

**HCR 11 Task Force-May 20, 2016**

**DRAFT RESOLUTION: Withholding on Gaming Winnings**

**Proposed by: Kimberly Lewis Robinson**

Louisiana currently requires every person or business that pays gaming winnings won in Louisiana to withhold income taxes at the rate of six percent (6%) to the extent income taxes are required to be withheld for the Internal Revenue Service under 26 USC 3402 on the same winnings;

Individuals receiving casual gaming winnings in Louisiana and who elect to itemize their deductions at the federal level are allowed to deduct gaming losses to the extent of income earned on such gaming winnings earned in Louisiana;

The deduction of gaming losses on the federal/state return as well as all other exemptions, exclusions, deductions and credits against Louisiana income has the effect of significantly reducing or eliminating any revenues Louisiana would otherwise receive from gaming winnings;

The State of Mississippi has enacted a provision to ensure that three percent (3%) of gaming winnings are subject to withholding and immune from offset by gaming losses of any other exemption, exclusions, deduction or credit otherwise available;

**Accordingly, the Task Force recommends the state create a provision that is substantially similar to the provision adopted by the State of Mississippi which mandates withholding at the rate of three percent rate. Further, any such adopted provision should ensure that the amounts withheld are nonrefundable by removing such payments from the definition of Louisiana income thereby preventing any offset from gaming losses or any other exemption, exclusion, deduction or credit that may otherwise be available.**