

(c) If a variance is not submitted prior to construction and the licensee or landowner or the designated agent believes a request is justified, such request shall be submitted to the Department and a copy of the variance provided to the local groundwater conservation district as soon as possible following completion of the well.

(d) This section shall not apply to a public water system well.

§76.1010. Appeals--Variances.

(a) Appeal of staff decision disapproving a variance or waiver application shall be submitted to the Executive Director and a copy of the appeal provided to the local groundwater conservation district within 14 days of notification of staff decision.

(b) The Executive Director shall determine whether or not to uphold the disapproval of the variance.

(c) The party making the appeal shall be advised in writing of the Executive Director's determination.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Filed with the Office of the Secretary of State, on July 24, 2001.

TRD-200104279

William H. Kuntz, Jr.

Executive Director

Texas Department of Licensing and Regulation

Earliest possible date of adoption: September 9, 2001

For further information, please call: (512) 463-7348



PART 9. TEXAS LOTTERY COMMISSION

CHAPTER 401. ADMINISTRATION OF STATE LOTTERY ACT

SUBCHAPTER D. LOTTERY GAME RULES

16 TAC §401.305, §401.312

The Texas Lottery Commission proposes amendments to 16 TAC §401.305 and §401.312, relating to the "Lotto Texas" On-Line Game rule and the "Texas Two Step" On-Line Game rule, respectively. The proposed amendments make the rules consistent with existing law and clarify current agency practices and procedures relating to the game rules. Additional proposed amendments to the "Lotto Texas" and "Texas Two Step" rules relating to the advertised jackpot make clear that the Commission will pay the advertised jackpot amount or, in the case of "Lotto Texas", the net present cash value of the advertised jackpot amount, depending on the payment option and consistent with the provisions of the rule. The Commission proposed rulemaking on Subchapter D, Chapter 401 and that proposal was published in the May 11, 2001 issue of the *Texas Register* (26 TexReg 3433). In connection with this rulemaking, the Commission received a comment that suggested that the text in the "Lotto Texas" game rule relating to paying the advertised jackpot and the language relating to the direct prize category percentage apportioned to the jackpot amount was conflicting. The proposed text in this rulemaking is to eliminate perceived potential conflicting language as raised by the commenter in the rulemaking on Subchapter D and, also, to clarify that the Commission will pay the advertised jackpot in connection with

"Lotto Texas" and "Texas Two Step". The proposed amendments also clarify that if the direct and indirect prize category contributions are greater than the advertised jackpot amount, the difference will be added to the respective game's prize reserve fund and will be used for future jackpot prizes. The proposed amendments also define the phrase "advertised jackpot" to mean the jackpot amount the Commission establishes for each drawing and the amount the Commission authorizes its vendors to publicize. Additionally, prior to the Subchapter D rulemaking and this rulemaking, the Commission received a comment in which the commenter suggested the Commission reconsider the wording "cash value option" and instead use the phrase "net present cash value" in the "Lotto Texas" rule. The commenter believed the phrase, "cash value option" is not as clear in informing the player of what the jackpot prize amount would be if the player chose the cash value option as the phrase "net present cash value". Staff agrees with the commenter and proposes this new language. The proposed amendments also include a definition of "annual payment option" so players will have a better understanding of the meaning of this term at the time the player is making his/her purchase.

Government Code §2001.039, and the General Appropriations Act, Article IX, §9-10.13, 76th Legislature (1999), requires each state agency to review and consider for re adoption each rule adopted by that agency pursuant to the Government Code, Chapter 2001 (Administrative Procedures Act). 16 TAC Chapter 401 has been reviewed in its entirety and the Commission determined that reasons for adopting certain sections continue to exist. The certain sections that have been readopted pursuant to Commission Order Number 00-0004, dated January 28, 2000, are set out in Exhibit "A" to the Order. The notice of the proposed rule review was published in the November 12, 1999, issue of the *Texas Register* (24 TexReg 10149). No comments were received regarding the agency's rule review of Chapter 401. The proposal of this rulemaking relating to the "Lotto Texas" On-Line Game rule is consistent with and, in part, the result of the agency's rule review.

Bart Sanchez, Financial Administration Director, has determined for each year of the first five years the sections are in effect there will be no foreseeable additional fiscal implications for state or local government as a result of enforcing or administering these rules. There is no anticipated impact on small businesses, micro businesses or local or state employment as a result of implementing these sections.

Gary Grief, Lottery Operations Director, has determined that each of the first five years the sections as proposed are in effect, the public benefit anticipated as a result of the proposed amendments will be the elimination of redundant or obsolete language and updating of language to current agency practice. Additionally, the Commission is making clear that it will pay the advertised jackpot amount.

Written comments on the proposed amendments may be submitted to Kimberly L. Kiplin, General Counsel, Texas Lottery Commission, P.O. Box 16630, Austin, Texas 78761-6630. The comments must be received no later than 30 days after the proposal is published in the *Texas Register* to ensure that the comments will be considered.

The amendments are proposed under Government Code, §466.015 which authorizes the Commission to adopt all rules necessary to administer the State Lottery Act and to adopt rules governing the establishment and operation of the lottery, and

under Government Code, §467.102 which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

The amendments affect Government Code, Chapter 466.

§401.305. "Lotto Texas" On-Line Game Rule.

(a) Lotto Texas. A Texas Lottery on-line game to be known as "Lotto Texas" is authorized to be conducted by the executive director under the following rules and under such further instructions and directives as the executive director may issue in furtherance thereof. If a conflict arises between this section and §401.304 of this title (relating to On-Line Game Rules (General)), this section shall have precedence.

(b) Definitions. In addition to the definitions provided in §401.301 [~~§401.304~~] of this title (relating to General Definitions [On-Line Game Rules (General)]), and unless the context in this section otherwise requires, the following definitions apply.

(1) Advertised jackpot--The jackpot amount the commission establishes for each Lotto Texas drawing and authorizes commission vendors to publicize. The advertised jackpot or share of the advertised jackpot is the amount the commission will pay as the annual payment option in 25 annual payments consistent with the provisions of this rule. The advertised jackpot is determined by estimating the direct prize category and may be increased prior to the draw by the commission based on sales projections.

(2) Annual payment option--The option selected if the player elects at the time the player purchases a ticket or if the player makes no election at the time the player purchases the ticket. The option is to be paid the advertised jackpot amount in 25 annual payments, in the event the player has a valid winning jackpot ticket and consistent with the provisions of the rule.

(3) [~~(4)~~] Net Present Cash value option--An election a player makes at the time the player purchases a ticket to be paid the net present cash value of the player's share of the advertised jackpot, in the event the player has a valid winning jackpot ticket. The net present cash value is the cost that the Comptroller of Public Accounts informs the commission is the cost to purchase a 25-year annuity on the first business day after the drawing. The term "net present cash value option" is synonymous with the terms "cash value option", "cash option", and "net present value".

(4) [~~(2)~~] Number--Any play integer from one through 54 inclusive.

(5) [~~(3)~~] Play--The six numbers selected on each play board and printed on the ticket.

(6) [~~(4)~~] Play board--A field of the 54 numbers found on the playslip.

(7) [~~(5)~~] Playslip--An optically readable card issued by the commission [Texas Lottery] used by players of Lotto Texas to select plays. There shall be five play boards on each playslip identified at A, B, C, D, and E. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

(c) Price of ticket. The price of each Lotto Texas play shall be \$1.00. A player may purchase up to five plays on one ticket. Multiple draws are available for up to 10 consecutive draws beginning with the current draw.

(d) Play for Lotto Texas.

(1) Type of play. A Lotto Texas player must select six numbers in each play or allow number selection by a random number generator operated by the computer, referred to as Quick Pick. A winning

play is achieved only when three, four, five, or six of the numbers selected by the player match, in any order, the six winning numbers drawn by the lottery.

(2) Method of play. The player may ~~with~~ use playslips to make number selections. The on-line terminal will read the playslip and issue ticket(s) with corresponding plays. If a playslip is not available or if a player is unable to complete a playslip, the on-line retailer may enter the selected numbers via the keyboard. However, the retailer shall not accept telephone or mail-in requests to manually enter selected numbers. If offered by the commission [~~lottery~~], a player may leave all play selections to a random number generator operated by the computer, commonly referred to as Quick Pick. [~~"quick pick."~~]

(3) One prize per play. The holder of a winning ticket may win only one prize per play in connection with the winning numbers [~~number~~] drawn and shall be entitled only to the highest prize category won by those numbers.

(e) Prizes for Lotto Texas.

(1) Prize amounts. The prize amounts, for each drawing, paid to each Lotto Texas player who selects a matching combination of numbers will vary due to a pari-mutuel calculation, with the exception of the fourth prize, which is a guaranteed \$5.00. The calculation of a prize shall be rounded down so that prizes can be paid in multiples of whole dollars. Each prize category breakage, [~~with the exception of the fourth prize breakage,~~] will carry forward to the next drawing for each respective prize category. [~~The fourth prize category breakage will be placed in the reserve fund. No prize amount shall be less than \$5.00.~~] The pari-mutuel prize amounts, except the jackpot prize amount, are based on the total amount in the prize category for that Lotto Texas drawing distributed equally over the number of matching combinations in each prize category.

Figure: 16 TAC §401.305(e)(1) (No change.)

(2) Prize pool. The prize pool for Lotto Texas prizes shall be a minimum of 55% of Lotto Texas sales.

(3) Prize categories.

(A) First prize (jackpot).

(i) In the event of a prize winner who does not select the net present cash value option, the prize winner's share of the advertised jackpot shall be paid in 25 installments. To determine the annuitized future value of each share (prize amount), the annuitized future value of the advertised jackpot [~~prize category~~] is divided by the shares. A share is the matching combination, in one play, of all six numbers drawn by the commission [~~Texas Lottery~~] (in any order). Each share will be paid in 25 installments. The initial payment shall be paid only upon completion of all internal validation procedures. The subsequent 24 payments shall be paid annually by monies generated by the purchase of securities which shall be purchased through the Comptroller of Public Accounts-Treasury Operations, State of Texas, after each drawing for which lottery records reflect the sale of one or more winning Lotto Texas six of six plays, and the value of the 24 installments shall be determined by the face or market value of said securities at purchase. Annual installment payments shall be based on the annual maturity value of the securities purchased. The payment of annual annuities will be made on the 15th day of the anniversary of the month in which the ticket won. If the net present cash value of each share is equal to or greater than the amount required to pay an initial first-year cash installment and 24 subsequent annuitized annual installments yielding total payments greater than [~~of~~] \$2 million [~~or greater~~], each share shall be paid in 25 installments in the same manner as described in this paragraph. If the net present cash value of each share is less than the amount required to pay an initial first-year cash installment and 24 subsequent

installments yielding total payments of \$2 million or less, each share shall be paid the net present cash value of each share in one payment.

(ii) In the event of a prize winner who selects the net present cash value option, the prize winner's share will be paid in a single, lump sum payment based on the discounted, net present cash value of the prize winner's share of the advertised jackpot on the next business day after the drawing. The player must make the election of the net present cash value option at the time of purchasing a Lotto Texas ticket. If the player does not make any election at the time of purchasing a Lotto Texas ticket, the share will be paid in accordance with clause (i) of this subparagraph.

(iii) The six of six jackpot prize must be claimed at the Austin claim center. The advertised jackpot is determined by estimating the direct prize category. The total prize category contribution for a drawing will include the following.

(I) The direct prize category contribution may be 68.24% of the prize pool for the drawing.

(II) The indirect prize category contribution, which may be increased by the executive director, will include the roll-over from the previous drawing, if any.

(III) The commission will pay the advertised jackpot amount or the net present cash value of the advertised jackpot amount, depending on the payment option. If the direct and indirect prize category contributions are greater than the advertised jackpot amount, the difference will be added to the Lotto Texas prize reserve fund and will be used for future Lotto Texas jackpot prizes. If the direct and indirect prize category contributions are less than the advertised jackpot amount, the difference will be taken from the Lotto Texas prize reserve fund to fund the advertised jackpot amount.

(B) Second Prize. The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of any five of the six numbers drawn by the commission [Texas Lottery] (in any order). The total prize category contribution will include the following.

(i) The direct prize category contribution shall be 5.07% of the prize pool for the drawing.

(ii) The indirect prize category contribution, which may be increased by the executive director, will include the breakage and/or roll-over from the previous drawing, if any.

(C) Third prize. The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of any four of the six numbers drawn by the commission [Texas Lottery] (in any order). The total prize category contribution will include the following.

(i) The direct prize category contribution shall be 12.51% of the prize pool for the drawing.

(ii) The indirect prize category contribution, which may be increased by the executive director, will include the breakage and/or roll-over from the previous drawing, if any.

(D) Fourth prize. The prize amount is a guaranteed minimum \$5.00. The difference between the prizes won and the direct prize category contribution will increase or decrease the prize reserve fund. The total prize category contribution will include the direct prize category contribution of 12.18% of the prize pool for the drawing. [Any roll-over amounts shall be added to the prize reserve fund. The total prize category contribution will include the following:]

~~[(i) The direct prize category contribution shall be 12.18% of the prize pool for the drawing.]~~

~~[(ii) The indirect prize category contribution as determined by the executive director.]~~

(4) Prize reserve fund.

(A) The Lotto Texas prize reserve is 2.0% of the prize pool.

(B) The Lotto Texas prize reserve fund may be increased or decreased by the difference between the advertised jackpot and the first prize (jackpot) category's share of the prize pool and the fourth prizes won and that prize category's share of the prize pool [any amounts allocated to the prize pool and not paid to the winners. The Lotto Texas prize reserve fund may be increased or decreased, for example, by rounding down, paying Lotto Texas prizes, and roll-over amounts from the fourth prize]. The Lotto Texas prize reserve fund may be used only for the Lotto Texas game.

(f) Ticket purchases.

(1) Lotto Texas tickets may be purchased only at a licensed location from a lottery retailer authorized by the lottery director to sell on-line tickets.

(2) Lotto Texas tickets shall show the player's selection of numbers [number] or Quick Pick (QP) numbers, boards played, drawing date, jackpot payment option, and validation and reference numbers.

(3) It shall be the exclusive responsibility of the player to verify the accuracy of the player's selection(s) and other data printed on the ticket. A ticket is a bearer instrument until signed.

(4) Except as provided in subsection (d)(2) of this section, Lotto Texas tickets must be purchased using official Lotto Texas playslips. Playslips which have been mechanically completed are not valid. Lotto Texas tickets must be printed on official Texas lottery paper stock and purchased at a licensed location through an authorized Texas lottery retailer's on-line terminal.

(g) Drawings.

(1) The Lotto Texas drawings shall be held each week on Wednesday and Saturday evenings at 9:59 p.m. Central Time except that the drawing schedule may be changed by the executive director, if necessary.

(2) Lotto Texas tickets will not be sold during the draw break for the Lotto Texas game [from 9:45 p.m. Central Time until 10 p.m. Central Time] on Wednesday and Saturday nights.

(3) The drawings will be conducted by lottery officials.

(4) Each drawing shall determine, at random, six winning numbers in accordance with Lotto Texas drawing procedures. Any numbers drawn are not declared winning numbers until the drawing is certified by the commission [Texas Lottery] in accordance with the drawing procedures. The winning numbers shall be used in determining all Lotto Texas winners for that drawing.

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by at least one commission [Lottery] security representative, the drawing supervisor, and the independent certified public accountant immediately prior to a drawing and immediately after the drawing.

(6) A drawing will not be invalidated based on the financial liability of the commission [Texas Lottery].

(h) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award(s).

§401.312. "Texas Two Step" On-Line Game.

(a) Texas Two Step. A commission on-line game to be known as "Texas Two Step" is authorized to be conducted by the executive director under the following rules and under such further instructions and directives as the executive director may issue in furtherance thereof. If a conflict arises between this section and §401.304 of this title (relating to On-Line Game Rules (General)), this section shall have precedence.

(b) Definitions. In addition to the definitions provided in §401.301 [~~§401.304~~] of this title (relating to General Definitions [~~On-Line Game Rules (General)~~]), and unless the context in this section otherwise requires, the following definitions apply.

(1) Advertised jackpot--~~The jackpot amount the commission establishes for each Texas Two Step drawing and authorizes commission vendors to publicize.~~

(2) [~~(4)~~] Number--Any play integer from 1 through 35 inclusive.

(3) [~~(2)~~] Play--The five numbers selected on each play board and printed on the ticket. Four numbers are selected from the first field of 35 numbers and one number is selected from the second field of 35 numbers.

(4) [~~(3)~~] Play board--Two fields of 35 numbers each found on the playslip.

(5) [~~(4)~~] Playslip--An optically readable card issued by the commission used by players of Texas Two Step to select plays. There shall be five play boards on each playslip identified at A, B, C, D, and E. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

(c) Price of ticket. The price of each Texas Two Step play shall be \$1.00. A player may purchase up to five plays on one ticket. Multiple draws are available for up to 10 consecutive draws beginning with the current draw.

(d) Play for Texas Two Step.

(1) Type of play. A Texas Two Step player must select four numbers from the first field of numbers from 1 through 35 and an additional one number from the second field of numbers from 1 through 35 in each play or allow number selection by a random number generator operated by the computer, referred to as Quick Pick. A winning play is achieved only when zero, one, two, three or four numbers selected from the first field of 35 numbers match, in any order, the four numbers drawn from the first field of 35 numbers in addition to matching either zero or one number drawn from the second field of 35 numbers.

(2) Method of play. The player may use playslips to make number selections. The on-line terminal will read the playslip and issue ticket(s) with corresponding plays. If a playslip is not available or if a player is unable to complete a playslip, the on-line retailer may enter the selected numbers via the keyboard. However, the retailer shall not accept telephone or mail-in requests to manually enter selected numbers. A player may leave all play selections to a random number generator operated by the computer, commonly referred to as Quick Pick.

(3) One prize per play. The holder of a winning ticket may win only one prize per play in connection with the winning number drawn and shall be entitled only to the highest prize category won by those numbers.

(e) Prizes for Texas Two Step.

(1) Prize amounts. The prize amounts, for each drawing, paid to each Texas Two Step player who selects a matching combination of numbers will vary due to a pari-mutuel calculation, with the exception of the sixth and seventh prize, which are guaranteed prizes of \$7.00 and \$5.00, respectively. The calculation of pari-mutuel prize categories 2 through 5 shall be rounded down so those prizes can be paid in multiples of whole dollars. Each prize category breakage will carry forward to the next drawing for each respective prize category. ~~[No prize amount shall be less than \$5.00.]~~ The prize amounts, except the First prize (jackpot), are based on the total amount in the prize category for that Texas Two Step drawing distributed equally over the number of matching combinations in each prize category. Figure: 16 TAC §401.312(e)(1) (No change.)

(2) Prize pool. The prize pool for Texas Two Step prizes shall be a minimum of 50% of Texas Two Step sales.

(3) Prize categories.

(A) First prize (jackpot)--The prize winner's share of the first prize or advertised jackpot is won by matching all four numbers drawn (in any order) from the first field of 35 numbers in addition to matching the number drawn from the second field of 35 numbers. The jackpot share (prize amount) shall be calculated by dividing the advertised jackpot [~~prize category contributions~~] by the number of shares for the prize category. Each first prize or jackpot share will be paid in one lump sum payment. The first prize or jackpot share of \$600 to \$999,999 [~~\$300,000~~] must be claimed at a commission claim center. First prize or jackpot share of \$1,000,000 [~~\$300,001~~] or larger must be claimed at the commission headquarters in Austin. The advertised jackpot is determined by estimating the direct prize category. The total prize category contribution for a drawing will include the following.

(i) The direct prize category contribution may [~~shall~~] be 45.56% of the prize pool for the drawing.

(ii) The indirect prize category contribution, which may be increased by the executive director, will include the roll-over from the previous drawing, if any.

(iii) The commission will pay the advertised jackpot amount for Texas Two Step. If the direct and indirect prize category contributions are greater than the advertised jackpot amount, the difference will be added to the Texas Two Step prize reserve fund [~~carry forward to the next drawing for the first prize or jackpot prize category~~] and will be used for future Texas Two Step jackpot prizes. If the direct and indirect prize category contributions are less than the advertised jackpot amount, the difference will be taken from the Texas Two Step prize reserve fund to fund the advertised jackpot amount.

(B) Second Prize. The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of all four numbers drawn (in any order) from the first field of 35 numbers in addition to matching zero numbers from the second field of 35 numbers drawn by the commission. The total prize category contribution will include the following.

(i) The direct prize category contribution shall be 5.57% of the prize pool for the drawing.

(ii) The indirect prize category contribution, which may be increased by the executive director, will include the breakage from the previous drawing, if any.

(C) Third prize. The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one

play, of three of four numbers drawn (in any order) from the first field of 35 numbers in addition to matching the number from the second field of 35 numbers drawn by the commission. The total prize category contribution will include the following.

(i) The direct prize category contribution shall be 0.68% of the prize pool for the drawing.

(ii) The indirect prize category contribution, which may be increased by the executive director, will include the breakage from the previous drawing, if any.

(D) Fourth prize. The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of three of four numbers drawn (in any order) from the first field of 35 numbers in addition to matching zero numbers from the second field of 35 numbers drawn by the commission. The total prize category contribution will include the following.

(i) The direct prize category contribution shall be 9.20% of the prize pool for the drawing.

(ii) The indirect prize category contribution, which may be increased by the executive director, will include the breakage from the previous drawing, if any.

(E) Fifth prize. The prize amount shall be calculated by dividing the prize category contributions by the number of shares for the prize category. A share is the matching combination, in one play, of two of four numbers drawn (in any order) from the first field of 35 numbers in addition to matching the number from the second field of 35 numbers drawn by the commission. The total prize category contribution will include the following.

(i) The direct prize category contribution shall be 6.09% of the prize pool for the drawing.

(ii) The indirect prize category contribution, which may be increased by the executive director, will include the breakage from the previous drawing, if any.

(F) Sixth prize. The prize amount is a guaranteed minimum \$7.00. The difference between the prizes won and the direct prize contribution will increase or decrease the prize reserve fund. The total prize category contribution will include the direct prize category contribution of 13.73% of the prize pool for the drawing.

(G) Seventh prize. The prize amount is a guaranteed minimum \$5.00. The difference between the prizes won and the direct prize contribution will increase or decrease the prize reserve fund. The total prize category contribution will include the direct prize category contribution of 17.17% of the prize pool for the drawing.

(4) Prize reserve fund.

(A) The Texas Two Step prize reserve fund is 2.0% of the prize pool.

(B) The Texas Two Step prize reserve fund may be increased or decreased by the difference between the first (advertised jackpot), sixth, and seventh actual prizes won and that prize category's share of the prize pool. The Texas Two Step prize reserve fund may be used only for the Texas Two Step game.

(f) Ticket purchases.

(1) Texas Two Step tickets may be purchased only at a licensed location from a commission retailer authorized by the lottery director to sell on-line tickets.

(2) Texas Two Step tickets shall show the player's selection of numbers or Quick Pick (QP) numbers, boards played, drawing date(s) and validation and reference numbers.

(3) It shall be the exclusive responsibility of the player to verify the accuracy of the player's selection(s) and other data printed on the ticket. A ticket is a bearer instrument until signed.

(4) Except as provided in subsection (d)(2) of this section, Texas Two Step tickets must be purchased using official Texas Two Step playslips. Playslips which have been mechanically completed are not valid. Texas Two Step tickets must be printed on official Texas Lottery paper stock and purchased at a licensed location through an authorized commission retailer's on-line terminal.

(g) Drawings.

(1) The Texas Two Step drawings shall be held each week on Tuesday and Friday evenings at 9:59 p.m. Central Time except that the drawing schedule may be changed by the executive director, if necessary.

(2) Texas Two Step tickets will not be sold during the draw break for the Texas Two Step game on Tuesday and Friday evenings.

(3) The drawings will be conducted by commission officials.

(4) Each drawing shall determine, at random, five winning numbers in accordance with Texas Two Step drawing procedures. Any numbers drawn are not declared winning numbers until the drawing is certified by the commission in accordance with the drawing procedures. The winning numbers shall be used in determining all Texas Two Step winners for that drawing.

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by at least one commission security representative, the drawing supervisor, and the independent certified public accountant immediately prior to a drawing and immediately after the drawing.

(6) A drawing will not be invalidated based on the financial liability of the commission.

(h) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award(s).

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Filed with the Office of the Secretary of State, on July 27, 2001.

TRD-200104378

Kimberly L. Kiplin

General Counsel

Texas Lottery Commission

Earliest possible date of adoption: September 9, 2001

For further information, please call: (512) 344-5215



TITLE 19. EDUCATION

PART 1. TEXAS HIGHER EDUCATION COORDINATING BOARD