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## HOUSE BILL NO. 837

Offered January 26, 1998

A BILL to amend the Code of Virginia by adding in Title 58.1 a section numbered 58.1-4020.1, relating to voluntary assignment of lottery prizes.

Patrons—Cantor, Albo, Diamonstein, Kilgore and Reid; Senators: Trumbo and Wampler

Referred to Committee for Courts of Justice

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 58.1 a section numbered 58.1-4020.1 as follows:

§ 58.1-4020.1. Voluntary assignment of lottery prizes.

A. Lottery prizes, payable in installments over a period of time, may be voluntarily assigned by written contract, in whole or in part, by the person entitled to such installments pursuant to the written order of a court of competent jurisdiction subject to the following requirements:

1. The contract shall be signed by the assignor and the assignee.

2. The contract shall include a sworn statement attesting that the assignor (i) is of sound mind and not acting under duress, (ii) has retained independent legal counsel and independent financial counsel concerning the implications of the assignment, including the tax consequences, and (iii) the assignor understands that he is relinquishing his rights to receive the lottery proceeds so assigned.

3. The contract shall include a disclosure statement setting forth (i) the amounts assigned, (ii) the dates such amounts are payable, (iii) the purchase price paid for the assignment, (iv) the rate of discount to present value, and (iv) the amount of any fees associated with the assignment and by whom such fees are payable.

4. The contract shall expressly state that the assignor has three business days after signing the contract to cancel the assignment.

5. The contract shall expressly state that the assignee is eligible to purchase, share or receive prizes of the Virginia Lottery pursuant to §§ 58.1-4015, 58.1-4016 and 58.1-4019 A.

6. The contract shall expressly state that no amounts assigned are subject to setoff pursuant of Article 21 (§ 58.1-520 et seq.) of Chapter 3 of this title.

B. The Commonwealth, the Virginia Lottery and any employee or representative of either shall be held harmless upon payment of amounts due as set forth in the assignment.

C. The Lottery may establish a reasonable fee to process the assignments provided for in this section. Such fee shall be reflective of the direct and indirect cost of processing such assignments.

D. Notwithstanding the provisions of this section, the Commonwealth and the Virginia Lottery shall not accept any assignment if either of the following occurs:

1. Federal law provides that the right to assign lottery proceeds is deemed receipt of income in the year the lottery prize is won for all installment lottery prize winners. "Federal law" includes statutory law, rulings of courts of competent jurisdiction, and published rulings by the Internal Revenue Service.

2. State law provides that the right to assign lottery proceeds is deemed receipt of income in the year the lottery prize is won for all installment lottery prize winners. "State Law" includes statutory law, rulings of courts of competent jurisdiction, and published rulings by the Department of Taxation.

INTRODUCED

HB837