

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 953 (Delegates C. Davis and Bonsack)
Ways and Means

Referred to Finance

State Lottery - Assignment of Prizes

This amended bill allows a winner of a lotto prize to seek a court order allowing the winner to assign the prize to another individual. The court shall approve the assignment if it is in writing and an affidavit is submitted stating that the winner: is of sound mind; is not acting under duress; has received independent financial and tax advice concerning the assignment; knows that prize payments will not be received for the years assigned and that the Lottery has no responsibility to make those payments; has been provided with a schedule of the assigned payments, along with the discount rate and any fees charged to the winner; and had been advised in writing that the assignment contract could have been canceled within three business days after it was signed. Voluntary assignments may not include a portion offset for a delinquent child support obligation unless provisions are made to satisfy the obligation. Voluntary assignments can only be made by the prize winner. The Lottery Agency may only oppose such a petition for good cause, and may levy a fee not to exceed \$500 in connection with the assignment.

Fiscal Summary

State Effect: Indeterminate but possibly offsetting increase in special fund revenues and expenditures. Potential increase in general fund revenues.

Local Effect: None.

Small Business Effect: None. This bill does not directly affect small businesses.

Fiscal Analysis

State Revenues: Revenues will increase by up to \$500 for each assignment under this bill, depending on the fee levied by the Lottery Agency. Although the bill does not address the distribution of revenue derived from the fee, it is assumed that the revenue would be credited to the lottery fund. After the lottery's administrative expenses are paid, the remaining funds would be credited to the general fund. Accordingly, general fund revenues would increase to the extent that the revenue exceeds administrative expenses associated with the assignments. The amount of the revenue increase would depend on the number of assignments and the amount of the fee.

Assignment of prizes could affect the timing of income tax receipts, depending upon the number, size and timing of assignments.

State Expenditures: The Lottery Agency advises that partial assignments (i.e., the assignment of one prize to several individuals) could pose an administrative burden. The Department of Fiscal Services notes that these assignments would have to be approved by a court, and that any increased costs could likely be offset by the fee the agency is authorized to levy.

Information Source(s): Maryland State Lottery Agency, Department of Fiscal Services

Fiscal Note History: First Reader - February 18, 1997

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