

**First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO**

REVISED

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

LLS NO. 11-0399.01 Ed DeCecco

SENATE BILL 11-051

SENATE SPONSORSHIP

Giron,

HOUSE SPONSORSHIP

Swerdfeger,

Senate Committees

Finance
Appropriations

House Committees

Finance
Appropriations

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.*

HOUSE
Am ended 2nd Reading
May 10, 2011

SENATE
3rd Reading Unamended
April 26, 2011

SENATE
Am ended 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). "OUTSTANDING DEBT" DOES NOT INCLUDE ANY
8 DEBT COLLECTED BY THE DEPARTMENT OF PERSONNEL FOR A POLITICAL
9 SUBDIVISION OF THE STATE.

10 (2) BEGINNING JANUARY 1, 2012, THE DEPARTMENT OF PERSONNEL
11 SHALL PERIODICALLY CERTIFY TO THE DEPARTMENT OF REVENUE
12 INFORMATION REGARDING DEBTORS WITH AN OUTSTANDING DEBT. SUCH
13 INFORMATION SHALL INCLUDE THE SOCIAL SECURITY NUMBER OF THE
14 DEBTOR, THE AMOUNT OF THE DEBTOR'S OUTSTANDING DEBT, AND ANY
15 OTHER IDENTIFYING INFORMATION REQUIRED BY THE DEPARTMENT OF
16 REVENUE.

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

26 (4) UPON NOTIFICATION BY THE DEPARTMENT OF REVENUE OF
27 AMOUNTS DEPOSITED WITH THE STATE TREASURER PURSUANT TO SECTION

1 24-35-212, THE PROCEEDS OF THE OUTSTANDING DEBT COLLECTED SHALL
2 BE ACCOUNTED FOR AND DEPOSITED INTO THE FUND OR FUNDS REQUIRED
3 PURSUANT TO SECTION 24-30-202.4 (3) (d).

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

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

10 **24-35-212. Prizes.** (5) (a) Prior to the payment of any lottery
11 cash prize or non-cash prize required by rule and regulation of the
12 commission to be paid only at the lottery offices and subject to state and
13 federal tax reporting, the department of revenue shall require the winner
14 to submit the winner's social security number and federal employer
15 identification number, if applicable, and shall check the social security
16 number of the winner with those certified by the department of human
17 services for the purpose of the state lottery winnings offset as provided
18 in section 26-13-118, C.R.S. FOR A LOTTERY CASH PRIZE, BEGINNING
19 JANUARY 1, 2012, THE DEPARTMENT OF REVENUE SHALL ALSO CHECK THE
20 SOCIAL SECURITY NUMBER OF THE WINNER WITH THOSE CERTIFIED BY THE
21 DEPARTMENT OF PERSONNEL FOR THE PURPOSE OF THE STATE LOTTERY
22 WINNINGS OFFSET AS PROVIDED IN SECTION 24-30-202.7. The social
23 security number and the federal employer identification number shall not
24 become part of the public record of the department of revenue. If the
25 social security number of a lottery winner appears among those certified
26 by the department of human services, the department of revenue shall
27 obtain the current address of the winner, notify the department of human

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

1 AMOUNT EQUAL TO THE AMOUNT OF THE OUTSTANDING DEBT OR, IF THE
2 AMOUNT OF THE CASH PRIZE IS LESS THAN OR EQUAL TO THE AMOUNT OF
3 THE OUTSTANDING DEBT, SHALL WITHHOLD THE ENTIRE AMOUNT OF THE
4 LOTTERY CASH PRIZE. ANY CASH PRIZE SO WITHHELD FOR THE
5 DEPARTMENT OF PERSONNEL SHALL BE TRANSMITTED TO THE STATE
6 TREASURER FOR DISBURSEMENT IN ACCORDANCE WITH SECTION
7 24-30-202.7 (4).

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

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

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

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

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

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

3 **24-35-603. Definitions.** As used in this part 6, unless the context
4 otherwise requires:

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

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

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

14 (III) ANY UNPAID DEBT DUE TO THE STATE THAT IS REFERRED
15 PURSUANT TO SECTION 24-30-202.4 (2) TO THE STATE CONTROLLER OR
16 THE CENTRAL COLLECTION SERVICES SECTION OF THE DIVISION OF FINANCE
17 AND PROCUREMENT, OR ANY SUCCESSOR SECTION, IN THE DEPARTMENT OF
18 PERSONNEL, AND INCLUDING THE COLLECTION FEE AND ANY ALLOWABLE
19 FEES AND COSTS PURSUANT TO SECTION 24-30-202.4 (8). "OUTSTANDING
20 DEBT" DOES NOT INCLUDE ANY DEBT COLLECTED BY THE DEPARTMENT OF
21 PERSONNEL FOR A POLITICAL SUBDIVISION OF THE STATE.

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

25 **24-35-604. Registry - creation - information.** (2.5) ON AND
26 AFTER JANUARY 1, 2012, THE DEPARTMENT OF PERSONNEL SHALL CERTIFY
27 TO THE REGISTRY OPERATOR THE INFORMATION INDICATED IN SUBSECTION

1 (4) OF THIS SECTION REGARDING EACH PERSON WITH AN OUTSTANDING
2 DEBT AS SPECIFIED IN SECTION 24-35-603 (2) (a) (III).

3 (3) The registry operator shall enter in the registry the information
4 certified to the registry operator by the judicial department, ~~and~~ the
5 department of human services, AND THE DEPARTMENT OF PERSONNEL
6 pursuant to subsections (1.5), ~~and~~ (2), AND (2.5) of this section.

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

10 **24-35-605. Payments - limited gaming and pari-mutuel**
11 **wagering licensees - procedures.** (2) (b) If the registry operator replies
12 that the winner is listed in the registry:

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

19 (C) OF ANY MONEYS REMAINING AFTER THE DISTRIBUTION, IF ANY,
20 TO THE JUDICIAL DEPARTMENT PURSUANT TO SUB-SUBPARAGRAPH (B) OF
21 THIS SUBPARAGRAPH (IV), THE REGISTRY OPERATOR SHALL SEND TO THE
22 DEPARTMENT OF PERSONNEL ANY AMOUNT CERTIFIED BY THE
23 DEPARTMENT OF PERSONNEL.

24 **SECTION 8.** 24-35-607 (2) and (4), Colorado Revised Statutes,
25 are amended to read:

26 **24-35-607. Contracting authority - memoranda of**
27 **understanding - rules.** (2) The department of revenue may enter into

1 memoranda of understanding with the judicial department, and the
2 department of human services, AND THE DEPARTMENT OF PERSONNEL to
3 implement this part 6. If the registry is operated by a private entity
4 pursuant to this section, the registry operator may enter into memoranda
5 of understanding with the judicial department, and the department of
6 human services, AND THE DEPARTMENT OF PERSONNEL to implement this
7 part 6.

8 (4) The executive director of the department of revenue shall
9 promulgate a rule in accordance with article 4 of this title allowing a
10 licensee to retain a portion of a AT LEAST THIRTY DOLLARS OF EACH
11 payment withheld pursuant to this part 6 to cover the licensee's costs of
12 compliance with this part 6, which amount shall be added to the debtor's
13 outstanding debt.

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

22 **SECTION 10. Act subject to petition - effective date.** This act
23 shall take effect at 12:01 a.m. on the day following the expiration of the
24 ninety-day period after final adjournment of the general assembly (August
25 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a
26 referendum petition is filed pursuant to section 1 (3) of article V of the
27 state constitution against this act or an item, section, or part of this act

1 within such period, then the act, item, section, or part shall not take effect
2 unless approved by the people at the general election to be held in
3 November 2012 and shall take effect on the date of the official
4 declaration of the vote thereon by the governor.