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BILL ANALYSIS



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Senate Bill 528 (as enacted)
Sponsor: Senator Mike Nofs
Senate Committee: Families, Seniors and Human Services
House Committee: Families, Children, and Seniors

PUBLIC ACT 388 of 2014

Date Completed: 6-25-15

CONTENT

The bill amended the Lottery Act to do the following:

- **Require the Lottery Bureau to determine whether Department of Health and Human Services (DHHS) records show that a prize winner has a current liability to the DHHS.**
- **Require a debt to the DHHS to be paid before the balance of a prize (after other distributions) is paid to the winner.**
- **Require the Treasury Department to pay to the State Disbursement Unit, for disbursement according to the Support and Parenting Time Enforcement Act, the amount of a prize applied to a support arrearage.**

The bill took effect on March 22, 2015.

The Lottery Act requires the Bureau, before paying a prize of \$1,000 or more, to determine whether the winner has a current liability to the State or a support arrearage, or any current liability for restitution of unemployment benefits. The bill also requires the Bureau to determine whether records of the Department of Health and Human Services show that the lottery winner has any current liability to the DHHS (which includes the former Department of Human Services).

Previously, if a liability or arrearage was identified, the Act required the Bureau to determine its amount and then apply the prize amount to the following, in the order of priority listed: any liability to the State (other than an assigned delinquent account of money owed to a court or an unemployment compensation debt); any support arrearage; any unemployment compensation debt; and any assigned delinquent account of money owed to a court. Any balance must be paid to the winner.

Under the bill, after determining the amount of a liability or arrearage described above, including a debt to the DHHS, the Bureau must pay that amount to the Department of Treasury and pay the balance, if any, to the lottery winner. The Department of Treasury must apply the amount determined as follows:

- To any liability to the State other than an assigned delinquent account of money owed to a court, an unemployment compensation debt, or a debt to the DHHS.
- To any support arrearage.
- To any unemployment compensation debt.
- To any debt to the DHHS.
- To any assigned delinquent accounts of money owed to a court.

Previously, the Bureau was required to pay an amount applied to pay a support arrearage to the Department of Treasury, which then had to pay the amount to the Office of the Friend of the Court for the appropriate judicial circuit or to the State Disbursement Unit in the same manner as payment under an order of income withholding under the Support and Parenting Time Enforcement Act.

The bill, instead, requires an amount applied to pay a support arrearage to be paid by the Department of Treasury to the State Disbursement Unit as provided in Section 48 of the Support and Parenting Time Enforcement Act. (Section 48 provides that the State Disbursement Unit is responsible for the centralized receipt and disbursement of support.)

The Lottery Act requires a lottery winner to be given notice and an opportunity for a hearing before the Department of Treasury or its designee, with respect to the liability to which the prize is to be applied, unless the liability has been reduced to judgment or has been finalized under review provisions of the statute under which the liability arose. This requirement does not apply, however, to a payment applied to any unemployment compensation debt. Under the bill, it also does not apply to a debt to the DHHS.

Under the Act, the Lottery Bureau is subject to confidentiality restrictions in regard to information provided by the Department of Treasury and by the Unemployment Insurance Agency. Under the bill, in regard to information provided by the DHHS, the Bureau is subject to restrictions prescribed by Federal regulations governing Temporary Assistance to Needy Families or other Federal programs, by rules of the DHHS, or otherwise, for preventing the disclosure of confidential information to any person not authorized by law to receive it.

The bill defines "state disbursement unit" as the entity established by Section 6 of the Office of Child Support Act. (That section establishes the State Disbursement Unit as the single location to which a payer or source of income must send a support or fee payment. The Unit must disburse support payments and fees as provided in that section.)

MCL 432.32

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will have no fiscal impact on the Bureau of State Lottery or the Department of Treasury. It will increase revenue to the Department of Health and Human Services and reduce revenue to the courts by an unknown amount. The Department of Treasury tracks certain debts, including child support, tax debts, and driver responsibility fees, and has the ability to intercept State payments if necessary to recoup funds owed. The Lottery Bureau uses the Department of Treasury system to look up the amount of debts owed before issuing a prize check. The amount of these debts is withheld from the prize check. The Department of Treasury then uses the withheld funds to pay the debts in the order of priority established in statute. As a result of the bill, only minor changes to this system were required to provide the Bureau of State Lottery with information on debts to the DHHS. The bill places these DHHS debts, which include child support payments and the repayment of public assistance benefits paid in error, above debts to courts in the priority of payment with intercepted lottery prizes. This will increase revenue to the DHHS and reduce payments to courts.

Fiscal Analyst: Elizabeth Pratt

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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.