

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 707  
Ways and Means

(Delegate Valentino-Smith, *et al.*)

Finance

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**Study of Intercepting Horse Racing Winnings for Child Support and Restitution**

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This bill requires the Department of Information Technology (DoIT) to (1) analyze the logistics of intercepting horse racing winnings to pay for the child support or restitution arrears of the winner to include account wagering entities; (2) study the effectiveness of the current interfaces used by the State for child support enforcement and restitution collection from income tax intercepts, lottery intercepts, video lottery intercepts, State vendor payment intercepts, and other means of collecting child support and restitution; and (3) make recommendations regarding implementing a means of intercepting horse racing winnings for the purpose of paying the child support or restitution arrears of the winner. DoIT must report its findings and recommendations to the General Assembly by December 31, 2016.

The bill takes effect June 1, 2016.

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**Fiscal Summary**

**State Effect:** DoIT can implement the bill with existing budgeted resources. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** There are no intercept programs for prizes won at horse racing tracks.

The State operates several intercept programs to collect delinquent child support, including the interception of tax refunds, lottery prizes, prizes won at a video lottery facility, and vendor payments. Pursuant to the Family Law Article, the Child Support Enforcement Administration (CSEA), within the Department of Human Resources, is authorized to certify under certain conditions unpaid child support debts of more than \$150 to the State Lottery and Gaming Control Agency (SLGCA) and the Comptroller's Office. The Comptroller's Office and SLGCA are required to remit to CSEA the payment or refund up to the amount of arrearage of an obligor certified as being in arrears.

The Division of Parole and Probation (DPP) and the Department of Juvenile Services (DJS) may refer an overdue restitution account for collection to the Central Collection Unit (CCU) of the Department of Budget and Management and, if probation or other supervision is terminated and restitution is still owed, must refer the overdue restitution account for collection to CCU.

CCU may collect overdue restitution and certify a restitution obligor who is in arrears on payments exceeding \$30 to the Comptroller for income tax refund interception and to SLGCA for State lottery prize interception. CCU may not compromise and settle a judgment of restitution unless DPP or DJS obtains the consent of the victim or the court orders otherwise because a victim cannot be located. DPP or DJS must contact the victim to determine whether the victim consents to compromise and settle a judgment of restitution.

Restitution is overdue if the restitution or a restitution payment is not paid by the date that the court orders or, if no date is ordered, by the later of (1) the date DPP or DJS directs the restitution obligor to make payment or (2) 30 days after the court enters a judgment of restitution. If restitution is overdue, the amount of the arrearage is the amount of restitution ordered and any legally allowed interest, less any amount previously paid or received under the judgment of restitution.

If a restitution obligor who is overdue in restitution payments or an individual who owes child support and has been certified as an obligor wins a lottery prize or a prize at a video lottery facility requiring the issuance of Internal Revenue Service form W-2G (a form required to be provided to individuals who receive over a specified amount of winnings from gambling) or a substantially equivalent form, SLGCA or the video lottery operation licensee must provide a specified notice to the obligor. Upon receipt of the required notice of an intercept, an obligor may appeal within 15 days to CCU or CSEA. If no appeal is filed within 15 days after notifying the obligor, SLGCA or the video lottery operation

licensee must transfer the amount of the prize withheld to CCU or CSEA. CCU or CSEA must notify SLGCA or the video lottery operation licensee that, upon appeal, the withheld prize must be paid to the obligor, transferred to CCU or CSEA, or partly paid to the obligor and partly transferred to CCU or CSEA. If the prize exceeds the arrearage, SLGCA or the video lottery operation licensee must immediately pay the excess to the obligor.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 372 (Senator Peters, *et al.*) - Finance.

**Information Source(s):** Department of Information Technology; Department of Budget and Management; Department of Human Resources; Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2016  
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