

**As Reported by the Senate State and Local Government and  
Veterans Affairs Committee**

**126th General Assembly**

**Regular Session**

**2005-2006**

**Sub. H. B. No. 122**

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Schaffer, Schneider, J. Stewart, Yuko**

**Senator Mumper**

**—**

**A B I L L**

To amend sections 3770.07, 3770.071, 3770.072, and 1  
5747.062 and to enact section 3123.89 of the 2  
Revised Code to prohibit the claiming and payment 3  
of a lottery prize award with a value in excess of 4  
\$599 until the beneficial owner's name, address, 5  
and Social Security number are disclosed to the 6  
State Lottery Commission, to make changes in the 7  
procedure for the deduction of support from 8  
lottery prize awards, to change the income tax 9  
withholding percentage for certain lottery prize 10  
award payments, and to modify the basis upon which 11  
the withholding computation is made. 12

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 3770.07, 3770.071, 3770.072, and 13

5747.062 be amended and section 3123.89 of the Revised Code be 14  
enacted to read as follows: 15

Sec. 3123.89. (A) Subject to section 3770.071 of the Revised 16  
Code, a child support enforcement agency that determines that an 17  
obligor who is the recipient of a lottery prize award is subject 18  
to a final and enforceable determination of default made under 19  
sections 3123.01 to 3123.07 of the Revised Code shall issue an 20  
intercept directive to the director of the state lottery 21  
commission. A copy of this intercept directive shall be sent to 22  
the obligor. 23

(B) The intercept directive shall require the director or the 24  
director's designee to transmit an amount or amounts from the 25  
proceeds of the specified lottery prize award to the office of 26  
child support in the department of job and family services. The 27  
intercept directive also shall contain all of the following 28  
information: 29

(1) The name, address, and social security number or taxpayer 30  
identification number of the obligor; 31

(2) A statement that the obligor has been determined to be in 32  
default under a support order; 33

(3) The amount of the arrearage owed by the obligor as 34  
determined by the agency. 35

(C) After receipt of an intercept directive and in accordance 36  
with section 3770.071 of the Revised Code, the director or the 37  
director's designee shall deduct the amount or amounts specified 38  
from the proceeds of the lottery prize award referred to in the 39  
directive and transmit the amounts to the office of child support. 40

**Sec. 3770.07. (A)(1) Except as provided in division (A)(2) of** 41  
**this section, lottery prize awards shall be claimed by the holder** 42  
**of the winning lottery ticket, or by the executor or** 43

administrator, or the trustee of a trust, of the estate of a 44  
deceased holder of a winning lottery ticket, in a manner to be 45  
determined by the state lottery commission, within one hundred 46  
eighty days after the date on which the prize award was announced 47  
if the lottery game is an ~~on-line~~ online game, and within one 48  
hundred eighty days after the close of the game if the lottery 49  
game is an instant game. 50

No lottery prize award with a value that exceeds five hundred 51  
ninety-nine dollars shall be claimed by or paid to any person, as 52  
defined in section 1.59 of the Revised Code or as defined by rule 53  
or order of the state lottery commission, until the name, address, 54  
and social security number of each beneficial owner of the prize 55  
award are disclosed to the commission. Except when a beneficial 56  
owner otherwise consents in writing, the name, address, and social 57  
security number of that beneficial owner in the commission's 58  
records as a result of that disclosure are confidential and shall 59  
not be subject to inspection or copying under section 149.43 of 60  
the Revised Code as a public record. 61

Except as otherwise provided in division (A)(1) of this 62  
section or as otherwise provided by law, the name and address of 63  
any individual claiming a lottery prize award are subject to 64  
inspection or copying under section 149.43 of the Revised Code as 65  
a public record. 66

(2) An eligible person serving on active military duty in any 67  
branch of the United States armed forces during a war or national 68  
emergency declared in accordance with federal law may submit a 69  
delayed claim for a lottery prize award. The eligible person shall 70  
do so by notifying the state lottery commission about the claim 71  
not later than the five hundred fortieth day after the date on 72  
which the prize award was announced if the lottery game is an 73  
~~on-line~~ online game or after the date on which the lottery game 74  
closed if the lottery game is an instant game. 75

(3) If no valid claim to a lottery prize award is made within 76  
the prescribed period, the prize money, the cost of goods and 77  
services awarded as prizes, or, if goods or services awarded as 78  
prizes are resold by the state lottery commission, the proceeds 79  
from their sale shall be returned to the state lottery fund and 80  
distributed in accordance with section 3770.06 of the Revised 81  
Code. 82

(4) The state lottery commission may share with other 83  
governmental agencies the name, address, and social security 84  
number of a beneficial owner disclosed to the commission under 85  
division (A)(1) of this section, as authorized under sections 86  
3770.071 and 3770.073 of the Revised Code. The shared information 87  
as disclosed pursuant to those sections remains confidential and 88  
shall not be subject to inspection or copying under section 149.43 89  
of the Revised Code as a public record unless the beneficial owner 90  
otherwise provides written, notarized consent. 91

(5) As used in this division: 92

(a) "Eligible person" means a person who is entitled to a 93  
lottery prize award and who falls into either of the following 94  
categories: 95

(i) While on active military duty in this state, the person, 96  
as the result of a war or national emergency declared in 97  
accordance with federal law, is transferred out of this state 98  
before the one hundred eightieth day after the date on which the 99  
winner of the lottery prize award is selected. 100

(ii) While serving in the reserve forces in this state, the 101  
person, as the result of a war or national emergency declared in 102  
accordance with federal law, is placed on active military duty and 103  
is transferred out of this state before the expiration of the one 104  
hundred eightieth day after the date on which the prize drawing 105  
occurs for an ~~on-line~~ online game or before the expiration of the 106

one hundred eightieth day following the close of an instant game 107  
as determined by the commission. 108

(b) "Active military duty" means that a person is covered by 109  
the "Servicemembers Civil Relief Act," 117 Stat. 2835 (2003), 50 110  
U.S.C. 501 et seq., as amended, or the "Uniformed Services 111  
Employment and Reemployment Rights Act of 1994," 108 Stat. 3149, 112  
38 U.S.C. 4301 et seq., as amended. 113

(c) "Each beneficial owner" means the ultimate recipient or, 114  
if there is more than one, each ultimate recipient of a lottery 115  
prize award. 116

(B) If a prize winner, as defined in section 3770.10 of the 117  
Revised Code, is under eighteen years of age, or is under some 118  
other legal disability, and the prize money or the cost of goods 119  
or services awarded as a prize exceeds one thousand dollars, the 120  
director of the state lottery commission shall order that payment 121  
be made to the order of the legal guardian of that prize winner. 122  
If the amount of the prize money or the cost of goods or services 123  
awarded as a prize is one thousand dollars or less, the director 124  
may order that payment be made to the order of the adult member, 125  
if any, of that prize winner's family legally responsible for the 126  
care of that prize winner. 127

(C) No right of any prize winner, as defined in section 128  
3770.10 of the Revised Code, to a prize award shall be the subject 129  
of a security interest or used as collateral. 130

(D)(1) No right of any prize winner, as defined in section 131  
3770.10 of the Revised Code, to a prize award shall be assignable, 132  
or subject to garnishment, attachment, execution, withholding, or 133  
deduction, except as follows: as provided in sections 3119.80, 134  
3119.81, 3121.02, 3121.03, and 3123.06 of the Revised Code; when 135  
the payment is to be made to the executor or administrator, or the 136  
trustee of a trust, of the estate of a winning ticket holder; when 137

the award of a prize is disputed, any person may be awarded a  
prize award to which another has claimed title, pursuant to the  
order of a court of competent jurisdiction; when a person is  
awarded a prize award to which another has claimed title, pursuant  
to the order of a federal bankruptcy court under Title 11 of the  
United States Code; when the director is to make a payment  
pursuant to section 3770.071 or 3770.073 of the Revised Code; or  
as provided in sections 3770.10 to 3770.14 of the Revised Code.

(2) The state lottery commission shall adopt rules pursuant  
to section 3770.03 of the Revised Code concerning the payment of  
prize awards upon the death of a prize winner, as defined in  
section 3770.10 of the Revised Code. Upon the death of a prize  
winner, the remainder of the prize winner's prize award, to the  
extent it is not subject to a transfer agreement under sections  
3770.10 to 3770.14 of the Revised Code, may be paid to the  
executor, administrator, or trustee in the form of a discounted  
lump sum cash settlement.

(E) No lottery prize award shall be awarded to or for any  
officer or employee of the state lottery commission, any officer  
or employee of the auditor of state actively coordinating and  
certifying commission drawings, or any blood relative or spouse of  
such an officer or employee of the commission or auditor of state  
living as a member of the officer's or employee's household, nor  
shall any such officer, employee, blood relative, or spouse  
attempt to claim a lottery prize award.

(F) The director may prohibit vendors to the state lottery  
commission and their employees from being awarded a lottery prize  
award.

(G) Upon the payment of prize awards pursuant to this  
section, the director and the state lottery commission are  
discharged from all further liability for their payment.

Sec. 3770.071. (A)(1) If the amount of the prize money or the 169  
cost of goods or services awarded as a lottery prize award is six 170  
hundred dollars or more, the director of the state lottery 171  
commission~~7~~ or the director's designee~~7~~ shall require the person 172  
entitled to the prize award to affirm in writing, under oath, 173  
whether or not the person is in default under a support order. The 174  
director or the director's designee also may take any additional 175  
appropriate steps to determine if the person entitled to the prize 176  
award is in default under a support order. If the person entitled 177  
to the prize award affirms that the person is in default under a 178  
support order, or if the director or the director's designee 179  
determines that the person is in default under a support order, 180  
the director or the director's designee shall temporarily withhold 181  
payment of the prize award and ~~inform~~ notify the ~~court~~ child 182  
support enforcement agency that ~~issued~~ administers the support 183  
order that the person is entitled to a prize award, of the amount 184  
of the prize award, and, if the prize award is to be paid in 185  
annual installments, of the number of installments. 186

~~After~~ (2) Upon receipt of the notice from the director or the 187  
director's designee, the ~~court shall give the person notice of the~~ 188  
~~director's notice, schedule a hearing to determine if the person~~ 189  
~~is in default and the amount of the default, and give the person~~ 190  
~~notice of the date, time, and location of the hearing~~ child 191  
support enforcement agency shall conduct an investigation to 192  
determine whether the person entitled to the lottery prize award 193  
is subject to a final and enforceable determination of default 194  
made under sections 3123.01 to 3123.07 of the Revised Code. If the 195  
~~court at the hearing~~ agency determines that the person is ~~in~~ 196  
~~default~~ so subject, it shall issue an ~~order~~ intercept directive as 197  
described in section 3123.89 of the Revised Code to the director 198  
at lottery commission headquarters requiring the director or the 199  
director's designee to deduct from any unpaid prize award or any 200

annual installment payment of ~~the~~ an unpaid prize award, a 201  
specified amount for ~~child support or spousal~~ support in 202  
satisfaction of the support order under which the person is in 203  
default. To the extent possible, the amount specified to be 204  
deducted under the ~~order issued under this section~~ intercept 205  
directive shall satisfy the amount ordered for ~~support or spousal~~ 206  
support in the support order under which the person is in default. 207  
Within 208

A child support enforcement agency shall issue an intercept 209  
directive within thirty days from the date the director or the 210  
director's designee notifies the agency under division (A)(1) of 211  
this section. Within thirty days after the date on which the ~~court~~ 212  
agency issues the ~~order under this section to the director~~ 213  
intercept directive, the director or the director's designee shall 214  
pay the amount specified in ~~that order~~ the intercept directive to 215  
the office of child support in the department of job and family 216  
services. ~~If~~ But, if the prize award is to be paid in annual 217  
installments, the director or the director's designee, on the date 218  
the next installment payment is due, shall ~~pay~~ deduct the amount 219  
specified in the ~~court order issued under this section~~ intercept 220  
directive from that installment and, if necessary, any subsequent 221  
annual installments, at the time ~~such~~ those installments become 222  
due and owing to the prize winner, and pay the amount to the 223  
office of child support. 224

(B) As used in this section: 225

(1) "Support order" has the same meaning as in section 226  
3119.01 of the Revised Code. 227

(2) "Default" has the same meaning as in section 3121.01 of 228  
the Revised Code. 229

(C) No person shall knowingly make a false affirmation or 230  
oath required by division (A) of this section. 231

Sec. 3770.072. (A) As used in this section, "prize winner," 232  
"transferee," and "transferor" have the same meanings as in 233  
section 3770.10 of the Revised Code. 234

(B) The state lottery commission shall deduct amounts from 235  
lottery prize awards and file returns in accordance with section 236  
5747.062 of the Revised Code and any rules adopted by the tax 237  
commissioner pursuant to that section. This division also applies 238  
to lottery prize award payments the commission remits to 239  
transferees. 240

(C)(1)(a) Each transferee shall deduct and withhold from each 241  
gross amount payable to each prize winner ~~three and one-half~~ six 242  
per cent of the gross amount payable prior to making any other 243  
reduction required by this chapter. 244

(b) Subject to division (C)(1)(c) of this section, each 245  
transferee, including any transferee that is a related member, as 246  
defined in section 5733.042 of the Revised Code, to the 247  
transferor, shall deduct and withhold from each amount payable to 248  
a transferor that is not a prize winner six per cent of the 249  
portion of the payment representing gain or income the transferor 250  
will recognize in connection with the payment. 251

(c) For purposes of division (C)(1)(b) of this section, the 252  
portion of any payment representing gain or income recognized by 253  
the transferor shall be computed in accordance with the Internal 254  
Revenue Code. The transferor shall prepare a written statement 255  
setting forth that amount and sign the statement under penalty of 256  
perjury. Within five days before the date on which the payment is 257  
to be made, the transferor shall deliver the written statement to 258  
the transferee and deliver a copy of the written statement to the 259  
tax commissioner. If the transferee does not receive the written 260  
statement by the time the payment is made, the transferee shall 261  
withhold six per cent of the entire amount of the payment. If the 262

tax commissioner notifies the transferee that the transferor has 263  
erroneously computed the amount of gain or income recognized, the 264  
transferee shall withhold six per cent of the entire amount of 265  
each payment to be made after the transferee receives the notice. 266

(d) The tax commissioner may impose a penalty of up to one 267  
thousand dollars for any person failing to timely deliver to the 268  
tax commissioner the copy of the written statement as required by 269  
division (C)(1)(c) of this section. Proceeds from the imposition 270  
of the penalty shall be considered as revenue arising from the tax 271  
imposed under section 5733.06 or 5747.02 of the Revised Code, as 272  
applicable. 273

(2) With respect to amounts deducted and withheld pursuant to 274  
division (C)(1) of this section, each transferee shall comply with 275  
divisions (A)(2) to (4) of section 5747.062 of the Revised Code. 276

(3) An employee of a corporation, limited liability company, 277  
or business trust having control or supervision of or charged with 278  
the responsibility of filing the report and making the payment 279  
required by division (C) of this section and section 5747.062 of 280  
the Revised Code, or an officer, member, manager, or trustee of a 281  
corporation, limited liability company, or business trust who is 282  
responsible for the execution of the corporation's, limited 283  
liability company's, or business trust's fiscal responsibilities, 284  
shall be personally liable for failure to file the report or pay 285  
the amount due as required by division (C) of this section and 286  
section 5747.062 of the Revised Code. The dissolution, 287  
termination, or bankruptcy of a corporation, limited liability 288  
company, or business trust does not discharge a responsible 289  
officer's, member's, manager's, employee's, or trustee's liability 290  
for a failure of the corporation, limited liability company, or 291  
business trust to file returns or pay the amount due. 292

(4)(a) The tax commissioner may make an assessment against 293

any person listed in division (C)(1) or (3) of this section for 294  
any deficiency for any period. Section 5747.13 of the Revised Code 295  
shall apply with respect to issuing assessments, filing petitions 296  
for reassessments, conducting hearings, issuing final 297  
determinations, making the assessment final, and filing the entry 298  
that makes the assessment final. Section 5717.02 of the Revised 299  
Code shall apply to appeals of the commissioner's final decision 300  
in connection with assessments issued pursuant to division (C)(4) 301  
of this section. 302

(b) An assessment issued against any person listed in 303  
division (C)(1) or (3) of this section shall not be considered an 304  
election of remedies or a bar to an assessment against any other 305  
person for the failure to comply with division (C)(1) of this 306  
section. No assessment shall be issued against any person who is 307  
so listed if the amount required to be withheld has been paid by 308  
another. 309

(c) The assessment shall include interest at the rate per 310  
annum prescribed by section 5703.47 of the Revised Code on 311  
liability from the time the payment is due until the date of 312  
assessment. Interest shall continue to accrue from the date of 313  
assessment until the date the assessment is paid in full. Any 314  
interest accruing subsequent to the date of the issuance of the 315  
assessment shall be considered to be an additional deficiency for 316  
which the tax commissioner may issue subsequent assessments. The 317  
initial assessment and any subsequent assessments may include a 318  
penalty in an amount not to exceed twice the applicable interest 319  
charged under this division. 320

**Sec. 5747.062.** As used in this section, "transferee" has the 321  
same meaning as in section 3770.10 of the Revised Code, and 322  
"recipient" includes a transferee. 323

(A)(1) The state lottery commission shall deduct and withhold 324

from each lottery prize award payment that exceeds five thousand 325  
dollars an amount equal to ~~three and one half~~ six per cent of the 326  
payment, prior to making any other reduction required by Chapter 327  
3770. of the Revised Code. 328

(2) On or before the tenth banking day of each month, the 329  
state lottery commission, and each transferee required to deduct 330  
and withhold amounts pursuant to section 3770.072 of the Revised 331  
Code, shall file a return and remit to the tax commissioner all 332  
amounts deducted and withheld pursuant to this section during the 333  
preceding month. 334

(3) On or before the thirty-first day of January of each 335  
year, the state lottery commission, and each transferee required 336  
to deduct and withhold amounts pursuant to section 3770.072 of the 337  
Revised Code, shall file with the commissioner an annual return, 338  
in the form prescribed by the tax commissioner, indicating the 339  
total amount deducted and withheld pursuant to this section or 340  
section 3770.072 of the Revised Code during the preceding calendar 341  
year. At the time of filing that return, the state lottery 342  
commission or transferee shall remit any amount deducted and 343  
withheld during the preceding calendar year that was not 344  
previously remitted. 345

(4) The state lottery commission, and each transferee 346  
required to deduct and withhold amounts pursuant to section 347  
3770.072 of the Revised Code, shall issue to each person with 348  
respect to whom tax has been deducted and withheld by the 349  
commission or transferee pursuant to this section or section 350  
3770.072 of the Revised Code during the preceding calendar year, 351  
an information return in the form prescribed by the commissioner. 352

(B)(1) Division (B)(1) of this section does not apply to 353  
persons classified for federal income tax purposes as associations 354  
taxable as corporations. 355

Amounts withheld pursuant to this section or section 3770.072 356  
of the Revised Code shall be treated as a credit against the tax 357  
imposed pursuant to section 5747.02 of the Revised Code upon the 358  
lottery prize award recipient, upon a beneficiary of such a 359  
recipient, or upon any investor in such a recipient if the 360  
recipient is a pass-through entity or disregarded entity, and 361  
shall be treated as paid by the recipient, beneficiary, or 362  
investor on the date on which those amounts are deducted and 363  
withheld. The credit is a refundable credit and shall be claimed 364  
in the order required under section 5747.98 of the Revised Code. 365  
The credit is available to the recipient, beneficiary, or investor 366  
even if the commission or transferee does not remit to the tax 367  
commissioner the amount withheld. 368

(2) Division (B)(2) of this section applies only to persons 369  
classified for federal income tax purposes as associations taxable 370  
as corporations. 371

~~Amount~~ Amounts withheld pursuant to this section or section 372  
3770.072 of the Revised Code shall be treated as a credit against 373  
the tax imposed pursuant to section 5733.06 of the Revised Code 374  
for the tax year immediately following the date on which those 375  
amounts are deducted and withheld, upon the lottery prize award 376  
recipient, upon a beneficiary of such a recipient, or upon an 377  
investor in such a recipient if the recipient is a pass-through 378  
entity or disregarded entity, and shall be treated as paid by the 379  
recipient, beneficiary, or investor on the date on which those 380  
amounts are deducted and withheld. The credit is a refundable 381  
credit and shall be claimed in the order required under section 382  
5733.98 of the Revised Code. The credit is available to the 383  
recipient, beneficiary, or investor even if the commission or 384  
transferee does not remit to the tax commissioner the amount 385  
withheld. 386

(3) Nothing in division (B)(1) or (2) of this section shall 387

be construed to allow more than one person to claim the credit for 388  
any portion of each amount deducted and withheld. 389

(C) Failure of the commission or any transferee to deduct and 390  
withhold the required amounts from lottery prize awards or to 391  
remit amounts withheld as required by this section and section 392  
3770.072 of the Revised Code shall not relieve a taxpayer 393  
described in division (B) of this section from liability for the 394  
tax imposed by section 5733.06 or 5747.02 of the Revised Code. 395

**Section 2.** That existing sections 3770.07, 3770.071, 396  
3770.072, and 5747.062 of the Revised Code are hereby repealed. 397