



Terry P. Presta
Executive Director

Sam Brownback
Governor

Written Testimony for Senate Bill 372
The Kansas Senate Committee of Public Health and Welfare
February 1, 2016

Madame Chair and members of the Committee:

Thank you for the opportunity to submit written testimony regarding Senate Bill 372, which addresses an act concerning public assistance, known as the HOPE Act. It is the Kansas Lottery's understanding that the amendments proposed in this legislation are to address eligibility requirements for which federal moneys are expended. The Lottery's testimony pertains only to the section of the Bill which involves the Lottery, Sec. 2 K.S.A. 2015 Supp. 39-709 (21) (c) (2). This amendment would require the Lottery to provide monthly detailed information of Kansas residents who win more than \$10,000 to the Kansas Department for Children and Families (DCF).

Prize Winner Anonymity

While the Lottery is neutral on the underlining bill, it does have concerns with administration of the proposed program and most importantly, maintaining compliance with player anonymity provisions of the existing Lottery statutes. Under K.S.A. 74-8720(h) prize claimants have the right to remain anonymous and the Lottery is prohibited from making any public disclosure of their personal information.

Consider the following scenario where granting access to a complete listing of Lottery winners could be a potential violation of a winner's anonymity:

If a winning player who has chosen to remain anonymous is a co-worker or acquaintance of the DCF staffer reviewing a complete listing of prize winners, the player's anonymity may be violated even without any subsequent public disclosure.

Recommended implementation of this program

All Lottery prize payments of \$5,001 or more are already processed through the SMART accounting system and paid from Prize Fund 7381. These payments are also subject to federal and state income tax withholding of 25% and 5%, respectively. Those funds are also run through the state set-off system to determine any monies owed before payment is made.

After discussions between the Lottery, DCF and Department of Administration staff, we would recommend the following implementation of this program:

- The SMART team at the Department of Administration will run a query of "supplier" payments from the Kansas Lottery Prize Fund 7381 (Lottery prize winners of \$5,001 or more are coded and processed through the SMART system as "suppliers").

- A file will be created by the SMART Team at the Department of Administration with the Taxpayer ID Number (Social Security Number) and the amount of the prize payment, net of 30% tax withholding.
- This file will be provided to DCF via secure file transfer protocols already in place as part of Department of Administration best practices.
- DCF staff will compare the file to a listing of Taxpayer ID Numbers for its recipients and make eligibility determinations for any matches.
- DCF will then take appropriate action upon the basis of those findings.

This administration model would alleviate the Lottery's concerns about releasing player information for the presumed majority of Lottery winners who are not receiving TANF payments or other state assistance. The utilization of existing SMART database information and secure data transfer protocols already in place at the Department of Administration are viewed as beneficial aspects of this implementation model.

We would not recommend lowering the Lottery prize threshold in this program below \$5,001. Any lower amount would require significant additional manpower and expense on behalf of Lottery staff in both terms of data aggregation and ensuring security of data transfer.

Additionally, further direct release of player information by the Lottery could be open to interpretation under the anonymity provisions of existing statutes.