

Title 295

Gambling Winnings Setoff Management

Basis and Purpose: These rules and regulations are adopted by the Nebraska Racing and Gaming Commission (Commission) to govern the collection of money owed on an outstanding state liability by an obligor as established by the Gambling Winnings and Setoff for Outstanding Debt Act found in Neb. Rev. Stat. §9-1301 et seq.

1. Construction
 - a. Nothing within these regulations shall be so construed as to conflict with any provision of the Gambling Winnings and Setoff for Outstanding Debt Act. (Act)
2. Definitions
 - a. The Act means the Gambling Winnings Setoff for Outstanding Debt Act.
 - b. Casino winnings means any taxable winnings that are required to be reported on Internal Revenue Service Form W-2G won by a player from a game of chance at a licensed racetrack enclosure under the jurisdiction of the Commission;
 - c. Claimant means
 - i. DHHS with respect to collection of a debt owed by a parent in a case involving a recipient of aid to dependent children in which rights to child, spousal, or medical support payments have been assigned to this state;
 - ii. An individual who is not eligible as a public assistance recipient and to whom a debt is owed that the individual is attempting to collect through the Title IV-D child support enforcement program; or
 - iii. Any person or entity entitled to receive child support, spousal support, or medical support as defined in section 43-1712.01 pursuant to an order issued by a court or agency of another state or jurisdiction, including an agency of another state or jurisdiction to which a person has assigned his or her right to receive such support. Such a claimant shall submit certification and documentation to DHHS sufficient to satisfy the requirements of section 43-1730;
 - d. Collection system means the collection system developed and implemented pursuant to Neb. Rev. Stat. §9-1304;
 - e. Commission means the Nebraska Racing and Gaming Commission;
 - f. Department means the Nebraska Department of Revenue;
 - g. DHHS means the Nebraska Department of Health and Human Services;
 - h. Debt means any liquidated amount of arrears that has accrued through assignment, contract, subrogation, court judgment, or operation of law, regardless of whether there is an outstanding judgment for such amount, and that is for the care, support, or maintenance of a child or for medical or spousal support;
 - i. DOL means the Nebraska Department of Labor;
 - j. IRS means the United States Internal Revenue Service;
 - k. Net Winning's Payment means the winnings payment amount minus the debt and outstanding state liability balance;
 - l. Obligor means any person as defined in section 77-2701.25:

- i. Owing money to or having a delinquent account with any claimant that has not been satisfied by court order, set aside by court order, or discharged in bankruptcy; or
 - ii. Owing money on an outstanding state liability;
 - m. Operator means an authorized gaming operator as defined in section 9-1103, and any corporation or association licensed under sections 2-1201 to 2-1218 and authorized to conduct parimutuel wagering at a licensed racetrack;
 - n. Outstanding State Liability means any liability arising from any tax, fee, or overpayment, including state penalties and interest, under any tax or other program administered by the Tax Commissioner, Department of Labor, or Department of Motor Vehicles;
 - o. Overpayment means an overpayment of unemployment insurance benefits established under section 48-663.01;
 - p. Parimutuel Winnings means any winnings that are required to be reported on IRS Form W-2G and have tax withheld by the operator and that are won by a player from a parimutuel wager at a licensed racetrack under the jurisdiction of the Commission;
 - q. Sports Wagering Winnings means any winnings that are required to be reported on IRS form W-2G and have tax withheld by the operator and that are won by a player from sports wagering as defined in section 9-1103 on a sports wager authorized by the Commission;
 - r. Spousal Support has the same meaning as in section 43-1715;
 - s. Winnings Payment means a payout of casino winnings, parimutuel winnings, or sports wagering winnings to which a person is entitled as a result of playing or wagering.
- 3. Required use of Collection System
 - a. Operators shall request two forms of identification as required by IRS form W-2G from anyone with a taxable winning amount when they approach the operator to receive a winnings payment.
 - b. Prior to making a payout of taxable winnings that meet the threshold requirements of IRS form W-2G, Operators shall check the collection system to determine if there is any debt or outstanding state liability owed by the winner of any parimutuel winnings, sports wagering winnings, or casino winnings.
 - c. All information that is accessible in the collection system is confidential. The collection system shall only be accessed for the purposes listed in this chapter.
 - i. An employee or prior employee of any operator who unlawfully discloses any information obtained by the collection system is subject to penalties specified by law for unauthorized disclosure of confidential information as found in section 77-2711;
 - ii. Operators shall have procedures in place to ensure the confidentiality of the information and to restrict access to the system only to individuals with job duties that require access to the collection system. These procedures must be submitted to the Commission for approval.
 - d. If the collection system shows that the winner is an obligor as defined in section 2(m) of this chapter, the operator shall deduct the amount of debt and outstanding state liability identified in the collection system, and remit the amount deducted to

the Department. If there is money remaining after the deduction and remittance of the debt and state liability, such net remainder shall be paid out as a winnings payment to the obligor.

- e. The operator shall notify the Department that a balance or portion of the debt owed, or outstanding state liability owed is being remitted to the Department when an obligor is identified in the collection system within the required timeframe for notification following procedures established by the Department;
 - f. Operators must ensure internet connectivity is available to access the collection system during all the operator's normal business hours.
 - i. If an operator cannot access the collection system for a 24-hour period for any reason, including no fault of the operator, the operator shall notify the Department and the Commission immediately at the end of that 24-hour period.
 - g. If the collection system shows unauthorized access for any reason, the operator shall receive a fine of up to ten thousand dollars.
 - h. If an operator fails to check the collection system prior to making a payout of taxable winnings that meet the threshold requirements of IRS form W-2G, or fails to collect the amounts owed, the operator will receive a fine of up to ten thousand dollars.
 - i. All information is confidential, and is subject to the provisions in Neb. Rev. Stat. sections 77-2711 and 77-27,119(6)
4. Schedule of Fines:
- a. Unauthorized access:
 - i. First offense: two thousand, five hundred dollars (\$2,500.00)
 - ii. Second offense: five thousand dollars (\$5,000.00)
 - iii. Third and subsequent offenses: ten thousand dollars (\$10,000.00)
 - b. Failure to check the collection system:
 - i. First offense: two thousand, five hundred dollars (\$2,500.00)
 - ii. Second offense: five thousand dollars (\$5,000.00)
 - iii. Third and subsequent offenses: ten thousand dollars (\$10,000.00)
 - c. Failure to collect the amounts owed and remit to the Department as proscribed in this chapter:
 - i. First offense: two thousand, five hundred dollars (\$2,500.00)
 - ii. Second offense: five thousand dollars (\$5,000.00)
 - iii. Third and subsequent offenses: ten thousand dollars (\$10,000.00).