

COMMISSION AGENDA ITEM

Item 9(b) – Regulation Changes to the Powerball Game



Date: June 16, 2026

To: California State Lottery Commission

From: Harjinder K. Shergill Chima, Director - *HKC*

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Subject: **Item 9(b) – Regulation Changes to the Powerball Game**

ISSUE

The California State Lottery (Lottery) requests Lottery Regulation changes be amended to reflect changes recently adopted by the Powerball® Product Group to expand the number of jurisdictions selling Powerball.

BACKGROUND

In April 2013, the California State Lottery (Lottery) launched the sale of Powerball, a multi-state lottery jackpot game jointly offered by numerous lotteries. Forty-eight United States (U.S.) jurisdictions sell the game: Forty-five states, the District of Columbia, the U.S. Virgin Islands, and Puerto Rico.

The Lottery participates in Powerball pursuant to a cross-sell agreement between the Mega Millions Consortium and the Powerball Product Group who are members of the Multi-State Lottery Association (MUSL). The Lottery is not a voting member of MUSL.

MUSL is a non-profit, government-benefit association owned and operated by its member lotteries for the purpose of offering multi-state games, such as Powerball. On April 14, 2026, MUSL announced that Powerball would expand and be offered for sale in the United Kingdom in the summer of 2026. This is Powerball's first expansion since 2020.

DISCUSSION

Growing sales in highly profitable jackpot games remains a key strategic priority for the Lottery. As a multi-state lottery game, Powerball is able to offer larger jackpots, which is the primary appeal of these types of games. These larger jackpots have helped fuel sales in California and other jurisdictions to record levels, driven by multiple billion-dollar jackpots in recent years.

However, like other jurisdictions, the Lottery has seen its sales softening across all jackpot levels in recent years. Players have reached "jackpot fatigue," where even substantial jackpots no longer drive the same sales, player excitement, and public awareness that they once did, creating the need for larger jackpots to maintain player and media interest.

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This expansion is designed to strengthen the game, support faster-growing jackpots and ensure Powerball remains a dependable source of funding for public programs and services. The change is comparable to past additions of U.S. jurisdictions, such as Mississippi in 2020. There will be no changes to how the game is played. In California, the game would remain pari-mutuel, like the current game, and prize amounts will vary depending on ticket sales and number of winners.

The Lottery Act and Lottery Regulations do not prohibit the Lottery from selling Powerball if the game expands internationally. Minor revisions are required in the Regulations to reflect the expansion from U.S. jurisdictions to jurisdictions within and outside of the U.S. The proposed amended Regulations update language to reflect this change, such as amending references to Powerball as a “multi-state” lottery game to a “multi-jurisdictional” lottery game.

In order to ensure Lottery Regulations continue to accurately describe the Powerball game and expansion, the Lottery’s Regulations must be amended to reflect these game changes. Retaining Powerball is a key component on delivering on the Lottery’s mission to provide supplemental dollars to education. In Fiscal Year 2025-26, the game is projected to bring \$833M in sales revenue, contributing 8.9% of sales.

The Lottery’s budget includes a projected \$565M in sales revenue from Powerball in Fiscal Year 2026-27. The Lottery would therefore lose the sales revenue from Powerball and the associated contributions to education if Powerball were no longer sold in California.

RECOMMENDATION

Staff recommends that the Commission adopt the attached proposed regulations to be effective on June 16, 2026, to capture the jurisdiction expansion of the Powerball game.