



House Bill 14: Gambling Losses Tax Deduction

Benefits people with higher incomes and subsidizes gambling

HB 14 Summary: Provides an itemized deduction for gambling losses that reduces a person's taxable income by the amount of those losses.

Tax deductions for gambling losses are another tax giveaway to North Carolinians with high incomes

- Very few North Carolinians itemize their deductions, and those who do are more likely to have higher incomes. In North Carolina, just 7 percent of state income tax filings use itemized deductions.¹

Reduces revenue collections that were promised to offset the costs of gambling and subsidizes gambling activities

- North Carolina just recently expanded gambling, including sports betting, with the promise that the revenue generated would offset any costs to the state from problem gambling. In the first year of operations from March 2024 to February 2025, revenue collected totaled an estimated \$128 million.²
- Gambling is an unsustainable, inadequate source of revenue relative to sources like the income tax, and carving out gambling losses from taxation will further reduce promised revenue collections.

More about HB 14

- Allows a taxpayer to itemize gambling losses and deduct them from taxable income if those losses were not used to calculate federal adjusted gross income. North Carolina uses federal adjusted gross income as the starting point for state income taxes.
- The effect will be to lower the person's taxable income and thus lower the state income taxes owed.
- The legislation is retroactive to Jan. 1, 2024.

¹ <https://www.ncdor.gov/documents/reports/statistical-abstract-north-carolina-taxes-2023/open>, p. 235

² https://uat.ncgaming.gov/Content/Documents/2024_Sports_Wagering_One-Year_Anniversary_Report.pdf