
Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bills 188 and 193 (as introduced 2-13-97)
Sponsor: Senator Joel D. Gougeon (Senate Bill 188)
 Senator Michael J. Bouchard (Senate Bill 193)
Committee: Families, Mental Health and Human Resources

Date Completed: 2-25-97

CONTENT

Senate Bills 188 and 193 would amend the Social Welfare Act and the Lottery Act, respectively, to require that a lottery winner reimburse the State for public assistance payments that he or she or his or her spouse or minor children were receiving, or had received, and to provide for a written agreement between the Family Independence Agency (FIA) and the Bureau of State Lottery to implement the reimbursement requirements.

The bills are tie-barred.

Senate Bill 188

The bill would amend the Social Welfare Act to specify that an individual who won a lottery prize of \$1,000 or more would be liable to the FIA for the amount of public assistance paid to that individual or his or her spouse or minor children during the previous three years, up to 50% of the amount of the lottery prize. This requirement would apply to a lottery winner who was currently receiving, or who, in the past three years had received ongoing public assistance under the Act, or whose spouse or minor children were receiving or, in the previous three years, had received ongoing public assistance. The liability would constitute a liability to the State for purposes of the Lottery Act.

The Director of the FIA and the State Lottery Commissioner would have to enter into a written agreement that would establish the procedures for implementing the bill. The agreement would have to include the procedure under which the FIA and the Bureau of State Lottery would have to exchange information regarding lottery winnings and individuals liable for receipt of ongoing cash assistance within the previous three years and any other matter that the parties to the agreement considered necessary to carry out the bill.

The FIA would have to provide written notice to each prize winner of the amount of the prize winning to be credited against assistance received and the procedure and time frame by which the prize winner could contest that crediting. The notice would have to include the FIA's address and telephone number and the name of the individual the prize winner could contact with respect to the winner's liability for assistance or the payment of that liability. The procedure would have to include the right to a hearing before an administrative law judge.

Regardless of the bill's effective date, the FIA would not have to comply with the requirements to enter into a written agreement with the Lottery Bureau or to provide notice to prize winners of the amount of a prize winning to be credited against assistance received until April 1, 1998.

The FIA would have to notify each applicant for or recipient of ongoing cash assistance of the bill's

requirements. Notice would have to be given within 30 days after the bill's effective date or on the date of application.

The FIA would have to implement the bill to the extent that it was cost-effective.

Senate Bill 193

Currently, the Lottery Act requires the Bureau of State Lottery, before paying any lottery prize of \$1,000 or more, to determine whether Department of Treasury records show that a lottery winner has a current liability to the State or a support arrearage. If there is a liability or support arrearage, the Bureau must first apply the amount of the prize to the liability or arrearage before paying the remainder of the prize money, if any, to the lottery winner. The lottery winner may request a hearing concerning his or her liability by making a written request to the Revenue Commissioner.

The bill specifies that, in the case of a liability to the State for receipt of assistance, administrative remedies under Senate Bill 188 would apply instead of a hearing under the Lottery Act.

Proposed MCL 400.43b (S.B. 188)
MCL 432.32 (S.B. 193)

Legislative Analyst: P. Affholter

FISCAL IMPACT

It appears that the bills could have an indeterminate fiscal impact on State government. The amendments would allow for the comparison of cash assistance recipients with lottery winners to target possible reimbursement by assistance grant recipients for payments received. This proposed system is similar to the method currently used by the Friend of the Court in conjunction with the Lottery Bureau and the State Department of Treasury to collect support payment arrearage or other liabilities to the State from lottery prizes over \$1,000. It is uncertain how many cash assistance recipients have won or would win lottery prizes of \$1,000 or more. However, the Family Independence Agency could monitor the process in order to determine the actual fiscal impact on State revenues.

Fiscal Analyst: C. Cole
M. Ortiz

S9798\S188SA

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.