

STORAGE NAME: h0015a.rs

DATE: February 11, 1997

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

BILL #: HB 15

RELATING TO: Lottery Prizes; Deductions

SPONSOR(S): Representative Rodriguez-Chomat

STATUTE(S) AFFECTED: Chapter 24, Florida Statutes

COMPANION BILL(S):

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

- (1) REGULATED SERVICES YEAS 5 NAYS 5
- (2) HEALTH & HUMAN SERVICES (FISCAL)
- (3)
- (4)
- (5)

I. SUMMARY:

This bill would reduce any lottery prize of \$600 or more by up to 50 percent for any claimant who received any public assistance during the ten years prior to claiming the prize. The money would be used to reimburse the agency from which public assistance was received.

The act would take effect October 1, 1997.

II. SUBSTANTIVE ANALYSIS:

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 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.

B. EFFECT OF PROPOSED CHANGES:

This bill requires the Lottery Department to investigate each claimant of a prize of \$600 or more to determine if the claimant has received any public assistance during the previous ten-year period. If a claimant has received public assistance in that time period, the department shall reduce the prize amount by up to 50 percent as reimbursement for the receipt of public assistance. The department would transfer this amount to the agency which provided public assistance to the claimant. These funds would be used by the agency for the purpose of providing public assistance.

The most significant difference between current law and the provision of this bill is that, while current law requires the deduction of lottery winnings for certain legally binding debts, this bill requires a person to repay the state for the provision of public assistance which is not currently considered an obligation.

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 by the claimant. The Lottery Department would be responsible for the costs of investigating each claimant of a prize of \$600 or more to determine whether such claimant is responsible for the reimbursement of public assistance received pursuant to the provisions of this bill. Public assistance agencies and the Department of the Lottery will be responsible for identifying lottery prize winners who are required to reimburse those 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; rather, 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?

Public assistance agencies must identify individuals who are required to reimburse the state for the receipt of public assistance.

D. SECTION-BY-SECTION ANALYSIS: This section need be completed only in the discretion of the Committee.

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Indeterminate. The Lottery Department and any public assistance agencies may realize implementation costs.

2. Recurring Effects:

The Lottery Department would bear the costs associated with investigating each claimant of a prize of \$600 or more.

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 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 collections of outstanding debts, the public will benefit accordingly via the provision of additional services.

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

N/A

D. FISCAL COMMENTS:

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:

The Lottery Department raised a question regarding the priority of the reimbursement required by this bill in a situation where the claimant owed other debts to the state or court-ordered child support. The current statute requires that child support payments be made prior to payments for any other debts owed to the state. This bill places its reimbursement provisions in a separate paragraph and, therefore, does not address this issue.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The bill was heard by the Committee on Regulated Services on February 11, 1997. An amendment, offered by Representative Fasano, was adopted which incorporated the provisions of the bill into a subsection of current law which relates to deductions from prizes; the 10-year period was reduced to a 5-year period; and the requirement for deducting money to reimburse public assistance agencies was changed from a prize worth in excess of \$600 to a prize worth in excess of \$1500. The bill, as amended, received a tie vote by the committee and was reported unfavorably.

STORAGE NAME: h0015a.rs

DATE: February 11, 1997

PAGE 8

VII. SIGNATURES:

COMMITTEE ON REGULATED SERVICES:

Prepared by:

Legislative Research Director:

J Paul Whitfield Jr

Paul Liepshutz