33—INELIGIBLE PLAYERS.**

**33.1** A Play or share for a MUSL game issued by MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such Play or share shall not be paid to:

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(a)** A MUSL employee, officer, or director.

*Amended March 29, 2013.*

**(b)** A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures.

*Amended March 29, 2013.*

**(c)** An employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm. or

*Amended March 29, 2013.*

**(d)** An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) or any person residing in the same household of an individual described in subsections (a), (b), and (c)

**(e)** Those persons designated by a Party Lottery's law as ineligible to play its games shall also be ineligible to play the MUSL game in that Party Lottery's jurisdiction.

**33.2** A Play or share of the Mega Millions game may not be purchased in any lottery jurisdiction by any Party Lottery board member, commissioner, officer, or employee; or a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of any such person. Prizes shall not be paid to any persons prohibited from playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed by the Selling Lottery.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

### **MM RULE 34—APPLICABLE LAW.**

In purchasing a Play, or attempting to claim a prize, purchasers and prize claimants agree

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to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Party Lottery where the Play was purchased, and by directives and determinations of the director of that Party Lottery.

Additionally, the player shall be bound to all applicable provisions in the Mega Millions Finance and Operations Procedures for Mega Millions established by the Mega Millions Lotteries.

A prize claimant agrees, as its sole and exclusive remedy that claims arising out of a Play can only be pursued against the Party Lottery which issued the Play. Litigation, if any, shall only be maintained within the jurisdiction in which the Play was purchased and only against the Party Lottery that issued the Play. No claim shall be made against any other Party Lottery or against the MUSL.

Nothing in these Rules shall be construed as a waiver of any defense or claim the Party Lottery which issued the Play, any other Party Lottery, or MUSL may have in any litigation, including in the event a player or prize claimant pursues litigation against a Party Lottery or MUSL, or their respective officers, directors, or employees.

All decisions made by a Party Lottery, including the declaration of prizes and the payment thereof and the interpretation of Mega Millions Rules, shall be final and binding on all Play purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction where the Play was issued.

Unless the laws, rules, regulations, procedures, and decisions of the Party Lottery which issued the Play provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold in violation of these Rules or the laws, rules, regulations, procedures, and decisions of that Party Lottery; any such prize claimed but unpaid shall constitute an unclaimed prize under these Rules and the laws, rules, regulations, procedures, and decisions of that Party Lottery.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*



### PART III – MEGA MILLIONS GAME

#### MM RULE 35 - MEGA MILLIONS GAME DESCRIPTION

**35.1 Mega Millions Game.** Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-four (24) lottery game, drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. Each Mega Millions Play will include a Multiplier, which is a unique number that is automatically selected by computer software according to the frequency set for in **MM RULE 38** and printed directly on a Mega Millions Ticket. The Multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won. A Mega Millions Jackpot Prize will be paid at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Lotteries on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid on a single payment basis.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.2** Mega Millions winning numbers applicable to determine Mega Millions prizes will be determined on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. During the drawing event, five (5) numbers shall be drawn from the first field of seventy (70) numbers, and one (1) number shall be drawn from the second field of twenty-four (24) numbers, which shall constitute the Winning Numbers. For each Mega Millions Play, a Multiplier will be automatically selected by computer software according to the frequency set forth in **MM RULE 38**.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024; December 5, 2024.*

**35.3** To play Mega Millions, a player shall select (or computer pick) five (5) different numbers, from a field of one (1) through seventy (70), and one (1) additional number from a second field of one (1) through twenty-four (24). The player selected (or computer picked) number from the second field may be the same as one of the five numbers selected from the first field. A computer-generated Multiplier will be included on each Mega Millions Play purchased and will multiply lower tier prizes only. The Multiplier is included in the price of a Play and is not an add-on. The Multiplier is further defined in **MM RULE 38**.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.4** MM Plays can be purchased for five dollars (U.S. \$5.00), including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.5** Plays may be purchased from a Party Lottery approved sales outlet in a manner as approved by the Party Lottery and in accordance with MUSL Rules.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**MM RULE 36—MEGA MILLIONS PRIZE POOL.**

**36.1 Mega Millions Prize Pool.** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery MM Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based upon the number of winners at each prize level, as well as the funding required to meet a guaranteed Annuity Mega Millions Jackpot Prize as may be required by Rule 30.1(a).

*Amended Dec 31, 2009; September 21, 2010, to be effective December 1, 2010; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**36.2 Mega Millions Prize Pool Accounts and Prize Reserve Accounts.** The Product Group shall set the contribution rates to the prize pool and prize reserve accounts established by this rule.

(a) The following prize reserve accounts for the Mega Millions game are hereby established:

(i) The Prize Reserve Account (PRA) which is used to guarantee the payment of valid, but unanticipated, Mega Millions Jackpot Prize claims that may result from a system error or other reason to fund deficiencies in the Set Aside Pool, and to fund pari-mutuel prize deficiencies as defined and limited in Rules 36.3(c)(1)(a) and G(2)(a)(1).

(b) The following prize pool accounts for the Mega Millions game are hereby established:

(i) The Mega Millions Jackpot Prize Pool (JPP), which is used to fund the current Mega Millions Jackpot Prize;

(ii) The Set Prize Pool (SPP), which is used to fund the Set or Lower Tier Prizes. The SPP shall hold the temporary balances that may result from having fewer than expected winners in the Set Prize categories. The Source of the SPP is the Party Lottery's weekly prize contributions less actual Set Prize liability; and,

(iii) The Set-Aside Pool (SAP) which is used to fund the payment of the awarded minimum starting annuity Mega Millions Jackpot Prizes and the minimum annuity Mega Millions Jackpot Prize increase, if necessary (subject to the limitations in these rules), as may be set by the Product Group. The source of the SAP funding shall accumulate from the difference between the amount in the Mega Millions Jackpot Prize Pool at the time of a Mega Millions Jackpot Prize win and the amount needed to fund Mega Millions Jackpot Prize payments as determined by the Mega Millions lotteries.

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The maximum balance amounts and balance limit triggers are subject to review by the MUSL Finance Committee. The Finance Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Mega Millions Jackpot Prize win.

**(d)** The contribution rate to the JPP from MM Plays shall be 27.63% of sales.

An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group.

**(e)** The Product Group may determine to expend all or a portion of the funds in the prize pools (except the JPP) and the prize reserve accounts:

**(i)** for the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the Selling Lotteries; and

**(ii)** for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full Board by the Product Group.

**(f)** The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

**(g)** A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for payment of its full sales percentage share of the prize reserve account.

**(h)** Any amount remaining in the Mega Millions prize pool accounts or prize reserve account when the Product Group declares the end of the game shall be returned to the lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

*Amended September 21, 2010, to be effective December 1, 2010; March 29, 2013; June 25, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**36.3 Expected Prize Payout.** The Mega Millions Jackpot payout shall be determined on a pari-mutuel basis. Except as otherwise provided in these rules all other prizes awarded by Party Lotteries shall be paid as single payment prizes. All prize payouts are made with the expected prize payout percentages shown under MM RULE 37, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary:

(a) The Mega Millions Jackpot Prize amount shall be divided equally by the number of MM Plays winning the Mega Millions Jackpot Prize.

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024; December 5, 2024.*

(b) The SPP (for payment of single payment prizes of one million dollars (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(c) Pari-mutuel Prize Determinations.**

**(c)(1)** Except as otherwise provided for in 36.3(c)(2):

**(c)(1)(a)** If the total of the Mega Millions Set Prizes (as multiplied by the respective multiplier if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set Prizes, awarded shall be drawn from the following sources, in the following order: *Amended June 14, 2016, to be effective with the drawing on October 18, 2016.*

(i) the amount available in the SPP, if any;  
*Amended June 14, 2016, to be effective with the drawing on October 18, 2016.*

(ii) an amount from the PRA, if available, not to exceed forty million dollars (\$40,000,000.00) per drawing.

**(c)(1)(b)** If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this Rule shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions prizes will be reduced by the same percentage.

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016.*

**(c)(2)** By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amount for all lotteries selling the game at the lesser of the independently calculated prize amounts. The California Lottery is excluded from the Participating Lotteries' pari-mutuel prize calculations.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 27, 2024.*

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(d) Except as may be required by Rule 30.1(a), the official advertised Mega Millions Jackpot annuity amount is subject to change based on sales forecasts and/or actual sales.

*Amended Dec 31, 2009; June 3, 2010, to be effective September 14, 2010.*

(e) Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

**MM RULE 37 – PRIZE STRUCTURE.** The matrix of 5/70 and 1/24 with an anticipated prize payout is shown below and applies to all Product Group members with respect to the Jackpot Prize and will apply for all Product Group members for the second through ninth level prizes. Due to jurisdictional law requirements, the California State Lottery shall separately determine the second through ninth level prizes and Multiplier prize values on a pari-mutuel basis.

The following table sets forth the odds of winning and the probable distribution of winners in and among each prize category for MM Plays sold by Party Lotteries, based upon the total number of possible combinations in Mega Millions. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary:

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

**MM RULE 38 – MULTIPLIER FREQUENCY AND ODDS.** The Multiplier shall apply to all prize levels except the Jackpot Prize. The Multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won. The Multiplier shall print directly on, or be applied to each Play on a Ticket. Multipliers may repeat due to the frequency and limited Multiplier levels as shown below.

The Multiplier frequency and odds are as follows:

Multiplier	Frequency	Odds
10X	1	32.00
5X	2	16.00
4X	4	8.00
3X	10	3.20
2X	15	2.13
Field of:	32*	3.00**

\*Total of frequencies

\*\*Average Multiplier value



## MUSL MEGA MILLIONS® (M2G2) PRODUCT GROUP RULES

Adopted Dec 15, 2009; last amended ~~June 27~~ December 5, 2024, to be effective with sales beginning April 5, 2025, and the drawing held on April 8, 2025.

**These Rules Changes are effective with sales beginning April 5, 2025, and the drawing held on April 8, 2025.**

### PART I — ADMINISTRATION

#### MM RULE 1—LICENSE; DISPUTES, VOTING, ELECTIONS.

**1.0 Cross-Sell Agreement; Terms Incorporated.** The MUSL Board has entered into an agreement (“Cross-Sell Agreement”) with certain U.S. lotteries operating the Mega Millions® lottery game (“Mega Millions Lotteries”) that allows the MUSL Mega Millions (M2G2) Product Group (“Product Group”) to sell the Mega Millions lottery game. All provisions and requirements of the Cross-Sell Agreement, as it may be amended, are incorporated herein. Any conflict between the terms of these Rules and the Cross-Sell Agreement shall be interpreted in favor of the Cross-Sell Agreement.

The Mega Millions Lotteries shall determine the Mega Millions Jackpot Prize amount (cash value option and annuity) prior to each drawing. The Amended and Restated Mega Millions Official Game Rules and the Finance and Operations Procedures for Mega Millions as adopted and amended by the Mega Millions Lotteries are also incorporated herein. Any conflict between the Amended and Restated Mega Millions Official Game Rules, the Finance and Operations Procedures for Mega Millions, and these Product Group Rules shall be interpreted in favor of the Amended and Restated Mega Millions Official Game Rules and the Finance and Operations Procedures for Mega Millions.

*Amended June 3, 2010, to be effective September 14, 2010; March 29, 2013; June 5, 2014. October 28, 2019; June 27, 2024.*

**1.1 First Review.** The Product Group shall have the first opportunity to informally resolve any disputes arising between or among Party Lotteries regarding the Product Group, rules, policies, or guidelines. The Party Lottery seeking resolution of a dispute shall seek a remedy from the Product Group by filing a notice of dispute with the Product Group. Filing shall be done by certified mail, return receipt requested, addressed to the MUSL Executive Director. If the Product Group fails to resolve the dispute to the satisfaction of any party to the dispute within sixty (60) days after receiving notice of the dispute, the aggrieved Party Lottery may seek any other remedy authorized by the Multi-State Lottery Agreement (the MUSL Agreement), or the Cross-Sell Agreement with the Mega Millions Lotteries.

*Amended March 29, 2013.*

**1.2 Voting.** Each Party Lottery has one (1) vote. Unless a different percentage is provided in these rules, the percentage of votes necessary to allow action by the Product Group shall be more than fifty percent (50%) of the votes cast, in person or by proxy of the Product Group members.

*Amended March 29, 2013; June 27, 2024.*

**1.3 Amendment of Rules.** These Product Group Rules may be amended upon a vote of two-thirds (2/3) or more of the votes cast.

*Amended March 29, 2013; June 27, 2024.*

**1.4 Quorum.** The quorum necessary to hold an official meeting of the Product Group shall be representation in person or by proxy from more than fifty percent (50%) of all members. If neither the Chair nor Vice-Chair can attend a scheduled meeting in person, then the meeting shall be rescheduled.

*Amended March 29, 2013.*

**1.5 Elections.** A Product Group Chair and Product Group Vice-Chair shall be elected for one-year terms starting July 1. The Chair shall appoint a Nominating Committee to recommend candidates to the Product Group. Nominations may also be made by motion and properly seconded.

## **MM RULE 2 RESERVED.**

## **MM RULE 3—BUDGET.**

**3.1 Duties of Executive Director.** Annually or on a more frequent basis, the Executive Director shall prepare and submit to the Product Group Chair a proposed budget and fees for the Party Lotteries to pay the Product Group for the services it renders to them and shall be paid as a fee for services by each of the Party Lotteries in accordance with estimated sales. An acceptable method of payment shall be determined by the Product Group, subject to approval by the Board.

If a lottery withdraws from participation in the product group without giving proper notice of such withdrawal before approval of the group's budget, then that Participating Lottery shall not be entitled to a refund of its contributions to the budget.

If the Product Group terminates before the end of a fiscal year, all unspent funds shall be returned to the lotteries which contributed to the Group's budget, however Group contributions to MUSL overhead expenses shall not be refunded.

*Amended March 29, 2013; June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## **MM RULE 4—DRAWINGS.**

Drawings will be held at the times and places established by the Mega Millions Lotteries. Each Party Lottery Director shall determine the time for the end of sales prior to the drawings, which shall not be less than fifteen (15) minutes between the close of the game Play sales and the time of the drawing for those Plays sold. Lotteries shall not process plays for that drawing after the time established by the Party Lottery Director.



The Product Group shall approve draw procedures used by MUSL that facilitate the timely exchange of game and draw information with the Mega Millions Lotteries.

*Amended June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 16, 2022; June 27, 2024.*

**MM RULE 5 RESERVED.**

**MM RULE 6—RECORDS MANAGEMENT.**

**6.1 Records Defined.** “Records” shall mean any document, paper, photograph, or recording made or received, in whatever form, in connection with the official business of the Product Group. Records do not include materials made or acquired for reference or exhibition purposes, or miscellaneous papers or correspondence without official significance.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017*

**6.2 Duties of Executive Director.** The Executive Director shall maintain Product Group records in a secure and orderly manner.

**6.3 Confidentiality.** To the maximum extent practical, Product Group records shall be made available for inspection by Party Lotteries in a reasonable and responsible manner.

*Amended June 14, 2016.*

**6.4 Records Retention.** The Executive Director shall establish the minimum retention period for each record or class of record with Product Group approval. The Executive Director shall establish the criteria for the disposal of Product Group records.

**MM RULE 7 RESERVED.**

**MM RULE 8—PETITION FOR ADMISSION.**

**8.1 Minimum Internal Control Systems (ICS) Standards.** A Lottery seeking admission to the Product Group shall have a fully tested internal control system that meets or exceeds the minimum standards set forth in MUSL Rule 2 (Minimum ICS Standards) before sales of Plays commence. The MUSL Security and Integrity Committee shall review the ICS of each lottery seeking admission to the Product Group for compliance with Rule 2 (Minimum ICS Standards) and shall issue a written report summarizing its findings.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**8.2 Other Admission Requirements.** The Product Group shall determine other admission requirements as allowed by the MUSL Agreement and in the Cross Sell Agreement.

**MM RULE 9—EXPULSION OR SUSPENSION OF A PARTY LOTTERY.**

**9.1** The Product Group can expel or suspend a Party Lottery of the Product Group for cause as determined in the sole discretion of the Product Group with the consent of two-thirds (2/3) or more of the members pursuant to both methods of voting in conformance with the MUSL Agreement. If the Product Group votes to expel or suspend a Party Lottery as provided in the MUSL Agreement, the Party Lottery being considered for expulsion shall be excluded from voting on that matter, and shall also be excluded from any subsequent vote by the Product

Group to reinstate that Party Lottery, and in the voting calculations outlined in these Product Group Rules.

*Amended March 29, 2013; June 25, 2013, October 25, 2017.*

**9.2** The Product Group can reinstate a Party Lottery of the Product Group with the consent of two-thirds (2/3) or more of the Members pursuant to both methods of voting in conformance with the MUSL Agreement. Requests for reinstatement shall be considered by the Product Group at its earliest convenience, following submission of support sufficient for such reinstatement from the requesting lottery.

*Adopted: October 25, 2017.*

**9.3** Any Party Lottery, which fails, is unwilling, or loses the ability to transfer prize contributions as required under these Rules shall suspend its sales of Mega Millions within seven (7) days of such failure or loss of ability. The Party Lottery may request reinstatement as provided for under these Rules. Failure to notify the Product Group of such circumstances, or of the suspension of sales, or the failure to suspend sales as required, shall be grounds for suspension or expulsion.

*Adopted: October 25, 2017.*

**9.4** Any Party Lottery that fails, is unwilling, or loses the ability to pay all prize levels in the game(s) after prize claimants have met all prize claim procedures of the Party Lottery, the Group and the MUSL Board, shall immediately suspend its sales of Mega Millions upon such failure, unwillingness, or loss of ability. The Party Lottery may request reinstatement as provided for under these Rules. Failure to notify the Product Group of such circumstances, or of the suspension of sales, or the failure to suspend sales as required, shall be grounds for suspension or termination.

*Adopted: October 25, 2017.*

## **MM RULE 10—ADVERTISING.**

**10.1 Unfair Advertising.** No Party Lottery may advertise, either directly or indirectly, that Plays sold in its jurisdiction offer better odds, better chances of winning, or better payoffs than Plays sold in other jurisdictions. This rule does not prohibit a Party Lottery from offering retailer promotions or other creative promotions designed to increase the sale of Plays.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**10.2 Mega Millions Jackpot Estimate.** No Party Lottery may publicize an advertised Mega Millions Jackpot Prize amount or guaranteed Mega Millions Jackpot Prize amount that is different than the estimated Mega Millions Jackpot Prize amount provided to the Party Lotteries by the Mega Millions Lotteries.

*Amended March 29, 2013; June 14, 2016; October 28, 2019.*

## **MM RULE 11—TICKET PRICE**

**11.1 Uniform Price.** Each Play shall be sold at retail for the price set by the Mega Millions Lotteries.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; XX, 2024.*

**11.2 Taxes.** The Play price set by the Mega Millions Lotteries shall include all the applicable taxes that a Party Lottery may be required to collect.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31,*

2017; June 27, 2024.

**11.3 Discounts, Rebates, and Promotions.** A Party Lottery may offer Plays through discounts, rebates, or promotions as long as the full prize share is paid to the Product Group, without discount, and after a notice is provided to all Group members of the terms and dates of the offering.

*Amended June 3, 2010, to be effective September 14, 2010; March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**11.4 Plays as Prizes.** Nothing in this rule shall prohibit a Party Lottery from offering Plays as a prize in any other non-MUSL game or promotion operated by the Party Lottery after advising all Group members of the terms and dates of the offering.

*Amended June 3, 2010, to be effective September 14, 2010; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**11.5 Contribution to Prize Pool.** Party Lotteries that offer Plays as a prize or as part of an authorized discount, promotion, or rebate shall contribute to the prize pool the full amount assessed for a Play sold at the uniform price.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## MM RULE 12—SALE OF PLAYS

**12.1 Agents and Retailers.** Plays shall be sold only through Agents and Retailers and means authorized by a Party Lottery.

*Amended June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**12.2 Printed Plays.** Plays sold through the Product Group shall be sold through a Party Lottery and, other than Ticketless Transaction Plays, shall be printed on paper that meets the security requirements for paper used in the Party Lottery's other games and other requirements adopted by the MUSL Board and the Product Group.

*Amended March 29, 2013; June 25, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**12.3 MUSL Markings.** All Play Slips used in the game shall contain registered game trademarks and shall communicate other information as may be required by the MUSL Board and the Product Group.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**12.4 Game Sell Out Prohibited.** No Party Lottery shall directly and knowingly sell a Play or combination of Plays to any person or entity that would guarantee such purchaser a Mega Millions Jackpot Prize win.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**12.5 Location and Method of Sales.** An offer to buy and an offer to sell a Play sold through the Product Group shall be made only at a location or only by a method that is licensed, certified, authorized, or contracted by the Party Lottery.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**MM RULE 13—PRIZE PAYMENTS.**

No Party Lottery may pay prizes that are less than or more than the prize amounts established by the Mega Millions Lotteries. The prize won cannot be indirectly increased by Party Lottery promotions or agent promotions that have the effect of increasing the designated prize.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**MM RULE 14—MEGA MILLIONS PRIZE POOL TRANSFERS.**

**14.1 Prize Funds Transferred to MUSL.** Each Party Lottery shall transfer to MUSL, in trust, an amount determined by the Product Group to be its total proportionate share of the Mega Millions Prize Pool less actual Mega Millions low-tier prize liability. If this results in a negative amount, the MUSL central office shall transfer funds from the appropriate prize pool to the Party Lottery.

In the event of a Mega Millions Jackpot Prize win at a MUSL Lottery, the Mega Millions Lottery's Mega Millions Clearinghouse shall collect the total proportionate share of the Jackpot Prize pool from the Mega Millions Lotteries and shall transfer that amount to MUSL within 14 calendar days from the date of the winning draw.

*Amended Dec 31, 2009; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the draw on April 21, 2020; June 27, 2024.*

**14.2 Mega Millions Jackpot Prize Funds Transferred to Lottery.** Mega Millions Jackpot Prize amounts held by MUSL shall be transferred to a Party Lottery having a winner in the Mega Millions game on a schedule approved by the Product Group and after MUSL has collected the prize pool shares from all Participating Lotteries selling the Mega Millions lottery game.

*Amended Dec 31, 2009; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**14.3 Unclaimed Prizes.**

**(a)** All funds to pay a Mega Millions Jackpot Prize that went unclaimed shall be returned to Selling Lotteries in proportion to sales by Selling Lotteries for the Mega Millions Jackpot Prize in question after the claiming period set by the Selling Lottery selling the winning Play expires.

If after a winning Play has not been claimed or redeemed and the corresponding prize monies have been returned to Party Lotteries pursuant to this Rule, a claim is made or redemption sought which a Party Lottery pays (i) as a result of the provisions of the Servicemembers Civil Relief Act (50 U.S.C. App. §3901 et seq as amended) (SCRA); (ii) as a result of jurisdictional legislation adopted to satisfy the requirements of the SCRA; or (iii) as a result of jurisdictional legislation requiring such payment to a member of the armed forces who was engaged in active military service outside the paying Party Lottery jurisdiction when the usual permitted time period to make a claim or seek redemption expired, each other Party Lottery, that was a Party Lottery at the time of the drawing, shall reimburse the paying Party Lottery in an amount equal to the amount such other Party Lottery would have contributed to the prize had the claim been made or redemption sought within the usual permitted time period for that claim or redemption. The provisions of this rule shall remain in force and effect and be binding upon the Party

Lotteries without regard to whether the Mega Millions game remains in existence and/or whether the Party Lottery seeking reimbursement has withdrawn from the game at the time a Party Lottery seeks reimbursement pursuant to this rule.

*Amended March 29, 2013; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(b)** The return of unclaimed Mega Millions Jackpot Prize funds shall occur promptly upon the termination of the relevant claim period for the Participating Lottery in which the unclaimed Jackpot Prize Play was purchased. Interest accrued on any securities purchased to fund an unclaimed Mega Millions Jackpot Prize will be reflected in market rates at the time of liquidation by the Purchaser of the securities. The Purchaser shall return interest earned on unclaimed cash value option Mega Millions Jackpot Prizes based on the interest yields realized on such funds during the claim period.

Any interest earned on unclaimed Mega Millions Jackpot Prizes held by Mega Millions Lotteries shall be returned on a proportional basis to MUSL. Any interest earned on unclaimed Mega Millions Jackpot Prizes held by MUSL shall be returned on a proportional basis to the Mega Millions Lotteries.

*Amended June 5, 2014; June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**(c)** By agreement with the Mega Millions Lotteries, the Product Group will not participate in the sharing of liabilities at the low-tier prize level (all prizes below the Mega Millions Jackpot Prize) and shall not reconcile unclaimed low-tier prizes with the Mega Millions Lotteries.

*Amended October 28, 2019.*

## **MM RULES 15 through 18 RESERVED.**

### **MM RULE 19—FUNDS TRANSFER.**

Funds shall be collected from each Party Lottery by wire transfer, electronic funds transfer, or by other means acceptable to the Product Group. The amount to be transferred shall be calculated in accordance with Product Group rules. The Product Group shall determine collection days. If MUSL is unable to collect all funds in a timely manner for the transfer to the winning lottery(ies), MUSL may borrow the funds from other appropriate Mega Millions Product Group cash reserves, or from the MUSL Operations Account, following notice to the Product Group Officers, the Finance Committee, and the Executive Committee. The borrowed funds shall be immediately replenished upon collection of prize funds from the Party Lotteries.

*Amended March 29, 2013; May 13, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## **MM RULE 20 RESERVED.**

**MM RULE 21—ADVANCE SALES.**

Proceeds from advance sales may be held by the Party Lottery until the draw date for which the Play applies.

*Amended June 14, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**MM RULES 22 – 25 RESERVED.**



**PART II GENERAL RULES FOR THE MEGA MILLIONS GAME**

*Amended June 27, 2024, to be effective with sales starting on April 5, 2025, and the drawing on April 8, 2025.*

**MM RULE 26—DEFINITIONS.**

The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Product Group. Capitalized terms used but not defined in these rules shall have the meanings ascribed to them in the MUSL Agreement.

**26.1** “Advertised Jackpot Prize” shall mean the estimated annuitized Mega Millions Jackpot amount as determined by the Mega Millions Lotteries. The Advertised Jackpot Prize is not a guaranteed prize amount, and the actual Mega Millions Jackpot amount may vary from the advertised amount, except in circumstances where there is a guaranteed Mega Millions Jackpot amount as described in Rule 30.1(a).

*Adopted June 14, 2016, to be effective with the drawing on October 18, 2016; Amended June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**26.2** "Agent" or "retailer" means a person or entity authorized by a Party Lottery to sell lottery Plays.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**26.3** "Computer pick" means the random selection of game play number indicia by the authorized retailer computer that appear on a ticket or Ticketless Transaction and are played by a player in the game.

*Adopted October 28, 2019, to be effective with the drawing on April 21, 2010*

**26.4** ~~Reserved.~~ “Exchange ticket” means a reprinted Game ticket produced by a Terminal in an authorized manner to replace a Game ticket which is presented by a player that has been purchased for play in multiple consecutive drawings per MM Rule 27.5 and that was validated before the last drawing appearing on the Game ticket.

*Adopted December 5, 2024.*

**26.5** Reserved.

**26.6** Reserved.

**26.7** “Finance Committee” shall mean the committee established by the Multi-State Lottery Association.

**26.8** "Game ticket" or "Ticket" means the physical evidence of a Play or Plays, printed on paper that meets the play and security data required by the Selling Lottery, these Game Rules, and the MUSL Rules that allow redemption of a prize. Tickets may be printed by Terminals or Retailer Controlled Selling Devices as permitted by these Rules and the Selling Lottery. Affected MUSL Rules include, but are not limited to MUSL Rules 2.14, 2.20, and 2.21.

*Amended March 29, 2013; June 25, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.9** “Jackpot” or “Jackpot Prize” shall refer to the top prize in the Mega Millions game.

*Amended June 25, 2013, to be effective with the drawing on October 22, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*



**26.10 Reserved.**

**26.11 Reserved.**

**26.12 Reserved.**

**26.13** “Mega Millions Lotteries” means those lotteries that have reached a Cross Sell Agreement with MUSL for the selling of the Mega Millions Game. The Mega Millions Lotteries determine the Mega Millions Advertised Jackpot Prize amount (cash value option and annuity)

*Amended March 29, 2013; June 27, 2024.*

**26.14** “Mega Millions Plays” or “MM Plays” shall refer to Plays purchased for the Mega Millions game.

*Adopted June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**26.15 Reserved.**

**26.16** “Multiplier” means a unique number that is automatically selected by computer software according to the frequency set forth in **MM RULE 38** for each Mega Millions Play.

*Adopted June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**26.17** "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.

**26.18** "MUSL Board" means the governing body of the MUSL that is comprised of the chief executive officer of each Party Lottery.

*Amended March 29, 2013.*

**26.19** “Participating Lottery” or “Selling Lottery” means a state lottery or lottery of a political subdivision or entity that is participating in selling the Mega Millions game and that may be a member of either MUSL or the Mega Millions Lotteries. In context, “Selling Lottery” may refer to the Participating Lottery which sold a particular Play.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**26.20** "Party Lottery" means a state lottery or lottery of a political subdivision or entity which has joined MUSL and, in the context of these Product Group Rules that has joined in selling the games offered by the MUSL Mega Millions Product Group.

*Amended March 29, 2013.*

**26.21** "Play" or "Bet" means a physical or electronic means by which a player communicates their intended Play selection to the retailer as defined and approved by the Selling Lottery. As used in these Rules “Play” or “Bet” means a Mega Millions Play.

*Amended June 25, 2013 to be effective with the drawing on October 22, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 16, 2022; June 27, 2024.*

**26.22** "Play Slip" or "Bet Slip" means a physical or electronic means by which a player communicates their intended play selection to the retailer as defined and approved by the Selling Lottery. A Play Slip or a Bet Slip is not a ticket or Ticketless Transaction.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**26.23** "Product Group" or "the Group" means the group of lotteries that has joined together to offer the Mega Millions lottery game product pursuant to the terms of the Agreement for Cross Sell between MUSL and the Mega Millions Lotteries, the Multi-State Lottery Agreement, and the Product Group's own rules.

*Amended March 29, 2013; June 5, 2014.*

**26.24** "Registered Play" means a wager where the play is owned by a specifically identified player at the time of purchase through a means acceptable by the Selling Lottery, and which is recorded on the Selling Lottery's computer gaming system and internal control system.

*Adopted June 16, 2022.*

**26.25** "Request for Play" means a sale that is not immediately recorded on the CGS but is recorded onto the CGS at some future time prior to a draw event.

**26.26** "Retailer Controlled Selling Device" means a device that is not a Terminal, and which is controlled by a retailer for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including making purchases, validating tickets, and transmitting reports. Examples of Retailer Controlled Selling Devices include cash registers. Retailer Controlled Selling Devices must meet all security requirements of the Selling Lottery, these Rules, and the MUSL Rules. Retailer Controlled Selling Devices do not include player provided point of sale devices such as smartphones.

*Adopted June 16, 2022.*

**26.27** "Returned Plays" means Plays accepted by the Selling Lottery as returned to the Selling Lottery because the Play is misprinted, illegible, printed in error, a future Plays affected by changes in game features by the Selling Lottery, or is returned due to game cancellations.

**26.28** "Set Prize", also referred to as "low-tier prize", means all other prizes except the Mega Millions Jackpot Prize and, except in instances outlined in these rules, will be equal to the prize amount established by the Mega Millions Lotteries.

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

**26.29** "Terminal" means a device that meets all security and definitional requirements of these Rules, the MUSL Rules, and the Selling Lottery, and which is authorized by a Party Lottery to function in an on-line, interactive mode with the lottery's computer gaming system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including purchases, validating tickets, and transmitting reports. The term Terminal does not include a Retailer Controlled Selling Device such as a cash register or player provided point of sale device such as a smartphone.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.30** "Ticketless Transaction" means any Play that is not printed on paper that meets the anti-counterfeiting requirements described in the MUSL Rules. Examples of Ticketless Transactions include internet, subscription, and other types of Registered Plays. All Ticketless

Transactions must be Registered Plays. Any Play sold through a Terminal or Retailer Controlled Selling Device, but which is a Registered Play requiring confirmation of the player's identity upon prize redemption shall be considered a Ticketless Transaction even when a receipt, summation, or recognition of purchase is printed by or through the device.

*Adopted June 25, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.31** "Winning numbers" means the game results selected during an official drawing event performed by the Mega Millions Lotteries and are used by the Mega Millions Lotteries to determine winning Plays contained on a game ticket or Ticketless Transaction.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

~~**26.32** Proof of Play. Unless otherwise permitted by the selling lottery, a ticket (subject to the validation requirements set forth in Rule 31 – Play Validation) or properly registered Ticketless Transaction, shall be the only proof of a game Play or Plays and the submission of a winning ticket to the issuing Party Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A Play Slip, paper receipt, or printed summation of a Play printed by a Terminal which is not a ticket has no pecuniary or prize value and shall not constitute evidence of a Play purchase or numbers selected.~~

*Amended June 5 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022; December 5, 2024.*

**MM RULE 27-- Proof of Play; Cancelled Plays Prohibited; Request for Plays, Returned Plays, Incomplete Transaction Plays, Stolen Plays, Exchange Tickets, and Refunds for Game Cancellations.**

~~**27.1 General.** Unless otherwise permitted by the selling lottery, a validated ticket or properly registered Ticketless Transaction is the only proof of a game Play or Plays. Submission of a winning ticket to the issuing Party Lottery or to its authorized agent shall be the sole method of claiming a prize or prizes. Unless otherwise permitted by the Selling Lottery, a ticket (subject to the validation requirements set forth in Rule 31 – Play Validation) or properly registered Ticketless Transaction shall be the only proof of a game Play or Plays, and the submission of a winning ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A Play Slip, paper receipt, or printed summation of a Play printed by a Terminal which is not a ticket has no pecuniary or prize value and shall not constitute evidence of a Play purchase or numbers selected.~~

*Amended December 5, 2024.*

**(a) Cancelled Plays Prohibited.** In all instances, a Play recorded on the CGS may not be voided or cancelled by returning the ticket or Ticketless Transaction to the Agent, Retailer, or Selling Lottery.

**(b) Request for Plays.** A lottery may conduct future sales through a subscription or other system that does not immediately record such sales on the CGS. At the sole discretion of the lottery, authorized sales through a subscription or other system which are recorded as a Request for Play(s) may be cancelled at any time prior to the time the Request for Play is

recorded as a Play on the CGS. If a Request for Play is cancelled, it shall not be recorded on the CGS. Per 27.1 (a) above, once a Play is recorded on the CGS, it may not be cancelled at any time. Any cancelled Request for Play shall not be included in sales data report to MUSL. Examples of permitted cancellation of subscription “Request for Plays” include game matrix changes, price changes, modification of the game features, player enrollment in self-exclusion programs, and other circumstances as determined by the Selling Lottery.

**(c) Returned Plays.** To promote good Player or Retailer relations, a Selling Lottery, at its sole discretion, may develop a method of compensating Players or Retailers for Plays accepted by the Selling Lottery as returned to the Selling Lottery (“Returned Plays”) that are misprinted, illegible, printed in error, and, future Plays affected by changes in game features by the Selling Lottery or due to game cancellations. ~~If a Selling Lottery exchanges a Ticket for a Returned Play due to a misprint or illegible printing, the Ticket for the Returned Play shall print the unique Multiplier from the Ticket being exchanged.~~

Amended December 5, 2024.

Returned Plays may not be cancelled or voided. Returned Plays are not reported to MUSL.

The Selling Lottery Must remit its required prize pool contributions on all Plays accepted as returned Plays by the Selling Lottery.

Returned Plays may not be claimed for a prize by any person or entity, including the Selling Lottery. Any prizes which would have been won on a Returned Play shall become an unclaimed prize at the end of the prize claim period.

**(d) Exchange Tickets.** When an Exchange Ticket is produced, the Exchange Ticket shall contain the exact same game Play, including the unique Multiplier(s) for each remaining Play, from the validated Game ticket that is being exchanged. Once Printed, an Exchange Ticket serves as a Game ticket and is subject to the requirements and provisions applicable to Game tickets.

Amended December 5, 2024.

**(de) Incomplete Transaction Plays.** Incomplete Transaction Plays occur when a Retailer begins a Play transaction as requested by a Player, and the Play is registered on the CGS, but the transaction is terminated prior to transferring Play confirmation to the Player, there is no attempt to print the Play on a ticket, and the Player has not paid for the Play. Transaction terminations may be due to time sensitivities, communications loss or other issues as accepted by the Selling Lottery.

A Selling Lottery, at its sole discretion, may develop an approved method of managing Incomplete Transaction Plays, subject to these provisions.

Incomplete Transaction Plays may not be cancelled or voided.

The Selling Lottery must remit its required prize pool contributions on any Incomplete Transaction Plays. At its sole discretion, the Selling Lottery may develop a method of compensation Retailers for Incomplete Transaction Plays if Retailers are required to reimburse Selling Lotteries for prize pool contributions.

Incomplete Transaction Plays may not be claimed for a prize by any person or entity including the Retailer. Any prize which cannot be claimed as a prize under this Rule but would otherwise have been won on an Incomplete Transaction Play shall become an unclaimed prize at

the end of the prize claim period of the drawing for which the Incomplete Transaction Play was recorded. Incomplete Transaction Plays are not reported to MUSL.

**(ef) Stolen Plays.** Plays reported as stolen from a Retailer that have been recovered cannot be accepted by the Selling Lottery as Returned Plays.

Selling Lotteries may compensate a Retailer for the loss from theft if a Selling Lottery, solely at its discretion, determines to assume such a loss, but Stolen Plays cannot be cancelled or voided.

Ownership of Stolen Plays, and whether any party has a right to claim prizes on Stolen Plays, shall be determined by the rules of the Selling Lottery.

**(fg) Game Cancellation.** In the event of cancellation of the Game by the Product Group prior to the occurrence of all drawings for which Plays have been sold and recorded on the CGS, the Selling Lottery may provide a refund mechanism for such Plays to the Players, and the Selling Lottery shall not be required to remit its prize pool contributions for any such refunded Plays.

**(gh) Selling Lotteries Prohibited from Claiming Prizes.** Selling Lotteries and lottery officials are prohibited from claiming any prizes on Plays that are owned by the Selling Lottery through “Returned Plays” or otherwise acquired and held by the Selling Lottery. Any prizes that would otherwise be won on Plays owned or acquired by Selling Lotteries shall become unclaimed prizes at the end of the prize claim period.

**27.2 Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the game Play or Plays and other data printed on the ticket or contained in a Ticketless Transaction. The placing of Plays is done at the player's own risk through the agent that is acting on behalf of the player in entering the Play or Plays. The purchaser of a Play or Plays through a Ticketless Transaction has the sole responsibility for verifying the accuracy and condition of the data at the time of purchase.

*Amended March 29, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**27.3 Entry of Plays.** Plays may only be entered as approved by the Party Lottery by such means as approved by the Party Lottery. Retailers shall not permit the use of Play Slips that are not allowed by the Party Lottery. Retailers shall not permit any device to enter Plays, except as allowed by the Party Lottery.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**27.4 Registration of Plays.** Ticketless Transaction Plays may be registered with the Party Lottery in a manner that meets the requirements established by the Product Group, the Party Lottery, and the MUSL Rules.

*Amended March 29, 2013; June 25, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**27.5 Maximum Purchase.** Except for a Ticketless Transaction Play purchase when the Party Lottery has a process in place to allow players to make changes to their Play purchases in the event of a game change, the maximum number of consecutive drawings on a single Play purchase is twenty-six (26). The maximum number of consecutive drawings encompassed by a Ticketless Transaction Play purchase when the Party Lottery has a process in place to allow players to make changes to their Play purchases in the event of a game change is one hundred



four (104).

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**27.6 Matrix Changes.** In the event of a matrix change, the Party Lottery that issued the Ticketless Transaction will determine the option(s) available to Ticketless Transaction purchasers from that Party Lottery for the balance of Plays remaining on their Ticketless Transactions effective as of the date of the matrix change.

*Amended March 29, 2013; June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## **MM RULES 28 – 29 RESERVED.**

### **MM RULE 30 PRIZE PAYMENTS.**

#### **30.1 Jackpot Prize for Mega Millions Game**

(a) The prize money allocated from the current Mega Millions prize pool for the Mega Millions Jackpot Prize, will be divided equally among all Mega Millions Jackpot Prize winning MM Plays in all Participating Lotteries. The annuity Mega Millions Jackpot Prize amount will be paid in thirty (30) graduated annual installments. Mega Millions Jackpot Prize won shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions Lotteries. The Mega Millions Lotteries may set a minimum guaranteed annuity Mega Millions Jackpot Prize amount that shall be advertised by the Selling Lotteries as the starting guaranteed annuity Mega Millions Jackpot Prize amount.

*Amended Dec 31, 2009; June 3, 2010, to be effective September 14, 2010; March 29, 2013; June 25, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

(b) **Rollover.** If, in any Mega Millions drawing there are no MM Plays that qualify for the Mega Millions Jackpot Prize category, the portion of the prize fund allocated to such Mega Millions Jackpot Prize category shall remain in the Mega Millions Jackpot Prize category and be added to the amount allocated for the Mega Millions Jackpot Prize category in the next consecutive Mega Millions drawing.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

(c) Unless there is a different Party Lottery rule, Mega Millions Jackpot Prizes shall be paid, at the election of the player made no later than sixty (60) days after the player becomes entitled to the prize as determined by the Selling Lottery, with either a per winner annuity or cash payment. If the payment election is not made by the player within sixty (60) days after the player becomes entitled to the prize, then the prize shall be paid as an annuity prize. An election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn, or otherwise changed.

*Amended March 29, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

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**(d)** In the event of a prize winner who selects the cash value option, the prize winner's share shall be paid in a single payment upon completion of internal validation procedures. The cash value option shall be determined by the Mega Millions Lotteries.

*Amended Dec 31, 2009; June 5 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(e)** If an annuity is chosen, it shall be paid in thirty (30) consecutive graduated annual installments by the Party Lottery that sold the winning Mega Millions Ticket, with graduated annual installments as defined by the Mega Millions Lotteries in the Mega Millions Finance and Operations Procedures. The initial payment shall be paid upon completion of internal validation procedures. The subsequent twenty-nine (29) payments shall be paid annually to coincide with the month of the federal auction date at which the bonds were purchased to fund the annuity. All such payments shall be made within seven (7) days of the anniversary of the annual auction date.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**(f)** If individual shares of the Mega Millions Jackpot Prize Pool funds held to fund an annuity is less than two hundred fifty-thousand dollars (\$250,000.00), the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Mega Millions Jackpot Prize pool.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5, 2014; October 28, 2019, to be effective with the drawing on April 21, 2020.*

**(g)** Funds for the initial payment of an annuitized prize or the cash value option prize shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full cash value option amount may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega Millions Game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

*Amended Dec 31, 2009; June 5, 2014.*

**(h)** In the event of the death of a lottery winner sold by a Party Lottery during the annuity payment period, unless prohibited by jurisdictional law, the MUSL Finance Committee, in its sole discretion excepting a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") to the lottery of the jurisdiction in which the deceased lottery winner purchased the winning Play, and subject to federal, state, district or territorial applicable laws, may accelerate the payment of all of the remaining lottery proceeds to the Estate. If such a determination is made, then securities and/or cash held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Finance Committee or the Product Group.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(i)** If a Party Lottery purchases or holds the prize payment annuity for a prize won in that jurisdiction, that Party Lottery's game rules, and any prize payment agreement with the prize



winner, shall indicate that the prize winner has no recourse against MUSL or any other Party Lottery for payment of that prize.

**30.2 Reserved.**

**30.3 Set Prizes.** A Party Lottery may begin paying set or low-tier prizes after receiving authorization to pay from the MUSL central office.

**30.4 Process for Prize Payments.** All prizes shall be paid through the Selling Lottery that sold the winning Plays, and at the discretion of the Selling Lottery may be paid by cash, checks, warrants or electronic transfers.

*Amended March 29, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**30.5 Prizes Rounded.** Annuitized payments of the Mega Millions Jackpot Prize or a share of the Mega Millions Jackpot Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Mega Millions Jackpot Prize win shall be added to the first payment to the winner or winners.

Prizes other than the Mega Millions Jackpot Prize that, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool(s) for the next drawing.

*Amended March 29, 2013; June 5, 2014.*

**30.6 Limited to Highest Prize Won.**

(a) The holder of a winning MM Play may win only one (1) prize per Play in connection with the winning numbers drawn for the Mega Millions game and shall be entitled only to the prize won by those numbers in the highest matching prize category.

(b) All liability for a Mega Millions prize is discharged upon payment of a prize claim.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**30.7 Prize Claim Period.** Prize claims shall be submitted within the period set by the Party Lottery selling the Play. If no such claim period is established, all prize claims shall be made within one hundred eighty (180) days after the drawing date.

*Amended March 29, 2013; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**MM RULE 31—PLAY VALIDATION FOR MEGA MILLIONS PLAYS**

**31.1** To be a valid Play and eligible to receive a prize, a Play's ticket or ticketless transaction shall satisfy all the requirements established by a Party Lottery for validation of winning Plays sold through its computer gaming system and any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for Plays that are altered in any manner.

*Amended March 29, 2013; June 5 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**31.2** Under no circumstances will a claim be paid for a prize without an official Mega

Millions ticket, or validly registered Ticketless Transaction, matching all game Play, serial number and other validation data residing in the selling Party Lottery's computer gaming system and such ticket or validly registered Ticketless Transaction shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize. Prize payment(s) will be made only after completion of the internal validation procedures and administrative processes as required by these Rules and the requirements of the Party Lottery that sold the winning Play.

*Amended June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

**31.3** In addition to the above, in order to be deemed a valid, winning Play, unless the Play is a validly registered Ticketless Transaction, all of the following conditions must be met:

(a) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the drawing date(s) printed on the ticket.

(b) The ticket must be intact.

(c) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner.

(d) The ticket must not be counterfeit or an exact duplicate of another winning ticket.

(e) The ticket must have been issued by an authorized Mega Millions sales agent, or retailer of the selling Party Lottery and printed on paper in compliance with MUSL Rule 2.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

(f) The ticket must not have been stolen, to the knowledge of the Party Lottery.

(g) The ticket must be submitted for payment in accordance with the Amended and Restated Mega Millions Official Game Rules.

(h) The Play data must have been recorded on the CGS prior to the drawing and the Play data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the Party Lottery's computer gaming system, the wager accepted by the Party Lottery's computer gaming system shall be the valid wager.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(i) The player or computer pick number selections, validation data and the drawing date(s) of an apparent winning Play must appear on the official file of winning Plays, and a Play with that exact data must not have been previously paid.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(j) The play must not be mis-registered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the Party Lottery that issued the Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(k) The Play must pass validation tests using a minimum of three (3) of the five (5) validation methods as defined in the Finance and Operations Procedures for Mega Millions. In addition, the Play must pass all other confidential security requirements of the Party Lottery that issued the Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(l) In submitting a Play for validation, the claimant agrees to abide by applicable laws, all

rules and regulations, instructions, conditions, and final decisions of the Director of the Party Lottery that issued the Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(m) There must not be any other breach of these Mega Millions Rules in relation to the Play that, in the opinion of the Director of the Party Lottery issuing the Play, justifies invalidation.

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

(n) The Play must be submitted to the Party Lottery that issued it.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(o) Ticketless transaction Plays must meet the validation requirements of the Party Lottery that issued the Play.

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**31.4** A Play submitted for validation that fails any of the preceding validation conditions shall be considered void, subject to the following determinations:

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

(a) In all cases of doubt, the determination of the Party Lottery that sold the Play, shall be final and binding; however, the Party Lottery may, at its option, replace an invalid Play with a Play of equivalent sales price.

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

(b) In the event a defective ticket is purchased or in the event the Party Lottery determines to adjust an error, the Claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Play of equivalent sales price.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017.*

(c) In the event a Play is not paid by a Party Lottery and a dispute occurs as to whether the Play is a winning Play, the Party Lottery may, at its option, replace the Play as provided in paragraph (a) of this subsection. This shall be the sole and exclusive remedy of the Claimant unless the laws or regulations governing the Party Lottery provide for further administrative review.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

## **MM RULE 32—PLAY RESPONSIBILITY.**

**32.1 Prize Claims.** Prize claim procedures shall be governed by the rules of the Selling Lottery. MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the Selling Lottery.

*Amended March 29, 2013; June 25, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**32.2 Reserved.**

**32.3 Stolen Plays.** The Product Group, MUSL and the Party Lotteries shall not be responsible for lost or stolen Plays.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**32.4 Ticketless Transactions.** A Ticketless Transaction Play is only valid when

registered with the lottery in accordance with lottery rules, these Rules, and the MUSL Rules. The person or, if permitted by the lottery rules, the persons registering the Play shall be the owner of the Ticketless Transaction play. A receipt for a Ticketless Transaction Play has no value and is not evidence of a Play.

*Amended June 25, 2013; June 5, 2014; June 15, 2017, to be effective with the drawing on October 31, 2017; June 16, 2022.*

**32.5** The Party Lotteries shall not be responsible to a prize claimant for Plays redeemed in error by a selling agent or retailer.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**32.6** Winners are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions draws. MUSL and the Party Lotteries are not responsible for Mega Millions winning numbers reported in error.

*Amended October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*

### **MM RULE 33—INELIGIBLE PLAYERS.**

**33.1** A Play or share for a MUSL game issued by MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such Play or share shall not be paid to:

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017.*

**(a)** A MUSL employee, officer, or director.

*Amended March 29, 2013.*

**(b)** A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures.

*Amended March 29, 2013.*

**(c)** An employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm. or

*Amended March 29, 2013.*

**(d)** An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) or any person residing in the same household of an individual described in subsections (a), (b), and (c)

**(e)** Those persons designated by a Party Lottery's law as ineligible to play its games shall also be ineligible to play the MUSL game in that Party Lottery's jurisdiction.

**33.2** A Play or share of the Mega Millions game may not be purchased in any lottery jurisdiction by any Party Lottery board member, commissioner, officer, or employee; or a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of any such person. Prizes shall not be paid to any persons prohibited from playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed by the Selling Lottery.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

### **MM RULE 34—APPLICABLE LAW.**

In purchasing a Play, or attempting to claim a prize, purchasers and prize claimants agree

to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Party Lottery where the Play was purchased, and by directives and determinations of the director of that Party Lottery.

Additionally, the player shall be bound to all applicable provisions in the Mega Millions Finance and Operations Procedures for Mega Millions established by the Mega Millions Lotteries.

A prize claimant agrees, as its sole and exclusive remedy that claims arising out of a Play can only be pursued against the Party Lottery which issued the Play. Litigation, if any, shall only be maintained within the jurisdiction in which the Play was purchased and only against the Party Lottery that issued the Play. No claim shall be made against any other Party Lottery or against the MUSL.

Nothing in these Rules shall be construed as a waiver of any defense or claim the Party Lottery which issued the Play, any other Party Lottery, or MUSL may have in any litigation, including in the event a player or prize claimant pursues litigation against a Party Lottery or MUSL, or their respective officers, directors, or employees.

All decisions made by a Party Lottery, including the declaration of prizes and the payment thereof and the interpretation of Mega Millions Rules, shall be final and binding on all Play purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction where the Play was issued.

Unless the laws, rules, regulations, procedures, and decisions of the Party Lottery which issued the Play provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold in violation of these Rules or the laws, rules, regulations, procedures, and decisions of that Party Lottery; any such prize claimed but unpaid shall constitute an unclaimed prize under these Rules and the laws, rules, regulations, procedures, and decisions of that Party Lottery.

*Amended June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019, to be effective with the drawing on April 21, 2020; June 27, 2024.*



## PART III – MEGA MILLIONS GAME

### MM RULE 35 - MEGA MILLIONS GAME DESCRIPTION

**35.1 Mega Millions Game.** Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-four (24) lottery game, drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. Each Mega Millions Play will include a Multiplier, which is a unique number that is automatically selected by computer software according to the frequency set for in **MM RULE 38** and printed directly on a Mega Millions Ticket. The Multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won. A Mega Millions Jackpot Prize will be paid at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Lotteries on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid on a single payment basis.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.2** Mega Millions winning numbers applicable to determine Mega Millions prizes will be determined on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. During the drawing event, five (5) numbers shall be drawn from the first field of seventy (70) numbers, and one (1) number shall be drawn from the second field of twenty-four (24) numbers, which shall constitute the Winning Numbers. For each Mega Millions Play, Aa Multiplier will be automatically selected by computer software according to the frequency set forth in MM RULE 38.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024; December 5, 2024.*

**35.3** To play Mega Millions, a player shall select (or computer pick) five (5) different numbers, from a field of one (1) through seventy (70), and one (1) additional number from a second field of one (1) through twenty-four (24). The player selected (or computer picked) number from the second field may be the same as one of the five numbers selected from the first field. A computer-generated Multiplier will be included on each Mega Millions Play purchased and will multiply lower tier prizes only. The Multiplier is included in the price of a Play and is not an add-on. The Multiplier is further defined in MM RULE 38.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.4** MM Plays can be purchased for five dollars (U.S. \$5.00), including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery Play.

*Amended June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.5** Plays may be purchased from a Party Lottery approved sales outlet in a manner as

approved by the Party Lottery and in accordance with MUSL Rules.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**MM RULE 36—MEGA MILLIONS PRIZE POOL.**

**36.1 Mega Millions Prize Pool.** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery MM Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based upon the number of winners at each prize level, as well as the funding required to meet a guaranteed Annuity Mega Millions Jackpot Prize as may be required by Rule 30.1(a).

*Amended Dec 31, 2009; September 21, 2010, to be effective December 1, 2010; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**36.2 Mega Millions Prize Pool Accounts and Prize Reserve Accounts.** The Product Group shall set the contribution rates to the prize pool and prize reserve accounts established by this rule.

(a) The following prize reserve accounts for the Mega Millions game are hereby established:

(i) The Prize Reserve Account (PRA) which is used to guarantee the payment of valid, but unanticipated, Mega Millions Jackpot Prize claims that may result from a system error or other reason to fund deficiencies in the Set Aside Pool, and to fund pari-mutuel prize deficiencies as defined and limited in Rules 36.3(c)(1)(a) and G(2)(a)(1).

(b) The following prize pool accounts for the Mega Millions game are hereby established:

(i) The Mega Millions Jackpot Prize Pool (JPP), which is used to fund the current Mega Millions Jackpot Prize;

(ii) The Set Prize Pool (SPP), which is used to fund the Set or Lower Tier Prizes. The SPP shall hold the temporary balances that may result from having fewer than expected winners in the Set Prize categories. The Source of the SPP is the Party Lottery's weekly prize contributions less actual Set Prize liability; and,

(iii) The Set-Aside Pool (SAP) which is used to fund the payment of the awarded minimum starting annuity Mega Millions Jackpot Prizes and the minimum annuity Mega Millions Jackpot Prize increase, if necessary (subject to the limitations in these rules), as may be set by the Product Group. The source of the SAP funding shall accumulate from the difference between the amount in the Mega Millions Jackpot Prize Pool at the time of a Mega Millions Jackpot Prize win and the amount needed to fund Mega Millions Jackpot Prize payments as determined by the Mega Millions lotteries.



The maximum balance amounts and balance limit triggers are subject to review by the MUSL Finance Committee. The Finance Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Mega Millions Jackpot Prize win.

(d) The contribution rate to the ~~GJPP~~ from MM Plays shall be ~~27.6337-6509~~% of sales. An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group.

(e) The Product Group may determine to expend all or a portion of the funds in the prize pools (except the ~~GJPP~~) and the prize reserve accounts:

(i) for the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the Selling Lotteries; and

(ii) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full Board by the Product Group.

(f) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(g) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for payment of its full sales percentage share of the prize reserve account.

(h) Any amount remaining in the Mega Millions prize pool accounts or prize reserve account when the Product Group declares the end of the game shall be returned to the lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

*Amended September 21, 2010, to be effective December 1, 2010; March 29, 2013; June 25, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**36.3 Expected Prize Payout.** The Mega Millions Jackpot payout shall be determined on a pari-mutuel basis. Except as otherwise provided in these rules all other prizes awarded by Party Lotteries shall be paid as single payment prizes. All prize payouts are made with the ~~following~~ expected prize payout percentages shown under MM RULE 37, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary:

(a) The Mega Millions Jackpot Prize amount shall be divided equally by the number of MM Plays winning the Mega Millions Jackpot Prize.

*Amended March 29, 2013; June 15, 2017, to be effective with the drawing on October 31, 2017; June 27, 2024; ~~December 5, 2024.~~*

(b) The SPP (for payment of single payment prizes of one million dollars (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(c) Pari-mutuel Prize Determinations.**

(c)(1) Except as otherwise provided for in 36.3(c)(2):

(c)(1)(a) If the total of the Mega Millions Set Prizes (as multiplied by the respective multiplier if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set Prizes, awarded shall be drawn from the following sources, in the following order: *Amended June 14, 2016, to be effective with the drawing on October 18, 2016.*

(i) the amount available in the SPP, if any;  
*Amended June 14, 2016, to be effective with the drawing on October 18, 2016.*

(ii) an amount from the PRA, if available, not to exceed forty million dollars (\$40,000,000.00) per drawing.

(c)(1)(b) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this Rule shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions prizes will be reduced by the same percentage.

*Amended June 5, 2014; June 14, 2016, to be effective with the drawing on October 18, 2016.*

(c)(2) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amount for all lotteries selling the game at the lesser of the independently calculated prize amounts. The California Lottery is excluded from the Participating Lotteries' pari-mutuel prize calculations.

*Amended March 29, 2013; June 25, 2013, to be effective with the drawing on October 22, 2013; June 27, 2024.*

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(d) Except as may be required by Rule 30.1(a), the official advertised Mega Millions Jackpot annuity amount is subject to change based on sales forecasts and/or actual sales.

*Amended Dec 31, 2009; June 3, 2010, to be effective September 14, 2010.*

(e) Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

**MM RULE 37 – PRIZE STRUCTURE.** The matrix of 5/70 and 1/24 with an anticipated prize payout is shown below and applies to all Product Group members with respect to the Jackpot Prize and will apply for all Product Group members for the second through ninth level prizes. Due to jurisdictional law requirements, the California State Lottery shall separately determine the second through ninth level prizes and Multiplier prize values on a pari-mutuel basis.

The following table sets forth the odds of winning and the probable distribution of winners in and among each prize category for MM Plays sold by Party Lotteries, based upon the total number of possible combinations in Mega Millions. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary:

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

**MM RULE 38 – MULTIPLIER FREQUENCY AND ODDS.** The Multiplier shall apply to all prize levels except the Jackpot Prize. The Multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won. The Multiplier shall print directly on, or be applied to each Play on a Ticket. Multipliers may repeat due to the frequency and limited Multiplier levels as shown below.

The Multiplier frequency and odds are as follows:

Multiplier	Frequency	Odds
10X	1	32.00
5X	2	16.00
4X	4	8.00
3X	10	3.20
2X	15	2.13
Field of:	32*	3.00**

\*Total of frequencies

\*\*Average Multiplier value

## MUSL MEGA MILLIONS® (M2G2) PRODUCT GROUP RULES

Adopted Dec 15, 2009; last amended ~~June 27, 2024. June 16, 2022.~~ Comments revised April 9, 2020

These Rules Changes are effective with sales beginning April 5, 2025, and the drawing held on April 8, 2025. June 16, 2022.

### PART I — ADMINISTRATION

#### MM RULE 1—LICENSE ~~ENTERED~~; DISPUTES, VOTING, ELECTIONS.

**1.0 Cross-Sell ing Agreement; Terms Incorporated.** The MUSL Board ~~and the Powerball Product Group~~ has entered into an Agreement (“Cross-Sell Agreement”) with ~~the certain~~ U.S. lotteries operating ~~the Mega Millions® lottery game under an agreement (“Mega Millions Lotteries”)~~ that allows the MUSL Mega Millions (M2G2) Product Group (“Product Group”) to sell ~~a game known as the Mega Millions® lottery game. (the Mega Millions Lotteries) to permit the Party Lotteries of this Mega Millions Product Group (hereinafter “Product Group”) to sell the Mega Millions lottery game.~~ All provisions and requirements of ~~that~~ Cross-Sell ing Agreement, as it may be amended, are incorporated herein. Any conflict between the terms of these Rules and ~~that~~ Cross-Sell ing Agreement shall be interpreted in favor of that Cross-Sell ing Agreement.

The Mega Millions Lotteries shall determine the Mega Millions ~~Grand Prize~~Jackpot Prize amount (cash value option and annuity) prior to each drawing. ~~with the participation of the Product Group.~~ The Amended and Restated Mega Millions Official Game Rules and the Finance and Operations Procedures for of the Mega Millions Lottery Game, and the Game Rules and Finance and Operations Procedures of the Double Play add on Game, as adopted and amended by the Mega Millions Lotteries are also incorporated herein. Any conflict between ~~those the~~ Amended and Restated Mega Millions Official Game Rules, and the Finance and Operations Procedures for Mega Millions, and these Product Group Rules shall be interpreted in favor of the Amended and Restated Mega Millions Lottery Official Game Rules and the Finance and Operations Procedures for Mega Millions.

*Amended June 3, 2010 to be effective September 14, 2010; March 29, 2013; June 5, 2014. October 28, 2019; June 27, 2024.*

**1.1 First Review.** The Product Group shall have the first opportunity to informally resolve any disputes arising between or among Party Lotteries regarding the Product Group, rules, policies, or guidelines. The Party Lottery seeking resolution of a dispute shall seek a remedy from the Product Group by filing a notice of dispute with the Product Group. Filing shall be done by certified mail, return receipt requested, addressed to the MUSL Executive Director. If the Product Group fails to resolve the dispute to the satisfaction of any party to the dispute within sixty (60) days after receiving notice of the dispute, the aggrieved Party Lottery may seek any other remedy authorized by the Multi-State Lottery Agreement (the MUSL Agreement), or the Cross-Sell ing Agreement with the Mega Millions Lotteries.

*Amended March 29, 2013.*

**1.2 Voting.** ~~The Product Group shall use a dual system of voting. One (1) vote will be taken in which each Party Lottery has one (1) vote (member vote). A second vote will be taken in which each Party Lottery has a number of votes equivalent to its proportionate percentage of the total game's sales for the one-year period immediately previous to the vote (sales vote). If a Party Lottery has less than a one-year history of sales, then that Party Lottery's vote for the period without sales will be calculated using average per capita sales applied to its total population (as per the most recent U.S. Census). In no case, however, shall a Party Lottery's sales vote exceed fifteen percent (15%) of the total sales vote. Each Party Lottery has one (1) vote.~~ Unless a different percentage is provided in these rules, the percentage of votes necessary to allow action by the Product Group shall be more than fifty percent (50%) of the votes cast, in person or by proxy of the Product Group members, pursuant to both methods of voting. ~~All sales voting percentages shall be calculated exclusive of Mega Millions Agreement Member Lottery sales.~~

*Amended March 29, 2013; June 27, 2024.*

**1.3 Amendment of Rules.** These Product Group Rules may be amended upon a vote of ~~more than~~ two-thirds (2/3) or more of the votes cast, ~~pursuant to both methods of voting.~~

*Amended March 29, 2013; June 27, 2024.*

**1.4 Quorum.** The quorum necessary to hold an official meeting of the Product Group shall be representation in person or by proxy from more than fifty percent (50%) of all members. If neither the Chair nor Vice-Chair can attend a scheduled meeting in person, then the meeting shall be rescheduled.

*Amended March 29, 2013.*

**1.5 Elections.** A Product Group Chair and Product Group Vice-Chair shall be elected for one-year terms starting July 1. The Chair shall appoint a Nominating Committee to recommend candidates to the Product Group. Nominations may also be made by motion and properly seconded.

## MM RULE 2 RESERVED.

## MM RULE 3—BUDGET.

**3.1 Duties of Executive Director.** Annually or on a more frequent basis, the Executive Director shall prepare and submit to the Product Group Chair a proposed budget and fees for the Party Lotteries to pay the Product Group for the services it renders to them and shall be paid as a fee for services by each of the Party Lotteries in accordance with estimated sales. An acceptable method of payment shall be determined by the Product Group, subject to approval by the Board.

If a lottery withdraws from participation in the product group without giving proper notice of such withdrawal before approval of the group's budget, then that Participating Lottery shall not be entitled to a refund of its contributions to the budget.

If the Product Group terminates before the end of a fiscal year, all unspent funds shall be returned to the lotteries which contributed to the Group's budget, however Group contributions to MUSL overhead expenses shall not be refunded.

*Amended March 29, 2013; June 5, 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.*



#### MM RULE 4—DRAWINGS.

~~The Executive Director shall establish, with Product Group approval, the minimum drawing procedures to be established for the drawing of winning numbers and shall work with the lottery conducting the drawing to implement the procedures. The Drawing Procedures shall include procedures for randomly selecting the Mega Millions game Winning Numbers, the Megaplier® multiplier, and the Double Play Winning Numbers.~~

~~Drawings shall be held at the times and places established by the Product Group and the results shall be subsequently announced to the public. All drawings shall be open to the public and shall be witnessed by an independent certified public accounting firm and other Selling Lottery officials as may be required by jurisdiction statute.~~

Drawings will be held at the times and places established by the Mega Millions Lotteries. The Each Party Lottery Director shall determine the time for the end of sales prior to the drawings, which shall not be less than a minimum of fifteen (15) minutes between the close of the game Play sales and the time of the drawing for those Plays sold. Lotteries shall not process plays for that drawing after the time established by the Party Lottery Director.

~~The Product Group shall approve draw procedures used by MUSL that facilitate the timely exchange of game and draw information with the Mega Millions Lotteries. The Product Group shall designate or delegate the type of drawing equipment to be used and any equipment used in a drawing shall be inspected and tested by the draw officials in the presence of an independent certified public accounting firm before the drawing. All drawings, inspections, and tests shall be recorded.~~

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 16, 2022; June 27, 2024.*

#### MM RULE 5 RESERVED.

#### MM RULE 6—RECORDS MANAGEMENT.

**6.1 Records Defined.** “Records” shall mean any document, paper, photograph, or recording made or received, in whatever form, in connection with the official business of the Product Group. Records do not include materials made or acquired for reference or exhibition purposes, or miscellaneous papers or correspondence without official significance.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017*

**6.2 Duties of Executive Director.** The Executive Director shall maintain Product Group records in a secure and orderly manner.

**6.3 Confidentiality.** To the maximum extent practical, Product Group records shall be made available for inspection by Party Lotteries in a reasonable and responsible manner.

*Amended June 14, 2016.*

**6.4 Records Retention.** The Executive Director shall establish the minimum retention period for each record or class of record with Product Group approval. The Executive Director shall establish the criteria for the disposal of Product Group records.



**MM RULE 7 RESERVED.**

**MM RULE 8—PETITION FOR ADMISSION.**

**8.1 Minimum Internal Control Systems (ICS) Standards.** A Lottery seeking admission to the Product Group shall have a fully tested internal control system that meets or exceeds the minimum standards set forth in MUSL Rule 2 (Minimum ICS Standards) before sales of Plays commence. The MUSL Security and Integrity Committee shall review the ICS internal control systems of each lottery seeking admission to the Product Group for compliance with Rule 2 (Minimum ICS Standards) and shall issue a written report summarizing its findings.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**8.2 Other Admission Requirements.** The Product Group shall determine other admission requirements as allowed by the MUSL Agreement and in the Cross Sell Cross-Selling Agreement.

*Comment. At its first meeting on December 9, 2009, it was decided that all members agreeing to sell before June 30 will have a vote for the development of these rules; once Plays go on sale anywhere, only selling lotteries will have a vote.*

*Comment Amended June 14, 2016.*

**MM RULE 9—EXPULSION OR SUSPENSION OF A PARTY LOTTERY.**

**9.1** The Product Group can expel or suspend a Party Lottery of the Product Group for cause as determined in the sole discretion of the Product Group with the consent of ~~more than~~ two-thirds (2/3) or more of the members pursuant to both methods of voting in conformance with the MUSL Agreement. If the Product Group votes to expel or suspend a Party Lottery as provided in the MUSL Agreement, the Party Lottery being considered for expulsion shall be excluded from voting on that matter, and shall also be excluded from any subsequent vote by the Product Group to reinstate that Party Lottery, and in the voting calculations outlined in these Product Group Rules.

*Amended March 29, 2013; June 25, 2013, October 25, 2017.*

**9.2** The Product Group can reinstate a Party Lottery of the Product Group with the consent of ~~more than~~ two-thirds (2/3) or more of the Members pursuant to both methods of voting in conformance with the MUSL Agreement. Requests for reinstatement shall be considered by the Product Group at its earliest convenience, following submission of support sufficient for such reinstatement from the requesting lottery.

*Adopted: October 25, 2017.*

**9.3** Any Party Lottery, which fails, is unwilling, or loses the ability to transfer prize contributions as required under these Rules shall suspend its sales of Mega Millions within seven (7) days of such failure or loss of ability. The Party Lottery may request reinstatement as provided for under these Rules. Failure to notify the Product Group of such circumstances, or of the suspension of sales, or the failure to suspend sales as required, shall be grounds for suspension or expulsion.

*Adopted: October 25, 2017.*

9.4 Any Party Lottery that fails, is unwilling, or loses the ability to pay all prize levels in the game(s) after prize claimants have met all prize claim procedures of the Party Lottery, the Group and the MUSL Board, shall immediately suspend its sales of Mega Millions upon such failure, unwillingness, or loss of ability. The Party Lottery may request reinstatement as provided for under these Rules. Failure to notify the Product Group of such circumstances, or of the suspension of sales, or the failure to suspend sales as required, shall be grounds for suspension or termination.

*Adopted: October 25, 2017.*

#### MM RULE 10—ADVERTISING.

**10.1 Unfair Advertising.** No Party Lottery may advertise, either directly or indirectly, that Plays sold in its jurisdiction offer better odds, better chances of winning, or better payoffs than Plays sold in other jurisdictions. This rule does not prohibit a Party Lottery from offering retailer promotions or other creative promotions designed to increase the sale of Plays.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**10.2 Mega Millions ~~Grand Prize~~ Jackpot Estimate.** No Party Lottery may publicize an advertised Mega Millions ~~Grand Prize~~Jackpot Prize amount or guaranteed Mega Millions ~~Grand Prize~~Jackpot Prize amount that is different than the estimated Mega Millions ~~Grand Prize~~Jackpot Prize amount provided to the Party Lotteries by the ~~Product Group~~ Mega Millions Lotteries.

*Amended March 29, 2013; June 14, 2016; October 28, 2019.*

#### MM RULE 11—TICKET PRICE

**11.1 Uniform Price.** Each Play shall be sold at retail for the price set by the Mega Millions Lotteries. ~~Product Group~~.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**11.2 Taxes.** The Play price set by the ~~Product Group~~ Mega Millions Lotteries shall include all the applicable taxes that a Party Lottery may be required to collect.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June, 2024.*

**11.3 Discounts, Rebates, and Promotions.** A Party Lottery may offer Plays through discounts, rebates, or promotions, ~~without Product Group approval for a period not to exceed ninety (90) days in any six-month period,~~ as long as the full prize share is paid to the Product Group, without discount, and after a notice ~~advising is provided to~~ all Group members of the terms and dates of the offering.

*Amended June 3, 2010 to be effective September 14, 2010; March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**11.4 Plays as Prizes.** Nothing in this rule shall prohibit a Party Lottery from offering Plays as a prize in any other non-MUSL game or promotion operated by the Party Lottery after advising all Group members of the terms and dates of the offering. ~~A Selling Lottery may offer other discounts, rebates, or promotions as may be approved by the Product Group.~~

*Amended June 3, 2010 to be effective September 14, 2010; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**11.5 Contribution to Prize Pool.** Party Lotteries that offer Plays as a prize or as part of an authorized discount, promotion, or rebate shall contribute to the prize pool the full amount assessed for a Play sold at the uniform price.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

~~*Comment. Rules 11.3 and 11.4 are intended to require reporting only where the price of the Play is reduced by a promotion or is given away for free. A Party Lottery need not report promotions that do not change the price of a Play. Promotions that increase the "value" of a Play or that offer other lottery games free or at a reduced price with the purchase of a Play do not need to be reported. The intent of the rule is to advise contiguous lotteries when their players might find that they can get the same Play at a reduced price from another lottery—not that they can get that other lottery's games at a reduced price. —Comment last amended June 15, 2017 to be effective with the drawing on October 31, 2017.*~~

## MM RULE 12—SALE OF PLAYS

**12.1 ~~Authorized Agents and Retailers.~~** Plays shall be sold only through ~~a~~Agents and Retailers and means authorized by a Party Lottery.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**12.2 Printed Plays.** Plays sold through the Product Group shall be sold through a Party Lottery and, other than ~~€~~Ticketless ~~€~~Transaction Plays, shall be printed on ~~paper~~ that meets the security requirements for ~~paper~~ used in the Party Lottery's other games and other requirements adopted by the MUSL Board and the Product Group.

*Amended March 29, 2013; June 25, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**12.3 MUSL Markings.** All Play Slips used in the game shall contain registered game trademarks and shall communicate other information as may be required by the MUSL Board and the Product Group.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**12.4 Game Sell Out Prohibited.** No Party Lottery shall directly and knowingly sell a Play or combination of Plays to any person or entity that would guarantee such purchaser a Mega Millions ~~Grand-Prize~~Jackpot Prize or Double Play First Prize win.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

**12.5 Location and Method of Sales.** An offer to buy and an offer to sell a Play sold through the Product Group shall be made only at a location or only by a method that is licensed, certified, authorized, or contracted by the Party Lottery.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**MM RULE 13—PRIZE PAYMENTS.**

No Party Lottery may pay prizes that are less than or more than the prize amounts established by the Mega Millions Lotteries ~~and the Product Group~~. The prize won cannot be indirectly increased by Party Lottery promotions or agent promotions that have the effect of increasing the designated prize.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

*~~Comment. The MUSL Party Lotteries and the Mega Millions Lotteries have agreed that if either group needs to pay pari-mutuel low-tier prizes under that games rules, then both sides will pay pari-mutuel low-tier prizes.~~*

**MM RULE 14—MEGA MILLIONS, ~~JUST THE JACKPOT, AND DOUBLE PLAY~~ PRIZE POOL TRANSFERS.**

**14.1 Prize Funds Transferred to MUSL.** Each Party Lottery shall transfer to ~~the~~ MUSL, in trust, an amount ~~as~~ determined by ~~the MUSL and the Product Group~~ to be its total proportionate share of the Mega Millions Prize Pool less actual Mega Millions low-tier prize liability, ~~its total proportionate share of the Just the Jackpot™ Prize Pool, and its total proportionate share of the Double Play Prize Pool, less actual Double Play low-tier prize liability.~~ If this results in a negative amount, the MUSL central office shall transfer funds from the appropriate prize pool to the Party Lottery.

In the event of a Mega Millions ~~Grand Jackpot~~ Prize win at a MUSL Lottery, the Mega Millions ~~Lottery's Mega Millions~~ Clearinghouse shall collect the total proportionate share of the ~~Grand Jackpot~~ Prize pool from the Mega Millions Lotteries and shall transfer that amount to MUSL within 14 calendar days from the date of the winning draw.

~~In the event of a Double Play First Prize win at a MUSL Lottery, the Mega Millions Clearinghouse shall collect the total proportionate share of the First Prize Pool from the Mega Millions Lotteries and shall transfer that amount to MUSL within 14 calendar days from the date of the winning draw.~~

*Amended Dec 31, 2009; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the draw on April 21, 2020.*

*~~Comment. The Mega Millions Lottery's Mega Millions Clearinghouse is currently the Virginia Lottery. Comment last amended June 14, 2016.~~*

**14.2 Mega Millions ~~Grand Jackpot Prize and Double Play First Prize~~ Funds Transferred to Lottery.** Mega Millions ~~Grand Jackpot Prize or Double Play First Prize~~ amounts held by MUSL shall be transferred to a Party Lottery having a winner in the Mega Millions game, ~~or the Double Play Promotion~~ on a schedule approved by the Product Group and after MUSL has collected the prize pool shares from all Participating Lotteries selling the Mega Millions lottery game.

*Amended Dec 31, 2009; June 14, 2016; June 15, ~~2017~~2017, to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

*Comment. See Rule 19 for the approved schedule.*

### **14.3 Unclaimed Prizes.**

(a) All funds to pay a Mega Millions ~~Grand Prize~~ Grand Jackpot Prize that went unclaimed shall be returned to Selling Lotteries in proportion to sales by Selling Lotteries for the Mega Millions ~~Grand Prize~~ Grand Jackpot Prize in question after the claiming period set by the Selling Lottery selling the winning Play expires.

~~All funds to pay a Double Play First Prize that went unclaimed shall be returned to Selling Lotteries in proportion to sales by Selling Lotteries for the Double Play First Prize in question after the claiming period set by the Selling Lottery selling the winning Play expires.~~

If after a winning Play has not been claimed or redeemed and the corresponding prize monies have been returned to Party Lotteries pursuant to this Rule, a claim is made or redemption sought which a Party Lottery pays (i) as a result of the provisions of the Servicemembers Civil Relief Act (50 U.S.C. App. §3901 et seq as amended) (SCRA); (ii) as a result of jurisdictional legislation adopted to satisfy the requirements of the SCRA; or (iii) as a result of jurisdictional legislation requiring such payment to a member of the armed forces who was engaged in active military service outside the paying Party Lottery jurisdiction when the usual permitted time period to make a claim or seek redemption expired, each other Party Lottery, that was a Party Lottery at the time of the drawing, shall reimburse the paying Party Lottery in an amount equal to the amount such other Party Lottery would have contributed to the prize had the claim been made or redemption sought within the usual permitted time period for that claim or redemption. The provisions of this rule shall remain in force and effect and be binding upon the Party Lotteries without regard to whether the Mega Millions game remains in existence and/or whether the Party Lottery seeking reimbursement has withdrawn from the game at the time a Party Lottery seeks reimbursement pursuant to this rule.

*Amended March 29, 2013; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

(b) The return of unclaimed Mega Millions ~~Grand Prize~~ Grand Prize ~~Jackpot Prize or Double Play First Prize~~ funds shall occur promptly upon the termination of the relevant claim period for the Participating Lottery in which the unclaimed ~~Grand Prize~~ Grand Prize ~~Jackpot Prize Play or Double Play First Prize Play~~ was purchased. Interest ~~accretion~~ accrued on any securities purchased to fund an unclaimed Mega Millions ~~Grand Prize~~ Grand Prize ~~Jackpot Prize~~ will be reflected in market rates at the time of liquidation by the Purchaser of the securities. The Purchaser shall return interest earned on unclaimed cash value option Mega Millions ~~Grand Prize~~ Grand Prize ~~Jackpot Prizes~~ based on the interest yields realized on such funds during the claim period.



Any interest earned on unclaimed Mega Millions ~~Grand Prize~~~~Jackpot Prizes~~ and ~~Double Play First Prizes~~ held by Mega Millions ~~Consortium~~ Lotteries shall be returned on a proportional basis to MUSL. Any interest earned on unclaimed Mega Millions ~~Grand Prize~~~~Jackpot Prizes~~ and ~~Double Play First Prizes~~ held by MUSL shall be returned on a proportional basis to the Mega Millions ~~Consortium~~ Lotteries.

*Amended June 5, 2014; June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

(c) By agreement with the Mega Millions Lotteries, the Product Group will not participate in the sharing of liabilities at the low-tier prize level (all prizes below the Mega Millions ~~Grand Prize~~~~Jackpot Prize~~ or ~~Double Play First Prize~~) and shall not reconcile unclaimed low-tier prizes with the Mega Millions Lotteries.

*Amended October 28, 2019.*

## MM RULES 15 through 18 RESERVED.

### MM RULE 19—FUNDS TRANSFER.

Funds shall be collected from each Party Lottery by wire transfer, electronic funds transfer, or by other means acceptable to the Product Group. The amount to be transferred shall be calculated in accordance with Product Group rules. The Product Group shall determine collection days. If MUSL is unable to collect all funds in a timely manner for the transfer to the winning lottery(ies), ~~the~~ MUSL may borrow the funds from other appropriate Mega Millions Product Group cash reserves, or from the MUSL Operations Account, following notice to the Product Group Officers, the Finance & ~~Audit~~ Committee, and the Executive Committee. The borrowed funds shall be immediately replenished upon collection of prize funds from the ~~p~~Party ~~L~~otteries.

*Amended March 29, 2013; May 13, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017.*

*Comment. At its meeting on December 23, 2009, the Product Group determined that funds shall be collected weekly from the Party Lotteries on the Monday, or the first banking day, that is thirteen (13) days from the applicable Tuesday drawing and ten (10) days from the applicable Friday drawing. By agreement with the Mega Millions Lotteries, MUSL will transfer the funds to the Mega Millions Lottery's Mega Millions Clearinghouse (currently the Virginia Lottery) within thirteen (13) calendar days from the date of the winning draw at a Mega Millions Lottery. The Mega Millions Lottery's Mega Millions Clearinghouse shall collect the funds from the Mega Millions Lotteries and shall transfer their Mega Millions Grand Prize prize share to MUSL within fourteen (14) calendar days of a winning draw at a MUSL Lottery. If funds are needed to pay a prize when due the MUSL may borrow the funds from other accounts of this Product Group, or the MUSL Operations Account, after notice to the Product Group Officers, the Finance & Audit Committee, and the Executive Committee. Funds to pay a Mega Millions prize may not be borrowed from Double Play cash reserves; and, funds to pay a Double Play prize may not be borrowed from Mega Millions cash reserves. The borrowed funds shall be immediately replenished upon collection of prize funds from the party lotteries.*

*—Comment last updated June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

## MM ~~RULE~~ Rule 20 ~~—~~RESERVED.



**MM RULE 21—ADVANCE SALES.**

Proceeds from advance sales may be held by the Party Lottery until the draw date for which the Play applies.

*Amended June 14, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**MM RULES 22 – 25 RESERVED.**

**PART II GENERAL RULES FOR THE MEGA MILLIONS GAME AND ADD-ON GAME PROMOTIONS**

*Amended ~~June 16, 2022~~ June 27, 2024.*

*Comments revised April 9, 2020*

**These Rules Changes are effective with sales beginning April 5, 2025, and the drawing held on April 8, 2025.**

**MM RULE 26—DEFINITIONS.**

The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Product Group. Capitalized terms used but not defined in these rules shall have the meanings ascribed to them in the MUSL Agreement.

**26.1** “~~Advertised Grand Prize Jackpot Prize~~”: “~~Advertised Grand Prize~~” shall mean the estimated annuitized Mega Millions Grand Prize Jackpot amount as determined by the Mega Millions ~~Finance Committee Lotteries~~ and communicated through the ~~Selling Lotteries prior to the Mega Millions Grand Prize drawing~~. The “~~Advertised Grand Prize Jackpot Prize~~” is not a guaranteed prize amount and the actual Mega Millions Grand Prize Jackpot amount may vary from the advertised amount, except in circumstances where there is a guaranteed Mega Millions Grand Prize Jackpot amount as described in Rule 30.1(a).

*Adopted June 14, 2016 to be effective with the drawing on October 18, 2016; Amended June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**26.2** "Agent" or "retailer" means a person or entity authorized by a Party Lottery to sell lottery Plays.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**26.3** "Computer pick" means the random selection of game play number indicia by the authorized retailer computer that appear on a ticket or ~~€~~Ticketless ~~€~~Transaction and are played by a player in the game.

*Adopted October 28, 2019 to be effective with the drawing on April 21, 2010*

~~**26.4** “Double Play Promotion” means an add-on game to the Mega Millions game as defined in Part VI of these Rules.~~

~~*Adopted October 28, 2019 to be effective with the drawing on April 21, 2020.*~~

~~**26.5** “Double Play Drawing” refers collectively to the formal draw event performed by the Mega Millions Consortium for the selection of the game results that determine the number of winners for each prize level of the Double Play Promotion.~~

~~*Adopted October 28, 2019 to be effective with the drawing on April 21, 2020.*~~

~~**26.6** “Double Play Plays” or “DP Plays” shall refer to a purchased wager for one dollar (\$1.00) that must be made at the same time a Mega Millions Play is purchased as defined in Part VI of these Rules. Double Play Plays do not include Mega Millions Plays, Just the Jackpot Plays or Megaplier Plays.~~

~~*Adopted October 28, 2019 to be effective with the drawing on April 21, 2020.*~~

**26.7** “~~Finance & Audit~~ Committee” shall mean the committee established by the Multi-State Lottery Association. ~~Agreement.~~

**26.8** "Game ticket" or "Ticket" means the physical evidence of a Play or Plays, printed on

paper that meets the play and security data required by the Selling Lottery, these Game Rules, and the MUSL Rules that allow redemption of a prize. Tickets may be printed by ~~Terminal~~ Terminals or Retailer Controlled Selling Devices as permitted by these Rules and the Selling Lottery. Affected MUSL Rules include, but are not limited to MUSL Rules 2.14, 2.20, and 2.21.

*Amended March 29, 2013; June 25, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.9** “Jackpot” or “~~Grand~~Jackpot Prize” shall refer to the top prize in the Mega Millions game.

*Amended June 25, 2013 to be effective with the drawing on October 22, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

~~**26.10** “Just the Jackpot™ Plays” or “JJ Plays” shall refer to a purchased wager which includes two (2) JJ Plays as part of the Just the Jackpot promotion as described in Part V of these Rules, but shall not include Mega Millions Plays, Double Play Plays or Megaplier Plays.~~

~~*—Adopted June 15, 2017 to be effective with the drawing on October 31, 2017; Amended October 28, 2019 to be effective with the drawing on April 21, 2020.—*~~

~~**26.11** Reserved. “Mega Millions Finance Committee” means a Committee of the Mega Millions Lotteries that determines the Mega Millions Grand Prize amount (cash value option and annuity).~~

~~*—Amended June 3, 2010 to be effective September 14, 2010; March 29, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016.*~~

~~**26.12** Reserved. “Mega Millions Game Drawing” refers collectively to the formal draw event performed by the Mega Millions Consortium for the selection of the game results that determine the number of winners for each prize level of the Mega Millions game.~~

~~*—Amended March 29, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016.*~~

~~**26.13** “Mega Millions Lottery or Lotteries” means those lotteries that have joined under the Mega Millions Lottery Agreement; the group of lotteries that has reached a Cross-Selling Agreement with this MUSL Product Group for the selling of the Mega Millions Game. The Mega Millions Lotteries determine the Mega Millions Advertised Jackpot Prize amount (cash value option and annuity)~~

~~*Amended March 29, 2013; June 27, 2024.*~~

~~**26.14** “Mega Millions Plays” or “MM Plays” shall refer to Plays purchased for the Mega Millions game, but shall not include Just the Jackpot Plays, Double Play Plays or Megaplier Plays.~~

~~*Adopted June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*~~

~~**26.15** “Megaplier” shall refer to the Megaplier Promotion described in Part IV of these Rules.~~

~~*—Adopted June 15, 2017 to be effective with the drawing on October 31, 2017.*~~

~~**26.16** “Multiplier” means a unique number that is automatically selected by computer software according to the frequency set forth in MM RULE 38 for each Mega Millions Play. Megaplier Plays shall refer to Plays purchased as part of the Megaplier Promotion described in Part IV of these Rules, but shall not include Just the Jackpot Plays or Double Play Plays.~~

~~*Adopted June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June, 2024.*~~

**26.17** "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.

**26.18** "MUSL Board" means the governing body of the MUSL that is comprised of the chief executive officer of each Party Lottery.

*Amended March 29, 2013.*

**26.19** "Participating Lottery" or "Selling Lottery" means a state lottery or lottery of a political subdivision or entity that is participating in selling the Mega Millions game and that may be a member of either MUSL or the Mega Millions Lotteries. In context, "Selling Lottery" may refer to the Participating Lottery which sold a particular Play.

*Amended March 29, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**26.20** "Party Hottery" means a state lottery or lottery of a political subdivision or entity which has joined MUSL and, in the context of these Product Group Rules that has joined in selling the games offered by the MUSL Mega Millions Product Group.

*Amended March 29, 2013.*

**26.21** "Play" or "Bet" means a physical or electronic means by which a player communicates their intended Play selection to the retailer as defined and approved by the Selling Lottery. ~~A Play Slip or Bet Slip is not a ticket or ticketless transaction.~~

As used in these Rules, ~~unless otherwise specifically indicated,~~ "Play" or "Bet" ~~includes means a~~ Mega Millions Play ~~s,~~ ~~Just the Jackpot Plays,~~ ~~and Double Play Plays.~~

~~"Mega Millions Plays" are more fully described in Part III of these Rules.~~

~~"Megaplier Plays" are more fully described in Part IV of these Rules.~~

~~"Just the Jackpot Plays" are more fully described in Part V of these Rules.~~

~~"Double Play Plays" are more fully described in Part VI of these Rules.~~

*Amended June 25, 2013 to be effective with the drawing on October 22, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 16, 2022; June 27, 2024.*

**26.22** "Play Slip" or "Bet Slip" means a physical or electronic means by which a player communicates their intended play selection to the retailer as defined and approved by the Selling Lottery. A Play Slip or a Bet Slip is not a ticket or Ticketless Transaction.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**26.23** "Product Group" or "the Group" means the group of lotteries that has joined together to offer the Mega Millions lottery game pursuant to the terms of ~~its the~~ Agreement for Cross Sell ~~Cross-Selling Agreement between MUSL and the~~ ~~with the~~ Mega Millions Lotteries, the Multi-State Lottery Agreement and the Product Group's own rules.

*Amended March 29, 2013; June 5, 2014.*

**26.24** "Registered Play" means a wager where the play is owned by a specifically identified player at the time of purchase through a means acceptable by the Selling Lottery, and which is recorded on the Selling Lottery's computer gaming system and internal control system.

*Adopted June 16, 2022.*

**26.25** “Request for Play” means a sale that is not immediately recorded on the CGS but is recorded onto the CGS at some future time prior to a draw event.

**26.26** “Retailer Controlled Selling Device” means a device that is not a Terminal and which is controlled by a retailer for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including making purchases, validating tickets, and transmitting reports. Examples of Retailer Controlled Selling Devices include cash registers. Retailer Controlled Selling Devices must meet all security requirements of the Selling Lottery, these Rules, and the MUSL Rules. Retailer Controlled Selling Devices do not include player provided point of sale devices such as smartphones.

*Adopted June 16, 2022.*

**26.267** “Returned Plays” means Plays accepted by the Selling Lottery as returned to the Selling Lottery because the Play is misprinted, illegible, printed in error, a future Plays affected by changes in game features by the Selling Lottery, or is returned due to game cancellations.

*Adopted June 27, 2024.*

**26.28** “Set Prize”, also referred to as “low-tier prize”, means all other prizes except the Mega Millions ~~Grand Prize~~~~Jackpot Prize~~ and ~~Double Play First Prize~~ and, except in instances outlined in these rules, will be equal to the prize amount established by the Mega Millions Lotteries. MUSL Board for the prize level.

*Amended June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

**26.279** “Terminal” means a device that meets all security and definitional requirements of these Rules, the MUSL Rules, and the Selling Lottery, and which is authorized by a Party Lottery to function in an on-line, interactive mode with the lottery's computer gaming system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including purchases, validating tickets, and transmitting reports. The term Terminal does not include a Retailer Controlled Selling Device such as a cash register or player provided point of sale device such as a smartphone.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.2830** “Ticketless Transaction” means any Play that is not printed on paper that meets the anti-counterfeiting requirements described in the MUSL Rules. Examples of Ticketless Transactions include internet, subscription, and other types of Registered Plays. All Ticketless Transactions must be Registered Plays. Any Play sold through a Terminal or Retailer Controlled Selling Device, but which is a Registered Play requiring confirmation of the player’s identity upon prize redemption shall be considered a Ticketless Transaction even when a receipt, summation, or recognition of purchase is printed by or through the device.

*Adopted June 25, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**26.2931** “Winning numbers” means the game results— selected during an official drawing event performed by the Mega Millions Lotteries, and ~~which shall be used by the Mega Millions Lotteries~~ to determine winning Plays contained on a game ticket or ~~€~~Ticketless Transaction.

*Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013;*

June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.

**26.302** Proof of Play. Unless otherwise permitted by the selling lottery, a ticket (subject to the validation requirements set forth in Rule 31 - Play Validation) or properly registered ~~€~~Ticketless ~~€~~Transaction, shall be the only proof of a game Play or Plays and the submission of a winning ticket to the issuing Party Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A Play Slip, paper receipt, or printed summation of a Play printed by a Terminal which is not a ticket has no pecuniary or prize value and shall not constitute evidence of a Play purchase or numbers selected.

*Amended June 5 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**MM RULE 27-—26.31 Proof of Play; Cancelled Playsations Prohibited; Request for Plays, Returned Plays, Incomplete Transaction Plays, Stolen Plays and Refunds for Game Cancellations.**

**27.1 General.** Unless otherwise permitted by the selling lottery, a validated ticket or properly registered Ticketless Transaction is the only proof of a game Play or Plays. Submission of a winning ticket to the issuing Party Lottery or to its authorized agent shall be the sole method of claiming a prize or prizes.

(a) **Cancelled Plays Prohibited. Non-Cancellable.** ~~In all instances, a Play recorded on the CGS may not be voided or cancelled by returning the ticket or Ticketless Transaction to the Agent, Retailer, or ticketless transaction to the Retailer or to the Selling Lottery, including tickets that are misprinted, illegible, printed in error, or for any reason not successfully transferred to an authorized selling entity or Player.~~

(b) **Request for Plays.** A lottery may conduct future sales through a subscription or other system that does not immediately record such sales on the CGS. ~~A “Request for Play” is a sale that is not immediately recorded on the CGS, but is instead recorded onto the CGS at some future time prior to a draw event.~~ At the sole discretion of the lottery, authorized sales through a subscription or other system which are recorded as a Request for Play(s) have not been recorded on the CGS (instead recorded as “Request for Plays”), may be cancelled at any time prior to the time the Request for Play is recorded as a Play on the CGS. If a Request for Play is cancelled, it shall not be recorded on the CGS.

Per ~~26.31(a) above~~27.1 (a) above, once a Play is recorded on the CGS, it may not be cancelled at any time. Any cancelled “Request for Play” shall not be included in sales data report to MUSL. Examples of permitted cancellation of subscription “Request for Plays” include game matrix changes, price changes, modification of the game features, player enrollment in self-exclusion programs, and other circumstances as determined by the Selling Lottery.

~~Comment: Examples of instances when Selling Lotteries may desire to permit cancellation of subscription “Request for Plays” include game matrix changes, price changes, modifications of game features, players who enroll in self-exclusion programs, and other circumstances as may be determined by the Selling Lottery.~~

(c) **Returned Plays.** To promote good Player or Retailer relations, a Selling Lottery, at its sole discretion, may develop a method of compensating Players or Retailers for Plays accepted



by the Selling Lottery as returned to the Selling Lottery (“Returned Plays”) that are misprinted, illegible, printed in error, future Plays affected by changes in game features by the Selling Lottery or due to game cancellations. If a Selling Lottery exchanges a Ticket for a Returned Play due to a misprint or illegible printing, the Ticket for the Returned Play shall print the unique Multiplier from the Ticket being exchanged.

Returned Plays may not be cancelled or voided. Returned Plays are not reported to MUSL.

The Selling Lottery Must remit its required prize pool contributions on all Plays accepted as returned Plays by the Selling Lottery.

Returned Plays may not be claimed for a prize by any person or entity, including the Selling Lottery. Any prizes which would have been won on a Returned Play shall become an unclaimed prize at the end of the prize claim period.

**(d) Incomplete Transaction Plays.** Incomplete Transaction Plays occur when a Retailer begins a Play transaction as requested by a Player, and the Play is registered on the CGS, but the transaction is terminated prior to transferring Play confirmation to the Player, there is no attempt to print the Play on a ticket, and the Player has not paid for the Play. Transaction terminations may be due to time sensitivities, communications loss or other issues as accepted by the Selling Lottery.

A Selling Lottery, at its sole discretion, may develop an approved method of managing Incomplete Transaction Plays, subject to these provisions.

Incomplete Transaction Plays may not be cancelled or voided.

The Selling Lottery must remit its required prize pool contributions on any Incomplete Transaction Plays. At its sole discretion, the Selling Lottery may develop a method of compensation Retailers for Incomplete Transaction Plays if Retailers are required to reimburse Selling Lotteries for prize pool contributions.

Incomplete Transaction Plays may not be claimed for a prize by any person or entity including the Retailer. Any prize which cannot be claimed as a prize under this Rule but would otherwise have been won on an Incomplete Transaction Play shall become an unclaimed prize at the end of the prize claim period of the drawing for which the Incomplete Transaction Play was recorded. Incomplete Transaction Plays are not reported to MUSL.

**(e) Stolen Plays.** Plays reported as stolen from a Retailer that have been recovered cannot be accepted by the Selling Lottery as Returned Plays.

Selling Lotteries may compensate a Retailer for the loss from theft if a Selling Lottery, solely at its discretion, determines to assume such a loss, but Stolen Plays cannot be cancelled or voided.

Ownership of Stolen Plays, and whether any party has a right to claim prizes on Stolen Plays, shall be determined by the rules of the Selling Lottery.

**(f) Game Cancellation.** In the event of cancellation of the Game by the Product Group prior to the occurrence of all drawings for which Plays have been sold and recorded on the CGS, the Selling Lottery may provide a refund mechanism for such Plays to the Players, and the Selling Lottery shall not be required to remit its prize pool contributions for any such refunded Plays.

**(g) Selling Lotteries Prohibited from Claiming Prizes.** Selling Lotteries and lottery officials are prohibited from claiming any prizes on Plays that are owned by the Selling Lottery

through “Returned Plays” or otherwise acquired and held by the Selling Lottery. Any prizes that would otherwise be won on Plays owned or acquired by Selling Lotteries shall become unclaimed prizes at the end of the prize claim period.

**~~26.32~~27.2 –Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the game Play or Plays and other data printed on the ticket or contained in a ~~€~~Ticketless ~~€~~Transaction. The placing of Plays is done at the player's own risk through the agent that is acting on behalf of the player in entering the Play or Plays. The purchaser of a Play or Plays through a ~~€~~Ticketless ~~€~~Transaction has the sole responsibility for verifying the accuracy and condition of the data at the time of purchase.

*Amended March 29, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**~~26.33~~27.3 Entry of Plays.** Plays may only be entered as approved by the Party Lottery by such means as approved by the Party Lottery. Retailers shall not permit the use of Play Slips that are not allowed by the Party Lottery. Retailers shall not permit any device to enter Plays, except as allowed by the Party Lottery.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**~~26.34~~27.4 —Registration of Plays.** Ticketless ~~€~~Transaction Plays may be registered with the Party Lottery in a manner that meets the requirements established by the Product Group, the Party Lottery, and the MUSL Rules.

*Amended March 29, 2013; June 25, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**~~26.35~~27.5 Maximum Purchase.** Except for a ~~€~~Ticketless ~~€~~Transaction Play purchase when the Party Lottery has a process in place to allow players to make changes to their Play purchases in the event of a game change, the maximum number of consecutive drawings on a single Play purchase is twenty-six (26). The maximum number of consecutive drawings encompassed by a ~~€~~Ticketless ~~€~~Transaction Play purchase when the Party Lottery has a process in place to allow players to make changes to their Play purchases in the event of a game change is one hundred four (104).

*Amended June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**~~26.36~~27.6 Matrix Changes.** In the event of a matrix change, the Party Lottery that issued the ~~€~~Ticketless ~~€~~Transaction will determine the option(s) available to ~~€~~Ticketless ~~€~~Transaction purchasers from that Party Lottery for the balance of Plays remaining on their ~~€~~Ticketless ~~€~~Transactions effective as of the date of the matrix change.

*Amended March 29, 2013; June 5, 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**MM RULES ~~27~~28 – 29 RESERVED.**

**MM RULE 30 PRIZE PAYMENTS.**

**30.1 ~~Grand Prize Jackpot Prize~~ for Mega Millions Game ~~and Just the Jackpot~~**

(a) The prize money allocated from the current Mega Millions prize pool for the Mega Millions ~~Grand Prize Jackpot Prize~~, ~~plus any previous portions of prize money allocated to the Mega Millions Grand Prize category in which no matching MM Plays or JJ Plays were sold~~ will be divided equally among all Mega Millions ~~Grand Prize Jackpot Prize~~ winning MM Plays ~~and JJ Plays~~ in all Participating Lotteries. The annuity Mega Millions ~~Grand Prize Jackpot Prize~~ amount will be paid in thirty (30) graduated annual installments. Mega Millions ~~Grand Prizes Jackpot Prize~~ won shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions ~~L~~otteries. The Mega Millions ~~L~~otteries may set a minimum guaranteed annuity Mega Millions ~~Grand Prize Jackpot Prize~~ amount that shall be advertised by the ~~s~~elling ~~L~~otteries as the starting guaranteed annuity Mega Millions ~~Grand Prize Jackpot Prize~~ amount.

*Amended Dec 31, 2009; June 3, 2010 to be effective September 14, 2010; March 29, 2013; June 25, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

*~~Comment. The Mega Millions Lotteries shall determine and announce the Annuitized Grand prize amount and cash value Grand Prize amount, and any increases for each successive Grand Prize. Comment last updated April 9, 2020.~~*

*~~The prize amount of a Mega Millions Grand Prize winner electing the annuitized payout shall be the Annuitized Mega Millions Grand Prize amount, as determined by the Mega Millions Lotteries, divided by the number of total Mega Millions Grand Prize winning MM Plays and JJ Plays. Comment last updated June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.~~*

(b) **Rollover.** If, in any Mega Millions drawing there are no MM Plays ~~or JJ Plays~~ that qualify for the Mega Millions ~~Grand Jackpot~~ Prize category, the portion of the prize fund allocated to such Mega Millions ~~Grand Jackpot~~ Prize category shall remain in the Mega Millions ~~Grand Jackpot~~ Prize category and be added to the amount allocated for the Mega Millions ~~Grand Jackpot~~ Prize category in the next consecutive Mega Millions drawing

*Amended March 29, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

(c) Unless there is a different Party Lottery rule, Mega Millions ~~Grand-Prize~~Jackpot Prizes shall be paid, at the election of the player made no later than sixty (60) days after the player becomes entitled to the prize as determined by the Selling Lottery, with either a per winner annuity or cash payment. If the payment election is not made by the player within sixty (60) days after the player becomes entitled to the prize, then the prize shall be paid as an annuity prize. ~~The election to take the cash value option may be made within sixty (60) days after the player becomes entitled to the prize.~~ An election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn, or otherwise changed.

*Amended March 29, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

(d) In the event of a prize winner who selects the cash value option, the prize winner's share shall be paid in a single payment upon completion of internal validation procedures. The cash value option shall be determined by the Mega Millions Lotteries.

*Amended Dec 31, 2009; June 5 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.*

~~*Comment. The prize amount of a Mega Millions Grand Prize winner electing the cash value payout shall be the Mega Millions Grand Prize annuity amount, as determined by the Mega Millions Lotteries, divided by a rate established by the Mega Millions Finance Committee prior to each drawing, divided by the number of total Mega Millions Grand Prize winning MM Plays and JJ Plays. Comment last updated June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*~~

~~(e) If an annuity is chosen, it shall be paid in thirty (30) consecutive graduated annual installments by the Party Lottery that sold the winning Mega Millions Ticket, with graduated annual installments as defined by the Mega Millions Lotteries in the Mega Millions Finance and Operations Procedures. The initial payment shall be paid upon completion of internal validation procedures. The subsequent twenty-nine (29) payments shall be paid annually to coincide with the month of the federal auction date at which the bonds were purchased to fund the annuity. All such payments shall be made within seven (7) days of the anniversary of the annual auction date. Graduated annual payment option Mega Millions Grand Prizes shall be paid in thirty (30) graduated annual installments upon completion of internal validation procedures. The initial payment shall be paid upon completion of internal validation procedures. The subsequent twenty nine (29) payments shall be paid graduated annually to coincide with the month of the Federal auction on date at which the bonds were purchased to fund the annuity, with graduated annual installments defined in the Mega Millions Lotteries' applicable Finance and Operations Procedures. Payments shall escalate by a factor of five percent (5%) annually, and annual payments shall be rounded down to the nearest even one thousand dollar (\$1,000.00) increment. All such payments shall be made within seven (7) days of the anniversary of the annual auction date.~~

~~*Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*~~

(f) If individual shares of the Mega Millions ~~Grand-Prize~~Jackpot Prize Pool funds held to fund an annuity is less than two hundred fifty-thousand dollars (\$250,000.00), the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Mega Millions ~~Grand-Prize~~Jackpot Prize pool.

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MULTI STATE LOTTERY ASSOCIATION – MEGA MILLIONS GROUP (M2G2) RULES

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*Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014; October 28, 2019 to be effective with the drawing on April 21, 2020.*

(g) Funds for the initial payment of an annuitized prize or the cash value option prize shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full cash value option amount may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega Millions Game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

*Amended Dec 31, 2009; June 5, 2014.*

*Comment. — On December 23, 2009, the Product Group approved a schedule to immediately transfer funds to a Party Lottery reporting a winner after the Party Lottery validates the prize claim, subject to the approved collection schedule for a transfer within fifteen (15) calendar days and the availability of funds to make the transfer. Mega Millions Grand Prize amounts held by MUSL shall be transferred to the Mega Millions Lottery's Mega Millions Clearinghouse, (currently the Virginia Lottery) within fifteen (15) calendar days after a Mega Millions Lottery reports a winner.*

(h) In the event of the death of a lottery winner sold by a Party Lottery during the annuity payment period, unless prohibited by jurisdictional law, the MUSL Finance & Audit Committee, in its sole discretion excepting a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") to the lottery of the jurisdiction in which the deceased lottery winner purchased the winning Play, and subject to federal, state, district or territorial applicable laws, may accelerate the payment of all of the remaining lottery proceeds to the Estate. If such a determination is made, then securities and/or cash held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Finance & Audit Committee or the Product Group.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

*Comment. This Rule is intended to provide players with the advantages offered by the changes made to 26 U.S.C. §451. These rules should be interpreted in a manner that is consistent with the purposes, requirements, and restrictions of that code section. A Party Lottery's share of MUSL non game earnings may be used to fund annuity payments, as may be needed, in a manner other than provided for in this rule, due to mandates of local laws.*

(i) If a Party Lottery purchases or holds the prize payment annuity for a prize won in that jurisdiction, that Party Lottery's game rules, and any prize payment agreement with the prize winner, shall indicate that the prize winner has no recourse against ~~on the~~ MUSL or any other Party Lottery for payment of that prize.



**30.2 Reserved. First Prize for Double Play.**

~~(a) The Double Play First Prize is a fixed, non-annuitized value of \$10 million for each Double Play Drawing.~~

~~(b) If, in any Double Play drawing there are no DP Plays that qualify for the First Prize category, the portion of the prize fund allocated to such First Prize category shall remain in the First Prize pool for the next Double Play drawing.~~

~~(c) Funds for the payment of a First Prize shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the FPP trust sufficient to pay the prize, the transfer of funds for the payment of the First Prize may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Double Play Promotion. A Party Lottery may elect to make the First Prize payment from its own funds after validation, with notice to MUSL.~~

**30.3 Set Prizes.** A Party Lottery may begin paying set or low-tier prizes after receiving authorization to pay from the MUSL central office.

**30.4 Process for Prize Payments.** All prizes shall be paid through the Selling Lottery that sold the winning Plays, and at the discretion of the Selling Lottery may be paid by cash, checks, warrants or electronic transfers.

*Amended March 29, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**30.5 Prizes Rounded.** Annuitized payments of the Mega Millions ~~Grand Prize~~Jackpot Prize or a share of the Mega Millions ~~Grand Prize~~Jackpot Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Mega Millions ~~Grand Prize~~Jackpot Prize win shall be added to the first payment to the winner or winners.

Prizes other than the Mega Millions ~~Grand Prize~~Jackpot Prize that, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool(s) for the next drawing.

*Amended March 29, 2013; June 5, 2014.*

**30.6 Limited to Highest Prize Won.**

(a) The holder of a winning MM Play may win only one (1) prize per Play in connection with the winning numbers drawn for the Mega Millions game, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

~~(b) The holder of a winning DP Play may win only one (1) prize per Play in connection with the winning numbers drawn for the Double Play game, and shall be entitled only to the prize won by those numbers in the highest matching prize category.~~

~~(c) A player may win both a MM prize and also a DP prize if the player purchased the DP add-on option to the Mega Millions Play, and if the MM Play and the DP Play match the winning numbers drawn for both the Mega Millions game and the Double Play game.~~

~~(d) A JJ Play is not eligible to win non-Grand PrizeJackpot Prizes / non-Jackpot prizes.~~



~~(eb)~~ All liability for a Mega Millions prize, ~~a Megaplier prize, a Just the Jackpot prize and a Double Play prize are~~ is discharged upon payment of a prize claim.

*Amended March 29, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**30.7 Prize Claim Period.** Prize claims shall be submitted within the period set by the Party Lottery selling the Play. If no such claim period is established, all prize claims shall be made within one hundred eighty (180) days after the drawing date.

*Amended March 29, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

### **MM RULE 31—PLAY VALIDATION FOR MEGA MILLIONS PLAYS, ~~JUST THE JACKPOT, AND DOUBLE PLAY.~~**

**31.1** To be a valid Play and eligible to receive a prize, a Play's ticket or ticketless transaction shall satisfy all the requirements established by a Party Lottery for validation of winning Plays sold through its computer gaming system and any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for Plays that are altered in any manner.

*Amended March 29, 2013; June 5 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**31.2** Under no circumstances will a claim be paid for a prize- without an official Mega Millions ~~or Double Play~~ ticket, ~~(or validly registered †Ticketless †Transaction),~~ matching all game Play, serial number and other validation data residing in the selling Party Lottery's computer gaming system and such ticket ~~(or validly registered †Ticketless †Transaction)~~ shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize. Prize payment(s) will be made only after completion of the internal validation procedures and administrative processes as required by these Rules and the requirements of the Party Lottery that sold the winning Play.

*Amended June 5, 2014; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*

**31.3** In addition to the above, in order to be deemed a valid, winning Play, unless the Play is a validly registered †Ticketless †Transaction, all of the following conditions must be met:

(a) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the drawing date(s) printed on the ticket.;

(b) The ticket must be intact.;

(c) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner.;

(d) The ticket must not be counterfeit or an exact duplicate of another winning ticket.;

(e) The ticket must have been issued by an authorized Mega Millions sales agent, or retailer of the selling Party Lottery -and printed on paper in compliance with MUSL Rule 2.;

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

(f) The ticket must not have been stolen, to the knowledge of the Party Lottery.;

(g) The ticket must be submitted for payment in accordance with ~~Section 10 of the Amended and Restated Mega Millions Official Lotteries Game Rules (Procedures for Claiming and Payment of Prizes);~~

*Amended June 27, 2024*

(h) The Play data must have been recorded on the ~~CGS computer gaming system~~ prior to the drawing and the Play data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the Party Lottery's computer gaming system, the wager accepted by the Party Lottery's computer gaming system shall be the valid wager.;

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017.*

(i) The player or computer pick number selections, validation data and the drawing date(s) of an apparent winning Play must appear on the official file of winning Plays, and a Play with that exact data must not have been previously paid.;

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017.*

(j) The play must not be mis-registered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the Party Lottery that issued the Play.;

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017.*

(k) The Play must pass validation tests using a minimum of three (3) of the five (5) validation methods as defined in the ~~Mega Millions Finance and Operations Procedures for Mega Millions, Section~~ In addition, the Play must pass all other confidential security requirements of the Party Lottery that issued the Play.

~~In addition, the Play must pass all other confidential security checks of the Party Lottery that issued the Play;~~

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017.*

(l) In submitting a Play for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions, and final decisions of the Director of the Party Lottery that issued the Play.;

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017.*

(m) There must not be any other breach of these Mega Millions Rules in relation to the Play that, in the opinion of the Director of the Party Lottery ~~issuing the that issued the~~ Play, justifies invalidation.

*Amended March 29, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

(n) The Play must be submitted to the Party Lottery that issued it.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017.*

(o) Ticketless transaction Plays must meet the validation requirements of the Party Lottery that issued the Play.

*Amended June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**31.4** A Play submitted for validation that fails any of the preceding validation conditions shall be considered void, subject to the following determinations:

*Amended March 29, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(a)** In all cases of doubt, the determination of the Party Lottery that sold the Play, shall be final and binding; however, the Party Lottery may, at its option, replace an invalid Play with a Play of equivalent sales price.;

*Amended March 29, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(b)** In the event a defective ticket is purchased or in the event the Party Lottery determines to adjust an error, the Claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Play of equivalent sales price.;

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017.*

**(c)** In the event a Play is not paid by a Party Lottery and a dispute occurs as to whether the Play is a winning Play, the Party Lottery may, at its option, replace the Play as provided in paragraph (a) of this subsection. This shall be the sole and exclusive remedy of the Claimant unless the laws or regulations governing the Party Lottery provide for further administrative review.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

## **MM RULE 32—PLAY RESPONSIBILITY.**

**32.1 Prize Claims.** Prize claim procedures shall be governed by the rules of the Selling Lottery. MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the Selling Lottery.

*Amended March 29, 2013; June 25, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017.*

### **32.2 Reserved.**

**32.3 Stolen Plays.** The Product Group, MUSL and the Party Lotteries shall not be responsible for lost or stolen Plays.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**32.4 Ticketless Transactions.** A Ticketless Transaction Play is only valid when registered with the lottery in accordance with lottery rules, these Rules, and the MUSL Rules. The person or, if permitted by the lottery rules, the persons registering the Play shall be the owner of the Ticketless Transaction play. A receipt for a Ticketless Transaction Play has no value and is not evidence of a Play.

*Amended June 25, 2013; June 5, 2014; June 15, 2017 to be effective with the drawing on October 31, 2017; June 16, 2022.*

**32.5** The Party Lotteries shall not be responsible to a prize claimant for Plays redeemed in error by a selling agent or retailer.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**32.6** Winners are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions ~~and Double Play~~ draws. MUSL and the Party Lotteries are not responsible for Mega Millions ~~or Double Play~~ winning numbers reported in error.

*Amended October 28, 2019 to be effective with the drawing on April 21, 2020.*

**MM RULE 33—INELIGIBLE PLAYERS.**

**33.1** A Play or share for a MUSL game issued by MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such Play or share shall not be paid to:

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

(a) ~~a~~A MUSL employee, officer, or director~~;~~

*Amended March 29, 2013.*

(b) ~~a~~A contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures~~;~~

*Amended March 29, 2013.*

(c) ~~a~~An employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm~~;~~ or

*Amended March 29, 2013.*

(d) ~~a~~An immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) or any person residing in the same household of an individual described in subsections (a), (b), and (c) ~~and residing in the same household.~~

**33.2(e)** Those persons designated by a Party Lottery's law as ineligible to play its games shall also be ineligible to play the MUSL game in that Party Lottery's jurisdiction.

**33.32** A Play or share of the Mega Millions game may not be purchased in any lottery jurisdiction by any Party Lottery board member, commissioner, officer, or employee; or a spouse, child, brother, sister or parent residing as a member of the same household in the principle place of residence of any such person. Prizes shall not be paid to any persons prohibited from playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed by the Selling Lottery.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**MM RULE 34—APPLICABLE LAW.**

In purchasing a Play, or attempting to claim a prize, purchasers and prize claimants agree to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Party Lottery where the Play was purchased, and by directives and determinations of the director of that Party Lottery.

Additionally, the player shall be bound to all applicable provisions in the Mega Millions Finance and Operations Procedures for Mega Millions established by the Mega Millions Lotteries. ~~-, Megaplier, and Double Play.~~

A prize claimant agrees, as its sole and exclusive remedy that claims arising out of a Play can only be pursued against the Party Lottery which issued the Play. Litigation, if any, shall only be maintained within the jurisdiction in which the Play was purchased and only against the Party Lottery that issued the Play. No claim shall be made against any other Party Lottery or against the MUSL.

Nothing in these Rules shall be construed as a waiver of any defense or claim the Party

Lottery which issued the Play, any other Party Lottery, or MUSL may have in any litigation, including in the event a player or prize claimant pursues litigation against a Party Lottery or MUSL, or their respective officers, directors, or employees.

All decisions made by a Party Lottery, including the declaration of prizes and the payment thereof and the interpretation of Mega Millions Rules, shall be final and binding on all Play purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction where the Play was issued.

Unless the laws, rules, regulations, procedures, and decisions of the Party Lottery which issued the Play provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold in violation of these Rules or the laws, rules, regulations, procedures, and decisions of that Party Lottery; any such prize claimed but unpaid shall constitute an unclaimed prize under these Rules and the laws, rules, regulations, procedures, and decisions of that Party Lottery.

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

### PART III – MEGA MILLIONS GAME

#### MM RULE 35 - MEGA MILLIONS GAME DESCRIPTION

**35.1 Mega Millions Game.** Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-~~five~~four (254) lottery game, drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. Each Mega Millions Play will include a Multiplier, which is a unique number that is automatically selected by computer software according to the frequency set for in MM RULE 38 and printed directly on a Mega Millions Ticket. The Multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won, and which pays the A Mega Millions Grand Prize. ~~Jackpot Prize will be paid,~~ at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Lotteries Finance Committee on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid on a single payment basis.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.2** Mega Millions winning numbers applicable to determine Mega Millions prizes will be determined on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. During the drawing event, five (5) numbers shall be drawn from the first setfield of seventy (70) numbers, and one (1) number shall be drawn from the second set field of twenty-~~five~~four (254) numbers, which shall constitute the Winning Numbers. A Multiplier will be automatically selected. Mega Millions winning numbers shall not be used to determine Double Play prizes. Double Play winning numbers shall not be used to determine Mega Million prizes.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020; June 27, 2024.*

**35.3** –To play Mega Millions, a player shall select (or computer pick) five (5) different numbers, from a field of one (1) through seventy (70), and one (1) additional number from a second field of one (1) through twenty-~~five~~four (254). The ~~additional player selected (or~~



computer picked) number from the second field may be the same as one of the ~~first~~ five numbers selected by the player from the first field.- A computer-generated Multiplier will be included on each Mega Millions Play purchased and will multiply lower tier prizes only. The Multiplier is included in the price of a Play and is not an add-on. The Multiplier is further defined in MM RULE 38.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.4** MM Plays can be purchased for ~~two~~ five dollars (U.S. \$25.00), including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery Play.

*Amended June 15, 2017 to be effective with the drawing on October 31, 2017; June 27, 2024.*

**35.5** –Plays may be purchased from a Party Lottery approved sales outlet in a manner as approved by the Party Lottery and in accordance with MUSL Rules.

*Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

### **MM RULE 36—MEGA MILLIONS PRIZE POOL.**

**36.1 Mega Millions Prize Pool.** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery MM Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based upon the number of winners at each prize level, as well as the funding required to meet a guaranteed Annuity Mega Millions ~~Grand Prize~~Jackpot Prize as may be required by Rule 30.1(a).

*Amended Dec 31, 2009; September 21, 2010 to be effective December 1, 2010; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**36.2 Mega Millions Prize Pool Accounts and Prize Reserve Accounts.** The Product Group shall set the contribution rates to the prize pool and prize reserve accounts established by this rule.

**(a)** The following prize reserve accounts for the Mega Millions game are hereby established:

**(i)** The Prize Reserve Account (PRA) which is used to guarantee the payment of valid, but unanticipated, Mega Millions ~~Grand Prize~~Jackpot Prize claims that may result from a system error or other reason, to fund deficiencies in the Set Aside Pool, and to fund pari-mutuel prize deficiencies as defined and limited in Rules 36.3(c)(1)(a) and G(2)(a)(1).



(b) The following prize pool accounts for the Mega Millions game are hereby established:

(i) The Mega Millions ~~Grand Prize~~Jackpot Prize Pool (GJPP), which is used to fund the current Mega Millions ~~Grand Prize~~Jackpot Prize;

(ii) The Set Prize Pool (SPP), which is used to fund the Set or Lower Tier Prizes. The SPP shall hold the temporary balances that may result from having fewer than expected winners in the Set Prize categories. The Source of the SPP is the Party Lottery's weekly prize contributions less actual Set Prize liability; and,

(iii) The Set-Aside Pool (SAP) which is used to fund the payment of the awarded minimum starting annuity Mega Millions ~~Grand Prize~~Jackpot Prizes and the minimum annuity Mega Millions ~~Grand Prize~~Jackpot Prize increase, if necessary (subject to the limitations in these rules), as may be set by the Product Group. The source of the SAP funding shall accumulate from the difference between the amount in the Mega Millions ~~Grand Prize~~Jackpot Prize Pool at the time of a Mega Millions ~~Grand Prize~~Jackpot Prize win and the amount needed to fund Mega Millions ~~Grand Prize~~Jackpot Prize payments as determined by the Mega Millions lotteries.

~~(e) The above prize reserve accounts shall have maximum balance amounts or balance limit triggers that are set by the Product Group and are detailed in the Comments to this Rule.~~

The maximum balance amounts and balance limit triggers are subject to review by the MUSL Board Finance ~~and Audit~~ Committee. The Finance ~~and Audit~~ Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance ~~and Audit~~ Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Mega Millions ~~Grand Prize~~Jackpot Prize win.

(d) The contribution rate to the GPP from MM Plays shall be 37.6509% of sales. An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group. ~~Details shall be noted in the Comments to this Rule.~~

(e) The Product Group may determine to expend all or a portion of the funds in the prize pools (except the GPP) and the prize reserve accounts:

(i) for the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the Selling Lotteries; and

(ii) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize

promotion, subject to the approval of the Board’s Finance & ~~Audit~~ Committee or that Committee’s failure to object after given two weeks’ notice of the planned action, which actions may be appealed to the full Board by the Product Group.

(f) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(g) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for payment of its full sales percentage share of the prize reserve account, ~~whether or not it has been paid in full.~~

(h) Any amount remaining in the Mega Millions prize pool accounts or prize reserve account when the Product Group declares the end of the game shall be returned to the lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

*Amended September 21, 2010 to be effective December 1, 2010; March 29, 2013; June 25, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.*

~~*Comment. The Mega Millions reserve accounts and any Mega Millions rollover monies, to the extent they exist, may be used to fund a deficiency in Megaplier prizes.*~~

~~*As required by Rule 36.2(a), on March 22, 2013, the Product Group set the maximum PRA balance amount at forty five million dollars (\$45,000,000.00). On October 25, 2017, the Product Group set the maximum PRA balance at one hundred million dollars (\$100,000,000.00).*~~

~~*On September 21, 2010, the Product Group determined to set the additional prize reserve contribution for MM Plays at two and five tenths percent (2.5%), effective December 1, 2010. On June 16, 2011, the Product Group determined to set the additional prize reserve account contribution for MM Plays at one and five tenths percent (1.5%) effective beginning with the drawing of July 1, 2011. On January 31, 2013 the Product Group determined to set the additional prize reserve contribution for MM Plays at one percent (1%) effective beginning with the drawing of April 2, 2013 (for a total prize pool of 51%). On October 25, 2017, the Product Group determined to set the additional prize reserve contribution for MM Plays at two percent (2%) effective beginning with the drawing of October 31, 2017 (for a total prize pool of fifty two percent (52%)). On November 1, 2018, the Product Group determined to set the additional prize reserve contribution for MM Plays at one percent (1%) effective beginning with the drawing of December 28, 2018 (for a total prize pool of fifty one percent (51%)). The prize reserve contribution shall be used to fund the prize reserve account until it reaches its maximum balance amounts. Once prize reserve account shares reach the Party Lottery's maximum balance amounts, prize reserve contributions will not be collected from those Party Lotteries.*~~

~~*Approval of the Group is required to change the prize pool and prize reserve deduction percentages, maximum balances and balance limit trigger levels.*~~

~~*Comment last Amended October 25, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.*~~

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

	<del>MM Prize Pool Percentage</del>	<del>MM Sales Percentage</del>
<del>Number of Matches Per MM Play</del>	<del>Prize Payment</del>	<del>Allocated to Prize</del>
	<del>Allocated to Prize</del>	<del>Allocated to Prize</del>

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<del>All five (5) of first set plus one (1) of second set.</del>	<del>Prize</del>	<del>55,2675.3018%*</del>	<del>27.6337.6509%</del>
<del>All five (5) of first set and none of second set.</del>	<del>\$1,000,000.00</del>	<del>9.507.9319%</del>	<del>4.753.9659%</del>
<del>Any four (4) of first set plus one (1) of second set.</del>	<del>\$110,000.00</del>	<del>1.341.0742%</del>	<del>0.670.5371%</del>
<del>Any four (4) of first set and none of second set.</del>	<del>\$500500.00</del>	<del>1.541.2889%</del>	<del>0.770.6445%</del>
<del>Any three (3) of first set plus one (1) of second set.</del>	<del>\$20000.00</del>	<del>1.721.3749%</del>	<del>0.860.6875%</del>
<del>Any three (3) of first set and none of second set.</del>	<del>\$1100.00</del>	<del>1.981.6498%</del>	<del>0.990.8249%</del>
<del>Any two (2) of first set plus one (1) of second set.</del>	<del>\$100.00</del>	<del>1.801.4436%</del>	<del>0.900.7218%</del>
<del>Any one (1) of first set plus one (1) of second set.</del>	<del>\$47.00</del>	<del>9.794.4752%</del>	<del>4.892.2376%</del>
<del>None of first set plus one (1) of second set.</del>	<del>\$2.00</del>	<del>17.065.4597%</del>	<del>8.532.7298%</del>

~~\* The Mega Millions Grand Prize shall include the MM Prize Pool percentage allocated to the Mega Millions Grand Prize combined with JJ Prize Pool percentage allocated to the Mega Millions Grand Prize.~~

~~Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017; October 28, 2019 to be effective with the drawing on April 21, 2020.~~

~~(a) The Mega Millions **GrandJackpot** Prize amount shall be divided equally by the number of MM Plays **and JJ Plays** winning the Mega Millions **GrandJackpot** Prize.~~

~~Amended March 29, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017; **June 27, 2024.**~~

~~(b) The SPP (for payment of single payment prizes of one million dollars (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.~~

~~Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

**(c) Pari-mutuel Prize Determinations.**

**(c)(1)** Except as otherwise provided for in 36.3(c)(2):

**(c)(1)(a)** If the total of the Mega Millions Set Prizes (as multiplied by the respective Megaplier multiplier if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set Prizes, ~~including Megaplier prizes,~~ awarded shall be drawn from the following sources, in the following order:

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016.*

**(i)** the amount available in the SPP ~~and the Megaplier Prize Pool,~~ if any;

*Amended June 14, 2016 to be effective with the drawing on October 18, 2016.*

**(ii)** an amount from the PRA, if available, not to exceed forty million dollars (\$40,000,000.00) per drawing.

**(c)(1)(b)** If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes, ~~including Megaplier prizes,~~ then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize, ~~including Megaplier prizes,~~ when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this Rule shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions ~~and Megaplier prizes~~ will be reduced by the same percentage.

*Amended June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016.*

**(c)(2)** By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amount for all lotteries selling the game at the lesser of the independently-calculated prize amounts. The California Lottery is excluded from the Participating Lotteries' pari-mutual prize calculations.

*Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013.*

~~*Comment. The California Lottery is excluded from the Party Lotteries and other Licensee Lotteries pari-mutuel prize calculations. Double Play Prize Pool and Prize Reserve Accounts may not be used to pay underfunded Mega Millions prizes.*~~

**(d)** Except as may be required by Rule 30.1(a), the official advertised Mega Millions ~~Grand Prize- Jackpot~~ annuity amount is subject to change based on sales forecasts and/or actual sales.

*Amended Dec 31, 2009; June 3, 2010 to be effective September 14, 2010.*

**(e)** Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

**MM RULE 37 – PRIZE STRUCTURE.** The matrix of 5/70 and 1/24 with an anticipated prize payout is shown below, and applies to all Product Group members with respect to the Jackpot Prize and will apply for all Product Group members for the second through ninth level prizes. **PROBABILITY OF WINNING MEGA MILLIONS PRIZES.** The following table sets forth the odds probability of winning and the probable distribution of winners in and among each prize category for MM Plays sold by Party Lotteries, based upon the total number of possible combinations in Mega Millions. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary:

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

Due to jurisdictional law requirements, the California State Lottery shall separately determine the second through ninth level prizes and Multiplier prize values on a pari-mutuel basis.

**MM RULE 38 – MULTIPLIER FREQUENCY AND ODDS.** The Multiplier shall apply to all prize levels except the Jackpot Prize. The Multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the prize won. The Multiplier shall print directly on, or be applied to each Play on a Ticket. Multipliers may repeat due to the frequency and limited Multiplier levels as shown below.

The Multiplier frequency and odds are as follows:



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

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\*Total of frequencies

\*\*Average Multiplier value

Number of Matches Per MM Play Prize Amount	Probability Distribution		Probable/Set
	Winners	Probability	
All five (5) of first set plus one (1) of second set	1		1:
	Grand Prize		
All five (5) of first set and none of second set	24		1:
	12,6		\$1,000,000.00
Any four (4) of first set plus one (1) of second set	325		1:
	931,001		\$10,000.00
Any four (4) of first set and none of second set	7,800		1:
	38,792		\$500.00
Any three (3) of first set plus one (1) of second set	20,800		1:
	14,547		\$200.00
Any three (3) of first set and none of second set	499,200		1:
	606		\$10.00
Any two (2) of first set plus one (1) of second set	436,800		1:
	693		\$10.00
Any one (1) of first set plus one (1) of second set	3,385,200		1:
	89		\$4.00
None of first set plus one (1) of second set	8,259,888		1:
	37		\$2.00
Overall	12,610,038		1:
	24		
<i>Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.</i>			

**PART IV – SPECIAL GAME RULES: MEGA MILLIONS® MEGAPLIER®  
PROMOTION**

~~Last amended October 25, 2017 to be effective with the drawing on October 31, 2017. Comment last updated November 1, 2018 to be effective with the drawing on December 28, 2018.~~

**MM RULE A – PROMOTION DESCRIPTION.**

~~The Mega Millions Megaplier Promotion is a limited extension of the Mega Millions game and is conducted in accordance with the Mega Millions game rules and other lottery rules applicable to the Mega Millions game except as may be amended herein. The promotion will begin at a time announced by the Party Lottery and will continue until discontinued by the lottery. The Promotion will offer to the owners of a qualifying Megaplier Play a chance to multiply or increase the amount of any of the Set Prizes (the prizes normally paying two dollars (\$2.00) to one million dollars (\$1,000,000.00) won in a drawing held during the Promotion. The Mega Millions Grand Prize is not a Set Prize and will not be multiplied or increased by means of the Megaplier Promotion or the Just the Jackpot promotion.~~

~~–Amended September 21, 2010 to be effective December 1, 2010; March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

**MM RULE B – QUALIFYING PLAY.**

~~A qualifying Megaplier Play is any single Mega Millions Play for which the player pays an extra one dollar (\$1.00) for the Megaplier option and that is recorded on the Party Lottery’s computer gaming system as a qualifying Megaplier Play. The purchase of Just the Jackpot Plays do not qualify to purchase a Megaplier Play.~~

~~–Amended March 29, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

**MM RULE C – PRIZES TO BE INCREASED.**

~~Except as provided in these rules, a qualifying Megaplier Play that wins one of the Set Prizes will be multiplied by the number drawn, either two, three, four, or five (2, 3, 4, or 5), in a separate random Megaplier drawing announced in a manner approved by the Product Group.~~

~~–Amended June 3, 2010 to be effective when promulgated by the lottery and September 21, 2010 to be effective to be effective December 1, 2010; March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

**MM RULE D – MEGAPLIER DRAWS.**

~~MUSL will either itself conduct, or authorize a U.S. Lottery to conduct on its behalf, a separate random “Megaplier” drawing. Before each Mega Millions drawing a single number (2, 3, 4 or 5) shall be drawn. The Product Group may change one or more of the multiplier features for special promotions from time to time. In the event the multiplier drawing does not occur prior to the Mega Millions drawing, the multiplier number will be a 5 (five), which shall solely be determined by the lottery authorized to conduct the “Megaplier” drawing.~~

~~–Amended September 21, 2010 to be effective December 1, 2010; October 25, 2011; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014.~~

**MM RULE E — PRIZE POOL.**

**~~E(1) Megaplier Prize Pool.~~**

~~(a) The Megaplier Prize Pool (MPP) is hereby created, and shall be used to fund Megaplier prizes. The MPP shall hold the temporary balances that may result from having fewer than expected winning Megaplier Plays. The source of the MPP is the Party Lottery’s weekly prize contributions less actual Megaplier Prize liability.~~

~~(b) Up to fifty five percent (55%) of each drawing period's sales, as determined by the Game Group, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be collected for the payment of Megaplier prizes.~~

~~(c) Prize payout percentages per draw may vary. The MPP shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Megaplier prizes awarded in the current draw and held in the MPP.~~

~~—Amended September 21, 2010 to be effective December 1, 2010; March 29, 2013; June 25, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

~~Comment: On September 21, 2010, the Product Group determined to set the Megaplier Prize Pool at fifty two and five tenths percent (52.5%), effective December 1, 2010. On June 16, 2011, the Product Group determined to set the Megaplier Prize Pool at fifty one and five tenths percent (51.5%) effective beginning with the drawing of July 1, 2011. On January 31, 2013 the Product Group determined to set the Megaplier Prize Pool at fifty percent (50%) effective beginning with the drawing on April 2, 2013. On October 25, 2017, the Product Group determined to set the Megaplier Prize Pool at fifty two percent (52%), effective with the drawing on October 31, 2017, with two percent (2%) of the prize pool funding to be directed to the PRA. On November 1, 2018, the Product Group determined to set the additional prize reserve contribution for Megaplier Plays at one percent (1%) effective beginning with the drawing of December 28, 2018 (for a total MPP of fifty one percent (51%)).~~

~~**E(2) End of Game.** Any amount remaining in the MPP when the Product Group declares the end of this game shall be returned to the lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction law.~~

~~—Amended March 29, 2013; June 25, 2013; June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016.~~

~~**E(3) Expected Prize Payout.** Except as provided in these rules, all prizes awarded shall be paid as single payment set prizes. Instead of the Mega Millions set prize amounts, qualifying Megaplier Plays will pay the amounts shown below when matched with the Megaplier number drawn:~~

Prize Levels	Standard				With Megaplier Purchase and Applicable Multiplier			
	2X	3X	4X	5X				
Match 5+0	\$1,000,000.00	\$2,000,000.00	\$3,000,000.00	\$5,000,000.00	\$4,000,000.00	\$8,000,000.00	\$12,000,000.00	\$20,000,000.00
Match 4+1	\$10,000.00	\$20,000.00	\$30,000.00	\$50,000.00	\$40,000.00	\$80,000.00	\$120,000.00	\$200,000.00
Match 4+0	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$1,500.00	\$2,000.00	\$2,500.00	\$3,000.00

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<del>\$2,500.00</del>				
Match 3+1	<del>\$200.00</del>	<del>\$400.00</del>	<del>\$600.00</del>	<del>\$800.00</del>
	<del>\$1,000.00</del>			
Match 3+0	<del>\$10.00</del>	<del>\$20.00</del>	<del>\$30.00</del>	<del>\$40.00</del>
	<del>\$50.00</del>			
Match 2+1	<del>\$10.00</del>	<del>\$20.00</del>	<del>\$30.00</del>	<del>\$40.00</del>
	<del>\$50.00</del>			
Match 1+1	<del>\$4.00</del>	<del>\$8.00</del>	<del>\$12.00</del>	<del>\$16.00</del>
	<del>\$20.00</del>			
Match 0+1	<del>\$2.00</del>	<del>\$4.00</del>	<del>\$6.00</del>	<del>\$8.00</del>
	<del>\$10.00</del>			

**The Megaplier Promotion and multiplier numbers do not apply to the Mega Millions Grand Prize.**  
*Amended March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 5, 2014; June 15, 2017 to be effective with the drawing on October 31, 2017.*

In certain rare instances, the Mega Millions set prize amount may be less than the amount shown. In such case, the Megaplier prizes will be a multiple of the changed Mega Millions prize amount announced after the draw. For example, if the Match 4+1 Mega Millions set prize amount of ten thousand dollars (\$10,000.00) becomes two thousand dollars (\$2,000.00) under the rules of the Mega Millions game, then a Megaplier player winning that prize amount with a 4X multiplier would win eight thousand dollars (\$8,000): two thousand dollars multiplied by four (\$2,000.00 x 4).

*Amended June 3, 2010 to be effective when promulgated by the lottery and September 21, 2010 to be effective December 1, 2010; October 25, 2011; March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017.*

**MM RULE F — PROBABILITY OF WINNING.**

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

Megaplier — Probability of Prize Increase

~~5X — Prize Won multiplied by 5 — 1 in 15~~

~~4X — Prize Won multiplied by 4 — 3 in 15~~

~~3X — Prize Won multiplied by 3 — 6 in 15~~

~~2X — Prize Won multiplied by 2 — 5 in 15~~

The Megaplier Promotion and multiplier numbers do not apply to the Mega Millions Grand Prize.

~~— Amended June 3, 2010 to be effective when promulgated by the lotteries and September 21, 2010 to be effective December 1, 2010; October 25, 2011; March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

**MM RULE G — LIMITATION ON PAYMENT OF MEGAPLIER PRIZES.**

~~— **G(1) Prize Pool Carried Forward.** The prize pool percentage allocated to the Megaplier set prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw or may be held in a prize reserve account.~~

~~— **G(2)(a) Pari Mutuel Prizes — All Prize Amounts.** Except as otherwise provided for in G(2)(b):~~

~~**G(2)(a)(1)** If the total of the original Mega Millions set prizes and the Megaplier prize amounts awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the Set Prizes (including the Megaplier prize amounts) awarded shall be drawn from the following sources, in the following order:~~

~~— (i) the amount available in the SPP and the MPP, if any;~~

~~(ii) an amount from the PRA, if available in the account, not to exceed forty million dollars (\$40,000,000.00) per drawing.~~

~~— Amended June 14, 2016 to be effective with the drawing on October 18, 2016.~~

~~— **G(2)(a)(2)** If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Megaplier prize amounts), then the highest Set Prize (including the Megaplier prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize (including the Megaplier prize amount) shall become a pari-mutuel prize. This procedure shall continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.~~

~~— Amended June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

~~— *Comment.* By action on June 25 effective with the October 22, 2013 drawing, the Product Group~~



~~agreed to combine the Mega Millions and Megaplier prize pools in the rare instance when the set prizes, including the Megaplier prizes, pursuant to the rules, are paid on a pari-mutuel basis. Monies from the GPP may not be used to fund Mega Millions Set Prizes or Megaplier prize payments.~~

~~—Comment amended June 14, 2016 to be effective with the drawing on October 18, 2016.~~

~~— **G(2)(b)** By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Megaplier prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.~~

~~—Amended September 21, 2010 to be effective December 1, 2010; March 29, 2013; June 25, 2013 to be effective with the drawing on October 22, 2013.~~

~~—Comment. The California Lottery is excluded from the Party Lotteries and other Licensee Lotteries pari-mutuel prize calculations.~~

#### ~~MM RULE H — PRIZE PAYMENT.~~

~~— **H(1) Prize Payments.** All Megaplier prizes shall be paid in one single payment through the Party Lottery that sold the winning Megaplier Play(s). A Party Lottery may begin paying Megaplier prizes after receiving authorization to pay from the MUSL central office.~~

~~—Amended June 5, 2014; June 14, 2016 to be effective with the drawing on October 18, 2016; June 15, 2017 to be effective with the drawing on October 31, 2017.~~

~~— **H(2) Prizes Rounded.** Prizes that, under these rules, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the MPP for the next drawing.~~

~~—Amended September 21, 2010 to be effective December 1, 2010; March 29, 2013; June 14, 2016 to be effective with the drawing on October 18, 2016.~~

**PART V – SPECIAL GAME RULES: MEGA MILLIONS® JUST THE JACKPOT™ PROMOTION**

*Adopted June 15, 2017 to be effective with the drawing on October 31, 2017.*

~~Party Lotteries have the individual discretion whether to offer the Just the Jackpot Promotion. Party Lotteries offering the Just the Jackpot promotion agree to adhere to the following Rules.~~

~~If a Party Lottery elects not to offer the Promotion, it is recommended that they adopt the following language into their jurisdictional rules or regulations:~~

~~The Mega Millions Just the Jackpot Promotion is a limited extension of the Mega Millions game and is conducted in accordance with the MUSL Mega Millions Product Group game rules. The [redacted] Lottery has elected not to offer the Just the Jackpot Promotion at this time. Just the Jackpot will impact the amount of the Mega Millions Grand Prize in the Mega Millions game, and participants in the Just the Jackpot Promotion in other lottery jurisdictions may win the Mega Millions Grand Prize.~~

**MM RULE JJ 1 – PROMOTION DESCRIPTION.**

~~**JJ1.1 Just the Jackpot.** The Mega Millions Just the Jackpot Promotion is a limited extension of the Mega Millions game and is conducted in accordance with the Mega Millions game rules and other lottery rules applicable to the Mega Millions game except as may be amended herein, and any other lottery rules applicable to this Promotion. All rules applicable to the Mega Millions Game in Parts I and II of these rules are applicable to the Just the Jackpot Promotion unless otherwise indicated.~~

~~**JJ1.2** The Promotion will begin at a time announced by the Party Lottery and will continue until discontinued by the lottery.~~

~~The Promotion will offer to players a chance to purchase two (2) Just the Jackpot Plays (JJ Plays) for three dollars (\$3.00); each JJ Play purchased will qualify the player for a chance to win the Mega Millions Grand Prize, and no other prize levels.~~

~~A JJ Play must match exactly all of the Mega Millions Grand Prize winning numbers in order to win the Mega Millions Grand Prize. A JJ Play is not eligible to win non-Mega Millions Grand Prizes / non-Jackpot prizes in the Just the Jackpot Promotion or any prizes in the Double Play Promotion.~~

~~Amended October 28, 2019 to be effective with the drawing on April 21, 2020.~~

~~**JJ1.3** Just the Jackpot winning Plays will be paid the Mega Millions Grand Prize, at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Finance Committee on a pari-mutuel basis. All provisions in Parts (I) and (II) of these Rules regarding payment of the Mega Millions Grand Prize are applicable to Just the Jackpot winning Play(s). The Mega Millions Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Mega Millions Grand Prize.~~

~~JJ1.4~~ The winning numbers for Just the Jackpot Promotion shall be the winning numbers for the Mega Millions Grand Prize drawn in the Mega Millions drawing. Mega Millions winning numbers applicable to determine Just the Jackpot prizes will be drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries.

~~JJ1.5~~ To play Just the Jackpot, a player shall select (or computer pick) two (2) sets of five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from one (1) through twenty five (25). The additional number may be the same as one of the first five numbers selected by the player. Each set of numbers shall constitute a single lettered selection, or single “Play” as that term is defined in Rule 26.15. The two (2) sets of numbers selected in each three dollar (\$3.00) JJ Plays purchase may be the same between the Plays. The two (2) Plays for each three dollar (\$3.00) JJ Plays purchase shall be for the same drawing, although a lottery may sell multi-draw JJ Plays as well.

~~JJ1.6~~ The purchase price of JJ Plays shall be three dollars (US \$3.00) for two (2) single lettered selection of JJ Plays, including any specific statutorily mandated tax of a Party Lottery to be included in the price of lottery JJ Plays. JJ Plays may be purchased from a Party Lottery approved sales outlet in a manner as approved by the Party Lottery and in accordance with MUSL Rules. Except for ticketless transactions, JJ Plays must be printed on separate tickets from MM Plays and must clearly indicate the Plays are for the Just the Jackpot Promotion. Each JJ Play is played separately in determining matches to winning numbers and prize amounts.

~~JJ1.7~~ The Grand Prize will not be multiplied or increased by means of the Megaplier Promotion.

~~MM RULE JJ 2 — RESERVED.~~

~~MM RULE JJ 3 — RESERVED.~~

~~MM RULE JJ4 — RESERVED.~~

~~MM RULE JJ 5 — PRIZE POOL CONTRIBUTIONS.~~

~~JJ5.1 Mega Millions Just the Jackpot Prize Pool.~~ The prize pool for JJ Plays shall consist of up to fifty five percent (55%) of each drawing period's sales, inclusive of any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based on the funding required to meet a guaranteed annuity Mega Millions Grand Prize as may be required by Rule 30.1(a).

~~JJ5.2 Mega Millions Grand Prize Pool Account (GPP) and Prize Reserve Account (PRA) contributions for Just the Jackpot.~~ The Product Group shall set the contribution rates to the Just the Jackpot prize pool and prize reserve accounts established by this rule.

~~(i) The contribution rate for JJ Plays to the GPP shall be 50.2012% of JJ Play sales.~~

**MULTI STATE LOTTERY ASSOCIATION – MEGA MILLIONS GROUP (M2G2) RULES**

~~An amount up to five percent (5%) of a Party Lottery’s JJ Play sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery’s JJ Play, shall be added to a Party Lottery’s Just the Jackpot Prize Pool contribution and placed in trust in one (1) or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery’s share of the PRA is below the amounts designated by the Product Group. Details shall be noted in the Comments to this Rule.~~

~~All provisions regarding the GPP and PRA as described in Rule 36 and otherwise in Part II of these Rules are applicable to JJ Play contributions to the GPP and PRA.~~

~~Comment: On October 25, 2017, the Product Group determined to set the additional prize reserve contribution for JJ Plays at two percent (2%) effective beginning with the drawing of October 31, 2107 (for a total prize pool of fifty two and two ten thousandths and twelve percent (52.2012%).~~

~~The prize reserve contribution shall be used to fund the PRA until it reaches its maximum balance amounts. Once PRA shares reach the Party Lottery’s maximum balance amounts, prize reserve contributions will not be collected from those Party Lotteries.~~

~~Approval of the Product Group is required to change the prize pool and prize reserve deduction percentages, maximum balances and balance limit trigger levels.~~

**MM RULE JJ5.3 — Expected Prize Payout Percentage.** ~~The Mega Millions Grand Prize payout shall be determined on a pari-mutuel basis. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount contributed to or held in prize reserves:~~

<del>Number of Matches Per JJ Play</del>	<del>Prize Payment</del>	<del>JJ Prize Pool Percentage Allocated to Prize</del>	<del>JJ Sales Percentage Allocated to Prize</del>
<del>All five (5) of first set plus one (1) of second set.</del>	<del>Grand Prize</del>	<del>100%*</del>	<del>50.2012%</del>
<del>All other matching combinations</del>	<del>No Prize</del>	<del>0%</del>	<del>0%</del>

~~\* JJ Prize Pool percentage allocated to the Mega Millions Grand Prize shall be combined with MM Prize Pool percentage allocated to the Mega Millions Grand Prize.~~

~~(a) The Mega Millions Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Mega Millions Grand Prize.~~

**PART VI SPECIAL GAME RULES: MEGA MILLIONS® DOUBLE PLAY™  
PROMOTION**

*Adopted October 28, 2019 to be effective with the drawing on April 21, 2020.*

~~Party Lotteries offering the Double Play promotion agree to adhere to the following Rules.~~

~~If a Party Lottery elects not to offer the Promotion, it is recommended that it adopt the following language into their jurisdictional rules or regulations:~~

~~The Mega Millions Double Play Promotion is a limited promotion of the Mega Millions game and is conducted in accordance with the MUSL Mega Millions Product Group game rules. The \_\_\_\_\_ Lottery has elected not to offer the Double Play Promotion at this time.~~

**MM RULE DP 1 — DOUBLE PLAY PROMOTION DESCRIPTION.**

~~DP 1.1 – DP Overview. The Mega Millions Double Play Promotion (“DP” or “Promotion”) is an add-on to the Mega Millions game, and participation by a lottery is optional. Players must purchase an official Mega Millions ticket(s) to participate in DP.~~

~~DP offers players a second chance to win a new set of prizes, using the same numbers the player selected (manually or computer pick) for their Mega Millions Play. The Double Play Drawing is a separate drawing which takes place after the official Mega Millions Drawing, conducted by and in accordance with the Mega Millions Consortium draw procedures.~~

~~Party Lotteries may choose when to start, and end the Double Play Promotion. DP is an additional add-on to the Mega Millions game, and does not replace or alter Just the Jackpot or Megaplier.~~

~~DP is conducted in accordance with the Mega Millions Consortium game rules, these~~

~~Rules, and Party Lottery rules.—All rules applicable to the Mega Millions Game in Parts I and II of these rules are applicable to the DP promotion unless otherwise indicated.~~

~~———— DP Prizes will not be multiplied or increased by the Megaplier Promotion.~~

~~———— Mega Millions prizes and Double Play prizes are determined separately; for example, a Mega Millions player who chooses to participate in Double Play may win both a Double Play prize and a Mega Millions prize, if their Play numbers match the Mega Millions winning numbers and also the Double Play winning numbers.~~

~~———— **DP 1.2 – How DP Works.** Double Play is a five (5) out of seventy (70) plus one (1) out of twenty five (25) lottery game, drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Consortium Lotteries, and which pays a First Prize. Except as provided in these rules, all other prizes are paid on a single payment basis.~~

~~**DP 1.3 – DP Winning Numbers.** Double Play winning numbers applicable to determine Double Play prizes will be determined on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries. During the drawing event, five (5) numbers shall be drawn from the first set of seventy (70) numbers, and one (1) number shall be drawn from the second set of twenty five (25) numbers, which shall constitute the Double Play Winning Numbers.~~

~~Mega Millions winning numbers shall not be used to determine Double Play prizes. Double Play winning numbers shall not be used to determine Mega Million prizes.~~

~~———— **DP 1.4 – DP Requirements.** To play Double Play, Players must purchase an official Mega Millions ticket. For an additional one dollar (\$1.00) players may purchase a Double Play at the same time the Mega Millions ticket is purchased. — Double Play Play numbers shall be the same as the numbers the player selected (manually or computer pick) for their Mega Millions Play. The one dollar (\$1.00) purchase price for Double Play shall include any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery Play.~~

~~**DP 1.5 – Purchases.** Plays may be purchased from a Party Lottery approved sales outlet in a manner as approved by the Party Lottery and in accordance with MUSL Rules.~~

~~———— **DP 1.6 – Tickets and Ticketless Transactions.** Party Lotteries may determine whether the DP Plays are printed on the same ticket as a Mega Millions ticket, or on a separate ticket from the Mega Millions ticket.~~

~~———— If a Party Lottery determines that the DP Play may be on a separate ticket than the Mega Millions ticket, under no circumstances will a claim be paid for a DP prize without having first purchased an official Mega Millions ticket for the same drawing.~~

~~———— If the DP is on a separate ticket, then that ticket must match all of the game play, serial number and other validation data residing in the selling Party Lottery’s computer gaming system (CGS) and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.~~

~~———— If the DP Play is purchased as a ticketless transaction, the Party Lottery’s electronic record of purchase shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.— See also Rules 31.3(o) and 32.4.~~

#### ~~**MM RULE DP 2 – PRIZE POOL.**~~

~~———— **DP RULE 2.1 – Double Play Prize Pool.** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty five percent (55%) of each drawing period's sales, inclusive of any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery MM Play, and inclusive of contributions to the prize pool accounts and prize~~



reserve accounts, but may be higher or lower based upon the number of winners at each prize level.

~~DP RULE 2.2 – Double Play Prize Pool Accounts and Prize Reserve Account.~~ The Product Group shall set the contribution rates to the prize pool and prize reserve accounts established by this rule.

~~(a) The following prize reserve accounts for the Double Play game are hereby established:~~

~~(i) The Double Play Prize Reserve Account (DPPRA) which is used to:~~

~~(1) Fund payment of First Prizes won in the Game if the FPP is not fully funded;~~

~~(2) Guarantee the payment of valid, but unanticipated, First Prize claims that may result from a system error or other reason; and~~

~~(3) to fund the Lower tier/ set prize deficiencies as defined and limited in DP RULE\_3(c)(1)(a) below.~~

~~(b) The following prize pool accounts for the Double Play game are hereby established:~~

~~(i) The First Prize Pool (FPP), which is used to fund the First Prize. Any monies not used to pay a First Prize shall accumulate in this pool until such time as funds are needed to pay a First Prize; and~~

~~(ii) The Double Play Set Prize Pool (DPSPP), which is used to fund the Double Play Set or Lower Tier Prizes. The DPSPP shall hold the temporary balances that may result from having fewer than expected winners in the Double Play Set Prize categories. The Source of the DPSPP is the Party Lottery's weekly prize contributions less actual Double Play Set Prize liability.~~

~~(c) The Product Group may establish a maximum balance amount for the DPPRA and is detailed in the Comments to this Rule. The maximum balance amount is subject to review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amount. Approved maximum balance amount shall become effective no sooner than two weeks after notice is given to the Finance and Audit Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amount. The Group may appeal the Committee's objection to the full Board.~~

~~(d) The contribution rate to the FPP from DP Plays shall be 3.3050% of sales.~~

~~(e) An amount up to seven and three thousand, six hundred and seventeen percent (7.3617%) of a Party Lottery's sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a Party Lottery's Double Play Prize Pool contribution and placed in trust in one or more prize pool accounts and the DPPRA held by the Product Group at any time that the Party Lottery's share of the DPPRA is below the amounts designated by the Product Group. Details shall be noted in the Comments to this Rule.~~

~~(f) The Product Group may determine to expend all or a portion of the funds in the DPSPP and the DPPRA:~~

~~(i) for the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the Selling Lotteries; and~~

~~(ii) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance & Audit Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full Board by the Product Group.~~

~~(g) The DPPRA shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the DPPRA as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.~~

~~(h) A Party Lottery may contribute to its sales percentage share of the DPPRA over time, but in the event of a draw down from the DPPRA, a Party Lottery is responsible for its full sales percentage share of the DPPRA, whether or not it has been paid in full.~~

~~(i) Any amount remaining in the Double Play prize pool accounts or DPPRA when the Product Group declares the end of the game shall be returned to the lotteries participating in the prize pool and DPPRA after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.~~

~~–Comment. The Double Play prize pools and DPPRA may not be used to pay Mega Millions prizes. The Product Group has not set a maximum balance for the DPPRA.~~

~~On October 28, 2019, the Product Group set the additional prize reserve account contribution for DP Plays at two and three thousand, six hundred and seventeen percent (2,3617%), bringing total prize pool and reserve contributions for Double Play to fifty percent (50.0%) of sales.~~

~~Approval of the Group is required to change the prize pool contributions, DPPRA deduction percentages and to set or change the maximum DPPRA balance.~~

~~–Comment added October 28, 2019.~~

~~**MM RULE DP 3 – EXPECTED PRIZE PAYOUT PERCENTAGES.** The First Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in these rules all other prizes awarded by Party Lotteries shall be paid as single payment prizes. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount contributed to or held in prize reserves, although the prize payout percentages per draw may vary:~~

<del>Number of Matches Per MM Play</del>	<del>Prize Payment</del>	<del>DP Prize Pool Percentage Allocated to Prize</del>	<del>DP Sales Percentage Allocated to Prize</del>
<del>All five (5) of first set plus one (1) of second set. First Prize</del>	<del>\$10,000,000.00</del>	<del>%</del>	<del>3.3050%</del>
<del>All five (5) of first set and none of second set.</del>	<del>\$500,000.00</del>	<del>%</del>	<del>3.9660%</del>
<del>Any four (4) of first set plus one (1) of second set.</del>	<del>\$30,000.00</del>	<del>%</del>	<del>3.2223%</del>
<del>Any four (4) of first set and none of second set.</del>	<del>\$1,500.00</del>	<del>%</del>	<del>3.8668%</del>
<del>Any three (3) of first set plus one (1) of second set.</del>	<del>\$500.00</del>	<del>%</del>	<del>3.4372%</del>
<del>Any three (3) of first set and none of second set.</del>	<del>\$25.00</del>	<del>%</del>	<del>4.1246%</del>
<del>Any two (2) of first set plus one (1) of second set.</del>	<del>\$25.00</del>	<del>%</del>	<del>3.6090%</del>
<del>Any one (1) of first set plus one (1) of second set.</del>	<del>\$10.00</del>	<del>%</del>	<del>11.1880%</del>
<del>None of first set plus one (1) of second set.</del>	<del>\$4.00</del>	<del>%</del>	<del>10.9194%</del>

~~(a) The First Prize amount shall be divided equally by the number of DP Plays winning the First Prize. If no Plays match the DP winning numbers as described above, the DP First Prize will not be awarded, and remains at ten million dollars (\$10,000,000).~~

~~(b) The DPSPP (for payment of single payment prizes of five hundred thousand dollars (\$500,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.~~

~~(c) **Pari-mutuel Prize Determinations Applicable to MUSL Party Lotteries (not Mega Millions Lotteries Selling Double Play).**~~

~~(c)(1) Except as otherwise provided for in MM RULE DP 3 (c)(2):~~

~~(c)(1)(a) If the total of the Double Play Set Prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the Double Play Set Prizes, then the amount needed to fund the Double Play Set Prizes awarded shall be drawn from the following sources, in the following order:~~

~~(i) the amount available in the DPSPP if any;~~

~~(ii) an amount from the DPPRA, if available.~~

~~(c)(1)(b) If, after these sources are depleted, there are not sufficient funds to pay the Double Play Set Prizes, then the highest Double Play Set Prize shall become a pari-mutuel prize. If the amount of the highest Double Play Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Double Play Set Prize and there are still not sufficient funds to pay the remaining Double Play Set Prizes awarded, then the next highest Double Play Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Double Play Set Prize levels, if necessary, until all Double Play Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this Rule shall be divided among the winning DP Plays in proportion to their respective prize percentages.~~

~~(c)(2) The MUSL Party Lotteries shall make their pari-mutuel prize determinations and calculations independently of any similar determinations made by Mega Millions Consortium Lotteries, which shall not contribute to or participate in these calculations or prize payments.~~

~~(d) Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Consortium Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Consortium Lotteries.~~

~~**MM RULE DP 4 PROBABILITY OF WINNING DOUBLE PLAY PRIZES.** The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category for DP Plays sold by Party Lotteries, based upon the total number of possible combinations in Double Play.~~

~~Probability Distribution Probable/Set~~

**MULTI STATE LOTTERY ASSOCIATION – MEGA MILLIONS GROUP (M2G2) RULES**

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Number of Matches per DP Play      Winners      Probability      Prize Amount

All five (5) of first set plus			
one (1) of second set	1	1: 302,575,350	First Prize
All five (5) of first set			
and none of second set	24	1: 12,607,306	\$500,000.00
Any four (4) of first set plus			
one (1) of second set	325	1: 931,001	\$30,000.00
Any four (4) of first set			
and none of second set	7,800	1: 38,792	\$1,500.00
Any three (3) of first set plus			
one (1) of second set	20,800	1: 14,547	\$500.00
Any three (3) of first set			
and none of second set	499,200	1: 606	\$25.00
Any two (2) of first set plus			
one (1) of second set	436,800	1: 693	\$25.00
Any one (1) of first set plus			
one (1) of second set	3,385,200	1: 89	\$10.00
None of first set plus			
one (1) of second set	8,259,888	1: 37	\$4.00
<hr/>			
Overall	12,610,038	1: 24.	



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515.725.7900

Kim Reynolds · Governor

Matthew N. Strawn · Chief Executive Officer

To: Iowa Lottery Commission

From: Jon Roth, Chief Revenue Officer

Date: December 11, 2024

Re: Creative Advertising Services Contract Extension

### **Background**

Following an RFP process that allowed respondents to bid on Creative Services and/or Media Buying & Planning Services, The Iowa Lottery Authority entered into an agreement with Strategic America on July 1, 2018 for Creative Advertising Services for a 2 year agreement with 4 one-year renewal options at the sole discretion of the Iowa Lottery Authority (and later the Department of Revenue). Earlier this year, this agreement was extended through June 30, 2025.

### **Recommendation**

As you are aware, the Lottery Division of the Iowa Department of Revenue has been working on an RFP for Scratch-Ticket Printing and Loyalty Program Services. With the implementation of that effort planned for the beginning of Fiscal Year 2026, the Iowa Lottery recommends extending this Creative Advertising Services agreement for one additional year for the period from July 1, 2026 through June 30, 2027. Doing so will allow the Lottery to plan ahead for advertising creative development while also focusing on the implementation of new efforts for scratch-ticket development and loyalty program enhancements. Pricing for this extension will continue to follow the overall agreement and will be based on the change in the National All Urban Consumer Price Index for the “all items” classification from the period from May, 2024 through May, 2025.

**Extension to the Agreement for Creative Advertising Services  
between the Iowa Department of Revenue and Strategic America executed July 1, 2018**

This Extension (“Extension”) to the Agreement stated above (“Agreement”) by and between the Iowa Department of Revenue (“IDR”), an executive branch agency of the State of Iowa into which Iowa Lottery Authority has been incorporated as of July 1, 2023, and Strategic America (“Agency”), is effective on July 1, 2024.

**Section 1: Extension**

Pursuant to Iowa Administrative Code rule 11-118.16(2), IDR submitted a waiver request to the Iowa Department of Administrative Services (“DAS”) to waive the requirements of Iowa Administrative Code rule 11-118.11(3) regarding the maximum duration of service contracts. DAS subsequently approved IDR’s waiver request to extend the Agreement through June 30, 2026. The Agency shall submit an updated Schedule B to reflect contractually agreed rates which when approved by IDR will be incorporated into this Agreement as if fully set forth herein.

**Section 2: Successors and Assigns.**

This Extension shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

**Section 3: Entire Agreement.**

This Agreement and the Contract (including any written amendments thereto), collectively, as the complete agreement of the parties and supersede any prior agreements or representations, whether oral or written, with respect thereto.

**Section 4: Ratification & Authorization.**

Except as expressly amended and supplemented herein, the Extension shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Extension represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Extension, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this Extension, and that this Extension constitutes a legal, valid, and binding obligation.

**Section 5: Execution.**

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Extension and have caused their duly authorized representatives to execute this Extension.

**Iowa Department of Revenue**

**Strategic America**

\_\_\_\_\_  
**Signature**    **Date**  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_

\_\_\_\_\_  
**Signature**    **Date**  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_



## CHANGES EFFECTIVE

August 22, 2024

Employee	Title/Function	FY'25 Rate
John Schreurs	President/CEO	287
Jamie Schug	Chief Financial Officer	218
Shelly Kopriva	Client Strategist	187
Mariah Pagel	Graduate Intern	112
Angie Ramirez	Director of Project Management	143
Randy Belcher	Creative Director	218
Chris Bettin	Executive Creative Director	218
Ryan Crowell	Print Production Manager	143
Mike Schreurs	Chairman/Chief Strategist	299
Laura Vanden Bosch	Executive Director, Strategic Communications	212
Tad Andersen	Senior Social Media Manager	159
Dave Miglin	VP/Interactive Services	218
Lisa Holtorf	VP/Operations	218
Melynda (Mindy) Efobi	Sr. Accounting Supervisor	112
Tammy McDowell	Sr. Accounting Supervisor	112
Carol Ingram	Media Operations Manager	193
Brandon Troutman	Director of Creative Services	168
Graham Schardt	Producer, Creative Services	144
Cameron LeClere	Production Manager	143
John Hall	Senior Copywriter	186
Carter Skeen	Creative Writer (Add)	143
Karen Karnes	Proofreader	136
Heath Smith	Creative Services Manager (Traffic)	125
Greg Welch	Creative Director	187
Greg Welch	Design Rendering Services	112
Mike Dillon	Director of Production Art	187
Kelcey Stoehr	Design Rendering Services	112
Tyra Washington	Senior Graphic Designer	187
David Ekstrom	Sr. Videographer and Editor	187
Kelcey Stoehr	Multimedia Director	205
Kasey Baker-Vermulm	Art Director	180
Hyeree Hawk	Associate Creative Director	180
Jami Sinclair	Senior Digital Designer	180

Approved by:

*Kassandra Trenary**8/27/24*

Director, Marketing &amp; Advertising

Date





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515.725.7900

Kim Reynolds · Governor

Matthew N. Strawn · Chief Executive Officer

To: Iowa Lottery Commission

From: Jon Roth, Chief Revenue Officer

Date: December 11, 2024

Re: Media Planning, Buying Services and Products Contract Renewal

### **Background**

Following an RFP process that allowed respondents to bid on Media Planning, Buying Services and Products for the Iowa Lottery, the Iowa Department of Revenue entered into an agreement with Flynn Wright on July 1, 2023 for these services 2 year agreement with 4 one-year renewal options at the sole discretion of the Department of Revenue.

### **Recommendation**

The Iowa Lottery recommends renewing this Media Planning, Buying Services and Products agreement for one additional year for the period from July 1, 2026 through June 30, 2027. Doing so will allow the Lottery to effectively plan ahead for media planning development and purchases. Pricing for this renewal will follow Flynn Wright's original RFP response with their monthly fee remaining flat with no adjustment built in for inflation. Media purchases through this agreement will be negotiated by Flynn Wright with the Department reviewing and approving the purchase plan.

**Extension to the Agreement between Flynn Wright and the Iowa Department of Revenue, executed July 19, 2023.**

This Extension (“Extension”) to the Agreement stated above (“Agreement”) by and between the Iowa Department of Revenue (“IDR”), an executive branch agency of the State of Iowa into which Iowa Lottery Authority has been incorporated as of July 1, 2023, and Flynn Wright (“Agency”), is effective on July 1, 2025.

**Section 1: Extension**

This Agreement is hereby extended from July 1, 2025 to June 30, 2026. There are three remaining one-year extensions available.

**Section 2: Successors and Assigns.**

This Extension shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

**Section 3: Entire Agreement.**

This Agreement and the Contract (including any written amendments thereto), collectively, as the complete agreement of the parties and supersede any prior agreements or representations, whether oral or written, with respect thereto.

**Section 4: Ratification & Authorization.**

Except as expressly amended and supplemented herein, the Extension shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Extension represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Extension, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this Extension, and that this Extension constitutes a legal, valid, and binding obligation.

**Section 5: Execution.**

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Extension and have caused their duly authorized representatives to execute this Extension.

**Iowa Department of Revenue**

**Flynn Wright**

\_\_\_\_\_  
**Signature** **Date**  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_

\_\_\_\_\_  
**Signature** **Date**  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_



13001 University Avenue  
Clive, IA 50325-8225  
www.ialottery.com  
515.725.7900

Kim Reynolds · Governor

Matthew N. Strawn · Chief Executive Officer

To: Iowa Lottery Commission

From: Jon Roth, Chief Revenue Officer

Date: December 11, 2024

Re: Pull-Tab Printing & Pull-Tab Vending Machines Agreement Renewals

### **Pull-Tab Background Information**

One of the product categories sold by the Iowa Lottery are Pull-Tabs. In fiscal year 2024, sales of Pull-Tabs exceeded \$13 million with approximately 365 retailers selling Pull-Tabs in Iowa.

- **Pull-Tab Printing**  
As the result of an RFP process, Pollard Games (dba American Games) was selected as the printer for Pull-Tabs with a contract period of two years from January 1, 2023 through December 31, 2024, with three (3) additional one-year options option periods that may be exercised at the Department of Revenue's sole option.
- **Pull-Tab Vending Machine Maintenance**  
Iowa Lottery Pull-Tabs are sold through licensed retailers utilizing Pull-Tab Vending Machines (PTVM's) provided by the Iowa Lottery. Effective October 1, 2022, the Iowa Lottery Authority contracted with Pollard Games (dba American Games) for the maintenance of these machines. This contract was renewed last year for the period from January 1, 2024 through December 31, 2024.

### **Recommendation**

1. The Lottery recommends renewing the Pull-Tab Printing Agreement with American Games for the period from January 1, 2025 through December 31, 2025. This would incorporate a cost increase of 2.9% based on the National All Urban Consumer Price index as outlined in the agreement.
2. The Lottery recommends renewing the Pull-Tab Vending Machine Maintenance Agreement for the period from January 1, 2025 through December 31, 2025. This would incorporate a cost increase of 2.9% based on the National All Urban Consumer Price index as outlined in the agreement.

**First Amendment and Renewal to the Agreement for the Purchase of Pull-Tab Tickets and Related Services, effective January 1, 2023.**

This First Amendment and Renewal (“First Amendment”) to the Agreement stated above (“Agreement”) is hereby entered into between Iowa Department of Revenue (“IDR”), an executive branch agency of the State of Iowa into which Iowa Lottery has been incorporated as of July 1, 2023, and Pollard Games, Inc., dba American Games (“Contractor”).

**Section 1: Extension.**

Per the terms of Section 5 of the Agreement, IDR is exercising its option to renew the Agreement for one (1) additional one-year renewal period from January 1, 2025 through December 31, 2025, inclusive. There are two remaining one-year extension periods available in the Agreement.

**Section 2: Amendment.**

The attached Schedule B shall be incorporated in place of Schedule B of the Agreement for the purpose of the term extension in Section 1 of this First Amendment.

**Section 3: Successors and Assigns.**

This First Amendment shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

**Section 4: Ratification & Authorization.**

Except as expressly amended and supplemented herein, the Agreement shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this First Amendment represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this First Amendment, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this First Amendment, and that this First Amendment constitutes a legal, valid, and binding obligation.

**Section 5: Execution.**

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into this First Amendment and have caused their duly authorized representatives to execute this First Amendment.

**Iowa Department of Revenue**

**Pollard Games, Inc.**

\_\_\_\_\_  
**Signature** **Date**  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_

10/11/24

\_\_\_\_\_  
**Signature** **Date**  
**Name:** Steven Fingold  
**Title:** President

**SCHEDULE B**  
**PRICING MATRIX**  
**(Jan 1 2025 – Dec 31 2025)**

Pricing below has been adjusted to reflect the percentage change in the National All Urban Consumer Price Index for the "all items" classification from July 2023 to July 2024 (2.9%). The new prices will be effective for all games ordered after January 1, 2025.

**SECTION 1-Pricing for Games and Other Materials.** Prices for tickets provided by Contractor are as follows:

Ticket Quantity	Cost of Order	Cost Per Ticket
250,000	\$7,108.33	\$0.028433
500,000	\$11,194.49	\$0.022389
1,000,000	\$18,970.64	\$0.018971
1,500,000	\$27,657.98	\$0.018439
2,000,000	\$35,722.76	\$0.017861
2,500,000	\$43,719.64	\$0.017488
3,000,000	\$50,867.59	\$0.016956
3,500,000	\$58,790.89	\$0.016797
4,000,000	\$66,510.44	\$0.016628
5,000,000	\$82,175.94	\$0.016435

**SECTION 2-New Game Development.** Contractor's development of a new game includes creative development, trademark search, press proofs, 6,480 sample tickets, 950 retailer manual pages, and 660 sales sheets. Contractor will charge the Lottery a one-time sum of \$4,290 for developing each new game.

**SECTION 3-Ticket Storage.** If the Lottery requests a delayed delivery date other than the delivery date specified in the working papers, the Contractor can store up to 9MM tickets for up to ninety (90) days at a Lottery cost of \$15 per skid per month. If the Lottery requests storage over and above ninety (90) days, a price will be determined between the parties at the time of the request. Confirmation of available warehouse space to be determined at time of request.

**SECTION 4-Additional Pricing and Product Description.** Upon request by the Lottery in the Working Papers, the Contractor must provide selective "seeding" of tickets, ultra-violet ink, fluorescent inks, accelerated delivery, or other printing options, barcode validation, or promotional ideas. Additional costs for these products are:

<u>Description</u>	<u>Cost</u>
Ultra-violet inks	Add \$612.25 per game
Selective seeding	Add 10% of the base game price per game
Fluorescent Inks	Add \$0.175/square inch/per thousand tickets
Standard industry ticket size with barcode activation insert <sup>1</sup>	Discount of \$0.50 per 1000 tickets
Accelerated Delivery	Costs determined by game
Printing options, full barcode validation, or promotional ideas found in Schedule A	Pricing determined based on final specifications

<sup>1</sup> Standard industry ticket size is 1 7/8" x 3 3/4", a shorter 5 tab ticket with a barcode insert or barcode activation card to be inserted into each pull-tab unit of tickets. (Current Lottery ticket size is 1 7/8" x 4)



**Second Amendment and Renewal to the Agreement for the Maintenance of Pull-Tab Vending Machines, effective October 1, 2022.**

This Second Amendment and Renewal (“Second Amendment”) to the Agreement stated above (“Agreement”) is hereby entered into between Iowa Department of Revenue (“IDR”), into which Iowa Lottery Authority has been incorporated as of July 1, 2023 and Pollard Games, Inc., dba American Games (“Contractor”).

**Section 1: Extension.**

The Agreement is hereby extended for a one year term, extending from January 1, 2025 to December 31, 2025, inclusive.

**Section 2: Amendment.**

The attached Schedule D shall be incorporated in place of Schedule D of the Agreement for the purpose of the term extension in Section 1 of this Second Amendment.

**Section 3: Successors and Assigns.**

This Second Amendment shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

**Section 4: Ratification & Authorization.**

Except as expressly amended and supplemented herein, the Agreement shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Second Amendment represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Second Amendment, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this Second Amendment, and that this Second Amendment constitutes a legal, valid, and binding obligation.

**Section 5: Execution.**

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into this Second Amendment and have caused their duly authorized representatives to execute this Second Amendment.

**Iowa Department of Revenue**

**Pollard Games, Inc.**

\_\_\_\_\_  
**Signature** **Date**  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_

10/11/24

\_\_\_\_\_  
**Signature** **Date**  
**Name:** Steven Fingold  
**Title:** President

**SCHEDULE D**

**January 1, 2025 - December 31, 2025**

Pricing below has been adjusted to reflect the percentage change in the National All Urban Consumer Price Index for the "all items" classification from July 2023 to July 2024 (2.9%). The new prices will be effective January 1, 2025.

**PURCHASE – PTVM**

Cost per machine:	<u>6 game</u>	<u>12 game</u>
Cost of machines – outright purchase	\$5,693	\$7,382
Cost of relocation/removal services per machine, per occurrence	\$165	\$165
Repurchase price during term of Agreement including Option	\$1	\$2

**CPI PERCENTAGE ADJUSTMENT FOR MAINTENANCE OF PTVM, BEGINNING ON JAN 1, 2025 UTILIZING THE NATIONAL ALL URBAN CPI, JULY 2023 TO JULY 2024:**

	<u>6 game</u>	<u>12 game</u>
Monthly cost per machine for maintenance services	100%	100%
Cost of relocation/removal services per machine, per occurrence	100%	100%

**MONTHLY MAINTENANCE FEE PER MACHINE, PER MONTH**

Maintenance fee per machine is based on total number of machines in service:

250<Number of Machines<400	\$79.64 per machine, per month
400<Number of Machines<600	\$65.84 per machine, per month
600<Number of Machines<800	\$53.10 per machine, per month

**MEMORANDUM**

DATE: December 18, 2024

SUBJECT: 2024 Executive Order 10 Rulemaking Final Update: Agency Procedure Rules and Lottery-Specific Rules

TO: Iowa Lottery Commission

FROM: Madelyn Cutler, Department Administrative Rules Coordinator

This memorandum provides a final update and timeline for rulemaking activity to amend the agency procedure rule chapters and lottery-specific rule chapters moving under 701 Iowa Administrative Code.

**BACKGROUND**

Pursuant to [Executive Order 10](#), the Department of Revenue (IDR) is required to review from a zero-base approach and re-adopt administrative rule chapters under a designated timeline. The goal of Executive Order 10 is to remove obsolete, redundant, and unnecessary language, in addition to removing language that is duplicative of statute. The reduction of restrictive language, as well as page and word count of the administrative code are also identified benefits to the review.

Beginning in the Fall 2023, IDR staff, assisted by the Iowa Attorney General’s Office, performed a comprehensive review of IDR’s administrative rule chapters. The agency procedure rules impacted by alignment for review were topics on department organization, declaratory orders, contested cases, public information and open records, and rulemaking and rule waivers. In addition, lottery-specific rule chapters were also reviewed.

Because the Lottery Commission is charged by statute to “[a]dopt policies and procedures and promulgate administrative rules pursuant to chapter 17A relating to the management and operation of the Iowa lottery,” and because the Department is combining many rules related to management of the lottery with rules related to managing tax and alcohol, the Lottery Commission must review agency procedure rules that include alcohol and lottery to the extent those rules are now also related to lottery management.

**FINAL UPDATE AND TIMELINE**

Upon publication of the Regulatory Analyses, IDR did not receive any public comment in writing or orally at the scheduled hearings. No substantive changes were made to the rulemakings prior to filing them as Notices of Intended Action.

Once the rulemakings were published as Notices of Intended Action, IDR did not receive any public comment, in writing or orally, for the lottery chapters or agency procedure rules Chapters 1 through 6. The Department’s

proposed agency procedure rules were published as Notice ARC 8355C. Notices ARC 8342C and 8343C contain the proposed rescission of Administrative Code 531. As a reminder, due to the government reorganization, these chapters can no longer exist under this portion of the Administrative Code. Notices ARC 8347C through 8354C are all of the lottery-specific chapters that previously existed under Administrative Code 531 proposed to be readopted under Iowa Administrative Code 701.

Finally, no additional substantive changes are being suggested to the proposed rulemakings prior to adoption. A final updated timeline related to these rulemakings can be found in the following table:

DATE	ACTION
August 16, 2024	Retrospective Analysis submitted to the Governor’s Office (IGOV) and published on the IDR website.
August 23, 2024	Regulatory Analysis filed with IGOV for pre-clearance.
September 18, 2024	Regulatory Analysis published in the Iowa Administrative Bulletin. Public comment period begins.
October 8, 2024	Regulatory Analysis public hearing to receive oral comment. Regulatory Analysis comment period ends.
October 18, 2024	Notice of Intended Action filed with IGOV for pre-clearance.
November 13, 2024	Notice of Intended Action published in the Iowa Administrative Bulletin. Public comment period begins.
December 3- 4, 2024	Public hearing to receive oral comment. Public comment period closes.
December 18, 2024	Adoption Date: Iowa Lottery Commission must meet to adopt.
January 8, 2025	Adopted rules published in the Iowa Administrative Bulletin.
February 12, 2025	Updated rule chapters become effective.

## MEMORANDUM

DATE: June 25, 2024

SUBJECT: 2024 Executive Order 10 Rulemaking Overview: Agency Procedure Rules and Lottery-Specific Rules

TO: Iowa Lottery Board

FROM: Madelyn Cutler, Department Administrative Rules Coordinator

This memorandum provides an initial overview and timeline for rulemaking activity to amend the agency procedure rule chapters that apply to all topic areas and lottery-specific rule chapters moving under 701 Iowa Administrative Code. The timeline is subject to change as new, unforeseen developments arise.

## BACKGROUND

Pursuant to [Executive Order 10](#), the Department of Revenue (IDR) is required to review from a zero-base approach and re-adopt administrative rule chapters under a designated timeline. The overall goal of Executive Order 10 is to remove obsolete, redundant, and unnecessary language, in addition to removing language that is duplicative of statute. The reduction of restrictive language, as well as page and word count of the administrative code are also identified benefits to the review.

Since Fall 2023, IDR staff, assisted by the Iowa Attorney General's Office, have been performing a comprehensive review of IDR's administrative rule chapters. The agency procedure rules impacted by alignment for review are dedicated to department organization, declaratory orders, contested cases, public information and open records, and rulemaking and rule waivers. In addition, lottery-specific rule chapters are also being reviewed.

Because the Lottery Board is charged by statute to “[a]dopt policies and procedures and promulgate administrative rules pursuant to chapter 17A relating to the management and operation of the Iowa lottery,” and because the Department is combining many rules related to management of the lottery with rules related to managing tax and alcohol, the Lottery Board must review agency procedure rules that include alcohol and lottery to the extent those rules are now also related to lottery management.

**TENTATIVE TIMELINE**

IDR will evaluate any feedback received and make updates or have follow up discussions as needed to determine if changes are appropriate. The timeline is subject to change based on any received feedback. A tentative timeline related to this rulemaking can be found in the following table:

<b>DATE</b>	<b>ACTION</b>
August 16, 2024	Retrospective Analysis submitted to the Governor’s Office (IGOV) and published on the IDR website.
August 23, 2024	Regulatory Analysis filed with IGOV for pre-clearance.
September 18, 2024	Regulatory Analysis published in the Iowa Administrative Bulletin. Public comment period begins.
October 8, 2024	Regulatory Analysis public hearing to receive oral comment. Regulatory Analysis comment period ends.
October 18, 2024	Notice of Intended Action filed with IGOV for pre-clearance.
November 13, 2024	Notice of Intended Action published in the Iowa Administrative Bulletin. Public comment period begins.
December 3, 2024	Public hearing to receive oral comment. Public comment period closes.
<i>December 18, 2024 or later</i>	Adoption Date: Iowa Lottery Commission must meet to adopt.
January 22, 2025	Adopted rules published in the Iowa Administrative Bulletin.
February 26, 2025	Updated rule chapters become effective.



**SUBSTANTIVE RULE CHANGE OVERVIEW**

As mentioned before, the overall goal of Executive Order 10 is to remove obsolete, redundant, unnecessary language, and language that is duplicative of statute. Many entire rules or chapters are being removed due to those reasons. Any other substantive rule revisions being proposed are outlined in tables below each chapter for both agency procedure rules and lottery-specific rules.

**Agency Procedure Rules Review**

**701–2 Department Organization** (*Packet A, page 1*):  
**185–1 and 531–1.1-1.4 to be repealed**

This chapter of agency procedure is required by Iowa Code section 17A.3 to describe the organization of the agency. This chapter must state the department’s general course and method of its operations, mission statement, and outline the department’s administrative subdivisions.

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
701–6.2-6.5(17A)	701–2.2-2.5(17A)	Outlines the department’s updated alignment division structure with website and office information.
701–6.3(17A) Offices.	701–2.3(17A) Offices.	Classifies Hoover Building as the department headquarters and the alcohol and lottery offices as regional offices, while also classifying the Clive Lottery location as the main lottery office.
701–6.5(17A) Organization of the department.	701–2.5(17A) Organization of the department.	Specifies that the director may establish, abolish, or consolidate department divisions, except for the lottery division. This change conforms to 2024 Iowa Acts, House File 2686.

**701–3 Rulemaking and Rule Waivers** (*Packet A, page 5*):

**185–2, 19 and 531–3, 4 repealed; relevant rules extracted from 701–7 to create a new chapter**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
701–7.25(3)	701–3.3(2)	The Department utilizes the public rulemaking docket available to all agencies on the Iowa legislature’s website to display all rulemakings. Currently, alcohol and lottery have separate dockets on their own websites and those will cease to be used.
701–7.25(4)(c)	701–3.3(3)(c)	The Department sends electronic announcements about the publication of Notices of Intended Action and Adopted and Filed rules to anyone who registers to receive them. Currently, this is not in practice for alcohol or lottery. Going forward all published tax, alcohol, and lottery rulemaking documents will be electronically announced to registrants.
701–7.26(17A) Public inquiries on rule making and the rule making records.	701–3.5(99G, 123, 421, 17A) Public inquiries on rulemaking and the rulemaking records.	The maintenance of rulemaking records has a cross-reference to the State Records Manual and <a href="#">Agency Retention Schedule</a> described in <a href="#">IAC 671-2.2</a> . The retention rules require that comments on rulemaking be kept for 5 years past the effectiveness of the rule, not just the last 5 years. (Record series reference number LEG 10-01.03.G).

Additionally, there are many changes to this chapter that conform to 2024 Iowa Acts, Senate File 2370 that goes into effect on July 1, 2024. Many of the updates we are making pursuant to Executive Order 10, will now be permanently required by law and reflected in this chapter. For example, the required preclearance from IGOV and regulatory analysis for each rulemaking.

**701–4 Declaratory Orders** (*Packet A, page 41*):**185–3 and 531–6 repealed; relevant rules extracted from 701–7 to create a new chapter**

Originally, IDR included these rules in chapter 701-7, which included most other agency procedures topic as well. The alignment-related changes led to a decision to break this and other subjects out into their own chapters. However, there are several rules in chapter 7 that are now cross-referenced. Cross-referencing is a helpful tool to eliminate redundancy and lower word count.

Examples of cross-referenced rules are: 701–4.3 which outlines how to submit a declaratory order, along with 701–4.4 and 4.5 which outline filing requirements.

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
701–7.24(1)(d)(2)(9)	701–4.7(1)(c)(2)(9)	In the Petition for Declaratory Order, there was an updated field for whether the petitioner is presently under “audit <u>or investigation</u> ” by the department, since that is language alcohol and lottery use.
701–7.24(1)(e)	701–4.7(1)(e)	Associations are a party carved out of qualifying to file a petition requesting a declaratory order on behalf of its group members. It may however petition for a declaratory order to get answers about its own circumstances. This is not currently addressed in the alcohol and lottery rules.
701–7.24(3)(a)	701–4.7(3)(a)	Nondiscretionary intervention timeline is 20 days. This is the timeline that tax currently uses, however alcohol currently has 15 days and lottery has 25 days, so the decision has been made to split the difference and conform to the timeline tax uses.
701–7.24(7)(a)	701–4.7(7)(a)	The alcohol and lottery rules require the agency to provide an informal meeting if requested, however the law does not require the agency to do so. Additionally, a meeting is not always helpful for this, so we are updating the rule to allow agencies the discretion to decide if an informal meeting would be beneficial.
701–7.24(13)	701–4.7(8)	Withdrawal of petition is not currently addressed in the alcohol and lottery rules, but has been addressed in the tax rules. It is beneficial to address this process in rule.

**701–5 Public Records and Fair Information Practices** (*Packet A, page 55*):**185–18 and 531–1.5 repealed**

Proposed rule or subrule	Proposed change(s)
701–5.1(17A,22,99G,12 3,421,454)	“Federal tax information” or “FTI” has been amended to include federal returns provided to the department through electronic filing due to the fact it is provided by the taxpayer.
701–5.2(17A,22,99G,12 3,421-454)	Language has been amended to remove the last sentence to comply with alignment purposes and remove language redundant with statute.
701–5.3(3) and (4)	Subrules have been amended to simply state ‘No reason need be given for requesting an open record, except when a fee waiver has been requested.’ The remainder of the language removed is redundant or unnecessary.
701–5.3(6)(c)	States an hourly fee may be charged for actual department expenses associated with the search, retrieval, and examination of requested records, with the first two hours provided free of charge. The fee is based upon the pay scale of the employee involved and other actual costs incurred. Currently, alcohol and lottery did not have this outlined in rule, however lottery did provide the first three hours free of charge under the Iowa Lottery’s Records Retention and Open Records Policy. Lottery also did not have a dollar threshold at which a fee would be waived.
701–5.4(1)(e)	Language has been stricken due to being redundant of 5.4(1), which states that this is used when requesting a confidential record. This lettered paragraph unnecessarily specifies types of confidential records when it's a non-exclusive list.
701–5.8(2)(a)(1)	Language has been amended to include language from 185–18.(10)(2)(a) that the custodian of the record may determine what constitutes a legitimate need for records to be disclosed to agents of the departments.
701–5.8(3)	Language contains several instances of redundant language cleanup for permitted disclosures, in addition to language duplicative of statute. Subrule 701–5.8(2)(a)(1)
701–5.10(1)	Subrule has been amended to include the nature and extent of personally identifiable information collected and stored by the department that needed to be added from alcohol and lottery Public Records and Fair Information Practices chapters.
701–5.10(6)	Language has been amended to identify records containing personally identifiable information and their type of record integrated into a grid, as required under Iowa Code section 22.11. The added language is from alcohol rule 185–18.13(2).

**701–6 Contested Cases for Alcohol and Lottery Related Proceedings** (*Packet A, page 76*):  
**185–10 and 531–5 repealed**

Similar to the new Declaratory Order chapter mentioned above, Contested Cases are now in a stand-alone chapter with several cross-references to chapter 701-7. Cross-referencing is a helpful tool to eliminate redundancy and lower the word count. Because tax has many unique contested case procedures, but lottery and alcohol have very similar contested case procedures, the Department is going to maintain a separate chapter of rules on tax contested cases, but will have a combined lottery and alcohol contested case chapter to lower word count and better achieve the objectives of reducing unnecessary rules.

Examples of cross-referenced rules are: 701–6.3 Time requirements, 701–6.9 Consolidation—severance, 701–6.15 Prehearing conferences, 701–6.20 Default, 701–6.21 Ex parte communication and disqualification, 701–6.22 Recording costs, 701–6.23 Interlocutory appeals, and 701–6.26 Applications for rehearing

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
185–10.4(123, 17A) Statute of limitations.	701–6.10(2)(c)	This rule is not a statutory requirement, but an agency self-imposed statute of limitations for hearing complaints alleging a violation of Iowa Code chapter 123 (alcohol matters).
185–10.5(123, 17A) Requests for a contested case proceeding.	701–6.4(99G, 123, 17A) Requests for a contested case proceeding.	This rule language was maintained due to how differently it is handled for alcohol and lottery compared to tax. Tax anticipates long informal reviews prior to contested cases, whereas alcohol and lottery do not, therefore the tax chapter has more detailed rules on how to file there.
185–10.6(1)	701–6.5(99G, 123, 17A) Notice of hearing delivery.	Language has been added to include methods of delivery that are accepted by the department of inspections, appeals, and licensing as provided for by Iowa Code section 10A.802(4). The applicable rule under 481–10.12 includes first-class mail, which allows for a method that the lottery currently uses. Iowa Code section 17A.18(3) requires personal service or certified mail with return receipt before a license can be sanctioned, therefore first-class mail is not an available method for delivery for alcohol-related purposes.

185–10.13(2)	701–6.11(2)	The subrule on service and filing of pleadings and other papers has been amended to include service by electronic service as permitted by the presiding officer and the Iowa Rules of Civil Procedure. This language is added due to the Department of Inspections, Appeals, and Licensing using an electronic filing system for service.
531–5.16(99G, 17A) Prehearing conference.	701–6.15(99G, 123, 17A) Prehearing conference.	A rule cross-referenced back to Chapter 7. Alcohol did not have this rule, although the lottery did and used this as an opportunity for parties to stipulate facts and consider additional matters to expedite a hearing. The benefit was to maintain this rule, but use the tax chapter language in the interest of a smaller word count.
185–10.17(1)(a)	701–6.16(1)(a)	The subrule for application for continuance has been amended to state “a written application for a continuance should be made at the earliest possible time and no less than <u>three</u> days before the hearing except for a good cause showing.” This timeframe has been lessened from tax and lottery which have ten day windows.
185–10.17(2)	701–6.16(2)	The subrule for issuance of a continuance has been amended to include language allowing each party to request a continuance, unless a continuance would cause the contested case proceeding to exceed a time limit set forth in another applicable statutes or rules. This language was added in response to rule 531–12.13(3) which states any hearing on a suspension or revocation requested by the licensee will be held within 180 days after the notice has been served.
185–10.18(123, 17A) Withdrawals.	701–6.17(99G, 123, 17A) Withdrawals.	Language states a party requesting a contested case proceeding may withdraw that request prior to the hearing. This rule is currently found in alcohol and lottery chapters, but not found in the tax chapter.
185–10.26(123, 17A) Final decision.	701–6.24(99G, 123, 17A) Final decision.	This rule is currently found in alcohol and lottery chapters, but is more detailed in the tax chapter found under 701–7.18(8). Conforming to that rule would require many tax procedures to be carved out, therefore the decision was made to maintain this rule.
185–10.32(123, 17A) Informal settlement.	701–6.30(99G, 123, 17A) Informal settlement.	This rule is not currently addressed in the lottery chapter, but it is provided by Iowa Code chapter 17A. The tax chapter contains an informal procedure that is addressed under rule 701–7.10. Conforming to that rule would require many tax procedures to be carved out, therefore the decision was made to maintain this rule.

**Lottery-Specific Rules Review**

In addition to amendments required by Executive Order 10 outlined on page 1, the following amendments have been made throughout all lottery-specific rule chapters:

- References updated: Lottery Authority to Lottery Division, Lottery Board to Lottery Commission (because these rules will be effective after July 1, 2024), Lottery Headquarters to Lottery Main Office, inserting Department of Revenue, where applicable.
- The phrase ‘specific game rules’ has been updated throughout all the chapters to ‘game specific rules’ to be consistent with Iowa Code section 99G.3(7).
- Sentences at the end of rules that identify the Code section implemented by the rule have been updated to strike outdated references.

**701–1100 Miscellaneous Operational Rules of the Lottery (Packet B, page 1):**

**Previously 531–1; additionally 531–2 to be repealed**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–1.2 through 1.4(17A)	701–2 Organization	No change, just reorganized.
531–1.5(17A,22,99G,252J) Public records and fair information practices.	701–5 Public Records and Fair Information Practices	No change, just reorganized.
531–1.7(99G) Lottery contracting authority.	N/A	This rule has been stricken due to being outdated. Contracting authority is now held by the Director as reflected in Iowa Code sections 99G.7(3) and 99G.21(2)(h).
531–1.11(99G) Employee incentive programs	N/A	This rule was stricken due being outdated by the Alignment Bill, 2023 Iowa Acts Senate File 514, and removed in Iowa Code section 99G.10.
531–2.16(99G) Background and informational statements.	701–1100.2(99G) Background and informational statements.	This rule cleanup simply removed language duplicative of statute. This would be the only rule remaining under 531–2, therefore chapter 701–1100 was renamed to create a home for miscellaneous rules that did not belong in other chapters, including this one.



**701–1101 Prizes** (*Packet B, page 19*):

**Previously 531–11**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–11.10(99G) Disability of prizewinner.	701–1101.10(99G) Disability of prizewinner.	The definition of disability has been amended to state “includes, but not limited to mental deficiency and physical or mental incapacity” Being under the age of twenty one years has been removed as part of the definition. Prize payment to minors is addressed in a separate rule, along with various areas of Iowa Code 99G.
531–11.12(99G) Effect of game rules.	701–1101.12(99G) Effect of game rules.	Language has been added to instruct how a player may challenge a determination by means of the contested case process (outlined in IAC 701–6).

**701–1102 Licensing** (*Packet B, page 23*):

**Previously 531–12**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–12.1(4)	701–1102.2(2)	Language updated for alignment in relation to the reference of ‘centralized collections unit of the department of revenue’ to reflect how an applicant may be denied due to being delinquent in paying any tax due, or the interest or penalty on the tax, administered by the department.
531–12.2(99G) Factors relevant to license issuance.	701–1102.3(99G) Factors relevant to license issuance.	Language and statutory implementation sentence are both updated to comply with Iowa Code section 272D.8
531–12.4(7) and 531–12.12(1) ”v”	701–1102.6(7) and 701–1102.12(1) ”v”	Paragraphs have been stricken due to redundancy and outdated information with alignment in relation to the ‘centralized collections unit of the department of revenue’.
531–12.16(1) through (5)	701–1102.4(99G) Financial responsibility.	Language was updated to align better with statutory language regarding financial responsibility and the department’s discretion to demonstrate the adequate financial responsibility for lottery licensure.

531–12.16(6) and (7)	701–1102.5(99G) Bonds.	Language updated to outline the department’s discretion to require a bond for licensure as necessary and increase the bond amounts, when required. Additionally, the rule states under subrule 701–1102.5(2) that “additional bond amounts or a new bond may be required by the department at any time if the department determines that an existing bond becomes insufficient or the surety thereon becomes unsatisfactory.” Further, minimum bond amounts have been increased based on feedback from Lottery leadership.
531–12.17(99G) Monitor vending machine retailers.	N/A	Language has been stricken due to being outdated. Monitor vending machines no longer being permitted (see 2006 Iowa Acts, 81st G.A., ch. 1005, s. 4; 99G.3(9), 99G.30A)

**701–1103 Responsibilities of Retailers** (*Packet B, page 30*):

**Previously 531–13; additionally 531–14 to be repealed in light of the prohibition on monitor vending machines in section 99G.3(9).**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–13.2(2) and 13.3(1)	N/A	Subrules have been stricken due to being duplicative of statute (Iowa Code sections 99G.30(2) and 99G.24(3)).
531–13.9(99G) Inspection of lottery materials and licensed premises.	701–1103.8(99G) Inspection of lottery materials and licensed premises.	Language has been updated for retailers to allow the department to enter licensed premises to inspect equipment, in addition to the already mentioned ‘lottery materials, tickets, and the premises.’ Examples of equipment would be lottery terminals, lottery provided display units, and self-serve kiosks.
531–13.10(99G) Individuals who may sell lottery tickets.	701–1103.9(99G) Individuals who may sell lottery tickets.	Language has been stricken due to being duplicative of statute under Iowa Code sections 99G.30(2)
531–13.12(99G) Placement of lottery equipment.	701–1103.11(99G) Placement of lottery equipment.	Language has been updated to reflect changes resulting from alignment provided by 2023 Iowa Acts, Senate File 514,

531–13.13(99G) Monitor vending machine retailers.	N/A	Language has been stricken due to being outdated. Monitor vending machines no longer being permitted (see 2006 Iowa Acts, 81st G.A., ch. 1005, s. 4; 99G.3(9), 99G.30A)
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**701–1104 Scratch Ticket and InstaPlay Ticket General Rules** (*Packet B, page 44*):

**Previously 531–18**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–18.3(99G) Instant ticket price.	N/A	Language has been stricken due to being duplicative of Iowa Code section 99G.3(7).
531–18.8(3)	701–1104.7(3)	Language has been amended to include language regarding the Department’s setoff program.
531–18.8(4)	N/A	Language has been stricken as it is redundant of language found in 701–1107.5(99G) (previously 531–21.5(99G)) which covers all drawings and contests, including those that do not require a ticket or other lottery purchase.
531–18.9(3)	701–1104.8(3)	Language has been amended to state how a player may challenge a ticket validation determination by means of the contested case process (outlined in IAC 701–6).
531–18.11(99G) Board approval of games.	N/A	Language has been stricken due to being duplicative of Iowa Code section 99G.9(2). The rule itself was interpreted to be more restrictive than the statutory authority with no achieved benefit.

**701–1105 Pull-Tab General Rules** (*Packet B, page 47*):**Previously 531–19**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–19.3(99G) Pull tab ticket price.	N/A	Rule has been stricken due to being duplicative of statute. The definition of “game specific rules” states each game has rules governing, including, but not limited to, setting the ticket price of the game.
531–19.4(99G) Method of play.	701–1105.3(99G) Method of play.	Language is amended to remove the first sentence due to this information being a part of the statutory definition of pull-tab found under Iowa Code section 99G.3(15).
531–19.5(1)	701–1105.4(2) Lottery responsibility.	Language has been amended to state how a player may challenge a ticket validation determination by means of the contested case process (outlined in IAC 701–6).
19.8(3)	701–1105.7(3)	Language has been amended to include language regarding the Department’s setoff program.
531–19.8(4)	N/A	Language has been stricken as it is redundant of language found in 701–1107.5(99G) (previously 531–21.5(99G)) which covers all drawings and contests, including those that do not require a ticket or other lottery purchase.
531–19.9(99G) Owner of ticket.	N/A	Language has been removed due to being outdated and redundant. Ownership is covered in 701–1101.4 (531-11.4). Pull-tab tickets do carry a signature line making this outdated.
531–19.10(99G) Disputed claim.	701–1105.8(99G) Disputed claim.	Language has been amended to state how a player may challenge whether a prize ticket should be paid by means of the contested case process (outlined in IAC 701–6).
531–19.13(99G) Board approval of game.	N/A	Language has been stricken due to being duplicative of Iowa Code section 99G.9(2). The rule itself was interpreted to be more restrictive than the statutory authority with no achieved benefit.

**701–1106 Computerized Games General Rules** (*Packet B, page 50*):**Previously 531–20**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–20.2(99G) Definitions.	701–1106.2(99G) Definitions.	Definitions “central computer” and “predetermined pool drawing machine” are amended to include self-service kiosks.
531–20.11(2)	701–1106.10(2)	The last sentence is being removed due to being redundant with the rest of the language.
531–20.12(1)“f”	701–1106.11(1)(i)	Paragraph has been stricken and language moved to paragraph i.
531–20.12(2)	701–1106.11(2)	Language has been amended to state how a player may challenge a ticket validation determination by means of the contested case process (outlined in IAC 701–6).

**701–1107 Drawings & Contests** (*Packet B, page 55*):**Previously 531–21**

Current rule or subrule	Proposed new rule or subrule	Proposed change(s)
531–21.2(99G) Definitions.	701–1107.2(99G) Definitions.	The definition of “Contest” has the last sentence stricken and moved to rules 701–1107.4 Method of play and 701–1107.7 Claiming prizes where the information was reflected better.
531–21.3(99G) Price for drawings or contests.	701–1107.3(99G) Price for drawings or contests.	Rule is being amended to update language referencing “VIP club” to “lottery division’s customer loyalty program.” This change better reflects the plan for the VIP club’s future growth as referenced at the Lottery Annual Meeting.
531–21.8(99G) Entry validation requirements.	701–1107.8(99G) Entry validation requirements.	There is no definition of “promotion” in statute or administrative rule, so that is being removed and replaced with “drawings and contests.”
531–21.9(99G) Owner of a ticket.	701–1107.9(99G) Owner of a ticket.	Rule has been amended to state how a player may challenge ticket ownership determination by means of the contested case process (outlined in IAC 701–6).

## LOTTERY AUTHORITY, IOWA[531]

### Notice of Intended Action

**Proposing rulemaking related to general operation of the lottery, purchasing, prizes, licensing, licensed retailers, monitor vending machines, instant ticket general rules, pull-tab general rules, computerized games—general rules, and drawings and contests and providing an opportunity for public comment**

The Lottery Authority, Iowa hereby proposes to rescind Chapter 1, “General Operation of the Lottery,” Chapter 2, “Purchasing,” Chapter 11, “Prizes,” Chapter 12, “Licensing,” Chapter 13, “Licensed Retailers,” Chapter 14, “Monitor Vending Machines,” Chapter 18, “Instant Ticket General Rules,” Chapter 19, “Pull-Tab General Rules,” Chapter 20, “Computerized Games—General Rules,” and Chapter 21, “Drawings and Contests,” Iowa Administrative Code.

#### *Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code section 99G.9.

#### *State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.9, 99G.21, 99G.25, 99G.30, 99G.31 and 99G.35.

#### *Purpose and Summary*

Chapters 1, 2, 11, 12, 13, 14, 18, 19, 20, and 21 are all chapters dedicated to the operation of the Iowa Lottery. As a part of the government reorganization pursuant to 2023 Iowa Acts, Senate File 514, the Department proposes to rescind the existing chapters under agency [531] and adopt them as new chapters under 701—Chapters 1100 through 1107 in separate proposed rulemakings.

Additionally, Chapter 14 is proposed to be rescinded in its entirety. The statutes that the chapter implemented have been rescinded and the chapter contains obsolete and unnecessary language.

A Regulatory Analysis, including the proposed text, was published on September 18, 2024. A public hearing was held on October 8, 2024. No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been proposed to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

#### *Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

#### *Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

#### *Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

#### *Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
1305 East Walnut Street  
Des Moines, Iowa 50306  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Virtual: <a href="https://meet.google.com/nrd-konm-xjy">meet.google.com/nrd-konm-xjy</a>
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Virtual: <a href="https://meet.google.com/jpc-tisr-erp">meet.google.com/jpc-tisr-erp</a>

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

- ITEM 1. Rescind and reserve **531—Chapter 1.**
- ITEM 2. Rescind and reserve **531—Chapter 2.**
- ITEM 3. Rescind and reserve **531—Chapter 11.**
- ITEM 4. Rescind and reserve **531—Chapter 12.**
- ITEM 5. Rescind and reserve **531—Chapter 13.**
- ITEM 6. Rescind and reserve **531—Chapter 14.**
- ITEM 7. Rescind and reserve **531—Chapter 18.**
- ITEM 8. Rescind and reserve **531—Chapter 19.**
- ITEM 9. Rescind and reserve **531—Chapter 20.**
- ITEM 10. Rescind and reserve **531—Chapter 21.**



**LOTTERY AUTHORITY, IOWA[531]**

**Notice of Intended Action**

**Proposing rulemaking related to procedure for rule making, waiver rules, contested cases, and declaratory orders and providing an opportunity for public comment**

The Lottery Authority, Iowa hereby proposes to rescind Chapter 3, “Procedure for Rule Making,” Chapter 4, “Waiver Rules,” Chapter 5, “Contested Cases,” and Chapter 6, “Declaratory Orders,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in 2023 Iowa Acts, Senate File 514.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, 2023 Iowa Acts, Senate File 514.

*Purpose and Summary*

The purpose of this proposed rulemaking is to implement the state government realignment provisions of 2023 Iowa Acts, Senate File 514. This rulemaking eliminates rules on agency procedure that are redundant, unnecessary, and outdated. A separate Notice of Intended Action is being proposed to establish a single set of agency procedure rules for the newly organized Department of Revenue. The Department’s proposed new agency procedure rules will make applicable practices across subject matters as uniform as possible and reduce confusion with current existing rules.

A Regulatory Analysis, including the proposed text, was published on September 18, 2024. A public hearing was held on October 8, 2024. No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been proposed after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
1305 East Walnut Street  
Des Moines, Iowa 50306  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 9 to 10 a.m.	Room 430 Hoover State Office Building Virtual: <a href="https://meet.google.com/kwj-qvcn-gia">meet.google.com/kwj-qvcn-gia</a>
December 4, 2024 12:30 to 1:30 p.m.	Room 430 Hoover State Office Building Virtual: <a href="https://meet.google.com/bay-qwzt-ksq">meet.google.com/bay-qwzt-ksq</a>

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

- ITEM 1. Rescind and reserve **531—Chapter 3.**
- ITEM 2. Rescind and reserve **531—Chapter 4.**
- ITEM 3. Rescind and reserve **531—Chapter 5.**
- ITEM 4. Rescind and reserve **531—Chapter 6.**

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to miscellaneous operational rules of the lottery  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1100, “Miscellaneous Operational Rules of the Lottery,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.9, 99G.25 and 99G.30.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.9, 99G.25 and 99G.30.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that govern the operation of the Iowa Lottery that do not fit neatly in other chapters. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapters 1 and 2 are proposed to be rescinded. This rulemaking proposes to readopt the chapters under the Department of Revenue as 701—Chapter 1100. Finally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been proposed to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1100:

CHAPTER 1100  
MISCELLANEOUS OPERATIONAL RULES OF THE LOTTERY

**701—1100.1(99G) Promotional use of tickets by persons without lottery licenses.** Tickets may be given away for promotional purposes by persons without a lottery license in conjunction with the purchase of a product or service or an admission fee without violating this provision provided that the actual cost of the product or service or admission fee is not calculated to include the ticket price, and the promotion is not designed, intended, or conducted to circumvent the department’s licensing requirements.

This rule is intended to implement Iowa Code sections 99G.9, 99G.25, and 99G.30.

**701—1100.2(99G) Background and informational statements.**

**1100.2(1)** All prospective vendors for major procurements, and any other prospective vendor as required by the department, shall submit to criminal history and background investigations as conditions for submission of a bid. Any person identified as an officer, director, trustee, partner, sole proprietor,

employee, or other person identified by the department as a key person in a sensitive position or relationship with a prospective vendor may also be required to submit to a criminal history and background investigation as required by the department.

Prospective vendors, and any individual identified as a key person, will comply with all requirements necessary for criminal history and background investigations, as determined by the department. Failure to comply with all requirements may result in bid disqualification.

**1100.2(2)** Any change in key personnel during the bidding process or during the contract term must be reported to the department before the change occurs. Replacement personnel will be subject to investigation.

**1100.2(3)** If a prospective vendor or any key personnel thereof is found to have been convicted of any felony related to the security or integrity of the lottery in Iowa or any other jurisdiction, the prospective vendor will be automatically disqualified from the selection process without further investigation.

This rule is intended to implement Iowa Code sections 99G.7, 99G.9, 99G.21, 99G.22, and 99G.23.

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to prizes  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1101, “Prizes,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.9, 99G.21, 99G.30 and 99G.31.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.9, 99G.21, 99G.30 and 99G.31.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that govern claiming and payment of prizes when players win games offered by the Iowa Lottery. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapter 11 is rescinded. This rulemaking proposes to readopt the chapter under the Department of Revenue as Chapter 1101. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1101:

CHAPTER 1101  
PRIZES

**701—1101.1(99G) Claiming prizes.**

**1101.1(1)** A prize claim shall be entered in the name of a single individual or organization. A claim may be entered in the name of an organization only if the organization is a legal entity and possesses or has applied for a federal employer's identification number (FEIN) as issued by the Internal Revenue Service. Groups, family units, organizations, clubs, or other organizations that are not legal entities, do not possess a FEIN, or have not applied for a FEIN must designate one individual in whose name the claim will be entered.

**1101.1(2)** By submitting a claim, a player agrees that the state, the lottery commission, the lottery division, the department of revenue, and the officials, officers, and employees of each shall be discharged from all further liability upon payment of the prize.



**1101.1(3)** By submitting a claim, the player also agrees that the prizewinner's name may be used for publicity purposes by the lottery.

**1101.1(4)** An original ticket or share must be presented before payment of any prize will occur. No reproductions, facsimiles, or copies of any kind are allowed.

**1101.1(5)** The player must sign the original ticket or share prior to presenting the ticket to another party for the purpose of checking or validating the ticket. The lottery and retailers shall verify that there is a signature on any ticket submitted for checking or validation.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1101.2(99G) Claim period.** A prize must be claimed within the time limit specifically designated in these rules or as specified in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1101.3(99G) Invalid tickets not entitled to prize payment.** If a ticket presented to the lottery division is invalid pursuant to the terms of these rules or the game specific rules, the ticket is not entitled to prize payment.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1101.4(99G) Ticket is a bearer instrument.** A ticket is a bearer instrument until signed in the space designated on the ticket for signature if a signature space is provided. The person who signs the ticket is thereafter considered the owner of the ticket unless circumstances indicate the person is not the rightful owner of the ticket.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1101.5(99G) Assignment of prizes.** Payments of prizes will be made as follows:

**1101.5(1)** If a prize is payable in installments, all future installments of the prize will be made to the person or legal entity that received the initial installment of the prize or to a person designated by the court to receive payment following the prizewinner's death unless otherwise assigned according to these rules.

**1101.5(2)** The right to control receipt of a lottery prize is substantially limited. See 26 U.S.C. §451 (2019) and Treas. Reg. §1.451-2(a) (1979). The right to receive payment of a lottery prize or a future installment of a lottery prize shall not be sold, assigned or otherwise transferred in any manner without an appropriate judicial order or statutory authorization. An appropriate judicial order is an order of a court of competent jurisdiction.

**1101.5(3)** In the event that a legal entity other than an individual is entitled to a lottery prize won jointly by more than one individual, the individuals originally entitled to share the prize cannot sell, assign or otherwise transfer their interest in the legal entity receiving prize payment or their right to receive future payments from the legal entity without an appropriate judicial order or statutory authorization. An appropriate judicial order is an order of a court of competent jurisdiction.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1101.6(99G) Prize payment to minors.** If the person entitled to a prize is under the age of 18, the payment of the prize may be made by delivery of cash or a check payable to the order of the minor or to a parent or legal guardian of the minor, or other payment methods as determined by the department. Claim forms and tickets submitted by minors must be signed by a parent or legal guardian of the minor.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 99G.30(3), and 99G.31.

**701—1101.7(99G) Time of prize payment.** The lottery division will pay all prizes within a reasonable time after verifying a claim and determining a winner. The date of the first installment payment of any prize to be paid in installment payments is the date the claim is validated and processed unless these rules or applicable game specific rules specify a different date. Subsequent installment payments will be made approximately weekly, monthly, or annually, from the date the claim is processed and validated in accordance with the type of prize won and the rules applicable to the prize. The lottery division may, at

any time, delay any prize payment to review a change in circumstances relative to the prize awarded, the payee, or the claim.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.30.

**701—1101.8(99G) Prizes payable for the life of the winner.** If any prize is payable for the life of the winner, only an individual may claim and receive the prize for life. If a group, corporation, or other organization is the winner, the life of the winner shall be deemed to be 20 years.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.31.

**701—1101.9(99G) Prizes payable after death of winner.** All prizes and portions of prizes that remain unpaid at the time of the prizewinner's death are payable to the court-appointed representative of the prizewinner's estate or to a single individual pursuant to the terms of a final order closing the estate.

The lottery division may withhold payment until it is satisfied that the proper payee has been identified, or it may petition the court to determine the proper payee. In making payment, the lottery division may rely on the presentation of a certified copy of the letters of appointment as an administrator, executor, or other personal representative for the prizewinner's estate or on a certified copy of the final order closing the estate. Payment to the representative of the estate of the deceased owner of any prize winnings or to another individual pursuant to a final order closing the estate absolves the state, the lottery commission, the lottery division, the department of revenue, and the officials, officers, and employees of each from all further liability for payment of prize winnings.

If the winner received an annuitized prize funded through the Multi-State Lottery Association (MUSL) or any other multijurisdictional lottery organization in which the Iowa lottery participates as a member, the MUSL board or other organization board, as may be appropriate, in its sole discretion, upon the petition of the estate of the prizewinner, may accelerate the payment of all of the remaining lottery proceeds to the estate of the prizewinner. If the winner received an annuitized prize funded solely through the sales from the Iowa lottery, the lottery division, in its sole discretion, upon the petition of the estate of the prizewinner, may accelerate the payment of all of the remaining lottery proceeds to the estate of the prizewinner. If such a determination is made, then securities or cash held for the deceased prizewinner, that represents the present value of that portion of the future lottery payments that are to be accelerated, will be distributed to the estate. Valuation of the securities and determination of the present value of the accelerated lottery payments are at the sole discretion of the entity granting the petition.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.31.

**701—1101.10(99G) Disability of prizewinner.** The lottery division 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 a person under a disability. For this rule's purposes, a "disability" includes but is not limited to mental deficiency, and physical or mental incapacity.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.31.

**701—1101.11(99G) Stolen or lost tickets.** The lottery division has no responsibility for paying prizes attributable to stolen or lost tickets.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.31.

**701—1101.12(99G) Effect of game rules.** In purchasing a ticket, the player agrees to comply with Iowa Code chapter 99G, these rules, the game specific rules, lottery division instructions and procedures, and the final decisions of the lottery division. The lottery division's decisions and judgments in determining winning tickets, or any other dispute arising from the payment or awarding of prizes, is binding upon all participants in the lottery. If a dispute between the lottery division and a player occurs as to whether a ticket is a winning ticket and the prize is not paid, the lottery division may, solely at the lottery division's option, replace the ticket with an unplayed ticket of equivalent price from any game or refund the price of the ticket. This is the player's sole and exclusive remedy. A player who wishes to challenge a determination by the lottery division under this subrule may request a contested case proceeding as described in 701—Chapter 6.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.31.

**701—1101.13(99G) Disputed prizes.** If there is a dispute, or it appears that a dispute may occur relative to the payment of any prize, the lottery division may refrain from making payment of the prize pending a final determination by the lottery division or by a court of competent jurisdiction as to the proper payment of the prize.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.31.

**701—1101.14(99G) Prize payment for prizes paid over a term exceeding ten years.**

**1101.14(1)** A prizewinner who wins a prize that is payable over a term exceeding ten years may, not later than 60 days after the player became entitled to the prize, elect to have the prize paid in cash or by annuity consistent with 26 U.S.C. §451 (2019). If the payment election is not made by the prizewinner at the time of purchase or is not made within 60 days after the prizewinner becomes entitled to the prize, then the prize will be paid as an annuity prize. An election for an annuity payment made by a prizewinner before the ticket purchase or by system default or design may be changed to a cash payment at the election of the prizewinner until the expiration of 60 days after the prizewinner becomes entitled to the prize. The election to take the cash payment may be made at the time of the prize claim or within 60 days after the prizewinner becomes entitled to the prize, whichever is earlier.

An election made after the prizewinner becomes entitled to the prize is final and cannot be revoked, withdrawn or otherwise changed.

**1101.14(2)** In the event there is more than one prizewinner for a prize paid over a period exceeding ten years, the shares of the prize are determined by dividing the cash available in the prize pool equally among all the winners of the prize. Winners who elect a cash payment will be paid their share in a single cash payment. The annuitized option prize is determined by multiplying a winner's share of the prize pool by the annuity factor used by the lottery division. The lottery division's annuity factor is determined by the best price obtained through a competitive bid of qualified, preapproved brokers or insurance companies made after it is determined that the prize is to be paid as an annuity prize or after the expiration of 60 days after the prizewinner becomes entitled to the prize.

**1101.14(3)** The lottery division is not responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount of the prize value purchased from the time the player becomes eligible for the prize and the time the prizewinner claims the prize.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.31.

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to licensing  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1102, “Licensing,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.7, 99G.9, 99G.21, 99G.24, 99G.27, 99G.30, 99G.35, 252D.9, 252J.2 and 252J.8.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.7, 99G.9, 99G.21, 99G.24, 99G.27, 99G.30, 99G.35, 252D.9, 252J.2 and 252J.8.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that govern the Iowa Lottery retail license application process, the conditions for license issuance, and the grounds for license suspension and revocation. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapter 12 is proposed to be rescinded. This rulemaking proposes to readopt the chapter under the Department as Chapter 1102. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1102:

CHAPTER 1102  
LICENSING

**701—1102.1(99G) Applicant defined.** For purposes of determining whether an applicant is eligible for a license, the term “applicant” includes the owner of a sole proprietorship, all partners or participants in a partnership or joint venture, the officers of a fraternal organization, the officers and directors of a corporation, persons owning at least 10 percent or more of a corporation, persons owning at least 10 percent or more of a limited liability company, the manager or managers of a limited liability company, and any legal entity applying for a license.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.24.

**701—1102.2(99G,252J,272D) Effect of certain state debts.**

**1102.2(1)** The department will deny a license to any applicant who is an individual if the department has received a certificate of noncompliance from Iowa child support services with regard to

the individual until the unit furnishes the department with a withdrawal of the certificate of noncompliance.

**1102.2(2)** The department will deny a license to any applicant defined by this chapter if the applicant is substantially delinquent in paying any tax due, or the interest or penalty on the tax due, administered by the department at the time of application or if the applicant has current or previous delinquent liabilities collected by the department. If the applicant is a partnership, a permit may be denied if a partner is substantially delinquent in paying any delinquent tax, penalty, or interest or if a partner has current or previous delinquent liabilities collected by the department. If the applicant is a corporation, a permit may be denied if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax, penalty, or interest or if any officer having a substantial legal or equitable interest in the ownership of the corporation has current or previous delinquent liabilities collected by the department.

This rule is intended to implement Iowa Code sections 99G.7(1), 99G.9(2), 99G.21(2), 99G.24, 252J.8, and 272D.8.

**701—1102.3(99G,252J) Factors relevant to license issuance.**

**1102.3(1)** The department's licensing authority under Iowa Code chapter 99G is discretionary. The department may issue a license to any applicant to act as a licensed retailer who meets the eligibility criteria established by Iowa Code chapter 99G and these rules.

**1102.3(2)** In addition to the license eligibility criteria described in Iowa Code section 99G.24, the department will consider the following factors:

- a. The background of the applicant in the community for honesty;
- b. The financial responsibility;
- c. The type of business owned or operated by the applicant to ensure consonance with the dignity of the state, the general welfare of the people, and the operation and integrity of the lottery;
- d. The accuracy of the information supplied in the application for a license;
- e. The applicant's indebtedness to the state of Iowa, local subdivisions of the state, or the United States government; and, if the applicant is an individual, the applicant's indebtedness for child support payments as indicated by a certificate of noncompliance from Iowa child support services;
- f. Any other criteria or information the department deems relevant to determining if a license should be issued.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 99G.24(5), 252J.8 and 272D.8.

**701—1102.4(99G) Financial responsibility.** The department will use the following guidelines when determining whether an applicant seeking a license to sell lottery products or a retailer exhibits adequate financial responsibility.

**1102.4(1) *Sole proprietorship.*** The department will generally consider a sole proprietor to exhibit adequate financial responsibility if the account history for the applicant for the past two years discloses no more than four accounts past due and no accounts over 90 days past due.

**1102.4(2) *Partnership.*** If the applicant is a partnership, 50 percent of the partners must meet the credit guidelines listed in subrule 1102.4(1) to be considered to exhibit adequate financial responsibility.

**1102.4(3) *Fraternal or civic associations.*** If the applicant is a fraternal association, civic organization or other nonprofit entity, the applicant must meet the credit guidelines set forth in subrule 1102.4(1) to be considered to exhibit adequate financial responsibility. If the fraternal association, civic organization, or other nonprofit entity has no credit history or the credit history is incomplete, then the officers of the fraternal association, civic organization, or other nonprofit entity must meet the requirements of subrule 1102.4(1) to be considered to exhibit adequate financial responsibility.

**1102.4(4) *Corporations and limited liability companies in existence two years or more if a credit risk appraisal is available through a financial and credit reporting entity.*** If the license applicant is a corporation or a limited liability company and the corporation or the limited liability company has been in existence for more than two years from the date of the application and a credit risk appraisal is

available through a financial and credit reporting entity, the applicant must meet all of the following financial responsibility guidelines to be considered to exhibit adequate financial responsibility:

- a. The applicant is paying 60 percent of its suppliers on time or within terms; and
- b. The applicant possesses a credit risk appraisal provided by a financial and credit reporting entity that indicates the corporation's or limited liability company's financial condition is fair or better.

**1102.4(5)** *Corporations and limited liability companies in existence less than two years or if a credit risk appraisal is not available through a financial and credit reporting entity.* If a corporation has been in existence for less than two years from the date of the application or a credit risk appraisal is not available through a financial and credit reporting entity, the department will review the credit history of the corporate officers who hold 10 percent or more of the stock of the corporation. If a limited liability company has been in existence for less than two years or a credit risk appraisal is not available through a financial and credit reporting entity, the department will review the credit history of the members of a limited liability company who have contributed 10 percent or more to the capital of the limited liability company. Fifty percent or more of the corporate officers or members of the limited liability company must meet the credit guidelines set forth in subrule 1102.4(1) to be considered to exhibit adequate financial responsibility.

**1102.4(6)** *Additional considerations.* If information obtained by the department, when considered as a whole, indicates that the applicant, the retailer, or the applicant's or retailer's business practices are inconsistent with sound financial management or pose a risk to the operation or integrity of the lottery, the department may, in its discretion, determine that an applicant or retailer does not demonstrate the adequate financial responsibility for licensure notwithstanding the guidelines in subrules 1102.4(1) through 1102.4(5).

This rule is intended to implement Iowa Code sections 99G.7, 99G.9(2), 99G.21(2), 99G.24, 99G.30, 252J.2, 252J.8, and 272D.8.

#### **701—1102.5(99G) Bonds.**

**1102.5(1)** *In general.* Any applicant or retailer whose credit history does not meet the guidelines described in subrules 1102.4(1) through 1102.4(5) must obtain a bond from a surety company authorized to do business in Iowa or offer a cash bond in the amounts generally described herein. The department may require any other applicant or retailer to obtain a bond if the department determines a bond is necessary to ensure the applicant or retailer remains in compliance with Iowa Code chapter 99G and these rules.

**1102.5(2)** *Bond amounts.* The amount of the bond will vary depending on the type of lottery products sold by the license applicant, the sales history of the retail location or the average volume of sales of lottery products at the location, or a combination of the above factors. The department's authority to require a bond is discretionary. When the department determines that a bond is necessary, the following minimum amounts will be required:

- a. Sale of pull-tab tickets only, \$2,500.
- b. Sale of instant tickets and scratch tickets with or without pull-tab tickets, \$5,000.
- c. Sale of online games with or without instant tickets, scratch tickets, and pull-tab tickets, \$10,000.

Additional bond amounts or a new bond may be required by the department at any time if the department determines that an existing bond becomes insufficient or the surety thereon becomes unsatisfactory.

**1102.5(3)** *Holding period for bond.* The department will hold the bond provided by a license applicant for a minimum time period of one year. Thereafter, the department will review the credit history of the licensed retailer. If the retailer's account history shows no delinquent payments, the lottery may release the bond.

This rule is intended to implement Iowa Code sections 99G.7, 99G.9(2), 99G.21(2), and 99G.24.

#### **701—1102.6(99G,252J,272D) Lottery licenses.**

**1102.6(1)** A lottery license authorizes the licensee to sell only the types of lottery products specified on the license. The department has discretion to license a qualified applicant to sell any one or



any combination of the following lottery products: scratch tickets, instaplay tickets, pull-tab tickets, and computerized game tickets, if available. The department may condition the ability of a licensee to sell one or more types of lottery products on the applicant's agreement to sell any other lottery product.

**1102.6(2)** Any eligible applicant may apply for a license to act as a retailer by first filing with the department an application form together with any supplements deemed necessary by the department. Supplements may include but are not limited to authorizations to investigate criminal history, financial records and financial resources, and authorizations to allow the division to conduct site surveys.

**1102.6(3)** The application fee for a lottery retail license is \$25. The application fee is nonrefundable.

**1102.6(4)** Retailers who are currently licensed may apply for a license modification to allow the sale of additional lottery products. A current retailer may be required to complete an additional application or application supplements.

**1102.6(5)** The department may waive the payment of any license fee to facilitate an experimental program or a research project.

**1102.6(6)** A limited number of retailers may be selected as licensees from applications received. The selection will be made based on criteria designed to produce the maximum amount of net revenue and serve public convenience. The department may refuse to accept license applications for a period of time if the department determines that the number of existing licensees is adequate to market any lottery product.

**1102.6(7)** The department will grant, deny, or place on hold all applications within 60 days of acceptance of an application. Applications placed on hold are considered denied for purposes of appeal.

If an application is denied because the department has received a certificate of noncompliance from Iowa child support services in regard to an individual, the effective date of denial of the issuance of the license, as specified in the notice issued under Iowa Code section 252J.8, shall be 60 days following service of the notice upon the applicant.

This rule is intended to implement Iowa Code sections 99G.7, 99G.9(2), 99G.21(2), 99G.24, 99G.30, 252J.2, 252J.8, and 272D.8.

#### **701—1102.7(99G,252J) Provisional licenses.**

**1102.7(1)** The department may issue a provisional license to an applicant for a lottery license after receipt of a fully completed license application, the authorization for a complete personal background check, completion of a credit check, and completion of a preliminary background check. The provisional license expires at the time of issuance of the requested license or 90 days from the date the provisional license was issued, whichever occurs first, unless the provisional license is extended by the department.

**1102.7(2)** Notwithstanding subrule 1102.7(1), the department will deny a provisional license to any applicant who is an individual if the department has received a certificate of noncompliance from Iowa child support services with regard to the individual unless Iowa child support services furnishes the department with a withdrawal of the certificate of noncompliance. If an application is denied because the department has received a certificate of noncompliance from Iowa child support services in regard to an individual, the effective date of denial of the issuance of the license, as specified in the notice issued under Iowa Code section 252J.8, shall be 60 days following service of the notice upon the applicant.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 99G.24(3), 99G.27, 252J.2, and 252J.8.

**701—1102.8(99G) Off-premises licenses.** Any retailer may apply for an off-premises license to sell tickets in locations other than that specified on the existing license. The department must specifically approve the geographical area in which sales are to be made and the types of locations at which off-premises sales are to be made prior to issuance of an off-premises license. Additional instructions and restrictions may be specified by the department to govern off-premises sales. An off-premises license expires at the time designated on the off-premises license. An off-premises license may be renewed at the department's discretion.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.30.

**701—1102.9(99G) Duplicate licenses.** Upon the loss, mutilation, or destruction of any license issued by the department, a retailer may apply for a duplicate permit. A statement signed by the retailer which details the circumstances under which the license was lost, mutilated, or destroyed may be required by the department.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 99G.24, and 99G.30.

**701—1102.10(99G) Reporting changes in circumstances of the retailer.** Every change of business structure of a licensed business, such as from a sole proprietorship to a corporation, and every change in the name of a business must be reported to the department prior to the change. Substantial changes in the ownership of a licensed business must also be reported to the department prior to the change. A substantial change of ownership is defined as the transfer of 10 percent or more equity in the licensed business from or to another single individual or legal entity. If a change involves the addition or deletion of one or more existing owners or officers, the licensee shall submit a license application reflecting the change and any other documentation the department may require. All changes will be reviewed by the department to determine if the existing license should be continued.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), and 99G.27(1).

**701—1102.11(99G) License not a vested right.** The possession of a lottery retailer license issued by the department to act as a retailer in any capacity is a privilege personal to that licensee and is not a legal right. The possession of a lottery license issued by the department to act as a retailer in any capacity does not automatically entitle that licensee to sell tickets or obtain materials for any particular game.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21(2).

**701—1102.12(99G,252J,272D) Suspension or revocation of a license.**

**1102.12(1)** In addition to the criteria for suspension or revocation described in Iowa Code section 99G.27, the department may suspend or revoke any license issued pursuant to these rules for one or more of the following reasons:

- a.* Failing to meet or maintain the eligibility criteria for license application and issuance established by Iowa Code chapter 99G or these rules.
- b.* Failing to file any return or report or to keep records required by the lottery division;
- c.* Failing to maintain an acceptable level of financial responsibility as evidenced by the financial condition of the business, incidents of failure to pay taxes or other debts, or by the giving of financial instruments that are dishonored or electronic funds transfers that are not paid.
- d.* If public convenience is adequately served by other licensees.
- e.* A history of thefts or other forms of losses of tickets or revenue from the business.
- f.* Violating federal, state, or local law or allowing the violation of any of these laws on premises occupied by or controlled by any person over whom the retailer has substantial control.
- g.* Obtaining a license by fraud, misrepresentation, concealment or through inadvertence or mistake.
- h.* Making a misrepresentation of fact to the commission or department on any report, record, application form, or questionnaire that is submitted to the commission or department.
- i.* Denying the division or its authorized representative, including authorized local law enforcement agencies, access to any place where a licensed activity is conducted.
- j.* Failing to promptly produce for inspection or audit any book, record, document, or other item required to be produced by law, these rules, or the terms of the license.
- k.* Systematically pursuing economic gain in an occupational manner or context that is in violation of the criminal or civil public policy of this state if such pursuit creates cause to believe that the participation of such person in these activities is inimical to the proper operation of an authorized lottery.
- l.* Failing to follow the instructions or security procedures of the division for the management of personnel, handling of tickets, or the conduct of any particular game or special event.
- m.* Making a misrepresentation of fact to a purchaser, or prospective purchaser, of a ticket or to the general public with respect to the conduct of a particular game or special event.

n. For a licensee who is an individual, when the department receives a certificate of noncompliance from the child support recovery unit in regard to the licensee unless the unit furnishes the department with a withdrawal of the certificate of noncompliance.

o. Allowing activities on the licensed premises that could compromise the dignity of the state.

**1102.12(2)** The effective date of revocation or suspension of a license as specified in the notice issued under Iowa Code section 252J.8 is 60 days following service of the notice upon the licensee. The effective date for all other notices of revocation or suspension is 20 days following service upon a licensee.

**1102.12(3)** If a retailer's license is suspended for more than 180 days from the effective date of the suspension, the department will revoke the retailer's license upon 15 days' notice served in conformance with rule 701—1102.11(99G,252J,272D).

**1102.12(4)** Upon suspicion that a retailer has sold a ticket to an underage player, the department will investigate and provide a written warning to the retailer describing the report of the event and of the potential violation of Iowa Code section 99G.30(3). In the event a retailer sells a ticket to an underage player and the department can substantiate the claim, the department will suspend the retailer's license for seven days. When a retailer sells a ticket to an underage player and the department can substantiate the claim a second time in a period of one year from the date of the first event, the department will suspend the retailer's license for a period of 30 days. When a retailer sells a ticket to an underage player and the department can substantiate the claim a third time in a period of one year from the date of the first event as described in this rule, the retailer's license will be suspended for one year.

**1102.12(5)** Upon revocation or suspension of a retailer's license of 30 days or longer, the retailer will surrender to the department, by a date designated by the department, the license, lottery identification card, and all other lottery property. The department will settle the retailer's account as if the retailer had terminated its relationship with the department voluntarily.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 99G.24, 99G.27, 99G.30(3), 99G.35, 252J.8, and 272D.8(2).

#### **701—1102.13(99G,252J,272D) Methods of service.**

**1102.13(1)** The notice issued under Iowa Code section 252J.8 will be served upon the licensee by certified mail restricted delivery, return receipt requested, or personal service in accordance with Iowa Rule of Civil Procedure 1.305. Alternatively, the licensee may accept service personally or through authorized counsel.

**1102.13(2)** Notice of a license revocation or a suspension for the reasons described in Iowa Code section 99G.27 or rule 701—1102.12(99G,252J,272D) will be served upon the licensee by certified mail restricted delivery, return receipt requested, or personal service in accordance with Iowa Rule of Civil Procedure 1.305. Alternatively, the licensee may accept service personally or through authorized counsel. The notice will set forth the reasons for the suspension or revocation and provide for an opportunity for a hearing. If requested by the licensee, a hearing on the suspension or revocation will be held within 180 days after the notice has been served.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 99G.24(7), 252J.8, and 272D.8.

**701—1102.14(99G,252J,272D) Licensee's obligation.** Licensees and license applicants must keep the lottery informed of all court actions and all child support recovery unit actions taken under or in connection with Iowa Code chapter 252J. Licensees and applicants must also provide the department with copies, within seven days of filing or issuance, of all applications filed with the district court pursuant to Iowa Code section 252J.9 or 272D.9, any final court orders entered in such actions, and any withdrawals of certificates of noncompliance by the child support recovery unit.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 252J.8, and 272D.8.

**701—1102.15(99G,252J,272D) Calculating the effective date.** In the event a licensee or applicant files a timely district court action following service of a notice pursuant to Iowa Code sections 252J.8 and 252J.9, the department will continue with the intended action described in the notice upon the receipt of

a court order lifting the stay, dismissing the action, or otherwise directing the department to proceed. For purposes of determining the effective date of a revocation or suspension of a license, or a denial of the issuance or renewal of a license, the department will count the number of days before the action was filed and the number of days after the action was disposed of by the court.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21(2), 252J.8, 252J.9, 272D.8, and 272D.9.

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to responsibilities of retailers  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1103, “Responsibilities of Retailers,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.9, 99G.25 and 99G.30.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.9, 99G.25 and 99G.30.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that outline the responsibilities of retailers licensed by the Iowa Lottery to sell lottery products. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapter 13 is proposed to be rescinded. This rulemaking proposes to readopt the chapter under the Department of Revenue as Chapter 1103. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1103:

CHAPTER 1103  
RESPONSIBILITIES OF RETAILERS

**701—1103.1(99G) Licensed retailers.** All retailers shall be licensed in the manner provided in Iowa Code chapter 99G and these rules. Retailers shall abide by all applicable laws and administrative rules, the terms and conditions of the license, and all other directives and instructions issued by the lottery.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.24, 99G.25, 99G.27, 99G.30, and 99G.31.

**701—1103.2(99G) Requirements for the sale of tickets.**

**1103.2(1)** Retailers shall be knowledgeable about the lottery and lottery products and may be required to take training in the operation of lottery games. Retailers shall make the purchase of tickets convenient to the public.

**1103.2(2)** No retailer or any employee or member of a retailer shall attempt to identify a winning ticket prior to the sale of the ticket.

**1103.2(3)** Except as the lottery may allow in its discretion, retailers shall pay all prizes that the department requires retailers to pay during normal business hours at the location designated on the license.

**1103.2(4)** Retailers shall not purchase tickets previously sold by the retailer.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.30, and 99G.31.

**701—1103.3(99G) Display and availability of rules and promotional materials provided by the lottery.**

**1103.3(1)** Retailers shall display brochures, flyers, or similar items provided by the lottery that are designed to provide the rules of lottery games near the point at which tickets are sold.

**1103.3(2)** Retailers shall display point-of-sale material provided by the lottery in a manner that is readily seen by and available to the public. The lottery may require the removal of objectionable material or the discontinuance of objectionable advertising that may have an adverse impact on the lottery.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.24, and 99G.27.

**701—1103.4(99G) Ownership of tickets and other property.**

**1103.4(1)** All instant tickets and pull-tab tickets accepted by a licensed retailer are the property of the licensed retailer. Tickets that are erroneous or mutilated when received by a retailer may be returned to the department for credit. After confirmation of delivery, the retailer is responsible for the condition and security of the tickets and for any losses resulting from tickets that become lost, stolen, or damaged. The department may credit retailers for lost, stolen, or damaged tickets if the department determines that the best interests of the lottery will be served by issuing a credit.

**1103.4(2)** Unless otherwise indicated in writing, all department property provided to a licensed retailer for use in selling products, as opposed to property and tickets sold to a retailer, remains the property of the department. The retailer shall deliver department property to the department upon request.

This rule is intended to implement Iowa Code sections 99G.7, 99G.9(2), 99G.24, and 99G.27.

**701—1103.5(99G) Retailer costs and compensation.**

**1103.5(1)** Pull-tab tickets are available for purchase by a retailer for a price equal to the retail price of the tickets less the value of prizes that the retailer is obligated to pay and any discounts or commissions authorized by the lottery.

**1103.5(2)** Scratch tickets are available for purchase by a retailer at retail price, and the department will credit the retailer's account for validations and commissions.

**1103.5(3)** The department may impose a service fee on retailers to cover operational costs.

**1103.5(4)** The department, with commission approval, shall set the base amount of retailer compensation. The base amount of compensation shall be specified in the agreement between the retailer and the department. The department may increase the total amount of retailer compensation by implementing sales incentive programs.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.24.

**701—1103.6(99G) Retailer payment methods.** Retailers are required to pay for lottery tickets or shares by means of an electronic funds transfer from the retailer's account. Generally, an electronic funds transfer (EFT) from a retailer's account is the only permitted method of payment for lottery tickets or shares purchased by a retailer. The department may allow a retailer to make payments by another method if the retailer can show that the EFT system imposes a significant hardship on the retailer or if the department determines that the retailer's payment history justifies use of an alternative payment method.

This rule is intended to implement Iowa Code sections 99G.7, 99G.9(2), and 99G.28.

**701—1103.7(99G) Dishonored checks and electronic funds transfers.** Any payment made to the lottery by an applicant for a license or by a licensed retailer either by a check that is dishonored or by an EFT that is not paid by the depository shall be grounds for immediate denial of the application for a license or for the suspension or revocation of an existing license. The department may assess a surcharge up to the maximum allowed by applicable state law for each dishonored check or unpaid EFT. The department may also alter the payment terms of a retailer's license and require a retailer to reimburse the lottery for costs that occur as a result of a dishonored check or unpaid EFT.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.24, and 99G.27.



**701—1103.8(99G) Inspection of lottery materials and licensed premises.** Retailers shall allow the department to enter upon the licensed premises in order to inspect lottery materials, tickets, equipment and the premises. All books and records pertaining to the retailer’s lottery activities shall be available to the department for inspection and copying during the normal business hours of the retailer and between 8 a.m. and 5 p.m., Monday through Friday. All books and records pertaining to the retailer’s lottery activities are subject to seizure by the department without prior notice.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.24, 99G.27, 99G.28, and 99G.35.

**701—1103.9(99G) Individuals who may sell lottery tickets.** The retailer is responsible for the conduct of its employees and members that is within the scope of the retailer’s lottery license. If the retailer is a nonprofit organization, members of the organization may also sell lottery tickets if authorized by the organization.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.24, and 99G.30.

**701—1103.10(99G) Ticket sales restrictions.** The lottery reserves the right to limit or terminate the sale of computerized game tickets at any licensed retail location if such sales may compromise the operation and integrity of the lottery, reflect conduct prejudicial to the public confidence in the lottery or reflect activity of an illegal nature under local, state or federal laws.

**1103.10(1)** Plays may only be entered manually using the lottery terminal keypad or touch screen or by means of a play slip provided by the lottery and hand-marked by the player or by such other means approved by the lottery. Retailers are not permitted to connect any device to a lottery terminal to enter plays, except as approved by the department.

**1103.10(2)** A ticket or combination of tickets that would guarantee such purchaser a jackpot win may not directly and knowingly be sold to any person or entity.

**1103.10(3)** An offer to buy and an offer to sell a ticket are only permitted at a location and only by a method that is licensed by the department.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, 99G.24, and 99G.27.

**701—1103.11(99G) Placement of lottery equipment.** The department, in its sole discretion, will determine the need for, type of, and placement of any lottery equipment to be installed at licensee sales outlet locations. In the exercise of discretion, the department may consider any of the following:

1. The availability of equipment.
2. The suitability of the type of equipment for the specific retail outlet under consideration.
3. The location, equipment, business type, and proximity of other extant retail outlets compared with an outlet under consideration.
4. The sufficiency of existing licensed outlets to serve the public convenience.
5. Such minimum sales criteria as may be appropriate based on current market conditions.
6. The cost of equipment and potential return on investment.
7. Such other factors as the department may deem appropriate to the exercise of prudent business judgment in reaching a decision.

The decision of the department regarding placement of equipment is solely discretionary and final.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.7, 99G.12, and 99G.21.

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to scratch ticket and instaplay ticket general rules  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1104, “Scratch Ticket and InstaPlay Ticket General Rules,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.3, 99G.9, 99G.21 and 99G.31.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.3, 99G.9, 99G.21 and 99G.31.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that govern all scratch ticket and InstaPlay ticket games offered by the Iowa Lottery. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapter 18 is proposed to be rescinded. This rulemaking proposes to readopt the chapter under the Department as Chapter 1104. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1104:

CHAPTER 1104  
SCRATCH TICKET AND INSTAPLAY TICKET GENERAL RULES

**701—1104.1(99G) Authorization of instant ticket games.** The lottery commission authorizes the sale of scratch tickets and instaplay tickets that meet the criteria set forth in this chapter.

This rule is intended to implement Iowa Code section 99G.9(2).

**701—1104.2(99G) Definitions.**

“*Instaplay ticket*” means a ticket printed on lottery terminal paper with play symbols that are not concealed by a removable covering.

“*Play symbols*” means the numbers or symbols appearing under the removable covering on a scratch ticket or on the face of an instaplay ticket.

“*Scratch ticket*,” as used in this chapter, means the same as “instant ticket” as defined in Iowa Code section 99G.3(8).

“*Validation number*” means the characters or numbers found on a ticket or ticket stub used by the department to determine whether a ticket or ticket stub is authentic.

This rule is intended to implement Iowa Code sections 99G.3 and 99G.9(2).

**701—1104.3(99G) Method of play.** Winners of a prize may be determined by such activities as locating, matching, or adding the play symbols on the tickets or by any other play action approved by the lottery division. The exact method of determining a winning ticket will be determined by the lottery division and shall be set forth in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1104.4(99G) Prizes.**

**1104.4(1)** The number and amount of prizes in any specific scratch ticket or instaplay ticket game will be determined by the lottery division and set forth in the game specific rules applicable to that game.

**1104.4(2)** At the lottery division’s discretion, a scratch ticket game or an instaplay ticket game may include a special prize event. The number of prizes and the amount of each prize in the prize event will be determined by the lottery division. The dates and times, as well as the procedures for conducting any prize events, will be determined by the lottery division in the game specific rules. Finalists for prize events will be selected in the manner stated in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1104.5(99G) Annuity prizes.** If a prize offered in a scratch ticket game or an instaplay ticket game is an annuity, the prize will consist of an initial prize payment followed by yearly installments as described in the game specific rules. If the current cash value of an annuity prize attributable to a single ticket or entry is less than \$100,000, the lottery division may elect to pay the current cash value of the prize in one lump-sum payment.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1104.6(99G) Disclosure of odds.** The overall probability of purchasing a winning ticket will be displayed on the lottery division’s website and in game literature made available by the lottery division.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1104.7(99G) Claiming prizes.**

**1104.7(1)** *Claim period.* Scratch ticket prizes must be claimed within 90 days of the announced end of the scratch ticket game. Instaplay ticket prizes must be claimed within 90 days of the date of sale of the instaplay ticket.

**1104.7(2)** *Prizes claimed at retailer.* The game specific rules shall specify prizes that shall be claimed from the retailer. To claim a prize from a retailer, the winner shall sign the back of the winning ticket and fill out a claim form if required by the game specific rules. If a retailer can verify the claim, the retailer shall pay the prize. If a retailer cannot verify the claim, the player may claim the prize from another retailer or may submit the ticket and a completed claim form to the lottery division. If the claim is validated by the lottery division, a draft shall be forwarded to the player in payment of the amount due. If the claim is not validated by the lottery division, the claim shall be denied and the player shall be promptly notified.

**1104.7(3)** *Prizes claimed at a lottery division office.* The game specific rules may specify prizes that may be claimed only from the lottery division. To claim a prize from the lottery division, the player may personally present the completed claim form obtained from a licensed retailer or any lottery office and the ticket to any lottery office or may mail the ticket and claim form to the Iowa lottery division’s main office as defined in rule 701—2.3(17A). If the claim is validated by the lottery, the prize or a check, warrant, or draft will be forwarded to the player in payment of the amount due less any applicable state or federal income tax withholding and less any applicable setoff withheld under Iowa Code section 99G.41. If the claim is not validated by the lottery, the claim is denied and the player will be promptly notified.

**1104.7(4)** *Variation by game specific rules.* The game specific rules may vary the terms of this rule in respect to the manner in which prizes are claimed or the claim period applicable to any scratch ticket game or instaplay ticket game or special event.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1104.8(99G) Ticket validation requirements.**

**1104.8(1)** To be a valid scratch ticket, a ticket must meet all of the following validation requirements. A ticket must:

- a. Have been issued in an authorized manner as determined by the lottery division.
- b. Not be altered, unreadable, reconstructed, or tampered with in any manner.
- c. Not be counterfeit in whole or in part.
- d. Not be stolen or appear on any list of omitted tickets on file with the lottery division.
- e. Be complete and not blank or partially blank, miscut, misregistered, defective, or printed or produced in error.
- f. Have play symbols and captions as described in the game specific rules. All symbols, numbers, and codes must be present in their entirety, legible, right side up, and not reversed in any manner.
- g. Have the appropriate bar code, pack-ticket number, retailer verification code, and security code.
- h. Have a validation number that appears on the lottery division's official list of validation numbers of winning tickets. A ticket with that validation number shall not have been previously paid.
- i. Pass all additional validation requirements stated in the game specific rules and any confidential validation requirements established by the lottery.

**1104.8(2)** To be a valid instaplay ticket, a ticket must meet all of the following validation requirements. A ticket must:

- a. Have been issued in an authorized manner as determined by the lottery division.
- b. Not be altered, unreadable, reconstructed, or tampered with in any manner.
- c. Not be counterfeit in whole or in part.
- d. Not be stolen, canceled, or appear on any list of omitted or test tickets on file with the lottery division.
- e. Be complete and not blank or partially blank, miscut, misregistered, defective, or printed or produced in error.
- f. Have play symbols and captions as described in the game specific rules. All symbols, numbers, and codes must be present in their entirety, legible, right side up, and not reversed in any manner.
- g. The information on the ticket or share must correspond precisely with the lottery division's computer record.
- h. The ticket or share serial number must appear in its entirety and correspond, using a computer validation file, to the winning game play or plays printed on the ticket or share.
- i. A ticket or share shall be void unless the ticket or share is printed on a paper stock roll that was validly issued to and used, at the time of the play, by the retailer from which the ticket or share was purchased.
- j. Pass all additional validation requirements stated in the game specific rules and any confidential validation requirements established by the lottery division.

**1104.8(3)** Any ticket not passing all applicable validation requirements is invalid and is ineligible for any prize. The lottery division determination that a ticket is invalid is binding on all participants in the lottery. The lottery division may choose to pay an amount equal to the prize that would have been won on an invalid ticket if the lottery division is able to determine the prize that would have been won by use of a symbol, number, color code, or other mechanism. The lottery division's decision as to whether to pay a player the sum equal to the prize on an invalid ticket is binding on all participants in the lottery. A player who wishes to challenge a determination by the lottery division under this subrule may request a contested case proceeding as described in 701—Chapter 6.

If an invalid ticket is purchased by a player, the only responsibility or liability of the lottery division will be to replace the invalid ticket with an unplayed ticket from the same game or any other game or issue a refund of the sale price.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1104.9(99G) Official end of game.** The lottery division will announce the official end of each scratch ticket game and each instaplay ticket game. Retailers may continue to sell tickets for each game up to the cutoff date specified by the lottery.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to pull-tab ticket general rules  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1105, “Pull-Tab Ticket General Rules,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.3, 99G.9, 99G.21 and 99G.31.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.3, 99G.9, 99G.21 and 99G.31.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that govern all pull-tab ticket games offered by the Iowa Lottery. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapter 19 is proposed to be rescinded. This rulemaking proposes to readopt the chapter under the Department as Chapter 1105. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
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Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1105:

CHAPTER 1105  
PULL-TAB TICKET GENERAL RULES

**701—1105.1(99G) Authorization of pull-tab games.** The lottery commission authorizes the lottery to sell pull-tab tickets meeting the criteria of this chapter.

This rule is intended to implement Iowa Code section 99G.9(2).

**701—1105.2(99G) Definition.** As used in this chapter, the following definition is applicable.

“*Pull-tab tickets*” means the same as “pull-tab ticket” or “pull-tab” as defined in Iowa Code section 99G.3(15).

This rule is intended to implement Iowa Code sections 99G.3 and 99G.9(2).

**701—1105.3(99G) Method of play.** A winning ticket is determined by matching, aligning, adding, or locating symbols or numbers under the tabs.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.



**701—1105.4(99G) Ticket validation requirements.**

**1105.4(1) *Winning ticket requirements.*** Winning tickets are validated by use of a symbol, number, or color-coded marking. A ticket is not valid if it fails to meet any of the following requirements. The ticket must:

- a. Have been issued by the Iowa lottery division in an authorized manner.
- b. Not be altered, unreadable, reconstructed, or tampered with in any manner.
- c. Not be counterfeit in whole or in part.
- d. Not be stolen or appear on any list of omitted tickets on file with the lottery division.
- e. Be complete and not blank or partially blank, miscut, misregistered, defective, or printed or produced in error.
- f. Have the exact play symbols and captions specified in the game specific rules.
- g. Pass all validation tests, including confidential validation tests.

**1105.4(2) *Lottery responsibility.*** If a ticket is invalid when sold, it is not eligible to receive any prize and the purchaser's sole remedy is to submit the ticket to the lottery division's main office for a refund of the retail sale price. The lottery has no liability or responsibility for tickets invalidated after the time of sale.

The lottery division may choose to pay a sum equal to the prize on an invalid ticket if the lottery division is able to determine the prize that would have been won on the invalid ticket by use of a symbol, number, color code, or other mechanism. The lottery division's determination that a ticket is valid or invalid, that a ticket was valid when sold and was subsequently invalidated, and whether a sum equal to the prize on an invalid ticket will be paid are binding on all participants in the lottery. A player who wishes to challenge a determination by the lottery division under this subrule may request a contested case proceeding as described in 701—Chapter 6.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1105.5(99G) Prizes.** The number and the amount of prizes for any specific pull-tab ticket game will be determined by the lottery division and set forth by the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1105.6(99G) Disclosure of odds.** The overall probability of purchasing a winning ticket shall be stated on the lottery division's website and in game literature made available by the lottery division.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1105.7(99G) Claiming prizes.**

**1105.7(1) *Claim period.*** Prizes must be claimed within 90 days of the announced end of the pull-tab ticket game.

**1105.7(2) *Prizes claimed at retailer.*** The game specific rules specify prizes that shall be claimed from the retailer. To claim a prize from a retailer, the winner shall sign the back of the winning ticket and fill out a claim form if required by the game specific rules. If a retailer can verify the claim, the retailer pays the prize. If a retailer cannot verify the claim, the player shall submit the ticket and a completed claim form to the lottery division. If the claim is validated by the lottery division, a draft shall be forwarded to the player in payment of the amount due. If the claim is not validated by the lottery division, the claim shall be denied and the player shall be promptly notified.

**1105.7(3) *Prizes claimed at a lottery division office.*** Game specific rules specify prizes that may be claimed only from the lottery division. To claim a prize from the lottery division, the player may personally present the completed claim form obtained from a licensed retailer or any lottery office and the ticket to any lottery office or may mail the ticket and claim form to the Iowa Lottery Division main office as defined in rule 701—2.3(17A). If the claim is validated by the lottery division, the prize or a check, warrant, or draft will be forwarded to the player in payment of the amount due less any applicable state or federal income tax withholding and less any applicable setoff withheld under Iowa Code section 99G.41. If the claim is not validated by the lottery division, the claim is denied and the player will be promptly notified.

**1105.7(4)** *Variation by game specific rules.* Game specific rules may vary the terms of this rule in respect to the manner in which prizes are claimed or the claim period applicable to any pull-tab game or special event.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1105.8(99G) Disputed claim.** If a purchaser and a retailer cannot agree as to whether a prize should be paid on a ticket, the purchaser may submit the ticket to any lottery office. The lottery division's determination as to whether a prize should be awarded is binding on all participants in the lottery. A player who wishes to challenge a determination by the lottery division under this subrule may request a contested case proceeding as described in 701—Chapter 6.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1105.9(99G) Lottery logo.** All pull-tab tickets sold by the lottery division are to be conspicuously marked with the logo of the lottery.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1105.10(99G) End of game.** The lottery division will announce the end of any pull-tab ticket game or games.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to general rules of computerized games  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1106, “Computerized Games—General Rules,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.3, 99G.7, 99G.9, 99G.21 and 99G.31.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.3, 99G.7, 99G.9, 99G.21 and 99G.31.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that govern all computerized games offered by the Iowa Lottery. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapter 20 is proposed to be rescinded. This rulemaking proposes to readopt the chapter under the Department as Chapter 1106. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

### *Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

### *Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1106:

#### CHAPTER 1106 COMPUTERIZED GAMES—GENERAL RULES

**701—1106.1(99G) Authorization of computerized lottery games.** The lottery commission authorizes the sale of computerized games to be played in compliance with the criteria set forth in this chapter.

This rule is intended to implement Iowa Code section 99G.9(2).

**701—1106.2(99G) Computerized lottery definitions.** As used in this chapter:

“*Central computer*” means a computer system designated to control, monitor, and communicate with lottery terminals and self-service kiosks and to record the transactions processed by that lottery equipment.

“*Drawing*” means the process used to randomly select winning numbers or entries.

“*Easy pick*” means the random selection by the terminal or self-service kiosk of a valid play for the game that was selected.

“*Game*” means any computerized game conducted by the lottery.

*“Instant ticket vending machine”* means a vending machine or self-service kiosk that dispenses printed paper lottery tickets, with or without a scratch-off area.

*“Online vending machine”* means a vending machine that prints and dispenses tickets or shares that have been determined to be winning or losing tickets or shares by a predetermined pool drawing machine prior to the dispensing of the tickets or shares.

*“Play(s)”* means the selection of an appropriate number of available variables that constitutes a valid entry in the game or the purchase of a ticket or share with a sequentially generated variable appearing on the face of the ticket or share that constitutes a valid entry in a pool exhaustion game.

*“Play slip”* means a card used by the player in marking a player’s plays.

*“Pool exhaustion game”* means a game where a predetermined pool of plays is established.

*“Predetermined pool drawing machine”* means a computer or other device external to a lottery terminal, instant ticket vending machine, self-service kiosk or online vending machine, that predetermines winning and losing tickets or shares, assigns them to preprogrammed and prepackaged sequential electronic pool files and subsequently utilizes the files in production and distribution of electronic game cards and paper game tickets or shares produced in manufactured packs or through lottery terminals or vending machines.

*“Terminal”* means a device that is authorized by the lottery division to function with a central computer system for the purpose of issuing, entering, receiving, and processing lottery transactions.

*“Vending machine”* means a lottery ticket or share dispensing machine either with a mechanical operating mechanism or with computer components that perform accounting functions and activate the ticket or share dispensing mechanism.

*“Winning numbers”* means the selection of an appropriate number of the variables, randomly selected at each drawing, that are used to determine winning plays contained on a game ticket or share.

This rule is intended to implement Iowa Code sections 99G.3 and 99G.9(2).

**701—1106.3(99G) Method of play.** If mandated by the game specific rules, a player selects an appropriate number of the available game variables. A player may select each game variable by marking a play slip and submitting the play slip to a retailer, by asking a retailer to manually enter the game variables, or by purchasing an “easy pick” ticket from a retailer. Players may also purchase plays from player-activated terminals by use of a touch screen if player-activated terminals are available. A drawing is held in which an appropriate number of the game variables are drawn on a random basis.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1106.4(99G) Cancellation by a player.** A ticket or share may be canceled by returning the ticket or share to the selling retailer provided that the ticket or share is returned to the retailer the same day it was purchased in time to permit canceling to be fully completed prior to the closing time for that drawing. In the event that a ticket or share is canceled, the player will be entitled to receive from the retailer a refund equal to the purchase price of the ticket or share.

Cancellations will not be allowed in certain games as outlined in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1106.5(99G) Prizes and odds.** The amount of prizes and the odds of winning are set forth in the game specific rules. Game specific rules may allow alternative prize structures.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.6(99G) Payment of annuity jackpot prizes.** The lottery division may offer cash prizes, annuitized installment prizes, and prizes with cash or annuity payment options available to the winners. If the jackpot prize or share of the jackpot prize will be paid as an annuity, it will consist of the initial payment followed by such number of yearly installments as may be provided in the game specific rules for the game unless the cash value of the annuity prize attributable to a single play is less than \$100,000. If the cash value of the annuity prize attributable to a single play is under \$100,000, the lottery division may elect to pay the cash value of the prize in one lump-sum prize payment. This rule does not apply to

multistate or other multijurisdictional lottery games. Provision for payment of prizes for multistate and other multijurisdictional games shall be outlined in the game specific rules for such games.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.7(99G) Unclaimed prizes.** Unclaimed jackpot prizes, shares of the jackpot prize, and other lottery prizes do not increase a prize simultaneously won by any other player in the game. Unclaimed jackpot shares are added to future jackpot prize pools at times determined by the lottery division. Other unclaimed prizes are added to future prize pools for any lottery game. This rule applies to such games offered in Iowa, except as may otherwise be provided in the game specific rules of a multistate lottery or other multijurisdictional lottery with which the Iowa lottery may be affiliated.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.8(99G) Price.** The price of a play will be outlined in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1106.9(99G) Changes for special promotions.** The lottery division may alter the price of the tickets or shares, features, or prizes of the game or drawings to accommodate special promotions. Alterations made by the lottery division shall be contained in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.7, 99G.9(2), and 99G.21.

**701—1106.10(99G) Ticket or share ownership and prize entitlement.**

**1106.10(1)** A ticket or share is owned by its physical possessor until a signature is placed on the back of a ticket in the area designated for signature. When a signature is placed on the back of the ticket or share in the designated space, the person whose signature appears in the designated space is the owner of the ticket or share and is entitled to any prize attributable to the ticket or share.

**1106.10(2)** Notwithstanding any name or names submitted on a claim form, the lottery division will make payment to the person whose signature appears on the back of the ticket or share in the designated space. If the signatures of more than one person appear in that space, the lottery division will make payment to the person identified on the winner's claim form to receive payment, which designation is made by all persons whose signatures appear on the reverse side of the ticket or share. In the event that all persons whose signatures appear in the appropriate space cannot identify one person to whom payment should be made, the lottery division may withhold payment until the proper payee is determined.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.11(99G) Ticket validation requirements.**

**1106.11(1)** All claims for prizes are subject to validation by the lottery division. A valid ticket or share eligible to receive a prize will satisfy all of the following requirements.

*a.* The ticket or share was issued by the lottery division directly or through a retailer, via a terminal, in an authorized manner.

*b.* The information on the ticket or share corresponds precisely with the lottery division's computer record.

*c.* The ticket or share serial number appears in its entirety and corresponds, using a computer validation file, to the winning play or plays printed on the ticket or share.

*d.* A ticket or share is printed on a paper stock roll that was validly issued to and used, at the time of the play, by the retailer from which the ticket or share was purchased.

*e.* The ticket or share is not produced in error, counterfeit in whole or in part, altered, mutilated, unreadable, tampered with in any manner, incomplete, blank or partially blank, miscut, or defective.

*f.* The ticket or share is not stolen or canceled.

*g.* The ticket or share passes all additional validation requirements that may be stated in the game specific rules and other security criteria determined by the lottery division.

**1106.11(2)** In the event that a ticket or share fails to pass all of the validation criteria set forth in this rule, the game specific rules or as determined by the lottery division, the ticket or share is invalid

and ineligible for any prize. The lottery division, in its sole discretion, may choose to pay a sum equal to the prize on an invalid ticket or share if the lottery division can determine the prize that would have been won by the ticket or share by use of a symbol, code number, color code, or other mechanism. The lottery division's decisions as to whether a ticket or share is invalid and whether a sum equal to the prize on an invalid ticket or share will be paid are binding on all participants in the lottery. If the lottery division determines that a ticket or share is not eligible to receive a prize or a sum equivalent to the prize amount, the lottery division may replace the invalid ticket or share with a ticket or share of equivalent sale price from any current lottery game or refund the purchase price of the ticket or share. Replacement of the ticket or share, or refund of the purchase price, are the claimant's sole and exclusive remedy. A player who wishes to challenge a determination by the lottery division under this subrule may request a contested case proceeding as described in 701—Chapter 6.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.12(99G)** All prizes for games not associated with another state's lottery must be claimed as directed within 90 calendar days of the drawing in which the prize was won unless otherwise specified in the game specific rules. All prizes for games associated with another state's lottery are to be claimed as directed within the game specific rules. For purposes of determining the claim period, the drawing date is not counted. If a prize is claimed by mail, the lottery division must actually receive the ticket or share and claim form within the claim period. Any prize not properly claimed within the specified period is forfeited. The claim period for a game may be altered by the lottery division in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.13(99G) Manner of claiming prizes.**

**1106.13(1)** To receive payment for a prize or prizes on any single game ticket or share that total \$600 or less, the winner may take the signed ticket or share directly to any lottery retailer authorized to sell and validate the game, or to any lottery division office, or mail the signed ticket or share, along with a completed claim form, to the Iowa Lottery Division's main office as defined in rule 701—2.3(17A).

If there is any alteration, mutilation, tear, or other ambiguity on the ticket or share, the retailer is not authorized to make direct payment of a prize and a claim form, and the ticket or share is to be submitted to the lottery division.

**1106.13(2)** To receive payment for a prize or prizes on any single game ticket or share that total more than \$600, the winner may submit the signed ticket or share and a completed claim form directly to any lottery division office. The winner may also mail the signed ticket or share and claim form to the Iowa Lottery Division's main office as defined in rule 701—2.3(17A).

**1106.13(3)** Claim forms are available at all computerized lottery division retailers and lottery offices. The lottery division or, at the lottery division's direction, a lottery retailer may require the person claiming a prize of any amount to fill out a claim form.

**1106.13(4)** If a prize is claimed by mail, the ticket or share and the claim form must actually be received by the lottery division within the claim period.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.14(99G) Presentation of ticket.** No prize payments will be made unless the player submits a valid, uncanceled ticket or share. A play slip has no pecuniary or prize value and is not evidence of ticket purchase or of numbers selected.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.15(99G) One prize per play.** The holder of a winning ticket or share may win only one prize per play in connection with the winning numbers drawn and is entitled only to the prize won by those numbers in the highest matching prize category.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.16(99G) Corrections.** The lottery division reserves the right to correct and adjust, up or down, the amount of any prize or prizes, whether all or part of the prize or prizes has been paid, if it is

determined that one or more players are entitled to a portion of a prize and were not included in the prize calculations or were included in the prize calculations by mistake.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.17(99G) Risk of error.** The placing of plays is done at the player’s own risk. It is solely the player’s responsibility to verify the accuracy of plays and all other data printed on the ticket. In the event of any error, the player’s only remedy is cancellation of the ticket or share according to the procedure specified in this chapter. The lottery division and lottery retailers have no other responsibility for tickets or shares printed in error.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1106.18(99G) Multidraw plays and advance plays.** Multidraw plays and advance plays may be available.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1106.19(99G) Drawings.** Drawings will be held as specified in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1106.20(99G) Cancellation or delay.** The lottery division reserves the right to cancel or delay drawings or sales of tickets or shares in the event of technical difficulties, and on days of special importance or on days the drawings would be impractical or inappropriate.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1106.21(99G) Pool exhaustion game—method of play.**

**1106.21(1)** Players may purchase tickets or shares for a specific game. Each ticket or share sold for a pool exhaustion game will be generated separately. Tickets or shares will be sold against the pool until the pool of plays is exhausted or until the game ends in accordance with the game specific rules.

**1106.21(2)** Each ticket or share will bear a sequentially generated variable on the face of the ticket or share.

**1106.21(3)** Drawings for the prizes for a specific game will randomly select a winner or winners from the tickets or shares actually sold. The drawing method is described in the game specific rules.

**1106.21(4)** Prizes are awarded as specified in the game specific rules.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1106.22(99G) Prize insurance fund.**

**1106.22(1)** The lottery may provide that up to 10 percent of the funds designated for the jackpot prize level in the prize structure of the game specific rules for a game or that any prize funding not awarded by the conclusion of the relevant claim period for a fixed-prize game will be transferred to a prize insurance fund.

**1106.22(2)** The prize insurance fund may be used for any of the following purposes:

*a.* To pay prizes for any online game prize obligation if the amount available to fund an online game prize is insufficient;

*b.* To support a special promotion to retire an online game (e.g., a television show or a second-chance drawing);

*c.* To transfer amounts to a successor game to pay prize obligations for a different online game.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.



**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to drawings and contests  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt new Chapter 1107, “Drawings and Contests,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.9, 99G.21 and 99G.31.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 99G.9, 99G.21 and 99G.31.

*Purpose and Summary*

This proposed chapter provides generally applicable rules that govern all lottery drawings and contests. Because this chapter falls under the Iowa Lottery Authority’s portion of the Iowa Administrative Code, this chapter is outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 531—Chapter 21 is proposed to be rescinded. This rulemaking proposes to readopt the chapter under the Department as Chapter 1107. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after the Regulatory Analysis publication. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 10 to 11 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 1:30 to 2:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1107:

CHAPTER 1107  
DRAWINGS AND CONTESTS

**701—1107.1(99G) Authorization of drawings and contests.** The lottery commission authorizes drawings and contests that meet the criteria set forth in this chapter.

This rule is intended to implement Iowa Code section 99G.9(2).

**701—1107.2(99G) Definitions.**

“*Contest*” means a lottery event that may involve nonwinning tickets in which entries are selected as winners and prizes are valued at a total of \$5,000 or less.

“*Drawing*” or “*second-chance drawing*” means a lottery event involving a random selection of an entry or entries for a prize in which entrants may either use a nonwinning Iowa lottery ticket as an entry or, at the lottery division’s discretion, may enter the drawing using points earned from entering tickets through the Internet or an entry through an alternative method for which a purchase is not necessary.

“*Nonwinning ticket*” means a ticket that did not win in the original game for which it was printed.

“*Presentation*” means entering the ticket into a drawing or contest as permitted by the rules of the drawing or the description of the contest.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1107.3(99G) Price for drawings or contests.** There is no cost to enter a drawing or contest beyond the original ticket price already paid. At the lottery division’s discretion, certain drawings may be designated as accepting entries with a designated number of points earned by entry of nonwinning tickets through the lottery division’s customer loyalty program or by another lottery-approved method.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1107.4(99G) Method of play.** Contest or drawing winners may be determined from a computer-generated list of all the entries submitted during the eligibility period or by another method approved by the lottery division. The secure drawing system generates a list of winning entry numbers based on the prize levels. Alternates are drawn as determined by the lottery division. Other methods of choosing a winning entry may be determined by the lottery division and, if utilized, will be set forth in the specific drawing rules or contest description. The lottery division will post written contest rules informally at any contest event.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1107.5(99G) Prizes.**

**1107.5(1)** The number and amount of prizes for a drawing or contest shall be determined by the lottery division and set forth in the specific drawing rules or contest description.

**1107.5(2)** At the lottery division’s discretion, a drawing or contest may include a special prize event. The number of prizes, the amount of each prize, the dates and times of the contests or drawings, as well as the procedures for conducting elimination drawings or prize events, are determined by the lottery division and set forth in the specific drawing rules or contest description. Finalists for prize events are selected in the manner stated in the specific drawing rules or contest description.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1107.6(99G) Disclosure of odds.** Because odds will vary based on the number of entrants in each contest or drawing, odds are not posted.

This rule is intended to implement Iowa Code sections 99G.9(2) and 99G.21.

**701—1107.7(99G) Claiming prizes.** The specific drawing rules or contest description will set forth the manner in which prizes won should be claimed. If an individual prize is greater than \$600 or at the lottery division’s discretion, a player will fill out a claim form.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1107.8(99G) Entry validation requirements.** A valid entry is a legally acquired nonwinning lottery ticket identified as an entry for the particular drawing or contest. At its discretion, the lottery division may include legally obtained winning and nonwinning Iowa lottery online tickets in drawings and contests.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1107.9(99G) Owner of a ticket.** The lottery division pays prizes in an Internet-based drawing or contest only to persons who present the selected tickets by entering them into the drawing through the online entry form or other entry mechanism. Players should sign the original ticket to prevent entry of the ticket by another party into the drawings or contests. The signature on the ticket indicates the owner of the ticket. If no signature is present on the ticket, the owner of the ticket is the possessor of the ticket. If there is a question as to the ownership of a ticket, the lottery division will make a determination as to whether and to whom a prize will be awarded, and the lottery division’s determination is binding on all participants in the drawing or contest. A player who wishes to challenge a determination by the lottery division under this rule may request a contested case proceeding as described in 701—Chapter 6.

This rule is intended to implement Iowa Code sections 99G.9(2), 99G.21, and 99G.31.

**701—1107.10(99G) Official end of drawing or contest period.** The lottery division announces the end of any drawing or contest period.

This rule is intended to implement Iowa Code sections 99G.9(2), and 99G.21.

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rulemaking related to rules on agency procedure  
and providing an opportunity for public comment**

The Revenue Department hereby proposes to rescind Chapter 1, “Conversion Chart,” and to adopt a new Chapter 1, “Renumbering Conversion Table”; to adopt a new Chapter 2, “Organization,” Chapter 3, “Rulemaking and Rule Waiver Procedures,” and Chapter 4, “Declaratory Orders”; to rescind Chapter 5 “Public Records and Fair Information Practices,” and to adopt a new chapter with the same title; to rescind Chapter 6, “Organization,” and to adopt a new Chapter 6, “Contested Cases Related to Alcohol and Lottery Proceedings”; to rescind Chapter 7, “Appeals, Taxpayer Representation, and Other Administrative Procedures,” and to adopt a new Chapter 7, “Tax Appeals, Taxpayer Representation, and Other Administrative Procedures”; and to amend Chapter 201, “Sales and Use Tax Permits,” Iowa Administrative Code.

*Legal Authority for Rulemaking*

This rulemaking is proposed under the authority provided in Iowa Code sections 99G.9, 123.10 and 421.17.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code chapter 17A.

*Purpose and Summary*

The Department, Lottery Authority, and Alcoholic Beverages Division all maintained their own set of rules on agency procedure. As a part of the government realignment, it is the goal of the Department to consolidate all relevant information from the following agency procedure chapters under one agency:

- 185—Chapters 1, 2, 3, 10, 18, and 19
- 531—Chapters 1, 3, 4, 5, and 6
- 701—Chapters 5, 6, and 7

The Department is proposing to rescind all existing agency procedure rules under the Lottery Authority, Alcoholic Beverages Division, and the Department and replace them with a new set of rules under agency number [701]. This consolidation will reduce the number of chapters and rules overall and make applicable practices across subject matters as uniform as possible. Additionally, appeal language is being proposed in subrules 201.10(3) and 201.11(3) that includes beneficial cross-references. Lastly, proposed subrule 7.18(10) has minimal changes due to ongoing litigation and will be more closely reviewed in a later rulemaking.

*Regulatory Analysis*

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on September 18, 2024. A public hearing was held on the following date(s):

- October 8, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. Three changes were made after publication of the Regulatory Analysis, including: an updated website link listed in Chapter 1 and an updated Iowa Code reference found in proposed rule 701—6.30(99G,123,17A). Additionally, numbered paragraph 3.7(8)“b”(2)“11” is proposed to reflect updated requirements for a rule waiver petitioner or a petitioner’s representative, including the required submission of a valid Department power of attorney form or representative certification form, as applicable. This language is being proposed to align with similar requirements for other petitions. The

Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on October 9, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on December 3, 2024. Comments should be directed to:

Madelyn Cutler  
Department of Revenue  
Hoover State Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.724.2924  
Email: [madelyn.cutler@iowa.gov](mailto:madelyn.cutler@iowa.gov)

*Public Hearing*

Public hearings at which persons may present their views orally or in writing will be held as follows:

December 4, 2024 9 to 10 a.m.	Room 430 Hoover State Office Building Des Moines, Iowa
December 4, 2024 12:30 to 1:30 p.m.	Room 430 Hoover State Office Building Des Moines, Iowa

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Rescind 701—Chapter 1 and adopt the following **new** chapter in lieu thereof:

TITLE I

ADMINISTRATION

CHAPTER 1

RENUMBERING CONVERSION TABLE

Since 2022, the Iowa department of revenue (department) has made significant changes to the organization of its chapters. Some of these changes were made to generally improve the organization of the rules; others were made to implement Executive Order 10 and 2023 Iowa Acts, Senate File 514. A table with a comprehensive list of all current and updated chapters is available at the department website: [revenue.iowa.gov/resources/law-policy-information/administrative-rules-renumbering-conversion-table](https://revenue.iowa.gov/resources/law-policy-information/administrative-rules-renumbering-conversion-table).

ITEM 2. Adopt the following **new** 701—Chapter 2:

CHAPTER 2

ORGANIZATION

**701—2.1(17A) Establishment of the department.** Iowa Code sections 7E.5(1)“c” and 421.2 establish a department of revenue to be administered by a director of revenue with primary responsibility for revenue collection and revenue law compliance, as well as administration of the Iowa lottery and alcoholic beverage control.

**701—2.2(17A) Mission.** The mission of the department is to serve Iowans through the responsible collection and generation of revenue to support the public good.

**701—2.3(17A) Offices.** The department headquarters is maintained at the seat of state government in the Hoover State Office Building, 1305 East Walnut Street, P.O. Box 10460, Des Moines, Iowa 50319. Office hours of the department are 8 a.m. to 4:30 p.m., Monday through Friday. Offices are closed on Saturdays, Sundays, and official state holidays designated in accordance with state laws.

**2.3(1) Regional office of alcohol operations.** The office of alcohol operations is located at 1918 S.E. Hulsizer Road, Ankeny, Iowa 50021; telephone 515.281.7400 or 1.866.469.2223.

**2.3(2) Offices of lottery operations.** The main office of the Iowa lottery division is located at 13001 University Avenue, Clive, Iowa 50325-8225. The lottery division has regional offices in Cedar Rapids, Mason City, and Storm Lake, which offer some of the services available at the lottery division’s main office, and a central warehouse in Ankeny. The Iowa lottery commission may be contacted through the lottery division’s main office. Prize-redemption hours at lottery division offices are 8 a.m. to 4 p.m., Monday through Friday, with lottery offices closed on weekends and official state holidays.

**701—2.4(17A) Department Internet websites.**

**2.4(1) Main website of the department.** The department’s main Internet home page is [revenue.iowa.gov](https://revenue.iowa.gov).

**2.4(2) Website of lottery division.** The lottery division’s Internet home page is [www.ialottery.com](https://www.ialottery.com). Information regarding the lottery’s main and regional offices can be obtained on the lottery website, on point-of-sale game-play publications, and by contacting the main office of the lottery.

**701—2.5(17A) Organization of the department.** The department consists of the director, the lottery division, and other such divisions as the director may from time to time establish, abolish, or consolidate.

**2.5(1) The office of the director.** The essential functions of the office of the director include but are not limited to:

- a. Overall management of the agency.
- b. Review of appeals.
- c. Strategic planning and coordination of the future operations and goals of the department.
- d. Provision of financial checks and balances within the department.
- e. Facilitation of a working relationship between the public sector and the private sector.

**2.5(2) Divisions.** For ease of administration, the director has organized the department into divisions and, in some instances, has organized those divisions into bureaus, sections, subsections, and units. Except for the lottery division, the director may from time to time establish, abolish, or consolidate

the department's administrative divisions as the director deems necessary in order to more efficiently and effectively carry out the department's responsibilities. Such divisions may include but are not limited to:

- a. Alcohol and tax compliance.
- b. Alcohol and tax operations.
- c. Financial services.
- d. Internal services.
- e. Legal services and appeals.
- f. Local government services.
- g. Lottery.
- h. Research and policy.

**2.5(3)** *Designee.* Unless otherwise delegated in statute, in rule, or otherwise in writing by the director, only the director, deputy director, or chief legal officer may enter into contracts or agreements on behalf of the department.

**2.5(4)** *Organization of the alcoholic beverages commission.* The alcoholic beverages commission consists of five commission members appointed by the governor and confirmed by the senate.

**2.5(5)** *Organization of the lottery commission.* The lottery commission consists of five members appointed by the governor and confirmed by the senate.

These rules are intended to implement Iowa Code sections 17A.3, 99G.5, 99G.8, 123.5, 123.6, 123.9, 123.10, 421.2, 421.9, 421.14, 421.17, 422.1 and 422.72.

ITEM 3. Adopt the following new 701—Chapter 3:

### CHAPTER 3 RULEMAKING AND RULE WAIVER PROCEDURES

**701—3.1(99G,123,421,17A) Applicability and scope of rules.** These rules implement the Iowa administrative procedure Act and aid in the effective and efficient administration and enforcement of the laws of this state and other activities of the department. These rules govern the practice, procedure, and conduct of the rulemaking and requests for waiver of rules and certain other administrative procedures within the department's jurisdiction. 701—Chapters 6 and 7 contain rules on contested cases for all matters within the department's jurisdiction. 701—Chapter 4 contains rules on declaratory orders for all matters within the department's jurisdiction.

**701—3.2(99G,123,421,17A) Definitions.** Terms not defined below have the same meaning as defined in Iowa Code chapter 17A. These definitions apply to this chapter unless the text states otherwise:

*"Department"* means the Iowa department of revenue.

*"Director"* means the director of the department or the director's designee.

*"GovConnectIowa"* means the e-services portal of the department.

**701—3.3(99G,123,421,17A) Department procedure for rulemaking.**

**3.3(1)** *Advice on possible rules before notice of proposed rule adoption.* In addition to seeking information by other methods, the department may, before publication of a Notice of Intended Action under Iowa Code section 17A.4(1)"a," solicit comments from the public on a subject matter of possible rulemaking by the department by causing notice to be published in the Iowa Administrative Bulletin of the subject matter and indicating where, when, and how persons may comment.

The department may send notices of proposed rulemaking and a request for comments to any agency, organization, or association known to the department to have a direct interest or expertise pertaining to the substance of the proposed rule.

**3.3(2)** *Public rulemaking docket.* The department utilizes the public rulemaking docket available to all agencies on the Iowa legislature's website.

**3.3(3)** *Notice of proposed rulemaking.*

*a. Contents.* Except for rules filed through emergency rulemaking, at least 35 days before the adoption of a rule, the department shall cause Notice of Intended Action to be published in the Iowa Administrative Bulletin. The Notice of Intended Action shall include:

- (1) A brief explanation of the purpose of the proposed rule.
- (2) The specific legal authority for the proposed rule.
- (3) Except to the extent impracticable, the text of the proposed rule.
- (4) Where, when, and how persons may present their views on the proposed rules.
- (5) Where, when, and how persons may demand an oral proceeding on the proposed rule if the Notice does not already provide for one.

Where the inclusion of the complete text of a proposed rule in the Notice of Intended Action is impracticable, the department shall include in the Notice a statement fully describing the specific subject matter of the omitted portion of the text of the proposed rule, the specific issues to be addressed by that omitted text of the proposed rule, and the range of possible choices being considered by the department for the resolution of each of those issues.

*b. Incorporation by reference.* A proposed rule may incorporate other materials by reference only if it complies with all of the requirements in subrule 3.3(1) applicable to the incorporation by reference of other materials in an adopted rule.

*c. Registration for Notices of Intended Action.* Any person may register on the department's website to receive announcements related to rules from the department. Persons registered to receive announcements from the department will be notified of the publication of the department's Notices of Intended Action and Adopted and Filed rules. Persons who desire to request a paper copy of any rule filing need to make a request to the department's administrative rules coordinator, in writing or by email. The request must specify the rules requested and specify the number of copies. The requester will reimburse the department for the actual costs incurred in providing copies.

#### **3.3(4) Public participation.**

*a. Written comments.* For at least 20 days after publication of the Notice of Intended Action, persons may submit arguments, proposed alternatives, data, and views, in writing or via email, on the proposed rule. These submissions should identify the proposed rule to which they relate and should be submitted to the person designated on the Notice of Intended Action, or to the attention of the department's administrative rules coordinator, at the address provided in 701—paragraph 7.3(1) "c" or by email to the address provided in 701—paragraph 7.3(1) "b."

*b. Oral proceedings.* The department may, at any time, schedule an oral proceeding on a proposed rule. The department shall schedule an oral proceeding on a proposed rule if, within 20 days after the published Notice of Intended Action, a written request for an opportunity to make oral presentations is submitted to the department by the administrative rules review committee, a governmental subdivision, a state agency, an association having not less than 25 members, or at least 25 persons. That request must contain the following information:

- (1) A request by one or more individual persons must be signed by each of them and include the address and telephone number of each of them.
- (2) A request by an association must be signed by an officer or designee of the association and must contain a statement that the association has at least 25 members and the address and telephone number of the person signing that request.
- (3) A request by a state agency or governmental subdivision must be signed by an official having authority to act on behalf of the entity and must contain the address and telephone number of the person signing the request.

#### *c. Conduct of oral proceedings.*

(1) *Applicability.* This subrule applies only to those oral rulemaking proceedings in which an opportunity to make oral presentations is authorized or required by Iowa Code section 17A.4(1) "b" or this chapter.

(2) *Scheduling and notice.* An oral proceeding on a proposed rule may be held in person, virtually, or both, as decided by the department. The proceeding shall not be held earlier than 20 days after the related Notice of Intended Action is published in the Iowa Administrative Bulletin.



(3) Presiding officer. An employee of the department shall preside at the oral proceeding on a proposed rule.

(4) Conduct of proceeding. At an oral proceeding on a proposed rule, persons may make oral statements and make documentary and physical submissions, which may include arguments, proposed alternatives, data, and views concerning the proposed rule. Persons wishing to make oral presentations at such a proceeding are encouraged to notify the department at least one business day prior to the proceeding and indicate the general subject of their presentations. At the proceeding, those who participate shall indicate their names and addresses, identify any persons or organizations they may represent, and provide any other information relating to their participation deemed appropriate by the presiding officer. Oral proceedings shall be open to the public and shall be recorded by stenographic or electronic means.

1. The presiding officer may place time limitations on individual oral presentations when necessary to ensure the orderly and expeditious conduct of the oral proceeding. To encourage joint oral presentations and to avoid repetition, additional time may be provided for persons whose presentations represent the views of both themselves and other individuals.

2. Persons making oral presentations are encouraged to avoid restating matters that have already been submitted in writing.

3. To facilitate the exchange of information, the presiding officer may, where time permits, open the floor to questions or general discussion.

4. The presiding officer has the authority to take any reasonable action necessary for the orderly conduct of the meeting.

5. Physical and documentary submissions presented by participants in the oral proceeding shall be submitted to the presiding officer. Such submissions become the property of the department.

6. The oral proceeding may be continued by the presiding officer to a later time without notice other than by announcement at the hearing.

7. Participants in an oral proceeding do not need to take an oath or to submit to cross-examination. However, the presiding officer in an oral proceeding may question participants and permit the questioning of participants by other participants about any matter relating to that rulemaking proceeding, including any prior written submissions made by those participants in that proceeding. No participant is required to answer any question.

8. The presiding officer in an oral proceeding may permit rebuttal statements and request the filing of written statements subsequent to the adjournment of the oral presentations.

*d. Additional information.* In addition to receiving written comments and oral presentations on a proposed rule according to the provisions of this rule, the department may obtain information concerning a proposed rule through any other lawful means deemed appropriate under the circumstances.

*e. Accessibility.* The department shall schedule oral proceedings in rooms accessible to and functional for persons with physical disabilities. Persons who have special requirements should contact the person listed on the Notice of Intended Action or the department's administrative rules coordinator in advance to arrange access or other needed services.

**3.3(5) Regulatory analysis.**

*a. Submission.* The department shall issue a regulatory analysis of a proposed rule prior to submitting a notice of intended action to the governor's administrative rules coordinator and the administrative code editor pursuant to Iowa Code section 17A.4(1).

*b. Contents.* An issued regulatory analysis shall conform to the requirements of Iowa Code section 17A.4A(2) "a."

*c. Public participation.* For at least 20 days after publication of the regulatory analysis, persons may submit arguments, proposed alternatives, data, and views, on the regulatory analysis. The regulatory analysis shall state the time when, the place where, and the manner in which interested persons may do provide written comment or oral presentation.

**3.3(6) Fiscal impact statement.** A rule that mandates additional combined expenditures exceeding \$100,000 or combined expenditures of at least \$500,000 within five years, by all affected political subdivisions, or by agencies and entities which contract with political subdivisions to provide services,

must be accompanied by a fiscal impact statement outlining the costs associated with the rule. A fiscal impact statement must satisfy the requirements of Iowa Code section 25B.6.

If the department determines at the time it adopts a rule that the fiscal impact statement upon which the rule is based contains errors, the department shall, at the same time, issue a corrected fiscal impact statement and publish the corrected fiscal impact statement in the Iowa Administrative Bulletin.

**3.3(7) *Time and manner of rule adoption.***

*a. Time of adoption.* The department may only adopt a rule once the period for making written submissions and oral presentations has expired. Within 180 days after the later of the publication of the Notice of Intended Action, or the end of oral proceedings, the department shall adopt a rule pursuant to the rulemaking proceeding or terminate the proceeding by publication of a notice to that effect in the Iowa Administrative Bulletin.

*b. Consideration of public comment.* Before the adoption of a rule, the department shall consider fully all of the written submissions and oral submissions received in that rulemaking proceeding or any written summary of the oral submissions and any regulatory analysis or fiscal impact statement issued in that rulemaking proceeding.

*c. Reliance on department expertise.* Except as otherwise provided by law, the department may use its own experience, technical competence, specialized knowledge, and judgment in the adoption of a rule.

**3.3(8) *Variance between adopted rule and published notice of proposed rule adoption.***

*a. Allowable variances.* The department may only adopt a rule that differs from the rule proposed in the Notice of Intended Action on which the rule is based if:

(1) The differences are within the scope of the subject matter announced in the Notice of Intended Action and are in character with the issues raised in that Notice; and

(2) The differences are a logical outgrowth of the contents of that Notice of Intended Action or the comments submitted in response thereto; and

(3) The Notice of Intended Action provided fair warning that the outcome of that rulemaking proceeding could be the rule in question.

*b. Fair warning.* In determining whether the Notice of Intended Action provided fair warning that the outcome of that rulemaking proceeding could be the rule in question, the department shall consider the following factors:

(1) The extent to which persons who will be affected by the rule should have understood that the rulemaking proceeding on which it is based could affect their interests.

(2) The extent to which the subject matter of the rule or the issues determined by the rule are different from the subject matter or issues contained in the Notice of Intended Action.

(3) The extent to which the effects of the rule differ from the effects of the proposed rule contained in the Notice of Intended Action.

*c. Petition for rulemaking.* The department shall commence a rulemaking proceeding within 60 days of its receipt of a petition for rulemaking seeking the amendment or rescission of a rule that differs from the proposed rule contained in the Notice of Intended Action upon which the rule is based unless the department finds that the differences between the adopted rule and the proposed rule are so insubstantial as to make such a rulemaking proceeding wholly unnecessary. A copy of any such finding and the petition to which it responds shall be sent to the petitioner, the governor's administrative rules coordinator, and the administrative rules review committee within three days of its issuance.

*d. Concurrent rulemaking proceedings.* Nothing in this rule disturbs the discretion of the department to initiate, concurrently, several different rulemaking proceedings on the same subject with several different published Notices of Intended Action.

**3.3(9) *Exemptions from public rulemaking procedures, emergency rulemaking.***

*a. Omission of notice and comment.* To the extent the department for good cause finds that public notice and participation are unnecessary, impracticable, or contrary to the public interest in the process of adopting a particular rule, and with the prior approval of the administrative rules review committee and governor's administrative rules coordinator, or if a statute so provides, the department may adopt that rule without publishing advance Notice of Intended Action in the Iowa Administrative Bulletin and

without providing for written or oral public submissions prior to its adoption. The department shall incorporate the required finding and a brief statement of its supporting reasons in each rule adopted in reliance upon this subrule.

*b. Public proceedings on rules adopted without them.* The department may, at any time, commence a standard rulemaking proceeding for the adoption of a rule that is identical or similar to a rule it adopts in reliance upon paragraph 3.3(9)“a.” After a standard rulemaking proceeding commenced pursuant to this subrule, the department may take any other lawful action, including the amendment or rescission of the rule in question, with whatever further proceedings are appropriate.

**3.3(10) Concise statement of reasons.**

*a. General.* When requested by a person, either prior to the adoption of a rule or within 30 days after its publication in the Iowa Administrative Bulletin as an adopted rule, the department shall issue a concise statement of reasons for the rule. Requests for such a statement must be in writing and be delivered by mail to the address listed in paragraph 7.3(1)“c” or by email to the person listed on the adopted rule filing or to the department’s administrative rules coordinator at the address provided in paragraph 7.3(1)“b.” The request should indicate whether the statement is sought for all or only a specified part of the rule. Requests shall be considered made on the date received in accordance with rule 701—7.4(17A).

*b. Contents.* The concise statement of reasons shall contain:

- (1) The reasons for adopting the rule;
- (2) An indication of any change between the text of the proposed rule contained in the published Notice of Intended Action and the text of the rule as finally adopted, with the reasons for any change;
- (3) The principal reasons urged in the rulemaking proceeding for and against the rule, and the department’s reasons for overruling the arguments made against the rule.

*c. Time of issuance.* After a proper request, the department shall issue a concise statement of reasons by the later of the time the rule is adopted or 35 days after receipt of the request.

**3.3(11) Contents, style, and form of rule.**

*a. Contents.* Each rule adopted by the department shall contain the text of the rule and, in addition:

- (1) The date the department adopted the rule;
- (2) A brief explanation of the principal reasons for the rulemaking action if the reasons are required by Iowa Code section 17A.4(2) or the department in its discretion decides to include the reasons;
- (3) A reference to all rules rescinded, amended, or suspended by the rule;
- (4) A reference to the specific statutory or other authority authorizing adoption of the rule;
- (5) Any findings required by any provision of law as a prerequisite to adoption or effectiveness of the rule;
- (6) A brief explanation of the principal reasons for the failure to provide for waivers to the rule if no waiver provision is included and a brief explanation of any waiver or special exceptions provided in the rule if the reasons are required by Iowa Code section 17A.4(2), or the department in its discretion decides to include the reasons; and
- (7) The effective date of the rule.

*b. Incorporation by reference.* The department may incorporate by reference in a proposed or adopted rule, and without causing publication of the incorporated matter in full, all or any part of a code, standard, rule, or other matter if the department finds that the incorporation of its text in the department proposed or adopted rule would be unduly cumbersome, expensive, or otherwise inexpedient. The reference in the department proposed or adopted rule shall fully and precisely identify the incorporated matter by location, title, citation, date, and edition, as applicable. The department may incorporate such matter by reference in a proposed or adopted rule only if the department makes copies of it readily available to the public. The department shall retain permanently a copy of any materials incorporated by reference in a rule of the department. If the department adopts standards by reference to another publication, it shall post the publication containing the standards on the department’s website.

*c. References to materials not published in full.* When the administrative code editor decides to omit the full text of a proposed or adopted rule because publication of the full text would be unduly cumbersome, expensive, or otherwise inexpedient, the department shall prepare and submit to the

administrative code editor for inclusion in the Iowa Administrative Bulletin and Iowa Administrative Code a summary statement describing the specific subject matter of the omitted material. This summary statement shall include the title and a brief description sufficient to inform the public of the specific nature and subject matter of the proposed or adopted rules, and of significant issues involved in these rules. The summary statement shall also describe how a copy of the full text of the proposed or adopted rule, including any unpublished matter and any matter incorporated by reference, may be obtained from the department. The department shall post the full text available for review on the department's website. At the request of the administrative code editor, the department shall provide a proposed statement explaining why publication of the full text would be unduly cumbersome, expensive, or otherwise inexpedient.

**3.3(12)** *Filing of rules.* The department shall file each rule it adopts in the office of the governor's administrative rules coordinator. The filing shall be executed as soon after adoption of the rule as is practicable. At the time of filing, each rule shall have included with it any fiscal impact statement and any concise statement of reasons that was issued with respect to that rule. If a fiscal impact statement or statement of reasons for that rule was not issued until a time subsequent to the filing of that rule, the note or statement must be attached to the filed rule within five working days after the fiscal impact statement or concise statement is issued. In filing a rule, the department shall use the standard form prescribed by the administrative code editor.

**3.3(13)** *Effectiveness of rules prior to publication, emergency rulemaking.*

*a. Grounds.* The department may make a rule effective after its filing at any stated time prior to 35 days after its indexing and publication in the Iowa Administrative Bulletin if it finds that a statute so provides, the rule confers a benefit or removes a restriction on some segment of the public, or that the effective date of the rule is necessary to avoid imminent peril to the public health, safety, or welfare. The department shall incorporate the required finding and a brief statement of its supporting reasons in each rule adopted in reliance upon this subrule.

*b. Special notice.* When the department makes a rule effective prior to its indexing and publication in reliance upon the provisions of Iowa Code section 17A.5(2) "b," the department shall employ all reasonable efforts to make its contents known to the persons who may be affected by that rule prior to the rule's indexing and publication. The term "all reasonable efforts" requires the department to employ the most effective and prompt means of notice rationally calculated to inform potentially affected parties of the effectiveness of the rule that is justified and practical under the circumstances considering the various alternatives available for this purpose, the comparative costs to the department of utilizing each of those alternatives, and the harm suffered by affected persons from any lack of notice concerning the contents of the rule prior to its indexing and publication. The means that may be used for providing notice of such rules prior to their indexing and publication include, but are not limited to, any one or more of the following means: radio, newspaper, television, signs, mail, telephone, personal notice, or electronic means.

A rule made effective prior to its indexing and publication in reliance upon the provisions of Iowa Code section 17A.5(2) "b" shall include in that rule a statement describing the reasonable efforts that will be used to comply with the requirements of paragraph 3.3(13) "b."

**3.3(14)** *Review of rules by department.* Over each five-year period of time, the department shall perform a retrospective analysis pursuant to Iowa Code section 17A.7(2) that includes a comprehensive evaluation and rigorous cost-benefit analysis of each existing chapter of rules to determine whether the benefits the rules are intended to achieve are being realized, whether those benefits justify the costs imposed by the rules, and whether there are less restrictive alternatives to accomplish those benefits. When the department's five-year review of its rules is completed, the department shall summarize the results and provide the written summary to the governor's administrative rules coordinator and the administrative rules review committee.

This rule is intended to implement Iowa Code chapter 17A and sections 123.10 and 421.14.

**701—3.4(99G,123,421,17A) Docket.** All review requests, public inquiries, petitions, and waivers coming within the purview of this chapter are assigned a docket number that is the official identification

number of the matter for the purposes of identification. The parties will be notified of the docket number. The number will be placed by the parties on all documents thereafter filed in the proceeding.

**701—3.5(99G,123,421,17A) Public inquiries on rulemaking and the rulemaking records.** The department maintains records in accordance with the State Records Manual and agency retention schedule described in rule 671—2.2(305).

This rule is intended to implement Iowa Code section 17A.3.

**701—3.6(99G,123,421,17A) Petition for rulemaking.**

**3.6(1) Filing, form, and contents of petition.**

*a. Filing.* Any person or agency may file a petition for rulemaking using one of the methods described in subrule 7.3(1).

*b. Department forms.* A petition may be filed using the form available on GovConnectIowa. Alternatively, a petition may be filed using the form or the GovConnectIowa petition link found on the department’s website, [revenue.iowa.gov](http://revenue.iowa.gov).

*c. Manually created petitions.*

(1) Persons who do not use the filing methods outlined in paragraph 3.6(1)“b” shall use the following format to submit a petition for rulemaking:

DEPARTMENT OF REVENUE

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Petition by (Name of Petitioner)	*	PETITION FOR
for the (adoption, amendment, or	*	RULEMAKING
rescission) of rules relating to (state	*	
subject matter).	*	

---

(2) The petition must provide the following information:

1. A statement of the specific rulemaking action sought by the petitioner including the text or a summary of the contents of the proposed rule or amendment to a rule and, if it is a petition to amend or rescind a rule, a citation and the relevant language to the particular portion or portions of the rule proposed to be amended or rescinded.

2. A citation to any law deemed relevant to the department’s authority to take the action urged or to the desirability of that action.

3. A brief summary of the petitioner’s arguments in support of the action urged in the petition.

4. A brief summary of any data supporting the action urged in the petition.

5. A complete history of any prior contacts between the petitioner and the department relating to the activity affected by the proposed rulemaking, including audits, notices of assessment, refund claims, appeals, contested case hearings, or investigative reports relating to the activity within the last five years.

6. The names and addresses of other persons, or a description of any class of persons, known by the petitioner to be affected by or interested in the proposed action that is the subject of the petition.

7. Any request by the petitioner for a meeting.

8. Any other matters deemed relevant that are not covered by the above requirements.

*d. File-stamped copy.* The department will provide the petitioner with a file-stamped copy of the petition if the petitioner provides the department an extra copy for this purpose.

**3.6(2) Form signed and dated.** The petition must be signed and dated by the petitioner or the petitioner’s representative. It must also include the name, mailing address, telephone number, and email address of the petitioner and of the petitioner’s representative and a statement indicating the person to whom communications concerning the petition should be directed.

**3.6(3) Denial by department.** The department may deny a petition because it does not substantially conform to the required form or because all the required information has not been provided.

**3.6(4) Briefs.** The petitioner may attach a brief to the petition in support of the action urged in the petition. The department may request a brief from the petitioner or from any other person concerning the substance of the petition.

**3.6(5) Status of petition.** Inquiries concerning the status of a petition for rulemaking may be made to the department's administrative rules coordinator by mail at the address listed in paragraph 7.3(1) "c" or by email to the address provided in paragraph 7.3(1) "b."

**3.6(6) Informal meeting.** If requested in the petition by the petitioner, the department may schedule an informal meeting between the petitioner and the department, or a member of the staff of the department, to discuss the petition. The department may request that the petitioner submit additional information or argument concerning the petition. The department may also solicit comments from any person on the substance of the petition. Also, comments on the substance of the petition may be submitted to the department by any person.

**3.6(7) Action required.** Within 60 days after the filing of the petition, or within an extended period as agreed to by the petitioner, the department must, in writing, either (a) deny the petition and notify the petitioner of the department's action and the specific grounds for the denial or (b) grant the petition and notify the petitioner that the department has instituted rulemaking proceedings on the subject of the petition. The petitioner shall be deemed notified of the denial of the petition or the granting of the petition on the date that the department mails or delivers the required notification to the petitioner. All orders granting or denying a petition shall be submitted to the administrative rules review committee.

**3.6(8) New petition.** Denial of a petition because the petition does not substantially conform to the required form does not preclude the filing of a new petition on the same subject when the new petition contains the required information that was the basis for the original denial.

This rule is intended to implement Iowa Code chapter 17A.

**701—3.7(99G,123,421,17A) Waiver of certain department rules.** All discretionary rules or discretionary provisions in a rule over which the department has jurisdiction, in whole or in part, may be subject to waiver.

**3.7(1) Definitions.** The following terms apply to the interpretation and application of this rule:

*"Discretionary rule"* or *"discretionary provisions in a rule"* means rules or provisions in rules resulting from a delegation by the legislature to the department to create a binding rule to govern a given issue or area. The department is not interpreting any statutory provision of the law promulgated by the legislature in a discretionary rule. Instead, a discretionary rule is authorized by the legislature when the legislature has delegated the creation of binding rules to the department and the contents of such rules are at the discretion of the department. A rule that contains both discretionary and interpretive provisions is deemed to be a discretionary rule to the extent of the discretionary provisions in the rule.

*"Interpretive rules"* or *"interpretive provisions in a rule"* means rules or provisions in rules that define the meaning of a statute or other provision of law or precedent where the department does not possess the delegated authority to bind the courts to any extent with its definition.

*"Waiver"* means a department action that suspends, in whole or in part, the requirements or provisions of a rule as applied to an identified person on the basis of the particular circumstances of that person.

**3.7(2) Scope of rule.**

*a.* This rule creates generally applicable standards and a generally applicable process for granting individual waivers from the discretionary rules or discretionary provisions in rules adopted by the department in situations where no other specifically applicable law provides for waivers. To the extent another more specific provision of law governs the issuance of a waiver from a particular rule, the more specific waiver provision shall supersede this rule with respect to any waiver from that rule.

*b.* The waiver provisions set forth in this rule do not apply to rules over which the department does not have jurisdiction or when issuance of the waiver would be inconsistent with any applicable statute, constitutional provision, or other provision of law.

**3.7(3) Applicability of this rule.**

*a.* This rule applies only to waiver of those rules that are within the exclusive rulemaking authority of the department. This rule shall not apply to interpretive rules that merely interpret or construe the meaning of a statute, or other provision of law or precedent, if the department does not possess statutory authority to bind a court, to any extent, with its interpretation or construction. Thus, this waiver rule applies to discretionary rules and discretionary provisions in rules and not to interpretive rules.

b. The application of this rule is strictly limited to petitions for waiver filed outside of a contested case proceeding. Petitions for waiver from a discretionary rule or discretionary provisions in a rule filed after the commencement of a contested case as provided in rule 701—7.15(17A) will be treated as an issue of the contested case to be determined by the presiding officer of the contested case.

**3.7(4) Authority to grant a waiver.** The director may not issue a waiver under this rule unless:

- a. The legislature has delegated authority sufficient to justify the action; and
- b. The waiver is consistent with statutes and other provisions of law. No waiver from any mandatory requirement imposed by statute may be granted under this rule.

**3.7(5) Criteria for waiver.** In response to a petition, the director may, in the director’s sole discretion, issue an order granting a waiver from a discretionary rule or a discretionary provision in a rule adopted by the department, in whole or in part, as applied to the circumstances of a specified person, if the director finds that the waiver is consistent with subrules 3.7(3) and 3.7(4) and if all of the following criteria are also met:

- a. The waiver would not prejudice the substantial legal rights of any person;
- b. The rule or provisions of the rule are not specifically mandated by statute or another provision of law;
- c. The application of the rule or rule provision would result in an undue hardship or injustice to the petitioner; and
- d. Substantially equal protection of public health, safety, and welfare will be afforded by means other than that prescribed in the rule or rule provision for which the waiver is requested.

**3.7(6) Director’s discretion.** The final decision to grant or deny a waiver shall be vested in the director. This decision shall be made at the sole discretion of the director based upon consideration of relevant facts.

**3.7(7) Burden of persuasion.** The burden of persuasion shall be on the petitioner to demonstrate by clear and convincing evidence that the director should exercise discretion to grant the petitioner a waiver based upon the criteria contained in subrule 3.7(5).

**3.7(8) Form and contents of petition.**

a. *Department forms.* A petition for waiver may be filed using the form available on GovConnectIowa. Alternatively, a petition for waiver may be filed using the form or the GovConnectIowa petition link found on the department’s website, [revenue.iowa.gov](http://revenue.iowa.gov).

b. *Manually created petitions.*

(1) Persons who do not use the filing methods outlined in paragraph 3.7(8)“a” shall use the following format to submit a petition for waiver:

DEPARTMENT OF REVENUE		
Name of Petitioner	*	PETITION FOR
Address of Petitioner	*	WAIVER
	*	Docket No. _____
	*	

(2) A manually created petition for waiver must contain all of the following, where applicable and known to the petitioner:

1. The name, address, email address, telephone number, and case number or state identification number of the entity or person for whom a waiver is being requested;
2. A description and citation of the specific rule or rule provisions from which a waiver is being requested;
3. The specific waiver requested, including a description of the precise scope and operative period for which the petitioner wants the waiver to extend;
4. The relevant facts that the petitioner believes would justify a waiver. This statement shall include a signed statement from the petitioner attesting to the accuracy of the facts represented in the petition and a statement of reasons that the petitioner believes will justify a waiver;
5. A complete history of any prior contacts between the petitioner and the department relating to the activity or license affected by the proposed waiver, including audits, notices of assessment, refund

claims, appeals, a description of each affected license held by the requester, any notices of violation, contested case hearings, or investigative reports relating to the activity within the last five years;

6. Any information known to the petitioner relating to the department's treatment of similar cases;

7. The name, address, and telephone number of any public agency or political subdivision that might be affected by the granting of a waiver;

8. The name, address, and telephone number of any person or entity that would be adversely affected by the granting of the waiver;

9. The name, address, and telephone number of any person with knowledge of the relevant facts relating to the proposed waiver;

10. Signed releases of information authorizing persons with knowledge of relevant facts to furnish the department with information relating to the waiver; and

11. The signature of the petitioner or the petitioner's representative and date of signature. It must also include the name, mailing address, and telephone number of the petitioner and of the petitioner's representative and a statement indicating the person to whom communications concerning the petition should be directed. Petitions submitted by a representative must have a valid IDR +power of attorney form or representative certification form, as applicable in accordance with rule 701—7.6(17A), on file with the department.

**3.7(9) Filing of petition.** A petition for waiver must be filed using one of the methods described in subrule 7.3(1).

**3.7(10) Additional information.** Prior to issuing an order granting or denying a waiver, the director may request additional information from the petitioner relating to the petition and surrounding circumstances. The director may, on the director's own motion, or at the petitioner's request, schedule a telephonic or in-person meeting between the petitioner or the petitioner's representative, or both, and the director to discuss the petition and surrounding circumstances.

**3.7(11) Notice of petition for waiver.** If notice to others is required by law, the petitioner shall provide, within 30 days of filing the petition for waiver, a notice consisting of a concise summary of the contents of the petition for waiver and stating that the petition is pending. Such notice shall be mailed by the petitioner to all persons entitled to such notice. Such persons to whom notice must be mailed include, but are not limited to, the director and all parties to the petition for waiver, or the parties' representatives. The petitioner must then file written notice to the department's legal services section by mail to the address listed in paragraph 7.3(1)"c" or by email to the address provided in paragraph 7.3(1)"b," attesting that the notice has been mailed. The names, addresses and telephone numbers of the persons to whom the notices were mailed shall be included in the filed written notice. The department has the discretion to give such notice to persons other than those persons notified by the petitioner.

**3.7(12) Ruling on a petition for waiver.** An order granting or denying a waiver must conform to the following:

*a.* An order granting or denying a waiver shall be in writing and shall contain a reference to the particular person and rule or rule provision to which the order pertains, a statement of the relevant facts and reasons upon which the action is based, and a description of the narrow and precise scope and operative time period of a waiver, if one is issued.

*b.* Conditions. The director may condition the grant of a waiver on any conditions that the director deems to be reasonable and appropriate in order to protect the public health, safety, and welfare.

**3.7(13) Time period for waiver; extension.** Unless otherwise provided, an order granting a petition for waiver will be effective for 12 months from the date the order granting the waiver is issued. Renewal of a granted waiver is not automatic. To renew the waiver beyond the 12-month period, the petitioner must file a new petition requesting a waiver. The renewal petition will be governed by the provisions in this rule and must be filed prior to the expiration date of the previously issued waiver or extension of waiver. Even if the order granting the waiver was issued in a contested case proceeding, any request for an extension shall be filed with and acted upon by the director. However, renewal petitions must request an extension of a previously issued waiver. Granting the extension of the waiver is at the director's sole discretion and must be based upon whether the factors set out in subrules 3.7(4) and 3.7(5) remain valid.



**3.7(14) Time for ruling.** The director shall grant or deny a petition for waiver as soon as practicable but, in any event, shall do so within 120 days of its receipt unless the petitioner agrees in writing to a later date or the director indicates in a written order that it is impracticable to issue the order within the 120-day period.

**3.7(15) When deemed denied.** Failure of the director to grant or deny a waiver within the 120-day period or the extended time period shall be deemed a denial of that petition.

**3.7(16) Service of orders.** Within seven days of its issuance, any order issued under this rule shall be transmitted to the petitioner or the person to whom the order pertains and to any other person entitled to such notice by any provision of law.

**3.7(17) Recordkeeping.** The department is required to maintain a record of all petitions for waiver and rulings granting or denying petitions for waiver.

*a. Petitions for waiver.* The department shall maintain a record of all petitions for waiver available for public inspection. Such records will be indexed and filed and made available for public inspection.

*b. Report of orders granting or denying a waiver.* All orders granting or denying a waiver shall be submitted on the Internet site as prescribed in Iowa Code section 17A.9A.

**3.7(18) Cancellation of waiver.** A waiver issued pursuant to this rule may be withdrawn, canceled, or modified if, after appropriate notice, the director issues an order finding any of the following:

*a.* The person who obtained the waiver order withheld or misrepresented material facts relevant to the propriety or desirability of the waiver; or

*b.* The alternative means for ensuring that public health, safety, and welfare will be adequately protected after issuance of the waiver order have been demonstrated to be insufficient, and no other means exist to protect the substantial legal rights of any person; or

*c.* The person who obtained the waiver has failed to comply with all of the conditions in the waiver order.

**3.7(19) Violations.** A violation of a condition in a waiver order shall be treated as a violation of the particular rule or rule provision for which the waiver was granted. As a result, the recipient of a waiver under this rule who violates a condition of the waiver may be subject to the same remedies or penalties as a person who violates the rule or rule provision at issue.

**3.7(20) Defense.** After an order granting a waiver is issued, the order shall constitute a defense, within the terms and the specific facts indicated therein, for the person to whom the order pertains in any proceeding in which the rule in question is sought to be invoked unless subrules 3.7(18) and 3.7(19) are applicable.

**3.7(21) Hearing and appeals.**

*a.* Appeals from a decision granting or denying a waiver in a contested case proceeding shall be in accordance with the rules governing hearings and appeals from decisions in contested cases. These appeals shall be taken within 30 days of the issuance of the ruling granting or denying the waiver request, unless a different time is provided by rule or statute, such as provided in the area of license revocation (more information is contained in rule 701—7.26(17A)).

*b.* The provisions of Iowa Code sections 17A.10 through 17A.18A and rule 701—7.18(17A) regarding contested case proceedings shall apply to any petition for waiver of a rule or provisions in a rule filed within a contested case proceeding. A petition for waiver of a provision in a rule outside of a contested case proceeding will not be considered under the statutes or rule 701—7.18(17A). Instead, the director’s decision on the petition for waiver is considered to be “other agency action.”

This rule is intended to implement Iowa Code section 17A.9A.

These rules are intended to implement Iowa Code chapter 17A.

ITEM 4. Adopt the following **new** 701—Chapter 4:

#### CHAPTER 4 DECLARATORY ORDERS

**701—4.1(99G,123,421,17A) Applicability and scope of rules.** These rules implement the Iowa administrative procedure Act and aid in the effective and efficient administration and enforcement of the

tax laws of this state and other activities of the department. These rules govern declaratory orders involving all areas within the department's jurisdiction. The rules in this chapter apply to all declaratory orders pending or commenced on or after their effective date. 701—Chapters 6 and 7 contain rules on contested cases within the department's jurisdiction. 701—Chapter 3 contains rules on rulemaking and rule waivers for all matters within the department's jurisdiction.

This rule is intended to implement Iowa Code chapter 17A.

**701—4.2(99G,123,421,17A) Definitions.** These definitions and the definitions provided in Iowa Code chapter 17A apply to this chapter unless the text states otherwise:

*“Declaratory order”* means an order issued pursuant to Iowa Code section 17A.9 and these rules.

*“Department”* or *“IDR”* means the Iowa department of revenue.

*“Director”* means the director of the department or the director's designee.

*“Entity”* means any person other than an individual or sole proprietorship.

*“GovConnectIowa”* means the e-services portal of the department.

*“Intervene”* means to file with the department a petition requesting that the petitioner be allowed to intervene in the proceedings for a declaratory order currently under the department's consideration.

*“Issuance”* means the date specified in the decision or order, the date of mailing of a decision, or order or date of delivery of the decision or order if service is by other means.

*“Person”* means the same as defined in Iowa Code section 17A.2. “Public or private organization of any character or any other person covered by the Iowa administrative procedure Act other than an agency” as used in that definition includes estates, trusts, or fiduciaries.

*“Petition”* means an application for declaratory order or request to intervene in a declaratory order under consideration.

This rule is intended to implement Iowa Code chapter 17A.

**701—4.3(99G,123,421,17A) How to submit declaratory orders or related documents; service.** A person shall submit declaratory orders and related documents in accordance with 701—7.3(17A).

This rule is intended to implement Iowa Code chapter 17A.

**701—4.4(99G,123,421,17A) Time requirements for filings.** Time filing procedures are set forth in rule 701—7.4(17A).

This rule is intended to implement Iowa Code chapter 17A.

**701—4.5(99G,123,421,17A) Form and style of documents.** Requirements for filings are set forth in rule 701—7.5(17A).

This rule is intended to implement Iowa Code chapters 17A and 554D and sections 421.17 and 421.27A.

**701—4.6(99G,123,421,17A) Docket.** Every matter coming within the purview of this chapter is assigned a docket number that is the official identification number of the matter. The parties will be notified of the docket number. The number will be placed by the parties on all documents thereafter filed in the proceeding.

This rule is intended to implement Iowa Code chapter 17A.

**701—4.7(99G,123,421,17A) Declaratory order—in general.** Any oral or written advice or opinion rendered to members of the public by department personnel not pursuant to a petition for declaratory order is not binding upon the department.

**4.7(1) Filing a petition for declaratory order.**

*a. When a petition is considered filed.* A petition is deemed filed when it is received by the department as described in rule 701—7.4(17A). The department shall provide the petitioner with a file-stamped copy of the petition if the petitioner provides the department with an extra copy for this purpose.

*b. Department forms.* A petition for declaratory order may be filed using the form available on GovConnectIowa. Alternatively, a petition for declaratory order may be filed using the form or the GovConnectIowa petition link found on the department’s website, [revenue.iowa.gov](http://revenue.iowa.gov).

*c. Manually created petitions.*

(1) Persons who do not use the filing methods outlined in paragraph 4.7(1)“b” shall use the following format to submit a petition for declaratory order:

DEPARTMENT OF REVENUE

---

Petition by (Name of Petitioner) for a Declaratory Order on (Cite provisions of law involved).	* * * *	PETITION FOR DECLARATORY ORDER Docket No. _____
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- (2) The petition must provide the following information:
1. A clear and concise statement of all relevant facts on which the order is requested;
  2. A citation and the relevant language of the specific statutes, rules, policies, decisions, or orders, the applicability of which is questioned, and any other relevant law;
  3. The questions the petitioner wants answered, stated clearly and concisely;
  4. The answers to the questions desired by the petitioner and a summary of the reasons urged by the petitioner in support of those answers;
  5. The reasons for requesting the declaratory order and disclosure of the petitioner’s interest in the outcome;
  6. A statement indicating whether the petitioner is currently a party to another proceeding involving the questions at issue and whether, to the petitioner’s knowledge, those questions have been decided by, are pending determination by, or are under investigation by any governmental entity;
  7. The names and addresses of other persons, or a description of any class of persons, known by the petitioner to be affected by, or interested in, the questions presented in the petition;
  8. Any request by the petitioner for a meeting provided for by this rule;
  9. Whether the petitioner is presently under audit or investigation by the department; and
  10. The signature of the petitioner or the petitioner’s representative and date of signature. It must also include the name, mailing address, and telephone number of the petitioner and of the petitioner’s representative and a statement indicating the person to whom communications concerning the petition should be directed. Petitions submitted by a representative must have a valid IDR power of attorney form or representative certification form, as applicable in accordance with rule 701—8.8(17A), on file with the department.

*d. Standing.* The petitioner must be potentially aggrieved or adversely affected by the department action or failure to act.

*e. Associations.* An association or a representative group is not considered to be an entity qualifying for filing a petition requesting a declaratory order on behalf of all of the association or group members. Each member of an association may not be similarly situated or represented by the factual scenario set forth in such a petition.

**4.7(2) Notice of petition.** Within 15 days after receipt of a petition for a declaratory order, the department shall give notice of the petition to all persons not served by the petitioner to whom notice is required by any provision of law. The department may also give notice to any other persons.

**4.7(3) Intervention.**

*a. Nondiscretionary intervention.* Persons who qualify under any applicable provision of law as an intervenor and who file a petition for intervention within 20 days of the filing of a petition for declaratory order shall be allowed to intervene in a proceeding for a declaratory order.

*b. Discretionary intervention.* Any person who files a petition for intervention at any time prior to the issuance of an order may be allowed to intervene in a proceeding for a declaratory order at the discretion of the department.

*c. Filing and form of petition for intervention.* A petition for intervention shall be filed in accordance with 701—paragraph 7.3(1)“b,” “c,” or “d.” Such a petition is deemed filed when it is received in accordance with rule 701—7.4(17A). The department will provide the petitioner with a file-stamped copy of the petition for intervention if the petitioner provides an extra copy for this purpose. A petition for intervention must be typewritten or legibly handwritten in ink and must substantially conform to the following format:

DEPARTMENT OF REVENUE

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Petition by (Name of Original Petitioner) for a Declaratory Order on (Cite provisions of law cited in original Petition).	* * * *	PETITION FOR INTERVENTION Docket No. _____
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- d. Contents.* The petition for intervention must provide the following information:
- (1) Facts supporting the intervenor’s standing and qualifications for intervention;
  - (2) The answers urged by the intervenor to the question or questions presented and a summary of the reasons urged in support of those answers;
  - (3) Reasons for requesting intervention and disclosure of the intervenor’s interest in the outcome;
  - (4) A statement indicating whether the intervenor is currently a party to any proceeding involving the questions at issue and whether, to the intervenor’s knowledge, those questions have been decided by, are pending determination by, or are under investigation by any governmental entity;
  - (5) The names and addresses of any additional persons, or a description of any additional class of persons, known by the intervenor to be affected by, or interested in, the questions presented;
  - (6) Whether the intervenor is presently under audit or investigation by the department;
  - (7) A statement that the intervenor understands that if the department allows the intervention, the intervenor will be bound by the declaratory order; and
  - (8) The signature of the intervenor or the intervenor’s representative and date of signature. It must also include the name, mailing address, and telephone number of the intervenor and of the intervenor’s representative and a statement indicating the person to whom communications should be directed. Petitions for intervention submitted by a representative must have a valid IDR power of attorney form or representative certification form, as applicable in accordance with rule 701—8.8(17A), on file with the department.

*e. Standing.* For a petition for intervention to be allowed, the petitioner must have consented to be bound by the declaratory order and the petitioner must have standing regarding the issues raised in the petition for declaratory order. Facts described in the petition for intervention must be those supporting intervention, not related to the substantive issues in the petition. The petition for intervention must not correct facts that are in the petition for declaratory order or raise any additional facts. To have standing, the intervenor must show that the intervenor is potentially aggrieved or adversely affected by the department action or failure to act on the interest at stake in the petition for declaratory order.

*f. Factually distinct matters.* If a party seeks to have an issue determined by intervening in a declaratory order proceeding, but the facts are different from those in a petition for declaratory order that is currently under consideration by the director, the interested party should not petition as an intervenor in the petition for declaratory order currently under the director’s consideration. Instead, the party should file a separate petition for declaratory order, and the petition should include all of the relevant facts. The director may deny a petition for intervention without denying the underlying petition for declaratory order that is involved.

**4.7(4) Briefs.** The petitioner or any intervenor may file a brief in support of the position urged. The department may request a brief from the petitioner, any intervenor, or any other person concerning the questions raised in the petition.

**4.7(5) Inquiries.** Inquiries concerning the status of a declaratory order proceeding may be made to the Legal Services and Appeals Division, Iowa Department of Revenue, P.O. Box 14457, Des Moines, Iowa 50306-3457; or by email to the address provided in 701—paragraph 7.3(1)“b.”

**4.7(6) Service and filing of petitions and other papers.**

*a. When service is required.* Except where otherwise provided by law, every petition for declaratory order, petition for intervention, brief, or other paper filed in a proceeding for a declaratory order shall be served upon each of the parties of record to the proceeding, and on all other persons identified in the petition for declaratory order or petition for intervention as affected by or interested in the questions presented, simultaneously with its filing. The party filing a document is responsible for service on all parties and other affected or interested persons.

*b. Filing—when required.* All petitions for declaratory orders, petitions for intervention, briefs, or other papers in a proceeding for a declaratory order shall be filed in the same manner described in rule 701—7.3(17A). All petitions, briefs, or other papers that are required to be served upon a party shall be filed simultaneously with the department.

*c. Method of service, time of filing, and proof of mailing.* Method of service, time of filing, and proof of mailing shall be as provided in rules 701—7.3(17A) and 701—7.4(17A).

**4.7(7) Department consideration.**

*a. Informal meetings.* Upon request by the petitioner in the petition, the department may schedule a brief and informal meeting between the original petitioner; all intervenors; and the department, a member of the department, or a member of the staff of the department to discuss the questions raised.

*b. Requests for additional information.* The department may solicit additional information from the petitioner and establish a time frame for response. The department may also solicit comments or information from any other person on the questions raised. Also, comments or information on the questions raised may be submitted to the department by any person.

**4.7(8) Withdrawal of the petition.** The petitioner may voluntarily withdraw its petition by notifying the department in writing at any time before the order is issued. The petitioner may not withdraw the petition after the order is issued.

**4.7(9) Action on petition.**

*a.* Within 30 days after receipt of a petition for a declaratory order, the director shall take action on the petition. That action may include issuing an order, issuing a refusal, scheduling the issuance of a decision for a later date, or any other action described in Iowa Code section 17A.9(5).

*b.* The date of issuance of an order or of a refusal to issue an order is the date of mailing of the order or refusal or date of delivery if service is by other means.

**4.7(10) Refusal to issue order.**

*a. Reasons for refusal to issue order.* The department shall not issue a declaratory order where prohibited by Iowa Code section 17A.9 and may refuse to issue a declaratory order on some or all questions raised for any of the following reasons:

- (1) The petition does not substantially comply with the required form;
- (2) The petition does not contain facts sufficient to demonstrate that the petitioner will be aggrieved or adversely affected by the failure of the department to issue an order;
- (3) The department does not have jurisdiction over the questions presented in the petition;
- (4) Questions or issues presented by the petition are also presented in a current audit or investigation, rulemaking, contested case, litigation, or other department or judicial proceeding that may definitively resolve them;
- (5) The questions presented by the petition would more properly be resolved in a different type of proceeding or by another body with jurisdiction over the matter;
- (6) The facts or questions presented in the petition are unclear, overbroad, insufficient, or otherwise inappropriate as a basis upon which to issue an order;
- (7) There is no need to issue an order because the questions raised in the petition have been settled due to a change in circumstances;
- (8) The petition is not based upon facts calculated to aid in the planning of future conduct but is, instead, based solely upon prior conduct in an effort to establish the effect of that conduct or to challenge a department decision already made;
- (9) The petition requests a declaratory order that would necessarily determine the legal rights, duties, or responsibilities of other persons who have not joined in the petition, intervened separately, or

filed a similar petition and whose position on the questions presented may fairly be presumed to be adverse to that of the petitioner; or

(10) The petitioner requests the department to determine whether a statute is unconstitutional on its face.

*b. Action on refusal.* A refusal to issue a declaratory order must indicate the specific grounds for the refusal and constitutes final department action on the petition.

*c. Filing of new petition.* Refusal to issue a declaratory order pursuant to this rule does not preclude the filing of a new petition that seeks to eliminate the grounds for the department's refusal to issue an order.

**4.7(11)** *Contents of declaratory order, refusal; effective date.*

*a.* In addition to the ruling itself, a declaratory order or refusal must contain the date of its issuance, the name of the petitioner and all intervenors, the specific statutes, rules, policies, decisions, or orders involved, the particular facts upon which it is based, and the reasons for its conclusion.

*b.* A declaratory order is effective on the date of issuance.

**4.7(12)** *Copies of orders.* A copy of all orders issued in response to a petition for a declaratory order shall be delivered promptly to the original petitioner and all intervenors or otherwise served in accordance with rule 701—7.3(17A).

**4.7(13)** *Effect of a declaratory order.* A declaratory order is binding on the department, the petitioner, and any intervenors. As to all other persons, a declaratory order serves only as precedent and is not binding on the department. The issuance of a declaratory order constitutes final department action on the petition. A declaratory order, once issued, will not be rescinded by the department and cannot be withdrawn by the petitioner.

This rule is intended to implement Iowa Code section 17A.9.

These rules are intended to implement Iowa Code chapter 17A.

ITEM 5. Rescind 701—Chapter 5 and adopt the following **new** chapter in lieu thereof:

## CHAPTER 5 PUBLIC RECORDS AND FAIR INFORMATION PRACTICES

**701—5.1(17A,22,99G,123,421-454) Definitions.** As used in this chapter:

*“Confidential record”* means a record that is not available as a matter of right for examination and copying by members of the public under applicable provisions of law. Confidential records include but are not limited to records or information contained in records that the department is prohibited by law from making available for examination by members of the public; records or information contained in records that are specified as confidential by Iowa Code section 22.7, 99G.34, or 123.38A, or other provision of law but that may be disclosed upon order of a court, the lawful custodian of the record, or by another person duly authorized to release the record; and confidential state tax information and federal tax information. Mere inclusion in a record of information declared confidential by an applicable provision of law does not necessarily make that entire record a confidential record.

*“Confidential state tax information”* means information that is protected from disclosure by Iowa Code sections 422.20, 422.72, 437A.14, 437B.10, 453B.10, 450.68, and 452A.63. Confidential state tax information includes but is not limited to state tax returns and return information. Confidential state tax information does not include federal tax information (FTI). If confidential state tax information is contained in a record, that record may also be considered a confidential record protected by Iowa Code chapter 22.

*“Custodian”* means the department, the director of revenue, the department's public information officer, or a person lawfully delegated authority by the department to act for the department in implementing Iowa Code chapter 22.

*“Department”* means the Iowa department of revenue.

*“Federal tax information”* or *“FTI”* means return or return information received directly from the IRS or obtained through an authorized secondary source acting on behalf of the IRS pursuant to an IRC §6103(p)(2)(B) agreement. Copies of tax returns or return information provided to the department

directly by a taxpayer or the taxpayer's representative, including but not limited to tax returns or return information provided to the department through electronic filing as defined in 701—subrule 8.5(1), or obtained from public information files (e.g., federal tax liens on file with the county clerk, Offers in Compromise available for public inspection, and court records) are not considered FTI.

“*GovConnectIowa*” means the e-services portal of the department.

“*IRC*” means the Internal Revenue Code.

“*IRS*” means the Internal Revenue Service.

“*Open record*” means a record other than a confidential record.

“*Personally identifiable information*” means information about or pertaining to an individual in a record that identifies the individual and that is contained in a record system. The term “personally identifiable information” includes “personal information” as defined in Iowa Code section 715C.1.

“*Record*” means the whole or a part of a “public record” as defined in Iowa Code section 22.1 that is owned by or in the physical possession of the department. Records include confidential records.

“*Record system*” means any group of records under the control of the department from which a record may be retrieved by a personal identifier such as the name of an individual, number, symbol, or other unique retriever assigned to an individual. A record system is a “system,” as defined below.

“*Routine use*” means the disclosure of a record without the consent of the subject or subjects, for a purpose that is compatible with the purpose for which the record was collected. “Routine use” includes disclosures required by statute other than the public records laws codified at Iowa Code chapter 22.

“*System*” means any of the following:

1. Computer hardware or software;
2. Computerized processes and procedures;
3. Noncomputerized processes and procedures.

“*Tax administration*” means the administration, management, conduct, direction, and supervision of the execution and application of the state tax laws; means the development and formulation of state tax policy; and includes assessment, collection, enforcement, litigation, publication, and statistical gathering functions.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.2(17A,22,99G,123,421-454) Statement of policy.** The purpose of this chapter is to facilitate broad public access to open records and to facilitate sound department determinations with respect to the handling of confidential records and the implementation of Iowa Code section 22.11.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.3(17A,22,99G,123,421-454) Requests for public records.**

**5.3(1) Availability of records.** Department records are open for public inspection and copying unless they are confidential or otherwise not subject to public inspection by rule or law. The department is not obligated to create a record if a requested record does not exist.

**5.3(2) Methods for submitting a records request.** Record requests shall be submitted using one of the following methods:

*a. Mail.* Requests by mail should be addressed to: Public Information Officer, Iowa Department of Revenue, P.O. Box 10457, Des Moines, Iowa 50306.

*b. Electronic submission.* Instructions for submitting requests electronically can be found on the department's website: [revenue.iowa.gov](http://revenue.iowa.gov).

*c. Hand delivery.* Requests should be hand-delivered to the department of revenue office on the first floor of the Hoover State Office Building, 1305 East Walnut St., Des Moines, Iowa.

*d. Telephone.* Instructions for submitting requests by telephone can be found on the department's websites: [revenue.iowa.gov](http://revenue.iowa.gov) or [ialottery.com](http://ialottery.com).

**5.3(3) Content of a records request.**

*a.* Requests shall identify the particular records sought by name or description and include the name, address, email, and telephone number of the person requesting the records.

*b.* No reason need be given for requesting an open record. Department staff may request additional information from the requester for the purposes of clarification or identification of responsive records.

**5.3(4) Response to requests.** Records will be provided as soon as feasible. The custodian will promptly give notice to the requester of the reason for any delay in providing an open record and an estimate of the length of that delay and, upon request, will promptly provide that notice to the requester in writing. Access by members of the public to a confidential record is limited by law and, therefore, may generally be provided only in accordance with the provisions of rule 701—5.4(17A,22,99G,123,421-454) and other applicable provisions of law.

**5.3(5) Security of record.** No person may, without permission from the custodian, search or remove any record from department files. Examination and copying of department records will be supervised by the custodian or a designee of the custodian. Records will be protected from damage and disorganization.

**5.3(6) Fees.**

*a. When charged.* The department may charge fees in connection with the search, retrieval, examination, and copying of requested records.

*b. Copying and postage fees.* Price schedules for published materials and for photocopies of records supplied by the department will be posted on the department's website. When the mailing of copies of records is requested, the actual costs of such mailing may also be charged to the requester.

*c. Search, retrieval, and examination fee.* An hourly fee may be charged for actual department expenses associated with the search, retrieval, and examination of requested records. The fee is based upon the pay scale of the employee involved and other actual costs incurred. The department provides the first two hours of search, retrieval, and examination of responsive records free of charge.

*d. Estimated fee.* Within a reasonable time after a request is made, the department will provide to the requester an estimated fee of the actual costs expected to be incurred by the department in fulfilling the request.

*e. Advance deposits.*

(1) When the estimated total fee chargeable under this subrule exceeds \$25, the custodian may require a requester to make an advance payment to cover all or a part of the estimated fee.

(2) When a requester has previously failed to pay a fee chargeable under this subrule, the custodian may require advance payment of the full amount of any estimated fee before the custodian processes a new request from that requester.

*f. Fee waivers.* To the extent permitted by applicable provisions of law, the payment of fees may be waived when the imposition of fees is inequitable or when a waiver is in the public interest.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.4(17A,22,99G,123,421-454) Access to confidential records.** Under Iowa Code section 22.7 or other applicable provisions of law, the lawful custodian may disclose certain confidential records to one or more members of the public. Other provisions of law authorize or require the custodian to release specified confidential records under certain circumstances or to particular persons.

**5.4(1) Procedure.** In requesting the custodian to permit the examination and copying of such confidential records, the following procedures apply and are in addition to those specified for requests for access to records in rule 701—5.3(17A,22,99G,123,421-454).

*a. Form of request.* A person requesting access to confidential records shall submit the request in writing. The department may require the requester to provide additional documentation, including but not limited to proof of identity and authority to secure access to the record. The department may also require the requester to sign a certified statement or affidavit listing the specific reasons justifying access to the record and provide any proof necessary to establish relevant facts.

*b. Response to request.* The department will notify the requester of approval or denial of the request for access. The notice will include:

(1) The name and title or position of the person responding on behalf of the department; and

(2) If the request for access is denied, a brief statement of the grounds for denial including a citation to the applicable statute or other provision of law.

*c. Request granted.* When the department grants a request for access to a confidential record to a particular person, the department will notify that person and indicate any lawful restrictions imposed by the department on that person's inspection and copying of the record.



*d. Reconsideration of denial.* A requester whose request is denied by the department may apply to the director for reconsideration of the request.

**5.4(2) Notice to subject of record and opportunity to obtain an injunction.** After the custodian receives a request for access to a confidential record, and before the custodian releases such a record, the custodian may make reasonable efforts to notify promptly any person who is a subject of that record, is identified in that record, or whose address or telephone number is contained in that record. To the extent such a delay is practicable and in the public interest, the custodian may give the subject of such a confidential record to whom notification is transmitted a reasonable opportunity to seek an injunction under Iowa Code section 22.8 and indicate to the subject of the record the specific period of time during which disclosure will be delayed for that purpose.

**5.4(3) Requesting a copy of a return.** A taxpayer requesting a copy of the taxpayer's own tax return must do so via GovConnectIowa. There will be a \$5 charge for each return requested. Payment will be received prior to release of the return.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.5(17A,22,99G,123,421-454) Requests for treatment of a record as a confidential record and its withholding from examination.** The department may treat a record as confidential and withhold it from examination only as authorized by Iowa Code sections 22.7, 99G.34, 123.38A, 422.20, and 422.72; other applicable provisions of law; or an order.

**5.5(1) Requests related to records submitted as part of an appeal or contested case.** Any person who seeks to request confidential treatment for any document submitted as part of an appeal or contested case filed under 701—Chapters 6 and 7 must file a motion for redaction as described in rule 701—7.8(17A).

**5.5(2) Requests for confidential treatment of any other record.** Any person who seeks to request confidential treatment of any record that has not been submitted as part of an appeal or contested case filed under 701—Chapters 6 and 7 must follow the following procedure:

*a. Persons who may request.* Any person who would be aggrieved or adversely affected by disclosure of a record and who asserts that Iowa Code section 22.7, another applicable provision of law, or a court order authorizes the custodian to treat the record as a confidential record may request the custodian to treat that record as a confidential record and to withhold it from public inspection.

*b. Request.* A request that a record be treated as a confidential record and be withheld from public inspection shall:

- (1) Be in writing;
- (2) Be filed with the department using the one of the methods in subrule 5.3(2), excluding submission by telephone;
- (3) Set forth the legal and factual basis justifying such confidential record treatment for that record;
- (4) Include the name, address, and telephone number of the person authorized to respond to any inquiry or action of the custodian concerning the request;
- (5) Include a signed certified statement or affidavit enumerating the specific reasons justifying the treatment of that record as a confidential record and to provide any proof necessary to establish relevant facts;
- (6) Specify the precise period of time for which that treatment is requested;
- (7) If possible, include a copy of the record for which confidential record treatment is being sought with the request.

*c. Failure to request.* Failure to request confidential treatment for a record does not preclude the custodian from treating it as a confidential record unless otherwise provided by law. However, absent a request as outlined in this rule, the custodian of records may proceed as if there is no objection to the record's disclosure.

*d. Timing of decision.* The custodian may decide whether to disclose a record or a portion of a record to members of the public when a request for confidential record treatment is filed or when the custodian receives a request for access to the record by a member of the public.

*e. Request granted or deferred.* If a request for confidential record treatment is granted, or if action on a request is deferred, a copy of the record from which the matter in question has been deleted and a

copy of the decision to grant the request or to defer action upon the request will be made available for public inspection in lieu of the original record.

*f. Request denied and opportunity to seek an injunction.* If a request for confidential record treatment is denied, the custodian will notify the requester in writing of that determination and the reasons therefor. On application by the requester, the custodian may engage in a good-faith, reasonable delay in allowing examination of the record so that the requester may seek injunctive relief under the provisions of Iowa Code section 22.8 or other applicable provision of law. However, such a record will not be withheld from public inspection for any period of time if the custodian determines that the requester has no reasonable grounds to justify the treatment of that record as a confidential record. The custodian will notify the requester in writing of the time period allowed to seek injunctive relief or the reasons for the determination that no reasonable grounds exist to justify the treatment of that record as a confidential record. The custodian may extend the period of good-faith, reasonable delay in allowing examination of the record so that the requester may seek injunctive relief only if no request for examination of that record has been received, if a court directs the custodian to treat it as a confidential record, or to the extent permitted by another applicable provision of law, or with the consent of the person requesting access.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.6(17A,22,99G,123,421-454) Consensual disclosure of confidential records.**

**5.6(1)** *Consent to disclosure by a subject.* To the extent permitted by law, the subject may consent in writing to department disclosure of confidential records as provided in rules 701—5.7(17A,22,421,422) and 701—7.6(17A,22,421,422).

**5.6(2)** *Complaints to public officials not an authorization—separate authorization required.* A letter from the subject of a confidential record to a public official that seeks the official’s intervention on behalf of the subject in a matter that involves the department is not, to the extent permitted by law, treated as an authorization to release sufficient information about the subject to the official to resolve the matter. The subject of a confidential record filing a complaint needs to submit a disclosure authorization as provided in rules 701—5.7(17A,22,421,422) and 701—8.8(17A,22,421,422).

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.7(17A,22,99G,123,421-454) Tax information disclosure designation.**

**5.7(1)** *Powers authorized.* A taxpayer may designate an individual to receive, inspect, and discuss the taxpayer’s confidential state tax information from the department. Such designation does not authorize the designee to act or authorize any action on the taxpayer’s behalf in any way other than to receive information and communicate with the department. Information about transfers of decision-making authority is contained in Iowa Code section 421.59 and rule 701—8.8(17A,22,421,422).

**5.7(2)** *Contents of the tax information disclosure designation form.* A taxpayer must use the department’s tax information disclosure designation form, or other designated method authorized by the department, to designate an individual to receive, inspect, and discuss confidential state tax information. A tax information disclosure designation form must contain the following information to be valid:

- a. Legal name and address of the taxpayer;
- b. Identification number of the taxpayer (i.e., social security number (SSN), federal identification number (FEIN), or any federal- or Iowa-issued tax identification number);
- c. The designee’s name, mailing address, and identification number (i.e., preparer’s tax identification number (PTIN), FEIN, SSN, individual taxpayer identification number (ITIN), or Iowa department of revenue-issued account number (IAN)). In lieu of a designee’s identification number, a taxpayer may indicate that an IAN is being requested for the designee;
- d. Description of the matter(s) for which disclosure is authorized, which may include:
  - (1) The type of tax(es) involved or an indication that all tax types are within the scope of disclosure;
  - (2) The specific year(s) or period(s) involved or an indication that the scope is unlimited (not to exceed three years into the future beyond the signature date); and
  - (3) Business tax permit number or an indication that all tax types are within the scope of authority;

- e. A clear expression of the taxpayer's intention concerning any restrictions to the scope of authority granted to the recognized representative(s) as provided in subrule 5.7(1);
- f. An authorized signature of an individual listed in subrule 5.7(4) meeting the requirements of rule 701—8.2(17A,421);
- g. Any other information required by the department.

**5.7(3) Authorization period for a tax information disclosure designation.**

a. A tax information disclosure designation may not be used to authorize disclosure for tax periods that end more than three years after the date on which the tax information disclosure designation is signed by the taxpayer. A tax information disclosure designation may concern an unlimited number of tax periods that have ended prior to the date on which the tax information disclosure designation is received by the department; however, tax periods must be stated if the intention is to limit the periods. If the tax periods section is left blank, all tax periods, including those ending up to three years in the future, are included.

b. A tax information disclosure designation continues to be effective for tax periods as defined in paragraph 5.7(3)“a” until revocation by the taxpayer; incapacity of the taxpayer; death of the taxpayer; or withdrawal, death, or incapacity of the tax information disclosure designee.

**5.7(4) Individuals who may execute a tax information disclosure designation.** The individual(s) who may execute a tax information disclosure designation depends on the type of taxpayer involved:

a. *Individual.* In matters involving an individual taxpayer, a tax information disclosure designation must be signed by the individual.

b. *Joint or combined returns.* In matters involving a joint return or married taxpayers who have elected to file separately on a combined return, each taxpayer must complete and submit a tax information disclosure designation form for the joint return.

c. *Third parties.* The tax information disclosure designation form may be signed by an individual who has been authorized to act on behalf of the taxpayer under Iowa Code section 421.59.

**5.7(5) Revocation and withdrawal.**

a. *Revocation by the taxpayer.*

(1) By written statement. By filing a statement of revocation with the department, a taxpayer may revoke a tax information disclosure designation without authorizing a new representative. The statement of revocation must include the following:

1. Name, address, and identification number of the taxpayer (i.e., SSN, FEIN, or any federal- or Iowa-issued tax identification number);
2. Name, address, and identification number (i.e., PTIN, FEIN, SSN, ITIN, or IAN) of the designee whose designation is to be revoked;
3. A clear statement to revoke the designee's disclosure designation; and
4. Signature of an authorized signatory as described in subrule 5.7(4).

(2) Does not automatically revoke. A new tax information disclosure designation for a particular tax type(s) and tax period(s) does not revoke a prior tax information disclosure designation for any tax type(s) and tax period(s) unless the taxpayer has indicated in a written submission to the department that a prior tax information disclosure designation is to be revoked.

b. *Withdrawal by the designee.* By filing a statement with the department, a designee may withdraw from the designation in a matter in which a tax information disclosure designation has been filed. The statement must include the following:

- (1) Name, address, and identification number of the taxpayer (i.e., SSN, FEIN, or any federal- or Iowa-issued tax identification number);
- (2) Name, address, and tax identification number (i.e., PTIN, FEIN, SSN, ITIN, or IAN) of the designee whose designation is to be withdrawn;
- (3) A clear statement that the designee wishes to withdraw;
- (4) Signature of withdrawing designee and signature date.

**5.7(6) Submitting a form.**

a. *Submit separately.* A tax information disclosure designation form may not be submitted as an attachment to a tax return except as provided by these rules. A tax information disclosure designation

must be submitted separately to the department in accordance with the submission instructions on the form. However, the department may, at its discretion, provide a method for authorizing disclosure on the face of a tax return as defined in Iowa Code section 421.6.

*b. Original or electronic forms accepted.* The department will accept either the original, a copy, or an electronically scanned and transmitted form. A copy received by facsimile transmission (fax) or email will be accepted. All forms, whether original copy, received via fax, or electronically scanned and transmitted forms must include a valid signature meeting the requirements of rule 701—8.2(17A,421) of the taxpayer to be represented.

*c. Timely submission.* If the form is not submitted within six months of the date it is signed, it will be considered invalid.

*d. Evaluation of documentation provided.* The department will evaluate the tax information disclosure designation form and any additional documentation to confirm authorization. Authorization to receive, inspect, and discuss confidential state tax information from the department shall only cover those matters and time frames covered by the submitted documentation. The party claiming authorization to receive, inspect, and discuss confidential state tax information from the department on behalf of a taxpayer shall have the burden to prove, to the satisfaction of the department, the existence and extent of the claimed authorization.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.8(17A,22,99G,123,421-454) Disclosures without the consent of the subject.** Open records and certain confidential records may be disclosed by the department without the consent of the subject.

**5.8(1) Disclosure of nonconfidential records.** All nonconfidential records may be disclosed without the consent of the subject.

**5.8(2) Disclosure of confidential records that do not contain confidential state tax information.** Certain confidential records that do not contain confidential state tax information may be disclosed without the consent of the subject. The following disclosures will generally occur without notice to the subject:

*a.* For routine use. The following nonexclusive list of uses are considered routine:

(1) Disclosure to those officers, employees, and agents of the department who have a legitimate need for the record in the performance of their duties. The custodian of the record may, upon the request of any officer or employee, or upon the custodian's own initiative, determine what constitutes a legitimate need;

(2) Disclosure of information indicating an apparent violation of the law to appropriate law enforcement authorities for investigation and possible criminal prosecution, civil court action, or regulatory action;

(3) Information released to federal and state entities for audit purposes for purposes of determining whether the department is operating lawfully;

(4) Any disclosure specifically authorized by statute.

*b.* To a recipient who has provided the department with advance written assurance that the record will be used solely as a statistical research or reporting record, provided that the record is transferred in a form that does not identify the subject.

*c.* To another government agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if an authorized representative of such government agency or instrumentality has submitted a written request pursuant to rule 701—5.4(17A,22,99G,123,421-454) to the department specifying the record desired and the law enforcement activity for which the record is sought.

*d.* To an individual pursuant to a showing of compelling circumstances affecting the health or safety of any individual. Confidential information will be disclosed pursuant to this paragraph only after notice is sent by the department to the last-known address of the subject of the confidential information.

*e.* To the legislative services agency.

*f.* Disclosures in the course of employee disciplinary proceedings.

*g.* In response to a lawful court order or subpoena.

**5.8(3) Disclosure of confidential state tax information.**

*a.* Permitted disclosures. Confidential state tax information may be disclosed without the consent of the subject only to the extent that it is expressly permitted by law. The following is a nonexclusive list of permitted disclosures:

(1) Disclosures to other agencies, employees, or officials of this state to the extent necessary for the performance of their official duties and responsibilities pursuant to Iowa Code section 422.72(1)“*b.*” Such information will only be disclosed upon the express written approval of the director of revenue or the director’s designee. Written approval will be granted in only those situations where the information obtained is used for a tax administrative purpose and will cover the conditions and procedures under which specific information will be released.

(2) Disclosures permitted by statute for purposes other than tax administration. Such disclosures may be made without a tax administrative purpose unless the authorizing statute provides otherwise.

(3) Disclosures to the federal government and agencies of other states so long as the disclosures are made for a tax administrative purpose and are made only to officers of those jurisdictions which by agreement limit the disclosure of the information as strictly as the laws of Iowa protecting the confidentiality of returns and return information.

(4) Disclosure pursuant to subpoena as outlined in Iowa Code section 422.72(7).

(5) Disclosure pursuant to Iowa Code section 421.19 regardless of whether such disclosure is made for a tax administration purpose.

*b.* Penalties for unlawful disclosure of confidential state tax information. Any officer, employee, agent, former officer, former employee, or former agent of the state of Iowa who engages in any of the following activities commits a serious misdemeanor:

(1) Knowingly files a false affidavit with the department to secure confidential state tax information;

(2) Willfully or recklessly divulges, prints, publishes, inspects or permits unauthorized examination of confidential state tax information in violation of Iowa Code sections 422.20 and 422.72 or divulges information received under this rule in any manner prohibited by this rule.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

#### **701—5.9(17A,22,99G,123,421-454) Release to subject or owner of record.**

**5.9(1)** The subject of a record may request to review the subject’s own records by following the procedures in rules 701—5.3(17A,22,99G,123,421-454) and 701—5.4(17A,22,99G,123,421-454). However, the department need not release the following records to the subject:

*a.* Communications to the department that are protected from disclosure under Iowa Code section 22.7(18). Such protected communications include responses to questionnaires solicited by the department that relate to tax administration.

*b.* Records that are a work product of an attorney or are otherwise privileged.

*c.* Peace officers’ investigative reports, except when disclosure is required by law.

*d.* Any other records that may be withheld by law.

**5.9(2)** Where a requested record contains information on multiple subjects, the department may take reasonable steps to protect confidential information relating to the subject or subjects that did not make the request when releasing the record to the requesting subject.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.10(17A,22,99G,123,421-454) Personally identifiable information collected and stored by the department.** The department collects and maintains both open records and confidential records that contain personally identifiable information. This rule describes the nature, extent, retrieval, storage, and processing of personally identifiable information within the department’s record systems.

**5.10(1)** *Nature and extent.* All record systems maintained by the department may contain personally identifiable information concerning matters such as income, property holdings, exchanges, financial transactions, licensing, contested case matters, waivers of rule and declaratory rulings, procurement and leases, bailment shipments, lottery prize claims, lottery sales commission payments, audit and examination, litigation, personnel, and demographic information such as address and number of dependents.

**5.10(2) Retrieval.** Personal identifiers are used to retrieve information from any of the record systems that the department maintains that contain personally identifiable information.

**5.10(3) Means of storage.** Paper, microform, and various electronic means of storage are used to store records containing personally identifiable information.

**5.10(4) Comparison.** Electronic or manual data processing may be used to match, to collate, or to compare personally identifiable information in one system with personally identifiable information in another system of records or with personally identifiable information within the same system.

**5.10(5) Comparison with data from outside the department.** Personally identifiable information in systems of records maintained by the department may be compared with information from outside the department when specified by law. Permitted comparisons include but are not limited to comparisons for the purpose of setoffs.

**5.10(6) Records containing personally identifiable information.**

*a.* Personally identifiable information is collected from documents, returns, and any other record filed with the department, as well as from outside sources, including state and federal agencies. Authority to collect this information is found throughout Iowa Code chapters 8A, 17A, 99G, and 123, as well as Title X of the Iowa Code. The chart below describes department records that contain personally identifiable information and identifies which records are open records, confidential records, partially open or partially confidential. A single record may contain information from several categories in the chart. This information is compiled for the purposes of Iowa Code section 22.11.

**Code.....Meaning**

O.....The records are open for public inspection.

C.....The records are confidential and are not open to public inspection.

O/C.....The record is partly open and partly confidential.

Description of Record	Type of Record	Legal Authority for Confidentiality
State tax returns, return information, permit records, tax liability and penalty records, tax policy, tax research records, and all related records	O/C	Iowa Code Title X, including Iowa Code sections 422.20 and 422.72
Nontax collection records	O/C	Iowa Code Title X, including Iowa Code sections 422.20 and 422.72, and contractual authority
Federal tax returns and return information	C	26 U.S.C. Section 6103
Department personnel records, communication records, budget records, and payroll records	O/C	Iowa Code sections 22.7 and 99G.34(2)
Minutes of closed meetings of a government body	C	Iowa Code section 21.5(4)
Records that constitute attorney work product or attorney-client communications or are otherwise privileged	C	Iowa Code section 22.7(4), Iowa Rule of Civil Procedure 1.503, Federal Rule of Civil Procedure 26(b)(3), and case law
Sealed bids	O/C	Iowa Code section 72.3
Final orders, decisions, and opinions	O/C	Iowa Code section 17A.3(1) "d"
License and permit records	O/C	Iowa Code section 99G.24, chapter 123, and Title X
Investigation, audit, and examination records	O/C	Iowa Code sections 99G.34(4), 99G.35, 123.38A, 422.20, and 422.72
Lottery player and winner lists	O/C	Iowa Code sections 99G.34(2), 99G.34(5), and 99G.41(3)
Lottery retailer compensation payments	O/C	Iowa Code sections 99G.24(2), 99G.34(2), and 99G.41(5)

*b.* The procedure for public records request may be found in rule 701—5.3(17A,22,99G,123,421-454).

*c.* The procedure for allowing a person to have additions, dissents, or objections entered in the record will be determined on a case-by-case basis.

*d.* The subject of the confidential record may either request the record independently and give it to the named third party or authorize the third party to request the subject's confidential information under Iowa Code section 421.59, 422.20(7), or 422.72(9).

e. The department will utilize information, including confidential information, in executing its duties under the Iowa Code. Subjects of the information will not be notified when the information is used. Persons outside of the department receiving confidential information are held to the same confidentiality standard as departmental employees. Whether information is required or optional will be indicated along with the request for information. Failing to provide required information may result in penalties or interest being charged.

f. The department utilizes more than one data processing system, and information is matched between systems.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.11(17A,22,99G,123,421-454) Retention of submitted documents.** When the subject or owner of a record has submitted a document to the department, the department will store the document in the same manner that it stores other records of a similar nature. Documents submitted to the department may be destroyed by the department at the conclusion of the applicable time period detailed in the department's record retention schedules unless destruction is otherwise prohibited by law. The department discourages submitting original documents in situations where an original is not required. If an original document must be submitted, the person submitting the document shall indicate conspicuously that the document is an original and shall also indicate whether that person requests that the original be returned at the conclusion of its use by the department.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

**701—5.12(17A,22,99G,123,421-454) Limited applicability.** This chapter does not:

1. Mandate that the department index or retrieve records that contain information about individuals by that person's name or other personal identifier.

2. Make available to the general public records that would otherwise not be available under Iowa Code chapter 22.

3. Govern the maintenance or disclosure of, notification of, or access to records in possession of the department that are governed by regulations of another agency.

4. Apply to grantees, including local governments or subdivisions thereof, administering state-funded programs unless otherwise provided by law or agreement.

5. Make available records compiled by the department in reasonable anticipation of court litigation or formal administrative proceedings. The availability of such records to the general public or to any subject individual or party to such litigation or proceedings are be governed by applicable legal and constitutional principles, statutes, rules of discovery, evidentiary privileges, and applicable regulations of the department.

This rule is intended to implement Iowa Code chapters 17A, 22, 99G, 123, and 421 through 454.

ITEM 6. Rescind 701—Chapter 6 and adopt the following new chapter in lieu thereof:

## CHAPTER 6

### CONTESTED CASES RELATED TO ALCOHOL AND LOTTERY PROCEEDINGS

**701—6.1(99G,123,17A) Scope and applicability.** This chapter applies to contested case proceedings conducted pursuant to the department's authority under Iowa Code chapter 99G or 123.

**701—6.2(99G,123,17A) Definitions.** Except where otherwise specifically defined by law:

*"Contested case"* means a proceeding defined by Iowa Code section 17A.2(5) and includes any matter defined as a no factual dispute contested case pursuant to Iowa Code section 17A.10A.

*"Department"* means the Iowa department of revenue.

*"Director"* means the director of the department or the director's designee.

*"Hearing complaint"* means a statement in writing filed by, or on behalf of, the department; a local authority having jurisdiction; or the department of public safety that sets forth the acts or omissions with which the respondent is charged, including the statute(s) and rule(s) that are alleged to have been

violated under Iowa Code chapter 123. The hearing complaint shall be in sufficient detail to enable the preparation of the respondent's defense.

*"Issuance"* means the date of mailing or otherwise electronically providing a copy of a decision or order, or the date of delivery if service is by other means, unless another date is specified in the order.

*"Party"* means each person or agency named or admitted as a party or properly seeking and entitled as of right to be admitted as a party.

*"Pleadings"* means appeal, answer, reply or other similar document filed in a contested case proceeding, including contested cases involving no factual dispute.

*"Presiding officer"* means the director, the director's designee, or an administrative law judge from the department of inspections, appeals, and licensing.

*"Proposed decision"* means the presiding officer's recommended findings of fact, conclusions of law, decision, and order in a contested case in which the director did not preside.

**701—6.3(99G,123,17A) Time requirements.** Time requirements for the department are provided in rule 701—7.4(17A).

**701—6.4(99G,123,17A) Requests for a contested case proceeding.**

**6.4(1)** Any person claiming an entitlement to a contested case proceeding shall file a written request within the time specified by the particular rules or statutes governing the subject matter or, in the absence of such law, the time specified in the agency action in question.

**6.4(2)** The request for a contested case proceeding should state the name and address of the requester, identify the specific agency action that is disputed and, where the requester is represented by a lawyer, identify the provisions of law or precedent requiring or authorizing the holding of a contested case proceeding in the particular circumstances involved, and include a short and plain statement of the issues of material fact in dispute.

**701—6.5(99G,123,17A) Notice of hearing.**

**6.5(1) Delivery.** Delivery of the notice of hearing constitutes the commencement of the contested case proceeding. Delivery may be executed by:

- a. Personal service as provided in the Iowa Rules of Civil Procedure; or
- b. Certified mail, return receipt requested; or
- c. Publication, as provided in the Iowa Rules of Civil Procedure.
- d. In accordance with rules provide by the department of inspections, appeals, and licensing, as provided for by Iowa Code section 10A.802(4).

**6.5(2) Contents.** The notice of hearing shall contain the following information:

- a. A statement of the time, place, and nature of the hearing;
- b. A statement of the legal authority and jurisdiction under which the hearing is to be held;
- c. A reference to the particular sections of the statutes and rules involved;
- d. A short and plain statement of the matters asserted. If the department or other party is unable to state the matters in detail at the time the notice is served, the initial notice may be limited to a statement of the issues involved. Thereafter, upon application, a more definite and detailed statement shall be furnished;
- e. Identification of all parties including the name, address and telephone number of the person who will act as advocate for the department or the state and of parties' counsel where known;
- f. Reference to the procedural rules governing conduct of the contested case proceeding.

**701—6.6(99G,123,17A) Presiding officer.**

**6.6(1) Administrative law judge.** The director may appoint an administrative law judge as presiding officer in all contested case hearings pursuant to Iowa Code chapter 99G or 123.

**6.6(2) Appeal.** Except as provided otherwise by another provision of law, all rulings by an administrative law judge acting as presiding officer are subject to appeal to the director. A party must seek any available intra-agency appeal to exhaust adequate administrative remedies.



**6.6(3) Director's review.** Unless otherwise provided by law, the director, when reviewing a proposed decision upon intra-agency appeal, shall have the powers of, and shall comply with the provisions of, this chapter that apply to presiding officers.

**701—6.7(99G,123,17A) Waiver of procedures.** Unless otherwise precluded by law, the parties in a contested case proceeding may waive any provision of this chapter. However, the department in its discretion may refuse to give effect to such a waiver when it deems the waiver to be inconsistent with the public interest.

**701—6.8(99G,123,17A) Telephone or video proceedings.** The presiding officer may resolve preliminary procedural motions by telephone or videoconference in which all parties have an opportunity to participate. Other telephone or video proceedings may be held with the consent of all parties. The presiding officer will determine the location of the parties and witnesses for telephone or video hearings. The convenience of the witnesses or parties, as well as the nature of the case, will be considered when location is chosen.

**701—6.9(99G,123,17A) Consolidation—severance.** Consolidation and severance procedures for the department are provided in 701—subrule 7.18(12).

**701—6.10(99G,123,17A) Pleadings.**

**6.10(1) Pleadings.** Pleadings may be required by rule, by the notice of hearing, or by order of the presiding officer.

**6.10(2) Alcohol-related hearing complaint.**

*a.* The department, a local authority having jurisdiction, or the department of public safety may give written notice of the cause for action in the form of a hearing complaint and an opportunity for a hearing to a licensee, permittee, or holder of a certificate of compliance for any of the following:

- (1) A violation of Iowa Code chapter 123.
- (2) A violation of the department's administrative rules.
- (3) Failure to comply with an order issued by the department.
- (4) Failure to fully cooperate during an investigation, audit, or inspection of the licensee; permittee; or certificate holder, including failure to respond to an inquiry within ten business days of the date of mailing by certified mail, return receipt requested, of a written request for information or records directed to the licensee's, permittee's, or certificate holder's last address on file with the agency.

*b.* A hearing complaint shall state in separately numbered paragraphs the following:

- (1) The persons or entities on whose behalf the hearing complaint is filed;
- (2) The particular provisions of statutes and rules involved;
- (3) The relief demanded and the facts and law relied upon for such relief; and
- (4) The name, address, and telephone number of the petitioner and the petitioner's attorney, if any.

*c.* A hearing complaint alleging a violation of Iowa Code chapter 123 must be filed with the department or the local authority within three years from the date of the alleged violation or the date of conviction for the violation, whichever is later.

**6.10(3) Answer.**

*a.* An answer shall be filed within 20 days of service of the hearing complaint unless otherwise ordered. A party may move to dismiss or apply for a more definite and detailed statement when appropriate.

*b.* An answer shall show on whose behalf it is filed and specifically admit, deny, or otherwise answer all material allegations of the pleading to which it responds. It shall state any facts deemed to show an affirmative defense and contain as many additional defenses as the pleader may claim.

*c.* An answer shall state the name, address, and telephone number of the person filing the answer; the person or entity on whose behalf it is filed; and the attorney representing that person, if any.

*d.* Any allegation in the hearing complaint not denied in the answer is considered admitted. The presiding officer may refuse to consider any defense not raised in the answer that could have been raised on the basis of facts known when the answer was filed if any party would be prejudiced.

**6.10(4) Amendment.** Any notice of hearing, hearing complaint, or other charging document may be amended before a responsive pleading has been filed. Amendments to pleadings after a responsive pleading has been filed and to an answer may be allowed with the consent of the other parties or in the discretion of the presiding officer who may impose terms or grant a continuance.

**701—6.11(99G,123,17A) Service and filing of pleadings and other papers.**

**6.11(1) When service required.** Except where otherwise provided by law, every pleading, motion, document, or other paper filed in a contested case proceeding and every paper relating to discovery in such a proceeding shall be served upon each of the parties of record to the proceeding, including the person designated as advocate or prosecutor for the state or the agency, simultaneously with their filing. Except for the original notice of hearing and an application for rehearing as provided in Iowa Code section 17A.16(2), the party filing a document is responsible for service on all parties.

**6.11(2) Service—how made.** Service upon a party represented by an attorney shall be made upon the attorney unless otherwise ordered. Service is made by delivery or by mailing a copy to the person's last-known address or by electronic service as permitted by the presiding officer and the Iowa Rules of Civil Procedure. Service by mail is complete upon mailing, except where otherwise specifically provided by statute, rule, or order, so long as there is proof of mailing.

**6.11(3) Filing—when required.** After the notice of hearing, all pleadings, motions, documents or other papers in a contested case proceeding shall be filed with the presiding officer. All pleadings, motions, documents or other papers that are required to be served upon a party shall be filed simultaneously with the presiding officer.

**6.11(4) Filing—when made.** Except where otherwise provided by law, a document is deemed filed at the time it is delivered to the presiding officer, delivered to an established courier service for immediate delivery to the presiding officer, or mailed by first-class mail or state interoffice mail to the presiding officer, so long as there is proof of mailing. Parties may file documents by electronic transmission. Filing by electronic transmission is complete upon transmission unless the party making the filing learns that the attempted filing did not reach the presiding officer.

**6.11(5) Proof of mailing.** Proof of mailing includes either a legible United States Postal Service postmark on the envelope, a certificate of service, a notarized affidavit, or a certification in substantially the following form:

I certify under penalty of perjury and pursuant to the laws of Iowa that, on (date of mailing), I mailed copies of (describe document) addressed to the (department or presiding officer and address), and to the names and addresses of the parties listed below by depositing the same in (a United States post office mailbox with correct postage properly affixed or state interoffice mail).

(Date)

(Signature)

**701—6.12(99G,123,17A) Discovery.**

**6.12(1) Discovery procedures.** Discovery procedures applicable in civil actions are applicable in contested cases. Unless lengthened or shortened by these rules or by order of the presiding officer, time periods for compliance with discovery shall be as provided in the Iowa Rules of Civil Procedure.

**6.12(2) Discovery motions.** Any motion relating to discovery shall allege that the moving party has previously made a good-faith attempt to resolve the discovery issues involved with the opposing party. Discovery motions shall be ruled upon by the presiding officer. Opposing parties shall be afforded the opportunity to respond within ten days of the filing of the motion unless the time is shortened as provided in this chapter. The presiding officer may rule on the basis of the written motion and any response or may order argument on the motion.

**6.12(3) Evidence.** Evidence obtained in discovery may be used in the contested case proceeding if that evidence would otherwise be admissible in that proceeding.

**701—6.13(99G,123,17A) Subpoenas.**

**6.13(1) Issuance.**

*a.* Department subpoenas. A department subpoena shall be issued to a party on request. Subpoenas may compel the attendance of witnesses at deposition or hearing and the production of books, papers, records, and other real evidence unless they are otherwise expressly exempt from disclosure by law. A command to produce evidence or to permit inspection may be joined with a command to appear at deposition or hearing, or each command may be issued separately. Subpoenas shall be issued by the presiding officer upon a written request. Such a request must be in writing. In the absence of good cause for permitting later action, a request for a subpoena must be received at least three days before the scheduled hearing. The request shall include the name, address, and telephone number of the requesting party.

*b.* Service of subpoenas. Except to the extent otherwise provided by law, parties are responsible for service of their own subpoenas and payment of witness fees and mileage expenses.

**6.13(2)** *Motion to quash or modify.* The presiding officer may quash or modify a subpoena for any lawful reason upon motion in accordance with the Iowa Rules of Civil Procedure. A motion to quash or modify a subpoena shall be set for argument promptly.

**701—6.14(99G,123,17A) Motions.**

**6.14(1)** *Prehearing motions.* No technical form for motions is required. However, prehearing motions must be in writing, state the grounds for relief, and state the relief sought.

**6.14(2)** *Written responses.* Any party may file a written response to a motion within ten days after the motion is served unless the time period is extended or shortened by applicable administrative rules or by the presiding officer. The presiding officer may consider a failure to respond within the required time period in ruling on a motion.

**6.14(3)** *Oral argument.* The presiding officer may schedule oral argument on any motion.

**6.14(4)** *Service.* Motions pertaining to the hearing, except motions for summary judgment, must be filed and served at least ten days prior to the date of hearing unless there is good cause for permitting later action or the time for such action is lengthened or shortened by an applicable rule of the department or an order of the presiding officer.

**6.14(5)** *Motions for summary judgment.*

*a.* Motions for summary judgment are subject to Iowa Rules of Civil Procedure 1.981, 1.982, and 1.983 but only to the extent consistent with the provisions of this rule or any other provision of law governing the procedure in contested cases.

*b.* Motions for summary judgment must be filed and served at least 45 days prior to the scheduled hearing date or other time period determined by the presiding officer. Any party resisting the motion may file and serve a resistance within 15 days, unless otherwise ordered by the presiding officer, from the date a copy of the motion was served. The time fixed for hearing or nonoral submission will be at least 20 days after the filing of the motion unless the presiding officer orders a shorter time.

*c.* A summary judgment order rendered on all issues in a contested case is subject to rehearing and appeal in accordance with this chapter.

**701—6.15(99G,123,17A) Prehearing conference.** Prehearing conference requirements are set forth in 701—7.17(17A).

**701—6.16(99G,123,17A) Continuances.** Unless otherwise provided, applications for continuances are made to the presiding officer.

**6.16(1)** *Application for continuance.* A written application for a continuance should:

*a.* Be made at the earliest possible time and no less than three days before the hearing, except for a good cause showing;

*b.* State the specific reasons for the request; and

*c.* Be signed by the requesting party or the party's representative.

An oral application for a continuance may be made if the presiding officer waives the requirement for a written motion. However, a party making such an oral application for a continuance must confirm that request by written application within five days after the oral request unless the presiding officer waives that requirement. No application for continuance may be made or granted without notice to all

parties except in an emergency where notice is not feasible. The department may waive notice of such requests for a particular case or an entire class of cases.

**6.16(2) *Issuing of continuance.*** In determining whether to grant a continuance, the presiding officer may consider:

- a. Prior continuances;
- b. The interests of all parties;
- c. The likelihood of informal settlement;
- d. The existence of an emergency;
- e. Any objection;
- f. Any applicable time requirements;
- g. The existence of a conflict in the schedules of counsel, parties, or witnesses;
- h. The timeliness of the request; and
- i. Other relevant factors.

The presiding officer may require documentation of any grounds for continuance. Notwithstanding the foregoing, each party is entitled to one continuance without the need of a good cause showing unless a continuance would cause the contested case proceeding to exceed a time limit set forth in another applicable statute or rule.

**701—6.17(99G,123,17A) Withdrawals.** A party requesting a contested case proceeding may withdraw that request prior to the hearing.

**701—6.18(99G,123,17A) Intervention.**

**6.18(1) *Motion.*** A motion for leave to intervene in a contested case proceeding states the grounds for the proposed intervention, the position and interest of the proposed intervenor, and the possible impact of intervention on the proceeding. A proposed answer or petition in intervention shall be attached to the motion. Any party may file a response within 14 days of service of the motion to intervene unless the time period is extended or shortened by the presiding officer.

**6.18(2) *When filed.*** Motion for leave to intervene should be filed as early in the proceeding as possible to avoid adverse impact on existing parties or the conduct of the proceeding. Unless otherwise ordered, a motion for leave to intervene shall be filed before the prehearing conference, if any, or at least 20 days before the date scheduled for hearing. Any later motion must contain a statement of good cause for the failure to file in a timely manner. Unless inequitable or unjust, an intervenor is bound by any agreement, arrangement, or other matter previously raised in the case. Requests by untimely intervenors for continuances that would delay the proceeding will ordinarily be denied.

**6.18(3) *Grounds for intervention.*** The movant should demonstrate that:

- a. Intervention would not unduly prolong the proceedings or otherwise prejudice the rights of existing parties;
- b. The movant is likely to be aggrieved or adversely affected by a final order in the proceeding; and
- c. The interests of the movant are not adequately represented by existing parties.

**6.18(4) *Effect of intervention.*** If appropriate, the presiding officer may order consolidation of the petitions and briefs of different parties whose interests are aligned with each other and limit the number of representatives allowed to participate actively in the proceedings. A person granted leave to intervene is a party to the proceeding. The order granting intervention may restrict the issues that may be raised by the intervenor or otherwise condition the intervenor's participation in the proceeding.

**701—6.19(99G,123,17A) Hearing procedures.**

**6.19(1) *Role of presiding officer.*** The presiding officer presides at the hearing and may rule on motions, require briefs, issue a proposed decision, and issue such orders and rulings as will ensure the orderly conduct of the proceedings.

**6.19(2) *Objections.*** All objections shall be timely made and stated on the record.

**6.19(3) *Representative of parties.*** Parties have the right to participate or to be represented in all hearings related to their case. Partnerships, corporations, or associations may be represented by any

member, officer, director, or duly authorized agent. Any party may be represented by an attorney or another person authorized by law.

**6.19(4) *Role of parties.*** Subject to terms and conditions prescribed by the presiding officer, parties have the right to introduce evidence on issues of material fact, cross-examine witnesses present at the hearing as necessary for a full and true disclosure of the facts, present evidence in rebuttal, and submit briefs and engage in oral argument.

**6.19(5) *Decorum of hearing.*** The presiding officer maintains the decorum of the hearing and may refuse to admit or may expel anyone whose conduct is disorderly.

**6.19(6) *Sequestering of witnesses.*** Witnesses may be sequestered during the hearing.

**6.19(7) *Conduct of hearing.*** The presiding officer conducts the hearing in the following manner:

*a.* The presiding officer gives an opening statement briefly describing the nature of the proceedings;

*b.* The parties are given an opportunity to present opening statements;

*c.* Parties present their cases in the sequence determined by the presiding officer;

*d.* Each witness is sworn or affirmed by the presiding officer or the court reporter and is subject to examination and cross-examination. The presiding officer may limit questioning in a manner consistent with law;

*e.* When all parties and witnesses have been heard, parties may be given the opportunity to present final arguments.

#### **701—6.20(99G,123,17A) Evidence.**

**6.20(1) *Admissibility.*** The presiding officer rules on admissibility of evidence and may, where appropriate, take official notice of facts in accordance with all applicable requirements of law.

**6.20(2) *Stipulation of facts.*** Stipulation of facts is encouraged. The presiding officer may make a decision based on stipulated facts.

**6.20(3) *Scope of evidence.*** Evidence in the proceeding should be confined to the issues as to which the parties received notice prior to the hearing unless the parties waive their right to such notice or the presiding officer determines that good cause justifies expansion of the issues. If the presiding officer decides to admit evidence on issues outside the scope of the notice over the objection of a party who did not have actual notice of those issues, that party, upon timely request, shall receive a continuance sufficient to amend pleadings and to prepare on the additional issue.

**6.20(4) *Admission and examination.*** The party seeking admission of an exhibit must provide opposing parties with an opportunity to examine the exhibit prior to the ruling on its admissibility. Copies of documents should be provided to opposing parties. All exhibits admitted into evidence shall be appropriately marked and be made part of the record.

**6.20(5) *Objection.*** Any party may object to specific evidence or may request limits on the scope of any examination or cross-examination. Such an objection shall be accompanied by a brief statement of the grounds upon which it is based. The objection, the ruling on the objection, and the reasons for the ruling shall be noted in the record. The presiding officer may rule on the objection at the time it is made or may reserve a ruling until the written decision.

**6.20(6) *Offer of service.*** Whenever evidence is ruled inadmissible, the party offering that evidence may submit an offer of proof on the record. The party making the offer of proof for excluded oral testimony shall briefly summarize the testimony or, with permission of the presiding officer, present the testimony. If the excluded evidence consists of a document or exhibit, it shall be marked as part of an offer of proof and inserted in the record.

**701—6.21(99G,123,17A) Default.** Default procedures for the department are set forth in 701—subrule 7.18(7).

**701—6.22(99G,123,17A) Ex parte communication and disqualification.** Ex parte communication and disqualification matters requirements are set forth in rule 701—7.22(17A).

**701—6.23(99G,123,17A) Recording costs.** Recording cost requirements are provided in rule 701—7.20(17A).

**701—6.24(99G,123,17A) Interlocutory appeals.** Interlocutory appeal procedures for the department are set forth in 701—subrule 7.18(11).

**701—6.25(99G,123,17A) Final decision.**

**6.25(1) Director's final decision.** When the director presides over the reception of evidence at the hearing, the director's decision is a final decision.

**6.25(2) Proposed decision.** When the director does not preside at the reception of evidence, the presiding officer makes a proposed decision. The proposed decision becomes the final decision of the agency without further proceedings unless there is an appeal to, or review on motion of, the director within the time provided in rule 701—6.26(99G,123,17A).

**701—6.26(99G,123,17A) Appeals and review.**

**6.26(1) Appeal by party.** Any adversely affected party may appeal a proposed decision to the director within 30 days after issuance of the proposed decision.

**6.26(2) Review.** The director may initiate review of a proposed decision on the director's own motion at any time within 30 days following the issuance of such a decision.

**6.26(3) Notice of appeal.** An appeal of a proposed decision is initiated by filing a timely notice of appeal with the department. The notice of appeal must be signed by the appealing party or a representative of that party and contain a certificate of service. The notice shall specify:

- a. The parties initiating the appeal;
- b. The proposed decision or order appealed from;
- c. The specific findings or conclusions to which exception is taken and any other exceptions to the decision or order;
- d. The relief sought;
- e. The grounds for relief.

**6.26(4) Requests to present additional evidence.** A party may request the taking of additional evidence only by establishing that the evidence is material, that good cause existed for the failure to present the evidence at the hearing, and that the party has not waived the right to present the evidence. A written request to present additional evidence must be filed with the notice of appeal or, by a nonappealing party, within 14 days of service of the notice of appeal. The director may remand a case to the presiding officer for further hearing or the director may preside at the taking of additional evidence.

**6.26(5) Scheduling.** The director shall issue a schedule for consideration of the appeal.

**6.26(6) Briefs and arguments.** Unless otherwise ordered, within 30 days of the notice of appeal or order for review, each appealing party may file exceptions and briefs. Within 30 days thereafter, any party may file a responsive brief. Briefs shall cite any applicable legal authority and specify relevant portions of the record in that proceeding. Written requests to present oral argument shall be filed with the briefs. The director may resolve the appeal on the briefs or provide an opportunity for oral argument. The director may shorten or extend the briefing period as appropriate.

**701—6.27(99G,123,17A) Applications for rehearing.** Procedures to apply for rehearing for the department are set forth in rule 701—7.21(17A).

**701—6.28(99G,123,17A) Stays of agency actions.**

**6.28(1) When available.**

a. *Department appeal.* Any party to a contested case proceeding may petition the department for a stay of an order issued in that proceeding or for other temporary remedies, pending review. The petition shall be filed with the notice of appeal and shall state the reasons justifying a stay or other temporary remedy. The director may rule on the stay or authorize the presiding officer to do so.

*b. Stay or temporary remedy.* Any party to a contested case proceeding may petition the department for a stay or other temporary remedies pending judicial review of all or part of that proceeding. The petition shall state the reasons justifying a stay or other temporary remedy.

**6.28(2)** *When granted.* In determining whether to grant a stay, the director shall consider the following factors:

*a.* The extent to which the applicant is likely to prevail when the court finally disposes of the matter.

*b.* The extent to which the applicant will suffer irreparable injury if relief is not granted.

*c.* The extent to which the grant of relief to the applicant will substantially harm other parties to the proceedings.

*d.* The extent to which the public interest relied on by the agency is sufficient to justify the agency's action in the circumstances.

**6.28(3)** *Vacation.* A stay may be vacated by the issuing authority upon application of any party.

**701—6.29(99G,123,17A) No factual dispute contested cases.** If the parties agree that no dispute of material fact exists as to a matter that would be a contested case if such a dispute of fact existed, the parties may present all relevant admissible evidence either by stipulation or otherwise as agreed by the parties, without necessity of an evidentiary hearing. If such agreement is reached, a jointly submitted schedule detailing the method and timetable for submission of the record, briefs and oral argument should be submitted to the presiding officer for approval as soon as practicable. If the parties cannot agree, any party may file and serve a motion for summary judgment pursuant to the rules governing such motions found under subrule 6.14(5).

**701—6.30(99G,123,17A) Emergency adjudicative proceedings.**

**6.30(1)** *Necessary emergency action.* To the extent necessary to prevent or avoid immediate danger to the public health, safety, or welfare and consistent with the Constitution and other provisions of law, the department may issue a written order in compliance with Iowa Code section 17A.18A to suspend a license in whole or in part, order the cessation of any continuing activity, order affirmative action, or take other action within the jurisdiction of the department by emergency adjudicative order. Before issuing an emergency adjudicative order the department shall consider factors, including but not limited to the following:

*a.* Whether there has been a sufficient factual investigation to ensure that the agency is proceeding on the basis of reliable information;

*b.* Whether the specific circumstances that pose immediate danger to the public health, safety, or welfare have been identified and determined to be continuing;

*c.* Whether the person required to comply with the emergency adjudicative order may continue to engage in other activities without posing immediate danger to the public health, safety, or welfare;

*d.* Whether imposition of monitoring requirements or other interim safeguards would be sufficient to protect the public health, safety, or welfare; and

*e.* Whether the specific action contemplated is necessary to avoid the immediate danger.

**6.30(2)** *Issuance of order.*

*a. Contents.* An emergency adjudicative order shall contain findings of fact, conclusions of law, and policy reasons to justify the determination of an immediate danger in the department's decision to take immediate action.

*b. Service.* The written emergency adjudicative order shall be immediately delivered to persons who are required to comply with the order by utilizing one or more of the following procedures:

(1) Personal delivery; or

(2) Certified mail, return receipt requested, to the last address on file with the agency.

*c. Delivery.* To the degree practicable, the department shall select the procedure for providing written notice that best ensures prompt, reliable delivery.

**6.30(3)** *Oral notice.* Unless the written emergency adjudicative order is provided by personal delivery on the same day that the order issues, the department shall make reasonable immediate efforts to contact by telephone the persons who are required to comply with the order.

**6.30(4) Completion of proceedings.** After the issuance of an emergency adjudicative order, the department shall proceed as quickly as feasible to complete any proceedings that would be required if the matter did not involve an immediate danger. After issuance of an emergency adjudicative order, continuance of further agency proceedings will be granted only in compelling circumstances upon application in writing.

**701—6.31(99G,123,17A) Informal settlement.** A party to a controversy that may culminate or has culminated in contested case proceedings may attempt informal settlement by complying with the procedures set forth in this rule. No party is required to settle the controversy or contested case by submitting to informal settlement procedures.

**6.31(1)** Parties desiring informal settlement are to set forth in writing the various points of a proposed settlement, including findings of facts.

**6.31(2)** When signed by the parties and approved by the director, a settlement shall represent final disposition of the matter.

**6.31(3)** A proposed settlement that is not accepted or signed by the parties and the director shall not be admitted as evidence in the record of a contested case proceeding. Evidence of conduct or statements made in settlement negotiations likewise are not admissible. This rule does not require exclusion when the evidence is offered for another purpose, such as proving bias or prejudice of a witness, negating a contention of undue delay, or proving an effort to obstruct a criminal investigation or prosecution.

This rule is intended to implement Iowa Code section 17A.10.

These rules are intended to implement Iowa Code chapter 17A.

ITEM 7. Rescind 701—Chapter 7 and adopt the following **new** chapter in lieu thereof:

CHAPTER 7  
TAX APPEALS, TAXPAYER REPRESENTATION,  
AND OTHER ADMINISTRATIVE PROCEDURES

**701—7.1(421,17A) Applicability and scope of rules.** These rules implement the Iowa administrative procedure Act and aid in the effective and efficient administration and enforcement of the laws of this state and other activities of the department. These rules govern the practice, procedure, and conduct of the informal proceedings, contested case proceedings, and certain other administrative procedures within the department’s jurisdiction. The rules in this chapter apply to all informal proceedings, contested case proceedings, licensing proceedings pending or commenced on or after their effective date; however, 701—Chapter 6 applies to appeals and contested case proceedings for matters under Iowa Code chapters 123 and 99G. 701—Chapter 3 contains rules on rulemaking for all matters within the department’s jurisdiction. 701—Chapter 4 contains rules on declaratory order for all matters within the department’s jurisdiction.

This rule is intended to implement Iowa Code chapter 17A.

**701—7.2(421,17A) Definitions.** Terms not defined below have the same meaning as defined in Iowa Code chapter 17A. Unless otherwise specifically stated, the terms used in these rules promulgated by the department have the meanings defined by the Act. These definitions apply to this chapter unless the text states otherwise:

“*Act*” means the Iowa administrative procedure Act.

“*Appeal*” means a dispute of a notice of assessment, refund denial, or other department action that may culminate in a contested case proceeding. “*Protest*” has the same meaning as appeal.

“*Appeals section*” means the section of the department designated by the director to administer the informal stage of the tax appeals process and participate in contested case proceedings for appeals before the department.

“*Clerk*” means the clerk of the legal services and appeals division or the clerk’s designee.

“*Department*” or “*IDR*” means the Iowa department of revenue.



“*Director*” means the director of the department or the director’s designee.

“*Division of administrative hearings*” means the division of the department of inspections, appeals, and licensing responsible for holding contested case proceedings pursuant to Iowa Code chapter 10A.

“*Entity*” means any taxpayer other than an individual or sole proprietorship.

“*GovConnectIowa*” means the e-services portal of the department.

“*Informal stage*” means the procedures of the appeals process described in rule 701—7.10(17A).

“*Issuance*” means the date specified in the decision or order, the date of mailing of a decision, or order or date of delivery of the decision or order if service is by other means.

“*Last-known address*” means the last address associated with a taxpayer by tax type, as determined pursuant to rule 701—7.23(421).

“*Motion*” means the same as defined in Iowa Rule of Civil Procedure 1.431.

“*Party*” means the same as defined in Iowa Code section 17A.2(8) and includes intervenors.

“*Person*” means the same as defined in Iowa Code section 17A.2. “Public or private organization of any character or any other person covered by the Act other than an agency” as used in that definition includes estates, trusts, or fiduciary.

“*Petition*” means application for declaratory order; request to intervene in a declaratory order under consideration; or application for initiation of proceedings to adopt, amend or rescind a rule or document filed in licensing.

“*Pleadings*” means appeal, answer, reply or other similar document filed in a contested case proceeding, including contested cases involving no factual dispute.

“*Presiding officer*” means the person designated to preside over a proceeding involving the department. A presiding officer of a contested case involving the department will be either the director or a qualified administrative law judge appointed, pursuant to Iowa Code chapter 17A, by the division of administrative hearings established pursuant to Iowa Code section 10A.801. In cases in which the department is not a party, at the director’s discretion, the presiding officer may be the director or the director’s designee. The presiding officer of an administrative appeal is the director of the department.

“*Proceeding*” means informal, formal, and contested case proceedings.

“*Proposed decision*” means the presiding officer’s recommended findings of fact, conclusions of law, decision, and order in a contested case in which the director did not preside, as described in Iowa Code section 17A.15.

“*Review unit*” means the unit composed of the appeals section of the department and any of the attorney general’s staff who have been assigned to review appeals filed by taxpayers.

“*Taxpayer interview*” means any in-person contact between an employee of the department and a taxpayer or a taxpayer’s representative that has been initiated by a department employee.

“*Taxpayer’s representative*” or “*taxpayer’s authorized representative*” means an individual authorized to practice before the department on behalf of a taxpayer under Iowa Code section 421.59; an individual who has been named as an authorized representative on a fiduciary return of income form filed under Iowa Code section 422.14 or a tax return filed under Iowa Code chapter 450 or 450B; or for proceedings before the department, any other individual the taxpayer designates who is named on a valid power of attorney if appearing on behalf of another.

This rule is intended to implement Iowa Code chapter 17A.

**701—7.3(17A) How to submit an appeal, petition or related documents; service.** Appeals, petitions, and other documents governed by this chapter may be filed electronically, by mail, or in person, in accordance with the limits described below. The headquarters of the department in the Hoover State Office Building in Des Moines, Iowa, will generally be open between the hours of 8 a.m. and 4:30 p.m. daily, except Saturdays, Sundays, and holidays as defined in Iowa Code section 421.9A.

**7.3(1) Ways to submit an appeal, petition, or related document.** Unless otherwise specified in another rule in this chapter, a person may submit an appeal, petition, related document, or document filed during an appeal or pending petition:

*a.* By submitting through GovConnectIowa. As of November 12, 2024, GovConnectIowa is available for filing petitions for declaratory order, petitions for rulemaking, and petitions for rule waiver for all tax types as well as for lottery and alcohol matters but is only available for filing appeals for the

following tax types: sales, use, E911, withholding, motor vehicle fee for new registration, vehicle lease, cigarette, tobacco products, alternative nicotine, vapor device, vapor products, drug stamp, utility replacement, central assessments, statewide property, motor fuel, hotel/motel, local option sales, automobile rental, water service excise, individual income, fiduciary income, corporation income, S corporation income, partnership income, composite, franchise, inheritance, moneys and credits, and tax credits and distributions associated with these tax types.

b. By email to [idrhearings@iowa.gov](mailto:idrhearings@iowa.gov).

c. By mail to Legal Services and Appeals Division, Iowa Department of Revenue, P.O. Box 14457, Des Moines, Iowa 50306-3457.

d. By hand delivery to the department's customer service desk in the Hoover State Office Building, First Floor, 1305 East Walnut Street, Des Moines, Iowa 50319, during regular business hours.

**7.3(2)** *Filings with the division of administrative hearings and service upon the department during contested case proceedings.* All documents or papers required or permitted to be filed with an administrative law judge appointed by the division of administrative hearings to be a presiding officer in a contested case shall be filed in accordance with rule 481—10.12(17A). All papers or documents required or permitted by this chapter to be filed with the department or the director and served upon the opposing party or other person in a contested case shall be served by ordinary mail unless another rule specifically refers to another method.

**7.3(3)** *Service by the department.* All notices or documents required or permitted by this chapter to be served on parties or persons by the department or presiding officer that are not currently pending before an administrative law judge shall be served by ordinary mail unless the taxpayer has elected to receive communications exclusively through GovConnectIowa, pursuant to rule 701—8.6(421). For taxpayers registered in GovConnectIowa, posting the document in the taxpayer's GovConnectIowa account constitutes service or notice of the document. For taxpayer representatives registered in GovConnectIowa, posting the document in the taxpayer representative's GovConnectIowa account constitutes service or notice of the document. For nonregistered taxpayers or nonregistered taxpayer representatives, documents will be served by ordinary mail. When this nonregistered mailing is required, however, the department may note on the docket the parties served and the method of service instead of filing a certificate of service. With respect to any notice, correspondence, or communication served electronically, response deadlines shall be calculated from the date the taxpayer is notified electronically of the correspondence or the item is mailed, whichever is earlier.

This rule is intended to implement Iowa Code chapter 17A.

#### **701—7.4(17A) Time requirements for filings.**

**7.4(1)** *Computing time.* Time shall be computed in accordance with Iowa Code section 421.9A. For electronic submissions, in addition to the requirements described in Iowa Code section 421.9A, local time for the state of Iowa applies. In computing time in accordance with Iowa Code section 421.9A, the first day shall be excluded and the last included.

**7.4(2)** *Date of filing.* The date of filing for appeal requests, petitions, or other related documents shall be:

a. If sent electronically either through GovConnectIowa or as described on the department's website, determined by the date on which the electronic submission was completed.

b. If sent by regular mail, the date postmarked on the envelope sent to the department's principal office or, if the postmark is not available, the date the appeal is stamped as received by the department.

c. If hand delivered, the date the appeal is stamped as received by the department.

This rule is intended to implement Iowa Code chapter 17A.

#### **701—7.5(17A) Form and style of documents.**

**7.5(1)** *Requirements applicable to all filings under this chapter.*

a. *Signatures.* Signatures must meet the requirements of 701—subrule 8.2(6). The signature shall constitute a certification that the signer has read the document; that, under penalty of perjury, the signer declares that to the best of the signer's knowledge and belief, the information contained in the document is true, correct, and complete; and that no statement contained in the document is misleading.

*b. Citations.* Citations may be italicized or underlined.

**7.5(2) Paper.** Any paper documents that are allowed or required to be submitted by this chapter must:

- a.* Be clear and legible.
- b.* Be on white paper.
- c.* Be on the applicable department appeal, application for reinstatement, or petition form available on the department's forms website [revenue.iowa.gov/forms](http://revenue.iowa.gov/forms) under the category "Applications and Other" or, if not on the department's form, include a proper caption on the first page.
- d.* Include a signature.
- e.* Include copies as herein provided or as specified in other applicable rules.

**7.5(3) Email.** Any documents allowed or required to be filed by email under this chapter must be:

- a.* A document in PDF, Microsoft Word, Microsoft Excel, or image format that complies with subrules 7.5(1) and 7.5(2), or
- b.* The body of an email that meets all of the requirements of subrules 7.5(1) and 7.5(2).

**7.5(4) GovConnectIowa.** Any documents allowed or required to be filed through GovConnectIowa under this chapter must be:

- a.* A document in PDF, Microsoft Word, Microsoft Excel, or image format that complies with subrules 7.5(1) and 7.5(2) that is properly uploaded and properly submitted through GovConnectIowa.
- b.* Completed and submitted on the applicable GovConnectIowa form.

This rule is intended to implement Iowa Code chapters 17A and 554D and sections 421.17 and 421.27A.

**701—7.6(17A) Docket.** Every matter coming within the purview of this chapter is assigned a docket number that is the official identification number of the matter for the purposes of identification. The parties will be notified of the docket number. The number will be placed by the parties on all documents thereafter filed in the proceeding. After the transfer of a case to the division of administrative hearings for contested case proceedings, that division may assign another docket number to the case and, in that event, both docket numbers will be placed by the parties on all documents thereafter filed in the proceeding.

**701—7.7(17A) Identifying details, requests for redaction.**

**7.7(1) Information redacted by the department, subject to certain exceptions.** Prior to being made available for public inspection, the department will redact from an appeal or contested case the information required by Iowa Code sections 422.20(5) and 422.72(8). "Make available for public inspection" means disclosure to the public by the department pursuant to Iowa Code section 17A.3 or chapter 22.

**7.7(2) Process for requesting redaction of other details from a pleading, exhibit, attachment, motion, or written evidence.** If a taxpayer desires information contained in a record, other than the information described in Iowa Code sections 422.20(5) "a" and 422.72(8) "a," to be redacted prior to public inspection, the taxpayer must file a motion and affidavit meeting the requirements below.

*a. Process for filing a motion for redaction of other details during a contested case.* Motions for redaction of other details from a pleading, exhibit, attachment, motion or written evidence filed after the notice of hearing is issued in a contested case must comply with subrule 7.17(5).

*b. Process for filing a motion for redaction of other details prior to the commencement of a contested case.* Motions for redaction of other details from a pleading, exhibit, attachment, motion or written evidence filed prior to a contested case must be filed with the clerk of the hearings section of the department. The motion must be filed separately from the appeal described in subrule 7.9(6).

*c. Contents of motion.* Motions filed under this rule, including those filed during contested cases, shall contain the following:

- (1) The name of the person requesting redaction and the docket number of the proceeding.
- (2) Clear and convincing evidence that the disclosure would reveal a trade secret or would constitute a clear, unwarranted invasion of personal privacy. Corporations, limited liability companies,

other business entities (including but not limited to partnerships and joint ventures), and trusts do not have protectible personal privacy interests.

(3) An unredacted copy of the document containing the information at issue and also a copy of the document with the desired redaction made. If a copy of the document is not in the possession of the taxpayer, the motion must contain a precise description of the document in the possession of the department from which the redaction is sought and a precise description of the information to be redacted. If redaction is sought from more than one document, each document and the information sought to be redacted shall be listed in separate paragraphs.

(4) For each item for which redaction is requested, an explanation of the legal basis for the redaction requested, including an explanation of why the release of the information sought to be redacted is a clear, unwarranted invasion of personal privacy or a trade secret.

(5) An affidavit in support of redaction. The affidavit must:

1. Be sworn to by a person familiar with the facts asserted within it and shall contain a clear and concise explanation of the facts justifying redaction, not merely the legal basis for redaction or conclusory allegations.

2. Contain a general and truthful statement that the information sought to be redacted is not available to the public from any source or combination of sources, direct or indirect, and a general statement that the release would serve no public purpose.

*d. Burden of proof.* The burden of showing that redaction is justified is on the movant. The burden is not carried by mere conclusory statements or allegations, for example, that the release of the material would be a clear, unwarranted invasion of personal privacy or that the material is a trade secret.

*e. Contested case proceeding.* That the information sought to be redacted is part of the pleadings, motions, evidence, and the record in a contested case proceeding otherwise open for public inspection and that the matter would otherwise constitute confidential tax information is not grounds for redaction.

**7.7(3) Process for requesting redaction of other details in a final order, decision, or ruling.** Motions to redact information from a final order, decision, or ruling cannot be made until the order is issued and must be made within 30 days of the date of the order, decision, or ruling. The taxpayer must follow the requirements in paragraph 7.8(2)“c” and subrule 7.19(5). The department has 30 days to respond to the motion from the date the department’s representatives receive notice from the presiding officer unless otherwise ordered by the presiding officer.

**7.7(4) Rulings.** Motions filed with the clerk of the hearings section will be ruled on by the director or may be referred by the director to an administrative law judge. Motions filed with the administrative law judge will be ruled on by the administrative law judge. In the case of motions before the director prior to contested case proceedings, the department may respond in writing to a motion on the request of the director or upon the initiative by department staff. Oral argument, including a hearing, may be held at the discretion of the presiding officer. The presiding officer may choose to close a hearing or other proceeding that may otherwise be open to the public due to the confidential nature of information covered by the motion during the pending motion.

**7.7(5) Limitation on motions.** If the motion or request is denied, the movant may not submit a motion to redact the same identifying details unless the movant is in possession of new information that may support the requested redaction(s) that the movant was not or could not have been aware of at the time of the original motion.

**7.7(6) Handling of the file while the motion is pending.** While a motion is pending, unless otherwise required or permitted by law, the department will treat the motion as if it has been granted and will not publicly release any information pursuant to Iowa Code chapter 22 or 17A sought to be kept confidential by the taxpayer.

This rule is intended to implement Iowa Code chapter 17A and sections 422.20(5) and 422.72(8).

**701—7.8(17A) Tax appeals.** Any person wishing to contest an assessment, denial of refund claim, or any other department action, except licensing, which may culminate in a contested case proceeding, shall file an appeal, in writing, with the department within the time prescribed by the applicable statute or rule for filing notice of application to the director for a hearing. The appeal must be filed as described in rule 701—7.3(17A).

**7.8(1) Deadlines.** The period for appealing department action relating to refund claims is the same statutory period as that for contesting an assessment. Failure to timely file a proper appeal will be construed as a waiver of opposition to the matter involved unless, on the director's own motion, pursuant to statutory authority, the powers of abatement or settlement are exercised.

**7.8(2) Paying an assessment that is divisible.** When an assessment involves divisible taxes that are not timely appealed, namely, an assessment that is divisible into a tax on each transaction or event, the taxpayer may contest the assessment by paying a portion of the assessment and filing a refund claim within the time period provided by law. In this latter instance, the portion paid must represent any undisputed portion of the assessment and must also represent the liability on a transaction or event for which, if the taxpayer is successful in contesting the portion paid, the unpaid portion of the assessment attributable to that specific type of transaction would be canceled. Any such appeal filed is limited to the issues covered by the amounts paid for which a refund was requested and denied by the department. If the department does not grant or deny the refund within six months of the filing of the refund claim or if the department denies the refund, the taxpayer may file an appeal as authorized by this rule.

**7.8(3) Types of divisible taxes.** All of the taxes administered and collected by the department can be divisible taxes, except individual income tax, fiduciary income tax, corporation income tax, franchise tax, partnership income, S corporation income, composite, and statewide property tax. The following noninclusive examples illustrate the application of the divisible tax concept:

**EXAMPLE A:** As a responsible party, X is assessed withholding income taxes, penalty, and interest on eight employees. X fails to timely appeal the assessment. X contends that X is not a responsible party. If X is a responsible party, X is required to make monthly deposits of the withholding taxes. In this situation, the withholding taxes are divisible. Therefore, X may pay an amount of tax, penalty, and interest attributable to one employee for one month and file a refund claim within the time period provided by law since, if X is successful on the refund claim, the remaining unpaid portion of the assessment would be canceled.

**EXAMPLE B:** Y is assessed sales tax, interest, and penalty for electricity purchased and used to power a piece of machinery in Y's manufacturing plant. Y fails to timely appeal the assessment. Y was billed monthly for electricity by the power company to which Y had given an exemption certificate. Y contends that the particular piece of machinery is used directly in processing tangible personal property for sale and that, therefore, all of the electricity is exempt from sales tax. In this situation, the sales tax is divisible. Therefore, Y may pay an amount of tax, penalty, and interest attributable to one month's electrical usage in that machinery and file a refund claim within the time period provided by law since, if Y is successful on the refund claim, the remaining unpaid portion of the assessment would be canceled.

**7.8(4) Who may be named in an appeal.** The appeal shall be brought in the name of the aggrieved taxpayer. Each aggrieved taxpayer may protest more than one agency action in a single appeal, subject to the applicable statutory appeal period for each protested agency action. Individuals or entities required to file separate tax returns or those choosing to file separate tax returns may not combine appeals with any other individual or entity. Taxpayers who are not named in the department action under appeal are not aggrieved taxpayers and may not be included in the appeal. The appeal may be filed by and in the name of the aggrieved taxpayer or by the authorized representative described in Iowa Code section 421.59(2), Iowa Code chapter 633B, or subrule 8.8(6) legally entitled to institute a proceeding on behalf of the person or by an intervenor in contested case proceedings. In the event of a discrepancy between the name set forth in the appeal and the correct name, a statement of the reason for the discrepancy shall be set forth in the appeal.

**7.8(5) Form and content of the appeal.**

*a. Department forms.* Appeals may be filed using the form available on GovConnectIowa or the form available on the department's website: [revenue.iowa.gov/forms](http://revenue.iowa.gov/forms).

*b. Manually created appeals.* Persons who do not use GovConnectIowa or the form available on the department's website shall use the following format:

(1) The appeal shall contain a caption in the following form:

BEFORE THE DEPARTMENT OF REVENUE  
HOOVER STATE OFFICE BUILDING

DES MOINES, IOWA

---

IN THE MATTER OF _____	*	
(state taxpayer's name and address and	*	APPEAL
designate type of proceeding, e.g.,	*	Docket No. _____
income tax refund claim)	*	(filled in by Department)

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- (2) The appeal shall substantially state in separate numbered paragraphs the following:
1. Proper allegations showing:
    - Date of department action, such as the notice of assessment or refund denial;
    - Whether the taxpayer failed to timely appeal the assessment and, if so, the date of payment and the date of filing of the refund claim;
    - Whether the appeal involves the appeal of a refund claim after six months from the date of filing the refund claim because the department failed to deny the claim;
    - Copies of the documented department action, such as the notice of assessment, refund claim, and refund denial letter;
    - Other items that the taxpayer wishes to bring to the attention of the department; and
    - A request for attorney fees, if applicable.
  2. The type of tax, the taxable period or periods involved, and the amount in controversy.
  3. Each error alleged to have been committed, listed in a separate paragraph. For each error listed, an explanation of the error and all relevant facts related to the error shall be provided. A taxpayer may only allege errors related to specific audit determinations made by the department or related to issues presented for audit determinations by the department. If a taxpayer did not present for a determination by the department a particular exemption claim in the taxpayer's sales tax refund return, the taxpayer may not allege error related to such exemption claim when the taxpayer appeals the denial of the requested refund.
    4. Reference to any particular statute or statutes and any rule or rules involved, if known.
    5. Description of records or documents that were not available or were not presented to department personnel prior to the filing of the appeal, if any. Copies of any records or documents that were not previously presented to the department shall be provided.
    6. Any other matters deemed relevant and not covered in the above paragraphs.
    7. The desire of the taxpayer to expedite proceedings. Rule 701—7.12(17A,421) contains more details on expedited proceedings.
    8. A statement setting forth the relief sought by the taxpayer.
    9. The signature of the taxpayer or the authorized representative. If the appeal is signed by the taxpayer, the address and telephone number of the taxpayer is to be included in the signature block. If the appeal is signed by an authorized representative, the address and telephone number of the authorized representative is to be included in the signature block. Appeals submitted by an authorized representative must have a valid IDR power of attorney form or representative certification form, as applicable in accordance with rule 701—8.8(17A,22,421,422), on file with the department, or one should be included with the appeal.
      - c. *Spouses.* If an appeal involves an assessment or a refund denial to a married couple and both spouses intend to appeal, both spouses must sign the document as drafted under paragraph 7.8(5) "a" or "b." Appeals submitted by an authorized representative must include an executed IA 2848 power of attorney form or representative certification form, as applicable, for each spouse unless an IA 2848 power of attorney form or representative certification form is on file with the department.
- 7.8(6) Amendments.**
- a. Subject to the statutory appeal period, the taxpayer may amend the appeal at any time before a responsive pleading is filed. Amendments to the appeal after a responsive pleading has been filed may be allowed by the presiding officer, subject to the statutory appeal period, with the consent of the other parties or at the discretion of the presiding officer who may impose terms or grant a continuance.

b. The department may request that the taxpayer amend the appeal for purposes of clarification or to comply with format requirements. If the taxpayer fails to amend the appeal within the time provided for in the department's request, the department may move to dismiss the appeal under paragraph 7.11(3) "a." Requests by the department to the taxpayer to amend the appeal after a responsive pleading has been filed may be allowed by the presiding officer, subject to the statutory appeal period, with the consent of the other parties or at the discretion of the presiding officer who may impose terms or grant a continuance.

**7.8(7) Alcohol and lottery appeals.** This chapter does not apply to appeals and contested case proceedings for matters under the Iowa alcoholic beverage control Act (Iowa Code chapter 123) or the Iowa lottery act (Iowa Code chapter 99G). Information about appeals under those chapters is contained in 701—Chapter 6.

**701—7.9(17A) Resolution of tax liability.** In the event that a proper appeal has been filed, other department personnel, when authorized by the appeals section, have the authority to discuss the resolution of any matter in the appeal either with the taxpayer or the taxpayer's representative. The personnel shall report their activities in this regard to the appeals section, and the section shall be authorized to approve or reject any recommendations made by the appropriate personnel to resolve an appeal.

This rule is intended to implement Iowa Code chapter 17A.

**701—7.10(17A) Informal stage of the tax appeals process.** When an appeal is filed, the parties are encouraged to utilize the informal procedures described in this rule to reach a resolution between the parties without the necessity of initiating contested case proceedings. That resolution may be the granting of the appeal in full or in part, the denial of the appeal in full or in part, or an agreement to settle the matter. Unless, in accordance with rule 701—7.12(17A,421), the taxpayer demands a contested case proceeding or an expedited hearing is agreed to or the department waives informal procedures upon notification to the taxpayer, such informal procedures will be initiated as herein provided upon the filing of a proper appeal.

**7.10(1) Appeals section review.** After an appeal is filed, the review unit, subject to the control of the director or the division administrator of the legal services and appeals division, will:

- a. Review and evaluate the validity of the appeal.
- b. Determine the correct amount of tax owing or refund due.
- c. Determine the best method of resolving the dispute between the taxpayer and the department.
- d. Take further action regarding the appeal, including any additions to and deletions from the audit, as may be warranted by the circumstances to resolve the appeal, including a request for an informal conference.
- e. Determine whether the appeal complies with rule 701—7.8(17A) and request any amendments to the appeal or additional information.

**7.10(2) Determinations, conferences.** The review unit may concede any items contained in the appeal that it determines should not be controverted by the department. If the taxpayer has not waived informal procedures, the review unit may request that the taxpayer and the taxpayer's representative, if any, attend an informal conference with the review unit to explore the possibility of reaching a settlement without the necessity of initiating contested case proceedings or the possibility of narrowing the issues presented in the appeal if no settlement can be made. The review unit may request clarification of the issues from the taxpayer or further information from the taxpayer or third persons.

**7.10(3) Findings.** A position letter addressing the issues raised in the appeal may be issued to the taxpayer or taxpayer's representative unless the issues may be more expeditiously determined in another manner or it is determined that such a letter is unnecessary.

**7.10(4) Format of review.** Nothing herein will prevent the review unit and the taxpayer from mutually agreeing on the manner in which the appeal will be informally reviewed.

**7.10(5) Settlements.** Only the director, a deputy director, the division administrator of the legal services and appeals division, or another person designated in writing by the director may approve and sign settlements of appeals. If a settlement is reached during informal procedures, a closing order stating

that a settlement was reached by the parties and that the case is terminated shall be issued by the director and provided to all parties.

This rule is intended to implement Iowa Code section 17A.10.

**701—7.11(17A,421) Dismissal of tax appeals.**

**7.11(1)** *Appeals filed after expiration of statutory deadline.* Appeals that are not filed by the applicable statutory deadline shall be dismissed by the director or the director’s designee in accordance with the procedure outlined in paragraph 7.11(1)“a.”

*a. Procedures for motions to dismiss.* The department shall file a motion to dismiss with the clerk and serve a copy of the motion on the taxpayer. The taxpayer may file a resistance to the motion in writing within 20 days of the date of service of the motion. If no resistance is so filed, the director or the director’s designee shall immediately enter an order dismissing the appeal. Once such dismissal order is entered, the director or the director’s designee shall close the appeal. If a resistance is filed, the department has ten days from the date of the filing of the resistance to decide whether to withdraw its motion and so notify the taxpayer and the clerk. If no such notice is received by the clerk within the ten-day period, the appeal file will be transferred to the division of administrative hearings, which shall issue a notice for a contested case proceeding on the motion as prescribed by rule 701—7.15(17A), except that the issue of the contested case proceeding shall be limited to the question of whether the appeal was filed within the statutory appeal period. Thereafter, rule 701—7.18(17A) pertaining to contested case proceedings shall apply in such dismissal proceedings.

*b. Grounds for denying the department’s motion.* The department’s motion shall be granted unless the taxpayer can prove that it filed the appeal prior to the expiration of the statutory appeal deadline because the department failed to:

- (1) Mail or personally deliver the notice of assessment, refund denial, or other notice of department action to the taxpayer’s last-known address; or
- (2) If applicable, also mail the notice of assessment, refund denial, or other notice of department action to the taxpayer’s authorized representative; or
- (3) Comply with the requirements of Iowa Code section 421.60(2)“b.”

For purposes of this rule, “last-known address” and “personal delivery” mean the same as described in rule 701—7.23(421).

**7.11(2)** *Appeals not authorized by statute.* Appeals that are not authorized by statute or otherwise are inconsistent with the statutory requirements for an appeal shall be dismissed by the director in accordance with the procedure outlined in paragraph 7.11(1)“a,” except that the issue shall be limited to the question of whether the appeal is authorized by statute and consistent with statutory appeal requirements.

**7.11(3)** *Failure to pursue the appeal at the informal stage.* If the appeal was filed timely and informal procedures were initiated, the failure of the taxpayer to provide documents or information requested by the department, including the failure to respond to a position letter or an information request, shall constitute failure to pursue the appeal and is grounds for the department to dismiss the appeal in accordance with the procedure outlined in paragraph 7.11(3)“a.” For purposes of this subrule, an evasive or an incomplete response will be treated as a failure to pursue the appeal.

*a. Procedures for motions to dismiss.* If the department seeks to dismiss the appeal, the department shall file a motion to dismiss with the clerk and serve a copy of the motion on the taxpayer. The taxpayer may file a resistance to the motion within 20 days of the date of service of the motion. If no resistance is so filed, the director or the director’s designee shall immediately enter an order dismissing the appeal. If a resistance is filed, the department has ten days from the date of the filing of the resistance to decide whether to withdraw its motion and so notify the taxpayer and the clerk. If no such notice is received by the clerk within the ten-day period, the appeal file will be transferred to the division of administrative hearings, which shall issue a notice for a contested case proceeding on the motion as prescribed by rule 701—7.15(17A), except that the issue of the contested case proceeding shall be limited to the question of whether the taxpayer failed to pursue the appeal, as that term is defined in this subrule. Thereafter, rule 701—7.18(17A) pertaining to contested case proceedings shall apply in such dismissal proceedings.



*b. Grounds for reinstatement of dismissed appeals.* If a motion to dismiss is filed and is unresisted, the appeal that was dismissed may be reinstated by the director or the director's designee for good cause if an application for reinstatement is filed with the clerk within 30 days of the date the appeal was dismissed. For purposes of this rule, "good cause" means the same as "good cause" in Iowa Rule of Civil Procedure 1.977.

*c. Content and review of the application for reinstatement.* The application shall set forth all reasons and facts upon which the taxpayer relies in seeking reinstatement of the appeal. Supporting documentation must be supplied. The department shall review and notify the taxpayer whether the application is granted or denied.

*d. Denial of the application.* If the department denies the application to reinstate the appeal, the taxpayer has 30 days from the date the application for reinstatement was denied in which to request, in writing, a formal hearing on the reinstatement. The taxpayer shall send the written request to the clerk. When a written request for formal hearing is received, the appeal file will be transferred to the division of administrative hearings, which shall issue a notice as prescribed in rule 701—7.15(17A), except that the issue of the contested case proceeding shall be limited to the question of whether the taxpayer has good cause to reinstate the dismissed appeal. Thereafter, rule 701—7.18(17A) pertaining to contested case proceedings shall apply in such reinstatement proceedings. If the taxpayer does not respond to a denial of the application for reinstatement within 30 days of the denial, the director or the director's designee will issue an order closing the appeal.

*e. Failure to file timely application for reinstatement.* If an application for reinstatement is filed after the 30-day deadline, the application shall not be accepted by the director or director's designee.

**7.11(4) Dismissal of appeals during contested case proceedings.** Once contested case proceedings have been commenced, it shall be grounds for a motion to dismiss that a taxpayer has either failed to diligently pursue the appeal or has refused to comply with requests for discovery set forth in rule 701—7.16(17A). Such a motion must be filed with the presiding officer.

This rule is intended to implement Iowa Code sections 17A.12, 421.10, 421.60, and 422.28.

**701—7.12(17A,421) Demand for contested case proceeding.** Pursuant to Iowa Code section 421.60(2) "g," a taxpayer may make a written demand for a contested case proceeding after a period of six months from the filing of a proper appeal. Demands made prior to six months will be treated as premature and must be resubmitted six months or later from the filing of the appeal. Upon receipt of a timely written demand, the department shall file its answer within 30 days after receipt of the demand. If the department fails to file its answer within this 30-day period, interest shall be applied in the manner described in the introductory paragraph of rule 701—7.13(17A).

This rule is intended to implement Iowa Code sections 17A.12 and 421.60.

**701—7.13(17A) Answer.** If the parties are unable to resolve the appeal informally, or if the parties waive informal proceedings as described in rule 701—7.12(17A,421), the department shall file an answer to the appeal with the clerk. Subject to the limitations in rule 701—7.12(17A,421), the department will file an answer within 30 days of receipt of written demand for a contested case hearing from the taxpayer. In the case of an appeal of an assessment, failure to answer within the 30-day time period and after a demand for hearing has been made shall result in the suspension of interest from the time that the department was required to answer until the date that the department files its answer. In the case of an appeal of a refund denial, failure to answer within the 30-day time period after a demand for hearing has been made shall result in the accrual of interest payable to the taxpayer at double the rate in effect under Iowa Code section 421.7 from the time the department was required to answer until the date that the department files its answer. Failure to file an answer within 30 days after the demand for contested case will not result in a default judgment for the taxpayer.

**7.13(1)** The answer of the department shall be drawn in a manner as provided by the Iowa Rules of Civil Procedure for answers filed in Iowa district courts.

**7.13(2)** Each paragraph contained in the answer shall be numbered or lettered to correspond, where possible, with the paragraphs of the appeal. The answer shall be signed by the department's counsel or representative.

**7.13(3)** The department shall promptly serve a copy of the answer upon the representative of record or, if there is no representative of record, upon the taxpayer. The department may amend its answer at any time prior to the commencement of the evidentiary hearing in response to the filing of an amended appeal or to assert a new matter or an affirmative defense. The presiding officer has discretion to grant a continuance to avoid prejudice to the taxpayer or the department.

**7.13(4)** The provisions of this rule shall be considered as a part of the informal procedures since a contested case proceeding, at the time of the filing of the answer, has not yet commenced. However, an answer shall be filed pursuant to this rule whether or not informal procedures have been waived by the taxpayer or the department.

**7.13(5)** The department's answer may contain a statement setting forth whether the case should be transferred to the division of administrative hearings or the director should retain the case for hearing.

**7.13(6)** The department's answer should set forth the basis for retention of the case by the director as provided in subrule 7.18(1). If the answer fails to allege that the case should be retained by the director, the case should be transferred to the division of administrative hearings for contested case proceedings unless the director determines on the director's own motion that the case should be retained by the director.

**7.13(7)** Upon the filing of an answer, the clerk will transfer the appeal file to the division of administrative hearings within 30 days of the date of the filing of the answer unless the director determines not to transfer the case. If a party objects to a determination under rule 701—7.18(17A), the transfer, if any, would be made after the director makes a ruling on the objection.

This rule is intended to implement Iowa Code chapter 17A and section 421.60.

**701—7.14(17A) Subpoenas.** Prior to the commencement of a contested case, the department has the authority to subpoena books, papers, and records and has all other subpoena powers conferred upon it by law. Subpoenas in this case shall be issued by the director or the director's designee. Once a contested case is commenced, subpoenas must be issued by the presiding officer.

This rule is intended to implement Iowa Code sections 17A.13, 421.9, 421.17, and 422.70.

**701—7.15(17A) Commencement of contested case.** A demand or request by the taxpayer for the commencement of contested case proceedings must be in writing and filed with the clerk by email to the address provided in paragraph 7.3(1) "b"; by mail via the United States Postal Service or common carrier by ordinary, certified, or registered mail in care of the clerk to the address listed in paragraph 7.3(1) "c"; or by personal service to the department's customer service desk as described in paragraph 7.3(1) "d." Alternatively, a taxpayer that has a GovConnectIowa account may notify the clerk by using the Manage Appeal option in GovConnectIowa. The demand must be made no sooner than six months after the filing of the appeal. If the demand or request does not indicate a postmark date, then the date of receipt or the date personal service is made is considered the date of filing. Iowa Code section 622.105 describes the evidence necessary to establish proof of mailing.

**7.15(1)** When requesting a contested case hearing with the division of administrative hearings, the department shall complete a transmittal form consistent with rule 481—10.4(10A). The transmittal form is merely an administrative tool intended to facilitate the issuance of the notice of hearing.

**7.15(2)** At the request of a party or the presiding officer made prior to the issuance of the hearing notice, the presiding officer shall hold a telephone conference with the parties for the purpose of identifying the issues within the scope of the contested case, scheduling the hearing date, establishing discovery or other deadlines, and other procedural matters to be addressed in the notice of hearing. The notice of hearing shall be issued by the later of the following: within 30 days of the transmittal of the case from the department to the division of administrative hearings or one week after a telephone conference held under this subrule.

**7.15(3)** A contested case commences when the presiding officer delivers the notice of hearing by ordinary mail or electronic mail to the parties.

**7.15(4)** Any party may apply to the presiding officer for a continuance or a specific date for the hearing. The presiding officer may grant or deny such requests.

*a.* The notice of hearing shall include:

(1) A statement of the time (which shall allow for a reasonable time to conduct discovery), place and nature of the hearing;

(2) A statement of the legal authority and jurisdiction under which the hearing is held;

(3) A reference to the particular sections of the statutes and rules involved; and

(4) A short and plain statement of the matters asserted, including the issues.

*b.* The statement of the issues in the notice of hearing shall not include issues that are not presented in the appeal or the answer.

**7.15(5)** After the delivery of the notice commencing the contested case proceedings, the parties may file further pleadings or amendments to pleadings in accordance with this chapter.

This rule is intended to implement Iowa Code section 17A.12.

#### **701—7.16(17A) Discovery.**

**7.16(1)** The rules of the supreme court of the state of Iowa applicable in civil proceedings with respect to depositions upon oral examination or written questions; written interrogatories; production of documents or things or permission to enter upon land or other property, for inspection and other purposes; physical and mental examinations; and requests for admission shall apply to discovery procedures in contested cases.

**7.16(2)** Disputes concerning discovery shall be resolved by the presiding officer. If necessary, a hearing shall be scheduled, with reasonable notice to the parties, and, upon hearing, an appropriate order shall be issued by the presiding officer.

**7.16(3)** When the department relies on a witness in a contested case, whether or not the witness is a departmental employee, who has made prior statements or reports with respect to the subject matter of the witness' testimony, the department shall, on request, make such statements or reports available to a party for use on cross-examination unless those statements or reports are otherwise expressly exempt from disclosure by constitution or statute.

**7.16(4)** Identifiable department records that are relevant to disputed material facts involved in a contested case shall, upon request, promptly be made available to the party unless the requested records are expressly exempt from disclosure by constitution or statute.

This rule is intended to implement Iowa Code chapter 17A.

#### **701—7.17(17A) Prehearing conference.**

**7.17(1)** Following the commencement of the contested case and upon the motion of the presiding officer, or upon the written request of a party, the presiding officer shall direct the parties to appear at a specified time and place before the presiding officer for a prehearing conference to consider:

*a.* The possibility or desirability of waiving any provisions of the Act relating to contested cases by written stipulation representing an informed mutual consent;

*b.* The necessity or desirability of setting a new date for hearing;

*c.* The simplification of issues;

*d.* The necessity or desirability of amending the pleadings, subject to the applicable statute of limitations and the applicable statutory appeal period;

*e.* The possibility of agreeing to the admission of facts, documents or records not controverted, to avoid unnecessary introduction of proof;

*f.* The procedure at the hearing;

*g.* Limiting the number of witnesses;

*h.* The names and identification of witnesses and the facts each party will attempt to prove at the hearing;

*i.* Conduct or schedule of discovery; and

*j.* Such other matters as may aid, expedite or simplify the disposition of the proceeding.

**7.17(2)** Any action taken at the prehearing conference shall be recorded in an order unless the parties enter into a written stipulation as to such matters or agree to a statement thereof made on the record by the presiding officer.

**7.17(3)** When an order is issued at the termination of the prehearing conference, a reasonable time shall be allowed for the parties to present objections on the grounds that the order does not fully or

correctly embody the agreements made at such conference. Thereafter, the terms of the order or modification thereof shall determine the subsequent course of the proceedings relative to matters the order includes unless modified to prevent manifest injustice.

**7.17(4)** If either party to the contested case fails to appear at the prehearing conference without requesting a continuance and without submitting evidence or arguments that the party wishes to be considered in lieu of appearance, the opposing party may move for dismissal. The motion shall be made in accordance with subrule 7.18(5).

This rule is intended to implement Iowa Code section 17A.12.

**701—7.18(17A) Contested case procedures.**

**7.18(1)** *Evidentiary hearing.* Unless the parties to a contested case proceeding have, by written stipulation representing an informed mutual consent, waived the provisions of the Act relating to such proceedings, contested cases shall culminate in an evidentiary hearing open to the public.

*a.* Evidentiary hearings in which the presiding officer is an administrative law judge employed by the division of administrative hearings shall be held at the location designated in the notice of evidentiary hearing.

*b.* If the director retains a contested case, the location for the evidentiary hearing will generally be at the main office of the department at the Hoover State Office Building, First Floor, Des Moines, Iowa 50319. However, the department retains the discretion to change the location of the evidentiary hearing if necessary. The location of the evidentiary hearing will be designated in the notice of hearing issued by the director.

**7.18(2)** *Determination of presiding officer.* If the director retains a contested case for evidentiary hearing and the department is a party, the initial presiding officer will be the director. Upon determining that a case will be retained and not transferred to the division of administrative hearings, the director shall issue to the parties a written notification of the determination that states the basis for retaining the case for evidentiary hearing.

*a.* The director may determine to retain a contested case for evidentiary hearing and decision upon the filing by the department of its answer under rule 701—7.13(17A). If the answer failed to allege that the case should be retained by the director and the case was transferred to the division of administrative hearings for contested case proceedings, either party may, within a reasonable time after the issuance of the hearing notice provided in rule 701—7.15(17A), make application to the director to recall and retain the case for hearing and decision. Any such application shall be served upon the assigned administrative law judge or presiding officer.

*b.* A taxpayer may file a written objection to the director's determination to retain the case for evidentiary hearing and may request that the contested case be heard by an administrative law judge or presiding officer and request a hearing on the objection. Such an objection must be filed with the clerk by email to the address provided in paragraph 7.3(1) "b," by mail via the United States Postal Service or common carrier by ordinary, certified, or registered mail in care of the clerk to the address listed in paragraph 7.3(1) "c," or by personal service to the department's customer service desk as described in paragraph 7.3(1) "d" within 20 days of the notice issued by the director of the director's determination to retain the case.

*c.* The director may retain the case only upon a finding that one or more of the following apply:

- (1) One of the reasons listed in Iowa Code section 17A.11(1) "a."
- (2) The case involves an issue or issues the resolution of which would create important precedent;
- (3) The case involves complex or extraordinary questions of law or fact;
- (4) The case involves issues or questions of law or fact that, based on the director's discretion, should be retained by the director;
- (5) The request is not consistent with a specified statute; or
- (6) Assignment of an administrative law judge will result in lengthening the time for issuance of a proposed decision, after the case is submitted, beyond a reasonable time as provided in subrule 7.18(8).

In making this determination, the director shall consider whether the assigned administrative law judge has a current backlog of submitted cases for which decisions have not been issued for one year after submission.

d. The director shall issue a written order specifying the grounds for the decision within 20 days after a request for an administrative law judge is filed. If a party objects to the director's determination to retain a case for evidentiary hearing, transfer of the appeal file, if any, will be made after the director makes a final determination on the objection. If the ruling is contingent upon the availability of a qualified administrative law judge, the parties shall be notified at least ten days prior to the hearing whether a qualified administrative law judge will be available.

e. If there is no factual conflict or credibility of evidence offered in issue, either party, after the contested case has been heard and a proposed decision is pending with a presiding officer other than the director for at least one year, may make application to the director to transfer the case to the director for decision. In addition, if one or more criteria listed in paragraph 7.18(2) "c" exist, the director, on the director's own motion, may issue a notice to the parties of the director's intention to transfer the case to the director for decision. The opposing party may file, within 20 days after service of such application or notice by the director, a resistance setting forth in detail why the case should not be transferred. If the director approves the transfer of the case, the director shall issue a final contested case decision. The director or a party may request that the parties be allowed to submit proposed findings of fact and conclusions of law.

f. The director has the right to require that any presiding officer, other than the director, be a licensed attorney in the state of Iowa unless the contested case only involves licensing. In addition, any presiding officer must possess, upon determination by the director, sufficient technical expertise and experience in the areas of taxation and presiding over proceedings to effectively determine the issues involved in the proceeding.

g. Except as provided otherwise by another provision of law, all rulings by an administrative law judge acting as presiding officer are subject to appeal to the director.

**7.18(3) Conduct of proceedings.**

a. A proceeding shall be conducted by a presiding officer who shall:

- (1) Open the record and receive appearances;
- (2) Administer oaths and issue subpoenas;
- (3) Enter the notice of hearing into the record;
- (4) Receive testimony and exhibits presented by the parties;
- (5) In the presiding officer's discretion, interrogate witnesses;
- (6) Rule on objections and motions;
- (7) Close the hearing; and
- (8) Issue an order containing findings of fact and conclusions of law.

b. The presiding officer may resolve preliminary procedural motions by telephone or videoconference in which all parties have an opportunity to participate. Other telephone or video proceedings may be held with the consent of all parties. The presiding officer will determine the location of the parties and witnesses for telephone or video hearing. The convenience of the witnesses or parties, as well as the nature of the case, will be considered when location is chosen. Parties shall be notified at least 30 days in advance of the date and place of the hearing.

c. Evidentiary proceedings shall be oral, open to the public, and recorded either by electronic means or by certified shorthand reporters. Parties requesting that the hearing be recorded by certified shorthand reporters bear the costs of reporting. The record of the oral proceedings or the transcription thereof shall be filed with and maintained by the department for at least five years from the date of the decision. An opportunity shall be afforded to the parties to respond and present evidence and argument on all issues involved and to be represented by counsel at their own expense. Unless otherwise directed by the presiding officer, evidence will be received in the following order:

- (1) Taxpayer,
- (2) Intervenor (if applicable),
- (3) Department,
- (4) Rebuttal by taxpayer,
- (5) Oral argument by parties (if necessary).

d. If the taxpayer or the department appears without counsel or other representative who can reasonably be expected to be familiar with these rules, the presiding officer shall explain to the parties the rules of practice and procedure and generally conduct a hearing in a less formal manner than that used when the parties have counsel or representation. It should be the purpose of the presiding officer to assist any party appearing without such representative to the extent necessary to allow the party to present evidence, testimony, and argument on the issues. The presiding officer shall take whatever steps may be necessary and proper to ensure that all evidence having probative value is presented and that each party is accorded a fair hearing.

e. If the parties have mutually agreed to waive the provisions of the Act in regard to contested case proceedings, the hearing will be conducted in a less formal manner than when an evidentiary hearing is conducted.

f. The presiding officer may enter a default decision as described in subrule 7.18(7).

g. Contemptuous conduct by any person appearing at a hearing shall be grounds for the person's exclusion from the hearing by the presiding officer.

**7.18(4) Rules of evidence.**

a. *Oath.* All testimony presented before the presiding officer shall be given under oath, which the presiding officer has authority to administer.

b. *Production of evidence and testimony.* The presiding officer may issue subpoenas to a party on request, as permitted by law, compelling the attendance of witnesses and the production of books, papers, records, or other real evidence.

c. *Subpoena.* When a subpoena is desired after the commencement of a contested case proceeding, the proper party shall indicate to the presiding officer the name of the case, the docket number, and the last-known mailing addresses of the witnesses to be called. If evidence other than oral testimony is required, each item to be produced must be adequately described. When properly prepared by the presiding officer, the subpoena will be returned to the requesting party for service. Service may be made in any manner allowed by law before the hearing date of the case that the witness is required to attend. No costs for serving a subpoena will be allowed if the subpoena is served by any person other than the sheriff. Subpoenas requested for discovery purposes shall be issued by the presiding officer.

d. *Admissibility of evidence.*

(1) Evidence having probative value.

1. Although the presiding officer is not bound to follow the technical common law rules of evidence, a finding shall be based upon the kind of evidence on which a reasonably prudent person would rely for the conduct of the person's serious affairs and may be based upon such evidence even if it would be inadmissible in a jury trial. Therefore, the presiding officer may admit and give probative effect to evidence on which a reasonably prudent person would rely for the conduct of the person's serious affairs. Irrelevant, immaterial, or unduly repetitious evidence shall be excluded. The presiding officer shall give effect to the rules of privilege recognized by law. Evidence not provided to a requesting party through discovery shall not be admissible at the hearing. Subject to these requirements, when a hearing will be expedited and the interests of the parties will not be prejudiced, substantially any part of the evidence may be required to be submitted in verified written form by the presiding officer.

2. Objections to evidentiary offers may be made at the hearing, and the presiding officer's ruling thereon shall be noted in the record.

(2) Evidence of a federal determination of the taxpayer's liability. Evidence of a federal determination of the taxpayer's liability such as a treasury department ruling, regulation or determination letter issued to the taxpayer; a taxpayer's federal court decision; or an Internal Revenue Service assessment issued to the taxpayer relating to issues raised in the proceeding are admissible, and the taxpayer is presumed to have conceded the accuracy of the federal determination unless the taxpayer specifically states wherein it is erroneous.

(3) Copies of evidence. A copy of any book, record, paper or document may be offered directly in evidence in lieu of the original if the original is not readily available or if there is no objection. Upon request, the parties shall be given an opportunity to compare the copy with the original, if available.

(4) Stipulations. Approval of the presiding officer is not required for stipulations of fact to be used in contested case proceedings. In the event the parties file stipulations of fact in the proceedings, the stipulation is binding on the parties and the presiding officer.

*e. Identification of exhibits.* Exhibits that are offered by taxpayers and attached to a stipulation or entered in evidence shall be numbered serially, e.g., 1, 2, 3; exhibits offered by the department shall be lettered serially, e.g., A, B, C; and those offered jointly shall be numbered and lettered, e.g., 1-A, 2-B, 3-C.

*f. Official notice.* The official notice provisions of Iowa Code section 17A.14(4) apply to contested cases of the department.

*g. Evidence outside the record.* Except as provided by these rules, the presiding officer shall not consider factual information or evidence in the determination of any proceeding unless the same shall have been offered and made a part of the record in the proceeding.

*h. Presentation of evidence and testimony.* In any hearing, each party in attendance shall have the right to present evidence and testimony of witnesses and to cross-examine any witness who testifies on behalf of an adverse party. A person whose testimony has been submitted in written form shall, if available, also be subject to cross-examination by an adverse party. Opportunity shall be afforded each party for re-direct examination and re-cross-examination and to present evidence and testimony as rebuttal to evidence presented by another party, except that unduly repetitious evidence shall be excluded.

*i. Offer of proof.* An offer of proof may be made through the witness or by statement of counsel. The party objecting may cross-examine the witness without waiving any objection.

#### **7.18(5) Motions.**

*a. Filing of motions after commencement of contested case proceedings.* After commencement of contested case proceedings, appropriate motions may be filed with the presiding officer by any party when facts requiring such motion come to the knowledge of the party. All motions shall state the relief sought and the grounds upon which the motions are based.

*b. Service, rulings.* Motions made prior to a hearing shall be in writing and a copy thereof served on all parties and attorneys of record. The presiding officer will rule on such motions by issuing a written order. A copy of the order containing the ruling on the motion shall be served on the parties and authorized representatives. A motion may be made orally during the course of a hearing; however, the presiding officer may request that the motion be reduced to writing and filed with the presiding officer.

*c. Consent of the opposing party, burden.* To avoid a hearing on a motion, it is advisable to secure the consent of the opposing party prior to filing the motion. If consent of the opposing party to the motion is not obtained, a hearing on the motion may be scheduled and the parties notified. The burden will be on the party filing the motion to show good cause as to why the motion should be granted.

*d. Affidavits.* The party making the motion may affix thereto such affidavits as are deemed essential to the disposition of the motion, which shall be served with the motion and to which the opposing party may reply with counter affidavits.

*e. Resistance.* The party opposing a motion, except in the case of motions for summary judgment, must file its resistance within ten days of the date of filing of the motion unless a presiding officer otherwise orders a different deadline to file the resistance.

*f. Reply.* The movant may file a reply within seven days of the date of filing of the resistance to the motion.

*g. Types of motions.* Types of motions include but are not limited to:

(1) Motion for continuance. Motions for continuance should be filed no later than ten days before the scheduled date of the contested case hearing unless the grounds for the motion are first known to the moving party within ten days of the hearing, in which case the motion shall be promptly filed and shall set forth why it could not be filed at least ten days prior to the hearing. Grounds for motion for continuance include, but are not limited to, the unavailability of a party, a party's representative, or a witness; the incompleteness of discovery; and the possibility of settlement of the case.

(2) Motion for dismissal.

(3) Motion for summary judgment.

(4) Motion for redaction of identifying details in the decision. More information is contained in rule 701—7.7(17A).

(5) Motion for default.

(6) Motion to vacate default.

*h. Summary judgment procedure.* Summary judgment may be obtained under the following conditions and circumstances:

(1) A party may move, with or without supporting affidavits, for summary judgment in the party's favor upon all or any part of a party's claim or defense.

(2) The motion shall be filed not less than 60 days prior to the date set for the contested case hearing unless otherwise ordered by the presiding officer. Any party resisting the motion shall file the following within 30 days of the date of filing of the motion: a resistance; a statement of disputed facts, if any; and a memorandum of authorities supporting the resistance. If affidavits supporting the resistance are filed, they must be filed with the resistance. The movant may reply to the resistance within 15 days of the date of filing of the resistance.

(3) Upon any motion for summary judgment pursuant to this rule, there shall be affixed to the motion a separate, short, and concise statement of the material facts as to which the moving party contends there is no genuine issue to be tried, including specific reference to those parts of the pleadings, depositions, answers to interrogatories, admissions on file, and affidavits that support such contentions and a memorandum of authorities.

(4) Supporting and opposing affidavits shall set forth such facts as would be admissible in evidence and shall show affirmatively that the affiant is competent to testify to the matters stated therein. The presiding officer may permit affidavits to be supplemented or opposed by depositions, answers to interrogatories, further affidavits, or oral testimony. When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of the party's pleading but the party's response must set forth specific facts, by affidavits or as otherwise provided in this rule, showing that there is a genuine issue for hearing. If the party does not so respond, summary judgment, if appropriate, shall be entered against the party.

(5) If, on motion under this rule, judgment is not rendered upon the whole case or for all the relief asked and a hearing is necessary, the presiding officer at the hearing of the motion, by examining the pleadings and the evidence before the presiding officer and by interrogating counsel, shall, if practicable, ascertain what material facts exist without substantial controversy and what material facts are actually and in good faith controverted. The presiding officer shall thereupon make an order specifying the facts that appear without substantial controversy, including the extent to which the amount or other relief is not in controversy, and directing such further proceedings in the action as are just. Upon the hearing of the contested case, the facts so specified shall be deemed established, and the hearing shall be conducted accordingly.

(6) Should it appear from the affidavits of a party opposing the motion that the party cannot present, by affidavit, facts essential to justify the party's opposition, the presiding officer may refuse the application for judgment, may order a continuance to permit affidavits to be obtained, may order depositions be taken or discovery be completed, or may make any other order appropriate.

(7) An order on summary judgment that disposes of less than the entire case is appealable to the director at the same time that the proposed order is appealable pursuant to subrule 7.18(8).

**7.18(6) Briefs and oral argument.**

*a.* At any time, upon the request of any party or in the presiding officer's discretion, the presiding officer may require the filing of briefs on any of the issues before the presiding officer prior to or at the time of hearing, or at a subsequent time. At the conclusion of hearing, the parties should be prepared to make oral arguments as to the facts and law if directed by the presiding officer.

*b.* A copy of all briefs shall be filed. Filed briefs shall conform to the requirements of subrules 7.5(1) and 7.5(2).

*c.* The parties may agree to a briefing schedule. If the parties agree to a briefing schedule and if the presiding officer adopts the agreed-upon briefing schedule by issuing an order to that effect, the



schedule is binding on the parties and the presiding officer except that, for good cause shown, the time may be extended upon application of a party.

**7.18(7) Defaults.** If a party fails to appear or participate in a contested case proceeding after proper service of notice, the presiding officer may, if no adjournment is granted, enter a default decision or proceed with the hearing and render a decision in the absence of the party.

*a.* Where appropriate and not contrary to law, any party may move for default against a party who has failed to file a required pleading or has failed to appear after proper service.

*b.* A default decision or a decision rendered on the merits after a party failed to appear or participate in a contested case proceeding becomes a final department action unless, within 15 days after the date of notification or mailing of the decision, a motion to vacate is filed and served on all parties or an appeal of a decision on the merits is timely initiated within the time provided in subrule 7.18(8). A motion to vacate must state all facts relied upon by the moving party that establish that good cause existed for that party's failure to appear or participate at the contested case proceeding. Each fact so stated must be substantiated by at least one sworn affidavit of a person with personal knowledge of each such fact, and such affidavit(s) must be attached to the motion.

*c.* The time for further appeal of a decision for which a timely motion to vacate has been filed is stayed pending a decision on the motion to vacate.

*d.* Properly substantiated and timely filed motions to vacate shall be granted only for good cause shown. The burden of proof as to good cause is on the moving party. Adverse parties have ten days to respond to a motion to vacate. Adverse parties shall be allowed to conduct discovery as to the issue of good cause and to present evidence on the issue prior to a decision on the motion, if a request to do so is included in that party's response.

*e.* For purposes of this rule, "good cause" means the same as "good cause" in Iowa Rule of Civil Procedure 1.977.

*f.* A decision denying a motion to vacate is subject to further appeal within the time limit allowed for further appeal of a decision on the merits in the contested case proceeding. A decision granting a motion to vacate is subject to interlocutory appeal by the adversely affected party as provided in subrule 7.18(11).

*g.* If a motion to vacate is granted and no timely interlocutory appeal has been taken, the presiding officer shall issue another notice of hearing and the contested case shall proceed accordingly.

*h.* A default decision may award any relief consistent with the request for relief by the party in whose favor the default decision is made and embraced in the contested case issues, but unless the defaulting party has appeared, the relief awarded cannot exceed the relief demanded.

*i.* A default decision may provide either that the default decision is to be stayed pending a timely motion to vacate or that the default decision is to take effect immediately, subject to a request for a stay.

**7.18(8) Orders.**

*a. Proposed decisions submitted by parties.* At the conclusion of the hearing, the presiding officer, in the presiding officer's discretion, may request the parties to submit proposed findings of fact and conclusions of law. Upon the request of any party, the presiding officer shall allow the parties an opportunity to submit proposed findings of fact and conclusions of law. In addition to or in lieu of the filing of briefs, upon the request of all of the parties waiving any contrary contested case provisions of law or of these rules, the presiding officer shall allow the parties to submit proposed findings of fact and conclusions of law, and the presiding officer may sign and adopt as the decision or proposed decision one of such proposed findings of fact and conclusions of law without any changes or with such changes that are supported by the record and law.

*b. Preparing the proposed decision.* The decision in a contested case is an order that shall be in writing or stated in the record. The order shall include findings of fact prepared by the presiding officer, unless the presiding officer is unavailable, and based solely on the evidence in the record and on matters officially noticed in the record and shall include conclusions of law. The findings of fact and conclusions of law shall be separately stated. If a party has submitted proposed findings of fact, the order shall include a ruling upon each proposed finding. Each conclusion of law shall be supported by cited authority or by a reasoned opinion. The decision must include an explanation of why the relevant

evidence in the record supports each material finding of fact. If the issue of reasonable litigation costs was held in abeyance pending the outcome of the substantive issues in the contested case and the proposed order decides substantive issues in favor of the taxpayer, the proposed order shall include a notice of time and place for a hearing on the issue of whether reasonable litigation costs shall be awarded and on the issue of the amount of such award unless the parties agree otherwise. All decisions and orders in a contested case proceeding shall be based solely on the legal bases and arguments presented by the parties. In the event that the presiding officer believes that a legal basis or argument for a decision or order exists, but has not been presented by the parties, the presiding officer shall notify the parties and give them an opportunity to file a brief that addresses such legal basis or argument.

*c. Decision on motions to redact identifying details.* When a motion has been made to redact identifying details in an order on the basis of personal privacy or trade secrets, the justification for such redaction or refusal to redact shall be made by the moving party and shall appear in the order.

*d. Proposed and final decisions.* When the director initially presides at a hearing or considers decisions on appeal from or review of a proposed decision by the presiding officer other than the director, the order becomes the final order of the department for purposes of judicial review or rehearing unless there is an appeal to or review on motion of a second agency within the time provided by statute or rule. When a presiding officer other than the director presides at the hearing, the order becomes final and not subject to judicial review unless there is an appeal to or review on motion of the director within 30 days of the date of the order, including Saturdays, Sundays, and holidays as defined in Iowa Code section 421.9A, or 10 days, excluding Saturdays, Sundays, and holidays as defined in Iowa Code section 421.9A, for a revocation order pursuant to rule 701—7.26(17A). However, if the contested case proceeding involves a question of an award of reasonable litigation costs, the proposed order on the substantive issues shall not be appealable to or reviewable by the director on the director's motion until the issuance of a proposed order on the reasonable litigation costs. If there is no such appeal to or review by the director within 30 days or 10 days, whichever is applicable, from the date of the proposed order on reasonable litigation costs, both the proposed order on the substantive issues and the proposed order on the reasonable litigation costs become final and not subject to judicial review. On an appeal from, review of, or application for rehearing concerning the presiding officer's order, the director has all the power which the director would initially have had in making the decision; however, the director will consider only those issues presented at the hearing before the presiding officer or raised independently by the presiding officer, including the propriety of and the authority for raising issues. The parties will be notified of those issues that will be considered by the director.

*e. Application to review interlocutory decisions.* Notwithstanding this rule, where a presiding officer other than the director issues an interlocutory decision or ruling which does not dispose of all the issues, except reasonable litigation costs, in the contested case proceeding, the party adversely affected by the interlocutory decision or ruling may apply to the director within 20 days (10 days for a revocation proceeding) of the date of issuance of the interlocutory decision or ruling to grant an appeal in advance of the proposed decision. The application shall be served on the parties and the presiding officer. The party opposing the application shall file any resistance within 15 days of the service of the application unless, for good cause, the director extends the time for such filing. The director, in the exercise of discretion, may grant the application on finding that such interlocutory decision or ruling involves substantial rights and will materially affect the proposed decision and that a determination of its correctness before hearing on the merits will better serve the interests of justice. The order of the director granting the appeal may be on terms setting forth the course of proceedings on appeal, including advancing the appeal for prompt submission, and the order shall stay further proceedings below. The presiding officer, at the request of the director, shall promptly forward to the director all or a portion of the file or record in the contested case proceeding.

*f. Appeals to and reviews by director—notice to administrative hearings division.* In the event of an appeal to or review of the proposed order by the director, the administrative hearings division shall be promptly notified of the appeal or review by the director. The administrative hearings division shall, upon such notice, promptly forward the record of the contested case proceeding and all other papers associated with the case to the director.

*g. Director's authority in appeals and review of proposed decisions.* On an appeal or review of a proposed decision, the director has all the power which the director would have in initially making the final decision except as it may limit the issues on notice to the parties. A decision by the director may reverse or modify any finding of fact if a preponderance of the evidence will support a determination to reverse or modify such a finding of fact or may reverse or modify any conclusion of law that the director finds to be in error.

*h. Issuing orders.* Orders will be issued within a reasonable time after termination of the hearing. Parties shall be promptly notified of each order by delivery to them of a copy of the order by personal service, regular mail, certified mail, return receipt requested, AEDMS as described in 481—Chapter 16, or any other method to which the parties may agree. For example, a copy of the order can be submitted by electronic mail if both parties agree.

*i. Cross-appeals.* A cross-appeal may be taken within the 30-day period for taking an appeal to the director or in any event within 5 days after the appeal to the director is taken. If a cross-appeal is taken from a revocation order pursuant to rule 701—7.26(17A), the cross-appeal may be taken within the ten-day period for taking an appeal to the director or in any event within five days after the appeal to the director is taken.

*j. Transmission of case from administrative hearings division back to the department.* Upon issuance of a closing order or the proposed decision by a presiding officer other than the director, such presiding officer no longer has authority over the contested case, except to resolve taxpayer requests for awards of reasonable litigation costs. Thereafter, any further proceedings associated with or related to the contested case must occur before the director.

*k. Exhaustion of administrative remedies required.* A party may not seek judicial review until the director has issued a final decision of the agency. If a party seeks judicial review of a proposed decision of an administrative law judge without appealing to the director or without review of the proposed decision by the director, the party is deemed to have failed to exhaust adequate administrative remedies.

**7.18(9) Stays.**

*a.* During the pendency of judicial review of the final contested case order of the department, the party seeking judicial review may file with the director an application for a stay. The application shall set forth in detail the reasons why the applicant is entitled to a stay and shall specifically address the following four factors:

- (1) The extent to which the applicant is likely to prevail when the court finally disposes of the matter;
- (2) The extent to which the applicant will suffer irreparable injury if the stay is not granted;
- (3) The extent to which the granting of a stay to the applicant will substantially harm the other parties to the proceedings; and
- (4) The extent to which the public interest relied on by the department is sufficient to justify the department's actions in the circumstances.

*b.* The director shall consider and balance the previously mentioned four factors and may consult with department personnel and the department's representatives in the judicial review proceeding. The director shall expeditiously grant or deny the stay.

**7.18(10) Costs.**

*a.* A prevailing taxpayer in a contested case proceeding related to the determination, collection, or refund of a tax, penalty, or interest may be awarded by the department reasonable litigation costs incurred subsequent to the issuance of the notice of assessment or refund denial that are based upon the following:

- (1) The reasonable expenses of expert witnesses.
- (2) The reasonable costs of studies, reports, and tests.
- (3) The reasonable fees of independent attorneys or independent accountants retained by the taxpayer. No such award is authorized for accountants or attorneys who represent themselves or who are employees of the taxpayer.

*b.* An award for reasonable litigation costs shall not exceed \$25,000 per case.

c. No award shall be made for any portion of the proceeding which has been unreasonably protracted by the taxpayer.

d. For purposes of this subrule, “prevailing taxpayer” means a taxpayer who establishes that the position of the department in the contested case proceeding was not substantially justified and who has substantially prevailed with respect to the amount in controversy, or has substantially prevailed with respect to the most significant issue or set of issues presented. If the position of the department in issuance of the assessment or refund denial was not substantially justified and if the matter is resolved or conceded before the contested case proceeding is commenced, there cannot be an award for reasonable litigation costs.

e. The definition of “prevailing taxpayer” is taken from the definition of “prevailing party” in 26 U.S.C. §7430. Therefore, federal cases determining whether the Internal Revenue Service’s position was substantially justified will be considered in the determination of whether a taxpayer is entitled to an award of reasonable litigation costs to the extent that 26 U.S.C. §7430 is consistent with Iowa Code section 421.60(4).

f. The taxpayer has the burden of establishing the unreasonableness of the department’s position.

g. Once a contested case has commenced, a concession by the department of its position or a settlement of the case either prior to the evidentiary hearing or any order issued does not, per se, either authorize an award of reasonable litigation costs or preclude such award.

h. If the department relied upon information provided or action conducted by federal, state, or local officials or law enforcement agencies with respect to the tax imposed by Iowa Code chapter 453B, an award for reasonable litigation costs shall not be made in a contested case proceeding involving the determination, collection, or refund of that tax.

i. The taxpayer who seeks an award of reasonable litigation costs must specifically request such award in the appeal, or the request for award will not be considered.

j. A request for an award of reasonable litigation costs shall be held in abeyance until the concession or settlement of the contested case proceeding, or the issuance of a proposed order in the contested case proceeding, unless the parties agree otherwise.

k. At the hearing held for the purpose of deciding whether an award for reasonable litigation costs should be awarded, consideration shall be given to the following points:

- (1) Whether the department’s position was substantially justified;
- (2) Whether the taxpayer is the prevailing taxpayer;
- (3) Whether the taxpayer has established how the alleged reasonable litigation costs were incurred.

The burden is upon the taxpayer to establish how the alleged reasonable litigation costs were incurred. This requires a detailed accounting of the nature of each cost, the amount of each cost, and to whom the cost was paid or owed;

- (4) Whether alleged litigation costs are reasonable or necessary;
- (5) Whether the taxpayer has met the taxpayer’s burden of demonstrating all of these points.

**7.18(11) *Interlocutory appeals.*** Upon written request of a party or on the director’s own motion, the director may review an interlocutory order of the presiding officer. In determining whether to do so, the director shall weigh the extent to which granting the interlocutory appeal would expedite final resolution of the case and the extent to which review of that interlocutory order by the director at the time of the review of the proposed decision of the presiding officer would provide an adequate remedy. Any request for interlocutory review must be filed within 14 days of issuance of the challenged order, but no later than the time for compliance with the order or the date of hearing, whichever is first.

**7.18(12) *Consolidation and severance.***

a. *Consolidation.* The presiding officer may consolidate any or all matters at issue in two or more contested case proceedings where:

- (1) The matters at issue involve common parties or common questions of fact or law;
- (2) Consolidation would expedite and simplify consideration of the issues involved; and
- (3) Consolidation would not adversely affect the rights of any of the parties to those proceedings.

b. *Severance.* On motion by a party, the presiding officer may, for good cause shown, order any contested case or portions thereof severed. If the presiding officer severs one or more issues from the

remaining issues in the contested case, the contested case proceeds only on the issues that the presiding officer ordered for resolution. Once the decision on the issues that the presiding officer ordered for resolution becomes final and is not subject to further appeals, the parties may proceed, if necessary, with contested case on the issues that the presiding officer severed.

*c. Stipulations.* Stipulations of fact are encouraged, but no party can be required to stipulate to any facts. Stipulations as to the law are invalid.

*d. Informal disposition.* Without the necessity of proceeding to an evidentiary hearing in a contested case, the parties may agree in writing to informally dispose of the case by stipulation, agreed settlement, or consent order or by another method agreed upon. If such informal disposition is utilized, the parties shall so indicate to the presiding officer that the case has been settled. Upon request, the presiding officer shall issue a closing order to reflect such a disposition. The contested case is terminated upon issuance of a closing order.

*e. Mutual waivers.* Unless otherwise precluded by law, the parties in a contested case proceeding may mutually agree to waive any provision under this rule governing contested case proceedings.

This rule is intended to implement Iowa Code sections 17A.12, 17A.14, 17A.15, 421.60 and 452A.68.

**701—7.19(17A) Interventions.** Interventions are governed by the Iowa Rules of Civil Procedure.

This rule is intended to implement Iowa Code chapter 17A.

**701—7.20(17A) Record and transcript.**

**7.20(1)** The record in a contested case shall include:

- a.* All pleadings, motions, and rulings;
- b.* All evidence received or considered and all other submissions;
- c.* A statement of all matters officially noticed;
- d.* All questions and offers of proof, objections, and rulings thereon;
- e.* All proposed findings and exceptions;
- f.* All orders of the presiding officer; and
- g.* The order of the director on appeal or review.

**7.20(2)** Oral hearings regarding proceedings on appeal to or considered on motion of the director that are recorded by electronic means shall not be transcribed for the record of such appeal or review unless a party, by written notice, or the director, orally or in writing, requests such transcription. Such a request must be filed with the clerk who will be responsible for making the transcript. A transcription will be made only of that portion of the oral hearing relevant to the appeal or review if so requested and if no objection is made by any other party to the proceeding or the director.

**7.20(3)** Upon request, the department shall provide a copy of the whole record or any portion of the record at cost. The cost of preparing a copy of the record or of transcribing the hearing record shall be paid by the requesting party. Parties who request that a hearing be recorded by certified shorthand reporters rather than by electronic means bear the cost of that recording unless otherwise provided by law.

**7.20(4)** Upon issuance of a proposed decision that leaves no issues open for further consideration or upon issuance of a closing order, the administrative hearings division shall promptly forward the record of a contested case proceeding to the director. However, the administrative hearings division may keep the tapes of any evidentiary proceeding in case a transcript of the proceeding is required and, if one is required, the administrative hearings division shall make the transcription and promptly forward the tapes and the transcription to the director.

This rule is intended to implement Iowa Code section 17A.12.

**701—7.21(17A) Application for rehearing.** Any party to a contested case may file an application with the director for a rehearing in the contested case with the clerk in one of the manners described in subrule 7.3(1), stating the specific grounds therefor and the relief sought. The application must be filed within 20 days after the final order is issued. A copy of such application shall be timely served by the applicant on all parties in conformity with rule 701—7.3(17A). The director shall have 20 days from the

filing of the application for rehearing to grant or deny the application. If the application for rehearing is granted, a notice will be served on the parties stating the time and place of the rehearing. An application for rehearing is deemed denied if not granted by the director within 20 days after filing.

**7.21(1)** The application for rehearing shall contain a caption in the following form:

BEFORE THE DEPARTMENT OF REVENUE  
HOOVER STATE OFFICE BUILDING  
DES MOINES, IOWA

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IN THE MATTER OF _____	*	
(state taxpayer's name and address and	*	APPLICATION FOR REHEARING
designate type of proceeding, e.g.,	*	Docket No. _____
income tax refund claim)	*	

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**7.21(2)** The application for rehearing shall substantially state in separate numbered paragraphs the following:

- a. Clear and concise statements of the reasons for requesting a rehearing and each and every error that the party alleges to have been committed during the contested case proceedings;
- b. Clear and concise statements of all relevant facts upon which the party relies;
- c. Reference to any particular statute or statutes and any rule or rules involved;
- d. The signature of the party or that of the party's representative, the address of the party or of the party's representative, and the telephone number of the party or the party's representative.

**7.21(3)** No applications for rehearing shall be filed with or entertained by an administrative law judge.

This rule is intended to implement Iowa Code section 17A.16.

**701—7.22(17A) Ex parte communications and disqualification.**

**7.22(1)** *Ex parte communication.* A party that has knowledge of a prohibited communication by any party or presiding officer should file a copy of the written prohibited communication or a written summary of the prohibited oral communication with the clerk. The clerk will transfer to the presiding officer the filed copy of the prohibited communication.

a. *Prohibited communications.* Unless required for the disposition of ex parte matters specifically authorized by statute, following issuance of the notice of hearing, there shall be no communication, directly or indirectly, between the presiding officer and any party or representative of any party or any other person with a direct or indirect interest in such case in connection with any issue of fact or law in the case except upon notice and opportunity for all parties to participate. This does not prohibit persons jointly assigned such tasks from communicating with each other. Nothing in this provision is intended to preclude the presiding officer from communicating with members of the department or seeking the advice or help of persons other than those with a personal interest in, or those engaged in personally investigating as defined in this rule, prosecuting, or advocating in, either the case under consideration or a pending factually related case involving the same parties as long as those persons do not directly or indirectly communicate to the presiding officer any ex parte communications they have received of a type that the presiding officer would be prohibited from receiving or that furnish, augment, diminish, or modify the evidence in the record. Prohibitions on ex parte communications commence with the issuance of the notice of hearing in a contested case and continue for as long as the case is pending.

b. *"Ex parte" communication defined.* Written, oral or other forms of communication are "ex parte" if made without notice and opportunity for all parties to participate.

c. *How to avoid prohibited communications.* To avoid prohibited ex parte communications, notice must be given in a manner reasonably calculated to give all parties a fair opportunity to participate. Notice of written communications shall be provided in compliance with this chapter and may be supplemented by telephone, facsimile, electronic mail, or other means of notification. Where permitted,

oral communications may be initiated through conference telephone calls including all parties or their representatives.

*d. Joint presiding officers.* Persons who jointly act as presiding officer in a pending contested case may communicate with each other without notice or opportunity for parties to participate.

*e. Advice to presiding officer.* Persons may be present in deliberations or otherwise advise the presiding officer without notice or opportunity for parties to participate as long as the parties are not disqualified from participating in the making of a proposed or final decision under any provision of law and the parties comply with these rules.

*f. Procedural communications.* Communications with the presiding officer involving uncontested scheduling or procedural matters do not require notice or opportunity for parties to participate. Parties should notify other parties prior to initiating such contact with the presiding officer when feasible and shall notify other parties when seeking to continue hearings or other deadlines.

*g. Disclosure of prohibited communications.* A presiding officer who receives a prohibited ex parte communication during the pendency of a contested case must initially determine if the effect of the communication is so prejudicial that the presiding officer should be disqualified. If the presiding officer determines that disqualification is warranted, a copy of any prohibited written communication, all written responses to the communication, a written summary stating the substance of any prohibited oral or other communication not available in written form for disclosure, all responses made, and the identity of each person from whom the presiding officer received a prohibited ex parte communication shall be submitted for inclusion in the record under seal by protective order. If the presiding officer determines that disqualification is not warranted, such documents shall be submitted for inclusion in the record and served on all parties. Any party desiring to rebut the prohibited communication must be allowed the opportunity to do so upon written request filed within ten days after notice of the communication.

*h. Disclosure by presiding officer.* Promptly after receiving the communication or being assigned to serve as presiding officer at any stage in a contested case proceeding, a presiding officer shall disclose to all parties material factual information received through ex parte communication prior to such assignment unless the factual information has already been or shortly will be disclosed pursuant to Iowa Code section 17A.13(2) or through discovery. Factual information contained in an investigative report or similar document need not be separately disclosed by the presiding officer as long as such documents have been or will shortly be provided to the parties.

**7.22(2) Disqualification of a presiding officer.** Request for disqualification of a presiding officer must be filed in the form of a motion supported by an affidavit asserting an appropriate ground for disqualification. A substitute presiding officer may be appointed by the division of administrative hearings if the disqualified presiding officer is an administrative law judge. If the disqualified presiding officer is the director, the governor must appoint a substitute presiding officer.

*a. Grounds for disqualification.* A presiding officer or other person shall withdraw from participation in the making of any proposed or final decision in a contested case if that person:

- (1) Has a personal bias or prejudice concerning a party or a representative of a party;
- (2) Has personally investigated, prosecuted, or advocated in connection with that case the specific controversy underlying that case, another pending factually related contested case, or a pending factually related controversy that may culminate in a contested case involving the same parties;
- (3) Is subject to the authority, direction, or discretion of any person who has personally investigated, prosecuted, or advocated in connection with that contested case the specific controversy underlying that contested case or a pending factually related contested case or controversy involving the same parties;
- (4) Has acted as counsel to any person who is a private party to that proceeding within the past two years;
- (5) Has a personal financial interest in the outcome of the case or any other significant personal interest that could be substantially affected by the outcome of the case;
- (6) Has a spouse or relative within the third degree of relationship that:
  1. Is a party to the case or an officer, director, or trustee of a party to the case;
  2. Is a lawyer in the case;

3. Is known to have an interest that could be substantially affected by the outcome of the case; or
4. Is likely to be a material witness in the case; or
- (7) Has any other legally sufficient cause to withdraw from participation in the decision making in that case.

*b. Personally investigated.* “Personally investigated” means taking affirmative steps to interview witnesses directly or to obtain documents or other information directly. The term “personally investigated” does not include general direction and supervision of assigned investigators, unsolicited receipt of information which is relayed to assigned investigators, review of another person’s investigative work product in the course of determining whether there is probable cause to initiate a proceeding, or exposure to factual information while performing other department functions, including fact gathering for purposes other than investigation of the matter which culminates in a contested case. Factual information relevant to the merits of a contested case received by a person who later serves as presiding officer in that case shall be disclosed if required by Iowa Code section 17A.17 and these rules.

*c. Disqualification and the record.* In a situation where a presiding officer or other person knows of information which might reasonably be deemed to be a basis for disqualification and decides voluntary withdrawal is unnecessary, that person shall submit the relevant information for the record by affidavit and shall provide for the record a statement of the reasons for the determination that withdrawal is unnecessary.

*d. Motion asserting disqualification.*

(1) If a party asserts disqualification on any appropriate ground, the party shall file a motion supported by an affidavit pursuant to Iowa Code section 17A.11. The motion must be filed as soon as practicable after the reason alleged in the motion becomes known to the party. If, during the course of the hearing, a party first becomes aware of evidence of bias or other grounds for disqualification, the party may move for disqualification but must establish the grounds by the introduction of evidence into the record.

(2) If the presiding officer determines that disqualification is appropriate, the presiding officer or other person shall withdraw. If the presiding officer determines that withdrawal is not required, the presiding officer shall enter an order to that effect. A party asserting disqualification may seek an interlocutory appeal and seek a stay as provided under this chapter.

This rule is intended to implement Iowa Code sections 17A.11 and 17A.17.

### **701—7.23(421) Mailing to the last-known address or personal delivery of notices of assessment and refund denial letters.**

**7.23(1)** *Failure by department to mail to last-known address or personally deliver.*

*a.* If the department fails to either mail a notice of assessment to the taxpayer’s last-known address or personally deliver the notice to the taxpayer, interest is waived for the month the failure occurs through the month of correct mailing or personal delivery.

*b.* In addition, if the department fails to either mail to the taxpayer’s last-known address or personally deliver to the taxpayer a notice of assessment or denial of a claim for refund or fails to mail or personally deliver a copy of the notice to the taxpayer’s authorized representative, if applicable, the time period to appeal the notice of assessment or a denial of a claim for refund is suspended until the notice or claim denial is correctly mailed or personally delivered or for a period not to exceed one year, whichever is the lesser period.

*c.* Collection activities, except in the case of a jeopardy assessment, shall be suspended and the statute of limitations for assessment and collection of the tax shall be tolled during the period in which interest is waived.

**7.23(2)** *Determination of last-known address.*

*a.* A taxpayer’s last-known address for a particular tax type shall be one of the following most recently updated in the department’s records:

- (1) The address provided in an application to register or receive a permit for a particular tax type;
- (2) The address used on the most recent filed and processed Iowa tax return of a particular tax type;
- (3) The address received by the department in a written, concise statement the taxpayer mailed to: Changes in Name or Address, Iowa Department of Revenue, P.O. Box 10465, Des Moines, Iowa 50306;



- (4) The address provided by the taxpayer in GovConnectIowa;
- (5) The address provided by the taxpayer in any correspondence to the department;
- (6) The address the department receives from a third-party skip tracing service; a public or private utility company in response to a subpoena issued pursuant to Iowa Code section 421.17(32); or a federal, state, or local agency.

*b.* While the determination of last-known address may differ by tax type, a notice of assessment or refund claim denial will be considered to be mailed to the last-known address if it is mailed to the taxpayer's last-known address used for another tax type.

**7.23(3)** *Mail or personal delivery to a taxpayer.* The following shall constitute personal delivery to a taxpayer:

*a.* Personal service upon a taxpayer by any method deemed sufficient to constitute personal service of an original notice pursuant to the Iowa Rules of Civil Procedure.

*b.* Providing a notice of assessment or refund claim denial to the taxpayer by electronic means based on the taxpayer's election to receive electronic communications in GovConnectIowa.

*c.* Mailing to an address the department receives from a third-party skip tracing service; a public or private utility company in response to a subpoena issued pursuant to Iowa Code section 421.17(32); or a federal, state, or local agency.

*d.* By any other method that is reasonably calculated to result in the taxpayer's actually receiving the notice, if the taxpayer actually receives the notice.

**7.23(4)** *Mail or personal delivery to authorized representatives.* The department may mail or personally deliver a copy of a notice to an authorized representative by one of the following methods:

*a.* Mailing to the address used on the most recently filed and processed written authorization as described in rule 701—8.8(17A,22,421,422) for the taxpayer the authorized representative is representing, or the most recent address on file;

*b.* In the case of fiduciary or inheritance tax matters, mailing to the address for the authorized representative contained on the most recently filed and processed return;

*c.* By providing the notice electronically through GovConnectIowa or similar method of electronic service;

*d.* By any method deemed sufficient to constitute personal service of an original notice pursuant to the Iowa Rules of Civil Procedure;

*e.* By any other method that is reasonably calculated to result in the authorized representative's actually receiving a copy of the notice if the authorized representative actually receives a copy of the notice.

This rule is intended to implement Iowa Code section 421.60.

**701—7.24(441) Appeals of director's rejection of assessor appointment or reappointment.**

**7.24(1)** *Written request for appeal.* Any assessor or conference board wishing to contest the director's rejection of the conference board's appointment of an assessor under 701—subrule 10.15(4) or reappointment of an assessor under 701—subrule 103.16(3) shall file an appeal, in writing, within 30 days of the director's notice of decision. Any person who does not seek an appeal within 30 days of the director's notice shall be precluded from challenging the director's decision.

**7.24(2)** *Procedures.* Appeals will be governed by the procedures set forth in this rule together with the procedures set forth in the following rules:

- a.* Subrules 7.3(2) and 7.3(3);
- b.* Rule 701—7.7(17A);
- c.* The introductory paragraph of rule 701—7.8(17A) and subrule 7.8(6);
- d.* Subrules 7.11(1), 7.11(2), and 7.11(4);
- e.* Rule 701—7.12(17A,421);
- f.* Subrules 7.13(1) to 7.13(3);
- g.* Rule 701—7.14(17A);
- h.* Rule 701—7.15(17A);
- i.* Rule 701—7.16(17A);
- j.* Rule 701—7.17(17A);

k. Subrule 7.18(1); subrules 7.18(3) through 7.18(7); subrule 7.18(8), except paragraph 7.18(8)“b” related to costs shall not apply; additionally, Iowa Code section 421.60 shall not apply; subrules 7.18(9) and 7.18(12);

l. Rule 701—7.19(17A);

m. Rule 701—7.20(17A);

n. Rule 701—7.21(17A);

o. Rule 701—7.22(17A); and

p. Rule 701—8.8(17A,22,421,422).

**7.24(3) Presiding officer.** The director shall be the presiding officer in a contested case under this rule. The director may request that an administrative law judge assist and advise the director with any matters related to the contested case proceedings, including but not limited to ruling on any prehearing matters, presiding at the contested case hearing, and issuing orders and rulings.

**7.24(4) Contents of the appeal.** The appeal shall contain the following in separate numbered paragraphs:

a. A statement of the department action giving rise to the appeal.

b. The date of the department action giving rise to the appeal.

c. Each error alleged to have been committed, listed as a separate paragraph. For each error listed, an explanation of the error and all relevant facts related to the error shall be provided.

d. Reference to the particular statutes, rules, or agreement terms, if known.

e. References to and copies of any documents or other evidence relevant to the appeal.

f. Any other matters deemed relevant to the appeal.

g. A statement setting forth the relief sought.

h. The signature, mailing address, and telephone number of the person or that person’s representative.

**7.24(5) Burden of proof.** The burden of proof is on the party challenging the director’s decision under 701—subrule 10.15(4) or 103.16(3).

This rule is intended to implement Iowa Code section 441.6(3) and chapter 17A.

**701—7.25(441) Appeals and hearings regarding the director’s intent to remove a member of the board of review.**

**7.25(1) Written request for hearing.** A member of the board of review who has received a notice of intent to remove from the director and who wishes to contest the removal shall file a written request for a hearing within 30 days after the receipt of the notice of the director’s intent to remove the member. Any person who does not seek a hearing within 30 days of receipt of the notice of the director’s intent to remove shall be precluded from challenging the removal.

**7.25(2) Procedures.** Hearings will be governed by the procedures set forth in this rule together with the procedures set forth in the following rules:

a. The introductory paragraph of rule 701—7.7(17A), excluding the first sentence of the introductory paragraph of 701—7.7(17A); and subrule 7.8(6);

b. Subrule 7.8(1);

c. 701—7.9(17A);

d. Subrules 7.11(1) to 7.11(4);

e. Rule 701—7.12(17A,421);

f. Rule 701—7.13(17A);

g. Rule 701—7.14(17A);

h. Rule 701—7.15(17A);

i. Subrule 7.18(1); 7.18(3) through 7.18(7); subrule 7.18(8), except paragraph 7.18(8)“b” related to costs shall not apply; additionally, Iowa Code section 421.60 shall not apply; subrules 7.18(9), and 7.18(12);

j. Rule 701—7.17(17A);

k. Rule 701—7.18(17A);

l. Rule 701—7.19(17A);

m. Rule 701—7.20(17A); and

n. Rule 701—7.21(17A).

**7.25(3) Presiding officer.** The director shall be the presiding officer in a contested case under this rule. The director may request that an administrative law judge assist and advise the director with any matters related to the contested case proceedings, including but not limited to ruling on any prehearing matters, presiding at the contested case hearing, and issuing orders and rulings.

**7.25(4) Contents of the appeal.** The appeal shall contain the following in separate numbered paragraphs:

- a. A statement of the department action giving rise to the appeal.
- b. The date of the department action giving rise to the appeal.
- c. Each error alleged to have been committed, listed as a separate paragraph. For each error listed, an explanation of the error and all relevant facts related to the error shall be provided.
- d. Reference to the particular statutes, rules, or agreement terms, if known.
- e. References to and copies of any documents or other evidence relevant to the appeal.
- f. Any other matters deemed relevant to the appeal.
- g. A statement setting forth the relief sought.
- h. The signature, mailing address, and telephone number of the person or that person's representative.

**7.25(5) Burden of proof.** The burden of proof is on the party challenging the director's intent to remove a board member.

This rule is intended to implement Iowa Code section 441.32(2) "e" and chapter 17A.

#### **701—7.26(17A) License and permit denials and revocations.**

**7.26(1) Specified license or permit denial and revocation processes.** Procedures related to alcohol and lottery license denials and revocations are contained in 701—Chapters 1000 and 1102. Procedures related to sales or use tax permit revocations are contained in 701—Chapter 201. For all other license and permit denials, this rule applies.

**7.26(2) Denial of license or permit; refusal to renew license or permit.**

a. *Written notice in general.* When the department is required by constitution or statute to provide notice and an opportunity for an evidentiary hearing prior to the refusal or denial of a license, the department will serve notice of intent to deny or refuse the license by restricted certified mail or by personal service as in a civil action. The notice will contain a statement of facts or conduct and the provisions of law which warrant the denial of the license or the refusal to renew a license. The notice will provide the licensee or applicant with 30 days to request a hearing and information about how to contact the department to make such a request.

b. *Requesting a hearing.* If a hearing is requested, the matter will be transferred to the administrative hearings office unless retained by the director.

c. *Notice of hearing.* A notice of hearing issued as described in rule 701—7.15(17A) upon the licensee or applicant.

d. *Licensee opportunity to file a petition.* If the licensee so desires, the licensee may file a petition as provided in subrule 7.26(4) with the presiding officer within 30 days prior to the hearing. The department may, in its discretion, file an answer to a petition filed by the licensee prior to the hearing. Thereafter, rule 701—7.18(17A) governing contested case proceedings shall apply.

e. *Treatment of existing license while matter is pending.* When a licensee has made timely and sufficient application for the renewal of a license or a new license with reference to any activity of a continuing nature, the existing license does not expire until the application has been finally determined by the department, and in the case the application is denied or the terms of the new license limited, until the last date for seeking judicial review of the department's order or a later date fixed by order of the department or the reviewing court.

**7.26(3) Revocation of license.**

a. *Written notice in general.* The department will not revoke, suspend, annul or withdraw any license until written notice is served by restricted certified mail or by personal service as in a civil case. The notice will provide the licensee with the 30 days to request a hearing and information about how to contact the department to make such a request. If a hearing is requested, the matter will be transferred to

the division of administrative hearings unless retained by the director. A notice of hearing will be issued by the presiding officer as described in rule 701—7.15(17A) The licensee whose license is to be revoked, suspended, annulled, or withdrawn, will be given an opportunity to show at an evidentiary hearing conducted pursuant to rule 701—7.18(17A) compliance with all lawful requirements for the retention of the license.

*b. Contents of notice.* In addition to the requirements of rule 701—7.15(17A), the notice shall contain a statement of facts or conduct and the provisions of law that warrant the revocation, suspension, annulment, or withdrawal of the license.

*c. Licensee opportunity to file petition.* A licensee whose license may be revoked, suspended, annulled, or withdrawn may file a petition as provided in subrule 7.26(4) with the department prior to the hearing. The petition should be filed at the address provided on the notice to revoke, suspend, annul, or withdraw. The department may, in its discretion, file an answer to a petition filed by the licensee prior to the hearing. Thereafter, rule 701—7.18(17A) governing contested case proceedings shall apply.

*d. Emergency proceedings.* Notwithstanding paragraph 7.26(3)“a,” if the department finds that public health, safety, or welfare imperatively requires emergency action and the department incorporates a finding to that effect in an order to the licensee, summary suspension of a license shall be ordered pending proceedings for revocation as provided herein. These proceedings shall be promptly instituted and determined. When a summary suspension as provided herein is ordered, a notice of the time, place and nature of the evidentiary hearing shall be attached to the order.

**7.26(4) Petition.**

*a.* When a person desires to file a petition as provided in subrules 7.26(2) and 7.26(3), the petition to be filed shall contain a caption in the following form:

BEFORE THE DEPARTMENT OF REVENUE  
HOOVER STATE OFFICE BUILDING  
DES MOINES, IOWA

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IN THE MATTER OF	*	PETITION
	*	Docket No.
State taxpayer’s name and address, and type of license)	*	
	*	(filled in by Department)

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- b.* The petition shall substantially state in separate numbered paragraphs the following:
- (1) The full name and address of the petitioner;
  - (2) Reference to the type of license and the relevant statutory authority;
  - (3) Clear, concise and complete statements of all relevant facts showing why petitioner’s license should not be revoked, refused, or denied;
  - (4) Whether a similar license has previously been issued to or held by petitioner or revoked and if revoked the reasons therefor; and
  - (5) The signature of the petitioner or petitioner’s representative, the address of petitioner and of the petitioner’s representative, and the telephone number of petitioner or petitioner’s representative.

This rule is intended to implement Iowa Code section 17A.18.

ITEM 8. Adopt the following **new** subrule 201.10(3):

**201.10(3) Appeals.** The department will provide notice of a sales permit denial according to 701—subrule 7.26(2). Any request for hearing or contested case of the department’s intent to deny a sales tax permit application is governed by rule 701—7.15(17A) and the contested rules in 701—Chapter 7.

ITEM 9. Adopt the following **new** subrule 201.11(3):

**201.11(3) Intent to revoke; opportunity for hearing.**

*a.* The department will provide notice of intent to revoke a sales or use tax permit by ordinary mail. A permittee will have 30 days to petition the department for a hearing on the proposed revocation. If the permittee does not petition the department within 30 days, the permit is revoked.

*b.* If the permittee files a petition for a hearing on the proposed revocation, the department will transmit the case to the division of administrative hearings unless retained by the director. The presiding officer will issue a notice of hearing by restricted certified mail or by personal service as in a civil case. Notice shall contain a statement of facts or conduct and the provisions of law that warrant the revocation of the permit. A hearing may be set no less than ten days from the date of the notice sent under this paragraph. The permittee will be given an opportunity to show at an evidentiary hearing conducted pursuant to rule 701—7.18(17A) compliance with all lawful requirements for the retention of the permit. The permittee may file a petition with the presiding officer prior to the hearing. The department may, in its discretion, file an answer to a petition filed by the permittee prior to the hearing. Thereafter, rule 701—7.18(17A) governing contested case proceedings shall apply.

*c.* If the department finds that public health, safety, or welfare imperatively requires emergency action and the department incorporates a finding to that effect in an order to the permittee, summary suspension of a permittee shall be ordered pending proceedings for revocation as provided herein. These proceedings shall be promptly instituted and determined. When a summary suspension as provided herein is ordered, a notice of the time, place and nature of the evidentiary hearing shall be attached to the order.