Enrolled

Senate Bill 461

By Senator Blair

[Passed March 8, 2019; in effect from passage]
WEST VIRGINIA LEGISLATURE

2019 REGULAR SESSION

Enrolled

Senate Bill 461

BY SENATOR BLAIR

[Passed March 8, 2019; in effect from passage]
AN ACT to amend and reenact §11-21-77 of the Code of West Virginia, 1931, as amended; and
to amend and reenact §29-22-15a of said code, all relating generally to lottery prizes;
defining terms; extending personal income tax withholding requirements to certain lottery
winnings; designating lottery winnings as source income; specifying gross prize threshold
for lottery winner anonymity election; specifying exemption from Freedom of Information
Act; specifying treatment of lottery pool members; eliminating fee for anonymity option
election; specifying limitations and exceptions to anonymity pursuant to lawful legal
process, disclosure to local, state, or federal tax agencies, and agencies lawfully entitled
to information; authorizing promulgation of rules; specifying method for determining value
of gross prize; and specifying effective date.

Be it enacted by the Legislature of West Virginia:

CHAPTER 11. TAXATION.

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-77. Extension of withholding to certain lottery winnings; lottery winnings source
income.

(a) Lottery winnings subject to withholding. — Gross prizes, as defined in §29-22-15a of
this code, of more than $5,000 from any lottery prize awarded by the West Virginia State Lottery
Commission are subject to withholding under §11-21-1 et seq. of this code. The West Virginia
State Lottery Commission in making any lump sum payment, annuity payment or installment
payment of a lottery prize subject to withholding shall deduct and withhold from the payment a tax
in an amount equal to six and one-half percent of the payment.

(b) Statement by recipient. — Every person who is to receive payment of a lottery prize
subject to withholding shall furnish to the person making the payment, a statement made under
the penalties of perjury, containing the name, address, and taxpayer identification number of the
person receiving the payment and each person entitled to any portion of the payment.
(c) Coordination with other sections. — For the purposes of determining liability for payment of taxes and filing of returns, payments of a lottery prize subject to withholding shall be treated as if they were wages paid by an employer to an employee, but shall not be treated as compensation for personal services performed within this state for purposes of §11-21-40 and §11-21-41 of this code.

(d) Source Income. — (1) All lottery prizes awarded by the West Virginia State Lottery Commission shall be taxed as West Virginia source income and shall be subject to all state and federal income tax laws and rules and regulations. Pursuant to this section, state income taxes shall be withheld from prizes paid whenever federal income taxes are required to be withheld under the Internal Revenue Code.

(2) All prizes awarded by the West Virginia State Lottery Commission shall be taxed as West Virginia source income and taxable to nonresidents in accordance with §11-21-32 and §11-21-44 of this code and shall be subject to withholding in accordance with this section.

(3) The sourcing provisions of this section shall apply to all prizes awarded by the West Virginia State Lottery Commission, without regard to the form of payment or the period of time over which payments are made. Lump sum payments, installment payments, annuity payments, and winnings payments that are sold, assigned, transferred, or otherwise split, shared, or conveyed to or among parties other than the original prize winner retain their identity as prizes awarded by the West Virginia State Lottery Commission, and retain their character as West Virginia source income.

(e) Backup withholding. — Beginning July 1, 2012, every person who is required to file Internal Revenue Service Form W-2G, and who is subject to backup withholding under federal law, is subject to West Virginia backup withholding. The payor in making any payment of a gambling prize subject to backup withholding shall deduct and withhold from the payment a tax in an amount equal to six and one half percent of the payment.
(f) The changes made to this section during the 2019 regular session of the Legislature shall take effect immediately upon the effective date of this section.

CHAPTER 29. MISCELLANEOUS BOARDS AND OFFICERS.

ARTICLE 22. STATE LOTTERY ACT.

§29-22-15a. Option for winners of draw games to remain anonymous.

(a) A person entitled to collect a gross prize equal to or exceeding $1 million from a winning West Virginia State Lottery draw game ticket may remain anonymous: Provided, That such anonymity only applies to disclosure by the West Virginia State Lottery, and its employees and officers, of the name, personal contact information, and likeness of the person so entitled: Provided, however, That this provision shall not be construed to prevent or impede the lawful disclosure of such information in any court of record or administrative forum pursuant to lawful legal process or disclosure of such information to any taxing agency of any local, state, or federal government or any local, state, or federal agency lawfully entitled to such information, including agencies of another state and lottery agencies of states participating in a multistate or multijurisdictional lottery: Provided further, That the name, personal contact information, and likeness of the person so entitled shall not be subject to disclosure under the Freedom of Information Act set forth in §29B-1-1 et seq. of this code.

(b) If the person entitled to collect a gross prize equal to or exceeding $1 million from a winning draw game ticket desires to remain anonymous, he or she shall contact the State Lottery Director in writing or appear at the state lottery headquarters in person, concerning his or her desire to remain anonymous: Provided, That such a request only permits the person’s name, personal contact information, and likeness to remain anonymous. The State Lottery Director may provide by legislative, procedural, or interpretive rule such administrative and timeliness requirements for submission of a request for anonymity as may be necessary or convenient, promulgation of which is hereby authorized.
(1) At the time of his or her request to remain anonymous, the person shall provide his or her contact information, including any personal telephone number, residential address, electronic mail address, and a properly executed Internal Revenue Service Form W-2G.

(2) When a group forms a lottery pool to purchase lottery tickets and the lottery pool wins the prize, only those members of the lottery pool that each, individually, win a gross prize equal to or exceeding $1 million, or who, as a result of their lottery pool membership, are entitled to a share of a gross prize equal to or exceeding $1 million or more, may elect to remain anonymous.

(c) Any request to remain anonymous may be made in writing, by certified mail addressed to the West Virginia State Lottery Director, P.O. Box 2067, Charleston, West Virginia 25327, by electronic mail to an email address that is to be established by the West Virginia State Lottery prior to the effective date of this section, or in person at the state lottery headquarters. Once established, the secure email address shall be posted on the West Virginia Lottery’s website prior to the effective date of this section: Provided, That notwithstanding other provisions of this subsection, the West Virginia State Lottery Director may prescribe by emergency, legislative, procedural, or interpretive rule such transmittal, documentation, timing, and administrative requirements as may be necessary or convenient for submission and processing of requests for anonymity, and such rule requirements and conditions may differ from, and shall supersede, those set forth in this subsection.

(d) Upon receiving a request to remain anonymous, the director shall contact the person requesting anonymity and schedule an appointment to meet at any county, regional, or state lottery office to confirm the winning number and to otherwise make arrangements to protect the anonymity of the requesting person.

(e) The requirements of this section enacted in 2018 are effective on January 1, 2019. The amendments to this section enacted in 2019 shall take effect upon passage and apply to prizes awarded on and after that date.

(f) Definitions. — For purposes of this section:
(1) *Annuity.* — The term “annuity” means periodic payments of a lottery prize which are payable over a period greater than one year and which are treated under Section 72 of the Internal Revenue Code, as defined in §11-21-9 of this code, as amounts received as an annuity, whether or not the periodic payments are variable in amount.

(2) *Gross prize.* — The term “gross prize” means the value, whether in money or other property, proceeding from and resulting from a lottery win, without any deduction for gaming losses, the cost of ticket purchases, the amount paid to obtain a chance to win, the amount paid for eligibility to play, or eligibility for selection as a prize recipient or any expenses or reductions of any kind. Gross prize includes amounts received whether paid in cash, cash equivalents, or property, or any noncash form, including real property, personal property, and services. Real property, personal property, and services must be valued at fair market value for purposes of this section. Gross prize includes amounts paid in a lump sum or structured as an annuity paid over time or as installment payments.

(A) A gross prize paid or payable as an annuity or a stream of installment payments shall be valued as the total aggregate amount of annuity payments or installment payments to be received over the life of the annuity or stream of installment payments, without discount for present value or the time value of money or payments.

(B) In the case of annuities or a stream of installment payments payable for a fixed period of time, the annuity or a stream of installment payments shall, for the limited purpose of determining the $1 million threshold amount specified in subsection (a) of this section, be valued over such fixed period.

(C) In the case of annuities or a stream of installment payments payable for life or for an indefinite period of time of 30 years or more, the annuity or stream of installment payments shall, for the limited purpose of determining the $1 million threshold amount specified in §29-22-15a(a) of this code, be valued as if it were paid over a fixed period of 30 years.
In the case of annuities or a stream of installment payments payable for an indefinite but limited period of time of less than 30 years, the annuity or stream of installment payments shall, for the limited purpose of determining the $1 million threshold amount specified in §29-22-15a(a) of this code, be valued as if it were paid over a fixed period equal to the maximum period of years, or period of time over which it may be paid.

In the case of an annuity or a stream of installment payments, payments of which are to be adjusted by an inflation factor or other factor over time, the annuity or stream of installment payments shall, for the limited purpose of determining the $1 million threshold amount specified in §29-22-15a(a) of this code, be valued at the aggregate amount of payments to be received over the life of the annuity or stream of installment payments as if all payments are equal to the first payment, without adjustment for inflation or other factors.

Lottery pool. — The term “lottery pool” means a group of lottery players who pool their money to buy lottery tickets, and who purchase tickets for a single drawing.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman, Senate Committee

Chairman, House Committee

Originated in the Senate.

In effect from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker of the House of Delegates

The within bill approved this the 25th

Day of March, 2019.

Governor
PRESENTED TO THE GOVERNOR

Time 2:58 pm