

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, MOEHLMANN, SCRIMENTI AND NAILOR, APRIL 3, 1989

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, MAY 22, 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,

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

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

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

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

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

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

1 be used to satisfy debts for support and other debts which the
2 winner owes to a State agency. The secretary shall be discharged
3 of all further liability upon payment of a prize pursuant to
4 this section.

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

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

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

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

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

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

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

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

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

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

26 Section 8.1. Offset for Debts for Support.--(a) Payments to
27 prizewinners in an amount in excess of ~~six hundred dollars~~ <—
28 ~~(\$600)~~ TWENTY-FIVE HUNDRED DOLLARS (\$2,500) shall be subject to <—
29 offset for debts for support pursuant to the following
30 requirements:

1 (1) Prior to the payment of any prize of ~~six hundred dollars~~ <—
2 ~~(\$600) or more~~ IN EXCESS OF TWENTY-FIVE HUNDRED DOLLARS (\$2,500) <—
3 from the State Lottery Fund, the secretary shall require the
4 prizewinner to affirm under oath and in writing whether or not
5 he or she is in default of a support order. The secretary may
6 also take any additional appropriate steps necessary to
7 determine if the winner is in default under a support order.

8 (2) The secretary shall cause a search to be made of the
9 ~~records of the Title IV D program and of the records of the~~ <—
10 ~~domestic relations office of each county.~~

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

13 ~~(4) If the prizewinner is in arrears, the secretary shall~~
14 RECORDS THAT HAVE BEEN SUBMITTED TO THE DEPARTMENT OF REVENUE IN <—
15 THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT RELATIVE TO THE
16 TITLE IV-D PROGRAM AND ANY INFORMATION RECEIVED FROM DOMESTIC
17 RELATIONS OFFICES OF THE RESPECTIVE COUNTIES.

18 (3) IF THE SEARCH ESTABLISHES THAT THE PRIZEWINNER IS IN
19 ARREARS, THE SECRETARY SHALL hold the amount of the arrearage
20 against the amount of the prize and receive prompt notice in
21 writing of any debt for support from the Department of Welfare
22 and the county domestic relations office, as well as a copy of
23 the order which is the basis for the debt. Further, in
24 connection with 23 Pa.C.S. § 4517(a)(3) (relating to State
25 information agency), the secretary shall verify with the
26 Department of Public Welfare that the prizewinner is not in
27 arrears in support in any reciprocal state.

28 ~~(5)~~ (4) To the extent possible, the amount specified to be <—
29 deducted shall satisfy the amount ordered for support or alimony
30 in the support order under which the person is in default.

1 ~~(6) The secretary shall immediately pay the amount specified~~ <—
2 ~~in the order to the bureau of support that is administering the~~
3 (5) UPON CONFIRMATION OF THE AMOUNT OF WINNINGS SUBJECTED TO <—
4 WITHHOLDING, THE SECRETARY SHALL, WITHIN THIRTY (30) DAYS
5 THEREAFTER, PAY SUCH AMOUNT TO THE BUREAU OF SUPPORT THAT IS
6 ADMINISTERING THE support order, to the person entitled to the
7 support payments under the support order, or to any other
8 appropriate person or entity.

9 ~~(7) (6) If the prize is to be paid in annual installments,~~ <—
10 ~~the secretary, on the date the installment payment is due, shall~~
11 ~~pay the amount specified in the court order from subsequent~~ <—
12 ~~annual installments~~ THEREOF SUBJECT TO WITHHOLDING to the bureau <—
13 of support that is administering the support order, to the
14 person entitled to the support payments under the support order,
15 or to any other appropriate person or entity.

16 ~~(8) (7) If the prize is to be paid in annual installments~~ <—
17 and the current installment is inadequate to satisfy the entire
18 arrearage, the secretary shall pay, on the date of the
19 installments, the amount representing the balance on the
20 arrearage.

21 ~~(9) (8) The secretary may determine and set a reasonable fee~~ <—
22 to be collected from each prizewinner of six hundred dollars <—
23 ~~(\$600) or more~~ MORE THAN TWENTY-FIVE HUNDRED DOLLARS (\$2,500) to <—
24 cover the expenses of the Department of Revenue and the
25 Department of Public Welfare when the procedures required by
26 this section are used. The amount of the fee shall reasonably
27 reflect the actual cost of the procedure, and the secretary
28 shall reimburse the department and the bureau on a monthly basis
29 for expenses.

30 (b) Any person who is entitled to a lottery prize of six <—

1 ~~hundred dollars (\$600) or more~~ IN EXCESS OF TWENTY-FIVE HUNDRED <—
2 DOLLARS (\$2,500) and who knowingly falsely signs the oath
3 required under paragraph (1) commits a misdemeanor of the second
4 degree as provided in 18 Pa.C.S. § 4903(a) (relating to false
5 swearing).

6 Section 8.2. Offset for Taxes or other Debts.--(a) The
7 secretary may delay payment of any prize that exceeds ~~six~~ <—
8 ~~hundred dollars (\$600)~~ TWENTY-FIVE HUNDRED DOLLARS (\$2,500) <—
9 where debts are owed by the claimant to a State agency.

10 ~~(b) If a person owes a debt to a State agency, the State~~ <—
11 ~~agency may notify the secretary, furnishing at least the State~~
12 ~~agency or program identifier, the first name, last name, middle~~
13 ~~initial and social security number of the debtor, and the amount~~
14 ~~of the debt.~~

15 (B) FOR A STATE AGENCY TO PARTICIPATE IN THIS PROGRAM OF <—
16 WITHHOLDING AND FOR THE SECRETARY TO BE RESPONSIBLE TO ORDER
17 SUCH WITHHOLDING, THE STATE AGENCY MUST FURNISH TO THE SECRETARY
18 THE FOLLOWING MINIMUM INFORMATION: THE STATE AGENCY OR PROGRAM
19 IDENTIFIER, THE FIRST NAME, LAST NAME, MIDDLE INITIAL AND SOCIAL
20 SECURITY NUMBER OF THE DEBTOR, AND THE AMOUNT OF THE DEBT. This
21 information shall be in such form AND MANNER as the secretary <—
22 may prescribe. Each State agency shall certify the information
23 and update the information monthly.

24 (c) The secretary shall match the information submitted by
25 the State agency with persons who are entitled to a State
26 lottery prize payment in an amount in excess of ~~six hundred~~ <—
27 ~~dollars (\$600)~~ TWENTY-FIVE HUNDRED DOLLARS (\$2,500). If there is <—
28 a match, the secretary shall set off the amount of the debt from
29 the prize due and notify the person of the person's right to
30 appeal to the appropriate court, or to request a review by the

1 State agency. The person shall make such a request or appeal
2 within thirty days (30) after the setoff. If the setoff accounts
3 for only a portion of the prize due, the remainder of the prize
4 shall be paid to the prizewinner. The secretary shall promptly
5 transfer the setoff, less the amount of the secretary's fee, to
6 the State agency.

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

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

20 (f) The secretary may determine and set a reasonable fee to
21 be collected from each prizewinner of ~~six hundred dollars (\$600)~~ <—
22 TWENTY-FIVE HUNDRED DOLLARS (\$2,500) or more to cover the <—
23 expenses of the State agency and the Department of Revenue when
24 the procedures required by this section are used. The amount of
25 the fee shall reasonably reflect the actual cost of the
26 procedure, and the secretary shall reimburse the department and
27 the State agency on a monthly basis for expenses.

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

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

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

8 Section 8.3. Reports.--The secretary shall annually transmit
9 to the Governor and the General Assembly and shall make
10 available to the public a report on the conduct of the program
11 established under sections 8.1 and 8.2. The report shall
12 include, but not be limited to, a summary of all claims of prize
13 amounts greater than ~~six hundred dollars (\$600)~~ TWENTY-FIVE <—
14 HUNDRED DOLLARS (\$2,500), the number and dollar amount of
15 offsets collected each month and annually, the time frame within
16 which payments were made and the amounts paid for debts for
17 support and debts to State agencies.

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