

OKLAHOMA LOTTERY COMMISSION
RULE IMPACT STATEMENT

TITLE 429. OKLAHOMA ADMINISTRATIVE CODE
CHAPTER 10, OKLAHOMA LOTTERY COMMISSION

PROPOSED AMENDMENTS TO PERMANENT RULES

1. A brief description of the purpose of the proposed rules and specific legal authority for the rules.

The rule change will modify the permanent operating rules for the Lottery Commission by amending existing section 429:10-1-10.

The change is designed to expand the options available to retailers for the settlement (invoicing) of instant tickets.

Currently, instant tickets are settled when 80% of the low-tier prizes in a pack of tickets are cashed or after 30 days from activation of the pack for sale, whichever comes first. When multiple packs of the same ticket are activated at the same location, the first pack activated is immediately settled unless the location has more than one selling location. In that case, the third activated and subsequent packs activated will trigger settlement of earlier activated packs.

The 3 options available if this change is approved are:

- 1) The current option unchanged;
- 2) A 21-day settlement option where packs are settled 21 days after activation regardless of the number of prizes cashed; when multiple packs of the same ticket are activated at the same location, the first pack activated is immediately settled unless the location has more than one selling location. In that case, the third activated and subsequent packs activated will trigger settlement of earlier activated packs.
- 2) Immediate settlement where packs are settled immediately on activation of the pack for sale.

Retailers may select which option they want to use for settlement of their instant tickets and are required to use that option until their next renewal period. They must notify the Lottery no later than 2 weeks prior to their annual renewal if they wish to change settlement options.

2. A brief description of the classes of persons who most likely will be affected by the proposed rule, including classes that will bear the costs of the proposed rule, and any information on cost impacts received by the agency from any private or public entities.

Persons most likely to be affected by the addition of these rules would be retailers who sell lottery products. This change will give them more options regarding the settlement of instant tickets, allowing the retailer to select the option best suited for their business model.

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3. A description of the classes of persons who will benefit from the proposed rules.

Retailers who sell lottery products will benefit by having more options on how they will be billed for lottery products.

4. A description of the probable economic impact of the proposed rules upon affected classes of persons or political subdivisions, including a listing of all fee changes and, whenever possible, a separate justification for each fee change.

Many retailers will benefit financially by having more options for paying invoices to the Lottery. There are no fees or costs to the retailers.

5. The probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rules, the source of revenue to be used for implementation and enforcement of the proposed rule, and any anticipated effect on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency.

This change will have minimal if any impact on Lottery and state revenues. This issue is a procedure that differs in many lottery jurisdictions. The difference in how instant tickets are settled is currently an unwelcome burden for multi-state retailers and is one of the issues that prevent them from selling lottery products. Eliminating this disparity could increase the number of retailer partners nationwide and eventually improve sales and profits that benefit Oklahoma education programs.

6. A determination of whether implementation of the proposed rule will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rule.

The Board of Trustees is not aware of any impact on any political subdivision which will require their cooperation in implementing or enforcing the proposed rules.

7. A determination of whether implementation of the proposed rule may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act.

The Board of Trustees is not aware of any adverse impact on small businesses.

8. An explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or non-regulatory methods or less intrusive methods for achieving the purpose of the proposed rule.

There are no compliance costs and this cannot by any definition be defined as intrusive. This rule change provides a helpful list of options to lottery retailers that could benefit them.

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9. A determination of the effect of the proposed rules on the public health, safety and environment and, if the proposed rule is designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rule will reduce the risk.

The proposed rule change will have no effect on the public health, safety and environment.

10. A determination of any detrimental effect on the public health, safety and environment if the proposed rule is not implemented.

If not implemented, certain multi-state retailers may exclude Oklahoma if they decide to start carrying lottery products in other jurisdictions. If the rules are not implemented, then the State is leaving education funding on the table.

11. The date the rule impact statement was prepared and if modified, the date modified.

The rule impact statement was prepared on January 15, 2016.