SUMMARY: House Bill 674, Printer’s Number 1499 amends Act 91 of 1971 (State Lottery Law), providing for lottery winnings intercept.

ANALYSIS: This legislation requires the Department of Revenue (DOR) to determine whether an individual winning a single prize of more than $2,500 from the Pennsylvania Lottery is delinquent and owes state taxes. If the prizewinner is found delinquent, the amount of state taxes owed will be deducted from the Lottery winnings and paid to the Commonwealth after any amounts deducted pursuant to 23 Pa.C.S. § 4308 for child support. DOR, in conjunction with the Administrative Office of PA Courts, shall furthermore make reasonable efforts to determine if the prizewinner owes court-ordered obligations and also deduct such amounts from the lottery prize paid. DOR will notify the prize winner within 30 days that the winnings will be used to satisfy or partially satisfy a delinquent state tax obligation or court-ordered obligation. A taxpayer may appeal the intercept within 30 days of notification. DOR shall determine and set a fee to reflect the actual cost incurred to administer the program and deduct the calculated amount from the Lottery winnings. DOR shall annually report to the House and Senate Finance Committees the amount of delinquent taxes and court-ordered obligations collected under the intercept program.

In addition, the DOR must request the Department of Human Services (DHS) to make a reasonable effort to determine if the prizewinner is currently a recipient of public assistance benefits in the Commonwealth and if so, the DHS must determine the prizewinner’s eligibility to continue to receive public assistance benefits.

The act shall take effect in one year.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds.
To the extent that an individual who wins a Lottery prize of more than $2,500 has a delinquent State tax liability, this program will generate additional revenues for the General Fund. The Department of Revenue estimates $10,000 of outstanding liabilities to be intercepted per month.

To the extent that an individual who wins a Lottery prize of more than $2,500 has outstanding court-ordered obligations, this program will generate additional revenues for the courts and payments to individuals or other entities owed restitution.

To the extent that a recipient of public assistance benefits is a prizewinner but does not report a change in income, which is already required, and the receipt of those prize winnings results in the loss of eligibility for public assistance benefits, there could be state and federal program savings.

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Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.