

## **BILL ANALYSIS**

S.B. 626  
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Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Texas Lottery Act provides for the mandatory deduction from a person's prize winnings of certain delinquent amounts owed to the state, including delinquent child support payments. In addition, the act allows a prize winner who receives installment payments to assign the payment of future installments, with certain exceptions relating to the final two years of prize payments, which allows the Texas Lottery Commission to determine if any delinquent payments are owed to the state and to collect on those payments. Interested parties, however, contend that recent court decisions have held that a lottery prize winner has the right to assign the final two years of prize payments. S.B. 626 seeks to address this issue by clarifying the ability of a prize winner to assign lottery prize payments. The bill also clarifies and updates certain statutory provisions governing the lottery commission.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Lottery Commission in SECTION 4 of this bill.

### **ANALYSIS**

S.B. 626 amends the Government Code, in the requirement that the executive director of the Texas Lottery Commission deduct the amount of a delinquent tax or other money from the winnings of a prize winner under certain conditions, to include among those conditions that the prize winner has been finally determined to be delinquent in the payment of a tax or other money to a state agency and that delinquency is reported to the comptroller of public accounts under a provision of law prohibiting payments by the comptroller to debtors or delinquents, rather than delinquent in such a payment collected by the comptroller, the Texas Workforce Commission, or the Texas Alcoholic Beverage Commission. The bill removes from those conditions that the prize winner has been finally determined to be delinquent in reimbursing the Texas Department of Human Services for a benefit granted in error under the food stamp program or the program of financial assistance under provisions of the Human Resources Code.

S.B. 626 requires the executive director to deduct delinquent child support payments from the winnings of a prize winner in the amount of the delinquency as determined by a court or a Title IV-D agency as established under provisions of the Family Code, rather than requiring the executive director to deduct the amount of a delinquent tax or other money from the winnings of a prize winner who has been finally determined to be delinquent in making child support payments administered or collected by the attorney general. The bill, in the requirement that the executive director transfer the amount deducted from the winnings of a lottery prize winner to the appropriate agency, includes the state disbursement unit established by a Title IV-D agency as an alternative transferee for such a transfer.

S.B. 626 expands the application of a provision of the State Lottery Act governing deductions of child support payments from certain lottery winnings to include any prize awarded by the director of the lottery commission's lottery division, rather than only a prize awarded by the

director that is required to be paid in periodic installments. The bill requires the executive director, in the event of a single prize payment, to deduct from winnings of the prize winner an amount for delinquent child support owed by the prize winner if the executive director has been provided with a certified copy of a court order or a writ of withholding issued under provisions of law governing withholding from earnings for child support or a notice of a child support lien created under provisions of law relating to such liens.

S.B. 626 makes the requirement that the executive director, under certain conditions, deduct from periodic installment winnings paid to a prize winner amounts owed by the prize winner for child support inapplicable to the payment of amounts to a person to whom a prize winner assigns the right to receive prize payments under provisions of law relating to the assignment of lottery prizes.

S.B. 626, in the requirement that the executive director pay the balance of a lottery prize to the winner if those winnings exceed the amount deducted under certain provisions of the State Lottery Act, expands those provisions to include any other provision of the act allowing a deduction from winnings. The bill, in the requirement that the executive director transfer money deducted from winnings to the clerk of the court that issued the order for payment of child support for placement in the registry of the court, provides as alternative transferees for the required transfer an appropriate person as determined by court order and the state disbursement unit established by a Title IV-D agency, as appropriate.

S.B. 626 authorizes the lottery commission to adopt rules necessary to administer provisions of the State Lottery Act governing deductions of child support payments from certain lottery winnings. The bill removes provisions requiring the lottery commission to adopt rules under those provisions that allow a person with a court order relating to a child support lien or to a withholding from earnings for child support to file copies of the order with the lottery commission and rules that describe the procedures used by the lottery commission to compare the list of persons winning periodic installment prizes with a list of obligors compiled from such orders and to make the deductions required under provisions of law relating to deductions of child support from certain lottery winnings. The bill makes inapplicable to those provisions certain provisions of law relating to the discharge of an account debtor and the assignment of certain obligations.

S.B. 626 prohibits a person from assigning the right to receive prize payments that are paid by the lottery commission if the person is subject to a child support order and is delinquent in making support payments under that order. The bill removes a prohibition against assigning installment prize payments due within the final two years of the prize payment schedule. The bill, in the requirement that a district court issue an order approving a voluntary assignment of prize payments and directing the lottery commission to direct prize payments in whole or in part to an assignee if the assignor provides a sworn and notarized affidavit stating certain information, includes among that information that the assignor is not delinquent in payment of child support under a court or administrative order issued in Texas or another state.

S.B. 626, in the requirement that a court order assigning lottery winnings specify certain information relating to a prize payment or payments assigned, removes from such information the assignor's social security number or tax identification number and, if the assignee is an individual, the assignee's citizenship or resident alien number. The bill makes provisions of law relating to the discharge of an account debtor and the assignment of certain obligations inapplicable to periodic payments of lottery prize winnings under provisions of law relating to deductions of child support from certain lottery winnings.

S.B. 626 defines "prize winner," for purposes of provisions of the State Lottery Act governing lottery prizes, and makes conforming and nonsubstantive changes.

S.B. 626 repeals the following provisions of the Government Code:

- Section 466.407(c), relating to reports submitted to the executive director by certain state agencies of delinquencies in payment of taxes or other money collected by the agencies
- Section 466.4075, as added by Chapter 135 (H.B. 566), Acts of the 75th Legislature, Regular Session, 1997, relating to deductions of child support from certain lottery winnings

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.