

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Mark C. Van Norman to Lynn Cutler re: Collection of Child Support from Tribal Casino Awards (2 pages)	02/14/00	P5

COLLECTION:

Clinton Presidential Records
 Domestic Policy Council
 Cynthia Rice (Subject Files)
 OA/Box Number: 15429

FOLDER TITLE:

Child Support-Gambling [1]

rx22

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

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**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
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March 8, 2000

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Cynthia Rice

SUBJECT: Child Support and Gambling

Issue

Given opposition to the provision in the President's budget to intercept gambling winnings from parents who owe child support, should we:

- (1) Officially amend the proposal to make it a small scale demonstration, with voluntary participation on the part of gambling establishments, submitting a budget amendment with substitute pay-fors; or
- (2) Agree to not push the proposal.

Background on the Proposal

The responsible fatherhood initiative in the President's budget includes new measures to: 1) collect child support from parents who can afford to pay; 2) ensure that more child support goes directly to families; and 3) provide funds to help more "deadbroke" fathers who owe child support go to work. The package of child support collection initiatives includes intercepting gambling winnings from parents who owe support, which will collect about \$350 million for families and raise nearly \$190 million in federal revenues over five years. Gaming establishments currently must report to the IRS certain gambling winnings¹; under this proposal, they would also check to see if these individuals owe child support, and if so, retain winnings for the gamblers' children².

¹ Under current law, tribal and nontribal gambling establishments must complete and send to the IRS form W2G, reporting the name, social security number and amount of winnings for patrons with keno winnings above \$1,500, bingo and slot machine winnings above \$1,200, and winnings above \$600 when the winnings are at least 300 times the amount of the wager.

² For all gambling winners exceeding the thresholds listed above, the gambling establishment would transmit the individual's name, social security number and amount of winnings via computer to a secure internet site where it would be matched against information on parents who owe at least \$500 in child support. The match inquiry would report back: 1) there is no match and the individual does not owe past due child support; 2) the individual owes past due child support which exceeds the amount of the individual's winnings, therefore, the entire amount of winnings should be retained; or 3) the individual owes child support but the amount does not exceed the amount of winnings; therefore, only the amount of child support owed should be retained.

Reaction to the Proposal

Opposition to the child support gambling proposal has come from several sources. Tribal organizations have numerous concerns, including that the proposal was made without consultation, violates their sovereignty by requiring them to enforce federal and state laws, and requires their gambling establishments to dedicate staff time and other resources to collecting child support. The National Indian Gaming Commission, the federal agency with oversight of tribal gaming, opposes the proposal. Democratic members of Congress, in particular Rep. Shelley Berkley (D-NV), have also called for us to abandon the proposal because of the burden it would impose on the industry.

Child support legislation is likely to move through the Ways and Means Committee this Spring. Human Resources Subcommittee staff are planning a hearing in late March and a mark-up in April. There is bipartisan consensus on the need to simplify the current child support distribution rules, to ensure more child support goes directly to families, and the committee will need child support collection proposals to help offset the costs. Currently, the committee staff have the gambling proposal, as well our other child support budget proposals, on their proposed list, which is not yet public. However, Democratic staff think that because CBO has scored the gambling provision as raising only \$36 million (compared to our nearly \$190 million score), that they will drop the gambling proposal if they receive protests.

Pay-for Options

If we submit a budget amendment officially changing our proposal in a way that lowers the savings, OMB believes we should propose substitute pay-fors. Several child support options are currently being examined; early estimates show they likely will raise only about \$50 million of the cost. The remaining costs could be made up by proposing a pay-for that HHS vigorously protested during the development of the budget, which would moderately reduce the amount of performance-based child support funds made available to states at the same time we make other changes that are advantageous to states.

3/2 / Mtg w/ NIGA

- concerned about errors in Database
- have we done a trial run?
- They looked at Lotteries
 - found problems
 - time lag
 - collections low

WVA

- Start Database doesn't open
wait until order established
- concerned about potential delays
in checking Database
 - > now get winnings
in 10 minutes
- Small native gaming est.
100 WAGs / Day

- They're worried about
non-tribal members =
"those chickens aren't
paying"

Just don't have comfort level

- Technical specifications
- complaints from customers
- errors

- delay in interferences
- system capacity

- Tribal crises have more
on-going rel. w/ community

→ testy relationship w/ stakeholders

→ Different LV → one time rel.

- would want to see
actual intensity of jobs

- Also problems

- This is the appropriate
hot table

- we've been moving people
from WCU so they
can pay

HPB

→ doesn't include taxes
→ goes to split

SUMMARY: IMPACT OF FY2001 CHILD SUPPORT PROPOSALS

\$ in Millions

	5-Year FY2001-2005 Total		
	Increased Collections To Families	State Costs(+)/Savings(-)	Federal Costs(+)/Savings(-) (Inc Food Stamps/Medicaid)
Opt \$100 (or \$50 above) Pass-Through Disregard Above Current Effort	388	174	97
Optional Simplified Distribution	815	366	396
Remove Cap from Incentives	0	0	0
Automated Data Match and Attachment of Gambling Proceeds	348	-167	-183 -189
Review and Adjustment of Child Support Orders	7	-114	-232
Reduction of Enhanced Match for Paternity Testing	0	41	-41
Reduce Threshold for Passport Denial to \$2,500	36	-9	-9
SSA Benefit Match (OASDI)	102	-57	-67
Booting Vehicles for Non-Custodial Parents Owing at Least \$1000	183	-79	-96
Disallow enrollment into Medicare for Doctors with Arrears*			
Encourage States to require more NCPs with Arrears to Work*			
TOTAL IMPACT	1872	155	-135

* Has not been scored.

-140



*Mania E.
Cynthia R.
Mary Smith
Marge Tarney*

National Indian Gaming Association
224 Second St. SE
Washington, DC 20003
Ph: 202-546-7711 Fax: 202-546-1755

FACSIMILE

Monday, February 28, 2000

TO: Lynn Cutler
FAX: ⁴⁵⁶ 202-546-2889
FROM: Jacob Coin
PHONE: 202-546-7711
FAX: 202-546-1755

5 Pages including this sheet

MESSAGE:

NIGA perspectives on "Responsible Fatherhood Initiative"

The information contained in this facsimile is legally privileged and confidential information intended solely for the use of the persons or entities names above. If you are not such persons or entities, you are hereby notified that any distribution, dissemination or reproduction of this facsimile message is strictly prohibited. If you have received this message in error, please immediately call us at 800-288-6442.



National Indian Gaming Association

224 Second Street SE • Washington DC 20003
(202) 546-7711 • FAX (202) 546-1755 • www.indiangaming.org

MEMORANDUM

TO: LYNN CUTLER

FR: JACOB COIN

RE: NIGA PERSPECTIVES ON "RESPONSIBLE FATHERHOOD INITIATIVE"

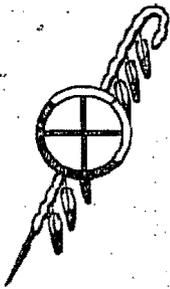
DATE: February 28, 2000

Attached is a resolution or statement of position adopted by the NIGA Executive Committee at a meeting on February 23, 2000 regarding the President's "Responsible Fatherhood Initiative". A quorum of nine members participated in the vote; seven present and two participating by tele-conference.

I hope the attached is helpful in addressing the issue as our representatives make plans to meet with you on Thursday, March 2, 2000 as per an earlier arrangement with your office.

You should also know that our Executive Committee took exception with the title of the initiative specifying "Fatherhood" as opposed to "Parenthood". Several of our tribal leaders pointed out the fact that single fathers are often primary caretakers of children in this age. Perhaps the President could consider amending the title.

Thank you for your concerns and good work on matters of import to Indian Nations. Please call me directly at (202) 546-7711 if you have questions.



National Indian Gaming Association

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Action by Consent of a Majority of
The Executive Committee of
The National Indian Gaming Association

"Responsible Fatherhood Initiative"

The undersigned hereby certify as follows:

1. They are a majority of the Executive Committee (hereinafter called the "Executive Committee") of the Board of Directors of the National Indian Gaming Association (hereinafter called the "NIGA"), entitled to vote with respect to the subject matter thereof.

2. The following resolution is consented to by the undersigned as such Executive Committee as and for their act, as a majority of the Executive Committee, and the act of the NIGA in accordance with its By-Laws:

WHEREAS, Article III, Section (A)(1) of the Articles of Incorporation of the National Indian Gaming Association provides that the primary purpose of the NIGA is "to promote, protect and preserve the general welfare and interests of Indian tribes through the development of sound policies and practices with respect to the conduct of gaming activities in Indian Country"; and

WHEREAS, President Clinton has in his Executive Order no. 13084 (May 14, 1998) reasserted the obligation of the Federal Government to consult with Indian Nations; and

WHEREAS, President Clinton has introduced "The Responsible Fatherhood Initiative" as part of the Administration's FY2001 budget which aims to collect past-due child support via, among other avenues of collection, the interception of gambling winnings; and

WHEREAS, "The Responsible Fatherhood Initiative" would apply to gaming establishments on Indian reservations; and

WHEREAS, the NIGA holds the following concerns with regard to the implementation of that portion of the responsible fatherhood initiative which targets the interception of gambling winnings for payment of past-due child support:

1. The proposed initiative does not define how the proposal would be implemented nor does it rely on a credible database of those father's who are owing child-support nor does it map out the responsible parties for the development and funding of such a database.

2. The proposed initiative does not take into account the consequences of requiring private sector enterprises to fulfill government obligations;
3. The proposed initiative does not define who will pay for the process of requiring private enterprises to collect child support obligations;
4. The proposed initiative mirrors that of "unfunded mandates" which have been problematic within state governments;
5. The proposed initiative does not take into account the implications of tribal governmental gaming enterprises being required to enforce state court orders for collecting child support payments;
6. The proposed initiative does not take into account the fact that a sovereign tribal government should not be required to enforce a state government order;
7. The proposed initiative does not take into account the negative potential public relations consequences that may arise from a tribal governmental gaming enterprise withholding the winnings of a non-Indian;
8. The proposed initiative does not take into account enterprise and personal liability implications;
9. The proposed initiative does not take into account privacy implications.

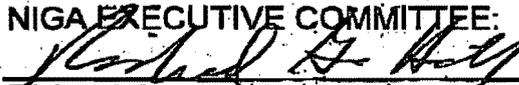
NOW THEREFORE BE IT RESOLVED, that the NIGA declares that the White House has an obligation to consult with Indian Nations as sovereign governments at the outset of the proposal of such an initiative that would impact tribal government and its entities; and

BE IT FURTHER RESOLVED, that the NIGA acknowledges the merits of a proposal that seeks to ensure responsible fatherhood, however, the NIGA finds that the potential consequences of the Initiative need further study and clarification; and

BE IT FURTHER RESOLVED, that the White House should explore alternative proposals for collecting past-due child support such as creating jobs for deadbeat parents.

3. This certificate shall be deemed to be fully executed and delivered when each of the undersigned has executed at least one counterpart, but not necessarily the same counterpart thereof.
4. The undersigned have executed this certificate as of February 23, 2000.

NIGA EXECUTIVE COMMITTEE:


Richard G. Hill, Chairman

Daniel J. Tucker, Vice Chairman

Mark Fox

Mark Fox, Treasurer

Lynn Valbuena

Lynn Valbuena, Secretary

Nancy Larson

John G. [unclear]

Charles L. [unclear]

Philip Shropshire

Tracy Burris

BChaw

Treasury

- data matching - two weeks away
- < \$50 million

Treasury

independent contracts

→ people can use EIN or SS #

→ can only watch SS #

do have to do pay to

→ go back to market

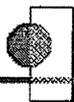
May be way to reduce cost replacement

to ~ \$130

Last conversion \$60 million

Call Nick Gwynn

They may code @ TANF freeze
for supplemental



Cynthia A. Rice

03/02/2000 05:22:15 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: J. Eric Gould/OPD/EOP@EOP, Eugenia Chough/OPD/EOP@EOP, Cathy R. Mays/OPD/EOP@EOP,
Anna Richter/OPD/EOP@EOP
Subject: DEADBEAT DADS/INDIAN GAMING MEETING

If they really want to go ahead with this meeting, I would think we should talk about the tribal and nontribal parts of this proposal at the same time, which would lead me to think Leg Affairs should be invited. Should we suggest?

----- Forwarded by Cynthia A. Rice/OPD/EOP on 03/02/2000 05:20 PM -----

SCOTT FYNES

03/02/2000 05:14:00 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: DEADBEAT DADS/INDIAN GAMING MEETING

John will have a deadbeat dads/indian gaming meeting on Thursday, March 9th at 11:00am. The meeting will be in John's office. Please call me with any questions/problems. Manifest is:

Podesta
Echaveste
Lew
Mathews
Reed
Cutler
Rice
Liu

Message Sent To:

Jacob J. Lew/OMB/EOP@EOP
Sylvia M. Mathews/OMB/EOP@EOP
Bruce N. Reed/OPD/EOP@EOP
Lynn G. Cutler/WHO/EOP@EOP
Cynthia A. Rice/OPD/EOP@EOP
Eric P. Liu/OPD/EOP@EOP
Maria Echaveste/WHO/EOP@EOP

SCOTT HYNES

03/02/2000 05:14:00 PM

Record Type: Record

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cc: See the distribution list at the bottom of this message
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Lynn G. Cutler/WHO/EOP@EOP
Cynthia A. Rice/OPD/EOP@EOP
Eric P. Liu/OPD/EOP@EOP
Maria Echaveste/WHO/EOP@EOP

Message Copied To:

Sandra L. Via/OMB/EOP@EOP
Janet L. Graves/OMB/EOP@EOP
Cathy R. Mays/OPD/EOP@EOP
Cameron N. Cohen/WHO/EOP@EOP
Leslie Bernstein/WHO/EOP@EOP
Anna Richter/OPD/EOP@EOP
Michele Ballantyne/WHO/EOP@EOP
Fern Mechlowitz/WHO/EOP@EOP



Cynthia A. Rice

03/02/2000 04:30:18 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: Deadbeat Dads/Gaming

Maria -- you asked where we were in setting up an internal meeting to discuss next steps on child support and gaming.

As I have discussed with Lynn, Broderick, and Barbara, we are prepared to scale this proposal back to a demonstration, with voluntary participation on the part of a select number of gaming establishments. Thus, our legislative proposal would be to test this idea, and we would seek gaming establishments willing to participate voluntarily. This should satisfy all concerns.

Since changing our proposal will result in losing budget revenue, we need substitute pay-fors. OMB folks have been working diligently on this effort (we've been helping where we can). As you know, uncontroversial pay-fors are hard to find, but we have several good things in development.

Once we've crossed this hurdle, we should be ready to go. I think we all agree that we all have an interest in making sure this doesn't get out prematurely, because we a) don't want to get hopes up too early given the complications of the budget pay-for issues and b) we want to have a coordinated roll-out to make sure all our friends get alerted properly and can take proper credit. Thus, we tried to the extent possible to make our meeting today with the National Indian Gaming Association into a listening session. They raised many good points.

I was planning that we would all meet again once we had vetted budget pay-fors, but I am happy to meet earlier if others so desire.

Message Sent To:

Maria Echaveste/WHO/EOP@EOP
Lynn G. Cutler/WHO/EOP@EOP
Charles M. Brain/WHO/EOP@EOP
Broderick Johnson/WHO/EOP@EOP
Joel K. Wiginton/WHO/EOP@EOP
Barbara Chow/OMB/EOP@EOP

Message Copied To:

Bruce N. Reed/OPD/EOP@EOP
Eric P. Liu/OPD/EOP@EOP
J. Eric Gould/OPD/EOP@EOP
Eugenia Chough/OPD/EOP@EOP
Mary L. Smith/OPD/EOP@EOP
Scott Hynes/WHO/EOP@EOP
Michele Ballantyne/WHO/EOP@EOP
Anna Richter/OPD/EOP@EOP



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Extremely Important NIGC HIT WITH FOIA REQUEST; TRIBAL GAMING REVENUE INFORMATION SOUGHT

MEMORANDUM

TO: TRIBAL LEADERS AND REPRESENTATIVES

FR: JACOB COIN

**RE: NATIONAL MEDIA SEEKS FINANCIAL INFORMATION UNDER
FREEDOM OF INFORMATION ACT**

DATE: FEBRUARY 23, 2000

A Freedom of Information Act (FOIA) request has been filed with the National Indian Gaming Commission (NIGC) by Time, Inc. and Wells Gaming Research for gross annual revenue information from Class III gaming operations of each individual Indian Nation engaged in that activity. The FOIA request seeks the revenue information from 1990 to the present.

Attached is a letter sent to tribal leaders from Jean McLaughlin, NIGC - FOIA Officer, on this important issue.

The NIGC requests your opinion in order that they may determine how to respond to the FOIA request. Therefore, you are encouraged to prepare your opinion in clear and specific terms, how the release of this information would cause you "*substantial and competitive harm*" as stated in the attached NIGC letter. The NIGC requests your response by March 6, 2000.

Please call the NIGA offices in Washington, DC at (202) 546-7711 if you have any questions. You should also call Ms. McLaughlin, NIGC, at (202) 632-7003.

**NATIONAL
INDIAN
GAMING
COMMISSION**

FEB 22 2000

Dear Tribal Leader:

Two entities, Time, Incorporated, and Wells Gaming Research, have asked the National Indian Gaming Commission to disclose information setting forth the annual gross revenue, by tribe, for Class III gaming operations from 1990 to the present. We are writing to obtain your opinion on the release of this information.

Under the Freedom of Information Act ("FOIA"), 5 U.S.C.A. § 552 (West Supp. 1997), the National Indian Gaming Commission is required to release this information unless it falls within certain exemptions. We are writing to obtain your assistance in determining whether the requested information falls within Exemption 4 which applies to "commercial or financial information" that is "privileged or confidential."

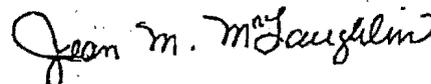
In light of the fact that the information sought is contained in documents that you were required to submit to the Commission, the appropriate legal standard is set forth in National Parks & Conservation Ass'n v. Morton, 498 F.2d 765, 770 (D.C. Cir. 1974). See Critical Mass Energy Project v. NRC, 975 F.2d 871 (D.C. Cir. 1992). According to the law set forth in this case, we are required to contact you, the submitter, for assistance in determining whether the information falls within the exemption. To help us determine whether or not to release this information, we need you to explain whether disclosure of this information would cause you "substantial competitive harm." If you believe that disclosure will harm you, please explain carefully and specifically how you would be harmed. Absent a clear and specific explanation, we will have no alternative but to release the information.

Some factors that you should consider in determining whether release may cause substantial competitive harm are: (1) the general custom or usage in the business, (2) the number and positions of the persons who have access to the information, (3) the type and degree of risk of financial injury that release would cause. We are also interested in learning how long the information will need to be protected from disclosure.

Please respond to us by March 6, 2000 with your views concerning the application of Exemption 4 to this material. If we do not hear from you by that date, we will assume that you have no objections and the information will be released in its entirety to the requester.

If you have any questions with regard to this matter, please contact me at (202) 632-7003. Thank you for your cooperation.

Sincerely,



Jean M. McLaughlin
Freedom of Information Act Officer

Oneida Tribe of Indians of Wisconsin

Post Office Box 365

Phone: (414) 869-2214

Oneida, WI 54155



UGWA DEMOLUM YATEHE
Because of the help of
this Oneida Chief in
cementing a friendship
between the six nations
and the colony of
Pennsylvania, a new
nation, the United States
was made possible.

Oneidas bringing several hundred bags of corn to Washington's starving army at Valley Forge, after the colonists had consistently refused to aid them.

Resolution # BC-04-02-97G Resolution Adopting Oneida Garnishment Ordinance

WHEREAS, the Oneida General Tribal Council is the duly recognized governing body of the Oneida Tribe of Indians of Wisconsin, and

WHEREAS, the General Tribal Council has been delegated the authority of Article IV, Section I of the Oneida Tribal Constitution, and

WHEREAS, the Oneida Business Committee may be delegated duties and responsibilities by the Oneida General Tribal Council and is at all times subject to the review powers of the Oneida General Tribal Council, and

WHEREAS, the Oneida Tribe has recognized that it has a responsibility to act in a responsible manner regarding collection of debts incurred by persons within its jurisdiction and those outside of the jurisdiction of the State of Wisconsin and other states, and

WHEREAS, the Oneida Tribe has had in effect a Garnishment Ordinance drafted in light of the structure of the Oneida Tribe at that time, and

WHEREAS, the Oneida Tribe has in the interim period developed and implemented a separate judicial system such that these hearings should be transferred from the Oneida Business Committee to the Oneida Appeals Commission, and

WHEREAS, the Garnishment Ordinance has been revised to reflect the current system and to clarify procedural issues, and

WHEREAS, the Garnishment Ordinance has been forwarded to Public Hearing, and

WHEREAS, the comments have been reviewed and included as appropriate.

NOW THEREFORE BE IT RESOLVED, that the attached amended Garnishment Ordinance is hereby adopted to be implemented within 30 days, and

NOW THEREFORE BE IT FURTHER RESOLVED, that the Oneida Law Office, as receiver of garnishment requests under prior law, shall forward all garnishment requests that are currently effective as well as new requests to the Oneida Appeals Commission within 15 days of adoption of this law, and

NOW THEREFORE BE IT FURTHER RESOLVED, that the Oneida Law Office shall notify all open or pending creditors of the adoption of this law, and a copy of this law, and identify the address of the Oneida Appeals Commission, and

NOW THEREFORE BE IT FURTHER RESOLVED, that the Oneida Business Committee shall forward any open or pending files to the Oneida Appeals Commission within 15 days of adoption of this law, and

Resolution # 04-02-97G

Page 2

NOW THEREFORE BE IT FURTHER RESOLVED, that the Oneida Tribe shall impose a moratorium on hearing garnishment requests during the 30-day transition period; and

NOW THEREFORE BE IT FINALLY RESOLVED, that this resolution shall supercede Resolution # BC-6-10-92 which adopted the prior Garnishment Ordinance.

CERTIFICATION

I, the undersigned, as Chair of the Oneida Business Committee, hereby certify that the Oneida Business Committee is composed of 9 members of whom 5 members constitute a quorum. 6 members were present at a meeting duly called, noticed and held on the 2nd day of April, 1997; that the foregoing resolution was duly adopted at such meeting by a vote of 5 members for; 0 members against, and 0 members not voting; and that said resolution has not been rescinded or amended in any way.



Deborah Doxtator, Tribal Chairwoman
Oneida Business Committee

GERALD L. HILL
CHIEF COUNSEL

JO A. SWAMP
DEPUTY CHIEF COUNSEL

ONEIDA LAW OFFICE

P.O. BOX 209
ONEIDA, WISCONSIN 54155

(414) 869-4327

(414) 869-2345

FAX (414) 869-4065

AURENE M. MARTIN
MICHAEL J. LOKENSGARD
JO ANNE HOUSE
KRIS M. GOODWILL
ROY E. DITWEG
JENNIFER L. CARLETON

STATEMENT OF EFFECT

Resolution Regarding Adoption of Revised Oneida Garnishment Ordinance

Summary

This resolution adopts the amended Garnishment Ordinance and directs implementation.

Analysis

This resolution adopts the amended Garnishment Ordinance by directing:

1. The law is adopted and implemented in 30 days,
2. The Oneida Law Office will transfer files to the Oneida Appeals Commission,
3. The Oneida Law Office will notify creditors of this new law and the address of the Oneida Appeals Commission,
4. The Oneida Business Committee will transfer files to the Oneida Appeals Commission, and
5. There shall be a moratorium placed on garnishment hearings during the transition period.

This ordinance simplifies the garnishment processes by designating that the Oneida Appeals Commission shall be the hearing body and having a single process for the Tribal and non-Tribal creditors. Further, this ordinance also allows payroll deductions.

The ordinance has been through the required public hearing and revisions made as a result of that hearing. No further hearings are needed or recommended and it is in the appropriate format for adoption. There are some concerns regarding the transition of responsibilities under the new ordinance. The "Resolves" attempt to monitor and direct solutions to these concerns.

Conclusion

There are no legal issues which would prohibit adoption of this resolution.

Oneida Garnishment Ordinance

Article I. Purpose and Policy

1-1. The purpose of this Ordinance is to utilize the authority of the Oneida Tribe of Indians to provide an effective mechanism for creditors to access an employee's income for reduction of personal debt.

1-2. It is the policy of the Oneida Tribe of Indians of Wisconsin to afford all individuals due process.

Article II. Adoption, Amendment, Repeal

2-1. This law is adopted by the Oneida Business Committee by resolution # 04-02-97G.

2-2. This law may be amended pursuant to the procedures set out in the Oneida Administrative Procedures Act by the Oneida Business Committee or Oneida General Tribal Council.

2-3. Should a provision of this law or the application thereof to any person or circumstances be held as invalid, such invalidity shall not affect other provisions of this law which are considered to have legal force without the invalid portions.

2-4. All other Oneida laws, policies, regulations, rules, resolutions, motions and all other similar actions which are inconsistent with this law are hereby repealed unless specifically re-enacted after adoption of this policy.

2-5. This law may be cited as the "Garnishment Ordinance."

2-6. This law may be interpreted to allow the fullest protections available to respondents available by the federal Consumer Protection Act, 16 U.S.C. §1671, et seq., state laws protecting respondents in Child Support Orders, and other federal laws.

Article III. Definitions

3-1. This Article shall govern the definitions of words or phrases as used herein. All words not defined herein shall be used in their ordinary and everyday sense.

3-2. "Compensation" shall mean remuneration paid or payable for personal services and travel, denominated as wages, bonuses, salary, expenses, and/or mileage. Compensation shall include any trade-back-for-cash benefit or final paycheck involving pay-out of benefits for a discharged employee.

3-3. "Creditor" shall refer to one who seeks payment from the respondent through the process of garnishment, pursuant to a Final Judgment through a garnishment action. The Oneida Tribe is not excluded from being the creditor. This includes all departments, programs, enterprises, authorities, or other bodies created pursuant to Tribal law. Should the Oneida Tribe be the creditor, a designee of the department, program or enterprise shall represent the claim of indebtedness.

3-4. "Employee" shall mean any employee of the Oneida Tribe.

3-5. "Oneida Tribe" shall mean the Oneida Tribe of Indians of Wisconsin.

3-6. "Garnishment" shall mean the process in which money in the hands of the Oneida Tribe of Indians of Wisconsin as employer, due to the respondent and are being claimed by a creditor.

3-7. "Reservation" shall mean all lands within the Oneida Indian Reservation of Wisconsin as established by the Treaty with the Oneida, 1838.

3-8. "Respondent" shall mean the employee of the Oneida Tribe who is subject to a garnishment

action within the Oneida Tribe or person subject to a repayment action.

3-9. "Hearing Officer" shall mean the Oneida Appeals Commission and the representative designated to hear the garnishment action.

3-10. "Accounting Department" means that department of the Oneida Tribe charged with managing the finances of the Oneida Tribe, specifically, the office charged with responsibility for the payroll of the Oneida Tribe. That office shall designate a representative for receiving garnishment orders, irrevocable voluntary payroll deduction agreements, and child support orders, which shall be forwarded to the Hearing Body.

Article IV. Garnishment Action Procedure

4-1. *Judgement Required.* A creditor shall begin a garnishment action against an employee of the Oneida Tribe by first obtaining a final judgment from an appropriate court. A garnishment action under this section shall not begin unless the creditor has already obtained a valid final judgment and can show proof of judgment to the Hearing Officer.

4-2. *Filing Action.* The creditor shall be responsible for notifying the Hearing Officer of its intent to begin the garnishment action.

a. A written notice shall be mailed or given to the Hearing Officer indicating the creditor, the intended respondent, the reason for the claim and the amount of the claim.

b. The Hearing Officer shall, within ten days, set a date and time for a garnishment hearing. The date for the hearing shall be within sixty days of receipt of the first notification to the Hearing Officer.

c. It is the responsibility of the Hearing Officer to notify the creditor, respondent, and any other parties in interest as to the date, time and place of the garnishment hearing.

4-3. *Hearing.* The Hearing Officer shall establish a designated date, time, and place to hear evidence in order to render a determination as to the validity of a claim by the creditor in a garnishment action and the amount of the garnishment order to be entered. Hearings shall not be utilized to challenge the validity of the final judgement other than the authenticity of the document. The time may be used to resolve one or more deduction claims of one or more employees. However, each claim shall be heard and determined separately. This hearing will be known as the Garnishment Hearing.

4-4. *Final Decision.* The Hearing Officer will make the final decision as to the garnishment action within five days of the garnishment hearing and notify by formal order all parties within ten days of the decision.

4-5. *Representation.* The respondent and creditor may represent themselves or be represented by someone to speak on their behalf, if they so choose. Both parties shall have an equal opportunity to present evidence as to the action to be taken before a Hearing Officer at the garnishment hearing.

4-6. *Notice of Garnishment.* The Hearing Officer will notify the Accounting Department should a decision to garnish an employee's compensation be made. Such notice shall be forwarded after the deadline for an appeal has passed. Provided that, no garnishments shall be allowed where an appeal has been filed by an employee within the appeal deadline. The notice shall contain the amount to be garnished, how long the garnishment will take place or the number of garnishment and any related fees authorized under this Ordinance.

4-7. *Garnishment Implementation.* The Accounting Department shall begin garnishments within

ten days of notification of the judgment. The Accounting Department shall then:

- a. Send to the creditor the allowable amount garnished from the employee's paycheck following each payroll period.
- b. Notify the employee and creditor when the garnishments are terminated.

4-8. *Summary Process.* Where the claim of indebtedness is \$50.00 or less, it shall be processed summarily by the Hearing Officer unless the debtor formally requests a hearing.

4-9 *Appeals.* A respondent has ten days from the date of receipt of the notice to file an appeal of a garnishment order with the Oneida Appeals Commission.

4-10. *Records.* The Hearing Officer shall keep complete records of all garnishment actions that are started and/or completed. The records shall contain:

- a. Correspondence and notices to all parties involved.
- b. Bookkeeping records.
- c. Garnishment evidence presented by all parties.
- d. Decisions made by the Hearing Officer.

Article V. Garnishment Costs, Fees and Allowable Amount

5-1. *Garnishment Action Fee.* At the time of creditor's first notice to the Hearing Officer, the creditor shall pay a fee of \$25.00 which shall be known as the Garnishment Action Fee. The Hearing Officer is not required to begin any action on the claim until the fee is paid. The fee shall be charged to the respondent should a decision be made to garnish. The fee will be applicable in each case, except that in cases where indebtedness is with a department, program or enterprise of the Oneida Tribe.

5-2. *Administrative Fee.* An administrative fee of \$5.00 shall be deducted monthly along with the ordered garnishment until the amount claimed is paid in full. This fee is to cover the cost of garnishing as expended by the Accounting Department.

5-3. *Amount of Garnishment.* The Hearing Officer may order the employee's compensation to be subject to a garnishment of up to twenty percent of the employee's disposable weekly wage, the remainder to be identified as a protected subsistence allowance. Provided that, in calculating twenty percent, the Hearing Officer shall not include amounts garnished regarding child support orders. The employee may voluntarily request more to be deducted. The request shall be made directly to the Accounting Department.

5-4. *Exceptions to 20 % Presumption.* It is presumed that the beginning amount to be deducted in any garnishment hearing shall begin at twenty percent of the employee's weekly wages. The respondent is responsible for presenting evidence that it is unreasonable to require the full twenty percent to be deducted. Examples of exceptions shall include, but not be limited to, pre-existing garnishment orders, child support orders that would leave less than 50% of the debtor's wages, other evidence presented which would cause garnishments such that additional garnishment orders would cause undue harm.

Article VI. Irrevocable Voluntary Payroll Deduction

6-1. *Irrevocable Voluntary Payroll Deduction.* An employee may request an irrevocable voluntary payroll deduction negotiated with a creditor for legal debts. The request must be signed by the employee and submitted to the Accounting Department.

6-2. *Preemption of Garnishment Acton.* If the request is made prior to a garnishment action decision or during a garnishment action:

- a. The irrevocable voluntary payroll deduction request must be made to the Hearing Officer.
- b. The Hearing Officer shall notify the creditor of the request.
- c. If the parties agree, the Hearing Officer may then cancel the hearing, notify all parties and forward the executed agreement to the Accounting Department.

6-3. *Administrative Fee.* An administrative fee of \$5.00 shall be assessed monthly so long as the irrevocable voluntary payroll deduction is in effect.

Article VII. Child Support Orders

7-1. *Recognition of Order.* Orders for child support against any employee shall be recognized and enforced, provided that the order has been issued from a court of competent jurisdiction.

7-2. *Authenticity of Order.* The Hearing Officer shall receive such orders, and verify the authenticity of the order. Upon verification of the child support order, the Hearing Officer shall forward such order to the Accounting Department for action.

7-3. *Administrative Fee.* An administrative fee of \$5.00 shall be assessed monthly so long as the child support deduction is in effect.

Article VIII. General

8-1. *Discharge from Employment.* The Oneida Tribe shall not discharge an employee because an employee is being subjected to garnishment actions.

8-2. *Jurisdiction.* All creditor filing a garnishment action must sign a Jurisdiction Submission Statement. The statement will indicate that the creditor is submitting to the jurisdiction of the Oneida Tribe in that particular action.



Cynthia A. Rice

03/01/2000 06:14:21 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Our mtg tomorrow with the National Indian Gaming Association

I believe we should stick to the same plan we worked out before -- we start off by saying we understand there are problems with our original proposal, and we'd like to hear from them about their concerns, and proceed to have mainly a listening session.

Lynn has forwarded to us a copy of NIGA's recent resolution on the subject. Barbara I'll fax you a copy.

Message Sent To:

Lynn G. Cutler/WHO/EOP@EOP
Barbara Chow/OMB/EOP@EOP
Mary L. Smith/OPD/EOP@EOP
J. Eric Gould/OPD/EOP@EOP
Eugenia Chough/OPD/EOP@EOP

John Smalligan

2/16

Use NDMH to collect other federal debt

Jeanne Cianci

Kathy - worked on Edus

FMS - Treasury

→ give them access to NDMH
for collecting other debt

→ could ~~get~~ collect debt faster

~~_____~~
* We should call Dave Lebyde
~~_____~~



● J. Eric Gould

02/15/2000 05:01:47 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP

cc:

Subject: FW: Child support/ W-2G withholding -Forwarded

----- Forwarded by J. Eric Gould/OPD/EOP on 02/15/2000 05:01 PM -----



Elizabeth.Askey@do.treas.gov

02/15/2000 01:42:40 PM

Record Type: Record

To: J. Eric Gould/OPD/EOP

cc: Bruce.Davie@do.treas.gov

Subject: FW: Child support/ W-2G withholding -Forwarded

Date: 02/15/2000 01:41 pm (Tuesday)
From: Elizabeth Askey
To: Eric Gould
CC: DAVIEB
Subject: FW: Child support/ W-2G withholding -Forwarded

Eric -- some additional information from IRS's gambling industry experts.
Hope this is helpful. Please confirm receipt. Thanks. -- Liz

Date: 02/15/2000 08:04 am (Tuesday)
From: ex.mail."HullThomasR@M1.IRS.GOV"
Subject: FW: Child support/ W-2G withholding
To: ex.mail("Elizabeth.Askey"),Dom13.DOPO7(AskeyE)
MIME-version: 1.0
Content-type: multipart/mixed; boundary="Boundary_(ID_PY280093r0j/+gKJ1jgjRA)"

Some additional information. More to come.

> -----Original Message-----

> From: Lacher Eric A [mailto:Eric.A.Lacher@irs.gov]

> Sent: Monday, February 14, 2000 9:59 AM

> To: Hull Thomas R

> Subject: RE: Child support/ W-2G withholding

>

> Good morning ,sorry I missed you last week as I was on the road and came
> home to quite a mess.

>

> 1. In certain circumstances District Directors have authorized the
> aggregation of reportable transactions pursuant to the placement of an
> internal control requirement. This has been approved because slot machines
> in denominations of \$25 dollars and above "lock-up" at every win under the
> \$1200 rule. Under the aggregation permission, the IRS gets one report
> which reflects the total of all reportable transactions audit trails are
> in place to insure complinace. This eases taxpayer burden. I would be
> happy to brief your office as to the details.

>

> 2. W-2G's as they apply to Keno, Bingo and slots have been required
> since the mid 70's. The dollar thresholds as they apply to these games
> were written at a time when a \$1200 dollar jackpot was relatively
> uncommon. Things have changed. As you may recall last year we began a
> study on raising the threshold to \$5000 and eliminate 85% of W-2G filings.
> Taxpayers argued that winners just itemized the losses against the wins
> and the Treasury was not really getting any revenue. Early results
> indicated that this would be to costly. We are currently working to find a
> revenue neutral number.

>

> 3. Indian gaming offers some unique challenges due to the sovereignty
> issue. That being said , Indian casinos have the same requirements as
> commercial casinos. For the most part the Indian casinos are in
> compliance. In rare circumstances where they refuse to permit an audit ,we
> can not attest to any compliance in any area. TE/GE will soon be
> responsible for this issue. To assist them we have developed an Indian
> Gaming text and outreach publication.

>

> 4. Backup withholding from reportable gaming transactions is a
> difficult number as all backup withholding is lumped together. We could
> attempt to study this issue should you require a better number. That being
> said , if people stood to loose all their winnings to child support or
> just 31% if they refused identification, I think it would be safe to say
> backup withholding would increase. The children however, would not get
> the money the treasury would.

>

>

> -----Original Message-----

> From: Hull Thomas R

> Sent: Friday, February 11, 2000 1:01 PM

> To: Lacher Eric A

> Subject: Child support/ W-2G withholding

>

> Eric, your voice mailbox is full; so I was unable to leave you a
> message. I have some questions that I'm sure you can answer. Please give
> me a call 202-622-5563

>

> 1. Are there any situations where a casino does not stop operations
> to secure a W-2G? i.e., do they continue operations if a card holder
> exceeds the \$1200.00 dollar limit because they have the individuals TIN, on

> record.

>

> 2. How long has the W-2G filing requirement been in place.

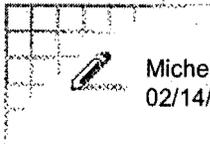
>

> 3. How do we address Indian gaming with regard to W-2G compliance?

>

> 4. Do we have any idea how often a casino has to backup withhold

> because the winner fails to provide a TIN #?



Michele Ahern
02/14/2000 06:27:33 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
bcc:
Subject: Re: offset question

The student loan offset was enacted in the 2000 appropriations act.

We have another idea about using NDNH for other kinds of Federal debt collection, implemented through Treasury/FMS. It came up late in the budget process, so we didn't have time to develop it for the 01 budget, ie we don't have a savings estimate. We're getting that process going again with our Treasury branch colleagues now, too.

Cynthia A. Rice



Cynthia A. Rice

02/14/2000 06:14:35 PM

Record Type: Record

To: Michele Ahern/OMB/EOP@EOP
cc:
Subject: offset question

Did we use all of the student loan offset to pay for SDUs last year? If not, that may be a possibility

HHS

2/14

Olivia -

We may ~~want~~ want to elevate

- prefer just not to push, not make formal change
- concerned about alternative pay-for

Emil -

Why don't we sit down with industry first before we formally withdraw this?

[We said we'd consider]

As this is presented → w/d formalist substitute
ben pay-for?

Olivia

- will ~~also~~ look @ medical support res
- will consult about w/d (formally)



National Indian Gaming Association

224 Second Street SE • Washington DC 20003
(202) 546-7711 • FAX (202) 546-1755 • www.indiangaming.org

FAX TRANSMISSION COVER SHEET

DATE: 2-14-00

TO: LYN CUTLER

FAX: (202) 546-⁴⁵⁶⁻6220 2889

FROM: KATHERINE SPILDE / RICK HILL

YOU SHOULD RECEIVE 3 PAGE(S), INCLUDING THIS COVER SHEET. IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL 202-546-7711.

MESSAGE:

LOOK FORWARD TO DISCUSSING
THESE ISSUES FURTHER
TOMORROW. THANKS!

The National Indian Gaming Association (NIGA), established in 1985, is a non-profit organization of 168 Indian Nations and other non-voting associate members representing organizations, tribes and businesses engaged in tribal gaming enterprises from around the country. The common commitment and purpose of NIGA is to advance the lives of Indian peoples -- economically, socially and politically. NIGA operates as a clearinghouse and educational, legislative and public policy resource for tribes, policy makers and the public on Indian gaming issues and tribal community development.

For further information call (202) 546-7711



National Indian Gaming Association

224 Second Street SE • Washington DC 20003
(202) 546-7711 • FAX (202) 546-1755 • www.indiangaming.org

Richard Hill
Chairman

February 14, 2000

Lyn Cutler
Senior Advisor for Indian Relations to the Chief of Staff
1600 Pennsylvania Avenue
Old Executive Office Building, Room 106
Washington, D.C. 20504

Dear Ms. Cutler,

I look forward to our meeting tomorrow to discuss the new Responsible Fatherhood Initiative to Promote Work and Boost Child Support Payments. Let me preface this letter with a statement of support for the laudable cause of collecting payments from parents who owe child support. I believe I speak for the 168 member tribes of the National Indian Gaming Association when I state that we share this laudable goal. My concerns are with the process of implementing one part of the Initiative, which is the interception of gambling winnings to collect past-due child support. In preparation for tomorrow's meeting, below are a list of concerns that I hope to discuss with you.

As the Chairman of the National Indian Gaming Association, I am particularly concerned about the Initiative's provision to seize the gambling winnings from gamblers who owe child support. This provision is unworkable at Indian Nation gambling venues for a number of reasons. Most importantly, this provision would infringe on Indian Nation governmental sovereignty and violate 200 years of Federal court decisions and Federal policy by making state laws applicable within tribal jurisdictions. Essentially, this provision requires tribal governments to enforce state court orders, an inherently problematic arrangement.

This proposal also raises serious privacy concerns. Tribal governments, unlike state governments, do not have access to the personal information of private citizens. Tribal gambling venues are businesses and should not be responsible for withholding money on behalf of state or federal agencies. Collecting child support payments is the job of the federal and state governments, not that of tribal governments or businesses.

In addition to concerns about Indian nation sovereignty and customer privacy, there is also the question of cost. Who will bear the cost of the infrastructure necessary to carry out this proposal? Who will pay for the additional training and staff necessary to implement such a proposal? As you know, there was no consultation with Indian nations in crafting this proposal.

Finally, what particular procedures would be created to implement this provision in individual gambling venues? Would a national database be created, or would collection occur only for so-called deadbeat parents within the state where the Indian nation is located? As you can see from only an immediate reaction to this proposal, there are serious considerations to be addressed.

I look forward to discussing these and other concerns with you at tomorrow's meeting.

Sincerely,

Rick Hill

Richard Hill
Chairman



Cynthia A. Rice

02/14/2000 11:54:51 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: Update from OMB on child support and gambling

Barbara Chow spoke to Jack about child support and gambling. His first reaction was 'do we really need to drop this?' but once he got beyond that his only issue is that he insists we need to have another pay-for to make up the savings. OMB will work on this, with our help. I impressed upon Barbara the need to move quickly, to give it less time to leak out and to allow us to put it out sufficiently in advance of the President's trip.

Barbara thought one way we could pitch the voluntary option is to talk about it as a pilot, saying we've realized there are some implementation questions and we want to test how it would work before we go national. Participation in the pilot would of course be voluntary, and we might throw in some financial incentives to cover paperwork and computer costs for those who participate. I think this makes some sense.

Message Copied To:

Anna Richter/OPD/EOP@EOP
J. Eric Gould/OPD/EOP@EOP
Eugenia Chough/OPD/EOP@EOP
Mary L. Smith/OPD/EOP@EOP
Andrea Kane/OPD/EOP@EOP



Cynthia A. Rice

02/14/2000 11:59:46 AM

Record Type: Record

To: Barbara Chow/OMB/EOP

cc:

Subject: Something we should ask Olivia about

There's a commission relating to child support medical support issues (e.g. doing more to ensure the father's health plan covers the child as part of the child support order) that has just reported to HHS. HHS is apparently reviewing the recommendations -- I don't really know what's in them, but there may be some savings associated with some of them (perhaps reduced Medicaid costs by ensuring kids get on their father's private insurance) that we could use to replace the gambling savings.

In general I think these recommendations could have potential, and I told Olivia several weeks ago I'd like them to move quickly in their review and to come over and give us a briefing. Barbara Pryor says Sen Rockefeller would like to introduce a bill shortly (I think he and Sen Snowe were responsible for the legislation creating the commission).



Cynthia A. Rice

02/14/2000 11:55:04 AM

Record Type: Record

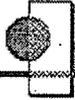
To: J. Eric Gould/OPD/EOP, Eugenia Chough/OPD/EOP
cc: Andrea Kane/OPD/EOP
Subject: Pay-fors to replace the \$183 mi from child support and gambling

We need to accelerate work on the independent contractor option, which Barbara thinks would pick up about half the savings needed. She will get Smalligan and Ahern working on this, but you guys should work closely with them. As I recall, we've asked Treasury for some information, but have not yet reached out to DOL and SBA?

And, though it is more OMB's responsibility than ours, we should try to think of any other possible pay-fors in our area (defined broadly).

One possibly promising area are the recommendations on child support medical support made by the commission to HHS -- perhaps some of those have some savings (perhaps reduced Medicaid costs by ensuring kids get on their father's private insurance) that we could use to replace the gambling savings. Eric -- I know you got an (unofficial?) update from Legler on this -- can you fill the rest of us in?

And we should also think more broadly than child support. Genie -- can you check to see if any of the bills introduced so far in Congress that have been referred to Ways and Means or Finance had any little pay-fors that weren't horrendous? Can anyone think of anything else?



Cynthia A. Rice

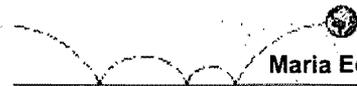
02/11/2000 06:40:35 PM

Record Type: Record

To: Maria Echaveste/WHO/EOP@EOP
cc: bruce n. reed/opd/eop@eop, lynn g. cutler/who/eop@eop
bcc: Mary L. Smith/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Records Management@EOP
Subject: Re: Gaming and Deadbeat Dads 

We're hoping to be able to seriously restructure our proposal to satisfy both tribal and non-tribal concerns. Barbara Chow is talking to Jack and Sylvia about how to handle the budget implications. If we revise our plan, we want to make sure our friends get credit, so we need to keep this under wraps until we're ready to roll it out. We're going to go ahead and have the already-scheduled meeting with tribal gaming folks on Tuesday and tell them we recognize our current proposal won't work and seek their advice.

Maria Echaveste



Maria Echaveste

02/11/2000 02:26:05 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc: Bruce N. Reed/OPD/EOP@EOP, Lynn G. Cutler/WHO/EOP@EOP
Subject: Gaming and Deadbeat Dads

Cynthia--I know you've had a couple of meetings on this issue including one recently with doj--Can you send me an email detailing the issues as you see them and your plans for how we're going to resolve some of the outstanding issues, not limited to the Indian sovereignty but also how we're going to get the industry to cooperate?

3 P Crow - speak to Govt re: gambling
Govt's fund

→ First reaction → do we really need to do this?

(→ may have given up by now on this)

→ do we think we need to replace the ~~the~~ savings

→ Accelerate the independent contractors
→ would pay for half
→ would need something
→ effective date
were they public?
↳ Govt + Michelle
Comstock on this
↳ what do they report now?

→ Voluntary?

→ Pilot? w/ voluntary participation in pilot }
→ pay for paperwork, computer costs }
→ financial incentive }
→ implementation question
→ want to work through them before we go national

→ call w/ Olivia later today

2/11

Bruce

Sylvia got email from Shelley Berkeley
which she passed on to Bruce

Bruce should talk to Sylvia

Commit we just ~~let~~ let the President go to
Las Vegas say "let's make it voluntary"

Tell tribes

Mary - Lynn should call a few
people beforehand -> get a few
on board w/ voluntarily before
the mtg

Stable

-> we're back to the drawing board

-> we're recognizing that this version
won't work -> discuss voluntary

Don't meet w/ industry
First ~~let~~ let Shelley Berkeley announce it
Then meet industry

We think we can get just as far

→ work w/ the industry



Emil / HHS

① use w/ limit for taxes

② ~~not~~ reporting only

→ ~~not~~ administratively burdensome
w/ no any benefit for child support

Why can't the President just say

"I don't like this
we're not going to push it"

~~Shouldn't~~ shouldn't put out fallback
out before meeting w/ industry

Voluntary → put in place problems

HHS could justify
→ tribal exemption
→ de minimis exemption

Ernie/HHS

2

Only reoptions

- ① Don't push it
- ② voluntary → put procedures in place
- ③ withdraw it
- ④ total exemption
or diminished exemption

We've gotten a fairly strong signal from the President he doesn't want to do this

→ we need a free-swing fall back

B. Chow

O. Golden

Call Oliver w/ Bombardier

+ Emil

B. Chow

~~Oliver Golden~~

* B. well talk to Jack about proposal issue

→ Jack Lew does not want to withdraw it altogether

↳ ie. does he feel compelled to fill the budget hole?

→ Reporting

⇒ would create a hole in

→ theoretically have to fill it...

} need to substitute pay-for...

→ is it an option just not to push it?

→ Bombardier - better off w/ proposal altogether than amending
- can't we just listen on Tuesday? at...



Cynthia A. Rice

02/10/2000 02:19:16 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: Solving the child support gambling problem is NOT easy

I've looked into the option of having gaming establishments collect and report to the federal child support database the gambling winner's name, social security number, home address and possibly his employer's name and address. In my view, the option would do little to collect child support and we would still need to exempt tribes (lest we renege on our long-standing support for tribal sovereignty). The only advantage would be that it gives us a quasi-face-saving way to minimize opposition without abandoning our proposal altogether, which may be the best we can hope for at this point.

Please advise on how I should proceed. We need to resolve this by Monday (before a scheduled meeting with tribes on Tuesday) and OMB may need to come up with another pay-for. Should I begin selling this reporting only option, with a tribal exemption, to OMB, HHS, Leg Affairs, etc.? Keep in mind Lynn Cutler specifically requested a meeting where she and others would be at the table to weigh in (but she should like this option).

See below for more on the pros and cons of this option, and see the attached document for the wide range of unsavory options available to us.

Require only reporting from tribes and nontribal gaming establishments

Pros: Likely to generate less opposition from gambling establishments, because it would require them only to report winnings, not collect child support. Allows us to minimize opposition without abandoning the proposal altogether.

Cons: Unlikely to generate information the child support office doesn't already have, and thus is unlikely to result in more child support collections or federal revenues. For example, the child support office will already have access to the home address on the individual's drivers license, and in this process will only get a more up-to-date address if the individual volunteers it to the gambling establishment. If employer's name and address are also collected, this will require gambling establishments to collect more information than they generally do for the W2G and will increase opposition to the proposal.

In addition, this impinges on tribal sovereignty by having the federal government impose a requirement on tribes (the proposal builds on current law, requiring tribes to report and in some cases withhold funds for federal income taxes, which also impinges on tribal sovereignty.) We could therefore exempt tribes from this reporting requirement, generating more concerns from nontribal establishments.



cse0210 gambling.d 2 pager on variety of options

Message Copied To:

J. Eric Gould/OPD/EOP@EOP
Mary L. Smith/OPD/EOP@EOP
Eugenia Chough/OPD/EOP@EOP
Anna Richter/OPD/EOP@EOP
Andrea Kane/OPD/EOP@EOP

Collecting Child Support from Gambling Winnings

2/10/00 2:00 DRAFT

3:00

Current Proposal

The proposal would require that gaming establishments submitting information to the IRS on individuals with winnings exceeding a certain amount (\$600 to \$1,500 depending on the type of gambling¹) also check to see if these individuals owe child support, and if so, retain winnings for the gambler's children². The proposal would increase child support collections to families by \$348 million over five years, saving the federal government \$183 million, and would apply to both tribal and nontribal gaming.

Options

- Alternative to (1)+(2) = make clear to groups we aren't going to push it
- (1) Keep current proposal. Propose legislative language that amends the Social Security Act to require states and tribes to implement withholding of child support from gambling winnings, notwithstanding any provision of the Indian Gaming Regulatory Act.

Pros: Proposal does not amend Indian Gaming Regulatory Act, which the Administration has fought to not re-open. The proposal collects \$348 million for children and saves the federal government \$183 million over 5 years.

Cons: Strongly opposed by gambling establishments and certain members of Congress. Impinges on tribal sovereignty by having the federal government impose a requirement on tribes (the proposal builds on current law, requiring tribes to report and in some cases withhold funds for federal income taxes, which also impinges on tribal sovereignty).

- (2) Make reporting and collecting optional for tribes but put in place for other gaming establishments. Could offer tribes an incentive to take the option (pay for costs of computers etc.)

Pros: Does not impinge on tribal sovereignty.

Cons: Will generate more opposition from nontribal gaming establishments. Will result in lower child support collections and federal revenues.

¹ Under current law, tribal and nontribal gambling establishments must complete and send to the IRS form W2G, reporting the name, social security number and amount of winnings for patrons with keno winnings above \$1,500, bingo and slot machine winnings above \$1,200, and winnings above \$600 when the winnings are at least 300 times the amount of the wager. (Note the 300 to 1 odds requirement in the latter category exempts most card games but includes certain horse, dog, and sports (such as jai alai) betting.) Gambling establishments must withhold 28 percent for taxes only for winnings over \$5,000 when the winnings are at least 300 times the amount of the wager, but not for keno, bingo, or slots.

² For all gambling winners exceeding the thresholds listed above, the gambling establishment would transmit the individual's name, social security number and amount of winnings via computer to a secure internet site where it would be matched against information on parents who owe at least \$500 in child support. The match inquiry would report back: 1) there is no match and the individual does not owe past due child support; 2) the individual owes past due child support which exceeds the amount of the individual's winnings, therefore, the entire amount of winnings should be retained; or 3) the individual owes child support but the amount does not exceed the amount of winnings; therefore, only the amount of child support owed should be retained.

- (3) Require only reporting from tribes and nontribal gaming establishments. Have gaming establishments collect and report to the federal child support database the gambling winner's name, social security number, home address and possibly his employer's name and address.

Pros: Likely to generate less opposition from gambling establishments, because it would require them only to report winnings, not collect child support. Allows us to minimize opposition without abandoning the proposal altogether.

Cons: Unlikely to generate information the child support office doesn't already have, and thus is unlikely to result in more child support collections or federal revenues. For example, the child support office will already have access to the home address on the individual's drivers license, and in this process will only get a more up-to-date address if the individual volunteers it to the gambling establishment. If employer's name and address are also collected, this will require gambling establishments to collect more information than they generally do for the W2G and will increase opposition to the proposal.

Also impinges on tribal sovereignty by having the federal government impose a requirement on tribes (the proposal builds on current law, requiring tribes to report and in some cases withhold funds for federal income taxes, which also impinges on tribal sovereignty).

- (4) Require only reporting from nontribal gaming, with optional reporting from tribes. Have nontribal gaming establishments collect and report to the federal child support database the gambling winner's name, social security number, home address and possibly his employer's name and address; create optional reporting for tribes.

Pros: Likely to generate less opposition from gambling establishments, because it would require them only to report winnings, not to collect child support, but non-tribal establishments would dislike exemption for tribal establishments. Allows us to minimize opposition without abandoning the proposal altogether.

Cons: Unlikely to generate information the child support office doesn't already have, and thus is unlikely to result in more child support collections or federal revenues. For example, the child support office will already have access to the home address on the individual's drivers license, and in this process will only get a more up-to-date address if the individual volunteers it to the gambling establishment. If employer's name and address are also collected, this will require gambling establishments to collect more information than they generally do for the W2G and will increase opposition to the proposal.

Tribal exemption will generate opposition from non-tribal establishments.

- (5) Make collecting optional for tribal and non-tribal gaming. Seek out industry leaders to voluntarily agree to collect child support from winners, and ask others to follow suit.

Pros: Eliminates opposition from tribal and non-tribal gaming establishments.

Cons: Voluntary cooperation may be difficult to achieve, and thus this proposal may generate little or no child support collections or federal revenues.

→ legislation to put in place to protect against liability

(6) *withdraw proposal*

● Eugenia Chough

02/04/2000 02:15:24 PM

Record Type: Record

To: See the distribution list at the bottom of this message.

cc: Lynn G. Cutler/WHO/EOP@EOP, Adrienne C. Lavalley/WHO/EOP@EOP

Subject: CS Gaming: National Indian Gaming Assoc Meeting

Following up from our meeting on Child Support Gaming last Tuesday, we plan to meet with NIGA (the nongovernmental group) on **Tues, 2/15 at 2 pm in 472 in OEOB.**

Attendees from HHS and Treasury should send me your DOB and SSN.

Thank you:
Genie

Message Sent To:

Broderick Johnson/WHO/EOP@EOP
Joel K. Wiginton/WHO/EOP@EOP
Tammye D. Johnson/ONDCCP/EOP@EOP
Mark D. Magana/WHO/EOP@EOP
Karen Robb/WHO/EOP@EOP
Mary L. Smith/OPD/EOP@EOP
Barbara Chow/OMB/EOP@EOP
Jennifer E. McGee/OMB/EOP@EOP
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February 9, 2000

Ms. Lynn Cutler, Senior Advisor
to Chief of Staff for Native American Affairs
Old Executive Office Building
Room 106
Washington, DC 20502

Dear Ms. Cutler:

The National Indian Gaming Commission applauds the White House on the Responsible Fatherhood Initiative. We support the Administration's tough approach to the problem of deadbeat parents, and believe that the Administration is justified in taking pride in what it has already accomplished in this regard.

We do, however, have some serious concerns about the Initiative's proposal to require Native American tribal gaming operations to withhold payment of winnings to deadbeat parents.

Our concerns relate primarily to tribal sovereignty and our own limited Congressional mandate under the Indian Gaming Regulatory Act (IGRA), the law that provides the source of our authority in Indian gaming.

The Commission's existence and its mission derive solely from IGRA, which Congress enacted:

(1) to provide a statutory basis for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments;

(2) to provide a statutory basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation, and to assure that gaming is conducted fairly and honestly by both the operator and players; and

(3) to declare that the establishment of independent Federal regulatory authority for gaming on Indian lands, the establishment of Federal standards for gaming on Indian lands, and the establishment of a National Indian Gaming Commission are necessary to meet congressional concerns regarding gaming and to protect such gaming as a means of generating tribal revenue. 25 U.S.C. § 2702.

As currently constituted, IGRA lacks any grant of authority to the Commission to force tribal casinos to meet the proposed requirements for child support enforcement. Accordingly, we would be exceeding our authority as an independent regulatory agency if we were to seek to adopt or enforce regulations which do not directly serve the goals of shielding tribal gaming from corrupting influences, ensuring that the tribe is the primary beneficiary of the gaming operation or assuring that gaming is conducted fairly and honestly.

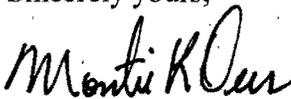
We are also concerned about the Initiative's impact on the Executive branch's policy of dealing with the Indian tribes on a government-to-government basis. Unlike the typical commercial casino enterprise in Las Vegas or Atlantic City, for example, tribal casinos are distinctly governmental entities. Although, as to the broader gambling industry, the Initiative represents federal regulation of industry, as applied to Indian tribes, the Initiative represents federal regulation of Indian tribes. Accordingly, it is not appropriate for the federal government simply to levy a unilateral demand that tribes implement this federal policy.

This Administration has been steadfast in its insistence upon relating to Indian nations in a government-to-government manner and minimizing intrusions on tribal sovereignty. Absent additional consultation with Indian tribes, the current proposal for mandating withholding of the winnings of deadbeat parents does not appear to be consistent with the Administration's previous policy statements on tribal sovereignty.

In light of the importance of the Initiative's goals and the fact that the problem of deadbeat parents affects Indian country as much as the rest of the United States, I believe that many tribes will be interested in joining the Initiative. Because the Initiative is outside the statutory authority, and the regulatory expertise, of the Commission, the Commission recommends against the proposed mandate to Indian tribes and implementation of such a mandate by the Commission.

We look forward to continued cooperation on this matter.

Sincerely yours,

A handwritten signature in cursive script that reads "Montie R. Deer".

Montie R. Deer
Chairman

2/9 Child Support

Qs from Cms

→ what resources would be needed
(may be difficult to buy computer)

? could exempt small establishments

? why not have a 1-800 #?

Indian Civil Rights Act

→ can't seize property w/o
due process

HHS

① Could amend SSA Act (466)

→ apply to states and

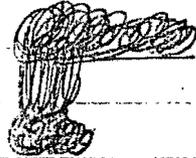
→ apply to tribes

"notwithstanding any
provision of FGRA"

? what about enforcement?

practical concerns about

fed. ability to enforce



Issues we need to consider =

→ effect of treaties

→ not supposed to command them
to assist us

→ at minimum we should ensure
they have the resources

(2) option

→ give tribes an incentive to
voluntarily enter into
an arrangement

→ may just be a handful of
large tribes that have
the most majority
~ top 20 tribes make up
80-90% of revenue

Lynn concerned about what
they'd want in return
(land acquisition)

(3) Option
→ the federal funding tribes
to participate

Lynn + Mary
→ Don't want to tie to
general federal funding
→ causes more problems

(4) Option - make it optional for tribal and
Bank Secrecy Act non-tribal
applies to tribes
any transactions > \$10,000

(5) Voluntary? Mandate plus \$50 per hit → pay fee
Change IRS code Cash change cards

Lynn

→ Propose to have tribal provisions
be optional.

[eg amend SSAet - apply provisions
to states and make it an
option for tribes]

Tribes are politically sensitive

Possible reimbursement for
costs of tribes implementing

Mandatory vs. optional

Next steps

Meeting

Podesta

Maria E

Bruce

Lynn

Chuck Brain

Minyon Moore

OMB

? Gene?

Quest calls

to Key industry contacts

→ Find out real problem

?? Steve Wynn



Michele Ahern
02/09/2000 08:49:30 PM

Call

Record Type: Record

To: J. Eric Gould/OPD/EOP@EOP
cc: cynthia a. rice/opd/eop@eop, mary l. smith/opd/eop@eop, Jack A. Smalligan/OMB/EOP@EOP
bcc:
Subject: Re: Child Support / gambling winnings 

I am really sorry I missed the meeting this afternoon. I got completely swamped with some other work. I will try to catch up with one of you tomorrow afternoon to hear how things went.

Here are the numbers you asked for. Although, please let me know before you intend to use these in any public documents. We try not to lay out all of the underlying assumptions in our estimates since, needless to say, developing these estimates is not an exact science. I would want to be careful about how they are used, particularly in light of some of the new information we got from Treasury.

The first year is an anomaly, since we assume an implementation lag. In the second through fifth years, we assume 54,000, 52,000, 49,000, and 46,000 intercepts.

J. Eric Gould 02/09/2000 06:04:05 PM



● J. Eric Gould 02/09/2000 06:04:05 PM

Record Type: Record

To: Michele Ahern/OMB/EOP@EOP
cc: Cynthia A. Rice/OPD/EOP@EOP, Mary L. Smith/OPD/EOP@EOP
Subject: Child Support / gambling winnings

Michelle - how many people did HHS estimate they would capture a year (over five years) who would actually have their gambling winnings intercepted because they owed child support?

2/10

Fall Back Options

① Reporting only

a) ~~casinos~~ report to NHDB

i) name, SS#, amt of winnings?

ii) name, SS#, amt of winnings,
current address?

will only be useful if
person gives accurate info
w/ their address from
that on license lic.

iii) name, SS#, amt of winnings,
current address, employer
name + address?

b) mandatory vs. optional

i) mandatory tribes + non-tribes

ii) voluntary tribes, mandatory non-tribes

iii) voluntary tribes + non-tribes

[even if voluntary, would propose
statutory language spelling out
what option would entail, no liability
for getting out, allow NHDB to take
info etc.]

② Combine any reporting options
above with:

a) optional withholding

b) optional withholding for most
categories plus mandatory for
times when taxes now withheld



Instructions for Forms W-2G and 5754

Section references are to the Internal Revenue Code unless otherwise noted.

What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form W-2G and forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

Specific Instructions for Form W-2G

File **Form W-2G**, Certain Gambling Winnings, to report gambling winnings and any Federal income tax withheld on those winnings. The requirements for reporting and withholding depend on the type of gambling, the amount of the gambling winnings, and generally the ratio of the winnings to the wager.

The types of gambling are grouped as follows:

1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later.
2. Sweepstakes, Wagering Pools, and Lotteries.
3. Bingo, Keno, and Slot Machines.

Tax-Exempt Organizations

A tax-exempt organization conducting gaming activities may be required to withhold income tax and report on Form W-2G. See **Pub. 3079**, Gaming Publication for Tax-Exempt Organizations.

Reportable Gambling Winnings

Generally, gambling winnings are reportable if the amount paid reduced, at the option of the payer, by the wager is **(a)** \$600 or more and **(b)** at least 300 times the amount of the wager. However, these requirements do not apply to winnings from bingo, keno, and slot machines. If the winnings from a **keno** game (reduced by the wager) are \$1,500 or more, they are reportable gambling winnings. If the winnings (not reduced by the wager) from a **bingo** game or **slot machine** are \$1,200 or more, they are reportable gambling winnings.

If you pay reportable gambling winnings, you must file Form W-2G with the IRS and provide a statement to the winner (Copies B and C of Form W-2G).

Withholding

There are two types of withholding on gambling winnings—regular gambling withholding at 28% (38.88% for certain noncash payments) and backup withholding at 31%. If a payment is already subject to regular gambling withholding, it is not subject to backup withholding.

Regular Gambling Withholding

You may be required to withhold 28% of gambling winnings for Federal income tax. This is referred to as regular gambling withholding. The following table shows whether you must withhold 28%.

IF gambling winnings are from...	AND they are...	THEN you...
Bingo, keno, or slot machines	Any amount	Do not withhold at 28%
Any wagering transaction	\$5,000 or less	Do not withhold at 28%
<ul style="list-style-type: none"> • Sweepstakes • Wagering pool • Lottery • Another wagering transaction (for bingo, keno, or slot machines, see above) when winnings are at least 300 times amount wagered 	More than \$5,000	Withhold at 28%

Regular gambling withholding applies to the total amount of gross proceeds (the amount of winnings less the amount wagered) not merely to the amount in excess of \$5,000.

Report the amount you withheld in box 2 of Form W-2G. Also file **Form 945**, Annual Return of Withheld Federal Income Tax, to report all your gambling withholding.

Noncash payments. A noncash payment, such as a car, must be taken into account at its fair market value (FMV) for purposes of reporting and withholding. If the FMV exceeds \$5,000, after deducting the price of the wager, the winnings are subject to 28% regular gambling withholding. The tax you must withhold is computed and paid under either of the following two methods:

1. The **winner pays** the withholding tax to the payer. If the winner pays the withholding tax to the payer of the winnings, the withholding is 28% of the noncash payment (FMV) minus the amount of the wager.

2. The **payer pays** the withholding tax. If the payer of the winnings also pays the withholding tax on behalf of the winner, the withholding is 38.88% of the noncash payment (FMV) minus the amount of the wager.

If you use method 2, enter the sum of the noncash payment and the withholding tax in box 1 of Form W-2G and the withholding tax paid by the payer in box 2. See Notice 93-7, 1993-1 C.B. 297.

Backup Withholding

You may be required to withhold 31% of gambling winnings (including winnings from bingo, keno, and slot machines) for Federal income tax. This is referred to as backup withholding. The following table shows when you should backup withhold at 31%.

Withhold at 31% if...	AND...
The winner does not furnish a correct taxpayer identification number (TIN)	<ul style="list-style-type: none"> • Reportable gambling winnings are not already subject to regular gambling withholding • Reportable gambling winnings are from bingo, keno, or slot machines

Backup withholding applies to the total amount of the winnings reduced, at the option of the payer, by the amount wagered. That means the total amount, not just the payments in excess of \$600, \$1,200, or \$1,500, is subject to backup withholding at 31%.

Report the amount you withheld in box 2 of Form W-2G. Also file **Form 945** to report all backup withholding. You may use **Form W-9**, Request for Taxpayer Identification Number and Certification, to request the TIN of the recipient.

See the instructions that follow for each type of gambling for detailed rules on backup withholding.

Foreign Persons

Payments of gambling winnings to a nonresident alien individual or a foreign corporation are not subject to reporting or withholding on Form W-2G. Generally, gambling winnings paid to a foreign person are subject to 30% withholding under sections 1441(a) and 1442(a) and are reportable on Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding. Winnings of a nonresident alien from blackjack, baccarat, craps, roulette, or big-6 wheel are not subject to the 30% withholding, but they are reportable on Form 1042-S. See the **Instructions for Form 1042-S** and **Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations**.

State Tax Information

If state income tax withholding is required on gambling winnings in your state, you may want to complete boxes 13 and 14 on Form W-2G. Copy 1 of the form may be used to provide information to the state, and Copy 2 may be used as the winner's copy for use in filing a state income tax return. A state identification number is assigned by each individual state.

Form 5754

If the person receiving the winnings is not the actual winner, or is a member of a group of winners, see **Specific Instructions for Form 5754** on page W-4.

Statements to Winners

If you are required to file Form W-2G, you must also provide a statement to the winner. For information about the requirement to furnish a statement to the winner, see part H in the **2000 General Instructions for Forms 1099, 1098, 5498, and W-2G**. You may furnish Copies B and C of Form W-2G.

1—Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later

File Form W-2G for every person to whom you pay \$600 or more in gambling winnings if such winnings are at least 300 times the amount of the wager. If the person presenting the ticket for payment is the sole owner of the ticket, complete Form W-2G showing the name, address, and TIN of the winner. If regular gambling withholding is required, the winner must sign the Form W-2G, under penalties of perjury, stating that he or she is the sole owner and that the information listed on the form is correct.

Withholding

You must withhold Federal income tax, at the rate of 28% (regular gambling withholding), from the amount of winnings less the amount wagered. Do this if such winnings less the wager exceed \$5,000 and if the winnings are at least 300 times the amount of the wager.

If the winner of reportable gambling winnings does not provide a TIN, you must backup withhold at the rate of 31% on any such winnings that are not subject to 28% regular gambling withholding. That is, if the winnings are at least \$600 but not more than \$5,000 and are at least 300 times the wager, 31% backup withholding is figured on the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Multiple Wagers

For multiple wagers sold on one ticket, such as the \$12 box bet on a Big Triple or Trifecta, the wager is considered as six \$2 bets and not one \$12 bet for purposes of computing the amount to be reported or withheld. Winnings on a \$12 box bet must be reported if they are \$600 or more, and Federal income tax must be withheld if the proceeds total more than \$5,000 or, if the proceeds do not exceed \$5,000, if the recipient fails to provide a TIN.

Identical Wagers

Winnings from identical wagers (e.g., two \$2 bets on a particular horse to win the same race) are added together for purposes of the reporting and withholding requirements. Also, winnings from identical wagers that are not part of the payment for which the Form W-2G is being prepared are added together for purposes of withholding to determine if the total amount of proceeds from identical wagers is more than \$5,000.

Box 1

Enter payments of \$600 or more if the payment is at least 300 times the amount of the wager.

Box 2

Enter any Federal income tax withheld, whether 28% regular gambling withholding or 31% backup withholding.

Box 3

Enter the type of wager if other than a regular race bet, for example, Daily Double or Big Triple.

Box 4

Enter the date of the winning event. This is not the date the money was paid if it was paid after the date of the race (or game).

Box 5

Not applicable.

Box 6

Enter the race (or game) applicable to the winning ticket.

Box 7

Enter the amount of additional winnings from identical wagers.

Box 8 or 10

Enter the cashier and/or window number making the winning payment.

Boxes 11 and 12

Enter the identification numbers of the person receiving the winnings.

Box 13 (optional)

Enter the abbreviated name of the state and your state identification number.

Box 14 (optional)

Enter the amount of state income tax withheld.

2—Sweepstakes, Wagering Pools, and Lotteries

File Form W-2G for each person to whom you pay \$600 or more in gambling winnings from a sweepstakes, wagering pool, or lottery (including a state-conducted lottery) if such winnings are at least 300 times the amount of the wager. The wager must be subtracted from the total winnings to determine whether withholding is required and, at the option of the payer, to determine whether reporting is required. The wager must be subtracted at the time of the first payment.

The requirements in this section apply to church raffles, charity drawings, etc. In the case of one wager for multiple raffle tickets, such as five for \$1, the wager is considered as \$.20 for each ticket.

Withholding

You must withhold Federal income tax, at the rate of 28% (regular gambling withholding), from the amount of winnings less the amount wagered if such winnings less the wager exceed \$5,000. If the winner of reportable gambling winnings does not provide a TIN, you must backup withhold at the rate of 31% on any such winnings that are not subject to 28% regular gambling withholding. That is, if the winnings are at least \$600 but not more than \$5,000 and are at least 300 times the wager, 31%

backup withholding is figured on the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Installment payments of \$5,000 or less are subject to 28% regular gambling withholding if the aggregate proceeds from the wager will exceed \$5,000.

If payments are to be made for the life of a person (or for the lives of more than one person), and it is actuarially determined that the aggregate proceeds from the wager are expected to exceed \$5,000, such payments are subject to 28% regular gambling withholding. When a third party makes the payments, for example, an insurance company handling the winnings as an annuity, that third party must withhold.

When Paid

A payment of winnings is considered made when it is paid, either actually or constructively, to the winner. Winnings are constructively paid when they are credited to, or set apart for, that person without any substantial limitation or restriction on the time, manner, or condition of payment. However, if within 60 days after the winner becomes entitled to the prize, he or she is offered the option of receiving a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. In this case, file Form W-2G each year of the annuity to report the amount paid during that year.

Box 1

Enter payments of \$600 or more if the payment is at least 300 times the amount of the wager.

Box 2

Enter any Federal income tax withheld, whether 28% regular gambling withholding or 31% backup withholding.

Box 3

Enter the type of wager (such as raffle or 50-50 drawing) or the name of the lottery (such as Instant, Big 50, Baker's Dozen, or Powerball) and the price of the wager (\$.50, \$1, etc.).

Box 4

Enter the date of the winning transaction, such as the date of the drawing of the winning number. This might not be the date the winnings are paid.

Box 5

For a state lottery, enter the ticket number or other identifying number.

Boxes 6 Through 8 and 10

Not applicable.

Boxes 11 and 12

For other than state lotteries, enter the identification numbers of the person receiving the winnings.

Box 13 (optional)

Enter the abbreviated name of the state and your state identification number.

Box 14 (optional)

Enter the amount of state income tax withheld.

3—Bingo, Keno, and Slot Machines

File Form W-2G for every person to whom you pay \$1,200 or more in gambling winnings from bingo or slot machines, or \$1,500 or more from keno after the price of the wager for the winning keno game is deducted. If the winnings are not paid in cash, the FMV of the item won is considered the amount of the winnings. Total all winnings from each bingo or keno game. Winnings and losses from other wagering transactions are not to be taken into account in arriving at the \$1,200 or \$1,500 figure.

Withholding

Regular gambling withholding (28%) does not apply to winnings from bingo, keno, or slot machines. However, if the recipient of reportable gambling winnings from bingo, keno, or slot machines does not provide a TIN, you must backup withhold at the rate of 31%. That is, if the winnings are at least \$1,200 from bingo or slot machines or \$1,500 from keno, 31% backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Box 1

Enter payments of \$1,200 or more from bingo or slot machines or payments of \$1,500 or more from keno.

Box 2

Enter any 31% backup withholding.

Box 3

Enter the type of wager (i.e., bingo, keno, or slot machines) and the amount of the wager.

Box 4

Enter the date of the winning transaction.

Box 5

Enter the ticket number, card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction.

Boxes 6 and 7

Not applicable.

Box 8

Enter the initials of the person paying the winnings.

Box 10

Enter the location of the person paying the winnings, if applicable.

Boxes 11 and 12

Enter the identification numbers of the person receiving the winnings.

Box 13 (optional)

Enter the abbreviated name of the state and your state identification number.

Box 14 (optional)

Enter the amount of state income tax withheld.

Specific Instructions for Form 5754

Use **Form 5754**, Statement by Person(s) Receiving Gambling Winnings, only to prepare Form W-2G when the person receiving gambling winnings subject to reporting or withholding is not the actual winner or is a member of a group of two or more winners on the same winning ticket. The payer is required to file Forms W-2G based on Form 5754.

The person receiving the winnings must furnish all the information required by Form 5754. However, a recipient of winnings from a state-conducted lottery need not provide identification other than his or her taxpayer identification number (TIN).

Part I lists the identification of the person to whom the winnings are paid, and Part II lists the actual winners, their respective shares of the winnings, and any additional winnings from identical wagers.

In Part II, the person receiving the winnings must provide the name, address, TIN, respective share of the winnings, and additional winnings from identical wagers for each of the winners. In addition, if regular gambling withholding is required,

the form must be signed, under penalties of perjury, and dated by the person receiving the winnings.

The form must be returned to the payer for preparation of Form W-2G for each of the persons listed as winners. Forms W-2G may be issued immediately or by January 31 following the year of the payment.

Do not send Form 5754 to the IRS. Keep it for your records.

Withholding and Forms W-2G for Multiple Winners

If more than one person shares in the winnings from a single wager, the total amount of the winnings (less the amount wagered) will determine the amount of the proceeds for purposes of reporting and withholding. Do not allocate winnings to each winner before determining whether the withholding or reporting thresholds were reached.

For example, E purchases a sweepstakes ticket for \$1 on behalf of himself and S, who contributes an equal amount of the ticket price and who will share equally in any winnings. The ticket wins \$5,002. Because the winnings ($\$5,002 - \$1 = \$5,001$) are more than \$5,000, you must withhold 28% of \$5,001. You must prepare a separate Form W-2G for E and for S using the information furnished to you on Form 5754.

Attention!

This form is provided for informational purposes and should not be reproduced on personal computer printers by individual taxpayers for filing. The printed version of this form is a "machine readable" form. As such, it must be printed using special paper, special inks, and within precise specifications.

Additional information about the printing of these specialized tax forms can be found in: Publication 1167, *Substitute Printed, Computer-Prepared, and Computer-Generated Tax Forms and Schedules*; and, Publication 1179, *Specifications for Paper Document Reporting and Paper Substitutes for Forms 1096, 1098, 1099 Series, 5498, and W-2G*.

The publications listed above may be obtained by calling 1-800-TAX-FORM (1-800-829-3676). Be sure to order using the IRS publication number.

3232

 CORRECTED

OMB No. 1545-0238

2000**Form W-2G****Certain
Gambling
Winnings**

For Privacy Act and
Paperwork Reduction Act
Notice, see the 2000
**General Instructions for
Forms 1099, 1098, 5498,
and W-2G.**

File with Form 1096.

Copy A
**For Internal Revenue
Service Center**

PAYER'S name Street address City, state, and ZIP code Federal identification number Telephone number	1 Gross winnings	2 Federal income tax withheld
	3 Type of wager	4 Date won : : : :
	5 Transaction	6 Race
	7 Winnings from identical wagers	8 Cashier
WINNER'S name Street address (including apt. no.) City, state, and ZIP code	9 Winner's taxpayer identification no.	10 Window
	11 First I.D.	12 Second I.D.
	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ▶		Date ▶

Form **W-2G**

Cat. No. 10138V

Department of the Treasury - Internal Revenue Service

CORRECTED

OMB No. 1545-0238

2000

Form W-2G

**Certain
Gambling
Winnings**

PAYER'S name, address, ZIP code, Federal identification number, and telephone number	1 Gross winnings	2 Federal income tax withheld
	3 Type of wager	4 Date won
	5 Transaction	6 Race
	7 Winnings from identical wagers	8 Cashier
WINNER'S name, address (including apt. no.), and ZIP code	9 Winner's taxpayer identification no.	10 Window
	11 First I.D.	12 Second I.D.
	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ►		Date ►

**Copy 1
For State Tax
Department**

Form **W-2G**

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

OMB No. 1545-0238

2000

Form W-2G

**Certain
Gambling
Winnings**

PAYER'S name, address, ZIP code, Federal identification number, and telephone number	1 Gross winnings	2 Federal income tax withheld
	3 Type of wager	4 Date won
	5 Transaction	6 Race
	7 Winnings from identical wagers	8 Cashier
WINNER'S name, address (including apt. no.), and ZIP code	9 Winner's taxpayer identification no.	10 Window
	11 First I.D.	12 Second I.D.
	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ►		Date ►

This information is being furnished to the Internal Revenue Service.

Copy B

Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 2, attach this copy to your return.

Form **W-2G**

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

OMB No. 1545-0238

2000

Form W-2G

**Certain
Gambling
Winnings**

PAYER'S name, address, ZIP code, Federal identification number, and telephone number	1 Gross winnings	2 Federal income tax withheld
	3 Type of wager	4 Date won
	5 Transaction	6 Race
	7 Winnings from identical wagers	8 Cashier
WINNER'S name, address (including apt. no.), and ZIP code	9 Winner's taxpayer identification no.	10 Window
	11 First I.D.	12 Second I.D.
	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		Copy C For Winner's Records
Signature ►	Date ►	

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form **W-2G**

Department of the Treasury - Internal Revenue Service

Instructions to Winner

Box 1. The payer must furnish a Form W-2G to you if you receive:

1. \$600 or more in gambling winnings and the payout is at least 300 times the amount of the wager (except winnings from bingo, keno, and slot machines);

2. \$1,200 or more in gambling winnings from bingo or slot machines;

3. \$1,500 or more in proceeds (the amount of winnings less the amount of the wager) from keno; or

4. Any gambling winnings subject to Federal income tax withholding.

Generally, report all gambling winnings on the "Other income" line of Form 1040. You can deduct gambling losses as an itemized deduction, but you cannot deduct more than your winnings. Keep an accurate record of your winnings and losses, and be able to prove those amounts with receipts, tickets, statements, or similar items that you have saved.

Box 2. Any Federal income tax withheld on these winnings is shown in this box. Federal income tax must be withheld at the rate of 28% on certain winnings less the wager.

If you did not provide your social security number to the payer, the amount in this box may be backup withholding at a 31% rate.

Include the amount shown in box 2 on your Form 1040 as Federal income tax withheld.

Signature. You must sign Form W-2G if you are the only person entitled to the winnings and the winnings are subject to regular gambling withholding.

Other winners. Prepare **Form 5754, Statement by Person(s) Receiving Gambling Winnings**, if another person is entitled to any part of these winnings. Give Form 5754 to the payer.

CORRECTED (if checked)

OMB No. 1545-0238

2000

Form W-2G

**Certain
Gambling
Winnings**

PAYER'S name, address, ZIP code, Federal identification number, and telephone number	1 Gross winnings	2 Federal income tax withheld
	3 Type of wager	4 Date won
	5 Transaction	6 Race
	7 Winnings from identical wagers	8 Cashier
WINNER'S name, address (including apt. no.), and ZIP code	9 Winner's taxpayer identification no.	10 Window
	11 First I.D.	12 Second I.D.
	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ▶		Date ▶

Copy 2
Attach this copy
to your state
income tax return,
if required.

Form **W-2G**

Department of the Treasury - Internal Revenue Service

CORRECTED

OMB No. 1545-0238

2000

Form W-2G

**Certain
Gambling
Winnings**

PAYER'S name, address, ZIP code, Federal identification number, and telephone number	1 Gross winnings	2 Federal income tax withheld
	3 Type of wager	4 Date won
	5 Transaction	6 Race
	7 Winnings from identical wagers	8 Cashier
WINNER'S name, address (including apt. no.), and ZIP code	9 Winner's taxpayer identification no.	10 Window
	11 First I.D.	12 Second I.D.
	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ►		Date ►

For Privacy Act and Paperwork Reduction Act Notice, see the 2000 General Instructions for Forms 1099, 1098, 5498, and W-2G.

**Copy D
For Payer**

Form **W-2G**

Department of the Treasury - Internal Revenue Service

Payers, Please Note—

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form W-2G and forms in the 1099 series, and the separate specific instructions for each information return you file. Specific information needed to complete this form is given in the **2000 Instructions for Forms W-2G and 5754**. You can order those instructions and additional forms by calling 1-800-TAX-FORM (1-800-829-3676). You can also get forms and instructions from the IRS's Internet Web Site at www.irs.gov.

Due dates. Furnish Copies B and C of this form to the winner by January 31, 2001.



File Copy A of this form with the IRS by February 28, 2001. If you file electronically, the due date is April 2, 2001.

Gambling withholding. You may be required to withhold Federal income tax from cash or noncash gambling winnings. See the 2000 Instructions for Forms W-2G and 5754.

Foreign winners. Use **Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding**, to report gambling winnings paid to nonresident aliens and foreign corporations. See the **Instructions for Form 1042-S**. You may be required to withhold Federal income tax at a 30% rate. See **Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations**.

Form 5754. If the person receiving the winnings is not the actual winner or is a member of a group of winners, see the instructions for **Form 5754, Statement by Person(s) Receiving Gambling Winnings**, in the 2000 Instructions for Forms W-2G and 5754.