

1999 ASSEMBLY BILL 406

July 8, 1999 – Introduced by Representatives TOWNSEND, SUDER, HUEBSCH, MUSSER, HAHN, AINSWORTH, ALBERS, SERATTI, KREIBICH, SYKORA, VRAKAS, SKINDRUD and PETTIS, cosponsored by Senators MOEN and ROESSLER. Referred to Committee on State Affairs.

1 **AN ACT to amend** 71.01 (6) (m) and 565.30 (1); and **to create** 565.28 of the
2 **statutes; relating to:** allowing certain persons to elect the form of payment of
3 a lottery prize.

Analysis by the Legislative Reference Bureau

Under current law, persons eligible to receive payment of a lottery prize include a lottery ticket or lottery share holder, the estate of a deceased prize winner, the guardian of a minor eligible to receive a lottery prize or an adult member of the minor's family or a person designated by court order to receive a prize.

This bill allows persons who become eligible to receive payment of a lottery prize on or after the effective date of this bill to elect to receive payment of a lottery prize either in the form of a lump-sum payment or in instalments if the prize is payable over at least ten years as determined by the lottery administrator. An election may be made at any time within 60 days after a person becomes entitled to a lottery prize. If an election is not made within 60 days after a person becomes entitled to a lottery prize, the prize is paid in instalments. Once an election is made, it is final and may not be revoked.

This bill also allows persons who became eligible to receive payment of a lottery prize on or before October 21, 1998, and who currently receive payment of a lottery prize in the form of annuity to elect to change the form of payment to a lump sum if the prize is payable over at least ten years. A person who elects to change the form of payment of a lottery prize must do so no earlier than July 1, 1999, and no later than January 1, 2001. Once a person elects to change the form of payment of his or her lottery prize, the election is final and may not be revoked.

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Under this bill a prize winner who has the option of choosing to receive a lottery prize, either in a lump sum or as an annuity, not later than 60 days after becoming entitled to the prize, or who has the option to change the form of payment of a lottery prize no earlier than July 1, 1999, and no later than January 1, 2001, is not required to include amounts in gross income immediately merely by reason of having the option.

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:

1 **SECTION 1.** 71.01 (6) (m) of the statutes is amended to read:

2 71.01 **(6)** (m) For taxable years that begin after December 31, 1997, for natural
3 persons and fiduciaries, except fiduciaries of nuclear decommissioning trust or
4 reserve funds, “Internal Revenue Code” means the federal Internal Revenue Code
5 as amended to December 31, 1997, excluding sections 103, 104 and 110 of P.L.
6 102–227, sections 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103–66 and
7 sections 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104–188, and as
8 amended by section 5301 of P.L. 105–277 and as indirectly affected by P.L. 99–514,
9 P.L. 100–203, P.L. 100–647, P.L. 101–73, P.L. 101–140, P.L. 101–179, P.L. 101–239,
10 P.L. 101–280, P.L. 101–508, P.L. 102–90, P.L. 102–227, excluding sections 103, 104
11 and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding sections
12 13113, 13150 (d), 13171 (d), 13174 and 13203 (d) of P.L. 103–66, P.L. 103–296, P.L.
13 103–337, P.L. 103–465, P.L. 104–7, P.L. 104–117, P.L. 104–188, excluding sections
14 1123 (b), 1202 (c), 1204 (f), 1311 and 1605 (d) of P.L. 104–188, P.L. 104–191, P.L.
15 104–193, P.L. 105–33 and, P.L. 105–34 and section 5301 of P.L. 105–277. The
16 Internal Revenue Code applies for Wisconsin purposes at the same time as for federal
17 purposes. Amendments to the federal Internal Revenue Code enacted after
18 December 31, 1997, do not apply to this paragraph with respect to taxable years

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1 beginning after December 31, 1997, except that changes to the Internal Revenue
2 Code made by section 5301 of P.L. 105-277 and changes that indirectly affect the
3 provisions applicable to this subchapter made by section 5301 of P.L. 105-277 apply
4 for Wisconsin purposes at the same time as for federal purposes.

5 **SECTION 2.** 565.28 of the statutes is created to read:

6 **565.28 Lottery prize payment option. (1)** (a) A person who becomes
7 entitled to receive payment of a lottery prize under s. 565.30 (1) on or after the
8 effective date of this paragraph [revisor inserts date], may elect to receive
9 payment of the lottery prize in the form of a lump sum or in instalments over a period
10 of years if the lottery prize is payable over at least 10 years.

11 (b) A person who chooses to make an election under par. (a) shall make the
12 election no later than 60 days after becoming entitled to the lottery prize. An election
13 made under par. (a) is final and may not be revoked.

14 (c) If a person eligible to make an election under par. (a) does not make an
15 election within 60 days after becoming entitled to a lottery prize, the administrator
16 shall make payment in the form of an annuity.

17 **(2)** (a) A person who became entitled to receive payment of a lottery prize under
18 s. 565.30 (1) on or before October 21, 1998, and who currently receives payment of
19 the lottery prize in the form of an annuity may elect to change the form of payment
20 to a lump sum if the lottery prize is payable over at least 10 years.

21 (b) A person who chooses to make an election under par. (a) shall make the
22 election no earlier than July 1, 1999, and no later than January 1, 2001. An election
23 made under par. (a) is final and may not be revoked.

24 **SECTION 3.** 565.30 (1) of the statutes is amended to read:

