

STORAGE NAME: h1407s2a.gg

DATE: March 18, 1998

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/CS/HB 1407

RELATING TO: Lottery Prizes; Deductions

SPONSOR(S): Representative Rodriguez-Chomat

STATUTE(S) AFFECTED: Chapters 24 and 414, Florida Statutes

COMPANION BILL(S): SB 502 (C)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) REGULATED SERVICES YEAS 9 NAYS 2
- (2) FINANCE AND TAXATION YEAS 10 NAYS 1
- (3) GENERAL GOVERNMENT APPROPRIATIONS YEAS 6 NAYS 4
- (4)
- (5)

I. SUMMARY:

This bill would reduce any lottery prize of \$1,500 or more by up to 50 percent for any claimant who has received public assistance on or after January 1, 1999, as reimbursement for the receipt of public assistance.

For purposes of this bill, public assistance is defined as being limited to payments of state money made to or on behalf of a recipient after January 1, 1999, for assistance received under chapter 414 and the Medicaid program.

The Educational Enhancement Trust Fund is expected to decrease by an insignificant amount, and the agency trust funds to be reimbursed are expected to increase. However, the amounts in both cases are indeterminant.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

The Department of the Lottery is authorized to withhold from prize payouts of \$600 or more any court-ordered child support payments or any debts owed to the state by the winner. Section 24.115(4), Florida Statutes, 1996 Supplement, makes it the responsibility of the appropriate state agency and the judicial branch to identify to the Lottery Department persons with such outstanding debt or child support payments due. If such liability exists, the department transfers the amount owed to the agency claiming the debt and then pays any remaining money to the prize winner. If a prize winner owes multiple debts which are required to be paid under this section, any outstanding child support payments are paid first. Any remaining amounts are transmitted to other agencies claiming debts owed to the state, pro rata, based on the ratio of the individual debt to the remaining debt owed the state.

In April 1995, the New York Lottery began a similar program which requires lottery winners to reimburse the state for welfare benefits payments. As of July 1996, New York withheld \$453,000 from 537 lottery winners under this program.

Public assistance payments constitute a debt of the recipient which is enforceable only after the death of the recipient under the provisions of section 414.28, F.S. This section provides the mechanism for making a claim against the person's estate.

B. EFFECT OF PROPOSED CHANGES:

This bill requires the Lottery Department to make deductions from a prize of \$1,500 or more if the claimant receives any public assistance on or after January 1, 1999. If a claimant receives public assistance from that date forward, the department shall reduce the prize amount by up to 50 percent as reimbursement for the receipt of public assistance. The department would then transfer this amount to the agency which provided public assistance to the claimant.

The bill amends section 414.28, F.S., to allow the state to make a claim against a person's lottery winnings. Such funds would be used to reimburse the state for the provision of public assistance. If a miscalculation is made and subsequently an overpayment of a lottery prize is made to a person who receives public assistance, the amount overpaid will be deducted from future public assistance payments to that person. The state will not be subject to liability if a mistake is made in the determination of a public assistance recipient or for identifying a person as a recipient of public assistance. The bill requires that a record of any deduction made pursuant to the provisions of s. 414.28, F.S., be provided to the Department of Revenue, Child Support Enforcement Program.

The bill defines public assistance to include "all payments of money made to or on behalf of a recipient, including but not limited to, assistance received under chapter 414, the Medicaid program, and mandatory and optional supplement payments under the Social Security Act."

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The bill provides the authority for agencies that provide public assistance to require reimbursement for the provision of such services from certain lottery prize winners.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Certain lottery prize winners would be held responsible for the reimbursement of any public assistance received. The Lottery Department would be responsible for making deductions from lottery prizes in excess of \$1,500 if the claimant receives public assistance on or after January 1, 1999. Public assistance agencies will be responsible for identifying to the Department of the Lottery any lottery prize winners who are required to reimburse public assistance agencies for services rendered. The bill requires that a record of any deduction made pursuant to the provisions of s. 414.28, F.S., be provided to the Department of Revenue, Child Support Enforcement Program.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

N/A

- b. Does the bill require or authorize an increase in any fees?

N/A

- c. Does the bill reduce total taxes, both rates and revenues?

N/A

- d. Does the bill reduce total fees, both rates and revenues?

N/A

- e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

The bill does not reduce or eliminate an entitlement to any public assistance; however, it requires reimbursement for the provision of such services under certain conditions.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION RESEARCH:

This section need be completed only at the discretion of the Committee.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Indeterminate. Public assistance agencies may realize some cost in providing the Lottery Department with the required information.

2. Recurring Effects:

Indeterminate.

The Educational Enhancement Trust Fund is estimated to decrease by an insignificant amount, but the agency trust funds that would be reimbursed are estimated to increase. However, the amount in both cases are indeterminant.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

4. Total Revenues and Expenditures:

Indeterminate

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

To the extent that prize payouts will be reduced by up to 50 percent for certain public assistance recipients, such members of the public will be affected by this bill.

2. Direct Private Sector Benefits:

To the extent that public assistance funds are increased by the reimbursement for public assistance, the public will benefit accordingly via the provision of additional services by such agencies.

3. Effects on Competition, Private Enterprise and Employment Markets:

Indeterminate.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with counties or municipalities.

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V. COMMENTS:

This bill was filed by the sponsor of HB 15 which received an unfavorable report by the Committee on Regulated Services on February 11, 1997. Several concerns were raised by committee members during debate on the bill including the retroactive nature of the bill and the lack of definition of "public assistance." Representative Rodriguez-Chomat subsequently filed HB 1407 which addresses those concerns.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee on Regulated Industries adopted two amendments offered by Representative Rodriguez-Chomat on April 3, 1997. The first requires that a record of any deduction made pursuant to the provisions of s. 414.28, F.S., be provided to the Department of Revenue, Child Support Enforcement Program while the second was a technical amendment necessary to the adoption of the first amendment. The bill as amended was made a committee substitute and received a favorable vote by the committee.

On December 4, 1997, the Committee on Finance & Taxation adopted the following amendments:

Amendment 1 removed "1996 Supplement" in the directory.

Amendment 2 changed the effective date to the year in which the bill is enacted.

Amendment 3 changed the date for which public assistance benefits apply from 1998 to 1999.

Amendment 4 conformed to statutory revision's gender neutral language.

Amendment 5 conformed to statutory revision's language and also deletes the Department of Children and Family as an agency for deposit of funds.

In addition to the updating amendments, the committee also adopted an amendment which defines public assistance for the purpose of this bill as being limited to payments of state money made to or on behalf of a recipient after January 1, 1999, for assistance received under chapter 414 and the Medicaid program. The bill as amended was made a committee substitute and received a favorable vote by the committee.

VII. SIGNATURES:

COMMITTEE ON REGULATED SERVICES:

Prepared by:

Legislative Research Director:

J Paul Whitfield Jr

Paul Liepshutz

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AS REVISED BY THE COMMITTEE ON FINANCE AND TAXATION:

Prepared by:

Legislative Research Director:

Carol L. Dickson-Carr

Keith G. Baker, PhD

AS FURTHER REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT
APPROPRIATIONS:

Prepared by:

Legislative Research Director:

Juliette Noble

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