

## DEPARTMENT OF REVENUE

### EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE

#### GAMBLING PAYMENT INTERCEPT

##### 1 CCR 210-1

#### BASIS AND PURPOSE

These rules and regulations are adopted by the Executive Director of the Department of Revenue to govern the collection of certain outstanding debt from cash winnings from limited gaming and from pari-mutuel wagering under the provisions of the Gambling Payment Intercept Act, part 6, article 35, title 24, C.R.S. The statutory basis for 1 CCR 210-1 is found in section 24-35-601, et seq, C.R.S.

#### 01 Construction.

Nothing contained in these regulations shall be so construed as to conflict with any provision of the Gambling Payment Intercept Act or of any other applicable statute.

#### 02 Definitions.

The following definitions of terms, in addition to those set forth in section 24-35-603, C.R.S., shall apply to all rules and regulations promulgated pursuant TO section 24-35-607, C.R.S.:

- (1) "Cash prize payment" means any cash award that results from a specific wager connected with limited gaming or pari-mutuel wagering for which the licensee is required to file form W-2G, or a substantially equivalent form with the United States Internal Revenue Service (IRS). Cash prize payment does not apply to the awarding of merchandise or other non-cash items. Cash prize payment does not apply to promotional awards, loyalty program awards or other cash prize awards not associated with a specific wagering event.
- (2) "Outstanding debt" is a collective term meaning the aggregate debt certified by all departments to the registry operator. An outstanding debt may not be less than three hundred dollars. *Eff 07/01/2011*
- (3) "Payout amount" means the amount of any cash prize payment due to the winner of the cash prize, minus all state and federal taxes withheld, if such taxes are withheld.

#### 03 Registry Operator.

The Colorado Department of Revenue shall contract with Colorado Interactive, dba "Colorado.gov" as the State Internet Portal Authority, to serve as the registry operator to provide and maintain a web-based gambling payment intercept system.

#### 04 Required Use of Registry.

- (1) Licensees are required to use the web-based registry to verify whether the winner of a cash prize payment is listed in the registry and to submit cash intercept payments to the registry operator. Licensees must ensure internet connectivity is available to access the registry during all of the licensees' normal business hours.
- (2) Licensees must verify whether the winner is listed in the registry each time that a cash prize is won, even if the winner's name has been verified by the licensee in the past.

- a. Once a winner is verified against the registry and is found to owe no outstanding debt, the licensee is not required to search the registry again for that same patron within the current 24-hour gaming day. *Eff 11/14/2012*
  - b. Once a winner is verified against the registry and is found to have an outstanding debt(s), and the current intercept satisfies all of the winner's outstanding debt(s), the licensee is not required to search the registry again for that same patron within the current 24-hour gaming day. *Eff 11/14/2012*
  - c. Once a winner is verified against the registry and is found to have an outstanding debt(s), and the current intercept does **not** satisfy all of the winner's outstanding debt(s), or it is unclear to the licensee whether the current intercept satisfies all of the winner's outstanding debt(s), the licensee is required to search the registry again for that same patron in the event the patron wins another cash prize payment. *Eff 11/14/2012*
  - d. Licensees are required to maintain a tracking log to support all searches that were not performed pursuant to paragraphs a and b above. *Eff 11/14/2012*
- (3) In order to register with and gain access to the registry, licensees must pay a standard annual fee of \$75.00 for a standard number of individual sign ons for the licensee's designated employees to use to access and utilize the registry. A licensee can acquire additional sign ons in excess of the standard number by paying additional fees.

#### **05 Inaccessibility of Registry.**

The registry operator shall make every effort to have the registry accessible to licensees 24 hours a day on each calendar day of the year. If a licensee cannot access the registry for a 24-hour period for any reason, the licensee shall notify the Department of Revenue through the licensee's relevant licensing authority that the licensee has been unable to access the registry for 24 hours.

Any period of inaccessibility that occurs through no fault of the licensee shall be considered an acceptable period of inaccessibility for that licensee. Any denial of access to the registry because the licensee has either failed to pay the annual fee required to access the registry or has failed to maintain internet service, shall not constitute an acceptable period of inaccessibility under these rules.

During any acceptable period of inaccessibility of the registry to a licensee, the licensee may handle its payments to cash prize payment winners without recourse to the provisions of the Gambling Payment Intercept Act, except that the licensee must maintain a listing of cash prize payment winners during the inaccessibility period and maintain documentation explaining why the licensee was not accountable for the period of inaccessibility.

#### **06 Information Required.**

- (1) Licensees must provide, at minimum, the following information to the registry:
  - (a) Winner's full name;
  - (b) Winner's social security number; and
  - (c) Payout amount.

Licensees must update the winner's full address information when the information obtained by the licensee does not match the information provided by the registry.

(2) If the winner is a foreign person not subject to IRS reporting and withholding requirements, the licensee is not required to verify if the person is listed in the registry.

#### **07 Identification Requirements.**

Licensees must adhere to the IRS requirement to list two types of identification on the W-2G form. It is recommended that one of these two forms of identification contain a photo to verify the identity of the cash prize winner.

#### **08 Confidentiality.**

Information provided to and accessed through the registry is considered confidential. Licensees and the registry shall have procedures in place to ensure the confidentiality of the information and to restrict access to the system to individuals with job duties that require access to the registry. Licensees shall not allow employees to share account sign ons or passwords. Licensee employees shall be held liable for violating confidentiality policies.

#### **09 Update of Registry.**

The registry operator shall ensure that the information provided in the registry is updated to include any previous gambling payment intercept payments in a timely manner.

#### **10 Intercept Payments.**

Upon verification that a cash payment winner is listed in the registry, the licensee must submit payment electronically to the registry operator in the amount indicated by the registry within 24 business hours. The registry shall provide the licensee with a receipt(s) for its records and a letter(s) to be provided to the cash payment winner detailing the winnings withheld and the contact information for each Department that reported an outstanding debt to the registry.

#### **11 Licensee Costs.**

To cover the cost for the licensee's compliance with the Gambling Payment Intercept Act and these regulations, the licensee shall retain \$30.00 from the cash payment intercept. *Revised Eff 11/14/2012; Revised Eff 5/15/13*

#### **12 Gambling Payment Intercept Cash Fund Fee**

Licensees shall retain a Gambling Intercept Cash Fund Fee of \$25 from the cash payment intercept and shall submit it to the registry operator with the intercept payment. This fee is subsequently deposited into the Gambling Payment Intercept Cash Fund. *Eff 07/01/2011*

#### **13 Retention of Compliance Records.**

Licensees shall maintain registry-generated reports and records showing compliance with the Gambling Payment Intercept Act and these regulations for a period of three years.

*(orig effective date of 1 CCR-210-1, 07/01/2008)*