

By Mr. Keenan of Southwick, petition of Daniel F. Keenan for legislation to further regulate the assignment of prizes awarded by the State Lottery Commission. Government Regulations.

The Commonwealth of Massachusetts

In the Year Two Thousand and Three.

AN ACT RELATIVE TO THE ASSIGNMENT OF PRIZES FROM THE MASSACHUSETTS STATE LOTTERY.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Section 28 of Chapter 10 of the Massachusetts General Laws,  
2 as appearing in the 1996 Official Edition, is hereby amended by  
3 striking out section 28 and inserting in place thereof the following  
4 new section:—

5 Section 28. The right of any person to a prize drawn is not  
6 assignable except under the following limited circumstances:

7 (A) Payment of any prize drawn may be paid to the estate of a  
8 deceased prize winner as provided in section (3) or to the IV-D  
9 agency set forth in chapter one hundred and nineteen A.

10 (B) Payment of any prize drawn may be made to any person  
11 pursuant to an appropriate judicial order.

12 (C) The Commission may, by regulations adopted pursuant to  
13 section twenty-four, permit assignment of prizes for purposes of  
14 paying estate and inheritance taxes, or to a trust the beneficiaries  
15 of which are the prize winner, his mother, father, children, grand-  
16 children, brothers, sisters or spouse.

17 (D) Payment of any prize drawn may be made to any person  
18 pursuant to a voluntary assignment of the right to receive future  
19 prize payments, in whole or in part, if the assignment is made to a  
20 person or entity designated pursuant to an appropriate judicial  
21 order of a court of competent jurisdiction located in either the  
22 judicial district where the assignor resides or where the division's  
23 headquarters are located. Under this paragraph, the court shall

24 issue an order approving the assignment and directing the Com-  
25 mission to pay the assignee all future prize payments in whole or  
26 in part, if.

27 (i) the assignment is in writing, executed by the assignor and  
28 subject to the laws of Massachusetts;

29 (ii) the assignor provides a sworn affidavit to the court attesting  
30 that the assignor is of sound mind, is not acting under duress, has  
31 been advised regarding the assignment by his or her own indepen-  
32 dent legal counsel and understands and agrees that with regard to  
33 the assigned payments, the Commonwealth, the Commission, and  
34 the Director will have no further liability or responsibility to make  
35 said payments to the assignor; and

36 (iii) the proposed assignment does not include or cover pay-  
37 ments or portions of payments: (a) alleged to be subject to collec-  
38 tion by the IV-D agency as set forth in chapter one hundred and  
39 nineteen A, or (b) future obligations subject to an existing order  
40 entered pursuant to Chapter one hundred and nineteen A, unless  
41 appropriate provision is made in the order to satisfy, or set aside  
42 future funds to satisfy, the obligations giving rise to the offset, or  
43 embodied in the order entered pursuant to Chapter one hundred  
44 and nineteen A.

45 (E) The Commonwealth, the Commission, and the Director  
46 shall be discharged of all further liability upon payment of a prize  
47 pursuant to subsection D, and the assignee of a prize for value  
48 shall not be subject to any liability with respect to any provision  
49 or set aside pursuant to subsection D (iii) above.

50 (F) Soliciting or offering rights to lottery prize winnings, either  
51 by assignment or through pledge as collateral for a loan, shall not  
52 be deemed selling or offering for sale lottery tickets or shares  
53 under this act.

54 (G) The Director is authorized to establish a reasonable fee to  
55 defray any administrative expenses associated with assignments  
56 made pursuant to this section, including the cost to the State of  
57 any processing fee that may be imposed by a private annuity  
58 provider. The fee amount shall reflect the direct and indirect costs  
59 associated with processing the assignments.

60 (H) Notwithstanding any other provision of this section, no  
61 prizewinner shall have the right to assign prize payments upon:

62 (i) The issuance by the United States Internal Revenue Service  
63 (IRS) of a technical rule letter, revenue ruling, or other public  
64 ruling of the IRS in which the IRS determines that, based upon the  
65 right of assignment provided in Subsection D, a Massachusetts  
66 lottery prizewinner who does not assign any prize payments  
67 would be subject to an immediate income tax liability for the  
68 value of the entire prize rather than annual income tax liability for  
69 each installment when paid.

70 (ii) The issuance by a court of competent jurisdiction of a pub-  
71 lished decision holding that, based upon the right of assignment  
72 provided in Subsection D, a lottery prizewinner who does not  
73 assign any prize payments pursuant to this subsection would be  
74 subject to an immediate income tax liability for the value of the  
75 entire prize rather than annual income tax liability for each install-  
76 ment when paid.

77 (iii) Upon receipt of a letter or ruling from the IRS or a pub-  
78 lished decision of a court of competent jurisdiction, as specified in  
79 paragraphs (i or ii), the Director shall immediately file a copy of  
80 that letter, ruling, or published decision with the Secretary of  
81 State. Immediately upon the filing by the Director of a letter,  
82 ruling, or published decision with the Secretary of State, a  
83 prizewinner shall be ineligible to assign a prize pursuant to sub-  
84 section (1)(D).

85 (I) No person shall act as an assignee under this section without  
86 first registering with the Attorney General on a form prescribed by  
87 the Attorney General. The registration shall be in writing and in  
88 the form prescribed by the Attorney General and shall contain the  
89 name and address or addresses where the business of the registrant  
90 is located and if the registrant is a partnership, association, corpo-  
91 ration or other form of business organization, the names and  
92 addresses of each member, director and principal officer thereof.  
93 A copy of the completed form will also be filed with the Commis-  
94 sion.

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