

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1266 Session of
2017

INTRODUCED BY HARKINS, MURT, MILLARD, SAINATO, ROZZI, SONNEY,
A. HARRIS, D. COSTA, GILLEN, HILL-EVANS, DeLUCA AND FARRY,
APRIL 24, 2017

REFERRED TO COMMITTEE ON JUDICIARY, APRIL 24, 2017

AN ACT

1 Providing for the payment of outstanding court-ordered fines and
2 restitutions by the attachment of State tax refunds and
3 lottery winnings.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Lottery
8 Winnings and State Income Tax Refunds Attachment Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall
11 have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Department." The Department of Revenue of the Commonwealth.

14 "Lottery winner." An individual who wins more than \$2,500 in
15 the Pennsylvania State Lottery.

16 "Obligee." A municipal or county court to whom a court-
17 ordered fee or restitution is owed as a result of an
18 adjudication against an individual.

1 "Obligor." An individual to whom a court-ordered fine or
2 restitution has been issued by a municipal or county court.

3 "Refund." The amount of an overpayment of tax as determined
4 under section 346 of the act of March 4, 1971 (P.L.6, No.2),
5 known as the Tax Reform Code of 1971.

6 Section 3. Lottery winnings intercept.

7 (a) General rule.--When an individual becomes a lottery
8 winner, the department shall make all reasonable efforts to
9 determine if the lottery winner is a delinquent obligor prior to
10 making a lottery prize payment. If the lottery winner is found
11 to be a delinquent obligor, the arrearages shall be deducted
12 from the amount of the lottery prize and paid to the obligee.

13 (b) Duties of department.--The department shall perform the
14 following duties relating to a lottery winner:

15 (1) Search the records relative to the Magisterial
16 District Judge System (MDJS) and Common Pleas Case Management
17 System (CPCMS) using the lottery winner's full name and
18 Social Security number.

19 (2) If the lottery winner is a delinquent obligor,
20 ascertain the amount of the unpaid court-ordered fees and
21 restitution and the identifier of the court order that
22 underlies it.

23 (3) Within 30 days of the date the prize was won, notify
24 the lottery winner that the prize or a portion thereof will
25 be used to satisfy arrearages owed for court-ordered fees and
26 restitution.

27 (4) If the lottery winner is a delinquent obligor,
28 withhold from the lottery winner's prize the arrearages
29 discovered under paragraph (1).

30 (5) Within 45 days of the date of notice under paragraph

1 (3), pay over, whether in a lump sum or by installment, to
2 the proper municipal or county court that part of the prize
3 that satisfies the arrearages, less any amount assigned to
4 the department.

5 (6) If the prize is insufficient to satisfy the
6 arrearages owed under the court order, proceed as follows:

7 (i) The department may pay over the prize as
8 provided under this section.

9 (ii) The department may reinitiate the procedures
10 prescribed in this section if the individual becomes a
11 lottery winner a second or subsequent time.

12 (7) Determine and set a fee that reflects the actual
13 costs the department incurs to administer this section and
14 deduct the calculated amount from the amount to be paid to
15 the lottery winner after the lottery winner's court-ordered
16 obligation has been fully satisfied.

17 (c) Right to review.--A lottery winner whose prize is used
18 to satisfy an obligation under this section may appeal to the
19 department in accordance with 2 Pa.C.S. (relating to
20 administrative law and procedure). The appeal shall be filed
21 within 30 days after the lottery winner is notified by the
22 department that the prize has been reduced or totally withheld
23 to satisfy the lottery winner's outstanding arrearages.

24 (d) Rules and regulations.--The department shall promulgate
25 the rules and regulations necessary to carry out this section.
26 Section 4. Income tax refund intercept.

27 (a) General rule.--In the case of a taxpayer who is entitled
28 to a refund of more than \$2,500, the department shall make all
29 reasonable efforts to determine if the taxpayer is a delinquent
30 obligor of court-ordered fees or restitution prior to making any

1 refund payment. If the taxpayer is a delinquent obligor, the
2 arrearages shall be deducted from the refund and paid to the
3 obligee.

4 (b) Duties of department.--The department shall perform the
5 following duties relating to a taxpayer described in subsection

6 (a):

7 (1) Search the records relative to the Magisterial
8 District Judge System (MDJS) and Common Pleas Case Management
9 System (CPCMS) using the full name and Social Security number
10 of the taxpayer entitled to a refund.

11 (2) If the taxpayer is a delinquent obligor, ascertain
12 the amount of the unpaid court-ordered fees and restitution
13 and the identifier of the court order that underlies it.

14 (3) Within 30 days of the date of the search under
15 paragraph (1), notify the taxpayer that the refund or a
16 portion thereof will be used to satisfy arrearages owed for
17 court-ordered fees and restitution.

18 (4) If the taxpayer is a delinquent obligor, withhold
19 from the taxpayer the arrearages discovered under paragraph
20 (1).

21 (5) Within 45 days of the date of notice under paragraph
22 (3), pay over, whether in a lump sum or by installment, to
23 the proper municipal or county court that part of the refund
24 that satisfies the arrearages, less any amount assigned to
25 the department.

26 (6) If the refund is insufficient to satisfy the
27 arrearages owed under the court order, proceed as follows:

28 (i) The department may pay over the refund as
29 provided under this section.

30 (ii) The department may reinitiate the procedures

prescribed in this section if the taxpayer is entitled to a second or subsequent refund of more than \$2,500.

(7) Determine and set a fee that reflects the actual costs the department incurs to administer this section and deduct the calculated amount from the amount to be paid to the taxpayer after the taxpayer's court-ordered obligation has been fully satisfied.

(c) Right to review.--A taxpayer whose refund is used to satisfy an obligation under this section may appeal to the department in accordance with 2 Pa.C.S. (relating to administrative law and procedure). The appeal shall be filed within 30 days after the taxpayer is notified by the department that the refund has been reduced or totally withheld to satisfy the taxpayer's outstanding arrearages.

(d) Rules and regulations.--The department shall promulgate the rules and regulations necessary to carry out this section.

Section 5. Notice of attachment.

(a) Future orders.--All orders for the payment of fees or restitution as of the effective date of this section, as well as all orders for the payment of fees or restitution entered or modified after the effective date of this section, shall provide for mandatory attachment of lottery prizes and refunds of taxes paid to the Commonwealth if the obligor is in arrears in payment for a period of 30 days or more.

(b) Notice to existing obligors.--The department shall send a one-time notice to all obligors of existing court orders informing them that arrearages may be intercepted as provided under sections 3 and 4.

Section 6. Effective date.

This act shall take effect in 60 days.