2025-2026 General Assembly

SENATE BILL 595: Various Revenue Laws Changes, Part XVI: Require Gaming Operators to Withhold Taxes on Certain Winnings

Analysis of:	S.L. 2026-31, Part XVI	**Date:**	August 19, 2026
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Part XVI of S.L. 2026-31 (Senate Bill 595) requires gaming operators to withhold State income taxes on winnings when required to withhold federal income taxes under section 3402(q) of the Code. Section 3402(q) of the Code requires withholding when the proceeds from a wagering transaction are more than $5,000 and are at least 300 times the amount wagered.

The individual income tax rate in effect would be used to determine the amount withheld. Interactive sports wagering operators licensed to accept sports wagers under Article 9 of Chapter 18C and advance deposit wagering (ADW) licensees licensed to accept pari-mutuel wagers under Article 10 of Chapter 18C would be responsible for withholding taxes.

This Part is effective January 1, 2027, and applies to winnings paid on or after that date.