

SENATE BILL NO. 38

January 16, 2019, Introduced by Senator VANDERWALL and referred to the Committee on Regulatory Reform.

A bill to amend 1972 PA 239, entitled
"McCauley-Traxler-Law-Bowman-McNeely lottery act,"
by amending section 25 (MCL 432.25), as amended by 1998 PA 465.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 25. (1) The bureau shall give a prizewinner in the
2 Michigan lotto game the option of receiving ~~his or her~~**the** prize in
3 a single payment or in installments. This option ~~shall~~**must** be made
4 available to and exercised by the purchaser of a Michigan lotto
5 game ticket at the point of purchase. As used in this subsection,
6 "Michigan lotto game" means a game administered by the bureau in

1 which the matrix is 6 out of 49 numbers drawn.

2 (2) The right of any person to a prize drawn from the state
3 lottery is not assignable, except as provided in this section. The
4 commissioner ~~shall be~~ **is** discharged ~~of~~ **from** all further liability
5 ~~upon~~ **on** payment of a prize ~~pursuant to~~ **under** this section.

6 (3) Payment of ~~any~~ **a** prize drawn may be made to a person
7 ~~pursuant to an appropriate judicial~~ **under a properly issued court**
8 order.

9 (4) Payment of ~~any~~ **a** prize drawn may be made to ~~the~~ **this** state
10 ~~pursuant to~~ **under** section 32.

11 (5) If a prizewinner dies before collecting the full amount of
12 his or her prize drawn from the state lottery, the bureau shall
13 continue to make the remaining prize payments to the prizewinner's
14 surviving spouse and ~~the prizewinner's~~ **each** living ~~children~~ **child**
15 **of the prizewinner**, in equal proportions, unless otherwise directed
16 by the prizewinner. If there is ~~not~~ **a** ~~no~~ surviving spouse, ~~or~~
17 living ~~children~~ **child**, or other designated ~~beneficiaries,~~
18 **beneficiary of the prizewinner**, the **bureau shall pay the** remaining
19 prize payments ~~shall be made to~~ the prizewinner's estate.

20 (6) Except as provided in subsection ~~(11),~~ **(12)**, payment of
21 any prize drawn may be made to ~~any~~ **a** person ~~pursuant to~~ **under** a
22 voluntary assignment of the right to receive future prize payments,
23 in whole or in part, if the assignment is made to a person ~~or~~
24 ~~entity~~ designated ~~pursuant to an appropriate judicial~~ **under a**
25 **properly issued** order of a court ~~of competent jurisdiction~~ located
26 in either the county in which the assignor resides or the county in
27 which the bureau is located. An order approving the assignment and
28 directing the commissioner to pay the assignee all or a part of
29 future prize payments is properly issued if the court finds that

1 all of the following circumstances exist:

2 (a) The assignment is in writing, executed by the assignor in
3 accordance with the laws of this state, and the terms of the
4 assignment are disclosed, including the identity of the assignee,
5 the portion or portions of prize payments to be assigned, and the
6 amounts and dates of any payments that ~~shall~~**will** be given in
7 exchange for the assignment.

8 (b) The assignor ~~provides~~**has provided** a sworn affidavit to
9 the court attesting that the assignor is of sound mind, is not
10 acting under duress, has been advised regarding the assignment by
11 his or her legal counsel, and understands and agrees that ~~the~~**this**
12 state and the commissioner will have no further liability or
13 responsibility to make prize payments to the assignor.

14 (c) The proposed assignment does not include or cover payments
15 or portions of payments that are subject to section 32.

16 (d) ~~Not~~**A copy of the complaint or motion for the approval of**
17 **the voluntary assignment under this subsection and a notice of**
18 **hearing on the complaint or motion has been served on the attorney**
19 **general not** less than 5 days after ~~filing a petition for a judicial~~
20 ~~order that approves a voluntary assignment under this subsection~~
21 **the complaint or motion was filed** and not less than 10 days before
22 ~~a~~**the** hearing on the petition, ~~the petitioner shall cause a copy of~~
23 ~~the petition and notice of hearing on the petition to be served~~
24 ~~upon the attorney general. The~~**and the** attorney general ~~or his or~~
25 ~~her assistant shall be permitted~~**had the opportunity** to appear and
26 take action ~~that is~~ in the best interests of the bureau and this
27 state.

28 (7) Soliciting or offering rights to lottery prize payments,
29 either by assignment or through pledge as collateral for a loan,

1 shall not be considered selling or offering for sale lottery
2 tickets or shares under this act.

3 (8) The commissioner ~~is authorized to~~ **may** establish a
4 reasonable fee to defray the cost of any administrative expenses
5 associated with assignments made ~~pursuant to~~ **under** this section,
6 including the cost of ~~a~~ **any** processing fee ~~that may be~~ imposed by a
7 private annuity provider. The amount of the fee ~~shall~~ **established**
8 **under this subsection must** reflect the direct and indirect costs
9 associated with processing the assignments.

10 (9) Except as otherwise provided by state or federal law, the
11 commissioner or an officer or employee of the bureau shall not
12 disclose the name, address, or any other personal information
13 concerning a winner of a prize greater than \$10,000.00 drawn from
14 the state lottery, unless the winner of ~~a~~ **the** prize agrees in
15 writing to allow the disclosure. ~~Subject to subsection (10), the~~
16 ~~information protected against disclosure under this section is~~
17 ~~exempt from disclosure under the freedom of information act, 1976~~
18 ~~PA 442, MCL 15.231 to 15.246.~~

19 (10) ~~Notwithstanding subsection (9),~~ **Except as otherwise**
20 **provided by state or federal law,** the commissioner or an officer or
21 employee of the bureau ~~may~~ **shall not** disclose the name, address, or
22 any other personal information concerning a winner of a prize
23 awarded under a game played pursuant to a joint enterprise, ~~to the~~
24 ~~extent required under the joint enterprise participation agreement~~
25 ~~executed by the commissioner.~~ **unless the winner of the prize agrees**
26 **in writing to allow the disclosure.**

27 (11) **Information protected against disclosure under**
28 **subsections (9) and (10) is exempt from disclosure under the**
29 **freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.**

1 (12) ~~(11)~~ If at any time the federal ~~internal revenue service~~
2 **Internal Revenue Service** or a court of competent jurisdiction
3 issues a determination letter, revenue ruling, other public ruling
4 of the ~~internal revenue service~~, **Internal Revenue Service**, or
5 published decision to any state lottery or state lottery
6 prizewinner declaring that the voluntary assignment of prizes will
7 affect the federal income tax treatment of prizewinners who do not
8 assign their prizes, the commissioner shall immediately file a copy
9 of that letter, ruling, or published decision with the secretary of
10 state and the office of the state court administrator. A court
11 shall not issue a voluntary assignment order under subsection (6)
12 after the date the ruling, letter, or published decision is filed.