

"AN ACT TO ESTABLISH A SYSTEM FOR THE WITHHOLDING OF STATE INCOME TAXES FROM GAMBLING WINNINGS; TO PRESCRIBE PENALTIES FOR FAILURE TO COMPLY WITH THE PROVISIONS OF THIS ACT; TO AUTHORIZE THE COMMISSIONER OF REVENUES TO PROMULGATE SUCH RULES, REGULATIONS, AND FORMS AS HE DEEMS NECESSARY TO FACILITATE THE OPERATION OF THIS ACT; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. This Act may be cited as the "Winnings Withholding Act of 1987."

SECTION 2. Every holder of a franchise to conduct dog racing or horse racing in this State making any single payment of winnings on a single wagering transaction of more than \$1,000 if the amount of such winnings is at least 300 times as large as the amount wagered shall deduct and withhold an amount equal to seven percent (7%) from such winnings. The term "winnings" means the amount paid with respect to the wager less the amount of the wager. The amount deducted and withheld from any person receiving winnings during the income year shall be credited against the tax liability of that person under Act 118 of 1929, as amended, for that year.

SECTION 3. Every person who is to receive a payment of winnings which are subject to this Act shall furnish the person making such payment a statement, made under penalties of perjury, containing the name, address, and taxpayer identification number of the person receiving the payment and of each person entitled to any portion of such payment.

SECTION 4. Every franchise holder shall be liable for amounts required to be deducted and withheld by this Act regardless of whether the amounts were in fact deducted and withheld.

SECTION 5. (a) Every franchise holder required to deduct and withhold from winnings under this Act shall, within sixty (60) days after the termination of its racing season, file a withholding return as prescribed by the Commissioner and pay over to the Commissioner the full amount required to be deducted and withheld from the winnings by such franchise holder for the income year.

(b) Every franchise holder who fails to withhold or pay to the Commissioner any sums required by this Act to be withheld and paid, shall be personally and individually liable therefor and any sum or sums withheld in accordance with the provisions of this Act shall be deemed to be held in trust for the State of Arkansas and shall be recorded by the franchise holder in a ledger account so as to clearly indicate the amount of tax withheld and that the amount is the property of the State of Arkansas.

SECTION 6. Every franchise holder shall file an annual statement of withholding for each person receiving winnings subject to withholding under this Act. The annual statement shall be in the form prescribed by the Commissioner and shall be filed with the Commissioner and two (2) copies thereof shall be furnished to each person who had received winnings during the income year, before the 31st day of January following the close of the income

year. Such statement shall show:

- (1) the name and withholding account number of the franchise holder,
- (2) the name and address of the person who had received the winnings and his taxpayer identification number,
- (3) the total amount of the winnings subject to withholding paid by the franchise holder to the recipient of the winnings, and
- (4) the total amount withheld from the recipient's winnings by the franchise holder pursuant to this Act for the income year, and such other information as the Commissioner shall require by rule or regulation.

SECTION 7. This Act shall be administered in accordance with the Arkansas Tax Procedure Act.

SECTION 8. An emergency is hereby found and determined by the General Assembly that the State of Arkansas is in serious danger of losing revenues which are necessary to provide adequate funding for schools and other essential services required by the citizens of this State and the provisions of this Act are necessary to avoid substantial reduction in State revenues. Therefore, an emergency is declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: April 13, 1987
