

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 78

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Lottery and Gaming Control Agency)

Judicial Proceedings

State Lottery and Video Lottery Facility Payouts - Remittance of Intercepted Prizes

This departmental bill repeals the 15-day waiting period for the State Lottery and Gaming Control Agency (SLGCA) or a video lottery operation licensee to transfer the lottery prize or video lottery facility prize payout of a restitution obligor who is overdue in restitution payments, or that part of it equal to the arrearage, to the Central Collection Unit (CCU). The bill also repeals the 15-day waiting period for SLGCA or a video lottery operation licensee to transfer a prize of an obligor who owes child support, or that part of it equal to the child support arrearage, to the Child Support Enforcement Administration (CSEA). The obligor still has 15 days to appeal to CCU or CSEA if the obligor disputes the existence or the amount of the arrearage.

Fiscal Summary

State Effect: None. The change is procedural in nature and does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: SLGCA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: SLGCA or the video lottery operation licensee must withhold and transfer all or part of the prize up to the amount of the arrearage to CCU or CSEA and pay the excess to the obligor. If no appeal is filed within 15 days after notifying the obligor, CCU or CSEA may retain the withheld prize. If the obligor appeals the transfer, after a hearing by CCU or CSEA, the withheld prize must be paid to the obligor, retained by CCU or CSEA, or partly paid to the obligor and partly retained by CCU or CSEA.

Current Law: If a restitution obligor who is overdue in restitution payments wins a lottery prize or a prize at a video lottery facility requiring the issuance of Internal Revenue Service form W-2G (forms required to be provided to individuals who receive over a specified amount of winnings from gambling) or a substantially equivalent form, SLGCA or the video lottery operation licensee must provide notice to the obligor that (1) the obligor has won a prize to be paid by SLGCA or the video lottery operation licensee; (2) SLGCA has received notice from CCU of the obligor's restitution arrearage in the amount specified; (3) SLGCA or the video lottery operation licensee is required to withhold the prize to pay it toward the obligor's restitution arrearage; (4) the obligor may appeal to CCU if the obligor disputes the existence or the amount of the arrearage; and (5) if no appeal is filed within 15 days, the prize, or that part of it equal to the arrearage, will be transferred to CCU. Upon receipt of the required notice of an intercept, an obligor may appeal within 15 days to CCU. If no appeal is filed within 15 days after notifying the obligor, SLGCA or the video lottery operation licensee must transfer the amount of the prize withheld to CCU. CCU must notify SLGCA or the video lottery operation licensee that upon appeal, the withheld prize must be paid to the obligor, transferred to CCU, or partly paid to the obligor and partly transferred to CCU. If a prize exceeds the arrearage, SLGCA or a video lottery operation licensee must immediately pay the excess to the obligor.

If an individual who owes child support and has been certified as an obligor wins lottery prize or a prize at a video lottery facility requiring the issuance of Internal Revenue Service form W-2G or a substantially equivalent form, SLGCA or the video lottery operation licensee must provide notice to the obligor that (1) the obligor has won a prize to be paid by cash check directly by SLGCA or cash or check by the video lottery operation licensee; (2) SLGCA has received certification from CSEA of the obligor's child support arrearage in the amount specified; (3) SLGCA or the video lottery operation licensee is required to withhold the prize to pay it toward the obligor's child support arrearage; (4) SLGCA or the video lottery operation licensee proposes to transfer the prize, or that part of the prize which is equal to the child support arrearage, to CSEA if no appeal is filed within 15 days; (5) the obligor may appeal to CSEA if the obligor disputes the existence or the amount of the child support arrearage; (6) if the obligor appeals to CSEA, the prize will be distributed as CSEA directs; and (7) if no appeal is filed within 15 days, the prize, or that part of it equal to the child support arrearage, will be transferred to CSEA. Upon receipt of the required notice

of an intercept, an obligor may appeal within 15 days to CSEA. If no appeal is filed within 15 days after notifying the obligor, SLGCA or the video lottery operation licensee must transfer the amount of the prize withheld to CSEA. CSEA must notify SLGCA or the video lottery operation licensee that upon appeal, the withheld prize must be paid to the obligor, transferred to CSEA, or partly paid to the obligor and partly transferred to CSEA. If the prize exceeds the arrearage, SLGCA or the video lottery operation licensee must immediately pay the excess to the obligor.

Background: SLGCA advises that for the past 30 years that SLGCA has been intercepting lottery prize winnings, obligors very rarely dispute the existence or the amount of the arrearage to CCU or CSEA.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Budget and Management, Department of Human Resources, Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

Fiscal Note History: First Reader - January 26, 2016
md/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Video Lottery Facility Payouts – Remittance of Intercepted Prizes

BILL NUMBER: SB 78

PREPARED BY: Maryland Lottery and Gaming Control Agency

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation would have minimal or no economic impact on small businesses in Maryland.