

# States Require Casinos to Seize Winnings for Bad Debts

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At least eight states have laws in place [requiring casinos to withhold winnings](#) if the gambler has outstanding bad debt. Most of the delinquent debt is for back child support, and each state maintains a database to share with casinos. Some states, like Colorado, have enjoyed such success collecting back child support from casino winnings that [it expanded to other areas](#) of bad debt, including court-ordered restitution, income taxes, defaulted student loans, even parking tickets on state property.

Generally, when a person wins more than a threshold amount, the casino is required to check a delinquent debtor database to see whether the money should be paid to the gambler or to the state.

Iowa began seizing casino winnings of \$10,000.00 or more in 2010. In 2011, Iowa lowered the threshold to \$1,200.00, and reaped a 1,534 percent increase in seized winnings. (\$163,830 FY 2010 to \$2,676,877 FY 2011)

Other states cashing in on jackpots include Colorado, Indiana, Louisiana, New Mexico, West Virginia, Mississippi and New Jersey. Rules implementing the seizure of winnings and the types of debt targeted for collection vary by state.

Keeping the delinquent debtor databases updated is an ongoing challenge for the states. Despite the potential due process concerns and liability exposure related to seizing a person's money without just cause, the concept makes perfect sense. If a gambler owes back child support, then his or her children ought to be the ones to cash in on the jackpot. The gaming lobby has its work cut out to craft an argument to the contrary.

While the system seems to be working well to collect back child support and money owed to states, don't expect casinos to collect unpaid private debts. For the foreseeable future, business and consumer debt will continue to be collected by creditors, with the assistance of the private collection industry.

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