

112TH CONGRESS
1ST SESSION

H. R. 2230

To amend the Internal Revenue Code of 1986 to regulate and tax Internet gambling.

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2011

Mr. McDERMOTT (for himself, Mr. CAMPBELL, and Mr. FRANK of Massachusetts) 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.

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 2011”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-

1 ment is expressed in terms of an amendment of a section
 2 or other provision, the reference shall be considered to be
 3 made to a section or other provision of the Internal Rev-
 4 enue Code of 1986.

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

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

9 **“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.

10 **“SEC. 4491. IMPOSITION OF INTERNET GAMBLING LICENSE**
 11 **TAX.**

12 “(a) INTERNET GAMBLING LICENSEE.—

13 “(1) IN GENERAL.—There is hereby imposed a
 14 tax on each Internet gambling licensee in an amount
 15 equal to 2 percent of all funds deposited by cus-
 16 tomers during the preceding month into an account
 17 maintained by that Internet gambling licensee or
 18 any agent of that licensee that can be used for the
 19 purpose of placing a bet or wager as defined in sec-
 20 tion 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 that is not authorized pursuant
17 to section 5383(b) of title 31, United States Code,
18 to accept bets and wagers.

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

1 “(c) WHEN DUE.—The tax imposed by this section
2 shall be due at by the end of each calendar month with
3 respect to deposits during the preceding month.

4 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
5 poses of this section—

6 “(1) INTERNET GAMBLING LICENSEE.—The
7 term ‘Internet gambling licensee’ means a licensee,
8 as defined in section 5382 of title 31, United States
9 Code.

10 “(2) DEPOSITS.—Deposits made by or on be-
11 half of an Internet gambling licensee of Internet
12 gambling winnings or returns of funds by or on be-
13 half of an Internet gambling licensee to the account
14 of a customer shall not be treated as a deposit for
15 purposes of this section.

16 **“SEC. 4492. RECORD REQUIREMENTS.**

17 “Each person liable for taxes under this subchapter,
18 except for a person making a deposit who is liable for
19 taxes pursuant to section 4491(a)(2), shall keep a daily
20 record showing deposits (within the meaning of this sub-
21 chapter), in addition to all other records required pursuant
22 to section 6001.

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

25 “(a) IN GENERAL.—

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

7 “(2) MONTHLY PRO RATA ONLINE GAMBLING
8 TAX.—For purposes of this section, with respect to
9 a qualified State and a qualified Indian tribal gov-
10 ernment for any calendar month, the monthly pro
11 rata online gambling tax is the amount of the taxes
12 described in subsection (b) received with respect to
13 such calendar month.

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

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

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

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

10 “(i) IN GENERAL.—A State or Indian
11 Tribal government may revoke its election
12 by notice provided by the Governor, prin-
13 cipal chief, or other chief executive officer
14 and in such form and manner as the Sec-
15 retary may prescribe.

16 “(ii) TIMING OF REVOCATION.—Rev-
17 ocation of state election shall take effect
18 the later of 6 months after receipt by the
19 Secretary of such revocation, or on Janu-
20 ary 1st of the year following receipt by the
21 Secretary of such revocation.

22 “(D) STATE.—The term ‘State’ means any
23 State, the District of Columbia, or any com-
24 monwealth, territory or other possession of the
25 United States.

1 “(E) INDIAN TRIBAL GOVERNMENT.—The
2 term ‘Indian tribal government’ means the gov-
3 ernment of an Indian tribe (within the meaning
4 of section 4 of the Indian Gaming Regulatory
5 Act).

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

10 “(5) LIST OF QUALIFIED STATES AND QUALI-
11 FIED INDIAN TRIBAL GOVERNMENTS.—The Sec-
12 retary shall maintain a current list of qualified
13 States and qualified Indian tribal governments and
14 shall publish such list online.

15 “(b) STATE AND INDIAN TRIBAL GOVERNMENT ON-
16 LINE GAMBLING TAX.—The State and Indian tribal gov-
17 ernment online gambling tax shall be an amount equal to
18 6 percent of all deposited funds deposited by customers
19 located in each qualified state or area subject to the juris-
20 diction of a qualified Indian tribal government at the time
21 of the deposit.

22 “(c) EFFECT OF ACCEPTANCE OF TAX.—Acceptance
23 by a State or Indian tribal government of the State and
24 Indian tribal government online gambling tax shall relieve
25 Internet gambling licensees from the obligation to pay any

1 other fee or tax to the State or Indian tribal government
 2 relating to its online gambling services, except for—

3 “(1) applicable State individual and corporate
 4 income taxes, which shall be unaffected by the elec-
 5 tion, and

6 “(2) any fees associated with an Internet gam-
 7 bling licensee’s choice to rely on a State or Indian
 8 tribal regulatory body certification of suitability in
 9 connection with a Federal online gambling licensing
 10 application.

11 **“SEC. 4494. REGULATIONS.**

12 “The Secretary shall prescribe such regulations as
 13 may be necessary or appropriate to carry out this sub-
 14 chapter.”.

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

“SUBCHAPTER E. INTERNET GAMBLING.”.

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

21 **SEC. 3. INTERNET GAMBLING LICENSEE INFORMATION RE-**
 22 **PORTING.**

23 (a) IN GENERAL.—Subpart A of part III of sub-
 24 chapter A of chapter 61 (relating to information con-

cerning persons subject to special provisions) is amended
by adding at the end the following new section:

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

“(a) REQUIREMENT.—Every person who is an Internet gambling licensee or who otherwise is engaged in the business of accepting any bet or wager within the meaning of section 5362(1) of title 31, United States Code, during a taxable year shall furnish, at such time and in such manner as the Secretary shall by regulations prescribe, the information described in subsection (b), and such person shall maintain (in the location, in the manner, and to the extent prescribed in regulations) such records as may be appropriate to the information described in subsection (b).

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

“(1) the name, address, and TIN of the Internet gambling licensee or other person engaged in the business of accepting any bet or wager,

“(2) the name, address, and TIN of each person placing a bet or wager with the Internet gambling licensee or other person engaged in the business of accepting any bet or wager during the calendar year,

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

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

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

10 “(6) beginning and end-of-year account bal-
11 ances for each such person for the calendar year,
12 and

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

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

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

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

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

8 “(d) DEFINITIONS.—

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

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

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

22 (b) The table of sections for subpart B of part III
23 of subchapter A of chapter 61 is amended by inserting
24 after the item relating to section 6050W the following new
25 item:

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

1 **SEC. 4. WITHHOLDING FROM CERTAIN GAMBLING**
2 **WINNINGS.**

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

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

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

10 (3) by adding at the end thereof the following
11 new subparagraph:

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

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

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

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

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

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

25 (3) by inserting after subparagraph (D) the fol-
26 lowing new subparagraph:

1 “(E) the gross amount of winnings from
2 each wager placed over the Internet with a per-
3 son required to be licensed under section 5382
4 of chapter 53 of title 31, United States Code
5 (as such terms are defined in section
6 6050X(d)(2)),”.

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

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

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

23 “(10) INTERNET GAMBLING WINNINGS.—Any
24 Internet gambling winnings received from an Inter-

1 net gambling licensee (as defined by section
2 4491(d)(1)).”.

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

6 **SEC. 6. WAGER TAX APPLICABLE TO FEDERAL ONLINE**
7 **GAMBLING ACTIVITIES.**

8 (a) IN GENERAL.—Subsection (a) of section 4401 is
9 amended to read as follows:

10 “(a) WAGERS.—

11 “(1) AUTHORIZED WAGERS.—There shall be
12 imposed on any wager authorized under Federal law
13 or the law of the State in which accepted an excise
14 tax equal to 0.25 percent of the amount of such
15 wager.

16 “(2) UNAUTHORIZED WAGERS.—There shall be
17 imposed on any wager not described in paragraph
18 (1) an excise tax equal to 2 percent of the amount
19 of such wager.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply to wagers made after the date
22 on which subchapter V of chapter 53 of title 31, United
23 States Code, first applies.

1 **SEC. 7. NO EXCLUSIONS UNDER FEDERAL WAGER TAX FOR**
2 **ONLINE GAMBLING ACTIVITIES.**

3 (a) IN GENERAL.—Section 4402 is amended to read
4 as follows:

5 **“SEC. 4402. EXEMPTIONS.**

6 “(a) IN GENERAL.—No tax shall be imposed by this
7 subchapter—

8 “(1) on any wager placed with, or on any wager
9 placed in a wagering pool conducted by, a pari-
10 mutuel wagering enterprise licensed under State law
11 and that is not carried out online;

12 “(2) on any wager placed in a coin-operated de-
13 vice (as defined in section 4462 as in effect for years
14 beginning before July 1, 1980), or on any amount
15 paid, in lieu of inserting a coin, token, or similar ob-
16 ject, to operate a device described in section 4462
17 (a)(2) (as so in effect), and that is not carried out
18 online; or

19 “(3) on any wager placed in a sweepstakes, wa-
20 gering pool, or lottery which is conducted by an
21 agency of a State acting under authority of State
22 law, but only if such wager is placed with the State
23 agency conducting such sweepstakes, wagering pool,
24 or lottery, or with its authorized employees or
25 agents.

1 “(b) ONLINE GAMBLING ACTIVITIES.—Notwith-
2 standing the exemption listed in subsection (a)(3), all on-
3 line gambling activities conducted pursuant to a Federal
4 license shall be subject to the wagering tax set forth in
5 section 4401.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall apply to wagers made after December
8 31, 2010.

9 **SEC. 8. TERRITORIAL EXTENT.**

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

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

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to wagers made after December
17 31, 2010.

18 **SEC. 9. AMERICAN HERITAGE PROGRAM.**

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

24 (b) ALLOTMENT OF FUNDS.—Funds allotted for a
25 fiscal year shall be allotted among eligible States in the

1 same proportion as funds are allotted among the States
2 under section 5(g)(3) of the National Foundation on the
3 Arts and the Humanities Act of 1965 (20 U.S.C.
4 954(g)(3)).

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

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

14 (2) not more that 20 percent of such grant may
15 be expended for administrative costs.

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

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

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

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

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

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

14 (e) AMERICAN HERITAGE BLOCK GRANT FUND.—

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

21 (2) TRANSFER TO FUND.—There are appro-
22 priated to the American Heritage Block Grant Fund
23 amounts equal to .5 percent of the taxes received by
24 the Treasury after December 31, 2010, that the Sec-

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 2010, 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.”.

○