
ENGROSSED HOUSE BILL 2142

State of Washington 55th Legislature 1997 Regular Session

By Representatives Lisk, Cole and Honeyford

Read first time 02/24/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to assignment of rights of lottery winnings;
2 amending RCW 67.70.100; and declaring an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 67.70.100 and 1996 c 228 s 2 are each amended to read
5 as follows:

6 (1) Except under subsection (2) of this section, no right of any
7 person to a prize drawn is assignable, except that payment of any prize
8 drawn may be paid to the estate of a deceased prize winner, and except
9 that any person pursuant to an appropriate judicial order may be paid
10 the prize to which the winner is entitled.

11 (2)(a) The payment of all or part of the remainder of an annuity
12 may be assigned to another person, pursuant to a voluntary assignment
13 of the right to receive future annual prize payments, if the assignment
14 is made pursuant to an appropriate judicial order of the Thurston
15 county superior court or the superior court of the county in which the
16 prize winner resides, if the winner is a resident of Washington state.
17 If the prize winner is not a resident of Washington state, the winner
18 must seek an appropriate order from the Thurston county superior court.

1 (b) If there is a voluntary assignment under (a) of this
2 subsection, a copy of the petition for an order under (a) of this
3 subsection and all notices of any hearing in the matter shall be served
4 on the attorney general no later than ten days before any hearing or
5 entry of any order.

6 (c) The court receiving the petition may issue an order approving
7 the assignment and directing the director to pay to the assignee the
8 remainder or portion of an annuity so assigned upon finding that all of
9 the following conditions have been met:

10 (i) The assignment has been memorialized in writing and executed by
11 the assignor and is subject to Washington law;

12 (ii) The assignor provides a sworn declaration to the court
13 attesting to the facts that the assignor has had the opportunity to be
14 represented by independent legal counsel in connection with the
15 assignment, has received independent financial and tax advice
16 concerning the effects of the assignment, and is of sound mind and not
17 acting under duress, and the court makes findings determining so;
18 ((and))

19 (iii) The assignee has provided a one-page written disclosure
20 statement that sets forth in bold-face type, fourteen point or larger,
21 the payments being assigned by amount and payment dates, the purchase
22 price, or loan amount being paid; the interest rate or rate of discount
23 to present value, assuming monthly compounding and funding on the
24 contract date; and the amount, if any, of any origination or closing
25 fees that will be charged to the lottery winner. The disclosure
26 statement must also advise the winner that the winner should consult
27 with and rely upon the advice of his or her own independent legal or
28 financial advisors regarding the potential federal and state tax
29 consequences of the transaction; and

30 (iv) The proposed assignment does not and will not include or cover
31 payments or portions of payments subject to offsets pursuant to RCW
32 67.70.255 unless appropriate provision is made in the order to satisfy
33 the obligations giving rise to the offset.

34 (d) The commission may intervene as of right in any proceeding
35 under this section but shall not be deemed an indispensable or
36 necessary party.

37 (3) The director will not pay the assignee an amount in excess of
38 the annual payment entitled to the assignor.

1 (4) The commission may adopt rules pertaining to the assignment of
2 prizes under this section, including recovery of actual costs incurred
3 by the commission. The recovery of actual costs shall be deducted from
4 the initial annuity payment made to the assignee.

5 (5) No voluntary assignment under this section is effective unless
6 and until the national office of the federal internal revenue service
7 provides a ruling that declares that the voluntary assignment of prizes
8 will not affect the federal income tax treatment of prize winners who
9 do not assign their prizes. If at any time the federal internal
10 revenue service or a court of competent jurisdiction provides a
11 determination letter, revenue ruling, other public ruling of the
12 internal revenue service or published decision to any state lottery or
13 state lottery prize winner declaring that the voluntary assignment of
14 prizes will effect the federal income tax treatment of prize winners
15 who do not assign their prizes, the director shall immediately file a
16 copy of that letter, ruling, or published decision with the secretary
17 of state. No further voluntary assignments may be allowed after the
18 date the ruling, letter, or published decision is filed.

19 (6) The occurrence of any event described in subsection (5) of this
20 section does not render invalid or ineffective assignments validly made
21 and approved pursuant to an appropriate judicial order before the
22 occurrence of any such event.

23 (7) The requirement for a disclosure statement in subsection
24 (2)(c)(iii) of this section does not apply to any assignment agreement
25 executed before the effective date of this section.

26 (8) The commission and the director shall be discharged of all
27 further liability upon payment of a prize pursuant to this section.

28 NEW SECTION. Sec. 2. This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of the
30 state government and its existing public institutions, and takes effect
31 immediately.

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