

May 28, 2008

S 2086. TAX ON LOTTERY WINNINGS. Filed 5/27/08. *TO IMPOSE AN EXCISE TAX ON CERTAIN LOTTERY WINNINGS AND TO PROVIDE A STIPEND FOR TEACHERS.*

Amends GS 105-134.6(b) by adding two new subdivisions to allow for deductions from taxable income for (1) taxable winnings from the North Carolina Education Lottery and (2) amounts received from the Public School Teacher Expense Stipend Fund. Repeals GS 105-163.2B (related to withholding taxes from the payment of lottery winnings).

Enacts a new Article 5H of GS Chapter 105 to impose an 8.25% excise tax on lottery winnings. The lottery winner and the North Carolina State Lottery Commission Assigns are jointly and severally liable for the tax. Requires the Commission to withhold the tax from the payment of winnings and report to the Secretary of Revenue as if the winnings were income tax withheld from wages. Provides for the collected taxes to be distributed to the Public School Teacher Expense Fund on a quarterly basis.

Enacts a new GS 115C-302.3 establishing the Public School Teacher Expense Fund as a special revenue fund in the Department of Instruction. Requires the Board of Education to adopt rules for allocations and procedures related to the fund. Funds are to be used only to offset classroom and professional expenses of public school teachers. Effective January 1, 2008, effective for taxable years and winnings paid on or after that date.

Intro. by Goodall.

GS 105, 115C