

Legislative Analysis



ANONYMOUS LOTTERY WINNERS

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House Bill 4218 as reported from committee

Sponsor: Rep. Pat Outman

Committee: Regulatory Reform

Complete to 5-18-21

Analysis available at
<http://www.legislature.mi.gov>

BRIEF SUMMARY: House Bill 4218 would amend the McCauley-Traxler-Law-Bowman-McNeely Lottery Act to allow a person who wins a multistate lottery game (such as Powerball or Mega Millions) to remain anonymous or to allow, in writing, his or her name to be disclosed.

FISCAL IMPACT: The bill would have an indeterminate fiscal impact on the Michigan Bureau of State Lottery. (See **Fiscal Information**, below, for more information.)

THE APPARENT PROBLEM:

At the time Michigan first joined with other states to offer multistate lottery games, winners were prohibited from keeping their identities a secret. At least ten states now allow winners to remain anonymous, even for multistate games such as Powerball and Mega Millions, with more states looking at changing their laws to allow anonymity for the big winners. Michigan currently only allows a person who wins more than \$10,000 in a state lottery game to choose to remain anonymous. Unfortunately, individuals who win large sums of money in multistate lottery games are often subjected to unwanted publicity, as well as becoming targets of scams and harassment from others asking for money. Legislation to allow Michigan winners to protect their identity when winning a multistate game has been introduced in almost every session since 2011 and once again is being offered.

THE CONTENT OF THE BILL:

House Bill 4218 would amend the McCauley-Traxler-Law-Bowman-McNeely Lottery Act to prohibit the lottery commissioner, or an officer or employee of the Michigan Bureau of State Lottery, from disclosing certain information about an individual who has won a prize in a multistate lottery game unless that individual agrees in writing to the disclosure.

Currently, the commissioner or an officer or employee of the bureau may disclose the name, address, or any other personal information concerning a winner of a prize awarded under a game played pursuant to a *joint enterprise* to the extent required under the joint enterprise participation agreement. (By comparison, the information of an individual who has won a prize of greater than \$10,000 in the state lottery may not be disclosed unless that individual agrees in writing to the disclosure.)

As used in the act, *joint enterprise* means any lottery activity in which the bureau participates pursuant to a written agreement between the state of Michigan and any state, territory, country, or other sovereignty as executed by the commissioner. The term does not include the state lottery created under the act.

The bill would also make several other technical, nonsubstantive changes.

MCL 432.25

BACKGROUND INFORMATION:

Similar bills have been proposed beginning with the 2011-12 legislation session, when HB 4585 was introduced and SB 1222 was passed by the Senate. In the 2015-16 legislative session, HB 4433 was passed by the House of Representatives. Similar bills were introduced in subsequent sessions but did not receive a committee hearing.

FISCAL INFORMATION:

House Bill 4218 would have an indeterminate fiscal impact on lottery revenues and subsequent distributions to the School Aid Fund. Any fiscal impact estimate would depend on assumptions related to the bill's effect on lottery sales. According to the Michigan Bureau of State Lottery, the bill would reduce the bureau's ability to generate publicity and advertise prizes won for multistate games (Mega Millions, Powerball, and Lucky for Life). The Bureau of State Lottery has indicated that this likely would reduce sales, thereby reducing the annual distribution to the School Aid Fund. As background, the distribution to the School Aid Fund was approximately \$1.18 billion in FY 2020.

There would be no administrative costs associated with the changes required under the bill.

ARGUMENTS:

For:

The stated intent of the bill is to allow winners to be publicly identified by the state lottery only if they first grant written permission. Individuals who win a prize of more than \$10,000 in Michigan-only lotto games already have this ability. Unfortunately, winners of large prizes often become targets of fraudsters and scams, not to mention pleas from so-called down-and-outers. Sudden wealth can be difficult to handle, and horror stories abound of even large winners depleting their millions in just a few years. The bill would afford a modicum of protection by allowing a winner to keep his or her name out of the public eye.

Against:

The Michigan Bureau of State Lottery has long opposed legislative attempts to allow winners of multistate lottery games to remain anonymous, believing that the publication of winners' names grants a level of transparency to the lottery system by allowing nonwinners to verify that someone has, indeed, won the big prize. To a lesser extent, the Michigan Lottery also claimed a benefit of increased advertising exposure by using in-state winners in promotional material.

POSITIONS:

No positions were offered on the bill.

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