

SUBJECT: Repaying welfare benefits from lottery winnings

COMMITTEE: Human Services — committee substitute recommended

VOTE: 5 ayes — Hilderbran, Christian, Maxey, McReynolds, Wohlgemuth
2 nays — Naishtat, Davila
2 absent — Chavez, Krusee

WITNESSES: None

DIGEST: CSHB 159 would stipulate that receipt of Temporary Assistance for Needy Family (TANF) funds or food stamps would constitute an assignment of the recipient's rights to a lottery prize of \$600 or more. The prize would be applied to the total amount of the assistance provided. The lottery director would be required to pay any balance to the recipient after deducting the assigned amount. The Department of Human Services would have to provide the lottery director with the necessary information concerning assignment amounts.

The assignment would not be valid for lottery prizes won more than 60 days after the recipient was no longer receiving any benefits.

CSHB 159 would take effect September 1, 1997, and would apply to assistance provided and lottery prizes won after that date.

SUPPORTERS SAY: CSHB 159 would provide a means for welfare recipients who hit the jackpot to repay the state for the benefits paid to them. At least one other state has generated income with similar legislation, and here in Texas the lottery director already reduces winnings for other state mandates, such as delinquent taxes, child support or defaulted loans. The success of these programs is evidenced by the fact that they brought in more than \$900,000 in 1996.

CSHB 159 would also discourage welfare recipients from using state assistance for speculative purposes. Data from the lottery commission indicate that as many as 57 percent of Texans with incomes of \$10,000 or

less play the lottery. Allowing recipients to use TANF funds for gambling is not the way to foster self-sufficiency.

The bill would not be punitive. It would not require repayments of Medicaid, since this would unfairly target the elderly and would be extraneous the the bill's purpose to discourage irresponsible behavior.

**OPPONENTS
SAY:**

CSHB 159 would unfairly target the poor penalizing very people who choose to spend a dollar in the hopes of getting out of poverty —others who receive tax subsidies and other government benefits would not be required to pay back amounts received from lottery prizes. It would not discourage anyone from playing the lottery. Most people buy lottery tickets when the pot is very big, and even if they would have to pay back TANF funds, they would still be left with a fairly large amount of money. Most winnings are in the range well below \$600 — and CSHB 159 would not bother with those amounts.

It is unlikely that this bill would either generate much income for the state or dissuade welfare recipients from playing the lottery. What it would do is just create an unnecessary administrative burden for the lottery commission, which would have to develop a full set of procedures for the few occasions when it may deduct welfare or food stamp benefits from lottery prizes.

NOTES:

The committee substitute made the assignments applicable to both food stamp and TANF benefits and applicable only to lottery prizes of \$600 or more won within 60 days after benefits are received.