

1 AN ACT in relation to gambling.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Lottery Law is amended by
5 changing Section 13 and adding Section 13.1 as follows:

6 (20 ILCS 1605/13) (from Ch. 120, par. 1163)

7 Sec. 13. Except as otherwise provided in Section 13.1,
8 no prize, nor any portion of a prize, nor any right of any
9 person to a prize awarded shall be assignable. Any prize, or
10 portion thereof remaining unpaid at the death of a prize
11 winner, may be paid to the estate of such deceased prize
12 winner, or to the trustee under a revocable living trust
13 established by the deceased prize winner as settlor, provided
14 that a copy of such a trust has been filed with the
15 Department along with a notarized letter of direction from
16 the settlor and no written notice of revocation has been
17 received by the Department prior to the settlor's death.
18 Following such a settlor's death and prior to any payment to
19 such a successor trustee, the Director shall obtain from the
20 trustee and each trust beneficiary a written agreement to
21 indemnify and hold the Department harmless with respect to
22 any claims that may be asserted against the Department
23 arising from payment to or through the trust.
24 Notwithstanding any other provision of this Section, any
25 person pursuant to an appropriate judicial order may be paid
26 the prize to which a winner is entitled, and all or part of
27 any prize otherwise payable by State warrant under this
28 Section shall be withheld upon certification to the State
29 Comptroller from the Illinois Department of Public Aid as
30 provided in Section 10-17.5 of The Illinois Public Aid Code.
31 The Director shall be discharged of all further liability

1 upon payment of a prize pursuant to this Section.

2 (Source: P.A. 85-1224.)

3 (20 ILCS 1605/13.1 new)

4 Sec. 13.1. Assignment of prizes payable in installments.

5 (a) The right of any person to receive payments under a
6 prize that is paid in installments over time by the
7 Department may be voluntarily assigned, in whole or in part,
8 if the assignment is made to a person or entity designated
9 pursuant to an order of a court of competent jurisdiction
10 located in the judicial district where the assigning prize
11 winner resides or where the headquarters of the Department is
12 located. A court may issue an order approving a voluntary
13 assignment and directing the Department to make prize
14 payments in whole or in part to the designated assignee, if
15 the court finds that all of the following conditions have
16 been met:

17 (1) The assignment is in writing, is executed by
18 the assignor, and is, by its terms, subject to the laws
19 of this State.

20 (2) The purchase price being paid for the payments
21 being assigned represents a present value of the payments
22 being assigned, discounted at an annual rate that does
23 not exceed the State's limit for loans.

24 (3) The assignor provides a sworn affidavit
25 attesting that he or she:

26 (i) is of sound mind, is in full command of
27 his or her faculties, and is not acting under
28 duress;

29 (ii) has been advised regarding the assignment
30 by his or her own independent legal counsel, who is
31 unrelated to and is not being compensated by the
32 assignee or any of the assignee's affiliates, and
33 has received independent financial or tax advice

1 concerning the effects of the assignment from a
2 lawyer or other professional who is unrelated to and
3 is not being compensated by the assignee or any of
4 the assignee's affiliates;

5 (iii) understands that he or she will not
6 receive the prize payments or portions thereof for
7 the years assigned;

8 (iv) understands and agrees that, with regard
9 to the assigned payments, the Department and its
10 officials and employees will have no further
11 liability or responsibility to make the assigned
12 payments to him or her;

13 (v) has been provided with a one-page written
14 disclosure statement setting forth, in bold type of
15 not less than 14 points, the payments being
16 assigned, by amounts and payment dates; the purchase
17 price being paid; the rate of discount to present
18 value, assuming daily compounding and funding on the
19 contract date; and the amount, if any, of any
20 origination or closing fees that will be charged to
21 him or her; and

22 (vi) was advised in writing, at the time he or
23 she signed the assignment contract, that he or she
24 had the right to cancel the contract, without any
25 further obligation, within 3 business days following
26 the date on which the contract was signed.

27 (4) Written notice of the proposed assignment and
28 any court hearing concerning the proposed assignment is
29 provided to the Department's counsel at least 10 days
30 prior to any court hearing. The Department is not
31 required to appear in or be named as a party to any such
32 action seeking judicial confirmation of an assignment
33 under this Section, but may intervene as of right in any
34 such proceeding.

1 (b) A certified copy of a court order approving a
2 voluntary assignment must be provided to the Department no
3 later than 14 days before the date on which the payment is to
4 be made.

5 (c) A voluntary assignment may not include or cover
6 payments or portions of payments that are subject to offset
7 on account of a defaulted or delinquent child support
8 obligation or on account of a debt owed to a State agency.
9 Each court order issued under subsection (a) shall provide
10 that any delinquent child support obligations of the
11 assigning prize winner and any debts owed to a State agency
12 by the assigning prize winner, as of the date of the court
13 order, shall be offset by the Department first against
14 remaining payments or portions thereof due the prize winner
15 and then against payments due the assignee.

16 (d) The Department and its respective officials and
17 employees shall be discharged of all liability upon payment
18 of an assigned prize under this Section.

19 (e) The Department may establish a reasonable fee to
20 defray any administrative expenses associated with
21 assignments made under this Section, including the cost to
22 the Department of any processing fee that may be imposed by a
23 private annuity provider. The fee amount shall reflect the
24 direct and indirect costs associated with processing
25 assignments.

26 (f) If at any time the Internal Revenue Service or a
27 court of competent jurisdiction issues a determination
28 letter, revenue ruling, other public ruling of the Internal
29 Revenue Service, or published decision to the Department or
30 to any lottery prize winner declaring that the voluntary
31 assignment of prizes will affect the federal income tax
32 treatment of prize winners who do not assign their prizes,
33 the Department shall immediately file a copy of that letter,
34 ruling, or published decision with the Secretary of State and

1 the Administrative Office of the Illinois Courts. A court may
2 not issue an order authorizing a voluntary assignment under
3 this Section after the date any such ruling, letter, or
4 published decision is filed.