

Texas Lottery Commission Press Release - April 15, 2003

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Texas Lottery™ Winners Pay More Than \$101 Million To Uncle Sam In 2002 Tax Year

(Austin, April 15) - Everyone from Benjamin Franklin to Ann Landers has remarked on the certainty of taxes. And it's a reality for many a Texan, including Texas Lottery™ winners. Following applicable tax laws, the Texas Lottery Commission withheld from prize winners more than \$101 million in the 2002 tax year.

"Everyone's a winner with the Texas Lottery," said Reagan Greer, Texas Lottery Commission Executive Director. "Not only do the players and the State of Texas benefit, so does the U.S. Treasury."

In accordance with the federal laws, the Texas Lottery Commission withholds 27 percent on prize winnings of more than \$5,000 for United States citizens and residents. That translated into more than \$100 million for the federal government. For non-U.S. citizens and non-residents, the agency withholds 30 percent from winnings of \$600 or more. That amounted to more than \$880,000 withheld in 2002.

That will change next year, when new tax laws go into effect.

"Texas Lottery winners will see bigger checks next year, when a national tax cut lowers the tax rate to 26 percent," said Greer.

The 26 percent rate will be effective for 2004 and 2005. In 2006, the rate will lower to 25 percent, barring any changes in law. The 30 percent rate for non-U.S. citizens and non-residents will remain at 30 percent.

Although the Texas Lottery Commission withholds the federally mandated minimum amount, an individual may still owe more to the IRS. Texas Lottery Commission staff members urge all jackpot-prize winners to seek legal or financial advice before claiming a prize to do what is best for their financial situation.

Tonight's *Texas Two Step*™ jackpot is worth an estimated \$1 million.

For more information about the Texas Lottery, please visit the official Texas Lottery Commission Web site at <http://www.txlottery.org>