

STORAGE NAME: h1407.rs
DATE: March 31, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
REGULATED SERVICES
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1407
RELATING TO: Lottery Prizes; Deductions
SPONSOR(S): Representative Rodriguez-Chomat
STATUTE(S) AFFECTED: Chapters 24 and 414, Florida Statutes
COMPANION BILL(S): SB 502 (C)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) REGULATED SERVICES
- (2) FINANCE & TAXATION
- (3) GENERAL GOVERNMENT APPROPRIATIONS
- (4)
- (5)

I. SUMMARY:

This bill would reduce any lottery prize of \$1,500 or more by up to 50 percent for any claimant who has received public assistance on or after January 1, 1998, as reimbursement for the receipt of public assistance.

The bill defines public assistance to include "all payments of money made to or on behalf of a recipient, including, but not limited to, assistance received under chapter 414, the Medicaid program, and mandatory and optional supplement payments under the Social Security Act."

The act would take effect October 1, 1997.

II. SUBSTANTIVE RESEARCHS:

A. PRESENT SITUATION:

The Department of the Lottery is authorized to withhold from prize payouts of \$600 or more any court-ordered child support payments or any debts owed to the state by the winner. Section 24.115(4), Florida Statutes, 1996 Supplement, makes it the responsibility of the appropriate state agency and the judicial branch to identify to the Lottery Department persons with such outstanding debt or child support payments due. If such liability exists, the department transfers the amount owed to the agency claiming the debt and then pays any remaining money to the prize winner. If a prize winner owes multiple debts which are required to be paid under this section, any outstanding child support payments are paid first. Any remaining amounts are transmitted to other agencies claiming debts owed to the state, pro rata, based on the ratio of the individual debt to the remaining debt owed the state.

In April 1995, the New York Lottery began a similar program which requires lottery winners to reimburse the state for welfare benefits payments. As of July 1996, New York withheld \$453,000 from 537 lottery winners under this program.

Public assistance payments constitute a debt of the recipient which is enforceable only after the death of the recipient under the provisions of section 414.28, F.S. This section provides the mechanism for making a claim against the person's estate.

B. EFFECT OF PROPOSED CHANGES:

This bill requires the Lottery Department to make deductions from a prize of \$1,500 or more if the claimant receives any public assistance on or after January 1, 1998. If a claimant receives public assistance from that date forward, the department shall reduce the prize amount by up to 50 percent as reimbursement for the receipt of public assistance. The department would then transfer this amount to the agency which provided public assistance to the claimant.

The bill amends section 414.28, F.S., to allow the state to make a claim against a person's lottery winnings. Such funds would be used to reimburse the state for the provision of public assistance. If a miscalculation is made and, subsequently, an overpayment of a lottery prize is made to a person who receives public assistance, the amount overpaid will be deducted from future public assistance payments to that person. The state will not be subject to liability if a mistake is made in the determination of a public assistance recipient or for identifying a person as a recipient of public assistance.

The bill defines public assistance to include "all payments of money made to or on behalf of a recipient, including, but not limited to, assistance received under chapter 414, the Medicaid program, and mandatory and optional supplement payments under the Social Security Act."

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The bill provides the authority for agencies which provide public assistance to require reimbursement for the provision of such services from certain lottery prize winners.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Certain lottery prize winners would be held responsible for the reimbursement of any public assistance received. The Lottery Department would be responsible for making deductions from lottery prizes in excess of \$1,500 if the claimant receives public assistance on or after January 1, 1998. Public assistance agencies will be responsible for identifying to the Department of the Lottery any lottery prize winners who are required to reimburse public assistance agencies for services rendered.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

N/A

- b. Does the bill require or authorize an increase in any fees?

N/A

- c. Does the bill reduce total taxes, both rates and revenues?

N/A

- d. Does the bill reduce total fees, both rates and revenues?

N/A

- e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

The bill does not reduce or eliminate an entitlement to any public assistance; however, it requires reimbursement for the provision of such services under certain conditions.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION RESEARCH:

This section need be completed only in the discretion of the Committee.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Indeterminate. Public assistance agencies may realize some cost in providing the Lottery Department with the required information.

2. Recurring Effects:

Indeterminate.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. **DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

1. Direct Private Sector Costs:

To the extent that prize payouts will be reduced by up to 50 percent for certain public assistance recipients, such members of the public will be affected by this bill.

2. Direct Private Sector Benefits:

To the extent that public assistance funds are increased by the reimbursement for public assistance, the public will benefit accordingly via the provision of additional services by such agencies.

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. **FISCAL COMMENTS:**

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. **APPLICABILITY OF THE MANDATES PROVISION:**

N/A

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

N/A

C. **REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

N/A

V. COMMENTS:

This bill was filed by the sponsor of HB 15 which received an unfavorable report by the Committee on Regulated Services on February 11, 1997. Several concerns were raised by committee members during debate on the bill including the retroactive nature of the bill and the lack of definition of "public assistance." Representative Rodriguez-Chomat subsequently filed HB 1407 which addresses those concerns.

STORAGE NAME: h1407.rs

DATE: March 31, 1997

PAGE 8

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON REGULATED SERVICES:

Prepared by:

Legislative Research Director:

J Paul Whitfield Jr

Paul Liepshutz