

2019 -- H 5508

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - STATE LOTTERY

Introduced By: Representatives Noret, Shekarchi, Serodio, Amore, and Hawkins

Date Introduced: February 14, 2019

Referred To: House Judiciary

(Dept. of Revenue)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-61-7.1 of the General Laws in Chapter 42-61 entitled "State  
2 Lottery" is hereby amended to read as follows:

3 **42-61-7.1. Payment of prizes in excess of six hundred dollars (\$600) -- Setoff for**  
4 **child support debts and benefit of overpayments.**

5 Notwithstanding the provisions of § 42-61-7 relating to assignment of prizes, the  
6 following setoff provisions shall apply to the payment of any prizes or winning ticket in excess of  
7 six hundred dollars (\$600).

8 (1) With respect to a person entitled to receive the prize or winning ticket who has an  
9 unpaid child support order(s) arrearage(s) ~~in excess of five hundred (\$500)~~, as provided by the  
10 department pursuant to § 42-61-7.1(3), or owes any sum ~~in excess of five hundred dollars (\$500)~~  
11 for benefit overpayments and interest to the department of labor and training determined to be  
12 recoverable under the provisions of chapters 39 -- 44 of title 28, the lottery director:

13 (i) Shall set off against the amount due to that person after state and federal tax  
14 withholding an amount up to the balance of the child support arrearage(s), and benefit  
15 overpayments and interest owed to the department of labor and training, and the director shall  
16 make payment of this amount directly to the Rhode Island family court in the case of child  
17 support arrearage(s) which shall deposit the amount set off into the registry of the family court for  
18 a period of forty-five (45) days, or if an application for review has been filed pursuant to § 27-57-  
19 1(d), until final disposition of the application until further order of the court and in the case of

1 benefit overpayments and interest owed the director shall transfer the amounts owed to the  
2 department of labor and training; and

3 (ii) Shall pay to this person the remaining balance of the prize or winning ticket amount,  
4 if any, after reduction of the amount set off above for child support and benefit overpayments and  
5 interest owed. If any instance, the lottery director has received notice from more than one  
6 claimant agency, the claim for child support arrearage(s) by the department of human services  
7 shall receive first priority and the claim for benefit overpayments and interest owed by the  
8 department of labor and training the second priority.

9 (2) The director shall be discharged of all further liability upon payment of a prize or  
10 winning ticket pursuant to this section.

11 (3) The department of human services shall periodically within each year furnish the  
12 director with a list or compilation of names of individuals, together with any other identifying  
13 information and in a form that the director shall require, who as of the date of the list or  
14 compilation, have an unpaid child support order arrearage ~~in excess of five hundred dollars~~  
15 ~~(\$500)~~ as shown on the Rhode Island family court degrees department of human services child  
16 support enforcement computer system ("CSE system"). For the purposes of this section, the terms  
17 used in this section shall be given the meaning and definitions specified in § 15-16-2.

18 (4) Any party aggrieved by any action taken under this section may within thirty (30)  
19 days of the withholding of the payment by the lottery director seek judicial review in the family  
20 court, in the case of withholding for child support or in the district court in the case of benefit  
21 overpayments and interest owed, which may, in its discretion, issue a temporary order prohibiting  
22 the disbursement of funds under this section, pending final adjudication.

23 (5) The department of labor and training shall periodically within each year furnish the  
24 director with a list or compilation of names of individuals, together with any identifying  
25 information and in any form that the director requires, who as to the date of the list or  
26 compilation, have unpaid benefit overpayments and interest ~~in excess of five hundred dollars~~  
27 ~~(\$500)~~ determined to be recoverable under the provisions of chapters 39 -- 44 of title 28.

28 [See § 12-1-15 of the General Laws.]

29 **42-61-7.2. Payment of prizes in excess of six hundred dollars (\$600) -- Setoff for**  
30 **unpaid taxes.**

31 Notwithstanding the provisions of § 42-61-7 and § 42-61-7.1 relating to assignment of  
32 prizes and setoff for child support debts and benefit overpayments, the following setoff provisions  
33 shall apply to the payment of any prizes or winning ticket in excess of six hundred dollars (\$600).

34 (1) With respect to a person entitled to receive the prize or winning ticket who has unpaid

1 taxes owed to the tax administrator ~~in excess of six hundred dollars (\$600)~~, as evidenced by the  
2 tax administrator pursuant to subdivision 42-61-7.2(3), the lottery director:

3 (i) Shall setoff against the amount due to that person after state and federal tax  
4 withholding an amount up to the balance of the unpaid taxes owed as evidenced by the tax  
5 administrator pursuant to subdivision 42-61-7.2(3), and the director shall make payment of this  
6 amount directly to the tax administrator; and

7 (ii) Shall pay to that person the remaining balance of the prize or winning ticket amount,  
8 if any, after reduction of the amount setoff above for taxes owed. If in any instance, the lottery  
9 director has received notice from more than one claimant agency, the claim for child support  
10 arrearage(s) owed to the department of human services shall receive first (1st) priority, the claim  
11 for benefit overpayments and interest owed to the department of labor and training the second  
12 (2nd) priority, and the claim for taxes owed to the tax administrator the third (3rd) priority.

13 (2) The director shall be discharged of all further liability upon payment of a prize or  
14 winning ticket pursuant to this section.

15 (3) The tax administrator shall periodically within each year furnish the director with a  
16 list or compilation of names of individuals, together with any other identifying information and in  
17 a form that the director shall require, who as of the date of the list or compilation, have unpaid  
18 taxes ~~in excess of six hundred dollars (\$600)~~.

19 (4) Any party aggrieved by any action taken under this section may, within thirty (30)  
20 days of the withholding of the payment by the lottery director, seek a review with the tax  
21 administrator, who may, in his or her discretion, issue a temporary order prohibiting the  
22 disbursement of funds under this section, pending final decision.

23 SECTION 2. Chapter 42-61 of the General Laws entitled "State Lottery" is hereby  
24 amended by adding thereto the following section:

25 **42-61-7.3. Payment of prizes in excess of six hundred dollars (\$600) - Setoff for**  
26 **unpaid non-tax state debt.**

27 Notwithstanding the provisions of §§ 42-61-7, 42-61-7.1 and 42-61-7.2 relating to  
28 assignment of prizes, setoff for child support debts and benefit overpayments, and setoff for  
29 unpaid taxes, the following setoff provisions shall apply to the payment of any prizes or winning  
30 ticket in excess of six hundred dollars (\$600).

31 (1) With respect to a person entitled to receive the prize or winning ticket who has  
32 delinquent debts referred to the central collections unit pursuant to § 42-142-8 as provided by the  
33 central collections unit pursuant to § 42-61-7.2(3), the lottery director:

34 (i) Shall setoff against the amount due to that person after state and federal tax

1 withholding an amount up to the balance of the delinquent debts referred to the central collections  
2 unit as provided by the unit pursuant to § 42-61-7.2(3), and the director shall make payment of  
3 this amount directly to the collection unit; and

4 (ii) Shall pay to that person the remaining balance of the prize or winning ticket amount,  
5 if any, after reduction of the amount setoff above for delinquent debts owed. If in any instance,  
6 the lottery director has received notice from more than one claimant agency, the claim for child  
7 support arrearage(s) owed to the department of human services shall receive first priority, the  
8 claim for benefit overpayments and interest owed to the department of labor and training second  
9 priority, the claim for taxes owed to the tax administrator third priority, and the claim for  
10 delinquent debts referred to the central collections unit fourth priority.

11 (2) The director shall be discharged of all further liability upon payment of a prize or  
12 winning ticket pursuant to this section.

13 (3) The central collections unit shall periodically within each year furnish the director  
14 with a list or compilation of names of individuals, together with any other identifying information  
15 and in a form that the director shall require, who as of the date of the list or compilation, have  
16 delinquent debts owed to the state and referred to the central collections unit.

17 (4) Any party aggrieved by any action taken under this section may, within thirty (30)  
18 days of the withholding of the payment by the lottery director, seek a review in the district court,  
19 which may, in its discretion, issue a temporary order prohibiting the disbursement of funds under  
20 this section, pending final adjudication.

21 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - STATE LOTTERY

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1           This act would require the lottery director to recognize and satisfy setoffs against lottery  
2 prizes in excess of six hundred dollars (\$600) from the winning ticket for any amounts owed for  
3 child support arrearages (first priority), labor benefit overpayments (second priority), state taxes  
4 owed (third priority) and non-tax debts owed to the state's collection unit (fourth priority), before  
5 payment to the person presenting the winning ticket.

6           This act would take effect upon passage.

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