

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 913 Session of
1989

INTRODUCED BY FOX, D. R. WRIGHT, HERMAN, GODSHALL, BLAUM, VROON, CARLSON, RYBAK, YANDRISEVITS, VEON, DISTLER, DIETTERICK, FLICK, RITTER, KOSINSKI, RAYMOND, ROBBINS, PETRARCA, SAURMAN, JOHNSON, MRKONIC, MERRY, S. H. SMITH, WILSON, MORRIS, ADOLPH, MAIALE, McVERRY, NAHILL, NOYE, GEIST, FARMER, BELARDI, GAMBLE, TRELLO, TANGRETTI, BATTISTO, RUDY, HECKLER, ROBINSON, FAIRCHILD, DEMPSEY, TIGUE, MELIO, LASHINGER, LANGTRY, CORRIGAN, G. SNYDER, JACKSON, FARGO, KASUNIC, E. Z. TAYLOR, OLASZ, BUNT, J. H. CLARK, COLAIZZO, B. SMITH AND MOEHLMANN, APRIL 3, 1989

REFERRED TO COMMITTEE ON FINANCE, APRIL 3, 1989

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 that arrearages in support payments and debts to
8 State agencies shall be deducted from lottery prizes.

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

11 Section 1. Section 3 of the act of August 26, 1971 (P.L.351,
12 No.91), known as the State Lottery Law, is amended by adding
13 clauses to read:

14 Section 3. Definitions.--As used in this act:

15 * * *

16 (6) "State agency" shall mean a department, agency, board,
17 commission or institution of this Commonwealth, or any political

1 subdivision of this Commonwealth. The term also means a
2 corporation under contract with the Commonwealth or a political
3 subdivision that provides a service that would otherwise be
4 provided by a department, agency, board, commission or
5 institution of the Commonwealth, or a political subdivision if
6 the contract specifically authorizes participation in the
7 liability setoff program and the Office of Attorney General has
8 reviewed the contract and approves of such authorization. The
9 participation in the liability setoff program shall be limited
10 to debts related to the services the corporation provides for or
11 on behalf of the Commonwealth or a political subdivision.

12 (7) "Bureau" shall mean the Bureau of Child Support
13 Enforcement in the Office of Fraud and Abuse, Investigations and
14 Recovery in the Department of Public Welfare.

15 (8) "Debt" shall mean an amount over one hundred dollars
16 (\$100) owed to any State agency by a person and may include
17 interest, penalties, charges, costs, fees or any other amount.
18 The term includes debts for support.

19 (9) "Debt for support" shall mean a delinquency in court-
20 ordered payments, whether interlocutory or final, for support of
21 a child and/or for spousal support.

22 Section 2. Section 8 of the act is amended and the section
23 is amended by adding subsections to read:

24 Section 8. Assignability of Prizes Drawn.--(a) No right of
25 any person to a prize drawn shall be assignable, except that
26 payment of any prize drawn may be paid to the estate of a
27 deceased prizewinner, [and,] ; except that any person pursuant
28 to an appropriate judicial order may be paid the prize to which
29 the winner is entitled; and except that payment of the prize may
30 be used to satisfy debts for support and other debts which the

1 winner owes to a State agency. The secretary shall be discharged
2 of all further liability upon payment of a prize pursuant to
3 this section.

4 (b) Any amounts deducted from a prize pursuant to subsection
5 (a) and sections 8.1 and 8.2 shall be applied to the debts owed
6 in the following priority:

7 (1) Delinquent support owed under a court order.

8 (2) Delinquent child support owned or assigned to the
9 Department of Public Welfare.

10 (3) Personal income tax owed to the Commonwealth.

11 (4) Delinquent principal and interest due on student loans
12 owed to the Pennsylvania Higher Education Assistance Agency.

13 (5) Other debts owed to State agencies in the priority
14 established by the Governor by regulation.

15 (c) The State Treasurer, the Auditor General and the heads
16 of agencies shall cooperate with the secretary and provide any
17 assistance necessary to carry out the provisions of this act.

18 (d) The secretary shall have the authority to enter into
19 agreements with other State agencies for the purpose of carrying
20 out the offset provisions of this act.

21 (e) The secretary shall have the authority to promulgate
22 such rules and regulations as may be necessary to carry out the
23 offset provisions of this act.

24 Section 3. The act is amended by adding sections to read:

25 Section 8.1. Offset for Debts for Support.--(a) Payments to
26 prizewinners in an amount in excess of six hundred dollars
27 (\$600) shall be subject to offset for debts for support pursuant
28 to the following requirements:

29 (1) Prior to the payment of any prize of six hundred dollars
30 (\$600) or more from the State Lottery Fund, the secretary shall

require the prizewinner to affirm under oath and in writing whether or not he or she is in default of a support order. The secretary may also take any additional appropriate steps necessary to determine if the winner is in default under a support order.

(2) The secretary shall cause a search to be made of the records of the Title IV-D program and of the records of the domestic relations office of each county.

(3) If the prizewinner is current under a support order, the secretary shall receive confirmation in writing.

(4) If the prizewinner is in arrears, the secretary shall hold the amount of the arrearage against the amount of the prize and receive prompt notice in writing of any debt for support from the Department of Welfare and the county domestic relations office, as well as a copy of the order which is the basis for the debt. Further, in connection with 23 Pa.C.S. § 4517(a)(3) (relating to State information agency), the secretary shall verify with the Department of Public Welfare that the prizewinner is not in arrears in support in any reciprocal state.

(5) To the extent possible, the amount specified to be deducted shall satisfy the amount ordered for support or alimony in the support order under which the person is in default.

(6) The secretary shall immediately pay the amount specified in the order to the bureau of support that is administering the support order, to the person entitled to the support payments under the support order, or to any other appropriate person or entity.

(7) If the prize is to be paid in annual installments, the secretary, on the date the installment payment is due, shall pay

1 the amount specified in the court order from subsequent annual
2 installments to the bureau of support that is administering the
3 support order, to the person entitled to the support payments
4 under the support order, or to any other appropriate person or
5 entity.

6 (8) If the prize is to be paid in annual installments and
7 the current installment is inadequate to satisfy the entire
8 arrearage, the secretary shall pay, on the date of the
9 installments, the amount representing the balance on the
10 arrearage.

11 (9) The secretary may determine and set a reasonable fee to
12 be collected from each prizewinner of six hundred dollars (\$600)
13 or more to cover the expenses of the Department of Revenue and
14 the Department of Public Welfare when the procedures required by
15 this section are used. The amount of the fee shall reasonably
16 reflect the actual cost of the procedure, and the secretary
17 shall reimburse the department and the bureau on a monthly basis
18 for expenses.

19 (b) Any person who is entitled to a lottery prize of six
20 hundred dollars (\$600) or more and who knowingly falsely signs
21 the oath required under paragraph (1) commits a misdemeanor of
22 the second degree as provided in 18 Pa.C.S. § 4903(a) (relating
23 to false swearing).

24 Section 8.2. Offset for Taxes or other Debts.--(a) The
25 secretary may delay payment of any prize that exceeds six
26 hundred dollars (\$600) where debts are owed by the claimant to a
27 State agency.

28 (b) If a person owes a debt to a State agency, the State
29 agency may notify the secretary, furnishing at least the State
30 agency or program identifier, the first name, last name, middle

initial and social security number of the debtor, and the amount of the debt. This information shall be in such form as the secretary may prescribe. Each State agency shall certify the information and update the information monthly.

(c) the secretary shall match the information submitted by the State agency with persons who are entitled to a State lottery prize payment in an amount in excess of six hundred dollars (\$600). If there is a match, the secretary shall set off the amount of the debt from the prize due and notify the person of the person's right to appeal to the appropriate court, or to request a review by the State agency. The person shall make such a request or appeal within thirty days (30) after the setoff. If the setoff accounts for only a portion of the prize due, the remainder of the prize shall be paid to the prizewinner. The secretary shall promptly transfer the setoff, less the amount of the secretary's fee, to the State agency.

(d) If a person requests a review by the State agency or provides the State agency with proof that an appeal has been taken to the appropriate court within thirty days (30) after the setoff and it is determined that the setoff was made in error under this section, the agency shall reimburse the person, with interest as determined.

(e) The basis for a request for review shall not include the validity of the claim if its validity has been established at a State agency hearing, by judicial review in a court of competent jurisdiction in this or any other state, or by final administrative decision and shall state with specificity why the person claims the obligation does not exist or why the amount of the obligation is incorrect.

(f) The secretary may determine and set a reasonable fee to

1 be collected from each prizewinner of six hundred dollars (\$600)
2 or more to cover the expenses of the State agency and the
3 Department of Revenue when the procedures required by this
4 section are used. The amount of the fee shall reasonably reflect
5 the actual cost of the procedure, and the secretary shall
6 reimburse the department and the State agency on a monthly basis
7 for expenses.

8 (g) If a State agency or State agencies have two or more
9 delinquent accounts for the same person, the secretary shall
10 apportion the prize, meeting the requirements of section 8(b).

11 (h) If the prize is insufficient to satisfy the entire debt,
12 the remainder of the debt may be collected by the State agency
13 as provided by law or may be resubmitted for setoff against any
14 other prize awarded.

15 (i) A State agency shall not enter into an agreement with a
16 debtor for the assignment of any prospective prize to the State
17 agency in satisfaction of the debt.

18 Section 8.3. Reports.--The secretary shall annually transmit
19 to the Governor and the General Assembly and shall make
20 available to the public a report on the conduct of the program
21 established under sections 8.1 and 8.2. The report shall
22 include, but not be limited to, a summary of all claims of prize
23 amounts greater than six hundred dollars (\$600), the number and
24 dollar amount of offsets collected each month and annually, the
25 time frame within which payments were made and the amounts paid
26 for debts for support and debts to State agencies.

27 Section 4. This act shall take effect in 60 days.