

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE

House Bill 279  
Judiciary

(Delegate Rawlings)

---

**Child Support Enforcement - Intercepting Lottery and Video Lottery Winnings**

---

This bill requires the Child Support Enforcement Administration (CSEA) to intercept lottery and video lottery prizes from certified obligors who are \$150 or more in arrears in child support.

The bill is contingent on enactment of HB 78, a bill that would allow a total of 10,000 video lottery terminals at up to four horse racing tracks in different regions of the State.

---

**Fiscal Summary**

**State Effect:** Potential minimal increase in special fund revenues from increased support collections. The bill's changes could be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Analysis**

**Bill Summary:** The bill requires CSEA to certify to the State Lottery Agency (SLA) the name of any obligor who is in arrears of \$150 or more in child support if CSEA has accepted an assignment of support from a temporary cash assistance (TCA) recipient, or the recipient of support payments has applied for support enforcement services with CSEA.

If the obligor who has been certified wins a lottery or video lottery prize to be paid directly by SLA, SLA must send a notice to the obligor that the obligor has won a prize

to be paid by SLA and SLA has received certification from CSEA of the obligor's child support arrearage. SLA must notify the obligor that SLA proposes to transfer the video lottery prize, or the part that is equal to the arrearage, to CSEA if no appeal is filed within 15 days. An obligor may appeal to CSEA if the obligor disputes the existence or amount of the arrearage. If the obligor appeals to CSEA, the prize will be distributed as directed by CSEA. If no appeal is filed within 15 days, the prize, or the part equal to the arrearage will be transferred to CSEA. If a video lottery prize exceeds the arrearage, SLA must immediately pay the excess to the obligor. SLA is required to withhold any part of a video lottery prize that does not exceed the arrearage until notified regarding distribution by CSEA.

SLA must honor a lottery or video lottery prize interception request first, to satisfy child support obligations as specified in statute; and then, to satisfy a court judgment that orders a defendant or child respondent to make restitution for a crime or delinquent act, as specified by statute.

The Secretary of Human Resources and the Director of SLA may jointly adopt regulations to implement the lottery prize interception provisions.

The bill is contingent on the enactment of HB 78 of the 2003 session. If HB 78 does not become law, then the bill becomes null and void without further action by the General Assembly.

**Current Law:** Current law procedures relating to certification to and withholding of winnings by SLA are the same as set forth in the bill except that the certification by CSEA is permissive and the authority only applies to lottery winnings and not video lottery winnings.

**Background:** The U.S. Department of Health and Human Services, through its Office of Child Support Enforcement (OCSE) sets standards for the state administration of child support enforcement programs. All states participate in this partnership. The federal government reimburses states for about two-thirds of their child support enforcement programs through cooperative reimbursement grants. States may also receive incentives for innovative programs or for early compliance with federal standards.

As part of the federal budget package for federal fiscal 2004, the U.S. Department of Health and Human Services is proposing legislation that would authorize the OCSE to garnish the winnings of child support obligors who win at the casinos, the track, keno parlors, off-track betting, and other gambling venues. The federal government projects additional child support collections of \$700 million over the next five years, and up to \$2 billion over the next ten years. The estimated program cost for this federal initiative is \$40 million over the next five years. If Congress approves legislation, OCSE would set

up a secure Internet site to match the names of gambling winners with child support obligors. Gamblers who win \$5,000 or more would have their names checked through the Federal Parent Locator Service before they could collect their winnings. The Federal Parent Locator Service is currently used by the Internal Revenue Service, state lottery agencies, and other government agencies to intercept tax refunds and other assets of child support obligors.

The National Conference of State Legislatures reports that 46 out of 50 states and the District of Columbia have procedures in place to intercept or seize periodic or lump-sum payments made to obligors by a state or local agency. As of 2001, the states that do not have these procedures are Kansas, Montana, Nebraska, and New Hampshire.

**State Effect:** Child support collections could increase to the extent that the interception of video lottery terminal prizes facilitates child support enforcement efforts. Any such increase cannot be quantified at this time due to the unavailability of data. TCA recipients must assign their support rights to the State and federal government as partial reimbursement for TCA payments made on behalf of the children of the obligor; as a result, TCA child support collections are distributed 50% to the State and 50% to the federal government.

The bill would have no impact on the operations or finances of SLA. SLA's current intercept program for lottery winnings would simply be expanded to cover video lottery winnings. Likewise, the Department of Human Resources would not be required to make any system change to implement the bill.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Human Resources, Maryland State Lottery Agency, *The Baltimore Sun*, *The Reno Gazette-Journal*, National Conference of State Legislatures, Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2003  
ncs/cer

---

Analysis by: Karen D. Morgan

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510