

Act No. 465
Public Acts of 1998
Approved by the Governor
December 31, 1998
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EFFECTIVE DATE: January 4, 1999

STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1998

Introduced by Rep. Jaye

ENROLLED HOUSE BILL No. 5127

AN ACT to amend 1972 PA 239, entitled "An act to establish and operate a state lottery and to allow state participation in certain lottery-related joint enterprises with other sovereignties; to create a bureau of state lottery and to prescribe its powers and duties; to prescribe certain powers and duties of other state departments and agencies; to license and regulate certain sales agents; to create the state lottery fund; to provide for the distribution of lottery revenues and earnings for certain purposes; to provide for an appropriation; and to provide for remedies and penalties," by amending section 25 (MCL 432.25), as amended by 1997 PA 199.

The People of the State of Michigan enact:

Sec. 25. (1) The bureau shall give a prizewinner in the Michigan lotto game the option of receiving his or her prize in a single payment or in installments. This option shall be made available to and exercised by the purchaser of a Michigan lotto game ticket at the point of purchase. As used in this subsection, "Michigan lotto game" means a game administered by the bureau in which the matrix is 6 out of 49 numbers drawn.

(2) The right of any person to a prize drawn from the state lottery is not assignable, except as provided in this section. The commissioner shall be discharged of all further liability upon payment of a prize pursuant to this section.

(3) Payment of any prize drawn may be made to a person pursuant to an appropriate judicial order.

(4) Payment of any prize drawn may be made to the state pursuant to section 32.

(5) If a prizewinner dies before collecting the full amount of his or her prize drawn from the state lottery, the bureau shall continue to make the remaining prize payments to the prizewinner's surviving spouse and the prizewinner's living children, in equal proportions, unless otherwise directed by the prizewinner. If there is not a surviving spouse or living children or other designated beneficiaries, the remaining prize payments shall be made to the prizewinner's estate.

(6) Except as provided in subsection (11), payment of any prize drawn may be made to any person pursuant to a voluntary assignment of the right to receive future prize payments, in whole or in part, if the assignment is made to a person or entity designated pursuant to an appropriate judicial order of a court of competent jurisdiction located in either the county in which the assignor resides or the county in which the bureau is located. An order approving the assignment and directing the commissioner to pay the assignee all or a part of future prize payments is properly issued if the court finds that all of the following circumstances exist:

(a) The assignment is in writing, executed by the assignor in accordance with the laws of this state, and the terms of the assignment are disclosed, including the identity of the assignee, the portion or portions of prize payments to be assigned, and the amounts and dates of any payments that shall be given in exchange for the assignment.

(b) The assignor provides a sworn affidavit to the court attesting that the assignor is of sound mind, is not acting under duress, has been advised regarding the assignment by his or her legal counsel, and understands and agrees that the state and the commissioner will have no further liability or responsibility to make prize payments to the assignor.

(c) The proposed assignment does not include or cover payments or portions of payments that are subject to section 32.

(d) Not less than 5 days after filing a petition for a judicial order that approves a voluntary assignment under this subsection and not less than 10 days before a hearing on the petition, the petitioner shall cause a copy of the petition and notice of hearing on the petition to be served upon the attorney general. The attorney general or his or her assistant shall be permitted to appear and take action that is in the best interests of the bureau and this state.

(7) Soliciting or offering rights to lottery prize payments, either by assignment or through pledge as collateral for a loan, shall not be considered selling or offering for sale lottery tickets or shares under this act.

(8) The commissioner is authorized to establish a reasonable fee to defray the cost of any administrative expenses associated with assignments made pursuant to this section, including the cost of a processing fee that may be imposed by a private annuity provider. The amount of the fee shall reflect the direct and indirect costs associated with processing the assignments.

(9) Except as otherwise provided by state or federal law, the commissioner or an officer or employee of the bureau shall not disclose the name, address, or any other personal information concerning a winner of a prize greater than \$10,000.00 drawn from the state lottery, unless the winner of a prize agrees in writing to allow the disclosure. Subject to subsection (10), the information protected against disclosure under this section is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

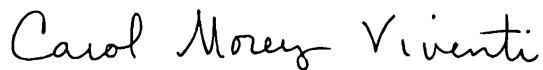
(10) Notwithstanding subsection (9), the commissioner or an officer or employee of the bureau may disclose the name, address, or any other personal information concerning a winner of a prize awarded under a game played pursuant to a joint enterprise to the extent required under the joint enterprise participation agreement executed by the commissioner.

(11) If at any time the federal internal revenue service or a court of competent jurisdiction issues a determination letter, revenue ruling, other public ruling of the internal revenue service, or published decision to any state lottery or state lottery prizewinner declaring that the voluntary assignment of prizes will affect the federal income tax treatment of prizewinners who do not assign their prizes, the commissioner shall immediately file a copy of that letter, ruling, or published decision with the secretary of state and the office of the state court administrator. A court shall not issue a voluntary assignment order under subsection (6) after the date the ruling, letter, or published decision is filed.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.