

FISCAL NOTE

August 15, 2017

Bill No:	HB 674	Printer's No:	PN 1499	Sponsor:	Bernstine
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COST / (SAVINGS)

Fund (s)	2017-18	2018-19
General Fund- Revenue	"See Fiscal Impact"	(\$120,000)
General Fund	"See Fiscal Impact"	\$150,000

SUMMARY: This legislation amends the State Lottery Law, in State Lottery, providing for lottery winnings intercept.

ANALYSIS: HB 674 amends the State Lottery Law (Act 91 of 1971) to provide for lottery winnings of \$2,500 or more to be intercepted if it is determined that the prizewinner has an outstanding state tax liability. Additionally, this legislation would provide for a redetermination of public assistance benefits by the Department of Human Services (DHS).

Currently, Title 23 Section 4308 allows for the intercept of lottery winnings of \$2,500 or more for unpaid child support obligations. The Department of Revenue (DOR) and the Department of Human Services together oversee this duty. Additionally, Act 93 of 2016 allows the Department of Revenue to work with the Administrative Office of Pennsylvania Courts (AOPC) to intercept state tax refunds for court ordered obligations.

HB 674 will allow DOR to investigate any individual who wins a single lottery prize of \$2,500 or more to determine if that individual has an outstanding state tax liability. This investigation will take place prior to the department administering the prize dollars. The first determination will be whether the winning individual owes delinquent child support. Any monies remaining following that determination can be subject to deduction for outstanding state tax liabilities. Lastly, the department will work with the AOPC to determine if the winning individual has any court ordered obligations for a crime as defined in section 103 of the Act of November 24, 1998, known as the Crime Victims Act. If it is determined that the individual has a court ordered obligation, that obligation will be paid to the clerk of courts of the county in which the court order was issued.

A winning individual will be subject to offset first by DHS, then DOR, and lastly AOPC. A prizewinner subject to an intercept for an unpaid child support obligation may file an appeal with a court of competent jurisdiction within 30 days of notification that the prize has been reduced or withheld entirely. A prizewinner subject to an intercept for state tax obligations may file a petition of review with the Department within 90 days of receiving a notice of intercept.

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DOR may determine and set a fee to offset the costs of administering this act. It will be the responsibility of DOR to notify a winning individual that part or all of the lottery prize was used to satisfy obligations due to DHS, DOR, and/or AOPC.

This legislation shall take effect in one year with the exception of the provision requiring the development of a system between the DOR and AOPC, which must be completed within 180 days.

FISCAL IMPACT: HB 674 would require integration solutions and automation processes to be built from scratch. Implementation would be difficult in nature because lottery winnings intercepts span several agencies (Revenue, Lottery, Treasury, and AOPC) and bureaus. DOR has estimated a 9-month implementation process. The estimated costs to implement this legislation are noted below. DOR’s costs could be recouped via a fee provided in Section 316(c) “Administrative fee”. Potential revenue gains are projected to total \$120,000 annually.

HB 674 Implementation Costs		
Personnel	900 hours of labor- 3 full-time employees and 2 part-time employees	\$76,392
	Outside vendor costs (estimated)	\$75,000
Total		\$151,392