

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS55426-LE-231A* (4/7)

Short Title: Tax on Lottery Winnings/Comm. Coll. Equip. (Public)

Sponsors: Senator Dalton.

Referred to:

A BILL TO BE ENTITLED

AN ACT EARMARKING THE TAX COLLECTED ON LOTTERY WINNINGS FOR
COMMUNITY COLLEGE EQUIPMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-163.2B reads as rewritten:

"§ **105-163.2B. North Carolina State Lottery Commission must withhold taxes.**

The North Carolina State Lottery Commission, established by Chapter 18C of the General Statutes, must deduct and withhold State income taxes from the payment of winnings that are reportable to the Internal Revenue Service under section 3406 of the Code. The amount of taxes to be withheld is seven percent (7%) of the winnings. The Commission must file a return and pay the withheld taxes in the time and manner required under G.S. 105-163.6 as if the winnings were wages. The taxes the Commission withholds are held in trust for the Secretary.

The Secretary of Revenue shall transfer these funds at the end of each quarter to the State Board of Community Colleges' Equipment Reserve Fund. The State Board of Community Colleges shall distribute these funds annually to the community colleges in accordance with G.S. 115D-31.

SECTION 2. This act becomes effective July 1, 2006, and applies to winnings paid on or after that date.