



Economic Impact Analysis Virginia Department of Planning and Budget

11 VAC 5-41 – Lottery Game Regulations
State Lottery Department
March 1, 2012

Summary of the Proposed Amendments to Regulation

The State Lottery Department (department) proposes to 1) extend the time a winning ticket for which the prize is a free ticket must be claimed from 60 days to 180 days after the drawing, 2) specify that the use of electro-mechanical, electronic printing or other automated devices to play choices is allowed if they are developed by the department and that the department's website and social media may be utilized to publicize the lottery, 3) delete language pertaining to grand price events and include numerous other clarifications, reference updates, format changes, and removal of obsolete forms from the regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

One of the proposed changes will extend the time a winning ticket for which the prize is a free ticket must be claimed from 60 days to 180 days after the drawing. Currently, all other types of winning tickets must be claimed within 180 days after the drawing. This change will make expiration date of winning tickets with free ticket prizes consistent with all other types of winning tickets, afford free ticket winners more time to claim their prizes, and potentially reduce the amount of unclaimed free ticket prizes. However, the department believes that the number of cases where a free ticket winning has not been claimed within the first 60 days after the drawing is negligible. Thus, no significant economic effect is expected from this change beyond improving the consistency between similar rules.

Another proposed change will specify that the use of electro-mechanical, electronic printing or other automated devices to play choices is allowed if they are developed by the

department. Current language does not specify that utilization of such devices developed by the department is allowed. The proposed changes will also specify that the department's website and social media may be utilized to publicize the lottery. Similar to the previous change, the current language does not specify the media types that may be utilized to publicize the lottery. The main effect of these two changes appears to be an improvement in the clarity of the regulatory language.

Also, the proposed changes will delete language pertaining to grand prize events. According to the department, no grand prize events have been held in the last 4 – 5 years and this language is obsolete. Finally, the remaining changes include numerous other clarifications, reference updates, format changes, and removal of obsolete forms from the regulations. None of these changes are expected to create any significant economic effect other than improving the clarity and organization of the regulations.

Businesses and Entities Affected

Currently, these regulations apply to 5,191 licensed retailers and approximately 3.1 million players per year.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant effect on employment is expected.

Effects on the Use and Value of Private Property

No significant effect on the use and value of private property is expected other than preserving the value of free ticket winnings not claimed within the 60 days from the date of drawing for an additional 120 days.

Small Businesses: Costs and Other Effects

While most of the licensed retailers are believed to be small businesses, no significant costs and other effects are expected as discussed above.

Small Businesses: Alternative Method that Minimizes Adverse Impact

No adverse impact on small businesses is expected.

Real Estate Development Costs

No significant effect on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.