

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1434 (Committee on Governmental Organization) – As Introduced March 11, 2026

Policy Committee: Governmental Organization

Vote: 18 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill revises the California State Lottery Act (Act) to specify the two purposes for which the California State Lottery (Lottery) may assign the payment of a prize under an appropriate judicial order.

The judicial order must be issued for either of the following purposes: (1) appointing a conservator or guardian for the protection of the prizewinner, or (2) adjudicating rights to, or ownership of, the prize.

**FISCAL EFFECT:**

Minor, likely negligible, cost savings to the Lottery, as this bill's clarification of existing law would decrease the staff workload required to ensure the proper parties receive payment in the rare case of an involuntary prize assignment.

**COMMENTS:**

- 1) **Purpose.** According to the author, "this bill makes a small change to the [Act] to provide clarity for the Lottery to be able to payout prizes to lottery winners if there is an appropriate judicial order."
- 2) **Assignment of Lottery Prizes.** The Act generally prohibits the assignment of lottery prizes during a winner's lifetime, except when authorized by certain judicial orders. In the 1990s, finance companies began offering lottery winners discounted lump-sum payments in exchange for the winners' future installment payments, relying on the judicial-order exception to seek court approval for these voluntary assignments.

Following a court case rejecting this practice, the Legislature enacted a law in 1995 maintaining the general prohibition on prize assignments, subject to limited exceptions, including an involuntary assignment under an appropriate judicial order. As explained in the Assembly Governmental Organization Committee's analysis of this bill:

The bill [AB 218] sought to make it clear that the prize can only be assigned by judicial order appointing a conservator or guardian for the protection of the prizewinner, or for adjudicating rights to, or ownership of, the prize.

While there is no evidence that the Legislature intended for AB 218 to restrict the court's power to assign a lottery prize based on an adjudication of ownership rights, nevertheless, in *Stone Street Capital v. California State Lottery Commission (2008)* the court interpreted the changes made by AB 218 to determine that the assignment exception applies only in connection with orders appointing a conservator or guardianship. Due to the drafting error in AB 218, although courts may adjudicate ownership, the Lottery lacks clear authority to issue the prize to the proper party.

This bill will correct the inadvertent drafting error by AB 218 to permit the assignment of lottery prizes based on an appropriate judicial order.

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