



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 1210 and 1211 (as introduced 11-12-96)
Sponsor: Senator Joel D. Gougeon
Committee: Families, Mental Health and Human Resources

Date Completed: 11-14-96

CONTENT

The bills would amend the Social Welfare Act and the Lottery Act to require that a lottery winner reimburse the State for cash assistance payments that he or she or his or her children were receiving, or had received, and provide for a written agreement between the Family Independence Agency and the Bureau of State Lottery to implement the reimbursement requirements.

The bills are tie-barred to each other.

Following is a more detailed description of the bills.

Senate Bill 1210

The bill would amend the Social Welfare Act to specify that an individual who won a lottery prize of \$600 or more would be liable to the Family Independence Agency for the amount of cash assistance paid to that individual or his or her children during the previous 10 years up to 50% of the amount of the lottery prize. This requirement would apply to a lottery winner who was currently receiving, or who, in the past 10 years had received, continuous cash assistance under the Act, or whose children were receiving or, in the previous 10 years, had received such assistance. The liability would constitute a liability to the State for purposes of the Lottery Act.

The Director of the Agency and the State Lottery Commissioner would have to enter into a written agreement that would establish the procedures for implementing the bill. The agreement would have to include all of the following:

- The procedure under which the Agency and the Bureau of State Lottery would have to exchange information regarding lottery winnings and individuals liable for receipt of ongoing cash assistance within the previous 10 years.
- Subject to the approval of the Director of the Department of Management and Budget (DMB), the procedure for reimbursement of the Bureau by the DMB for the additional cost of carrying out the procedures authorized by the bill.
- Any other matter that the parties to the agreement considered necessary to carry out the bill.

The Agency would have to provide written notice to each prize winner of the amount of the prize winning to be credited against assistance received and the procedure and time frame by which the

prize winner could contest that crediting. The notice would have to include the address and telephone number of the Agency and the name of the individual the prize winner could contact with respect to the winner's liability for assistance or the payment of that liability. The procedure would have to include the right to a hearing before an administrative law judge.

Senate Bill 1211

Currently, the Lottery Act requires the Bureau of State Lottery, before paying any lottery prize of \$1,000 or more, to determine whether Department of Treasury records show that a lottery winner has a current liability to the State or a support arrearage. If there is a liability or support arrearage, the Bureau must first apply the amount of the prize to the liability or arrearage before paying the remainder of the prize money, if any, to the lottery winner. The lottery winner may request a hearing concerning his or her liability by making a written request to the Revenue Commissioner.

The bill specifies that these provisions would apply to prizes of \$600 or more if the lottery winner were required to reimburse the State for cash assistance payments.

Proposed MCL 400.43b (S.B. 1210)
MCL 432.32 (S.B. 1211)

Legislative Analyst: L. Burghardt

FISCAL IMPACT

It appears that the bills could have an indeterminate fiscal impact on State government. The amendment would allow for the comparison of cash assistance recipients with lottery winners to target possible reimbursement by assistance grant recipients for payments received. This proposed system is similar to the method currently used by the Friend of the Court in conjunction with the Lottery Bureau and the State Department of Treasury to collect support payment arrearage or other liabilities to the State from lottery prizes over \$1,000. It is uncertain how many cash assistance recipients have won or would win lottery prizes of \$600 or more. However, the Department or the Family Independency Agency could monitor the process in order to determine the actual fiscal impact on State revenues.

Fiscal Analyst: C. Cole
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.