
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 596 (as introduced 6-10-97)
Sponsor: Senator Robert Geake
Committee: Gaming and Casino Oversight

Date Completed: 10-13-97

CONTENT

The bill would amend the Lottery Act to revise provisions concerning the assignment of the prize of a State lottery winner, by specifying the conditions under which a judicial order voluntarily assigning a prize could be issued.

Currently, under the Act, a State lottery prize is not assignable except: 1) to family members or to the estate of a deceased prizewinner; 2) to the State to pay for any liability to the State a prizewinner may have, including support arrearages; or 3) to a person pursuant to an "appropriate judicial order" (which is not defined). The bill generally would retain these provisions but further specifies that payment of any prize could be made to any person pursuant to a voluntary assignment of the right to receive future prize payments, in whole or in part, if the assignment were made to a person or entity designated in an appropriate judicial order of a court of competent jurisdiction located in either the county in which the assignor resided or the county in which the Lottery Bureau was located. The court would have to issue an order approving the assignment and directing the Lottery Commissioner to pay the assignee all or a part of future prize payments if all of the following circumstances existed:

- The assignment was in writing, executed by the assignor in accordance with State laws.
- The assignor provided a sworn affidavit to the court attesting that the assignor was of sound mind, was not acting under duress, had been advised regarding the assignment by his or her legal counsel, and understood and agreed that the State and the Commissioner would have no further liability or responsibility to make prize payments to the assignor.
- The proposed assignment did not include or cover payments or portions of payments alleged to be subject to assignment to the State, unless an appropriate provision was made to satisfy any obligation to the State.

Soliciting or offering rights to lottery prize payments, either by assignment or through pledge as collateral for a loan, would not be considered selling or offering for sale lottery tickets or shares under the Act.

The bill would allow the Commissioner to establish a reasonable fee to defray the cost of any administrative expenses associated with assignments made under the Act, including the cost of a processing fee that could be imposed by a private annuity provider. The amount of the fee would have to reflect the direct and indirect costs associated with processing the assignments.

MCL 432.25

Legislative Analyst: G. Towne

FISCAL IMPACT

There would be some administrative costs associated with the assignments made under the bill. The bill would allow a processing fee to be established to defray the costs of associated

administrative expenses. The bill would require that the fee (to be determined by the Lottery Commissioner) reflect the costs of administering the program. Therefore, the fiscal impact is indeterminate at this time.

Fiscal Analyst: E. Limbs

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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.