

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

S

1

SENATE BILL 1737\*

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

---

Sponsors: Senator Dalton.

---

Referred to: Finance.

---

May 23, 2006

1 A BILL TO BE ENTITLED  
2 AN ACT EARMARKING THE TAX COLLECTED ON LOTTERY WINNINGS FOR  
3 COMMUNITY COLLEGE EQUIPMENT.

4 The General Assembly of North Carolina enacts:

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

6 "**§ 105-163.2B. North Carolina State Lottery Commission must withhold taxes.**

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

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

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