
SENATE BILL 5877

State of Washington 55th Legislature 1997 Regular Session

By Senators Newhouse, Heavey, Snyder and Winsley

Read first time 02/18/97. Referred to Committee on Commerce & Labor.

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

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 of an annuity so assigned upon finding that all of the
9 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 interest or discount rate based on the estimated funding
13 date has been disclosed, in writing, to the prize winner;

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

20 ((+iii+)) (iv) The proposed assignment does not and will not
21 include or cover payments or portions of payments subject to offsets
22 pursuant to RCW 67.70.255 unless appropriate provision is made in the
23 order to satisfy the obligations giving rise to the offset.

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

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

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

33 (5) ~~((No voluntary assignment under this section is effective~~
34 ~~unless and until the national office of the federal internal revenue~~
35 ~~service provides a ruling that declares that the voluntary assignment~~
36 ~~of prizes will not affect the federal income tax treatment of prize~~
37 ~~winners who do not assign their prizes)) Notwithstanding any other
38 provision of this section, a prize winner may not assign prize payments~~

1 pursuant to subsection (2) of this section if either of the following
2 occurs:

3 (a) The issuance by the United States internal revenue service of
4 a determination letter, revenue ruling, or other public ruling of the
5 internal revenue service in which the internal revenue service
6 determines, based upon the right of assignment provided in subsection
7 (2) of this section, that a Washington lottery prize winner who does
8 not assign any prize payments pursuant to subsection (2) of this
9 section would be currently subject to an immediate income tax liability
10 for the value of the entire prize rather than annual income tax
11 liability for each installment when paid; or

12 (b) The issuance by an appellate court of competent jurisdiction of
13 a published decision holding that, based upon the right of assignment
14 provided in subsection (2) of this section, a Washington lottery prize
15 winner who does not assign any prize payments pursuant to subsection
16 (2) of this section would be currently subject to an immediate income
17 tax liability for the value of the entire prize rather than annual
18 income tax liability for each installment when paid.

19 (6) Upon receipt of a determination letter or revenue ruling from
20 the internal revenue service or a published decision of an appellate
21 court of competent jurisdiction, as specified in subsection (5) of this
22 section, the director shall immediately file a copy of that letter,
23 ruling, or published decision with the secretary of state. Immediately
24 upon the filing by the director of a letter, ruling, or published
25 decision with the secretary of state, a prize winner is ineligible to
26 assign a prize pursuant to subsection (2) of this section.

27 (7) All voluntary assignments made between June 6, 1996, and the
28 effective date of this section that were executed in accordance with
29 the provisions of subsection (2) of this section shall remain in effect
30 and be honored by the commission, however, the requirement that the
31 interest or discount rate must be disclosed in writing to the prize
32 winner does not apply to any assignment agreement executed before the
33 effective date of this section.

34 ((+6+)) (8) The commission and the director shall be discharged of
35 all further liability upon payment of a prize pursuant to this section.

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