

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1489 Session of 2013

INTRODUCED BY C. HARRIS, KORTZ, MILLARD, FLECK, O'NEILL, MULLERY, CUTLER, CALTAGIRONE, WHITE, MOUL, OBERLANDER, SCHLOSSBERG, F. KELLER, COHEN, BENNINGHOFF, CARROLL, GROVE, MILNE, MURT, SCHLEGEL CULVER, BAKER, ENGLISH AND BROOKS, JUNE 5, 2013

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JANUARY 28, 2014

AN ACT

1 Amending the act of August 26, 1971 (P.L.351, No.91), entitled
2 "An act providing for a State Lottery and administration
3 thereof; authorizing the creation of a State Lottery
4 Commission; prescribing its powers and duties; disposition of
5 funds; violations and penalties therefor; exemption of prizes
6 from State and local taxation and making an appropriation,"
7 providing for lottery winnings intercept.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 ~~Section 1. The act of August 26, 1971 (P.L.351, No.91),~~ <--
11 ~~known as the State Lottery Law, is amended by adding a section~~
12 ~~to read:~~

13 ~~Section 316. Lottery winnings intercept.~~

14 ~~(a) Duty of Department of Revenue. In the case of any~~
15 ~~person winning a single lottery prize of more than \$2,500 in the~~
16 ~~State Lottery, the Department of Revenue shall:~~

17 ~~(1) Make reasonable efforts to determine if the~~
18 ~~prizewinner has an outstanding State tax liability prior to~~
19 ~~making the lottery winnings payment. If the department~~

~~1 determines that the prizewinner has an outstanding tax
2 liability and all rights to appeal have expired, the
3 department shall deduct the amount of any such delinquent
4 taxes from the amount of lottery winnings and pay such amount
5 to the Commonwealth to satisfy or partially satisfy any tax
6 liability. Any deductions under this part may only be made
7 after the Department of Revenue determines that either the
8 prizewinner is not subject to a deduction for delinquent
9 support, or that, after deducting for delinquent support,
10 prize amounts remain that can be subject to deduction for
11 delinquent Pennsylvania State taxes. If applicable, within 30
12 days of the date the prize was claimed, the Department of
13 Revenue shall notify the prizewinner that the prize or a
14 portion of the prize was used to satisfy or partially satisfy
15 State delinquent taxes owed.~~

~~16 (2) Request the Department of Public Welfare to make a
17 reasonable effort to determine if the prizewinner is
18 currently a recipient of public assistance benefits prior to
19 making the lottery winnings payment. If the prizewinner is
20 found to be a recipient of public assistance benefits, the
21 Department of Public Welfare shall determine the
22 prizewinner's eligibility to receive public assistance
23 benefits.~~

~~24 (b) Right to review.~~

~~25 (1) A lottery prizewinner whose prize is used to satisfy
26 or partially satisfy an obligation under subsection (a)(1)
27 may appeal to the Department of Revenue in accordance with 2
28 Pa.C.S. (relating to administrative law and procedure),
29 except that no appeal may be taken under this section
30 regarding any Pennsylvania State tax delinquency. The appeal~~

1 ~~shall be filed within 30 days after the prizewinner is~~
2 ~~notified under subsection (a) by the Department of Revenue~~
3 ~~that the prize has been reduced or totally withheld to~~
4 ~~satisfy or partially satisfy the amount of the prizewinner's~~
5 ~~State delinquent taxes due.~~

6 ~~(2) If it is determined under subsection (a)(2) that the~~
7 ~~prizewinner is no longer eligible for public assistance~~
8 ~~benefits, the Department of Public Welfare and the~~
9 ~~prizewinner shall be subject to the act of June 13, 1967~~
10 ~~(P.L.31, No.21), known as the Public Welfare Code.~~

11 ~~(c) Administrative fee. The Department of Revenue and the~~
12 ~~Department of Public Welfare shall determine and set a fee which~~
13 ~~reflects the actual costs it incurs to administer this section~~
14 ~~and deduct the calculated amount from the lottery winnings if~~
15 ~~the prizewinner is found to have an outstanding tax liability~~
16 ~~subject to a deduction under subsection (a).~~

17 ~~(d) Report. The Department of Revenue shall annually report~~
18 ~~to the Finance Committee of the Senate and the Finance Committee~~
19 ~~of the House of Representatives the amount of State delinquent~~
20 ~~taxes collected under this section.~~

21 ~~(e) Rules and regulations. The Department of Revenue shall~~
22 ~~promulgate rules and regulations necessary to carry out this~~
23 ~~section.~~

24 ~~Section 2. This act shall take effect immediately.~~

25 SECTION 1. THE ACT OF AUGUST 26, 1971 (P.L.351, NO.91), <--
26 KNOWN AS THE STATE LOTTERY LAW, IS AMENDED BY ADDING A SECTION
27 TO READ:

28 SECTION 316. LOTTERY WINNINGS INTERCEPT.

29 (A) DUTY OF DEPARTMENT OF REVENUE.--IN THE CASE OF ANY
30 PERSON WINNING A SINGLE LOTTERY PRIZE OF MORE THAN \$2,500 IN THE

1 STATE LOTTERY, THE DEPARTMENT OF REVENUE SHALL:

2 (1) (I) MAKE REASONABLE EFFORTS TO DETERMINE IF THE
3 PRIZEWINNER HAS AN OUTSTANDING STATE TAX LIABILITY PRIOR
4 TO PAYING THE LOTTERY PRIZE. IF THE DEPARTMENT OF REVENUE
5 DETERMINES THAT THE PRIZEWINNER HAS AN OUTSTANDING STATE
6 TAX LIABILITY AND THE RIGHTS TO APPEAL HAVE EXPIRED WITH
7 NO APPEAL HAVING BEEN TAKEN OR, IF AN APPEAL HAS BEEN
8 TAKEN, IT HAS BEEN RESOLVED AND IS NOT PENDING, THE
9 DEPARTMENT OF REVENUE SHALL DEDUCT FROM THE LOTTERY PRIZE
10 THE AMOUNT OF OUTSTANDING STATE TAX LIABILITY. A
11 DEDUCTION UNDER THIS SUBPARAGRAPH MAY ONLY BE MADE AFTER
12 THE DEPARTMENT OF REVENUE DETERMINES UNDER 23 PA.C.S. §
13 4308 (RELATING TO LOTTERY WINNINGS INTERCEPT) THAT EITHER
14 THE LOTTERY PRIZE IS NOT SUBJECT TO A DEDUCTION FOR
15 DELINQUENT SUPPORT, OR THAT, AFTER DEDUCTING FOR
16 DELINQUENT SUPPORT, PRIZE AMOUNTS REMAIN THAT CAN BE
17 SUBJECT TO DEDUCTION FOR THE AMOUNT OF THE OUTSTANDING
18 STATE TAX LIABILITY.

19 (II) PAY THE AMOUNT DEDUCTED FOR SUPPORT AS PROVIDED
20 IN 23 PA.C.S. § 4308 AND THE AMOUNT DEDUCTED FOR ANY
21 OUTSTANDING STATE TAX LIABILITY IN ACCORDANCE WITH THE
22 ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX
23 REFORM CODE OF 1971, TO SATISFY OR PARTIALLY SATISFY THE
24 PRIZEWINNER'S DELINQUENT SUPPORT OBLIGATIONS OR
25 OUTSTANDING STATE TAX LIABILITY.

26 (2) REQUEST THE DEPARTMENT OF PUBLIC WELFARE TO MAKE A
27 REASONABLE EFFORT TO DETERMINE IF THE PRIZEWINNER IS
28 CURRENTLY A RECIPIENT OF PUBLIC ASSISTANCE BENEFITS IN THIS
29 COMMONWEALTH PRIOR TO PAYING THE LOTTERY PRIZE. IF THE
30 PRIZEWINNER IS FOUND TO BE A RECIPIENT OF PUBLIC ASSISTANCE

1 BENEFITS IN THIS COMMONWEALTH, THE DEPARTMENT OF PUBLIC
2 WELFARE SHALL DETERMINE THE PRIZEWINNER'S ELIGIBILITY TO
3 CONTINUE TO RECEIVE PUBLIC ASSISTANCE BENEFITS AS A RESULT OF
4 WINNING THE LOTTERY PRIZE.

5 (3) (I) IN CONJUNCTION WITH THE ADMINISTRATIVE OFFICE
6 OF PENNSYLVANIA COURTS, MAKE A REASONABLE EFFORT TO
7 DETERMINE IF THE PRIZEWINNER OWES COURT-ORDERED
8 OBLIGATIONS. IF A DETERMINATION IS MADE THAT THE
9 PRIZEWINNER OWES COURT-ORDERED OBLIGATIONS, THE
10 ADMINISTRATIVE OFFICE OF PENNSYLVANIA COURTS SHALL
11 PROVIDE THE DEPARTMENT OF REVENUE WITH THE TOTAL AMOUNT
12 OF OBLIGATIONS OWED.

13 (II) IF IT IS DETERMINED UNDER SUBPARAGRAPH (I) THAT
14 THE PRIZEWINNER OWES COURT-ORDERED OBLIGATIONS, DEDUCT
15 FROM THE AMOUNT OF THE LOTTERY PRIZE REMAINING AFTER THE
16 DEDUCTIONS MADE UNDER PARAGRAPH (1) THE AMOUNT OF THE
17 OBLIGATIONS OWED.

18 (III) PAY THE AMOUNTS DEDUCTED UNDER SUBPARAGRAPH
19 (II) AS PROVIDED BY APPLICABLE LAW TO SATISFY OR
20 PARTIALLY SATISFY THE PRIZEWINNER'S COURT-ORDERED
21 OBLIGATIONS. THE ADMINISTRATIVE OFFICE OF PENNSYLVANIA
22 COURTS SHALL FURNISH THE DEPARTMENT OF REVENUE WITH THE
23 INFORMATION NEEDED TO MAKE THE PAYMENTS.

24 (4) IF APPLICABLE, NO LATER THAN 30 DAYS AFTER THE DATE
25 THE LOTTERY PRIZE WAS CLAIMED, NOTWITHSTANDING THE PROVISIONS
26 OF 23 PA.C.S. § 4308(7):

27 (I) AWARD THE PRIZEWINNER THE AMOUNT OF THE LOTTERY
28 PRIZE TO BE PAID TO THE PRIZEWINNER AFTER ANY DEDUCTIONS
29 MADE UNDER PARAGRAPHS (1) AND (3); AND

30 (II) NOTIFY THE PRIZEWINNER THAT PART OR ALL OF THE

1 LOTTERY PRIZE WAS USED TO SATISFY THE PRIZEWINNER'S
2 OBLIGATIONS DESCRIBED IN PARAGRAPHS (1) AND (3). IF THE
3 AMOUNT OF THE LOTTERY PRIZE IS NOT SUFFICIENT TO FULLY
4 SATISFY ANY OF THE OBLIGATIONS OF THE PRIZEWINNER, THE
5 PRIZEWINNER SHALL OWE THE BALANCE OF THE OBLIGATIONS AS
6 PROVIDED UNDER APPLICABLE LAW.

7 (B) RIGHT TO REVIEW.--

8 (1) A LOTTERY PRIZEWINNER WHOSE PRIZE IS USED TO SATISFY
9 OR PARTIALLY SATISFY AN OUTSTANDING STATE TAX OBLIGATION
10 UNDER SUBSECTION (A) (1) MAY APPEAL TO THE DEPARTMENT OF
11 REVENUE IN ACCORDANCE WITH 2 PA.C.S. (RELATING TO
12 ADMINISTRATIVE LAW AND PROCEDURE) ONLY THE ISSUE OF THE
13 LEGALITY OF THE DEDUCTION UNDER THIS SECTION AND NOT THE
14 AMOUNT OF THE STATE TAX LIABILITY. THE APPEAL SHALL BE FILED
15 WITHIN 30 DAYS AFTER THE PRIZEWINNER IS NOTIFIED UNDER
16 SUBSECTION (A) (4) BY THE DEPARTMENT OF REVENUE THAT THE PRIZE
17 HAS BEEN REDUCED OR TOTALLY WITHHELD TO SATISFY OR PARTIALLY
18 SATISFY THE AMOUNT OF THE PRIZEWINNER'S OUTSTANDING STATE TAX
19 LIABILITY.

20 (2) IF IT IS DETERMINED UNDER SUBSECTION (A) (2) THAT THE
21 PRIZEWINNER IS NO LONGER ELIGIBLE FOR PUBLIC ASSISTANCE
22 BENEFITS IN THIS COMMONWEALTH, THE DEPARTMENT OF PUBLIC
23 WELFARE SHALL NOTIFY THE PRIZEWINNER AND THE DEPARTMENT OF
24 REVENUE AND THE PRIZEWINNER SHALL BE SUBJECT TO THE ACT OF
25 JUNE 13, 1967 (P.L.31, NO.21), KNOWN AS THE PUBLIC WELFARE
26 CODE.

27 (C) ADMINISTRATIVE FEE.--THE DEPARTMENT OF REVENUE SHALL
28 DETERMINE AND SET A FEE WHICH REFLECTS THE ACTUAL COSTS IT
29 INCURS TO ADMINISTER THIS SECTION WITH RESPECT TO A SPECIFIC
30 PRIZEWINNER AND DEDUCT THE CALCULATED AMOUNT FROM THE LOTTERY

1 PRIZE IF THE PRIZEWINNER IS FOUND TO HAVE AN OUTSTANDING STATE
2 TAX LIABILITY OR COURT-ORDERED OBLIGATIONS SUBJECT TO A
3 DEDUCTION UNDER SUBSECTION (A) (1) OR (3).

4 (D) REPORT.--THE DEPARTMENT OF REVENUE SHALL ANNUALLY REPORT
5 TO THE FINANCE COMMITTEE OF THE SENATE AND THE FINANCE COMMITTEE
6 OF THE HOUSE OF REPRESENTATIVES THE AMOUNT OF OUTSTANDING STATE
7 TAX LIABILITY AND COURT-ORDERED OBLIGATIONS COLLECTED UNDER THIS
8 SECTION.

9 (E) RULES AND REGULATIONS.--THE DEPARTMENT OF REVENUE SHALL
10 PROMULGATE RULES AND REGULATIONS NECESSARY TO CARRY OUT THIS
11 SECTION.

12 SECTION 2. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

13 (1) THE ADDITION OF SECTION 316(A) (3) OF THE ACT SHALL
14 TAKE EFFECT IN 90 DAYS.

15 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
16 IMMEDIATELY.