

## 2007 DRAFTING REQUEST

### Bill

Received: 11/14/2006

Received By: rryan

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Easton

This file may be shown to any legislator: NO

Drafter: rryan

May Contact:

Addl. Drafters:

Subject: Gambling - lottery

Extra Copies:

Submit via email: NO

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### Pre Topic:

DOA:.....Easton, BB0166 -

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### Topic:

Withholding money owed to state agencies from lottery prizes

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### Instructions:

See Attached

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### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/P1	rryan 11/20/2006	kfollett 11/21/2006 kfollett 01/30/2007	jfrantze 11/21/2006	_____	mbarman 11/21/2006		State
/P2	rryan 02/06/2007	kfollett 02/06/2007	sherritz 01/30/2007	_____	sbasford 01/30/2007		State
/P3			jfrantze 02/06/2007	_____	sbasford 02/06/2007		

FE Sent For:

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*2/4* *J Self*  
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*1 p2kif*  
*1/30*      *sh*  
*1/30*      *sh/jf*  
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/?	rryan	1P1/gjf 11/21		<i>Self</i> 11/21			State

FE Sent For:

<END>

PI

*In 11/20/06*

*RMR*

DOA:.....Easton, BB0168 - Withholding money owed to state agencies from lottery prizes

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

*D-Note*

*Don't Gen*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**GAMBLING**

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

2 SECTION 1. 565.30 (5) of the statutes is amended to read:

1           565.30 (5) WITHHOLDING OF DELINQUENT STATE TAXES, CHILD SUPPORT OR DEBTS  
2           OWED THE STATE. The administrator shall report the name, address and social security  
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11          the department of workforce development or its designee under s. 49.855 (1) whether  
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3 agency or person shall be in proportion to the prize amount as is the delinquency or  
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History: 1987 a. 119, 399; 1989 a. 31; 1989 a. 56 s. 259; 1989 a. 359; 1991 a. 269; 1993 a. 16, 481; 1995 a. 27 ss. 6981j, 6981k, 9126 (19); 1995 a. 225, 404; 1997 a. 3, 27, 35; 1997 a. 148 ss. 3 to 5; 1997 a. 191; 1999 a. 9, 185, 194; 2005 a. 387; 2005 a. 443 s. 265.

5 **SECTION 9441. Effective dates; Revenue.**

6 (1) WITHHOLDING FROM LOTTERY PRIZE PAYMENTS. The treatment of section 565.30  
7 (5) of the statutes takes effect on the first day of the <sup>3rd</sup> ~~third~~ month beginning after  
8 publication.

9 (END)

*D - Note*

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0766/P1dn

RLR: kjf

*Date*

Darren Easton:

This draft does not address the order in which money withheld from lottery prize payments under s. 565.30 (5) should be allocated. Currently, s. 565.30 (5) provides that if the money withheld is insufficient to pay delinquent state taxes, child support, and debt owed to state agencies, then the amount withheld shall be allocated in proportion to the amounts owed. The drafting instructions state that DOR should be allowed to allocate money withheld under s. 565.30 (5) to pay DOR's administrative expenses before allocating money for child support and debts owed to state agencies. This presumes that delinquent state taxes should be paid first, and not in proportion to child support or debts owed to state agencies. What should the complete priority of payment be for amounts withheld under s. 565.30 (5)?

Robin Ryan  
Legislative Attorney  
Phone: (608) 261-6927  
E-mail: robin.ryan@legis.wisconsin.gov

## 2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Debt Collection from Lottery Prizes
- Tracking Code: BB 0166
- SBO team: Tax and Local Government
- SBO analyst: Easton
  - Phone: 6-7597
  - Email: Darren.easton@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): Low

**Legislative Proposal Summary  
Wisconsin Department of Revenue  
IS & E Division**

**September 12, 2006**

**TITLE: ADMINISTRATIVE CHARGES FOR SET OFF OF AGENCY DEBTS TO  
LOTTERY PRIZES**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Section 565.30(5), Wis. Stats., sets forth a requirement to set off lottery prizes exceeding \$1,000 to delinquent state taxes, child support, or debts owed the state. The statute requires the department to charge its administrative expenses to the state agency that receives the remittance.

Section 71.93(5), Wis. Stats., was created by 2005 Act 59. Effective April 1, 2006, each debtor, rather than the state agency, is charged the costs to administer the program for set off of tax refunds to other agency debt.

The problem occurs because the department will charge the debtor for costs of set off of tax debts, but will charge state agencies for the cost of set off of lottery debts. This will cause confusion to both debtors and state agencies, and will complicate the computer programming necessary to administer collection of the administrative fees.

**RECOMMENDATION FOR ACTION**

Amend sec. 565.30(5), Wis. Stats., to charge the debtor for the administrative expenses of the lottery set off program. Allow the department to set off amounts charged to the debtor against any lottery prize prior to distribution of the proceeds to child support or debts owed to other state agencies. <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>

**ADMINISTRATIVE IMPACT**

This proposal will provide a solution to the problem.

**FAIRNESS/TAX EQUITY**

Fairness results when the debtor pays the cost to administer the setoff collection program.

**IMPACT ON ECONOMIC DEVELOPMENT**

No impact.

**FISCAL EFFECT**

Minimal. Possible small revenue increase to the extent that state agencies won't be paying the administrative costs of offsets and any expenditure authority lapses.

## **DRAFTING INSTRUCTIONS**

See Recommendation for Action

## **EFFECTIVE DATE AND/OR INITIAL APPLICATION**

The effective date may be 60 days after publication. ✕

## **INTERESTED/AFFECTED PARTIES**

State agencies and lottery prize winners are the interested parties.

## **DOR CONTACT PERSON**

Diane Hardt, 266-6798  
[Dhardt@dor.state.wi.us](mailto:Dhardt@dor.state.wi.us)

**PREPARED BY** Catherine Bink  
August 3, 2006

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0766/P1dn  
RLR:kjf:jf

November 21, 2006

Darren Easton:

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State of Wisconsin  
2007 - 2008 LEGISLATURE

ps  
LRB-0766/PI  
RLR:kjf

In 1/30/07

DOA:.....Easton, BB0168 - Withholding money owed to state agencies from lottery prizes

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

RMK  
D-N

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[by SECTION AR Sec]

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LRB-0766/P2dn

RLR: *KJF*

*Date*

*f* This draft reconciles LRB-0766 ✓ and LRB-1261. All of these drafts should continue to appear in the compiled bill. *Both*

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RLR:kjf:sh

January 30, 2007

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0766/P2

RLR:kjf:sh

P3

2/6/07

RMV

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0766/P3  
RLR:kjf:jf

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