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5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 67.70.100 and 1996 c 228 s 2 are each amended to read
8 as follows:

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

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

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

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

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

33 (ii) The assignor provides a sworn declaration to the court
34 attesting to the facts that the assignor has had the opportunity to be
35 represented by independent legal counsel in connection with the
36 assignment, has received independent financial and tax advice

1 concerning the effects of the assignment, and is of sound mind and not
2 acting under duress, and the court makes findings determining so;
3 ((and))

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

15 (iv) The proposed assignment does not and will not include or cover
16 payments or portions of payments subject to offsets pursuant to RCW
17 67.70.255 unless appropriate provision is made in the order to satisfy
18 the obligations giving rise to the offset.

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

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

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

28 (5) No voluntary assignment under this section is effective unless
29 and until the national office of the federal internal revenue service
30 provides a ruling that declares that the voluntary assignment of prizes
31 will not affect the federal income tax treatment of prize winners who
32 do not assign their prizes. If at any time the federal internal
33 revenue service or a court of competent jurisdiction provides a
34 determination letter, revenue ruling, other public ruling of the
35 internal revenue service or published decision to any state lottery or
36 state lottery prize winner declaring that the voluntary assignment of
37 prizes will effect the federal income tax treatment of prize winners
38 who do not assign their prizes, the director shall immediately file a
39 copy of that letter, ruling, or published decision with the secretary

1 of state. No further voluntary assignments may be allowed after the
2 date the ruling, letter, or published decision is filed.

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

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

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

12 NEW SECTION. Sec. 2. This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of the
14 state government and its existing public institutions, and takes effect
15 immediately."

16 Correct the title.

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