

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 251 Session of  
2015

INTRODUCED BY A. HARRIS, COHEN, PASHINSKI, BAKER, BARRAR,  
HEFFLEY, MILLARD, STEPHENS, KAUFFMAN, LONGIETTI, PETRI,  
MULLERY, D. COSTA, MENTZER, GABLER, DUNBAR, O'NEILL, GROVE,  
MURT, OBERLANDER, M. K. KELLER, PICKETT, MAHONEY AND  
BENNINGHOFF, JANUARY 28, 2015

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,  
AS AMENDED, FEBRUARY 10, 2015

## 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 in State lottery, providing for lottery winnings intercept.

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

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

13 Section 316. Lottery winnings intercept.

14 (a) Duty of Department of Revenue.--In the case of any  
15 person winning a single lottery prize of more than \$2,500 in the  
16 State Lottery, the Department of Revenue shall:

17 (1) (i) Make reasonable efforts to determine if the  
18 prizewinner has an outstanding State tax liability prior

1 to paying the lottery prize. If the Department of Revenue  
2 determines that the prizewinner has an outstanding State  
3 tax liability and the rights to appeal have expired with  
4 no appeal having been taken or, if an appeal has been  
5 taken, it has been resolved and is not pending, the  
6 Department of Revenue shall deduct from the lottery prize  
7 the amount of outstanding State tax liability. A  
8 deduction under this subparagraph may only be made after  
9 the Department of Revenue determines under 23 Pa.C.S. §  
10 4308 (relating to lottery winnings intercept) that either  
11 the lottery prize is not subject to a deduction for  
12 delinquent support, or that, after deducting for  
13 delinquent support, prize amounts remain that can be  
14 subject to deduction for the amount of the outstanding  
15 State tax liability.

16 (ii) Pay the amount deducted for support as provided  
17 in 23 Pa.C.S. § 4308 and the amount deducted for any  
18 outstanding State tax liability in accordance with the  
19 act of March 4, 1971 (P.L.6, No.2), known as the Tax  
20 Reform Code of 1971, to satisfy or partially satisfy the  
21 prizewinner's delinquent support obligations or  
22 outstanding State tax liability.

23 (2) Request the Department of Human Services to make a  
24 reasonable effort to determine if the prizewinner is  
25 currently a recipient of public assistance benefits in this  
26 Commonwealth prior to paying the lottery prize. If the  
27 prizewinner is found to be a recipient of public assistance  
28 benefits in this Commonwealth, the Department of Human  
29 Services shall determine the prizewinner's eligibility to  
30 continue to receive public assistance benefits as a result of

1 winning the lottery prize.

2 (3) (i) in conjunction with the Administrative Office  
3 of Pennsylvania Courts, make a reasonable effort to  
4 determine if the prizewinner owes court-ordered  
5 obligations. If a determination is made that the  
6 prizewinner owes court-ordered obligations, the  
7 Administrative Office of Pennsylvania Courts shall  
8 provide the Department of Revenue with the total amount  
9 of obligations owed.

10 (ii) If it is determined under subparagraph (i) that  
11 the prizewinner owes court-ordered obligations, deduct  
12 from the amount of the lottery prize remaining after the  
13 deductions made under paragraph (1) the amount of the  
14 obligations owed.

15 (iii) Pay the amounts deducted under subparagraph  
16 (ii) as provided by applicable law to satisfy or  
17 partially satisfy the prizewinner's court-ordered  
18 obligations. The Administrative Office of Pennsylvania  
19 Courts shall furnish the Department of Revenue with the  
20 information needed to make the payments.

21 (4) ~~If applicable, no later than 30 days after the date~~ <--  
22 AS SOON AS REASONABLY POSSIBLE AFTER the lottery prize was <--  
23 claimed, notwithstanding the provisions of 23 Pa.C.S. §  
24 4308(7):

25 (i) award the prizewinner the amount of the lottery  
26 prize to be paid to the prizewinner after any deductions  
27 made under paragraphs (1) and (3) AND SUBSECTION (C); and <--

28 (ii) IF APPLICABLE, notify the prizewinner that part <--  
29 or all of the lottery prize was used to satisfy the  
30 prizewinner's obligations described in paragraphs (1) and

1       (3). If the amount of the lottery prize is not sufficient  
2       to fully satisfy any of the obligations of the  
3       prizewinner, the prizewinner shall owe the balance of the  
4       obligations as provided under applicable law.

5       (b) Right to review.--

6       ~~(1) A lottery prizewinner whose prize is used to satisfy <--~~  
7       ~~or partially satisfy an outstanding State tax obligation~~  
8       ~~under subsection (a) (1) may appeal to the Department of~~  
9       ~~Revenue in accordance with 2 Pa.C.S. (relating to~~  
10       ~~administrative law and procedure) only the issue of the~~  
11       ~~legality of the deduction under this section and not the~~  
12       ~~amount of the State tax liability. The appeal shall be filed~~  
13       ~~within 30 days after the prizewinner is notified under~~  
14       ~~subsection (a) (4) by the Department of Revenue that the prize~~  
15       ~~has been reduced or totally withheld to satisfy or partially~~  
16       ~~satisfy the amount of the prizewinner's outstanding State tax~~  
17       ~~liability. A LOTTERY WINNER WHOSE PRIZE IS USED TO SATISFY OR <--~~  
18       ~~PARTIALLY SATISFY AN OUTSTANDING STATE TAX OBLIGATION UNDER~~  
19       ~~SUBSECTION (A) (1) MAY FILE A PETITION OF REVIEW WITH THE~~  
20       ~~DEPARTMENT OF REVENUE WITHIN 90 DAYS AFTER THE MAILING OF THE~~  
21       ~~NOTICE UNDER SUBSECTION (A) (4). THE ONLY ISSUE THAT MAY BE~~  
22       ~~CONSIDERED IS WHETHER THE PROPER AMOUNT OF THE STATE TAX~~  
23       ~~OBLIGATION WAS DEDUCTED OR THERE IS AN UNRESOLVED VALID AND~~  
24       ~~TIMELY FILED STATE TAX APPEAL OF THE STATE TAX OBLIGATION.~~  
25       ~~THE PROVISIONS OF ARTICLE XXVII OF THE TAX REFORM CODE OF~~  
26       ~~1971 SHALL APPLY TO EACH APPEAL UNDER THIS SECTION.~~

27       (2) If it is determined under subsection (a) (2) that the  
28       prizewinner is no longer eligible for public assistance  
29       benefits in this Commonwealth, the Department of Human  
30       Services shall notify the prizewinner and the Department of

1 Revenue and the prizewinner shall be subject to the act of  
2 June 13, 1967 (P.L.31, No.21), known as the Public Welfare  
3 Code.

4 (c) Administrative fee.--The Department of Revenue shall  
5 determine and set a fee which reflects the actual costs it  
6 incurs to administer this section with respect to a specific  
7 prizewinner and deduct the calculated amount from the lottery  
8 prize if the prizewinner is found to have an outstanding State  
9 tax liability or court-ordered obligations subject to a  
10 deduction under subsection (a)(1) or (3).

11 (d) Report.--The Department of Revenue shall annually report  
12 to the Finance Committee of the Senate and the Finance Committee  
13 of the House of Representatives the amount of outstanding State  
14 tax liability and court-ordered obligations collected under this  
15 section.

16 (e) Rules and regulations.--The Department of Revenue ~~shall~~ <--  
17 MAY promulgate rules and regulations necessary to carry out this <--  
18 section.

19 Section 2. This act shall take effect as follows:

20 (1) The addition of section 316(a)(3) of the act shall  
21 take effect in ~~90~~ 180 days. <--

22 (2) The remainder of this act shall take effect  
23 immediately.