

STAFF AGENDA MEMORANDUM

DATE OF MEETING: August 20, 2019

AGENDA ITEM: **New Lottery Game Regulations**

PRESENTER: James Nielsen, COO

ISSUE SUMMARY: Regulation 36.02 is being amended to authorize the Agency to sell a new product category called Fast Play games, which are terminal printed games. Additional proposed amendments eliminate a definition that is no longer used and make necessary and stylistic corrections to existing regulations.

DESCRIPTION: Fast Play is a new category of lottery games to be sold through our network of lottery retailers. Fast Play games are terminal printed instant win games; there is no drawing to determine winning numbers. Instead, pools of random Fast Play results are created according to an approved prize structure, much as scratch game results are created, and stored on the Lottery Central System. As a ticket is sold, the next result from the pool will be transmitted to the terminal and the ticket will be printed with the appropriate result indicating a prize amount or a non-winner.

Fast play games are currently offered in 18 US jurisdictions, having first started in Minnesota in 2004. Several neighboring lotteries offer the game, including Virginia, Pennsylvania and DC. Results vary significantly, with weekly per capita sales ranging from \$.22 in DC, \$.19 in PA and \$.11 in VA. Our expectations are modest for the first (partial) year, at approximately \$10 million in sales.

There will be various games available within the Fast Play category with differing themes, play styles and prices. New games will be introduced to replace older versions on a scheduled basis and terminal software will be updated so that only the current games are available for sale.

We expect to have multiple Fast Play games on sale at any given time. Players will simply indicate which game(s) they wish to play and how many tickets they want. Tickets will be available at various price points and will eventually include progressive jackpot games. In these games, the top prize will grow from a minimum starting value based upon sales for that game. When the top prize is won the prize value awarded will be the base amount plus a portion of all of the tickets sold in that game since the last top tier winner. This functionality mimics the funding and payout of linked progressive slot machines.

Results of Fast Play games are not intended to be obvious as soon as the ticket prints. Players need to examine their tickets to see if they have a winning play and what prize they may have won. Players can also scan their ticket using the lottery's mobile app or ticket checkers in stores. Prizes will be paid at retailer locations just as they are for draw game or scratch-off tickets.

COMMISSION ACTION REQUIRED/REQUESTED: Review and approval of the proposed amended regulation.

Staff Recommendation: Staff recommends approval.