

First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 11-0399.01 Ed DeCecco

SENATE BILL 11-051

SENATE SPONSORSHIP

Giron,

HOUSE SPONSORSHIP

Swerdfefer,

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING AN INTERCEPT OF A PERSON'S WINNINGS FOR THE**
102 **PURPOSE OF PAYING AN UNPAID DEBT DUE TO THE STATE, AND**
103 **MAKING AN APPROPRIATION THEREFOR.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Currently, the department of revenue offsets a person's lottery winnings by an amount equal to unpaid child support certified by the department of human services. The bill establishes a similar program for the department of revenue to offset a person's cash prize winnings by an

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
Amended 2nd Reading
April 25, 2011

amount equal to an unpaid debt due to the state that is certified by the department of personnel. An offset for state debt only occurs after the existing offset to the department of human services is complete.

The "Gambling Payment Intercept Act" is a current program that allows outstanding debts related to unpaid child support and court-ordered restitution to be deducted from a person's limited gaming and pari-mutuel wagering winnings. The bill expands this program to include an unpaid debt due to the state that is certified by the department of personnel. An intercept for state debt only occurs after the existing intercepts are complete.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 24-30-202.4 (3), Colorado Revised Statutes, is
3 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

4 **24-30-202.4. Collection of debts due the state - controller's**
5 **duties - creation of debt collection fund - definitions.**

6 (3) (f) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
7 CONTRARY, FOR THE 2011-12 FISCAL YEAR THE GENERAL ASSEMBLY MAY
8 APPROPRIATE MONEYS IN THE DEBT COLLECTION FUND CREATED IN
9 PARAGRAPH (e) OF THIS SUBSECTION (3) TO THE DEPARTMENT OF REVENUE
10 FOR THE PURPOSE OF MODIFYING THE PROGRAM ADMINISTERED THROUGH
11 THE "GAMBLING PAYMENT INTERCEPT ACT", PART 6 OF ARTICLE 35 OF
12 TITLE 24, TO INCLUDE THE COLLECTION OF UNPAID DEBTS DUE TO THE
13 STATE.

14 **SECTION 2.** Part 2 of article 30 of title 24, Colorado Revised
15 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
16 read:

17 **24-30-202.7. Lottery winnings offset - definitions.** (1) AS USED
18 IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

19 (a) "DEBTOR" MEANS A PERSON WHO OWES AN OUTSTANDING
20 DEBT.

1 (b) "OUTSTANDING DEBT" MEANS ANY UNPAID DEBT DUE TO THE
2 STATE THAT IS REFERRED PURSUANT TO SECTION 24-30-202.4 (2) TO THE
3 STATE CONTROLLER OR THE CENTRAL COLLECTION SERVICES SECTION OF
4 THE DIVISION OF FINANCE AND PROCUREMENT, OR ANY SUCCESSOR
5 SECTION, IN THE DEPARTMENT OF PERSONNEL, INCLUDING THE
6 COLLECTION FEE AND ANY ALLOWABLE FEES AND COSTS PURSUANT TO
7 SECTION 24-30-202.4 (8).

8 (2) THE DEPARTMENT OF PERSONNEL SHALL PERIODICALLY
9 CERTIFY TO THE DEPARTMENT OF REVENUE INFORMATION REGARDING
10 DEBTORS WITH AN OUTSTANDING DEBT. SUCH INFORMATION SHALL
11 INCLUDE THE SOCIAL SECURITY NUMBER OF THE DEBTOR, THE AMOUNT OF
12 THE DEBTOR'S OUTSTANDING DEBT, AND ANY OTHER IDENTIFYING
13 INFORMATION REQUIRED BY THE DEPARTMENT OF REVENUE.

14 (3) UPON RECEIVING NOTIFICATION FROM THE DEPARTMENT OF
15 REVENUE THAT A LOTTERY CASH PRIZE WINNER APPEARS AMONG THOSE
16 CERTIFIED BY THE DEPARTMENT OF PERSONNEL, THE DEPARTMENT OF
17 REVENUE SHALL NOTIFY THE DEBTOR, IN WRITING, THAT THE STATE
18 INTENDS TO OFFSET THE DEBTOR'S OUTSTANDING DEBT AGAINST THE
19 DEBTOR'S WINNINGS FROM THE STATE LOTTERY. SUCH NOTIFICATION
20 SHALL INCLUDE INFORMATION ON THE DEBTOR'S RIGHT TO OBJECT TO THE
21 OFFSET AND TO REQUEST AN ADMINISTRATIVE REVIEW PURSUANT TO THE
22 RULES OF THE DEPARTMENT OF PERSONNEL.

23 (4) UPON NOTIFICATION BY THE DEPARTMENT OF REVENUE OF
24 AMOUNTS DEPOSITED WITH THE STATE TREASURER PURSUANT TO SECTION
25 24-35-212, THE PROCEEDS OF THE OUTSTANDING DEBT COLLECTED SHALL
26 BE ACCOUNTED FOR AND DEPOSITED INTO THE FUND OR FUNDS REQUIRED
27 PURSUANT TO SECTION 24-30-202.4 (3) (d).

1 (5) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF PERSONNEL
2 SHALL PROMULGATE RULES PURSUANT TO ARTICLE 4 OF THIS TITLE
3 ESTABLISHING PROCEDURES TO IMPLEMENT THIS SECTION.

4 **SECTION 3.** 24-35-212 (5) (a), Colorado Revised Statutes, is
5 amended, and the said 24-35-212 (5) is further amended BY THE
6 ADDITION OF A NEW PARAGRAPH, to read:

7 **24-35-212. Prizes.** (5) (a) Prior to the payment of any lottery
8 cash prize or non-cash prize required by rule and regulation of the
9 commission to be paid only at the lottery offices and subject to state and
10 federal tax reporting, the department of revenue shall require the winner
11 to submit the winner's social security number and federal employer
12 identification number, if applicable, and shall check the social security
13 number of the winner with those certified by the department of human
14 services for the purpose of the state lottery winnings offset as provided
15 in section 26-13-118, C.R.S. FOR A LOTTERY CASH PRIZE, THE
16 DEPARTMENT OF REVENUE SHALL ALSO CHECK THE SOCIAL SECURITY
17 NUMBER OF THE WINNER WITH THOSE CERTIFIED BY THE DEPARTMENT OF
18 PERSONNEL FOR THE PURPOSE OF THE STATE LOTTERY WINNINGS OFFSET
19 AS PROVIDED IN SECTION 24-30-202.7. The social security number and the
20 federal employer identification number shall not become part of the
21 public record of the department of revenue. If the social security number
22 of a lottery winner appears among those certified by the department of
23 human services, the department of revenue shall obtain the current
24 address of the winner, notify the department of human services, and
25 suspend the payment of the cash prize or non-cash prize until the
26 requirements of section 26-13-118, C.R.S., are met. If, after consulting
27 with the department of human services, the department of revenue

1 determines that the lottery winner owes a child support debt or child
2 support costs pursuant to section 14-14-104, C.R.S., or owes child
3 support arrearages as part of an enforcement action pursuant to article 5
4 of title 14, C.R.S., or owes child support arrearages or child support costs
5 which are the subject of enforcement services provided pursuant to
6 section 26-13-106, C.R.S., then the department of revenue shall withhold
7 from the amount of the cash prize paid to the lottery winner an amount
8 equal to the amount of child support debt, child support arrearages, and
9 child support costs which are due or, if the amount of the cash prize is
10 less than or equal to the amount of child support debt, arrearages, and
11 costs due, shall withhold the entire amount of the lottery cash prize. Any
12 cash prize so withheld FOR THE DEPARTMENT OF HUMAN SERVICES shall
13 be transmitted to the state treasurer for disbursement by the department
14 of human services as directed in section 26-13-118, C.R.S. IF THE SOCIAL
15 SECURITY NUMBER OF A LOTTERY CASH PRIZE WINNER APPEARS AMONG
16 THOSE CERTIFIED BY THE DEPARTMENT OF PERSONNEL, THE DEPARTMENT
17 OF REVENUE SHALL OBTAIN THE CURRENT ADDRESS OF THE WINNER,
18 NOTIFY THE DEPARTMENT OF PERSONNEL, AND SUSPEND THE PAYMENT OF
19 THE CASH PRIZE UNTIL THE REQUIREMENTS OF SECTION 24-30-202.7 ARE
20 MET. IF, AFTER CONSULTING WITH THE DEPARTMENT OF PERSONNEL, THE
21 DEPARTMENT OF REVENUE DETERMINES THAT THE LOTTERY WINNER OWES
22 AN OUTSTANDING DEBT THAT HAS BEEN CERTIFIED PURSUANT TO SECTION
23 24-30-202.7, THEN THE DEPARTMENT OF REVENUE SHALL WITHHOLD FROM
24 THE AMOUNT OF THE CASH PRIZE PAID TO THE LOTTERY WINNER AN
25 AMOUNT EQUAL TO THE AMOUNT OF THE OUTSTANDING DEBT OR, IF THE
26 AMOUNT OF THE CASH PRIZE IS LESS THAN OR EQUAL TO THE AMOUNT OF
27 THE OUTSTANDING DEBT, SHALL WITHHOLD THE ENTIRE AMOUNT OF THE

1 LOTTERY CASH PRIZE. ANY CASH PRIZE SO WITHHELD FOR THE
2 DEPARTMENT OF PERSONNEL SHALL BE TRANSMITTED TO THE STATE
3 TREASURER FOR DISBURSEMENT IN ACCORDANCE WITH SECTION
4 24-30-202.7 (4).

5 (e) (I) NOTWITHSTANDING ANY PROVISION OF THIS SUBSECTION (5)
6 TO THE CONTRARY, IF, IN ADDITION TO OWING AN OUTSTANDING DEBT, A
7 LOTTERY WINNER OWES EITHER RESTITUTION AS DESCRIBED IN SECTION
8 24-35-212.5 OR A CHILD SUPPORT DEBT OR ARREARAGES OR CHILD
9 SUPPORT COSTS AS DESCRIBED IN THIS SUBSECTION (5), ANY LOTTERY
10 WINNINGS OFFSET AGAINST SUCH RESTITUTION OR CHILD SUPPORT DEBT OR
11 ARREARAGES OR CHILD SUPPORT COSTS SHALL TAKE PRIORITY AND BE
12 APPLIED FIRST. IF, IN SUCH INSTANCE, THE LOTTERY WINNER OWES BOTH
13 TYPES OF DEBTS, BOTH OFFSETS SHALL TAKE PRIORITY AND THE
14 PROVISIONS OF SECTION 24-35-212.5 (3) SHALL APPLY.

15 (II) THE REMAINING LOTTERY WINNING MONEYS, IF ANY, AFTER
16 THE OFFSETS DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (e)
17 SHALL BE APPLIED TOWARD THE PAYMENT OF OUTSTANDING DEBT AND
18 PROCESSED IN ACCORDANCE WITH THIS SECTION.

19 **SECTION 4.** 24-35-602 (1), Colorado Revised Statutes, is
20 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

21 **24-35-602. Legislative declaration.** (1) The general assembly
22 hereby finds and declares that:

23 (h) AN UNCOLLECTED DEBT TO THE STATE SHOULD BE DEDUCTED
24 FROM A PERSON'S WINNINGS.

25 **SECTION 5.** 24-35-603 (2) (a), Colorado Revised Statutes, is
26 amended to read:

27 **24-35-603. Definitions.** As used in this part 6, unless the context

1 otherwise requires:

2 (2) (a) "Outstanding debt" means:

3 (I) Unpaid child support debt or child support costs to the state
4 pursuant to section 14-14-104, C.R.S., and arrearages of child support
5 requested as part of an enforcement action pursuant to article 5 of title 14,
6 C.R.S., or arrearages of child support that are the subject of enforcement
7 services provided pursuant to section 26-13-106, C.R.S.; and

8 (II) Restitution that a person has been ordered to pay pursuant to
9 section 18-1.3-603 or 19-2-918, C.R.S., regardless of the date that the
10 restitution was ordered; AND

11 (III) ANY UNPAID DEBT DUE TO THE STATE THAT IS REFERRED
12 PURSUANT TO SECTION 24-30-202.4 (2) TO THE STATE CONTROLLER OR
13 THE CENTRAL COLLECTION SERVICES SECTION OF THE DIVISION OF FINANCE
14 AND PROCUREMENT, OR ANY SUCCESSOR SECTION, IN THE DEPARTMENT OF
15 PERSONNEL, AND INCLUDING THE COLLECTION FEE AND ANY ALLOWABLE
16 FEES AND COSTS PURSUANT TO SECTION 24-30-202.4 (8).

17 **SECTION 6.** 24-35-604 (3), Colorado Revised Statutes, is
18 amended, and the said 24-35-604 is further amended BY THE
19 ADDITION OF A NEW SUBSECTION, to read:

20 **24-35-604. Registry - creation - information.** (2.5) ON AND
21 AFTER SEPTEMBER 1, 2011, THE DEPARTMENT OF PERSONNEL SHALL
22 CERTIFY TO THE REGISTRY OPERATOR THE INFORMATION INDICATED IN
23 SUBSECTION (4) OF THIS SECTION REGARDING EACH PERSON WITH AN
24 OUTSTANDING DEBT AS SPECIFIED IN SECTION 24-35-603 (2) (a) (III).

25 (3) The registry operator shall enter in the registry the information
26 certified to the registry operator by the judicial department, and the
27 department of human services, AND THE DEPARTMENT OF PERSONNEL

1 pursuant to subsections (1.5), ~~and~~ (2), AND (2.5) of this section.

2 **SECTION 7.** 24-35-605 (2) (b) (IV), Colorado Revised Statutes,
3 is amended BY THE ADDITION OF A NEW SUB-SUBPARAGRAPH
4 to read:

5 **24-35-605. Payments - limited gaming and pari-mutuel**
6 **wagering licensees - procedures.** (2) (b) If the registry operator replies
7 that the winner is listed in the registry:

8 (IV) The registry operator shall send to the certifying department
9 the moneys and information received from a licensee pursuant to
10 subparagraph (III) of this paragraph (b). If more than one department
11 certified a winner, the registry operator shall send the information to each
12 certifying department and distribute the moneys among the departments
13 as follows:

14 (C) OF ANY MONEYS REMAINING AFTER THE DISTRIBUTION, IF ANY,
15 TO THE JUDICIAL DEPARTMENT PURSUANT TO SUB-SUBPARAGRAPH (B) OF
16 THIS SUBPARAGRAPH (IV), THE REGISTRY OPERATOR SHALL SEND TO THE
17 DEPARTMENT OF PERSONNEL ANY AMOUNT CERTIFIED BY THE
18 DEPARTMENT OF PERSONNEL.

19 **SECTION 8.** 24-35-607 (2), Colorado Revised Statutes, is
20 amended to read:

21 **24-35-607. Contracting authority - memoranda of**
22 **understanding - rules.** (2) The department of revenue may enter into
23 memoranda of understanding with the judicial department, ~~and~~ the
24 department of human services, AND THE DEPARTMENT OF PERSONNEL to
25 implement this part 6. If the registry is operated by a private entity
26 pursuant to this section, the registry operator may enter into memoranda
27 of understanding with the judicial department, ~~and~~ the department of

1 human services, AND THE DEPARTMENT OF PERSONNEL to implement this
2 part 6.

3 **SECTION 9. Appropriation.** In addition to any other
4 appropriation, there is hereby appropriated, out of any moneys in the debt
5 collection cash fund created in section 24-30-202.4 (3) (e), Colorado
6 Revised Statutes, not otherwise appropriated, to the department of
7 revenue, for allocation to the information technology division, for the
8 fiscal year beginning July 1, 2011, the sum of ninety-four thousand six
9 hundred dollars (\$94,600) cash funds, or so much thereof as may be
10 necessary, for the implementation of this act.

11 **SECTION 10. Act subject to petition - effective date.** This act
12 shall take effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly (August
14 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a
15 referendum petition is filed pursuant to section 1 (3) of article V of the
16 state constitution against this act or an item, section, or part of this act
17 within such period, then the act, item, section, or part shall not take effect
18 unless approved by the people at the general election to be held in
19 November 2012 and shall take effect on the date of the official
20 declaration of the vote thereon by the governor.