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To: *Representative Steve Dargan*
Senator Andrea Stillman
Members of the Public Safety and Security Committee

From: *Representative Jim Shapiro*

Date: *March 2, 2010*

Re: Testimony in support of SB 196 AN ACT CONCERNING THE COLLECTION OF DELINQUENT TAXES AND LOTTERY

Representative Dargan, Senator Stillman and members of the Committee, I appreciate your taking up this bill for what is now the third straight year.

This legislation would provide that the CT Lottery Corporation check a tax delinquency database prior to paying winnings of more than \$5,000 and shall satisfy any owed taxes out of such lottery winnings. It is a small bill with potentially outsized results, and it makes sense at several levels especially in our current budgetary crisis.

First, the CT Lottery Corporation is a quasi-public agency that owes a duty to the general public. Second, each taxpayer has a duty to every other taxpayer to pay his or her fair share so that the burden does not fall too heavily on others. When you put the two together, it makes perfect sense that someone who owes taxes to the State – and therefore to all the other taxpayers in the State – should pay such taxes if they are lucky enough to get a windfall from the lottery. Furthermore, under state law, individuals receive the opportunity to challenge and appeal their placement on the tax delinquency database, and therefore, issues of legitimacy regarding the debt will already have been adjudicated prior to the time the CT Lottery Corporation makes any deductions pursuant to this bill.

In doing this, we would not be breaking new ground, but simply expanding a very successful program instituted only a few years ago in C.G.S. Section 52-362(c). Section 52-362(c) provides that the CT Lottery Corporation will check a Child Support database from the Department of Social Services, and use lottery proceeds to satisfy any back child support obligations. The program has been extremely successful, netting \$600,000 in its first four months of operation and millions of dollars in total. That means a great number of children received food, clothing, school books and bikes when they otherwise would have received nothing. Importantly, SB 196 does not alter that beneficial arrangement. The bill would still give priority to any Child Support claims, and such child support claims would be fulfilled out of lottery winnings prior to satisfying

any general tax delinquencies. It is most important that the children get the support they need, and any proceeds for tax delinquency should only come after the children are satisfied. But, what proved so helpful to children under Section 52-362(c) will also provide necessary relief for all taxpayers under this bill. While it is difficult to project the amount of revenue that would be recaptured under this proposal, the old adage of "a million here a million there, pretty soon we're talking about real money" seems appropriate. Anything recovered under this program can pay for roads, schools and emergency equipment that otherwise would have had to come from those who have already paid their taxes in full. This is especially important in these tough economic times of declining revenue.

The logic of this bill is strong, and we are also requiring equally logical mechanics to make this program safe and secure. Towards that end I have worked with both the Department of Revenue Services and the CT Lottery Corporation to construct a technologically sound and secure manner for utilizing the tax delinquency list while maintaining strictest confidentiality of tax records pursuant to C.G.S. Section 12-15. Both DRS and the CT Lottery Corporation are satisfied with the structure and guidelines they recommended to make this bill work.

Accordingly, I ask for the Committee's favorable report so that we can create a program that benefits all of our taxpayers. I thank the Chairs and members of the Committee for their time and attention.