



**House
Legislative
Analysis
Section**

Washington Square Building, Suite 1025
Lansing, Michigan 48909
Phone 517/373-6466

INTERCEPT LOTTERY WINNINGS

House Bill 4163 with committee amendments
First Analysis (4-15-87)
Sponsor: Rep. Gerald H. Law
Committee: Judiciary

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THE APPARENT PROBLEM:

The Department of Treasury has accelerated its "interception" of various state payments to persons to first apply them to amounts owed the state or others. Although the department is able to intercept the second and subsequent payments of large lottery prizes, which are made through the treasury department, it cannot intercept prizes paid directly by the lottery bureau without amendment to the lottery act.

THE CONTENT OF THE BILL:

The bill would require the state lottery bureau to, before awarding a prize of over \$5,000, determine if the Department of Treasury knows of any liability of the lottery winner to the state. The prize would be used to pay any liability, and any excess would go to the winner. The winner would receive notice and an opportunity for a hearing on the liability if the liability had not been reduced to judgment nor finalized under the statutory review provisions of the statute under which the liability arose.

MCL 423.11 et al.

FISCAL IMPLICATIONS:

According to the Department of Treasury, the fiscal impact of the bill will be unknown until the program is implemented. (4-14-87) Information on the numbers of prizes of various amounts awarded annually was not immediately available from the lottery bureau. (4-14-87)

ARGUMENTS:

For:

Sound fiscal management demands that the state retain what is due it before disbursing payments. The bill would ensure that large lottery prizes are first applied to debts owed the state before a prizewinner receives a state-funded windfall.

Against:

The bill should provide for intercepting of large prizes of less than \$5,000, and thereby ensure that more liabilities to the state are paid. It should be a relatively simple matter to use existing data systems, along with terminals at district lottery offices, to do as the bill originally proposed to do: intercept all lottery prizes of over \$600.

Response: The bill represents a reasonable compromise between intercepting all lottery winnings and accommodating the needs of the lottery program. The original proposal could have slowed the process of awarding prizes to the point of damaging the program. Lottery players are attracted by the prospect of immediate payment, and the state lottery therefore offers quick payment and promotes this feature of the game. If payments are delayed, many potential lottery winners will spend their dollars elsewhere, including on the illegal numbers games. Once the bill's program is implemented, its value can be assessed, and the state will be in a better position to determine whether it will be worth intercepting lottery prizes of less than \$5,000.

POSITIONS:

The Department of Treasury supports the bill. (4-14-87)

The State Lottery Commissioner supports the bill. (4-14-87)

H.B. 4163 (4-15-87)