WEST virginia legislature

2023 regular session

ENROLLED

Committee Substitute

for

House Bill 2821

By Delegates Cannon, Steele, Fluharty, Riley, Nestor, Storch and Espinosa

[Passed March 9, 2023; in effect ninety days from passage.]

AN ACT to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-21-12n, relating to authorizing for taxable years beginning on and after January 1, 2020, a decreasing modification reducing federal adjusted gross income for state personal income tax purposes in amount of certain West Virginia gaming and gambling losses, not to exceed the amount of West Virginia gaming and gambling winnings, for the taxable year; allowing taxpayer to amend previously filed returns for the 2020, 2021, and 2022 tax years to recognize this decreasing modification; providing that based on such amended returns as specified herein, any fines, assessments, penalties, or interest levied thereon are void, and returnable to the taxpayer; requiring detailed records substantiating losses; and placing burden of proving any loss on taxpayer.

Be it enacted by the Legislature of West Virginia:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-12n. Additional modification reducing federal adjusted gross income related to gaming and gambling losses.

(a) In addition to amounts authorized to be subtracted from federal adjusted gross income pursuant to §11-21-12, a modification reducing federal adjusted gross income is hereby authorized for taxable years beginning on and after January 1, 2020. When calculating income from West Virginia gaming activity and West Virginia gambling activity for the taxable year, the taxpayer may apply a decreasing modification against West Virginia adjusted gross income in the amount of West Virginia gaming and gambling losses allowable as an itemized deduction under the United States Internal Revenue Code, not to exceed the amount of West Virginia gaming and gambling winnings, for that year: *Provided,* That this decreasing modification may not include costs and expenses incurred in connection with the gaming or gambling activity: *Provided further*, That the taxpayer may amend previously filed returns for the 2020, 2021, and 2022 tax years to recognize this decreasing modification. Based on such amended returns as specified herein, any fines, assessments, penalties, or interest levied thereon are void, and returnable to the taxpayer.

(b) The following gaming and gambling losses are not subject to this decreasing modification:

(1) Gaming and gambling losses that have been applied as a deduction in determining the taxpayer's federal adjusted gross income; and

(2) Gaming and gambling losses incurred in any unlawful gambling activity.

(c) The taxpayer shall maintain detailed records substantiating losses if the taxpayer intends to apply the decreasing modification allowable under this section for those losses. The taxpayer shall have the burden of proving any loss.

The Clerk of the House of Delegates and the Clerk of the Senate hereby certify that the foregoing bill is correctly enrolled.

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*Clerk of the House of Delegates*

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*Clerk of the Senate*

Originated in the House of Delegates.

In effect ninety days from passage.

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*Speaker of the House of Delegates*

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*President of the Senate*

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Day of ..........................................................................................................., 2023.

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*Governor*