

# HOUSE BILL 1505

P3

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By: **Chair, Appropriations Committee (By Request – Departmental – Budget and Management)**

Introduced and read first time: March 4, 2010

Assigned to: Rules and Executive Nominations

Re-referred to: Appropriations, March 8, 2010

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Central Collection Unit – Collection of Debts Owed to the State**

3 FOR the purpose of authorizing the Central Collection Unit in the Department of  
4 Budget and Management to certify to the Comptroller and the State Lottery  
5 Agency certain debts or claims owed to the State; providing that certain  
6 information be provided to the Agency; requiring the Agency to follow certain  
7 procedures when a certain debtor wins a certain lottery prize; requiring the  
8 Agency to withhold a certain prize under certain circumstances; requiring the  
9 Agency to honor certain lottery prize interception requests in a certain order;  
10 providing an opportunity for a certain appeal under certain circumstances;  
11 providing certain procedures for conducting a certain appeal; authorizing the  
12 Secretary of Budget and Management and the Director of the State Lottery  
13 Agency to adopt certain regulations; adding to the criteria under which a lottery  
14 prize may be assignable; prohibiting certain acts; providing for the application  
15 of this Act; and generally relating to the interception of lottery prizes and  
16 income tax refunds on behalf of the Central Collection Unit.

17 BY repealing and reenacting, with amendments,  
18 Article – Criminal Procedure  
19 Section 11–618(c)(2)  
20 Annotated Code of Maryland  
21 (2008 Replacement Volume and 2009 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,  
2 Article – Family Law  
3 Section 10–113.1(h)  
4 Annotated Code of Maryland  
5 (2006 Replacement Volume and 2009 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article – State Finance and Procurement  
8 Section 3–304(a)  
9 Annotated Code of Maryland  
10 (2009 Replacement Volume)

11 BY adding to  
12 Article – State Finance and Procurement  
13 Section 3–307  
14 Annotated Code of Maryland  
15 (2009 Replacement Volume)

16 BY repealing and reenacting, with amendments,  
17 Article – State Government  
18 Section 9–122(b)(1) and 9–124(b)(6) and (c)(2) and (3)  
19 Annotated Code of Maryland  
20 (2009 Replacement Volume)

21 BY repealing and reenacting, with amendments,  
22 Article – Tax – General  
23 Section 13–918  
24 Annotated Code of Maryland  
25 (2004 Replacement Volume and 2009 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
27 MARYLAND, That the Laws of Maryland read as follows:

28 **Article – Criminal Procedure**

29 11–618.

30 (c) (2) The State Lottery Agency shall honor lottery prize interception  
31 requests in the following order:

32 (i) an interception request under § 10–113.1 of the Family Law  
33 Article; [and]

34 (ii) an interception request under this section; AND

35 (III) AN INTERCEPTION REQUEST UNDER § 3–307 OF THE  
36 STATE FINANCE AND PROCUREMENT ARTICLE.

1 **Article – Family Law**

2 10–113.1.

3 (h) The State Lottery Agency shall honor lottery prize interception requests  
4 in the following order:

5 (1) an interception request under this section; [and]

6 (2) an interception request under § 11–618 of the Criminal Procedure  
7 Article; AND

8 **(3) AN INTERCEPTION REQUEST UNDER § 3–307 OF THE STATE**  
9 **FINANCE AND PROCUREMENT ARTICLE.**

10 **Article – State Finance and Procurement**

11 3–304.

12 (a) In carrying out its responsibilities, the Central Collection Unit may:

13 (1) (i) institute, in its name, any action that is available under  
14 State law for collection of a debt or claim; or

15 (ii) without suit, settle the debt or claim;

16 (2) for all debts or claims collected on or after June 1, 1992:

17 (i) in addition to the outstanding principal and interest, assess  
18 and collect from the debtor a fee, which may not exceed 20% of the outstanding  
19 principal and interest, sufficient to cover all collection and administrative costs; and

20 (ii) prior to crediting any amount to any agency which refers a  
21 debt for any purpose, withhold a fee sufficient to cover all collection and  
22 administrative costs; [and]

23 (3) waive or reduce any fee assessed under paragraph (2) of this  
24 subsection; AND

25 **(4) CERTIFY A DEBT OR CLAIM AND THE DEBTOR RESPONSIBLE**  
26 **FOR THE DEBT OR CLAIM TO:**

27 **(I) THE COMPTROLLER FOR INCOME TAX REFUND**  
28 **INTERCEPTION IN ACCORDANCE WITH TITLE 13, SUBTITLE 9 OF THE TAX –**  
29 **GENERAL ARTICLE; AND**

1 (II) THE STATE LOTTERY AGENCY FOR STATE LOTTERY  
2 PRIZE INTERCEPTION IN ACCORDANCE WITH § 3-307 OF THIS SUBTITLE.

3 3-307.

4 (A) CERTIFICATION OF A DEBT OR CLAIM OWED TO THE STATE THAT  
5 THE CENTRAL COLLECTION UNIT SENDS TO THE STATE LOTTERY AGENCY  
6 UNDER § 3-304(A)(4) OF THIS SUBTITLE SHALL CONTAIN:

7 (1) THE FULL NAME OF THE DEBTOR AND ANY OTHER NAME  
8 KNOWN TO BE USED BY THE DEBTOR;

9 (2) THE SOCIAL SECURITY NUMBER OF THE DEBTOR; AND

10 (3) THE AMOUNT OF THE DEBT.

11 (B) IF A DEBTOR WINS A LOTTERY PRIZE TO BE PAID ~~ELECTRONICALLY~~  
12 ~~OR BY CHECK~~ DIRECTLY BY THE STATE LOTTERY AGENCY, THE STATE  
13 LOTTERY AGENCY SHALL ~~SEND A NOTICE TO~~ NOTIFY THE DEBTOR THAT:

14 (1) THE DEBTOR HAS WON A PRIZE TO BE PAID BY THE STATE  
15 LOTTERY AGENCY;

16 (2) THE STATE LOTTERY AGENCY HAS RECEIVED NOTICE FROM  
17 THE CENTRAL COLLECTION UNIT OF THE DEBTOR'S DEBT OR CLAIM OWED TO  
18 THE STATE IN THE SPECIFIED AMOUNT;

19 (3) STATE LAW REQUIRES THE STATE LOTTERY AGENCY TO  
20 WITHHOLD THE PRIZE AND TO PAY IT TOWARDS THE DEBTOR'S DEBT OR CLAIM;

21 (4) THE DEBTOR MAY APPEAL TO THE CENTRAL COLLECTION  
22 UNIT IF THE DEBTOR DISPUTES THE EXISTENCE OR THE AMOUNT OF THE DEBT  
23 OR CLAIM; AND

24 (5) IF AN APPEAL IS NOT FILED WITHIN 15 DAYS AFTER THE DATE  
25 OF THE NOTICE, THE STATE LOTTERY AGENCY WILL TRANSFER THE PRIZE OR  
26 THE PART OF THE PRIZE THAT EQUALS THE AMOUNT OF THE DEBT OR CLAIM TO  
27 THE CENTRAL COLLECTION UNIT.

28 (C) (1) THE STATE LOTTERY AGENCY SHALL WITHHOLD ALL OR  
29 PART OF THE PRIZE UP TO THE AMOUNT OF THE DEBT OR CLAIM OWED TO THE  
30 STATE UNTIL THE CENTRAL COLLECTION UNIT NOTIFIES THE STATE LOTTERY  
31 AGENCY TO WHOM THE WITHHELD PRIZE MONEY IS TO BE PAID.

1           **(2) THE STATE LOTTERY AGENCY SHALL HONOR LOTTERY PRIZE**  
2 **INTERCEPTION REQUESTS IN THE FOLLOWING ORDER:**

3                   **(I) AN INTERCEPTION REQUEST UNDER § 10-113.1 OF THE**  
4 **FAMILY LAW ARTICLE;**

5                   **(II) AN INTERCEPTION REQUEST UNDER § 11-618 OF THE**  
6 **CRIMINAL PROCEDURE ARTICLE; AND**

7                   **(III) AN INTERCEPTION REQUEST UNDER THIS SECTION.**

8           **(D) (1) ON RECEIPT OF A NOTICE FROM THE STATE LOTTERY**  
9 **AGENCY, A DEBTOR WHO DISPUTES THE EXISTENCE OR AMOUNT OF THE DEBT**  
10 **OR CLAIM MAY APPEAL THE PROPOSED TRANSFER IN ACCORDANCE WITH THE**  
11 **PROVISIONS OF THE ADMINISTRATIVE PROCEDURE ACT, TITLE 10, SUBTITLE 2**  
12 **OF THE STATE GOVERNMENT ARTICLE.**

13                   **(2) IF AN APPEAL IS NOT FILED WITHIN 15 DAYS AFTER THE DATE**  
14 **OF THE NOTICE, THE STATE LOTTERY AGENCY SHALL TRANSFER THE AMOUNT**  
15 **OF THE PRIZE WITHHELD TO THE CENTRAL COLLECTION UNIT.**

16                   **(3) IF THE DEBTOR APPEALS THE PROPOSED TRANSFER, AFTER A**  
17 **HEARING THE CENTRAL COLLECTION UNIT SHALL NOTIFY THE STATE**  
18 **LOTTERY AGENCY THAT THE WITHHELD PRIZE SHALL BE:**

19                   **(I) PAID TO THE DEBTOR;**

20                   **(II) TRANSFERRED TO THE CENTRAL COLLECTION UNIT;**

21 **OR**

22                   **(III) IN SPECIFIED AMOUNTS, PARTLY PAID TO THE DEBTOR**  
23 **AND PARTLY TRANSFERRED TO THE CENTRAL COLLECTION UNIT.**

24           **(E) THE SECRETARY AND THE DIRECTOR OF THE STATE LOTTERY**  
25 **AGENCY MAY JOINTLY ADOPT REGULATIONS TO CARRY OUT THIS SECTION.**

26                                   **Article – State Government**

27 9-122.

28           (b) (1) Except as otherwise provided in this subsection, § 10-113.1 of the  
29 Family Law Article, [and] § 11-618 of the Criminal Procedure Article, **AND § 3-307**  
30 **OF THE STATE FINANCE AND PROCUREMENT ARTICLE**, a prize won under this  
31 subtitle is not assignable.

1 9–124.

2 (b) Except as otherwise provided in this section, a person or governmental  
3 unit may not:

4 (6) knowingly purchase a State lottery ticket or share from another  
5 person with the intent to deceive or circumvent the payment of prize winnings to the  
6 State, in accordance with:

7 (i) § 11–616(b) of the Criminal Procedure Article;

8 (ii) § 10–113.1(a) of the Family Law Article; [or]

9 (iii) **§ 3–307 OF THE STATE FINANCE AND PROCUREMENT**  
10 **ARTICLE; OR**

11 **(IV) § 10–905(c)(3) of the Tax – General Article.**

12 (c) (2) For prizes of over \$600, a licensed agent may not fail to determine,  
13 through the Agency and prior to paying the prize whether a holder of a winning lottery  
14 ticket has been certified under:

15 (i) § 11–616(b) of the Criminal Procedure Article; [or]

16 (ii) § 10–113.1(a) of the Family Law Article; **OR**

17 **(III) § 3–307 OF THE STATE FINANCE AND PROCUREMENT**  
18 **ARTICLE.**

19 (3) A licensed agent may not pay a prize to a holder of a winning  
20 lottery ticket if the Agency has notified the licensed agent that the holder has been  
21 certified under:

22 (i) § 11–616(b) of the Criminal Procedure Article; [or]

23 (ii) § 10–113.1 of the Family Law Article; **OR**

24 **(III) § 3–307 OF THE STATE FINANCE AND PROCUREMENT**  
25 **ARTICLE.**

26 **Article – Tax – General**

27 13–918.

28 (a) The Comptroller shall honor income tax refund interception requests in  
29 the following order:

1                   (1)     a refund interception request to collect an unpaid State, county, or  
2 municipal tax;

3                   (2)     a refund interception request under Title 10, Subtitle 1, Part II of  
4 the Family Law Article;

5                   (3)     a refund interception request for converted funds under § 15–122.2  
6 of the Health – General Article;

7                   **(4)     A REFUND INTERCEPTION REQUEST UNDER § 3–304 OF THE**  
8 **STATE FINANCE AND PROCUREMENT ARTICLE;**

9                   **[(4)] (5)**     any other refund interception request by the State, county,  
10 or other political subdivision of the State;

11                   **[(5)] (6)**     a request for intercept made by a taxing official under Part  
12 IV of this subtitle; and

13                   **[(6)] (7)**     a request for intercept made by a federal official under Part  
14 VI of this subtitle.

15                   (b)     The Comptroller shall honor vendor payment interception requests in the  
16 same order of priority provided in subsection (a) of this section for honoring income tax  
17 refund interception requests.

18                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
19 construed to apply to every debt or claim owed to the State on or after the effective  
20 date of this Act.

21                   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2010.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.