

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 1461 Session of  
1999

INTRODUCED BY HERMAN, BROWNE, THOMAS, HUTCHINSON, MAHER,  
McNAUGHTON, PESCI, SAINATO, TRELLO, VANCE, ARGALL, BAKER,  
BARD, BARRAR, BATTISTO, BELFANTI, COY, FAIRCHILD, FARGO,  
GANNON, GEIST, GODSHALL, HALUSKA, HARHAI, HENNESSEY, HERSHEY,  
KAISER, KENNEY, MAITLAND, MANDERINO, McCALL, MICHLOVIC,  
MUNDY, NAILOR, NICKOL, PHILLIPS, PLATTS, PRESTON, RAMOS,  
READSHAW, ROEBUCK, ROSS, SANTONI, SATHER, SCHRODER, SCHULER,  
SEYFERT, B. SMITH, SOLOBAY, STABACK, STAIRS, STERN, STURLA,  
SURRA, E. Z. TAYLOR, TIGUE, TRAVAGLIO, WOGAN, WRIGHT AND  
YOUNGBLOOD, MAY 6, 1999

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,  
AS AMENDED, APRIL 10, 2000

## 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 a lottery winnings intercept in relation to  
8 ~~defaulted~~ CERTAIN DELINQUENT student loans ~~obtained~~ <—  
9 ~~originally through~~ HELD BY the Pennsylvania Higher Education <—  
10 Assistance Agency.

11 The General Assembly of the Commonwealth of Pennsylvania  
12 hereby enacts as follows:

13 Section 1. Section 302 of the act of August 26, 1971  
14 (P.L.351, No.91), known as the State Lottery Law, is amended by  
15 adding definitions to read:

16 Section 302. Definitions.

17 The following words and phrases when used in this chapter

1 shall have the meanings given to them in this section unless the  
2 context clearly indicates otherwise:

3 ~~"Debt."~~ "DELINQUENT STUDENT LOAN." An amount owed by a <—  
4 person ~~and~~, WHICH may include interest, penalties, charges, <—  
5 costs, fees or any other amount for ~~a student loan guaranteed by~~ <—  
6 ~~or obtained through~~ WHICH the Pennsylvania Higher Education <—  
7 Assistance Agency HAS PAID A DEFAULT CLAIM AS A RESULT OF A: <—

8 (1) GUARANTEED AGREEMENT; OR

9 (2) NONGUARANTEED LOAN HELD BY THE AGENCY FOR WHICH A  
10 PAYMENT HAS NOT BEEN REMITTED FOR AT LEAST 90 DAYS.

11 \* \* \*

12 "PHEAA." The Pennsylvania Higher Education Assistance  
13 Agency.

14 \* \* \*

15 Section 2. The act is amended by adding a section to read:  
16 Section 315. Lottery winnings intercept.

17 (a) Offset required.--Notwithstanding section 306, payments  
18 of more than \$2,500 from the State Lottery Fund shall be subject  
19 to offset to satisfy defaults on any debt DEBTS FOR DELINQUENT <—  
20 STUDENT LOANS WHICH THE WINNER OWES TO PHEAA after any  
21 outstanding obligations to pay court-ordered child support have  
22 been offset in accordance with 23 Pa.C.S. § 4308 (relating to  
23 lottery winnings intercept).

24 (b) Check for certain outstanding obligations.--Prior to  
25 releasing a prize exceeding \$2,500 from the State Lottery Fund,  
26 the secretary shall ascertain whether THAT the prize winner has <—  
27 DOES NOT HAVE any obligations to pay court-ordered child support <—  
28 in accordance with 23 Pa.C.S. § 4308 or has defaulted on any <—  
29 debt, TO REPAY A DELINQUENT STUDENT LOAN in accordance with this <—  
30 section.

1     (c) Information to PHEAA.--The Department of Revenue shall  
2 provide PHEAA with the full name and Social Security number of  
3 prize winners in excess of \$2,500 upon receipt of prize claims.

4     (d) Duty of PHEAA.--PHEAA shall cause a search of its  
5 records to determine whether IF the prize winner has defaulted <—  
6 on any debts A DELINQUENT STUDENT LOAN. PHEAA shall notify the <—  
7 Department of Revenue within five working days of receipt of the  
8 information from the Department of Revenue if the winner has  
9 defaulted on any debts A DELINQUENT STUDENT LOAN. <—

10    (E) DEFAULT DELINQUENT STUDENT LOAN collection procedures.-- <—  
11 If it is determined by PHEAA that a prize winner is in default <—  
12 on any debt HAS A DELINQUENT STUDENT LOAN, PHEAA shall request <—  
13 the Department of Revenue to withhold the amount of any  
14 arrearage discovered by PHEAA and to pay, within 30 days of  
15 notification by PHEAA, whether in lump sum or by installment, to  
16 PHEAA that part of the prize which satisfies the arrearage.

17    (f) Insufficient prize.--If prize winnings are insufficient  
18 to satisfy the arrearages owed, PHEAA shall proceed as follows:

19       (1) PHEAA may collect as provided by law.

20       (2) PHEAA may reinstitute the procedures set forth in  
21 this section if the obligor wins a subsequent lottery prize.

22    (g) Fees.--PHEAA and the Department of Revenue shall  
23 determine and set a fee which reflects the actual costs incurred  
24 to administer this section. The Department of Revenue shall  
25 deduct the calculated amount from the amount to be paid to the  
26 prize winner after any obligation to pay child support under 23  
27 Pa.C.S. § 4308 has been fully satisfied and then after any debts <—  
28 in default DELINQUENT STUDENT LOANS have been fully repaid <—  
29 SATISFIED under this section, and shall request that the <—  
30 deducted amount be divided between both departments based on the

1 administrative expenses incurred by each.

2 (h) Duty of Department of Revenue.--PHEAA shall request the  
3 Department of Revenue to do the following within 30 days of the  
4 date the prize was won:

5 (1) Award the prize winner the lottery prize winnings in  
6 whole or in part.

7 (2) If applicable, PHEAA shall provide to the Department  
8 of Revenue notification and the Department of Revenue shall  
9 provide such notification to the prize winner that the prize,  
10 or a portion thereof, was used to satisfy arrearages owed for  
11 any debt in default DELINQUENT STUDENT LOANS. <—

12 (i) PHEAA notice to obligors.--PHEAA shall send a one-time  
13 notice to all ~~obligors of existing orders~~ DELINQUENT STUDENT <—  
14 LOAN OBLIGORS informing them that ~~any debt in default~~ LOTTERY <—  
15 PRIZE WINNINGS may be intercepted as provided by this section.

16 (j) Appeals.--A lottery prize winner whose prize is used to  
17 satisfy a ~~debt in default~~ DELINQUENT STUDENT LOAN under this <—  
18 section may appeal to PHEAA in accordance with PHEAA procedures.  
19 The appeal shall be filed within 30 days after the prize winner  
20 is notified by the Department of Revenue that the prize has been  
21 reduced or totally withheld to satisfy the prize winner's ~~debt~~ <—  
22 ~~in default~~ DELINQUENT STUDENT LOAN and other related <—  
23 obligations.

24 (k) Regulations.--PHEAA and the Department of Revenue shall  
25 promulgate any regulations which may be necessary to carry out  
26 the provisions of this ~~act~~ SECTION. <—

27 Section 3. This act shall take effect in 60 days.