



Senate Fiscal Agency
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House Bill 4855 (Substitute H-1 as passed by the House)
Sponsor: Representative Kenneth Kurtz
House Committee: Families, Children, and Seniors
Senate Committee: Families, Seniors and Human Services

Date Completed: 11-12-14

CONTENT

The bill would amend the Lottery Act to do the following:

- **Require the Lottery Bureau to determine whether a winner of a lottery prize of \$1,000 or more had any current liability to the Department of Human Services (DHS) and ascertain the amount owed.**
- **Include payment of any debt owed to the DHS in the priority for application of payments from the lottery prize before the balance is paid to the lottery winner.**
- **Specify that the Lottery Bureau would be subject to the same restrictions as the DHS in regard to the disclosure of information the DHS provided to the Bureau.**

The bill would take effect 90 days after its enactment.

Payment of DHS Liability from Lottery Prize

Under the Act, before payment of a prize of \$1,000 or more, the Lottery Bureau must determine both of the following:

- Whether Department of Treasury records show that the lottery winner has a current liability to the State or a support arrearage.
- Whether Unemployment Insurance Agency (UIA) records show that the lottery winner has any current liability for restitution of unemployment benefits, penalty, or interest under the Michigan Employment Security Act.

After ascertaining whether amounts are owed, and the amount owed, the Bureau must apply the amount of the prize in the following priority:

- Any liability to the State, other than an assigned delinquent account of money due and owing to a court or an unemployment compensation debt.
- Any support arrearage.
- Any unemployment compensation debt.
- Any assigned delinquent accounts of money due and owing to a court.

The balance, if any, must then be paid to the lottery winner.

Under the bill, the Bureau also would have to determine whether DHS records showed that the lottery winner had any current liability to the DHS, and ascertain the amount owed. The

bill would require the Bureau to apply the amount of the prize in the following priority before paying the balance to the lottery winner:

- Any liability to the State, other than an assigned delinquent account of money due and owing to a court, an unemployment compensation debt, or a debt to the DHS.
- Any support arrearage.
- Any unemployment compensation debt.
- Any debt to the DHS.
- Any assigned delinquent accounts of money due and owing to a court.

Disclosure Restrictions

The Lottery Bureau is subject to confidentiality restrictions and penalties regarding information provided to it by the Department of Treasury or the UIA. Under the bill, in regard to information provided to the Bureau by the DHS, the Bureau would be subject to the same extent as the DHS is to restrictions prescribed by Federal regulations governing Temporary Assistance to Needy Families or other Federal programs, by rules of the DHS, or otherwise, for preventing the disclosure of confidential information to any person not authorized by law to receive the information.

MCL 432.32

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would increase the amount of revenue that is available to the State, and would not have an impact on local units of government. The Department of Human Services estimates that as much as \$5.7 million in recoupment payments would be returned to the State on an annual basis.

The Department currently conducts weekly reviews of lottery winners who have won \$1,000 or more who are also receiving public assistance, which is required by Public Act 77 of 2012. The Department reported that in 2013, 7,216 such lottery winners were identified. To the extent that any of these individuals or future lottery winners were in debt to the Department, the recouped payments would be realized. Additionally, the Federal government would claim some of the revenue, reducing the amount that would be made available to the State.

The bill could have a negligible fiscal impact on the Bureau of State Lottery. Any administrative costs that the Bureau could incur should be minimal and absorbed under the current appropriations for the Bureau.

Fiscal Analyst: Frances Carley
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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.