

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

*Codification
District of
Columbia
Official Code*

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To amend, on a temporary basis, section 47-1812.08 of the District of Columbia Official Code to require the District of Columbia Lottery and Charitable Games Control Board, or any payor, for certain lottery winnings, to deduct and withhold an amount equal to the highest tax rate as specified in section 47-1806.03, 47-1807.02, or 47-1808.03 of the District of Columbia Official Code.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Withholding of Tax on Lottery Winnings Temporary Act of 2009".

Sec. 2. Section 47-1812.08 of the District of Columbia Official Code is amended by adding a new subsection (l) to read as follows:

**Note,
§ 47-1812.08**

“(l) *Withholding from lottery winnings.* –

“(1) For the purposes of this subsection, the term:

“(A) “Constructive receipt” or “constructively received” means that payments of lottery winnings, although not actually within a taxpayer's possession, are deemed to be received by the payee and subject to District tax in the taxable year during which the lottery winner is determined by Powerball or other lottery drawing.

“(B) “Lottery winnings” means winnings which are subject to withholding as defined in section 3402(q) of the Internal Revenue Code of 1986, whether as a lump sum or annuitized payment.

“(C) “Payment” means the payment of lottery winnings.

“(D) “Payor” means a person responsible to make a payment subject to withholding under section 3402(q) of the Internal Revenue Code of 1986.

“(2) In making payments, whether actually or constructively received by the payee, of lottery winnings taxable under § 47-1803.02, 47-1807.02, or 47-1808.02, the District of Columbia Lottery and Charitable Games Control Board, or any payor, shall deduct and withhold from such payments an amount equal to the tax on such payments computed at the highest rate of tax under § 47-1806.03, 47-1807.02, or 47-1808.03, as applicable, in accordance

with procedures to be established by the Chief Financial Officer.

“(3) Except as provided in paragraph (4) of this subsection, the withholding required by this section shall apply to any of the following payments:

“(A) A lump sum payment in the year the payment is made; or

“(B) A payment of an annuitized amount in the year the payment is made by any payor to a payee.

“(4) The withholding required by this subsection shall not apply to a payment to a nonresident, corporation, partnership, or limited liability company if the individual, shareholder, partner, or member of such entities provides the payor with a statement and documentary evidence, subject to review and approval by the Chief Financial Officer, that the income earned is not subject to District tax.”.

Sec. 3. Fiscal impact statement.

The Council adopts the fiscal impact statement of the Chief Financial Officer as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 4. Effective date.

(a) This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

(b) This act shall expire after 225 days of its having taken effect.

Chairman
Council of the District of Columbia

Mayor
District of Columbia