

113TH CONGRESS
1ST SESSION

H. R. 3491

To amend the Internal Revenue Code of 1986 to regulate and tax Internet gambling, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 14, 2013

Mr. McDERMOTT introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to regulate and tax Internet gambling, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Internet Gambling Regulation and Tax Enforcement Act
6 of 2013”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment is expressed in terms of an amendment of a section

1 or other provision, the reference shall be considered to be
 2 made to a section or other provision of the Internal Rev-
 3 enue Code of 1986.

4 **SEC. 2. TAX ON INTERNET GAMBLING.**

5 (a) IN GENERAL.—Chapter 36 (relating to certain
 6 other excise taxes) is amended by adding at the end the
 7 following new subchapter:

8 **“Subchapter E—Internet Gambling**

“Sec. 4491. Imposition of Internet gambling license tax.

“Sec. 4492. Record requirements.

“Sec. 4493. Elective State and Indian tribal government online gambling tax.

“Sec. 4494. Regulations.

9 **“SEC. 4491. IMPOSITION OF INTERNET GAMBLING LICENSE**

10 **TAX.**

11 “(a) INTERNET GAMBLING LICENSEE.—

12 “(1) IN GENERAL.—There is hereby imposed a
 13 tax on each Internet gambling licensee in an amount
 14 equal to 4 percent of all funds deposited by cus-
 15 tomers making deposits while located within the
 16 United States during the preceding month into an
 17 account maintained by that Internet gambling li-
 18 censee or any agent of that licensee that can be used
 19 for the purpose of placing a bet or wager as defined
 20 in section 5362(1) of title 31, United States Code.

21 “(2) PERSONS LIABLE FOR TAX.—The tax im-
 22 posed by subsection (a) shall be the direct and exclu-
 23 sive obligation of the Internet gambling operator and

1 may not be deducted from the amounts available as
2 deposits to the person placing a bet. Notwith-
3 standing the preceding sentence, any person making
4 a deposit for the purpose of placing a bet or wager
5 with a person who is required but has failed to ob-
6 tain a license pursuant to subchapter V of chapter
7 53 of title 31, United States Code, shall be liable for
8 and pay the tax under this subchapter on all such
9 deposits, but such liability shall not excuse any fail-
10 ure to pay the tax on the part of the person who is
11 required but has failed to obtain such license. The
12 person making the deposit shall not be liable for the
13 tax on deposits in cases of fraud.

14 “(b) UNAUTHORIZED BETS OR WAGERS.—

15 “(1) IN GENERAL.—There is hereby imposed a
16 tax on any person who accepts a bet or wager and
17 who is not authorized pursuant to section 5383(b) of
18 title 31, United States Code, to accept such bet or
19 wager.

20 “(2) AMOUNT OF TAX.—The amount of such
21 tax shall be equal to 50 percent of all funds depos-
22 ited into an account that can be used for placing a
23 bet or wager within the meaning of section 5362(1)
24 of that title.

25 “(c) CREDITS FOR RETURNS OF FUNDS.—

1 “(1) IN GENERAL.—There shall be allowed as a
 2 credit against the tax imposed by this section an
 3 amount equal to the sum of the following taxes
 4 which are paid on any funds returned by or on be-
 5 half of an Internet gambling licensee to the account
 6 of a customer:

7 “(A) The tax imposed by this section.

8 “(B) Any State or Indian tribal Internet
 9 gambling tax imposed under section 4493(b).

10 “(C) Any tax imposed on overseas Internet
 11 gambling under section 4493(d).

12 “(2) LIMITATION.—The amount allowed as a
 13 credit under paragraph (1) with respect to a cus-
 14 tomer may not exceed 12 percent of the funds re-
 15 ceived in deposits from the customer.

16 “(d) WHEN DUE.—The tax imposed by this section
 17 shall be due at by the end of each calendar month with
 18 respect to deposits during the preceding month.

19 “(e) DEFINITIONS AND SPECIAL RULES.—For pur-
 20 poses of this subchapter—

21 “(1) INTERNET GAMBLING LICENSEE.—The
 22 term ‘Internet gambling licensee’ means a licensee,
 23 as defined in section 5382 of title 31, United States
 24 Code.

1 “(2) DEPOSITS.—Deposits made by or on be-
 2 half of an Internet gambling licensee of Internet
 3 gambling winnings or returns of funds by or on be-
 4 half of an Internet gambling licensee to the account
 5 of a customer shall not be treated as a deposit for
 6 purposes of this section.

7 **“SEC. 4492. RECORD REQUIREMENTS.**

8 “Each person liable for taxes under this subchapter,
 9 except for a person making a deposit who is liable for
 10 taxes pursuant to section 4491(a)(2), shall keep a daily
 11 record showing deposits (within the meaning of this sub-
 12 chapter), in addition to all other records required pursuant
 13 to section 6001.

14 **“SEC. 4493. ELECTIVE STATE AND INDIAN TRIBAL GOVERN-**
 15 **MENT ONLINE GAMBLING TAX.**

16 “(a) IN GENERAL.—

17 “(1) PAYMENT OF STATE AND INDIAN TRIBAL
 18 GOVERNMENT TAX.—On a monthly basis, each
 19 Internet gambling licensee shall pay to each quali-
 20 fied State and each qualified Indian tribal govern-
 21 ment an amount equal to the monthly pro rata State
 22 and Indian tribal government online gambling tax.

23 “(2) MONTHLY PRO RATA ONLINE GAMBLING
 24 TAX.—For purposes of this section, with respect to
 25 a qualified State and a qualified Indian tribal gov-

ernment for any calendar month, the monthly pro rata online gambling tax is the amount of the taxes described in subsection (b) received with respect to such calendar month.

“(3) QUALIFIED STATE; QUALIFIED INDIAN TRIBAL GOVERNMENT.—

“(A) IN GENERAL.—For purposes of this section, the terms ‘qualified State’ and ‘qualified Indian tribal government’ mean a State or an Indian tribal government, respectively, for which an election to receive funds under this section is in effect. Notice of such election shall be provided by the Governor, principal chief, or other chief executive officer in such form and manner as the Secretary may prescribe.

“(B) STATE ELECTION NOT TO AFFECT TRIBAL ELECTION.—An election by a State under subparagraph (A) to receive funds under this section shall not constitute an election to be so included on behalf of any Indian tribe located within or partially within the geographic boundaries of such State.

“(C) REVOCATION OF STATE OR TRIBAL ELECTION.—

1 “(i) IN GENERAL.—A State or Indian
2 Tribal government may revoke its election
3 by notice provided by the Governor, prin-
4 cipal chief, or other chief executive officer
5 and in such form and manner as the Sec-
6 retary may prescribe.

7 “(ii) TIMING OF REVOCATION.—Rev-
8 ocation of state election shall take effect
9 the later of 6 months after receipt by the
10 Secretary of such revocation, or on Janu-
11 ary 1st of the year following receipt by the
12 Secretary of such revocation.

13 “(D) STATE.—The term ‘State’ means any
14 State, the District of Columbia, or any com-
15 monwealth, territory or other possession of the
16 United States.

17 “(E) INDIAN TRIBAL GOVERNMENT.—The
18 term ‘Indian tribal government’ means the gov-
19 ernment of an Indian tribe (within the meaning
20 of section 4 of the Indian Gaming Regulatory
21 Act).

22 “(4) TIME OF PAYMENTS.—The payment made
23 under this subsection with respect to any calendar
24 month shall be made not later than the 11th day of
25 the succeeding calendar month.

1 “(5) LIST OF QUALIFIED STATES AND QUALI-
2 FIED INDIAN TRIBAL GOVERNMENTS.—The Sec-
3 retary shall maintain a current list of qualified
4 States and qualified Indian tribal governments and
5 shall publish such list online.

6 “(b) STATE AND INDIAN TRIBAL GOVERNMENT ON-
7 LINE GAMBLING TAX.—The State and Indian tribal gov-
8 ernment online gambling tax shall be an amount equal to
9 8 percent of all deposited funds deposited by customers
10 located in each qualified state or area subject to the juris-
11 diction of a qualified Indian tribal government at the time
12 of the deposit.

13 “(c) EFFECT OF ACCEPTANCE OF TAX.—Acceptance
14 by a State or Indian tribal government of the State and
15 Indian tribal government online gambling tax shall relieve
16 Internet gambling licensees from the obligation to pay any
17 other fee or tax to the State or Indian tribal government
18 relating to its online gambling services, except for—

19 “(1) applicable State individual and corporate
20 income taxes, which shall be unaffected by the elec-
21 tion, and

22 “(2) any fees associated with an Internet gam-
23 bling licensee’s choice to rely on a State or Indian
24 tribal regulatory body certification of suitability in

1 connection with a Federal online gambling licensing
2 application.

3 “(d) OVERSEAS INTERNET GAMBLING TAX.—There
4 is hereby imposed a tax on each Internet gambling licensee
5 in an amount equal to 12 percent of all funds deposited
6 by customers making deposits while located without the
7 United States during the preceding month into an account
8 maintained by that Internet gambling licensee or any
9 agent of that licensee that can be used for the purpose
10 of placing a bet or wager as defined in section 5362(1)
11 of title 31, United States Code. Deposited funds subject
12 to the State and Indian tribal government Internet gam-
13 bling tax under this section shall not be taken into account
14 for purposes of the preceding sentence.

15 **“SEC. 4494. REGULATIONS.**

16 “The Secretary shall prescribe such regulations as
17 may be necessary or appropriate to carry out this sub-
18 chapter.”.

19 (b) CLERICAL AMENDMENT.—The table of sub-
20 chapters for chapter 36 is amended by adding at the end
21 the following new item:

“SUBCHAPTER E. INTERNET GAMBLING.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to bets or wagers placed after the
24 date of the enactment of this Act.

1 **SEC. 3. INTERNET GAMBLING LICENSEE INFORMATION RE-**
2 **PORTING.**

3 (a) IN GENERAL.—Subpart A of part III of sub-
4 chapter A of chapter 61 (relating to information con-
5 cerning persons subject to special provisions) is amended
6 by adding at the end the following new section:

7 **“SEC. 6050X. RETURNS RELATING TO INTERNET GAMBLING.**

8 “(a) REQUIREMENT.—Every person who is an Inter-
9 net gambling licensee or who otherwise is engaged in the
10 business of accepting any bet or wager within the meaning
11 of section 5382(1) of title 31, United States Code, during
12 a taxable year shall furnish, at such time and in such man-
13 ner as the Secretary shall by regulations prescribe, the in-
14 formation described in subsection (b), and such person
15 shall maintain (in the location, in the manner, and to the
16 extent prescribed in regulations) such records as may be
17 appropriate to the information described in subsection (b).

18 “(b) REQUIRED INFORMATION.—For purposes of
19 subsection (a), the information described is set forth
20 below, which information may be modified as appropriate
21 by the Secretary through regulation—

22 “(1) the name, address, and TIN of the Inter-
23 net gambling licensee or other person engaged in the
24 business of accepting any bet or wager,

25 “(2) the name, address, and TIN of each per-
26 son placing a bet or wager with the Internet gam-

1 bling licensee or other person engaged in the busi-
2 ness of accepting any bet or wager during the cal-
3 endar year,

4 “(3) the gross winnings, gross wagers, and
5 gross losses for the calendar year of each person
6 placing a bet or wager with the Internet gambling
7 licensee or other person engaged in the business of
8 accepting any bet or wager during the year,

9 “(4) the net Internet gambling winnings for
10 each such person for the calendar year,

11 “(5) the amount of tax withheld with respect to
12 each such person for the calendar year,

13 “(6) beginning and end-of-year account bal-
14 ances for each such person for the calendar year,
15 and

16 “(7) amounts deposited and withdrawn by each
17 such person during the calendar year.

18 “(c) STATEMENT TO BE FURNISHED TO PERSONS
19 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—
20 Every person required to make a return under subsection
21 (a) shall furnish to each person whose name is required
22 to be set forth in such return by reason of placing a bet
23 or wager a written statement showing—

1 “(1) the name, address, and phone number of
2 the information contact of the person required to
3 make such return, and

4 “(2) the information required to be shown on
5 such return with respect to each person whose name
6 is required to be set forth in such return.

7 The written statement required under the preceding sen-
8 tence shall be furnished to the person on or before Janu-
9 ary 31 of the year following the calendar year for which
10 the return under subsection (a) was required to be made.

11 “(d) DEFINITIONS.—

12 “(1) INTERNET GAMBLING LICENSEE.—The
13 term ‘Internet gambling licensee’ has the meaning
14 given such term by section 4491(d)(1).

15 “(2) NET INTERNET GAMBLING WINNINGS.—
16 The term ‘net Internet gambling winnings’ means
17 gross winnings from wagers placed over the Internet
18 with a person required to be licensed under section
19 5382 of chapter 53 of title 31, United States Code,
20 less the amounts wagered.

21 “(3) INTERNET; WAGER.—The terms ‘Internet’
22 and ‘wager’ shall have the respective meanings given
23 such terms by section 5362 of chapter 53 of title 31,
24 United States Code.”.

1 (b) The table of sections for subpart B of part III
 2 of subchapter A of chapter 61 is amended by inserting
 3 after the item relating to section 6050W the following new
 4 item:

“Sec. 6050X. Returns relating to Internet gambling.”.

5 **SEC. 4. WITHHOLDING FROM CERTAIN GAMBLING**
 6 **WINNINGS.**

7 (a) NET INTERNET GAMBLING WINNINGS.—Para-
 8 graph (3) of section 3406(b) (relating to other reportable
 9 payments for purposes of backup withholding) is amend-
 10 ed—

11 (1) by striking “or” in subparagraph (E);

12 (2) by striking “.” and inserting “, or” at the
 13 end of subparagraph (F); and

14 (3) by adding at the end thereof the following
 15 new subparagraph:

16 “(G) section 6050X(b)(4) (relating to net
 17 Internet gambling winnings).”.

18 (b) EFFECTIVE DATE.—The amendment made by
 19 this section shall apply to bets or wagers placed after the
 20 date of the enactment of this Act.

21 **SEC. 5. WITHHOLDING OF TAX ON NONRESIDENT ALIENS.**

22 (a) TAX ON NONRESIDENT ALIEN INDIVIDUALS.—
 23 Paragraph (1) of section 871(a) (relating to income not
 24 connected with United States business) is amended—

1 (1) by striking “and” at the end of subpara-
2 graph (C),

3 (2) by inserting “and” at the end of subpara-
4 graph (D), and

5 (3) by inserting after subparagraph (D) the fol-
6 lowing new subparagraph:

7 “(E) the gross amount of winnings from
8 each wager placed over the Internet with a per-
9 son required to be licensed under section 5382
10 of chapter 53 of title 31, United States Code
11 (as such terms are defined in section
12 6050X(d)(2)),”.

13 (b) EXEMPTION FOR CERTAIN GAMBLING
14 WINNINGS.—Section 871(j) (relating to exemption for cer-
15 tain gambling winnings) is amended by inserting before
16 the period at the end the following: “or to any bets or
17 wagers placed over the Internet (as such terms are defined
18 in section 6050X(d)(2))”.

19 (c) WITHHOLDING OF TAX ON NONRESIDENT ALIEN
20 INDIVIDUALS.—The first sentence of subsection (b) of sec-
21 tion 1441 (relating to withholding of tax on nonresident
22 aliens) is amended by inserting after “gains subject to tax
23 under section 871(a)(1)(D),” the following: “the gross
24 amount of winnings from wagers placed over the Internet
25 described in section 871(a)(1)(E),”.

1 (d) SOURCE OF INTERNET GAMBLING WINNINGS.—
 2 Subsection (a) of section 861 is amending by inserting at
 3 the end thereof the following new paragraph:

4 “(10) INTERNET GAMBLING WINNINGS.—Any
 5 Internet gambling winnings received from an Inter-
 6 net gambling licensee (as defined by section
 7 4491(d)(1)).”.

8 (e) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to bets or wagers placed after the
 10 date of the enactment of this Act.

11 **SEC. 6. TERRITORIAL EXTENT.**

12 (a) IN GENERAL.—Paragraph (2) of section 4404 is
 13 amended to read as follows:

14 “(2) placed within the United States, or any
 15 Commonwealth, territory, or possession thereof, by a
 16 person who is a United States citizen or resident.”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 subsection (a) shall apply to wagers made after December
 19 31, 2012.

20 **SEC. 7. FOREIGN LICENSEES SUBJECT TO UNITED STATES**
 21 **FEDERAL INCOME TAX.**

22 (a) NONRESIDENT ALIEN INDIVIDUALS.—Section
 23 872 is amended by inserting after subsection (b) the fol-
 24 lowing new subsection:

1 “(c) INCOME EARNED BY NONRESIDENT ALIEN IN-
2 DIVIDUALS OPERATING INTERNET GAMBLING FACILI-
3 TIES.—

4 “(1) TREATMENT AS UNITED STATES TRADE
5 OR BUSINESS.—For purposes of this title, a non-
6 resident alien individual who is a licensee or operates
7 an Internet gambling facility for which a license is
8 required under section 103 of the Internet Gambling
9 Regulation and Enforcement Act of 2013 at any
10 time during a taxable year shall be deemed to be en-
11 gaged in the conduct of a trade or business within
12 the United States during the taxable year.

13 “(2) TREATMENT OF GROSS INCOME AS EFFEC-
14 TIVELY CONNECTED INCOME.—For purposes of this
15 title, all gross income related to domestic wagers
16 that are placed over the Internet shall be deemed to
17 be effectively connected with the licensee’s trade or
18 business within the United States.

19 “(3) TREATMENT OF GROSS INCOME AS AT-
20 TRIBUTABLE TO PERMANENT ESTABLISHMENT.—
21 For purposes of any applicable United States income
22 tax treaty, a nonresident alien individual who is a li-
23 censee or operates an Internet gambling facility for
24 which a license is required under section 103 of the
25 Internet Gambling Regulation and Enforcement Act

1 of 2013 at any time during a taxable year shall be
2 deemed to have a permanent establishment located
3 in the United States, and all gross income arising
4 from domestic wagers that are placed over the Inter-
5 net shall be treated as attributable to the permanent
6 establishment of such nonresident alien individual.

7 “(4) DEFINITIONS.—For purposes of this sub-
8 section—

9 “(A) DOMESTIC WAGER.—The term ‘do-
10 mestic wager’ means a wager placed by a per-
11 son located in the United States.

12 “(B) WAGER.—The term ‘wager’ has the
13 meaning given the term ‘bet or wager’ in sec-
14 tion 102(2) of the Internet Gambling Regula-
15 tion and Enforcement Act of 2013.

16 “(C) INTERNET.—The term ‘Internet’ has
17 the meaning given in section 5362(5) of title
18 31, United States Code.”.

19 (b) FOREIGN CORPORATIONS.—Section 882 is
20 amended by—

21 (1) redesignating subsections (e) and (f) as sub-
22 sections (f) and (g), respectively, and

23 (2) by inserting after subsection (d) the fol-
24 lowing:

1 “(e) INCOME EARNED BY FOREIGN CORPORATIONS
2 OPERATING INTERNET GAMBLING FACILITIES.—

3 “(1) TREATMENT AS UNITED STATES TRADE
4 OR BUSINESS.—For purposes of this title, a foreign
5 corporation that is a licensee or operates an Internet
6 gambling facility for which a license is required
7 under section 103 of the Internet Gambling Regula-
8 tion and Enforcement Act of 2013 at any time dur-
9 ing a taxable year shall be deemed to be engaged in
10 the conduct of a trade or business within the United
11 States during the taxable year.

12 “(2) TREATMENT OF GROSS INCOME AS EFFEC-
13 TIVELY CONNECTED INCOME.—For purposes of this
14 title, all gross income related to domestic wagers
15 that are placed over the Internet shall be deemed to
16 be effectively connected with the licensee’s trade or
17 business within the United States.

18 “(3) TREATMENT OF GROSS INCOME AS AT-
19 TRIBUTABLE TO PERMANENT ESTABLISHMENT.—
20 For purposes of any applicable United States income
21 tax treaty, a foreign corporation that is a licensee or
22 operates an Internet gambling facility for which a li-
23 cense is required under section 103 of the Internet
24 Gambling Regulation and Enforcement Act of 2013
25 at any time during a taxable year shall be deemed

1 to have a permanent establishment located in the
2 United States, and all gross income arising from do-
3 mestic wagers that are placed over the Internet shall
4 be treated as attributable to the permanent estab-
5 lishment of such foreign corporation.

6 “(4) DEFINITIONS.—

7 “(A) DOMESTIC WAGER.—The term ‘do-
8 mestic wager’ means a wager placed by a per-
9 son located in the United States.

10 “(B) WAGER.—The term ‘wager’ has the
11 meaning given the term ‘bet or wager’ in sec-
12 tion 102(2) of the Internet Gambling Regula-
13 tion and Enforcement Act of 2013.

14 “(C) INTERNET.—The term ‘Internet’ has
15 the meaning given in section 5362(5) of title
16 31, United States Code.”.

17 (c) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to payments made after the date
19 of the enactment of this Act.

20 **SEC. 8. AMERICAN HERITAGE PROGRAM.**

21 (a) IMPLEMENTATION OF PROGRAM.—From funds
22 appropriated to the American Heritage Block Grant Fund
23 for a fiscal year, the Secretary of the Treasury shall make
24 grants to eligible States to carry out an American Herit-
25 age Program through State arts agencies.

1 (b) ALLOTMENT OF FUNDS.—Funds allotted for a
 2 fiscal year shall be allotted among eligible States in the
 3 same proportion as funds are allotted among the States
 4 under section 5(g)(3) of the National Foundation on the
 5 Arts and the Humanities Act of 1965 (20 U.S.C.
 6 954(g)(3)).

7 (c) ELIGIBILITY TO RECEIVE GRANTS.—To be eligi-
 8 ble to receive a grant under subsection (a) for a fiscal
 9 year, a State shall submit to the Secretary an application
 10 in such form, and containing such information and assur-
 11 ances, as the Secretary may require by rule, including as-
 12 surances that—

13 (1) not more than 80 percent of the cost of any
 14 qualified activity carried out under this section shall
 15 be paid with such grant, and

16 (2) not more than 20 percent of such grant may
 17 be expended for administrative costs.

18 (d) DEFINITIONS.—For purposes of this section—

19 (1) the term “American Heritage Program”
 20 means a program carried out by a State that pro-
 21 vides qualified activities directly, or by contract with
 22 nonprofit organizations (including community-based
 23 organizations) or units of local government, for all
 24 the people and communities in the State,

1 (2) the term “Secretary” means the Secretary
2 of the Treasury,

3 (3) the term “State” has the meaning given
4 such term in section 4 of the National Foundation
5 on the Arts and the Humanities Act of 1965 (20
6 U.S.C. 953),

7 (4) the term “State arts agency” has the same
8 meaning given such term as used in the National
9 Foundation on the Arts and the Humanities Act of
10 1965 (20 U.S.C. 951 et seq.), and

11 (5) the term “qualified activities” means activi-
12 ties that develop projects, productions, workshops, or
13 programs that will encourage public knowledge, edu-
14 cation, understanding, and appreciation of American
15 heritage and the arts.

16 (e) AMERICAN HERITAGE BLOCK GRANT FUND.—

17 (1) ESTABLISHMENT.—There is established in
18 the Treasury of the United States a trust fund to
19 be known as the “American Heritage Block Grant
20 Fund”, consisting of such amounts as may be appro-
21 priated or credited to the American Heritage Block
22 Grant Fund as provided in this subsection.

23 (2) TRANSFER TO FUND.—There are appro-
24 priated to the American Heritage Block Grant Fund
25 amounts equal to .5 percent of the taxes received by

1 the Treasury after December 31, 2012, that the Sec-
2 retary determines are attributable to Internet gam-
3 bling.

4 (3) METHOD OF TRANSFER.—The amounts ap-
5 propriated by paragraph (1) shall be transferred
6 from time to time from the general fund of the
7 Treasury. Such amounts shall be determined on the
8 basis of estimates by the Secretary of the taxes,
9 specified in paragraph (1), paid to or deposited into
10 the Treasury. Proper adjustments shall be made in
11 amounts subsequently transferred to the extent prior
12 estimates are in excess of or are less than the taxes
13 specified in paragraph (1).

14 (4) EXPENDITURES FROM AMERICAN HERITAGE
15 BLOCK GRANT FUND.—Amounts in the American
16 Heritage Block Grant Fund shall be available, as
17 provided by appropriation Acts, for making expendi-
18 tures to carry out subsection (a).

19 **SEC. 9. BLOCK GRANTS TO STATES FOR TRANSITIONAL AS-**
20 **SISTANCE.**

21 The Social Security Act is amended by adding at the
22 end the following new title:

1 **“TITLE XXII—BLOCK GRANTS TO**
2 **STATES FOR TRANSITIONAL**
3 **ASSISTANCE**

4 **“SEC. 2201. TRANSITIONAL ASSISTANCE TRUST FUND.**

5 “(a) CREATION OF TRUST FUND.—There is estab-
6 lished in the Treasury of the United States a trust fund
7 to be known as the ‘Transitional Assistance Trust Fund’,
8 consisting of such amounts as may be appropriated or
9 credited to the Transitional Assistance Trust Fund as pro-
10 vided in this section.

11 “(b) TRANSFER TO TRANSITIONAL ASSISTANCE
12 TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN
13 TAXES.—

14 “(1) IN GENERAL.—There are hereby appro-
15 priated to the Transitional Assistance Trust Fund,
16 out of any money in the Treasury not otherwise ap-
17 propriated, amounts equivalent to 25 percent of the
18 taxes received in the Treasury after December 31,
19 2012, that the Secretary of the Treasury determines
20 are attributable to Internet gambling.

21 “(2) METHOD OF TRANSFER.—The amounts
22 appropriated by paragraph (1) shall be transferred
23 from time to time from the general fund in the
24 Treasury to the Transitional Assistance Trust Fund.
25 Such amounts shall be determined on the basis of

1 estimates by the Secretary of the Treasury of the
2 taxes, specified in paragraph (1) of this subsection,
3 paid to or deposited into the Treasury. Proper ad-
4 justments shall be made in amounts subsequently
5 transferred to the extent prior estimates were in ex-
6 cess of or were less than the taxes specified in para-
7 graph (1) of this subsection.

8 “(c) EXPENDITURES FROM TRANSITIONAL ASSIST-
9 ANCE TRUST FUND.—Amounts in the Transitional Assist-
10 ance Trust Fund shall be available, as provided by appro-
11 priation Acts, for making expenditures to carry out section
12 2202.

13 **“SEC. 2202. TRANSITIONAL ASSISTANCE GRANT PROGRAM.**

14 “(a) IN GENERAL.—Each State shall be entitled to
15 a payment under this section for each fiscal year in an
16 amount equal to its allotment for such fiscal year, to be
17 used by such State to carry out the State’s plan for transi-
18 tional assistance described in subsection (c), subject to the
19 requirements of this section.

20 “(b) PLAN APPROVAL REQUIRED.—No State may re-
21 ceive a payment under this section unless the State sub-
22 mits the State’s plan for transitional assistance described
23 in subsection (c) to the Secretary and the Secretary ap-
24 proves such plan.

1 “(c) STATE PLAN FOR TRANSITIONAL ASSIST-
2 ANCE.—A State plan for transitional assistance is de-
3 scribed by this subsection if the plan—

4 “(1) provides for expanded education opportuni-
5 ties for individuals who are, or were formerly, in fos-
6 ter care, including streamlining and coordinating
7 education financing opportunities and providing
8 counseling and assistance to such individuals for the
9 purpose of ensuring completion of their academic
10 goals;

11 “(2) provides for job training opportunities for
12 individuals who are, or were formerly, in foster care;

13 “(3) provides, primarily through expanding ac-
14 cess to and investment in community colleges, for
15 expanded post-secondary education and job training
16 opportunities that lead to a certificate, for individ-
17 uals who are working in, or had worked in, declining
18 sectors of the economy, as defined by the Secretary,
19 and who want to pursue a new career in a sector of
20 the economy with the potential for high wages and
21 high growth, as defined by the Secretary; and

22 “(4) provides a subsidy for the use of public
23 transportation by—

1 “(A) individuals qualifying for benefits or
 2 services under title XX, including the Federal-
 3 State Unemployment Insurance Program; and

4 “(B) individuals participating in programs
 5 under the Workforce Investment Act.

6 “(d) ALLOTMENT.—The allotment for a fiscal year
 7 for a State receiving an allotment for such fiscal year shall
 8 be an amount equal to—

9 “(1) the amount appropriated for such fiscal
 10 year under subsection (f), multiplied by

11 “(2) the ratio by which the population of the
 12 State bears to the population of all the States receiv-
 13 ing an allotment for such fiscal year as determined
 14 by the Secretary (on the basis of the most recent
 15 data available from the Department of Commerce).

16 “(e) DEFINITIONS.—For purposes of this section:

17 “(1) IN FOSTER CARE.—The term ‘in foster
 18 care’ means, with respect to an individual, an indi-
 19 vidual who is under the care and placement respon-
 20 sibility of the State agency responsible for admin-
 21 istering a plan, in connection with such individual,
 22 under part B or part E of title IV.

23 “(2) SECRETARY.—The term ‘Secretary’ means
 24 the Secretary of Health and Human Services.

1 “(3) STATE.—The term ‘State’ means the 50
2 States of the United States, the District of Colum-
3 bia, the Commonwealth of Puerto Rico, the United
4 States Virgin Islands, Guam, American Samoa, and
5 the Northern Mariana Islands.

6 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated for each fiscal year to
8 the Secretary the amount deposited into the Transitional
9 Assistance Trust Fund pursuant to section 2201 to carry
10 out this section.”.

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