

# HOUSE BILL No. 1523

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-30; IC 6-3-2-14; IC 6-3-2-14.5.

**Synopsis:** Taxation of lottery winnings. Imposes state income taxes on lottery prizes exceeding \$1,000. Requires the auditor of state to withhold taxes due on the winnings of consumers on lottery prizes of more than \$1,000.

**Effective:** January 1, 2000.

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**Avery, Frenz**

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January 19, 1999, read first time and referred to Committee on Ways and Means.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

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## HOUSE BILL No. 1523



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-30-11-11 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 11. (a) The  
3 treasurer of state, the department of state revenue, the **Indiana**  
4 department of administration, the Indiana department of transportation,  
5 the attorney general, and the courts shall identify to the commission, in  
6 the form and format prescribed by the commission and approved by the  
7 auditor of state, a person who:  
8 (1) owes an outstanding debt ~~to~~ to a state agency;  
9 (2) owes delinquent state taxes; or  
10 (3) owes child support collected and paid to a recipient through  
11 a court.  
12 (b) Before the payment of a prize of more than five hundred  
13 ninety-nine dollars (\$599) to a claimant, ~~identified under subsection~~  
14 ~~(a)~~, the commission shall transmit the prize money to the auditor of  
15 state who shall authorize payment of the balance to the prize winner  
16 after deduction of the ~~obligation~~. **obligations listed in subsection (a)**  
17 **and after deduction of the estimated adjusted gross income and**



1 **supplemental net income taxes owed under IC 6-3.** If a prize winner  
 2 owes multiple obligations subject to offset under this section and the  
 3 prize is insufficient to cover all obligations, the amount of the prize  
 4 shall be applied as follows:

5 (1) First, to the child support obligations owed by the prize winner  
 6 that are collected and paid to a recipient through a court.

7 (2) Second, to judgments owed by the prize winner.

8 (3) Third, to tax liens owed by the prize winner.

9 (4) Fourth, **to state income taxes owed under IC 6-3 on the**  
 10 **prize money from a winning lottery ticket.**

11 (5) Fifth, to unsecured debts owed by the prize winner.

12 Within each of the categories described in subdivisions (1) through ~~(4)~~;  
 13 **(5)**, the amount and priority of the prize shall be applied in the manner  
 14 that the auditor of state determines to be appropriate. The commission  
 15 shall reimburse the auditor of state pursuant to an agreement under  
 16 IC 4-30-15-5 for the expenses incurred by the auditor of state in  
 17 carrying out the duties required by this section.

18 (c) As used in this section, "debt" means an obligation that is  
 19 **evidence evidenced** by an assessment or lien issued by a state agency,  
 20 a judgment, or a final order of an administrative agency.

21 SECTION 2. IC 4-30-18-2 IS AMENDED TO READ AS  
 22 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. **The state gross**  
 23 **retail tax and local taxes, regardless of their type,** may not be imposed  
 24 **upon any prize paid or payable under this article or** upon the sale of any  
 25 lottery ticket under this article.

26 SECTION 3. IC 6-3-2-14 IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE JANUARY 1, 2000]: Sec. 14. **The first one thousand**  
 28 **dollars (\$1,000) of** prize money received from a winning lottery ticket  
 29 purchased under IC 4-30 is exempt from the adjusted gross income tax  
 30 and supplemental net income tax imposed by this article.

31 SECTION 4. IC 6-3-2-14.5 IS ADDED TO THE INDIANA CODE  
 32 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE  
 33 JANUARY 1, 2000]: Sec. 14.5. (a) **Except for the amount exempt**  
 34 **under section 14 of this chapter, prize money received from a**  
 35 **winning lottery ticket purchased under IC 4-30 and bonuses paid**  
 36 **to a retailer who sells a winning lottery ticket are subject to the**  
 37 **adjusted gross income tax and supplemental net income tax**  
 38 **imposed by this article.**

39 (b) **The auditor of state shall deduct the estimated taxes owed on**  
 40 **prize money of more than one thousand dollars (\$1,000) from a**  
 41 **winning lottery ticket and remit the amount deducted to the**  
 42 **department in the same manner as delinquent taxes are deducted**



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1       **and transferred under IC 4-30-11-11.**  
2       (c) **The auditor of state shall deduct the estimated taxes owed on**  
3       **bonuses of more than one thousand dollars (\$1,000) paid to a**  
4       **retailer who sells a winning lottery ticket and remit the amount**  
5       **deducted to the department in the same manner as delinquent**  
6       **taxes are deducted and transferred under IC 4-30-11-11.**  
7       SECTION 5. [EFFECTIVE JANUARY 1, 2000] **IC 4-30-11-11,**  
8       **IC 4-30-18-2, and IC 6-3-2-14, each as amended by this act, and**  
9       **IC 6-3-2-14.5, as added by this act, apply to taxable years that**  
10       **begin after December 31, 1999.**

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