THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

Room LL 1 MLK
P.O. Box 7882
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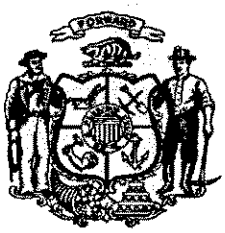
Phone: (608) 266-8535



ASSEMBLY CHAIR
SCOTT JENSEN

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 264-6970

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members, Joint Committee on Finance

From: Senator Brian Burke
Representative Scott Jensen
Co-Chairs, Joint Committee on Finance

Date: April 28, 1997

Re: Attached Report from the Department of Revenue

Attached please find a copy of a report from Secretary Zeuske in response to our request that the Department of Revenue prepare a plan to address concerns relating to the state lottery. This information will be particularly helpful when we consider the lottery during our budget deliberations.

The report is for your information only. No action is required by the Committee. Please feel free to contact us, should you have any questions or concerns.

BB/SJ/jc

State of Wisconsin • DEPARTMENT OF REVENUE

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Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

April 25, 1997

Senator Brian Burke, Co-Chair
Joint Committee on Finance
MLKB, Lower Level 1
Madison, WI 53708

Representative Scott Jensen, Co-Chair
Joint Committee on Finance
Room 315 North, State Capitol
Madison, WI 53703

Dear Senator Burke and Representative Jensen,

On April 11, the Joint Finance Committee requested a formal proposal to increase and strengthen lottery sales. This letter is in response to that request.

We request that the following be considered:

- Establish a statewide support system for lottery retailers

  Create 27 regional retailer service consultants to work directly in the field with retailers to develop and implement business plans that achieve marketing and sales goals. Consultants would recruit and train new retailers; educate and train retailers about new games; and plan and coordinate special retailer events.

- Enhance ticket sales process

  Convert 12 existing telephone sales positions into retailer service consultants and request an additional 10 positions to fully staff this function. These consultants would be based in the central office and would process ticket orders from retailers; provide information to retailers regarding new games, sales and winners; and would offer assistance to resolve retailers' questions and concerns. Current telephone sales calls are limited to two minutes, which restricts satisfactory service from being offered.

- Create bonus incentive payments if employees meet sales goals

  The lottery's ability to generate revenue for property tax relief is largely driven by the commitment and dedication of its employees. An across-the-board annual bonus payment would encourage a team approach and would create an incentive for employees to meet or exceed sales goals.

- Equalize the purchasing power of lottery informational advertising dollars

  The lottery's informational advertising budget has remained fixed at $4.6 million annually since 1988. As a result, the purchasing power of advertising dollars has diminished greatly. The amount of advertising that was purchased with this fixed amount several years ago would cost approximately $6 million today. An annual inflation adjustment to the lottery's informational advertising budget would enable it to keep pace with advertising that occurred in years when ticket sales increased.

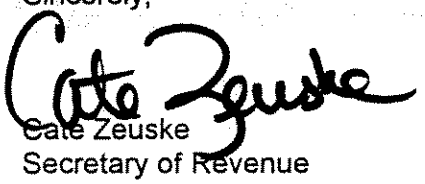
- Restore base level funding

  This request accounts for technical readjustments of $300,900 in FY 98 and $305,100 in FY 99.

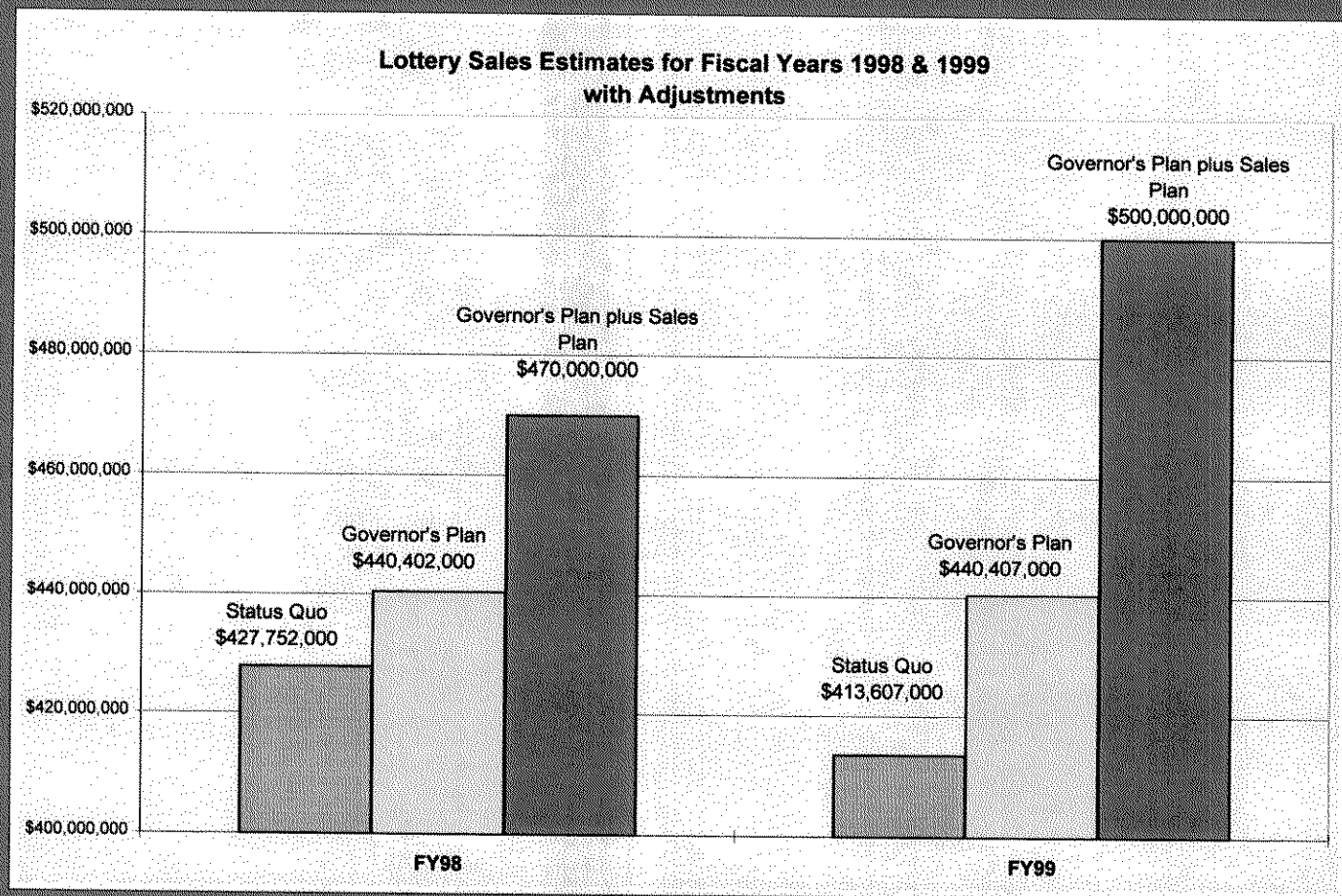
Finally, to maximize property tax relief to Wisconsin homeowners, the Legislature may consider a constitutional amendment enabling the state to return to the previous system of distributing lottery proceeds on the primary residence of Wisconsin homeowners. We believe that any such amendment must be carefully crafted in a manner that does not adversely affect the Uniformity Clause of the Wisconsin Constitution (Article VIII, Section 1).

I hope this proposal is helpful in your deliberations.

Sincerely,



Cate Zeuske
Secretary of Revenue



Status Quo:
- No Action

Governor's Plan:
- TV Game Show
- On-Line Drawings
- Instant Ticket Vending Machines
- MUSL Initiatives
- New or Enhanced On-Line Games

Sales Enhancement Plan:
Governor's Plan Plus;
- Revenue Service Consultants-Field
- Revenue Service Consultants-Office
- Enhanced Product Information
- Lottery Bonus

SUMMARY OF LOTTERY INVESTMENT RETURN

	FY 1998	FY 1999	BIENNIUM
GENERAL PROGRAM OPERATIONS APPROPRIATION: 20.566(8)(Q)			
BASE	24,817,200	24,817,200	49,634,400
GOVERNOR'S PLAN	(1,479,100)	(1,005,600)	(2,484,700)
SALES ENHANCEMENT PLAN	4,007,400	4,170,600	8,178,000
TELECOMMUNICATION SAVINGS	(1,865,000)	(1,865,000)	(3,730,000)
ADJUSTED BASE	25,480,500	26,117,200	51,597,700
RETAILER COMPENSATION: 20.566(8)(R)			
BASE	29,106,100	29,106,100	58,212,200
GOVERNOR'S PLAN	(1,932,300)	(159,300)	(2,091,600)
SALES ENHANCEMENT PLAN	881,900	2,401,000	3,282,900
ADJUSTED BASE	28,055,700	31,347,800	59,403,500
ON-LINE VENDOR FEES: 20.566(8)(V)			
BASE	11,328,000	11,328,000	22,656,000
GOVERNOR'S PLAN	(731,000)	(533,100)	(1,264,100)
SALES ENHANCEMENT PLAN	35,400	85,600	121,000
ADJUSTED BASE	10,632,400	10,880,500	21,512,900
SUMMARY			
BASE	65,251,300	65,251,300	130,502,600
GOVERNOR'S PLAN	(4,142,400)	(1,698,000)	(5,840,400)
SALES ENHANCEMENT PLAN	3,059,700	4,792,200	7,851,900
ADJUSTED BASE	64,168,600	68,345,500	132,514,100
DIFFERENCE FROM BASE TO ADJUSTED BASE	**$ (1,082,700)**	**$ 3,094,200**	**$ 2,011,500**
ESTIMATED INCREASE IN TICKET SALES UNDER PLAN	**$ 43,000,000**	**$ 87,000,000**	**$ 130,000,000**
ESTIMATED INCREASE IN AMOUNT AVAILABLE FOR PROPERTY TAX RELIEF UNDER PLAN	**$ 11,471,980**	**$ 28,227,509**	**$ 39,699,489**

Dept. Code 566	**Department Program Structure File Maintenance**	B-5 FM

Current	New	Delete	Prog.	Subprog.	Prog. Elem.	Dec. Item	**Title** (Maximum - 75 Characters)
	x					5811	Field Staff
	x					5812	Office Staff
	x					5813	Product Information
	x					5814	Base Funding Adjustments
	x					5815	Retailer Compensation Adjustment
	x					5816	Vendor Fee Adjustments
	x					5817	Performance Incentive Bonus
	x					5818	Telecommunications Cost Savings

SUMMARY OF LOTTERY FUNDING REQUEST AND RETURN ON INVESTMENT

	FY 1998		FY 1999		BIENNIAL FUNDING	FTE
GOVERNOR'S BUDGET						
GENERAL PROGRAM OPERATIONS AND INCLUDING:	23,338,100		23,811,600			92.5 (A)
LOTTERY REORGANIZATION						
TV GAME SHOW						
ON-LINE DRAWINGS						
INSTANT TICKET VENDING MACHINES						
MUSL INITIATIVES						
NEW OR ENHANCED ON-LINE GAMES						
RETAILER COMPENSATION, INCLUDING:	27,173,800		28,946,800			
INCREASING BASIC COMPENSATION FOR INSTANT						
SCRATCH FROM 5.5% TO 6.0% AND PROVIDING A 0.5%						
INCENTIVE TO FOR PROFIT RETAILERS FOR ALL PRODUCTS						
ON-LINE VENDOR FEES	10,597,000		10,794,900			
SUBTOTAL - GOVERNOR'S BUDGET		61,108,900		63,553,300		92.5
ADDITIONS RELATED TO SALES ENHANCEMENT PLAN:						
GENERAL PROGRAM OPERATIONS:						
REVENUE SERVICE CONSULTANTS - FIELD	1,514,900		1,567,500			27
REVENUE SERVICES CONSULTANTS - OFFICE	495,400		456,400			10
LOTTERY BONUS	145,200		145,200			
PRODUCT INFORMATION	880,000		1,061,000			
RESTORATION OF BASE	944,500		905,200			
INSTANT TICKET COMPUTER SYSTEM INCREASE COST	27,400		35,300			
RETAILER COMPENSATION	881,900		2,401,000			
ON-LINE VENDOR FEES	35,400		85,600			
SUBTOTAL ADDITION AS A RESULT OF SALES ENHANCEMENT PLAN		4,924,700		6,657,200		37
		66,033,600		70,210,500	136,244,100	130
POTENTIAL SAVINGS FROM TELECOMMUNICATIONS		(1,865,000)		(1,865,000)	(3,730,000)	
TOTAL APPROPRIATED FUNDS REQUESTED		64,168,600		68,345,500	132,514,100	129.5
BASE						
GENERAL PROGRAM OPERATIONS		24,817,200		24,817,200	49,634,400	130
RETAILER COMPENSATION		29,106,100		29,106,100	58,212,200	
ON-LINE VENDOR FEES		11,328,000		11,328,000	22,656,000	
		65,251,300		65,251,300	130,502,600	
ADDITIONAL FUNDING REQUESTED		**(1,082,700)**		**3,094,200**	**2,011,500**	**(0.5)**
ESTIMATED INCREASE IN TICKET SALES, ASSUMING BASE SALES OF $427 MILLION IN FY 1998 AND $413 MILLION IN FY 1999		**$ 43,000,000**		**$ 87,000,000**	**$ 130,000,000**	
ESTIMATED INCREASE IN AMOUNT AVAILABLE FOR PROPERTY TAX RELIEF		**$ 11,472,000**		**$ 28,227,500**	**$ 39,699,500**	

(A) NUMBER OF FTE EXCLUDES 6 PROJECT POSITIONS ENDING IN FY 1998

SJE
S:BUDGET\97-99\JFC\PLAN\CONDITION STATEMENT XLS

	Codes	Titles		Codes	Titles	
Department	566	Revenue	*Program Element*			**Budget Analysis Form B-2**
Program	08	Lottery	*Decision Item*	5811	Field Staff	
Subprogram	82	Marketing & Retailer Relations	*Num Appn/Line No*	60(46)	General Program Operations	Page

NARRATIVE

The Department requests $1,514,900 in fiscal year 1997-98 and $1,567,500 in fiscal year 1998-99 to fund 27.00 FTE revenue services consultant-field staff and supervisors to enhance sales of Lottery products.

WISCONSIN DEPARTMENT OF REVENUE
LOTTERY DIVISION
ACTION PLAN

TOPIC: Revenue Services Consultant - Field Staff

Vision 1: Quality Workforce

Goal #1: Attract the best possible skills for the job.

Vision 3: Meet Customer Needs

Goal #2: Continuously improve customer service and anticipate customer needs.

Vision 5: Pursue Quality Improvement

Goal #3: Improve our knowledge of our customers and their expectations.

Vision 7: Budgetary Flexibility

Goal # 2: Identify potential revenue sources.

Vision 8: Improve Communication.

Goal #1: Provide useful and timely information to our internal and external customers.

Vision 11: Achieve the highest possible lottery proceeds for property tax relief, accomplished in a non-controversial manner, with complete game integrity and with public and legislative support.

Strategic Action: *Hire a Revenue Services Consultant - Field staff, and determine the best ways to compensate the staff, support the staff, empower the staff, and maintain a direct communication between the field staff and centralized Lottery operations.*

A. DESCRIPTION AND FACT FINDING

Originally the Wisconsin Lottery did employ a Lottery retailer field staff. The primary functions of this staff were to perform field marketing services, and to distribute lottery tickets and supplies. However, as reported by the Legislative Audit Bureau, the Department of Employe Relations and the Department of Revenue studied these jobs and neither found that they were being performed as envisioned. Rather, ticket

delivery dominated the activities of the field service representatives, at the cost of other services to retailers and marketing.

Every other Lottery besides Wisconsin has some level of field presence. This presence is viewed to be a key marketing component necessary to maximize retailer service and aid retailers in realizing the sales potential of all lottery products. (see Attachment 2)

B. PROBLEM OR OPPORTUNITY FOR IMPROVEMENT

The absence of a Lottery presence in the field is a significant restraint on the level of service the Lottery can provide to retailers. Further, efforts to recruit potential Lottery retailers and retain current retailers would benefit from a direct in-the-field contact with the Lottery. This is important in light of the downward trend in total Lottery retailers (see Attachment 1) as a reduced number of retailers limits Lottery product sales potential.

In addition, a Lottery field marketing staff could assist retailers with a wide variety of skills and knowledge necessary for each retailer to maximize the sales of Lottery products. The effort would first include developing business plans designed to enhance the sales of Lottery products for all retailer accounts. Further, Revenue Services Consultant - Field staff could implement in-the-field training necessary for new retailers and new products. These hands-on training initiatives would be a significant improvement over the currently provided written training materials, especially in the high clerk turnover environment which exists for most Lottery retailers. Revenue Services Consultant - Field staff could also be responsible for communicating and advising retailers on Lottery policies and procedures on all aspects of the sale of Lottery products. Also, Revenue Services Consultant - Field staff could work with retailers on the placement and budgeting for POS materials and displays. Additionally, occasional Lottery retailer special events could be coordinated and planned the field staff. Finally, all Revenue Services Consultant - Field staff should be required to report on all marketing and service activities performed for Lottery retailers and the impact of these activities on each retailer's business plan and sales goals.

Revenue Services Consultant - Field staff would be able to independently visit all regional retailer locations to perform these various marketing and support activities on a monthly, quarterly, or annual basis depending on the retailer's sales level and the need to improve sales performance. The aggregate of these various in-the-field marketing and retailer development efforts would be a potentially significant increase in Lottery sales.

The expectations for the marketing staff's success are directly tied to the staff's opprotunity to work in close conjunction with enhanced Lottery telemarketing efforts to support and service retailer needs.

C. OBJECTIVES

The objective of implementing a Lottery Revenue Services Consultant - Field staff is to enhance sales of Lottery products and maximize the proceeds available for property tax relief.

D. ALTERNATIVES CONSIDERED

Alternative 1:
Maintain the status quo, do not implement a field marketing staff.

Alternative 2:
Hire a professional, appropriately-compensated, permanent Revenue Services Consultant - Field staff. The staff would be responsible for retailer service functions exclusively and have flexible resources.

E. ANALYSIS OF ALTERNATIVES

Alternative 1:
Maintaining the status quo would limit efforts to meet the objective of this action plan, to enhance sales and maximize property tax relief, unless service and sales efforts were increased in other ways.

Alternative 2:
This alternative would provide for obvious improvement in retailer relations and service levels. In addition, it would enable the Lottery to much more effectively assess retailer needs and requests, while gaining in-the-field experience with Lottery players. Further, this alternative would allow for much more efficient retailer problem-solving which would improve retailer service and sales. Also, the flexibility of this alternative is important as it would allow the field marketing staff, through more frequent visits and more sales development efforts, to focus on retailers with a high potential for an increase in sales volume. Finally, the presence of a field staff in addition to enhancements in telemarketing efforts could provide a new, higher level of service and sales support to retailers, providing communication goals are met.

F. RECOMMENDATION

Alternative 2 is recommended.

Hire a professional, appropriately-compensated, permanent Revenue Services Consultant - Field staff. The staff would be responsible for retailer service functions exclusively and have flexible resources.

It is recommended that 25 Revenue Services Consultant - Field positions be filled. This field marketing staff would have the ability to enhance lottery sales and thus maximize proceeds available for property tax relief.

G. IMPLEMENTATION PLAN

To be developed.

H. COST/BENEFITS ANALYSIS

	FY98	FY99	FY00	FY01
Direct Costs				
Wages and Benefits	$ 862,800	$ 1,150,400	$ 1,150,400	$ 1,150,40
Miscellaneous Costs	$ 395,600	$ 395,600	$ 395,600	$ 395,60
Lease Costs	$ 21,500	$ 21,500	$ 21,500	$ 21,50
Total Direct Costs	$ 1,279,900	$ 1,567,500	$ 1,567,500	$ 1,567,50
One-Time Costs				
Leasehold Improvements	$ 100,000			
Computer Equipment	$ 135,000	-	-	-
Total One-Time Costs	$ 235,000			
Costs Assumed in Base Budget Subtotal	-	-	-	-
Requested Funding				
For a field marketing staff	$ 1,514,900	$ 1,567,500	$ 1,567,500	$ 1,567,50

Costs include: Wages, benefits, overhead and other miscellaneous costs for 25.0 Revenue Services Consultant - Field (Pay Range 14), 2.0 Revenue Services Consultant - Field Staff Supervisors (Pay Range 16), and operation/leasing of three additional regional offices.

Benefits:

- A expected 6% increase in sales for each year in the next biennium over and above the Governor's budget recommendation. **FY98 - $470 million FY99 - $500 million**
  If the Lottery's sales initiative plan as proposed to the Joint Finance Committee on 4/27/97 is implemented.

ATTACHMENT 1

FY 1994-95 Sales and Retailer Data
Across Lottery Jurisdictions

Comparison of Lotteries which Outsource Ticket Distribution

Lottery	Total FY95 Sales ($ millions)	1995 Population (millions)	Total Number of Retailers	Sales Force	Ratio: Retailers per Sales Staff	Method of Ticket Distribution
California	$2,166.7	31.4	21,000	193	109	Couriers
Connecticut	$670.8	3.3	3,078	18	171	Couriers
Delaware	$114.1	0.7	505	6	84	Couriers
Georgia	$1,375.4	7.1	5,224	53	99	Couriers & UPS
Illinois	$1,574.4	11.8	8,219	66	125	Couriers
Indiana	$610.7	5.8	4,528	48	94	Couriers
Kentucky	$512.6	3.8	3,195	34	94	UPS (primary)
Louisiana	$305.3	4.3	3,110	33	94	Couriers & UPS
Maine	$153.2	1.2	1,640	7	234	Couriers
Michigan	$1,381.5	9.5	9,513	50	190	UPS
Minnesota	$335.9	4.6	3,860	51	76	Couriers
Missouri	$411.7	5.3	4,358	40	109	UPS
Montana	$32.7	0.9	683	8	85	UPS (primary)
Nebraska	$79.0	1.6	1,346	11	122	UPS
New Jersey	$1,576.0	7.9	5,245	40	131	Couriers
New York	$3,028.6	18.2	11,900	109	109	UPS
Oregon	$670.9	3.1	3,006	56	54	UPS
Pennsylvania	$1,591.8	12.1	7,351	67	110	Couriers
South Dakota	$161.3	0.7	832	9	92	UPS
Texas	$3,036.5	18.4	15,663	128	122	UPS
Virginia	$902.5	6.6	5,847	53	110	UPS
West Virginia	$180.8	1.8	1,718	18	95	UPS
Average			5,537	50	114	
Wisconsin (proposed)			*4,100*			

Source: LaFleurs 1996 World Lottery Almanac (May 1996).

notes:
All data corresponds to FY 1994-95.
Number of retailers includes non-profit retailers.

FY95 summary retailer sales force.xls
4/4/97
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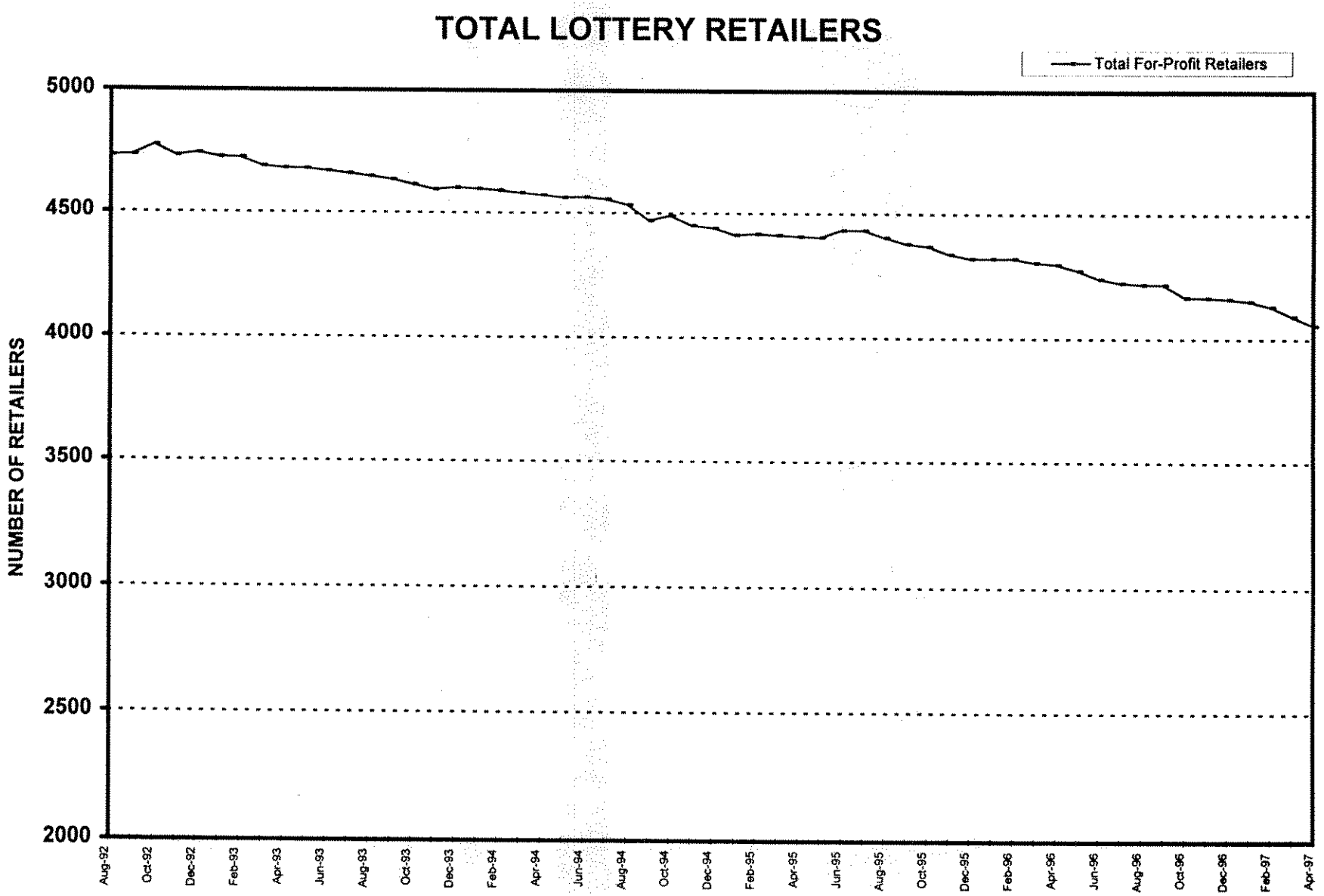
ATTACHMENT 2



Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appn	Code Changed Items Only	Program	Subprog	Prog El	Num Appn	Program	Subprog	Prog El	Num Appn	Date	Page No
Field Staff	566	08	82		5811	60										042597	

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries	630,100	840,200					01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits	232,700	310,200					05
06	Supplies and Services	417,100	417,100					06
07	Permanent Property							07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing	235,000						11
12								12
13								13
14								14
15								15
16								16
17	TOTAL COST	1,514,900	1,567,500					17
18	Project Positions Authorized							18
19	Classified Positions Authorized	27.00	27.00					19
20	Unclassified Positions Authorized							20

	Program / Subprog / Prog El / Num Appn					Decision Item Total	
	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year
01	Permanent Position Salaries						
02	Turnover						
03	Project Position Salaries						
04	LTE Salaries						
05	Fringe Benefits						
06	Supplies and Services						
07	Permanent Property						
08	Unallotted Reserve						
09	Aids to Individuals & Organizations						
10	Local Assistance						
11	One-time Financing						
12							
13							
14							
15							
16							
17	TOTAL COST						
18	Project Positions Authorized						
19	Classified Positions Authorized						
20	Unclassified Positions Authorized						

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Budget Management

POSITION CHANGES AND SALARY WORKSHEET
B-10

25-Apr-97

PAGE

	CODES	TITLES		CODES	TITLES
DEPARTMENT	566	REVENUE	DIN	5811	FIELD STAFF
PROGRAM	08	LOTTERY			
SUBPROGRAM	82	MARKETING & RETAILER RELATIONS	NUM APPN	60(46)	GENERAL PROGRAM OPERATIONS
PROG ELEMENT					

*Position Type: C - Classified Permanent U - Unclassified S - Seasonal
P - Project L - LTE

	* POS TYPE	CLASS TITLES	SCHED AND RANGE	FTE Monthly Sal Cost	NUMBER OF FTE POSITIONS 1st Year	NUMBER OF FTE POSITIONS 2nd Year	SALARY COSTS 1st Year	SALARY COSTS 2nd Year	POS. NUM.	POSITION TEMINAT. DATE	REMARKS	
1	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				1
2	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				2
3	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				3
4	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				4
5	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				5
6	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				6
7	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				7
8	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				8
9	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				9
10	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				10
11	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				11
12	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				12
13	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				13
14	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				14
15	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				15
16	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				16
17	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				17
18	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				18
19	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				19
20	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				20
21	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				21
22	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				22
23	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				23
24	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				24
25	C	Lottery Customer Svcs Spec-Senior	7-14	2,561	1.00	1.00	23,046	30,728				25
26	C	Revenue Supervisor 2	47-16	2,999	1.00	1.00	26,990	35,986				26
27	C	Revenue Supervisor 2	47-16	2,999	1.00	1.00	26,990	35,986				27
28		Total			27.00	27.00	630,130	840,172				28
29		Rounded					630,100	840,200				29
30												30
31												31
32												32
33												33
34												34

	Codes	Titles		Codes	Titles	
Department	566	Revenue	*Program Element*			**Budget Analysis Form B-2**
Program	08	Lottery	*Decision Item*	5812	Office Staff	
Subprogram			*Num Appn/Line No*	60(46)	General Program Operations	Page

NARRATIVE

SUMMARY DECISION ITEM

The Department requests $495,400 in fiscal year 1997-98 and $456,400 in fiscal year 1998-99 to fund: (1) an upgrade in salary levels for 12.00 existing FTE and (2) request an additional 10.00 FTE positions to create a staff of 20.00 FTE revenue services consultants-office and 2.00 FTE supervisors to promote availability and sales of Lottery products.

WISCONSIN DEPARTMENT OF REVENUE
LOTTERY DIVISION
ACTION PLAN

TOPIC: Revenue Services Consultant - Office Staff

Vision 1: Quality Workforce

Goal #1: Attract the best possible skills for the job.

Vision 3: Meet Customer Needs

Goal #2: Continuously improve customer service and anticipate customer needs.

Vision 5: Pursue Quality Improvement

Goal #3: Improve our knowledge of our customers and their expectations.

Vision 7: Budgetary Flexibility

Goal # 2: Identify potential revenue sources.

Vision 8: Improve Communication.

Goal #1: Provide useful and timely information to our internal and external customers.

Vision 11: Achieve the highest possible lottery proceeds for property tax relief, accomplished in a non-controversial manner, with complete game integrity and with public and legislative support.

Strategic Action: *Hire Revenue Services Consultant - Office staff and supervisors and provide the staff with the necessary tools and time to promote availability and sales of Lottery products.*

A. DESCRIPTION AND FACT FINDING

Telemarketing responsibilities are currently handled internally by the Lottery's Tel-Sell department. The staff consists primarily of LTE positions whose duties are to make weekly sales calls to Lottery retailers. The purpose of each sales call is mainly to take retailer product orders in addition to providing information about Lottery products and winners.

The Tel-Sell staff currently services approximately 4100 retailers. Currently each Tel-Sep representative makes approximately 130 retailer calls each day and averaging 2 minutes per call.

B. PROBLEM OR OPPORTUNITY FOR IMPROVEMENT

The recent decline in Lottery product sales suggests measures must be taken to stimulate sales. There has also been a decline in total Lottery retailers (see Attachment 1). Providing the current minimum service levels to Lottery retailers may not be adequate retain current Lottery retailers and recruit the new retailers necessary to stimulate sales.

The demands of a heavy call load placed on the current part-time telemarketing staff combined with the fact that the staff is inadequately-trained and has limited professional credentials make it a challenging task to provide a high level of service and assistance to Lottery retailers. Improving retailer service and sales assistance is vital to the Lottery's efforts to stimulate sales. The effectiveness of Lottery's recommended initiative to stimulate sales through an enhancement of Tel-Sell marketing efforts is directly dependent upon the implementation of a Lottery field marketing staff.

C. OBJECTIVES

The objectives of hiring Revenue Services Consultant - Office staff and supervisors are to enhance sales of Lottery products and maximize the proceeds available for property tax relief.

D. ALTERNATIVES CONSIDERED

Alternative 1:
Maintain the status quo; continue with current staffing and compensation levels with the objective of maintaining the current minimum levels of customer service.

Alternative 2:
Hire Revenue Services Consultant - Office staff and supervisors and provide the staff with reduced call loads and thus increased time to handle each individual retailer sales call so as to better assist retailers with orders, policy and procedure questions, and product-line development.

E. ANALYSIS OF ALTERNATIVES

Alternative 1:
Maintaining the status quo would limit efforts to meet the objective of this action plan, to enhance sales and maximize relief, unless service and sales efforts were increased in other ways.

Alternative 2:
This alternative would provide for significant improvements in the capabilities of the Tel-Sell department improve sales and service. This alternative would allow for the telemarketing department to work much more extensively with retailers to tailor each retailer's lottery product line so as to enhance sales. This would be made possible by a reduction in each Tel-Sell representatives required call volume allowing each retailer call to be extended by several minutes in length.

There are several additional key benefits of this alternative. For one, the improved professionalism of the staff in conjunction with increased call time would allow for the Tel-Sell staff to inform and assist retailers more completely on Lottery policy and procedures. Also, with increased time to spend with each retailer on a weekly basis the Tel-Sell staff could advise retailers on new game introductions. This is especially important if the Lottery intends to offer more complex games to its players. Further, the professional Tel-Sell staff would have greater ability, knowledge, and time to work with retailers on important marketing techniques such as the benefits of offering multi-price point games and multiple game themes. In addition, it would provide the opportunity for the staff to cross-merchandise by moving beyond the instant game sales efforts and discussing opportunities and methods for on-line game sales improvement.

F. RECOMMENDATION

Alternative 2 is recommended.

Hire Revenue Services Consultant - Office staff and supervisors and provide the staff with reduced call loads and thus increased time to handle each individual retailer sales call so as to better assist retailers with orders, policy and procedure questions, and product-line development.

It is recommended that 22 Revenue Services Consultant - Office positions filled. This staff would have the ability to enhance lottery sales and thus maximize proceeds available for property tax relief.

G. IMPLEMENTATION PLAN

To be developed.

H. COST/BENEFITS ANALYSIS

	FY98*	FY99	FY00	FY01
Direct Costs				
Wages and Benefits	$ 709,800	$ 802,800	$ 802,800	$ 802,800
Phone Service Costs	$ 110,000	$ 110,000	$ 110,000	$ 110,000
Office Overhead Costs (exl.Lease)	$ 44,000	$ 44,000	$ 44,000	$ 44,000
Total Direct Costs	$ 863,800	$ 956,800	$ 956,800	$ 956,800
Costs Assumed in Base Budget Subtotal (salaries/fringes of $366,400; phone service of $110,000; office overhead of $24,000)	$ 500,400	$ 500,400	$ 500,400	$ 500,40
Requested Funding				
On-going	$ 363,400	$ 456,400	$ 456,400	$ 456,400
One-time	$ 132,000	-	-	-
Total Requested Funding	$ 495,400	$ 456,400	$ 456,400	$ 456,400

Costs include: Wages, benefits, overhead, and phone service for 20.0 Revenue Service Consultant - Office staff (Pay Range 12), 2.0 Revenue Service Consultant - Office supervisors (Pay Range 14).

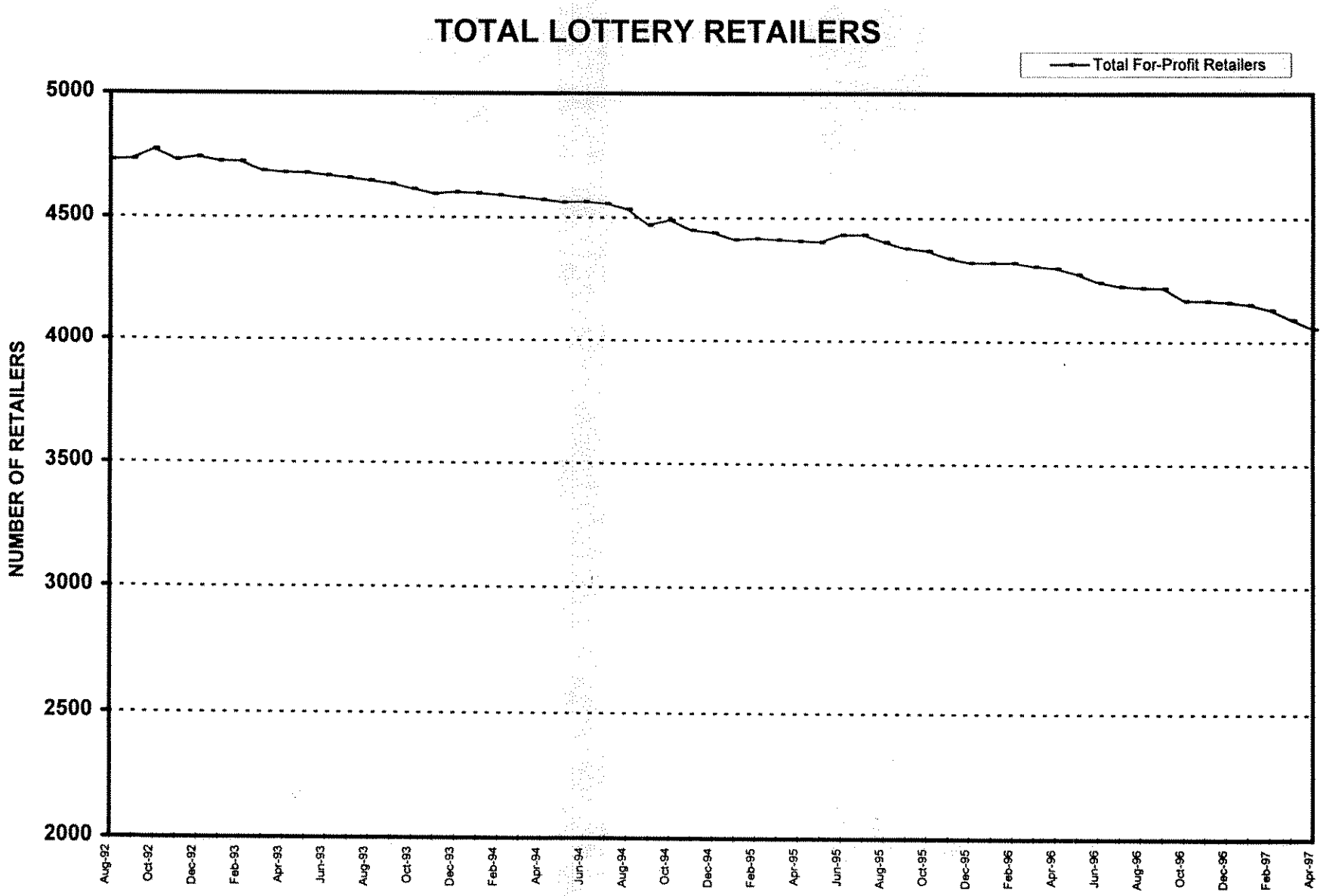
One-time costs are for leasehold improvements and enhancement of phone system with the additional staff ($72,000), and computers for 10 new employees ($6000 x 10 = $60,000).

* FY98 new staffing requirements (10 positions) over a nine-month period. Thus reduced funding requirements.

Benefits:

- A expected 6% increase in sales for each year in the next biennium over and above the Governor's budget recommendation. **FY98 - $470 million FY99 - $500 million**
  If the Lottery's sales initiative plan as proposed to the Joint Finance Committee on 4/27/97 is implemented.

ATTACHMENT 1



Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appn	Code Changed Items Only	Program	Subprog	Prog El	Num Appn	Program	Subprog	Prog El	Num Appn	Date	Page No
Office Staff	566	08	81		5812	60			82								

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries	(30,400)	(30,400)	281,200	349,100			01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits	(11,200)	(11,200)	103,800	128,900			05
06	Supplies and Services			20,000	20,000			06
07	Permanent Property							07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing			132,000				11
12								12
13								13
14								14
15								15
16								16
17	TOTAL COST	(41,600)	(41,600)	537,000	498,000			17
18	Project Positions Authorized							18
19	Classified Positions Authorized	(1.00)	(1.00)	11.00	11.00			19
20	Unclassified Positions Authorized							20

	01 Expenditure Items	Program / Subprog / Prog El / Num Appn 1st Year	2nd Year	Program / Subprog / Prog El / Num Appn 1st Year	2nd Year	Decision Item Total 1st Year	Decision Item Total 2nd Year
01	Permanent Position Salaries					250,800	318,700
02	Turnover						
03	Project Position Salaries						
04	LTE Salaries						
05	Fringe Benefits					92,600	117,700
06	Supplies and Services					20,000	20,000
07	Permanent Property						
08	Unallotted Reserve						
09	Aids to Individuals & Organizations						
10	Local Assistance						
11	One-time Financing					132,000	
12							
13							
14							
15							
16							
17	TOTAL COST					495,400	456,400
18	Project Positions Authorized						
19	Classified Positions Authorized					10.00	10.00
20	Unclassified Positions Authorized						

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POSITION CHANGES AND SALARY WORKSHEET
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	CODES	TITLES		CODES	TITLES
DEPARTMENT	566	REVENUE	DIN	5812	OFFICE STAFF
PROGRAM	08	LOTTERY			
SUBPROGRAM	82	MARKETING & RETAILER RELATIONS	NUM APPN	60(46)	GENERAL PROGRAM OPERATIONS
PROG ELEMENT					

*Position Type: C - Classified Permanent U - Unclassified S - Seasonal
P - Project L - LTE

	* POS TYPE	CLASS TITLES	SCHED AND RANGE	FTE Monthly Sal Cost	NUMBER OF FTE POSITIONS 1st Year	NUMBER OF FTE POSITIONS 2nd Year	SALARY COSTS 1st Year	SALARY COSTS 2nd Year	POS. NUM.	POSITION TEMINAT. DATE	REMARKS	
1	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	314547	06-30-97	Classification Change	1
2	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	314628	06-30-97	Classification Change	2
3	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314629	06-30-97	Classification Change	3
4	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314630	06-30-97	Classification Change	4
5	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314632	06-30-97	Classification Change	5
6	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314634	06-30-97	Classification Change	6
7	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314635	06-30-97	Classification Change	7
8	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314637	06-30-97	Classification Change	8
9	C	Financial Spec 2	2-10	1,849	(1.00)	(1.00)	(22,189)	(22,189)	314659	06-30-97	Classification Change	9
10	C	Program Asst 2	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314667	06-30-97	Classification Change	10
11	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	315160	06-30-97	Classification Change	11
12	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	319899	06-30-97	Classification Change	12
13	C	Admin Asst 3	7-12	2,533	(1.00)	(1.00)	(30,399)	(30,399)	314567	06-30-97	Classification Change	13
14	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	314547			14
15	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	314628			15
16	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314629			16
17	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314630			17
18	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314632			18
19	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314634			19
20	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314635			20
21	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314637			21
22	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314659			22
23	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314667			23
24	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	315160			24
25	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	319899			25
26	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314567			26
27	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314551		Transfer from 566-08-81-00-60	27
28	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				28
29	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				29
30	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				30
31	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				31
32	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				32
33	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				33
34	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				34

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POSITION CHANGES AND SALARY WORKSHEET
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	CODES	TITLES		CODES	TITLES
DEPARTMENT	566	REVENUE	DIN	5812	OFFICE STAFF
PROGRAM	08	LOTTERY			
SUBPROGRAM	81	OPERATIONS	NUM APPN	60(46)	GENERAL OPERATIONS
PROG ELEMENT					

*Position Type: C - Classified Permanent U - Unclassified S - Seasonal
P - Project L - LTE

	* POS TYPE	CLASS TITLES	SCHED AND RANGE	FTE Monthly Sal Cost	NUMBER OF FTE POSITIONS 1st Year	NUMBER OF FTE POSITIONS 2nd Year	SALARY COSTS 1st Year	SALARY COSTS 2nd Year	POS. NUM.	POSITION TEMINAT. DATE	REMARKS	
1	C	Admin Asst 3	7-12	2,533	(1.00)	(1.00)	(30,399)	(30,399)	314551	06-30-97	Transfer to 566-08-82-00-60	1
2		Total			(1.00)	(1.00)	(30,399)	(30,399)				2
3		Rounded					(30,400)	(30,400)				3
4												4
5												5
6												6
7												7
8												8
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33												33
34												34

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	CODES	TITLES		CODES	TITLES
DEPARTMENT	566	REVENUE	DIN	5812	OFFICE STAFF
PROGRAM	08	LOTTERY			
SUBPROGRAM	82	MARKETING & RETAILER RELATIONS	NUM APPN	60(46)	GENERAL PROGRAM OPERATIONS
PROG ELEMENT					

*Position Type: C - Classified Permanent U - Unclassified S - Seasonal
P - Project L - LTE

	* POS TYPE	CLASS TITLES	SCHED AND RANGE	FTE Monthly Sal Cost	NUMBER OF FTE POSITIONS 1st Year	NUMBER OF FTE POSITIONS 2nd Year	SALARY COSTS 1st Year	SALARY COSTS 2nd Year	POS. NUM.	POSITION TEMINAT. DATE	REMARKS	
1	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	314547	06-30-97	Classification Change	1
2	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	314628	06-30-97	Classification Change	2
3	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314629	06-30-97	Classification Change	3
4	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314630	06-30-97	Classification Change	4
5	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314632	06-30-97	Classification Change	5
6	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314634	06-30-97	Classification Change	6
7	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314635	06-30-97	Classification Change	7
8	C	Sales Representative	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314637	06-30-97	Classification Change	8
9	C	Financial Spec 2	2-10	1,849	(1.00)	(1.00)	(22,189)	(22,189)	314659	06-30-97	Classification Change	9
10	C	Program Asst 2	2-09	1,709	(1.00)	(1.00)	(20,512)	(20,512)	314667	06-30-97	Classification Change	10
11	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	315160	06-30-97	Classification Change	11
12	C	Sales Representative	2-09	1,709	(0.50)	(0.50)	(10,256)	(10,256)	319899	06-30-97	Classification Change	12
13	C	Admin Asst 3	7-12	2,533	(1.00)	(1.00)	(30,399)	(30,399)	314567	06-30-97	Classification Change	13
14	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	314547			14
15	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	314628			15
16	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314629			16
17	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314630			17
18	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314632			18
19	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314634			19
20	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314635			20
21	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314637			21
22	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314659			22
23	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314667			23
24	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	315160			24
25	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	0.50	0.50	13,121	13,121	319899			25
26	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314567			26
27	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	26,241	26,241	314551		Transfer from 566-08-81-00-60	27
28	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				28
29	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				29
30	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				30
31	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				31
32	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				32
33	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				33
34	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				34

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	CODES	TITLES		CODES	TITLES
DEPARTMENT	566	REVENUE	DIN	5812	OFFICE STAFF
PROGRAM	08	LOTTERY			
SUBPROGRAM	82	MARKETING & RETAILER RELATIONS	NUM APPN	60(46)	GENERAL PROGRAM OPERATIONS
PROG ELEMENT					

*Position Type: C - Classified Permanent U - Unclassified S - Seasonal
P - Project L - LTE

	* POS TYPE	CLASS TITLES	SCHED AND RANGE	FTE Monthly Sal Cost	NUMBER OF FTE POSITIONS 1st Year	NUMBER OF FTE POSITIONS 2nd Year	SALARY COSTS 1st Year	SALARY COSTS 2nd Year	POS. NUM.	POSITION TEMINAT. DATE	REMARKS	
1	C	Lottery Customer Svcs Spec-Entry	7-12	2,187	1.00	1.00	19,681	26,241				1
2	C	Revenue Supervisor 1	47-14	2,561	1.00	1.00	23,046	30,728				2
3	C	Revenue Supervisor 1	47-14	2,561	1.00	1.00	23,046	30,728				3
4		Total			11.00	11.00	281,238	349,082				4
5		Rounded					281,200	349,100				5
6												6
7												7
8												8
9												9
10												10
11												11
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34												34

	Codes	Titles		Codes	Titles	
Department	566	Revenue	*Program Element*			**Budget Analysis Form B-2**
Program	08	Lottery	*Decision Item*	5813	Product Information	
Subprogram	82	Marketing & Retailer Relations	*Num Appn/Line No*	60(46)	General Program Operations	Page

NARRATIVE

The Department requests $880,000 in 1997-98 and $1,061,000 in 1998-99 to increase the base product information budget by $705,000, reflecting the real loss in purchasing power since FY91 and provide an annual cost of living adjustment based upon the rate of increase in the Consumer Price Index (CPI).

	1997-98	**1998-99**
Increase to Base Funding	705,000	705,000
FY98 Cost of Living Adjustment	175,000	175,000
FY99 Cost of Living Adjustment		181,000
Total	**$880,000**	**$1,061,000**

WISCONSIN DEPARTMENT OF REVENUE
LOTTERY DIVISION
ACTION PLAN

TOPIC: Product Information

Vision 3: Meet Customer Needs

Goal #2: Continuously improve customer service and anticipate customer needs.

Vision 11: Achieve the highest possible lottery proceeds for property tax relief, accomplished in a non-controversial manner, with complete game integrity and with public and legislative support.

Strategic Action: *Increase base product information budget by $705,000 and provide an annual cost of living adjustment so as to provide the same real expenditure each year on product information as was provided in FY1990-91.*

A. DESCRIPTION AND FACT FINDING

The Lottery's product information budget has remained constant at $4,608,000 since FY1990-91. By the end of FY1995-96, the rate of inflation as measured by the CPI increased 15.3 percent. The price of television advertising has increased even faster. For instance, in the three largest television markets in Wisconsin advertising rates have increased over 20 percent during the same period. Based upon the CPI, the FY1996-97 product information budget has fallen in real dollars by $705,000. In addition, whereas the Lottery introduced nine instant games in FY 1990-91, today the Lottery introduces about 25 to 30 instant games per year. From a business perspective this increases the need to inform players about Lottery products.

In response to the increase in instant games and the decline in the real value of the product information budget, over the past several fiscal years the Lottery has shifted the focus of its product information expenditure toward instant games. Instant sales continued to increase over the period, but on-line sales increased slowly until FY1993-94 and then declined in the following two fiscal years. Other factors such as the recent decrease in the size of on-line jackpots or the lack of new on-line game introductions and enhancements in the last three years may have also contributed to this experience; however, an important contributing factor is the decline in product information expenditure on on-line games.

As the Lottery develops new on-line games in the future, a larger portion of the product information budget will be devoted to new on-line game introductions,

which implies a smaller portion devoted to instant games and hence fewer instant games advertised than in previous years. Industry experience and preliminary Lottery research indicate that this will result in lower instant sales.

Tables 1 and 2, attached to the action plan, compare Wisconsin's product information expenditure to that of states of similar size and to larger states, respectively. The states are ranked by product information expenditure as a percent of sales. Table 1 shows that Wisconsin spends much less as a percent of sales than other states of similar size and less than the national average. It is generally true that larger states spend less on product information as a percent of sales than smaller states, due to economies of scale. However, Table 2 shows that larger states also spend more on product information expenditure as a percent of sales than does Wisconsin. According to La Fleur's 1996 World Lottery Almanac, Wisconsin's expenditure on product information as a percent of sales ranks 30th out of 37 lotteries surveyed.

B. PROBLEM OR OPPORTUNITY FOR IMPROVEMENT

The Lottery is expecting to continue to introduce about 25 to 30 instant games per year as this level appears to be cost-effective for instant products. Normally, about half are advertised. The continued decline in the real value of product information implies that fewer instant games will be advertised in the future. In addition, the Lottery plans to introduce several new on-line games in the next two biennia (see DI 5803: New On-line Games) so as to maintain current sales of on-line games. The introduction of new on-line games requires additional multi-level media support (television, radio, outdoor, newspaper, etc.), which is not currently devoted to on-line games. Both of these factors will place additional strain on the product information budget in the future. Without an increase in the product information budget, the likely outcome will be difficulty in informing the public of current lottery products and other pertinent lottery information and thus difficulty in maintaining lottery sales.

C. OBJECTIVES

The objective is to increase base product information budget by $705,000, which reflects the real loss in purchasing power due to no increase in funding since FY1990-91, and to provide an annual cost of living adjustment to the product information budget, based upon the rate of increase in the CPI. The cost of living adjustment will maintain the real value of product information expenditures, and thus help to maintain lottery sales and proceeds available for property tax relief.

D. ALTERNATIVES CONSIDERED

Alternative 1: Maintain the status quo: product information budget is unchanged

from current level of $4,608,000, established in FY1990-91.
Alternative 2: Provide an annual cost of living adjustment to current base of $4,608,000 to maintain constant real expenditure each year.

Alternative 3: Provide an annual cost of living adjustment to current base of $4,608,000 to maintain constant real expenditure each year and include the $705,000, which reflects the real loss in product information purchasing power due to no cost of living adjustments since FY 1990-91.

E. ANALYSIS OF ALTERNATIVES

Alternative 1: Maintain the status quo:

Maintaining the status quo implies continuing to receive a product information budget appropriation of $4,608,000, which was set in FY 1990-91. It is generally recognized throughout the industry that product information expenditure is one of several important factors that contributes to lottery sales, and in particular that increases in expenditure on product information lead to increases in lottery sales, and vice versa. As reported in a recent article in Public Gaming (Dec, 1995), some states have tried to quantify the impact of advertising on sales and found that increases in advertising expenditure lead to several-fold increases in sales. Attached to this action plan is a table from that article which shows that the advertising to sales ratio across these states ranges from 3:1 to 14:1.

During FY1996-97, the Lottery has begun to analyze the impact of its own product information expenditure on ticket sales. The analysis is still preliminary but indicates that the impact of television and radio advertising is positive and likely to be at least several times the cost of purchasing advertising. The declining real value of the product information budget over time implies that in the absence of other demands on the budget, the Lottery will advertise fewer games in the future, which will negatively impact sales.

The introduction of new on-line games will add additional pressure forcing the Lottery to reduce the number of instant games advertised. Currently, about 11-13 games are television advertised each year, and it is likely that the Lottery will only be able to advertise 6-8 instant games in the future and a larger portion of the product information budget is devoted to new on-line games. The substantial reduction in product information expenditure devoted to instant scratch games is likely to lead to reduced instant game awareness among current lottery players, and hence decreased sales and lower proceeds available for property tax relief.

Alternative 2: Provide a cost of living adjustment to the product information budget based upon the rate of increase in the CPI.
Providing a cost of living adjustment based upon the annual rate of increase in the

CPI will ensure a constant real value to the product information budget of the Lottery. While the Lottery will still need to devote a portion of its product information budget to the introduction of new on-line games, a constant real budget appropriation throughout the future will allow the Lottery to purchase the same quantity of advertising as it currently does; it will not allow the Lottery to purchase more than it currently does. This alternative will reduce the loss in product information expenditure associated with inflation.

Alternative 3: Provide a cost of living adjustment to the product information budget based upon the rate of increase in the CPI and include the $705,000, which reflects the real loss in product information budget due to no cost of living adjustments since FY 1990-91.

This alternative is similar to the second alternative, providing an annual cost of living adjustment to the product information budget. However, in this case the Lottery also seeks to reclaim the real loss in the product information budget that resulted from no cost of living adjustments since the budget was established in FY 1990-91. The value of the real adjustment is $705,000.

This alternative will restore the purchasing power of the FY1990-91 product information budget. The Lottery will still need to devote a substantial portion of the budget to advertising new on-line games, which implies that the Lottery will necessarily advertise fewer instant games in the future that it did during FY1993-94 to FY1995-96, when instant ticket sales reached their highest amounts. However, the restoration of the real value to the budget will enable the Lottery to maintain the purchasing power of the budget established in FY1990-91.

F. RECOMMENDATION

Alternative 3: provide both an annual cost of living adjustment to the product information budget based upon the rate of increase in the CPI, and increase base funding by $705,000 to reflect the real loss in the product information budget due to no cost of living adjustments since FY1990-91.

G. IMPLEMENTATION PLAN

Not applicable to the change in appropriation. However, as part of a larger research effort now underway, the Lottery will continue to develop measures of ticket performance and cost effectiveness of advertising. In addition, the Lottery will develop performance measures for tickets, and compare the sales of advertised versus non-advertised games.

H. COST/BENEFITS ANALYSIS

	FY98	FY99
Direct Costs		
Increase in base funding	705,000	705,000
Cost of living adjustment - FY 1998	175,000	175,000
Cost of living adjustment - FY 1999	N/A	181,000
TOTAL	$880,000	1,061,000

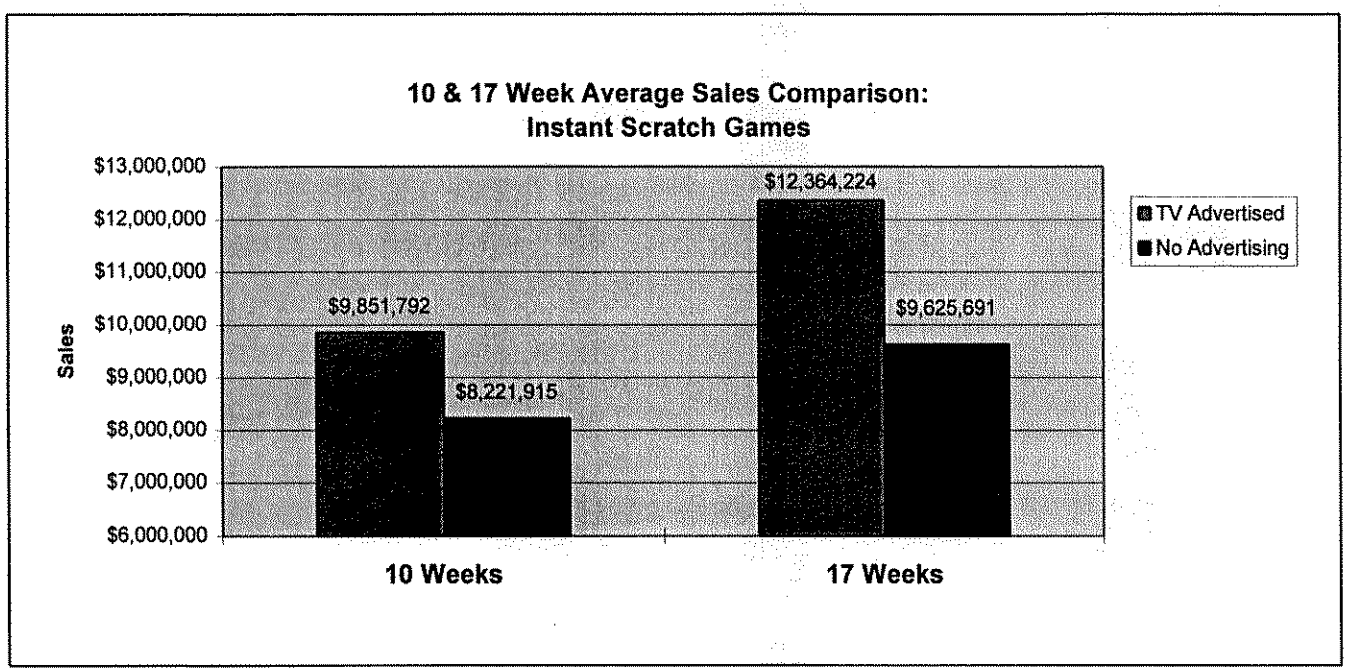
Base product information expenditure is increased by $705,000 to reflect the loss in purchasing power due to inflation sine FY1990-91. The increase in base funding of $705,000 represents an increase of 15.3% over current base funding. The cost of living adjustment in following years is based upon a projected 3.3% annual increase in the CPI, which was the rate of increase for CY1996, the latest available information.

Indirect Costs:
none.

Tangible Benefits:
1. Maintenance of current sales levels due to product information. That is, some portion of sales is due to product information, and by maintaining same real product information expenditure, then expect portion of sales due to product information to remain constant.

Intangible Benefits:
1. Public awareness and knowledge of lottery games is maintained.

The following chart indicates that on the average, games with television advertising will have 10 week sales approximately $1.6 million greater than those without advertising. At 17 weeks, games with TV advertising will have sales approximately $2.7 million greater than those without. The graph below portrays the average 10 and 17 weeks sales for each sample of games:



Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appn	Code Changed Items Only	Program	Subprog	Prog El	Num Appn	Program	Subprog	Prog El	Num Appn	Date	Page No
Product Information	566	08	82		5813	60										042517	

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries							01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits							05
06	Supplies and Services	880,000	1,061,000					06
07	Permanent Property							07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing							11
12								12
13								13
14								14
15								15
16								16
17	TOTAL COST	880,000	1,061,000					17
18	Project Positions Authorized							18
19	Classified Positions Authorized							19
20	Unclassified Positions Authorized							20

	Program / Subprog / Prog El / Num Appn		Program / Subprog / Prog El / Num Appn		Decision Item Total	
	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year
01	Permanent Position Salaries						
02	Turnover						
03	Project Position Salaries						
04	LTE Salaries						
05	Fringe Benefits						
06	Supplies and Services						
07	Permanent Property						
08	Unallotted Reserve						
09	Aids to Individuals & Organizations						
10	Local Assistance						
11	One-time Financing						
12							
13							
14							
15							
16							
17	TOTAL COST						
18	Project Positions Authorized						
19	Classified Positions Authorized						
20	Unclassified Positions Authorized						

	Codes	Titles		Codes	Titles	
Department	566	Revenue	*Program Element*			**Budget Analysis Form B-2**
Program	08	Lottery	*Decision Item*	5814	Base Funding Adjustments	
Subprogram			*Num Appn/Line No*	60(46)	General Program Operations	Page

NARRATIVE

SUMMARY DECISION ITEM

During the latter part of FY96, the Lottery entered into contracts to perform instant ticket delivery, TV Game Show and drawings broadcasting, and the printing of instant game tickets. The Lottery was also in the process of negotiating an expanded contract which would provide a modern computer system to run the on-line and also automate the validation of instant ticket games. The Lottery also upgraded and expanded its LAN in order to handle the new computer systems and better respond to customer needs. **The Lottery reallocated existing resources to the greatest extent possible to fund these initiatives in the Supplies and Services and Permanent Property lines.**

The Governor's Recommendations modified Decision Item 5800 and introduced Decision Items 5807, 5808, 5809, and 5810. The **net** result of those decision items was a reduction in base level funding by $944,500 in 1997-98 and $905,200 in 1998-99 in the Supplies and Services and Permanent Property lines. These base level reductions will significantly impact the Lottery's ability to meet its existing contractual agreements.

If the Governor's Recommendations, as indicated above, are retained in SB77, the Department requests $944,500 in 1997-98 and $905,200 in 1998-99 to maintain its present operational commitments to its contractors.

If the Governor's Recommendations are not included in SB77, the Department requests this decision item be canceled.

		1997-98	**1998-99**
TICKET DELIVERY - COURIER		154,900	111,400
TV GAME SHOW/BROADCASTING		312,000	312,000
INSTANT TICKET PRINTING (DI 5809)		197,300	197,300
INSTANT TICKET COMPUTER SYSTEM (DI 5807)	103,600	107,800	
LOTTERY LAN		176,700	176,700
TOTAL		**$944,500**	**$905,200**

Technical Adjustments:

DI 5809 - Lottery Ticket Printing: Ticket printing savings calculation.

	DOA	DOR
Instant Ticket Printing Budget (FY97)	4,800,000	4,547,600
Estimated Cost - New Contract	3,334,400	3,279,300
Budget Savings	**$1,465,600**	**$1,268,300**
Difference	**$197,300**	

The State Budget Office based its calculation on dated information provided by DOR which provided the FY96 Ticket Printing Budget and a preliminary cost estimate. The FY97 Ticket Printing Budget and final cost estimate was not provided to the State Budget Office, thus resulting in a difference in the savings calculations which reduced the base level by an additional $197,300. The Department is seeking the restoration of the difference.

DI 5807 - Lottery Retailer Compensation: Instant vendor fee cost computation for this appropriation.

	FY98	FY99
Fixed instant/scratch costs	915,000	915,000
0.1% of instant/scratch sales	267,600	269,700
Total	**$1,182,600**	**$1,184,700**
State Budget Office calculation	**$1,079,000**	**$1,076,900**
Difference	**$103,600**	**$107,800**

The difference is due to the State Budget Office using the on-line sales instead of the instant/scratch sales in the 0.1% calculation. The Department is seeking restoration of the difference.

Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appn	Code Changed Items Only	Program	Subprog	Prog El	Num Appn	Program	Subprog	Prog El	Num Appn	Date	Page No
Base Funding Adjustments	566	08	81		5814	60			82				84			042597	

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries							01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits							05
06	Supplies and Services	312,000	312,000	352,200	308,700	103,600	107,800	06
07	Permanent Property					176,700	176,700	07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing							11
12								12
13								13
14								14
15								15
16								16
17	TOTAL COST	312,000	312,000	352,200	308,700	280,300	284,500	17
18	Project Positions Authorized							18
19	Classified Positions Authorized							19
20	Unclassified Positions Authorized							20

	Program / Subprog / Prog El / Num Appn		Program / Subprog / Prog El / Num Appn		Decision Item Total	
	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year
01	Permanent Position Salaries						
02	Turnover						
03	Project Position Salaries						
04	LTE Salaries						
05	Fringe Benefits						
06	Supplies and Services					767,800	728,500
07	Permanent Property					176,700	176,700
08	Unallotted Reserve						
09	Aids to Individuals & Organizations						
10	Local Assistance						
11	One-time Financing						
12							
13							
14							
15							
16							
17	TOTAL COST					944,500	905,200
18	Project Positions Authorized						
19	Classified Positions Authorized						
20	Unclassified Positions Authorized						

	Codes	Titles		Codes	Titles	
Department	566	Revenue	*Program Element*			**Budget Analysis Form B-2**
Program	08	Lottery	*Decision Item*	5815	Retailer Compensation Adjustment	
Subprogram	85	Lottery Administrator's Office	*Num Appn/Line No*	61(47)	Retailer Compensation	Page

NARRATIVE

With the Sales Enhancement Plan being proposed, Lottery sales are esitmated to be $470,000,000 in 1997-98 and $500,000,000 in 1998-99. Using the Governor's proposed compensation plan to Lottery retailers of 6% of sales for instant tickets plus a .5% incentive commission to retailers who meet certain goals in instant ticket sales and 5.5% for on-line game sales, $28,055,700 in 1997-98 and $31,348,100 in 1998-99 will be needed to compensate retailers. The base level of funding in this appropriation is $29,106,100.

Based on estimated sales of $440,403,000 in 1997-98 and $440,397,300 in 1998-99, the Governor's Recommendations reduced the appropriation by $1,932,300 to an adjusted level of $27,173,800 in 1997-98 and by $159,300 for an adjusted level of $28,946,800 in 1998-99.

Working from the Governor's Recommendation, the estimated increase in sales will require an increase to this appropriation of $881,900 (effectively reducing the base level by $1,050,400) in 1997-98 and by $2,401,300 (effectively increasing the base level by $2,242,000) in 1998-99.

RETAILER COMPENSATION

		FY 1998	
TOTAL RETAILER COMP - GOVERNOR'S RECOMMENDATION			$ 27,173,810
ADD: (FOR CHANGE IN SALES)			
ADDITIONAL AMOUNT RELATED TO BASIC COMPENSATION			
6% BEG. JAN 1, 1998			
INSTANT SCRATCH (295,000,000 - 267,563,000)	$ 27,437,000		
	6%	1,646,220	
1/3 OF PULL-TAB SALES (7,000,000 - 8,830,000)	$ (609,994)		
	6%	(36,600)	
SUBTOTAL		$ 1,609,620	
IMPLEMENTED ONLY HALF OF THE YEAR (50%)			804,810
ADDITIONAL AMOUNT RELATED TO INCENTIVE PROGRAM			
PAY 0.5% INCENTIVE COMMISSION			
ON-LINE SALES ($168,000,000 - 164,009,000)	3,991,000		
SCRATCH SALES (295,000,000 - 267,563,000)	27,437,000		
1/3 OF PULL-TAB SALES (7,000,000 - 8,830,000)	(609,939)		
	30,818,061		
INCENTIVE RATE	0.50%		
1/2 YEAR	50.00%		77,045
TOTAL RETAILER COMPENSATION			$ 28,055,665
ADJUSTED BASE			29,106,100
TOTAL ADJUSTMENT TO BASE			$ (1,050,435)

	FY 1999	
TOTAL RETAILER COMP - GOVERNOR'S RECOMMENDATION		$ 28,946,760
ADD: (FOR CHANGE IN SALES)		
ADDITIONAL AMOUNT RELATED TO BASIC COMPENSATION		
INSTANT SCRATCH (305,000,000 - 269,713,276)	35,286,724	
1/3 OF PULL-TAB SALES (8,000,000 - 8,830,000)	(276,663)	
SUBTOTAL	35,010,061	2,100,604
ADDITIONAL AMOUNT RELATED TO INCENTIVE PROGRAM		
PAY 0.5% INCENTIVE COMMISSION		
ON-LINE SALES ($187,000,000 - 161,864,000)	25,136,000	
SCRATCH SALES(305,000,000 - 269,713,276)	35,286,724	
1/3 OF PULL-TAB SALES (8,000,000 - 8,830,000)	(276,663)	
	60,146,061	
		300,730
		31,348,094
		29,106,100
		$ 2,241,994

Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appn	Code Changed Items Only	Program	Subprog	Prog El	Num Appn	Program	Subprog	Prog El	Num Appn	Date	Page No
Retailer Comp. Adjustment	566	08	85			61										042597	

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries							01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits							05
06	Supplies and Services	881,900	2,401,300					06
07	Permanent Property							07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing							11
12								12
13								13
14								14
15								15
16								16
17	TOTAL COST	881,900	2,401,300					17
18	Project Positions Authorized							18
19	Classified Positions Authorized							19
20	Unclassified Positions Authorized							20

	Program / Subprog / Prog El / Num Appn		Program / Subprog / Prog El / Num Appn		Decision Item Total	
	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year
01	Permanent Position Salaries						
02	Turnover						
03	Project Position Salaries						
04	LTE Salaries						
05	Fringe Benefits						
06	Supplies and Services						
07	Permanent Property						
08	Unallotted Reserve						
09	Aids to Individuals & Organizations						
10	Local Assistance						
11	One-time Financing						
12							
13							
14							
15							
16							
17	TOTAL COST						
18	Project Positions Authorized						
19	Classified Positions Authorized						
20	Unclassified Positions Authorized						

	Codes	Titles		Codes	Titles	
Department	566	Revenue	Program Element			**Budget Analysis Form B-2**
Program	08	Lottery	Decision Item	5816	Vendor Fee Adjustments	
Subprogram			Num Appn/Line No			Page

NARRATIVE

SUMMARY DECISION ITEM

With the Sales Enhancement Plan being proposed, Lottery sales are estimated for the next biennium as follows:

	1997-98	1998-99
Instant/scratch	295,000,000	305,000,000
On-line	168,000,000	187,000,000
Pull-tabs*	7,000,000	8,000,000
Total	**$470,000,000**	**$500,000,000**

* Pull-tabs not included in the computation of vendor fees.

S. 20.566(8)(v) - ON-LINE VENDOR FEES

Based on the above sales estimates, the Department will need $10,632,400 in 1997-98 and $10,880,500 in 1998-99 to pay the vendor fees for the on-line games computer system. The base level of funding for this appropriation is $11,328,000.

Based on estimated sales of $440,403,000 in 1997-98 and $440,397,300 in 1998-99, the Governor's Recommendations reduced this appropriation by $731,000 to an adjusted level of $10,597,000 in 1997-98 and by $533,100 for an adjusted level of $10,794,900 in 1998-99.

Working from the Governor's Recommendation, the estimated increase in sales will require an increase to this appropriation of $35,400 (effectively reducing the base level by $695,600) in 1997-98 and by $85,600 (effectively reducing the base level by $447,500) in 1998-99.

S. 20.566(8)(Q) - GENERAL PROGRAM OPERATIONS

Based on the above sales estimates, the Department will need $1,210,000 in 1997-98 and $1,220,000 in 1998-99 to pay the vendor fees for the instant ticket computer system.

Assuming the Governor's Recommendation Decision Item 5807 is corrected (as proposed in DOR's new DI 5814) to providing $1,182,600 in 1997-98 and $1,184,700 in 1998-99, the sales increase will require an additional $27,400 in 1997-98 and $35,300 in 1998-99 to meet the need identified for each respective fiscal year.

ON-LINE VENDOR FEE: 566(8)(V)

FIXED COST ESTIMATES - ASSUMES MAY 18 CONTRACT DATE

FY 98 = 46 weeks (88.46%) @ year 1 prices plus 6 weeks (11.54%) @ yr 2 prices

	YR 1	YR 2	TOTAL
	88.46%	11.54%	
CONTRACT YEAR PRICE	$ 9,978,400	$10,177,968	
TOTAL	$ 8,826,893	$ 1,174,538	**$10,001,430**

FY 99 = 46 weeks (88.46%) @ year 2 prices plus 6 weeks (11.54%) @ yr 3 prices

	YR 1	YR 2	TOTAL
	88.46%	11.54%	
CONTRACT YEAR PRICE	$10,177,968	$10,381,527	
TOTAL	$ 9,003,430	$ 1,198,028	**$10,201,459**

VARIABLE COST ESTIMATES - ASSUMES MAY 18 CONTRACT DATE

FY 98

	INSTANT SCRATCH	ON-LINE	TOTAL	
SALES	295,000,000	168,000,000	463,000,000	
0.1%	295,000		295,000	0.1% OF INSTANT SCRATCH SALES
0.2%		336,000	336,000	0.2% OF ON-LINE SALES
	295,000	336,000	631,000	

FY 99

	INSTANT SCRATCH	ON-LINE	TOTAL	
SALES	305,000,000	187,000,000	492,000,000	
0.1%	305,000		305,000	0.1% OF INSTANT SCRATCH SALES
0.2%		374,000	374,000	0.2% OF ON-LINE SALES
	305,000	374,000	679,000	

TOTAL

FY 98 VENDOR FEES

FIXED	$ 10,001,430
VARIABLE	631,000
TOTAL	**$ 10,632,430**

FY 99 VENDOR FEES

FIXED	$ 10,201,459
VARIABLE	679,000
TOTAL	**$ 10,880,459**

INSTANT TICKET COMPUTER SYSTEM COSTS: 566(8)(Q)

	FY 1998			FY 1999		
FIXED COSTS			915,000			915,000
VARIABLE COSTS						
SCRATCH SALES	295,000,000			305,000,000		
RATE		0.1%	295,000		0.1%	305,000
TOTAL			**1,210,000**			**1,220,000**
GOVERNOR'S RECOMMENDATION (AFTER ADJ FOR REINSTATING BUDGET)			1,182,563			1,184,713
ADDITIONAL FUNDING NEEDED			**27,437**			**35,287**

Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appn	Code Changed Items Only	Program	Subprog	Prog El	Num Appn	Program	Subprog	Prog El	Num Appn	Date	Page No
Vendor Fee Adjustments	566	08	84		5816	60			84		65					042597	

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries							01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits							05
06	Supplies and Services	27,400	35,300	35,400	85,600			06
07	Permanent Property							07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing							11
12								12
13								13
14								14
15								15
16								16
17	TOTAL COST	27,400	35,300	35,400	85,600			17
18	Project Positions Authorized							18
19	Classified Positions Authorized							19
20	Unclassified Positions Authorized							20

		Program / Subprog / Prog El / Num Appn		Program / Subprog / Prog El / Num Appn		Decision Item Total	
	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year
01	Permanent Position Salaries						
02	Turnover						
03	Project Position Salaries						
04	LTE Salaries						
05	Fringe Benefits						
06	Supplies and Services					62,800	120,900
07	Permanent Property						
08	Unallotted Reserve						
09	Aids to Individuals & Organizations						
10	Local Assistance						
11	One-time Financing						
12							
13							
14							
15							
16							
17	TOTAL COST					62,800	120,900
18	Project Positions Authorized						
19	Classified Positions Authorized						
20	Unclassified Positions Authorized						

	Codes	Titles		Codes	Titles	
Department	566	Revenue	*Program Element*			**Budget Analysis Form B-2**
Program	08	Lottery	*Decision Item*	5817	Performance Incentive Bonus	
Subprogram			*Num Appn/Line No*	60(46)	General Program Operations	Page

NARRATIVE

SUMMARY DECISION ITEM

The Department requests $145,200 in 1997-98 and $145,200 in 1998-99 to establish a Performance Incentive Bonus program for the Lottery Division to recognize division employes efforts as a group in attaining predetermined overall sales goals for the fiscal year. The Bonus is based on providing $1,000 per FTE for the Lottery Division's anticipated 117.5 FTE positions. Funding is calculated as follows:

	1997-98	**1998-99**
Permanent Salaries	117,500	117,500
Fringe Benefits @ 23.6%	27,700	27,700
Total	**$145,200**	**$145,200**

B-2 Multi-Column

Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appr	Code Changed Items Only	Program	Subprog	Prog El	Num Appr	Program	Subprog	Prog El	Num Appr	Date	Page No
Performance Incentive Bonus	566	08	81		5817	60			82				84			042597	

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries	25,500	25,500	70,000	70,000	18,000	18,000	01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits	6,000	6,000	16,500	16,500	4,200	4,200	05
06	Supplies and Services							06
07	Permanent Property							07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing							11
12								12
13								13
14								14
15								15
16								16
17	TOTAL COST	31,500	31,500	86,500	86,500	22,200	22,200	17
18	Project Positions Authorized							18
19	Classified Positions Authorized							19
20	Unclassified Positions Authorized							20

		Program	Subprog	Prog El	Num Appr	Program	Subprog	Prog El	Num Appr	Decision Item Total	
			85								
	01 Expenditure Items	1st Year	2nd Year			1st Year	2nd Year			1st Year	2nd Year
01	Permanent Position Salaries	4,000	4,000							117,500	117,500
02	Turnover										
03	Project Position Salaries										
04	LTE Salaries										
05	Fringe Benefits	1,000	1,000							27,700	27,700
06	Supplies and Services										
07	Permanent Property										
08	Unallotted Reserve										
09	Aids to Individuals & Organizations										
10	Local Assistance										
11	One-time Financing										
12											
13											
14											
15											
16											
17	TOTAL COST	5,000	5,000							145,200	145,200
18	Project Positions Authorized										
19	Classified Positions Authorized										
20	Unclassified Positions Authorized										

	Codes	Titles		Codes	Titles	
Department	566	Revenue	*Program Element*			**Budget Analysis Form B-2**
Program	08	Lottery	*Decision Item*	5818	Telecommunications Cost Savings	
Subprogram	84	Administration	*Num Appn/Line No*	60(46)	General Program Operations	Page

NARRATIVE

The Department requests a reduction of $1,865,100 in each year of the biennium to reflect reduced telecommunication charges.

ON-LINE TELECOMMUNICATIONS (SEE 95-97 DIN 5417&5418)	RATES		ANNUALIZED
CURRENT CHARGES (BASE FUNDING; EXCLUDING ONE-TIME)			
ONGOING: (SEE 95-97 DIN 5417&5418)			
MONTHLY DATA LINE CHARGE PER DATA LINE (3,160 DATA LINES)	$ 137.00	5,195,040	5,195,040
ANNUAL ATTRITIION OF ON-LINE RETAILERS (50 INSTALLATIONS PER YEAR)	925	46,250	46,250
MODEM MAINTENANCE FOR 3,386 TERMINALS PER MONTH	$ 7.50	304,740 A	304,740 A
		5,546,030	5,546,030

(A) CURRENT MODEM MAINTENANCE FOR 3,160 DATA LINES + 171 MASTER MODEMS + 55 REPLACEMENT MODEMS

ANTICIPATED FUTURE CHARGES	AMERITECH RATE	SUBTOTAL AMERITECH ANNUALIZED	DOA RATE	SUBTOTAL DOA ANNUALIZED	TOTAL ANNUALIZED
DIGITAL RECURRING DATALINE COSTS					
3,143 DATALINES AT $86.70 LESS 8% DISCOUNT OR $79.76	80	3,008,228			3,008,228
3,143 DATALINES AT $15			15	565,740	565,740
CENTRAL MULTIPLEXING					
INSTALLATION (INCLUDED IN DOA OVERHEAD COSTS?)					
MONTHLY CHARGE (INCLUDED IN DOA OVERHEAD COSTS?)					
ANALOG RECURRING DATALINE COSTS					
17 DATA LINES (3,369 PER MONTH FOR 17 DATA LINES)	3,369	40,428			40,428
ANNUAL ATTRITION OF ON-LINE RETAILERS (50 INSTALLATIONS PER YEAR)	230	11,500			11,500
REPAIRS (LOCAL TELEPHONE CO. CHARGES SEE DIN 5417 95-97 WITH ANTICIPATED PRICE REDUCTION)		5,000			50,000
INSIDE WIRING (LOCAL TELEPHONE CO. CHARGES SEE DIN 5417 95-97)		68,200			5,000
TOTAL					3,680,896
ANTICIPATED TELECOMMUNICATION SAVINGS					1,865,134

THE ABOVE DOA COSTS ARE ESTIMATED, BASED ON DOA ESTIMATES BUT MAY NOT BE REPRESENTATIVE OF THE FINAL RATES CHARGED BY DOA
(A) LOTTERY CANNOT GO BELOW 2900 TERMINALS WITHOUT EXPERIENCING INCREASED DIGITAL RATES IN THE FUTURE
(B) IT IS ASSUMED THAT THE ATTRITION WILL BE ON THE DIGITAL NETWORK AND NOT THE ANALOG NETWORK

Decision Item Title	Dept	Program	Subprog	Prog El	Dec Item	Num Appr	Code Changed Items Only	Program	Subprog	Prog El	Num Appn	Program	Subprog	Prog El	Num Appn	Date	Page No
Telecommunication Cost Savings	566	08	84			5818										042597	

	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year	
01	Permanent Position Salaries							01
02	Turnover							02
03	Project Position Salaries							03
04	LTE Salaries							04
05	Fringe Benefits							05
06	Supplies and Services	(1,865,100)	(1,865,100)					06
07	Permanent Property							07
08	Unallotted Reserve							08
09	Aids to Individuals & Organizations							09
10	Local Assistance							10
11	One-time Financing							11
12								12
13								13
14								14
15								15
16								16
17	**TOTAL COST**	(1,865,100)	(1,865,100)					17
18	Project Positions Authorized							18
19	Classified Positions Authorized							19
20	Unclassified Positions Authorized							20

	Program / Subprog / Prog El / Num Appn			Program / Subprog / Prog El / Num Appn		Decision Item Total	
	01 Expenditure Items	1st Year	2nd Year	1st Year	2nd Year	1st Year	2nd Year
01	Permanent Position Salaries						
02	Turnover						
03	Project Position Salaries						
04	LTE Salaries						
05	Fringe Benefits						
06	Supplies and Services						
07	Permanent Property						
08	Unallotted Reserve						
09	Aids to Individuals & Organizations						
10	Local Assistance						
11	One-time Financing						
12							
13							
14							
15							
16							
17	**TOTAL COST**						
18	Project Positions Authorized						
19	Classified Positions Authorized						
20	Unclassified Positions Authorized						

Wisconsin Department of Revenue
Division of Research and Analysis
January 8, 1998

WISCONSIN SCHOOL DISTRICT STATISTICS FOR 1996
SUMMARY BY SCHOOL DISTRICT

This report summarizes, by school district, income tax information of the taxfilers who indicated on their 1996 income tax returns that they resided in a given school district.

Care should be exercised in using these data, since there are several problems inherent in the use of income tax data for measuring the ability to pay of school district property owners. First, the school district income information does not include the income of individuals who do not file tax returns because their income falls below the minimum filing requirements or because they do not have tax refunds.

Second, the income shown on the tax return excludes other sources of income that are either fully or partially exempt from tax (e.g. social security, public assistance, unemployment compensation). Thus, the income data from tax returns provided for school districts may understate the income of some districts.

Third, the income information does not include the income of nonresident property owners in the district, nor does it include the income of corporations located in the school districts.

The following is an explanation of the document's column headings.

COLUMN HEADING	EXPLANATION
School District Name	Name of school district as used by the Department of Public Instruction
District Number	Code number of school district as used by the Department of Public Instruction.
Return Cost	The number of income tax returns that indicated a school district code regardless of whether or not they reported any income. (Husband and wife filing a joint return are counted as one return).
Total Income - Amount	The dollar total of all Wisconsin income reported by taxpayers to a school district before subtracting the standard deduction.
Total Income - Count	The number of tax returns by school district which reported Wisconsin total income (or loss).
Net Taxable Income - Amount	The dollar total of all Wisconsin taxable income after subtracting the standard deduction as determined by taxpayers of a school district. To be included, individual taxable income must be greater than $0.

Net Taxable Income - Count	The number of tax returns for a school district which reported Wisconsin taxable income greater than $0.
Net Tax - Amount	The dollar total of the net tax determined after subtracting the dependent credit, senior citizen credit, itemized deduction credit, school property tax credit and married couple credit. Such net tax determination is before the minimum tax, sales tax due on out-of-state purchases, endangered resources donation, penalties on retirement plans, taxes withheld, estimated tax payments, earned income credit, Farmland Preservation Credit, income tax paid to another state, Homestead Credit and farmland tax relief credit.
Net Tax - Count	The number of tax returns for which net tax was greater than $0.

ROW HEADING (At End of Report)

School Code/Tax District Mismatch	Data pertaining to those tax returns which did not indicate a correct school district and for which the Department of Revenue.
State Total (Valid Codes Only)	Statewide totals of all of the columns for school districts that met or exceeded the 87.5% validity criteria established by representatives of the Departments of Revenue, Administration and Public Instruction, and the Legislative Fiscal Bureau. The 87.5% validity criteria indicates that 87.5% of the returns in each tax district (municipality) has a valid school district code.
State Total (All Records)	Statewide totals of all of the columns for records--this is the sum of the school code/tax district mismatch and the state total (valid codes).

This report can be found on the Department of Revenue website: www.dor.state.wi.us. Copies are also available from the Wisconsin Department of Revenue, Division of Research and Analysis, 125 S. Webster Street, P.O. Box 8933, Madison, WI 53708-8933; telephone (608) 266-2700.

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WISCONSIN SCHOOL DISTRICT SUMMARY STATISTICS FOR 1996

SCHOOL DISTRICT NAME	DIST NUMBER	RETURN COUNT	TOTAL INCOME AMOUNT	TOTAL INCOME COUNT	NET TAXABLE INCOME AMOUNT	NET TAXABLE INCOME COUNT	NET TAX AMOUNT	NET TAX COUNT
SCH D OF ABBOTSFORD	0007	877	30,995,192	877	28,187,085	749	1,613,500	709
SCH D OF ADAMS FRIENDSHIP AREA	0014	3,918	87,077,419	3,918	72,381,623	3,119	3,813,986	2,885
SCH D OF ALBANY	0063	696	20,700,313	696	18,585,732	610	999,870	589
SCH D OF ALGOMA	0070	2,146	59,243,937	2,146	52,284,823	1,842	2,827,400	1,750
SCH D OF ALMA	0084	327	9,631,947	327	8,513,201	277	466,679	262
SCH D OF ALMA CENTER	0091	828	18,853,872	828	16,042,354	689	836,327	653
SCH D OF ALMOND-BANCROFT	0105	557	16,615,617	557	14,864,964	460	832,899	434
SCH D OF ALTOONA	0112	758	24,507,057	758	22,080,934	672	1,183,073	642
SCH D OF AMERY	0119	2,455	75,939,364	2,455	68,007,274	2,102	3,678,352	1,982
SCH D OF TOMORROW RIVER (AMHERST)	0126	1,478	42,833,234	1,478	38,316,965	1,278	2,068,118	1,230
SCH D OF ANTIGO	0140	6,614	175,148,303	6,614	152,476,770	5,545	8,259,986	5,259
SCH D OF APPLETON AREA	0147	16,210	666,589,654	16,210	626,106,349	14,884	34,532,287	14,315
SCH D OF ARCADIA	0154	1,688	44,168,843	1,688	38,396,240	1,466	2,073,567	1,393
SCH D OF ARGYLE	0161	506	11,905,195	506	10,117,421	425	525,987	407
SCH D OF ASHLAND	0170	4,836	123,544,845	4,836	106,936,024	3,867	5,786,669	3,651
SCH D OF ASHWAUBENON	0182	6,176	232,128,363	6,176	216,379,150	5,551	12,006,901	5,394
SCH D OF ATHENS	0196	965	25,310,897	965	22,326,452	831	1,177,171	801
SCH D OF AUBURNDALE	0203	1,437	37,816,042	1,437	33,056,303	1,246	1,779,152	1,208
SCH D OF AUGUSTA	0217	910	19,475,547	910	15,812,945	730	824,716	670
SCH D OF BALDWIN-WOODVILLE AREA	0231	2,128	69,132,468	2,128	62,749,526	1,883	3,398,510	1,797
SCH D OF UNITY (MILLTOWN)	0238	1,969	49,971,756	1,969	43,053,090	1,649	2,283,945	1,572
SCH D OF BANGOR	0245	1,153	32,561,158	1,153	28,824,300	1,007	1,535,216	976
SCH D OF BARABOO	0280	7,373	212,377,857	7,373	190,311,125	6,288	10,167,749	5,969
SCH D OF BARNEVELD	0287	565	19,527,707	565	18,057,926	491	958,184	475
SCH D OF BARRON AREA	0308	2,911	71,427,216	2,911	61,315,459	2,504	3,244,592	2,371
SCH D OF BAYFIELD	0315	1,163	24,644,999	1,163	20,769,823	812	1,092,678	752
SCH D OF BEAVER DAM	0336	8,829	277,126,532	8,829	250,305,886	7,824	13,547,158	7,404
SCH D OF BELLEVILLE	0350	1,392	50,081,458	1,392	46,325,197	1,271	2,473,683	1,221
SCH D OF BELMONT COMMUNITY	0364	655	15,598,867	655	13,477,343	540	714,814	513
SCH D OF BELOIT	0413	5,128	174,261,332	5,128	158,691,293	4,627	8,766,182	4,437
SCH D OF BELOIT TURNER	0422	1,033	41,086,801	1,033	38,476,592	949	2,117,120	910
SCH D OF BENTON	0427	443	10,577,683	443	9,266,569	373	491,547	356
SCH D OF BERLIN AREA	0434	3,341	89,695,252	3,341	78,808,971	2,826	4,196,752	2,677
SCH D OF BIRCHWOOD	0441	575	13,284,724	575	11,039,222	472	568,008	437
SCH D OF WISCONSIN HEIGHTS (BLK EARTH)	0469	1,756	64,537,430	1,756	59,542,310	1,592	3,225,149	1,527
SCH D OF BLACK RIVER FALLS	0476	3,644	104,243,672	3,644	91,928,725	3,001	5,010,863	2,823
SCH D OF BLAIR-TAYLOR	0485	1,092	23,928,939	1,092	19,730,896	914	1,012,225	871
SCH D OF PECATONICA AREA (BLANCHRDVLLE)	0490	894	21,712,795	894	18,713,115	742	982,819	693
SCH D OF BLOOMER	0497	2,141	58,078,968	2,141	50,802,966	1,828	2,756,654	1,741
SCH D OF BONDUEL	0602	1,901	50,369,392	1,901	43,694,213	1,611	2,345,075	1,532
SCH D OF BOSCOBEL	0609	1,745	40,193,730	1,745	33,950,085	1,440	1,806,564	1,357
SCH D OF BOULDER JUNCTION J 1	0616	1,270	44,005,960	1,270	40,187,281	1,068	2,290,769	989
SCH D OF BOWLER	0623	525	10,512,392	525	8,466,102	419	438,795	396
SCH D OF BOYCEVILLE COMMUNITY	0637	1,154	28,949,396	1,154	24,713,073	962	1,304,436	891
SCH D OF BRIGHTON #1	0657	255	9,564,343	255	8,897,889	225	491,882	218
SCH D OF BRILLION	0658	1,699	57,530,306	1,699	52,656,140	1,523	2,878,082	1,472
SCH D OF BRISTOL #1	0665	551	21,653,427	551	20,241,595	506	1,119,021	491
SCH D OF BRODHEAD	0700	2,040	61,239,096	2,040	54,850,821	1,774	2,967,759	1,689
SCH D OF ELMBROOK (BROOKFIELD)	0714	8,081	599,122,740	8,081	584,746,824	7,416	34,858,630	7,159
SCH D OF BROWN DEER	0721	5,715	214,250,268	5,715	200,583,205	5,171	11,003,656	4,974
SCH D OF BRUCE	0735	1,072	22,743,299	1,072	18,743,410	834	988,437	786

WISCONSIN SCHOOL DISTRICT SUMMARY STATISTICS FOR 1996

SCHOOL DISTRICT NAME	DIST NUMBER	RETURN COUNT	TOTAL INCOME AMOUNT	TOTAL INCOME COUNT	NET TAXABLE INCOME AMOUNT	NET TAXABLE INCOME COUNT	NET TAX AMOUNT	NET TAX COUNT
SCH D OF BURLINGTON AREA	0777	8,744	315,386,612	8,744	292,187,030	7,745	15,995,698	7,425
SCH D OF BUTTERNUT	0840	599	13,762,493	599	11,552,874	486	613,336	457
SCH D OF CADOTT COMMUNITY	0870	1,396	34,513,699	1,396	29,432,408	1,143	1,572,768	1,074
SCH D OF CAMBRIA-FRIESLAND	0882	703	18,037,708	703	15,700,828	592	834,725	556
SCH D OF CAMBRIDGE	0896	1,512	47,600,614	1,512	43,246,740	1,329	2,298,389	1,269
SCH D OF CAMERON	0903	1,140	28,966,574	1,140	24,835,254	976	1,288,785	946
SCH D OF CAMPBELLSPORT	0910	3,119	101,392,562	3,119	92,291,378	2,752	5,054,513	2,855
SCH D OF CASHTON	0980	931	20,238,157	931	17,320,184	758	900,325	729
SCH D OF CASSVILLE	0994	918	20,831,178	918	17,583,347	747	951,597	694
SCH D OF CEDARBURG	1015	2,478	115,906,418	2,478	110,121,518	2,280	6,132,419	2,188
SCH D OF CEDAR GROVE-BELGIUM AREA	1029	1,867	63,288,062	1,867	58,314,674	1,678	3,089,055	1,603
SCH D OF CHETEK	1078	2,146	50,505,312	2,146	42,493,304	1,771	2,229,143	1,654
SCH D OF CHILTON	1085	2,474	79,928,847	2,474	72,414,826	2,203	4,010,294	2,105
SCH D OF CHIPPEWA FALLS AREA	1092	10,478	320,617,111	10,478	285,771,751	9,153	15,662,127	8,735
SCH D OF CLAYTON	1120	458	11,952,374	458	10,375,709	389	554,227	372
SCH D OF CLEAR LAKE	1127	1,010	26,311,737	1,010	23,040,250	857	1,218,691	812
SCH D OF CLINTON COMMUNITY	1134	1,995	69,343,939	1,995	63,828,741	1,753	3,500,501	1,682
SCH D OF CLINTONVILLE	1141	3,423	90,081,341	3,423	78,620,835	2,931	4,194,927	2,767
SCH D OF COCHRANE-FOUNTAIN CITY	1155	1,939	52,626,357	1,939	46,433,979	1,674	2,502,547	1,615
SCH D OF COLBY	1162	2,214	55,561,006	2,214	48,076,628	1,856	2,560,407	1,772
SCH D OF COLEMAN	1169	1,768	46,354,678	1,768	39,998,699	1,495	2,148,844	1,427
SCH D OF COLFAX	1176	925	24,466,635	925	21,296,229	791	1,120,904	758
SCH D OF COLUMBUS	1183	2,947	93,483,509	2,947	85,310,439	2,588	4,618,929	2,471
SCH D OF CORNELL	1204	856	20,978,478	856	17,840,178	695	963,591	666
SCH D OF CRANDON	1218	1,975	44,781,454	1,975	37,095,169	1,543	1,983,409	1,449
SCH D OF CRIVITZ	1232	1,772	42,647,116	1,772	36,049,214	1,442	1,936,301	1,356
SCH D OF CUBA CITY	1246	2,021	53,597,387	2,021	47,770,150	1,768	2,560,958	1,693
SCH D OF CUDAHY	1253	8,577	252,798,675	8,577	226,544,026	7,638	12,142,349	7,234
SCH D OF CUMBERLAND	1260	2,151	54,678,385	2,151	48,018,067	1,799	2,557,823	1,684
SCH D OF DARLINGTON COMMUNITY	1295	1,747	42,609,084	1,747	37,583,806	1,459	1,985,521	1,369
SCH D OF DEERFIELD COMMUNITY	1309	1,180	42,325,944	1,180	39,284,601	1,053	2,072,815	1,017
SCH D OF DEFOREST AREA	1316	6,046	236,273,397	6,046	222,014,039	5,483	11,961,600	5,345
SCH D OF KETTLE MORAINE (DELAFIELD)	1376	6,716	355,761,225	6,716	342,655,905	6,009	19,509,801	5,843
SCH D OF DELAVAN-DARIEN	1380	5,752	171,793,108	5,752	154,181,380	5,010	8,238,147	4,755
SCH D OF DENMARK	1407	2,699	82,876,176	2,699	75,245,549	2,393	4,075,657	2,321
SCH D OF DE PERE	1414	3,558	156,971,987	3,558	148,204,614	3,179	8,291,489	3,090
SCH D OF DE SOTO AREA	1421	1,537	39,132,730	1,537	33,903,635	1,281	1,792,838	1,207
SCH D OF DODGEVILLE	1428	2,619	79,418,148	2,619	71,037,576	2,284	3,831,308	2,179
SCH D OF DOVER #1	1449	150	5,922,345	150	5,488,715	143	298,214	136
SCH D OF DRUMMOND	1491	1,588	36,523,355	1,588	30,371,334	1,256	1,599,105	1,157
SCH D OF DURAND	1499	2,112	57,106,590	2,112	49,776,784	1,789	2,695,500	1,693
SCH D OF NORTHLAND PINES (EAGLE RIVER)	1526	4,789	118,737,197	4,789	100,609,657	3,925	5,277,521	3,635
SCH D OF EAST TROY COMMUNITY	1540	3,786	140,553,836	3,786	130,894,656	3,371	7,156,357	3,273
SCH D OF EAU CLAIRE AREA	1554	27,948	899,171,746	27,948	811,021,252	24,184	44,762,630	22,829
SCH D OF EDGAR	1561	1,098	29,159,026	1,098	25,469,852	961	1,360,336	920
SCH D OF EDGERTON	1568	3,812	122,675,775	3,812	111,177,235	3,366	6,036,690	3,217
SCH D OF ELCHO	1582	1,080	23,533,364	1,080	19,337,252	870	1,003,536	785
SCH D OF ELEVA-STRUM	1600	1,340	33,500,851	1,340	28,964,617	1,125	1,535,732	1,063
SCH D OF ELKHART LAKE-GLENBEULAH	1631	1,494	65,333,998	1,494	61,364,211	1,329	3,498,819	1,286
SCH D OF ELKHORN AREA	1638	4,516	144,871,965	4,516	131,145,835	3,965	7,025,617	3,783
SCH D OF ELK MOUND AREA	1645	806	22,568,733	806	19,877,153	688	1,048,908	658

WISCONSIN SCHOOL DISTRICT SUMMARY STATISTICS FOR 1996

SCHOOL DISTRICT NAME	DIST NUMBER	RETURN COUNT	TOTAL INCOME AMOUNT	TOTAL INCOME COUNT	NET TAXABLE INCOME AMOUNT	NET TAXABLE INCOME COUNT	NET TAX AMOUNT	NET TAX COUNT
SCH D OF ELLSWORTH COMMUNITY	1659	3,804	115,109,624	3,804	103,829,053	3,342	5,615,498	3,233
SCH D OF ELMWOOD	1666	680	18,548,279	680	16,086,688	587	869,747	560
SCH D OF ELROY-KENDALL-WILTON	1673	1,716	44,358,460	1,716	38,631,082	1,408	2,120,209	1,324
SCH D OF ERIN #2	1687	296	15,641,164	296	15,081,176	282	834,756	274
SCH D OF EVANSVILLE COMMUNITY	1694	2,422	79,734,170	2,422	73,602,514	2,159	3,922,622	2,072
SCH D OF FALL CREEK	1729	999	28,041,831	999	24,616,178	839	1,304,999	796
SCH D OF FALL RIVER	1736	677	21,957,269	677	20,068,477	606	1,098,346	586
SCH D OF FENNIMORE COMMUNITY	1813	1,673	42,027,073	1,673	36,320,815	1,402	1,940,820	1,321
SCH D OF LAC DU FLAMBEAU #1	1848	854	15,378,756	854	12,504,668	544	654,559	482
SCH D OF FLORENCE COUNTY	1855	1,972	51,101,268	1,972	44,275,916	1,612	2,368,073	1,513
SCH D OF FOND DU LAC	1862	8,612	298,340,184	8,612	272,521,062	7,799	14,761,910	7,436
SCH D OF FONTANA J 8	1870	172	6,299,701	172	5,788,374	154	317,608	145
SCH D OF FORT ATKINSON	1883	6,891	219,685,829	6,891	198,900,682	6,125	10,693,006	5,805
SCH D OF FOX POINT J 2	1890	827	59,891,587	827	58,495,234	781	3,454,510	749
SCH D OF MAPLE DALE-INDIAN HILL	1897	304	23,787,710	304	23,238,220	277	1,377,335	263
SCH D OF FRANKLIN PUBLIC	1900	3,448	165,426,837	3,448	158,381,778	3,223	8,768,995	3,132
SCH D OF FREDERIC	1939	1,318	31,817,203	1,318	26,950,076	1,086	1,423,909	1,024
SCH D OF NORTHERN OZAUKEE	1945	1,602	58,890,971	1,602	54,845,744	1,422	2,984,993	1,376
SCH D OF FREEDOM AREA	1953	2,416	85,189,046	2,416	79,030,420	2,148	4,307,613	2,077
SCH D OF GALESVILLE-ETTRICK	2009	2,779	79,927,580	2,779	70,400,462	2,450	3,785,327	2,338
SCH D OF NORTH CRAWFORD	2016	879	17,359,377	879	14,127,203	688	728,290	623
SCH D OF GENEVA J 4	2044	74	2,516,182	74	2,284,860	71	121,377	69
SCH D OF GENOA CITY J 2	2051	337	11,040,513	337	10,013,426	303	522,119	290
SCH D OF GERMANTOWN	2058	8,815	390,318,278	8,815	371,338,694	8,105	20,599,030	7,853
SCH D OF GIBRALTAR AREA	2114	2,649	79,373,013	2,649	70,491,921	2,264	3,839,317	2,121
SCH D OF GILLETT	2128	1,566	39,209,808	1,566	33,264,783	1,323	1,772,612	1,245
SCH D OF GILMAN	2135	944	20,335,441	944	16,826,552	730	888,390	687
SCH D OF GILMANTON	2142	367	6,265,831	367	4,855,906	275	250,123	253
SCH D OF GLENDALE-RIVER HILLS	2184	4,438	210,599,795	4,438	200,652,780	4,023	11,441,818	3,834
SCH D OF GLENWOOD CITY	2198	1,047	27,566,875	1,047	23,965,079	909	1,270,233	861
SCH D OF GLIDDEN (JACOBS)	2205	635	12,347,083	635	9,621,241	484	495,542	451
SCH D OF GOODMAN-ARMSTRONG	2212	492	10,960,417	492	9,138,548	391	475,848	372
SCH D OF GRAFTON	2217	2,099	99,326,140	2,099	94,292,761	1,962	5,249,251	1,889
SCH D OF GRANTON AREA	2226	404	9,090,871	404	7,501,248	328	391,613	312
SCH D OF GRANTSBURG	2233	1,838	49,732,851	1,838	43,375,892	1,561	2,329,339	1,492
SCH D OF BLACK HAWK (GRATIOT)	2240	845	20,372,155	845	17,594,305	703	940,337	668
SCH D OF GREEN BAY AREA	2289	62,709	2,189,236,183	62,709	2,003,338,337	55,355	111,411,607	52,887
SCH D OF GREENDALE	2296	7,525	330,698,741	7,525	312,324,690	6,763	17,787,217	6,465
SCH D OF GREENFIELD	2303	12,653	428,283,578	12,653	393,052,104	11,525	21,512,154	10,887
SCH D OF GREEN LAKE	2310	959	31,729,918	959	28,752,001	840	1,589,145	796
SCH D OF GREENWOOD	2394	846	27,233,311	846	24,274,229	713	1,393,462	665
SCH D OF HAMILTON (LISBON)	2420	5,485	226,475,489	5,485	213,952,863	5,024	11,606,926	4,873
SCH D OF SAINT CROIX CENTRAL (HAMMOND)	2422	1,675	56,600,004	1,675	51,983,248	1,464	2,819,269	1,424
SCH D OF HARTFORD J 1	2443	5,674	212,624,839	5,674	198,110,077	5,126	10,923,170	4,905
SCH D OF HARTLAND-LAKESIDE J3	2460	1,537	73,188,363	1,537	69,935,244	1,411	3,853,452	1,388
SCH D OF HAYWARD COMMUNITY	2478	4,602	117,558,442	4,602	101,990,923	3,432	5,600,183	3,184
SCH D OF SOUTHWESTERN WISCONSIN (HZ GR)	2485	1,380	38,918,628	1,380	34,706,341	1,206	1,873,984	1,159
SCH D OF HERMAN #22	2523	256	7,571,231	256	6,757,347	222	359,914	212
SCH D OF HIGHLAND	2527	543	13,849,577	543	11,942,756	460	633,908	444
SCH D OF HILBERT	2534	1,100	33,481,119	1,100	30,351,484	988	1,637,389	958
SCH D OF HILLSBORO	2541	1,237	27,867,640	1,237	24,118,288	964	1,284,790	898

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SCH D OF HOLMEN	2562	4,013	127,589,893	4,013	115,596,199	3,512	6,095,186	3,392
SCH D OF HORICON	2576	2,854	93,553,152	2,854	85,332,380	2,544	4,629,438	2,446
SCH D OF HORTONVILLE	2583	4,101	172,807,465	4,101	163,219,257	3,727	8,995,604	3,636
SCH D OF HOWARD-SUAMICO	2604	5,510	208,542,884	5,510	194,452,284	5,005	10,507,724	4,870
SCH D OF HOWARDS GROVE	2605	1,612	58,464,755	1,612	54,494,196	1,457	2,949,962	1,414
SCH D OF HUDSON	2611	8,258	456,411,073	8,258	439,138,316	7,483	23,318,669	7,289
SCH D OF HURLEY	2618	1,951	42,866,328	1,951	35,610,041	1,593	1,905,248	1,497
SCH D OF HUSTISFORD	2625	930	29,506,448	930	26,817,468	827	1,434,354	795
SCH D OF INDEPENDENCE	2632	993	23,432,713	993	19,967,474	835	1,060,670	798
SCH D OF IOLA-SCANDINAVIA	2639	1,508	44,542,711	1,508	39,803,292	1,291	2,123,969	1,229
SCH D OF IOWA-GRANT	2646	1,458	35,371,410	1,458	30,444,338	1,230	1,609,256	1,174
SCH D OF ITHACA	2660	288	6,875,420	288	5,808,630	247	302,380	232
SCH D OF JANESVILLE	2695	22,332	816,272,508	22,332	753,309,851	20,000	41,911,779	19,039
SCH D OF JEFFERSON	2702	4,855	146,229,612	4,855	131,361,760	4,368	7,038,178	4,158
SCH D OF JOHNSON CREEK	2730	1,043	31,797,360	1,043	28,543,009	948	1,512,306	905
SCH D OF JUDA (JEFFERSON)	2737	202	5,471,870	202	4,724,318	169	248,353	158
SCH D OF DODGELAND (JUNEAU)	2744	2,197	63,962,133	2,197	57,203,600	1,955	3,050,035	1,872
SCH D OF KAUKAUNA AREA	2758	7,919	264,777,523	7,919	241,954,687	7,124	13,185,270	6,821
SCH D OF KENOSHA	2793	46,125	1,519,361,011	46,125	1,384,070,752	40,540	75,201,054	38,305
SCH D OF KEWASKUM	2800	4,325	146,711,263	4,325	135,975,074	3,875	7,306,828	3,728
SCH D OF KEWAUNEE	2814	2,773	78,801,332	2,773	69,703,988	2,413	3,763,884	2,305
SCH D OF KIEL AREA	2828	3,138	98,891,267	3,138	89,778,855	2,806	4,872,717	2,698
SCH D OF KIMBERLY AREA	2835	3,773	135,133,759	3,773	125,123,325	3,476	6,732,387	3,340
SCH D OF KOHLER	2842	327	17,250,210	327	16,616,801	305	923,294	294
SCH D OF LA CROSSE	2849	10,610	361,370,796	10,610	327,570,450	9,470	17,917,259	8,958
SCH D OF LADYSMITH-HAWKINS	2856	2,335	56,913,102	2,335	48,546,319	1,903	2,590,832	1,791
SCH D OF LA FARGE	2863	489	10,019,479	489	8,009,769	393	408,182	366
SCH D OF LAKE GENEVA J 1	2885	5,202	175,003,268	5,202	159,471,882	4,542	8,799,213	4,298
SCH D OF LAKE HOLCOMBE	2891	455	10,763,749	455	8,984,562	375	468,332	355
SCH D OF LAKE MILLS AREA	2898	2,760	91,836,128	2,760	84,879,198	2,484	4,541,473	2,384
SCH D OF LANCASTER COMMUNITY	2912	2,368	64,691,252	2,368	56,769,132	1,986	3,083,880	1,880
SCH D OF LAONA	2940	696	15,804,917	696	13,962,282	583	753,190	548
SCH D OF LENA	2961	943	23,702,917	943	20,415,152	824	1,092,499	782
SCH D OF LINN J 4	3087	61	2,198,155	61	2,044,127	52	115,208	50
SCH D OF LINN J 6	3094	50	2,030,275	50	1,903,317	45	103,845	44
SCH D OF RICHMOND	3122	361	18,784,865	361	18,105,757	334	1,010,602	326
SCH D OF LITTLE CHUTE AREA	3129	1,534	58,206,086	1,534	54,300,624	1,421	2,952,301	1,378
SCH D OF LODI	3150	3,327	114,461,220	3,327	105,319,936	2,972	5,625,150	2,849
SCH D OF LOMIRA	3171	2,257	73,773,026	2,257	67,206,837	2,021	3,656,914	1,949
SCH D OF LOYAL	3206	895	23,733,612	895	20,542,165	747	1,111,427	703
SCH D OF LUCK	3213	1,129	27,621,116	1,129	23,599,819	940	1,241,504	875
SCH D OF LUXEMBURG-CASCO	3220	3,302	103,959,424	3,302	94,464,608	2,968	5,127,889	2,872
SCH D OF MADISON METROPOLITAN	3269	66,475	2,506,851,284	66,475	2,328,219,828	59,811	130,323,275	56,954
SCH D OF MANAWA	3276	1,693	54,715,396	1,693	49,036,048	1,437	2,711,162	1,369
SCH D OF MANITOWOC	3290	17,261	548,396,954	17,261	493,918,073	15,166	27,238,663	14,423
SCH D OF MAPLE	3297	2,221	62,478,988	2,221	54,717,347	1,886	2,959,780	1,787
SCH D OF MARATHON CITY	3304	1,831	76,167,495	1,831	71,128,642	1,612	4,138,168	1,549
SCH D OF MARINETTE	3311	6,418	179,807,249	6,418	158,583,374	5,482	8,704,093	5,240
SCH D OF MARION	3318	1,226	30,699,448	1,226	26,267,852	1,021	1,406,448	975
SCH D OF MARKESAN	3325	1,886	51,077,222	1,886	44,485,344	1,626	2,406,425	1,531
SCH D OF MARSHALL	3332	2,105	71,354,984	2,105	65,431,643	1,889	3,511,423	1,816

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SCH D OF MARSHFIELD	3339	11,514	398,490,457	11,514	364,312,889	10,108	20,343,150	9,675
SCH D OF MAUSTON	3360	3,662	91,050,845	3,662	77,776,371	2,983	4,178,579	2,833
SCH D OF MAYVILLE	3367	2,909	97,002,453	2,909	89,004,190	2,620	4,808,547	2,506
SCH D OF MCFARLAND	3381	3,564	152,143,413	3,564	144,845,572	3,196	7,939,547	3,119
SCH D OF MEDFORD AREA	3409	5,482	156,357,847	5,482	138,870,341	4,687	7,539,598	4,485
SCH D OF MELLEN	3427	843	18,613,096	843	15,382,168	677	812,400	650
SCH D OF MELROSE-MINDORO	3428	1,172	28,015,235	1,172	23,866,928	967	1,266,212	918
SCH D OF MENASHA	3430	9,136	308,927,620	9,136	281,504,744	8,258	15,440,279	7,866
SCH D OF MENOMINEE INDIAN	3434	1,023	13,241,813	1,023	10,163,356	491	528,060	440
SCH D OF MENOMONEE FALLS	3437	4,685	202,776,536	4,685	190,913,638	4,386	10,438,639	4,190
SCH D OF MENOMONIE AREA	3444	7,207	203,001,992	7,207	179,760,598	6,094	9,714,166	5,738
SCH D OF MEQUON-THIENSVILLE	3479	4,126	237,505,175	4,126	229,116,639	3,753	13,271,336	3,608
SCH D OF MERCER	3484	672	15,246,216	672	12,680,444	538	676,636	483
SCH D OF MERRILL AREA	3500	8,575	253,019,406	8,575	224,838,796	7,362	12,146,102	7,039
SCH D OF SWALLOW	3510	122	8,674,177	122	8,455,644	112	499,719	107
SCH D OF NORTH LAKE	3514	227	10,988,903	227	10,479,138	207	580,498	200
SCH D OF MERTON COMMUNITY	3528	698	33,934,310	698	32,572,663	638	1,797,369	627
SCH D OF STONE BANK	3542	414	17,407,537	414	16,393,978	371	907,655	356
SCH D OF MIDDLETON-CROSS PLAINS	3549	6,813	316,883,277	6,813	302,468,324	6,260	16,980,435	6,074
SCH D OF MILTON	3612	4,398	164,443,212	4,398	153,080,499	3,868	8,429,502	3,717
SCH D OF MILWAUKEE	3619	252,028	6,591,070,983	252,028	5,747,294,647	214,013	308,737,467	198,854
SCH D OF MINERAL POINT	3633	1,447	38,624,862	1,447	33,698,117	1,232	1,786,797	1,148
SCH D OF MINOCQUA J 1	3640	3,195	100,429,749	3,195	89,688,811	2,699	4,898,597	2,506
SCH D OF NORTHWOOD (MINONG)	3654	1,161	29,823,391	1,161	25,361,473	932	1,370,756	879
SCH D OF MISHICOT	3661	2,157	64,180,441	2,157	57,985,535	1,875	3,170,041	1,800
SCH D OF MONDOVI	3668	1,775	44,052,552	1,775	37,193,462	1,497	1,956,585	1,391
SCH D OF MONONA GROVE	3675	3,303	137,005,738	3,303	129,355,515	3,034	6,988,018	2,928
SCH D OF MONROE	3682	6,715	215,853,067	6,715	195,293,235	5,793	10,832,985	5,498
SCH D OF MONTELLO	3689	1,985	47,036,852	1,985	39,518,047	1,644	2,059,663	1,538
SCH D OF MONTICELLO	3696	736	20,214,310	736	17,806,581	656	963,628	622
SCH D OF MOSINEE	3787	4,084	134,613,505	4,084	122,630,230	3,607	6,626,977	3,456
SCH D OF MOUNT HOREB AREA	3794	3,613	130,149,157	3,613	120,428,698	3,244	6,518,846	3,124
SCH D OF MUKWONAGO	3822	9,379	396,008,078	9,379	376,415,243	8,423	20,664,723	8,216
SCH D OF RIVERDALE (MUSCODA)	3850	1,703	37,982,322	1,703	31,389,845	1,426	1,640,243	1,327
SCH D OF MUSKEGO-NORWAY	3857	3,809	172,991,920	3,809	165,087,717	3,551	8,980,361	3,440
SCH D OF LAKE COUNTRY	3862	862	47,398,940	862	45,570,184	763	2,604,911	734
SCH D OF NECEDAH AREA	3871	1,342	31,271,933	1,342	26,209,195	1,095	1,372,616	1,030
SCH D OF NEENAH	3892	16,495	699,257,971	16,495	656,860,550	14,825	37,019,840	14,277
SCH D OF NEILLSVILLE	3899	2,443	59,179,935	2,443	50,351,092	2,024	2,671,541	1,900
SCH D OF NEKOOSA	3906	1,868	62,410,315	1,868	56,461,369	1,708	3,081,686	1,633
SCH D OF NEOSHO J 3	3913	541	18,919,901	541	17,438,181	494	943,075	476
SCH D OF NEW AUBURN	3920	503	10,075,096	503	8,072,422	400	416,859	370
SCH D OF NEW BERLIN	3925	5,861	289,627,206	5,861	277,216,471	5,498	15,454,635	5,328
SCH D OF NEW GLARUS	3934	1,307	41,097,442	1,307	37,264,235	1,157	2,007,164	1,101
SCH D OF NEW HOLSTEIN	3941	3,662	111,326,610	3,662	100,607,872	3,264	5,478,743	3,108
SCH D OF NEW LISBON	3948	1,441	36,047,721	1,441	31,092,802	1,180	1,682,965	1,124
SCH D OF NEW LONDON	3955	5,190	164,799,124	5,190	148,914,498	4,602	8,032,032	4,431
SCH D OF NEW RICHMOND	3962	4,515	149,941,028	4,515	137,255,213	3,992	7,432,193	3,840
SCH D OF NIAGARA	3969	582	18,785,038	582	16,910,897	517	917,758	486
SCH D OF NORRIS (VERNON)	3976	6	543,782	6	523,279	5	31,837	5
SCH D OF NORTH FOND DU LAC	3983	3,031	88,835,568	3,031	79,641,274	2,657	4,271,689	2,555

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SCH D OF NORWALK-ONTARIO	3990	701	13,825,825	701	10,993,738	559	562,377	527
SCH D OF NORWAY J 7	4011	233	10,275,516	233	9,727,659	217	530,519	210
SCH D OF OAK CREEK-FRANKLIN	4018	11,801	466,926,515	11,801	439,130,947	10,744	24,270,902	10,411
SCH D OF OAKFIELD	4025	907	31,054,610	907	28,550,247	820	1,556,800	802
SCH D OF OCONOMOWOC AREA	4060	9,763	482,363,396	9,763	459,899,690	8,748	26,352,872	8,386
SCH D OF OCONTO	4067	2,714	73,059,848	2,714	63,435,939	2,295	3,403,458	2,184
SCH D OF OCONTO FALLS	4074	2,851	82,969,198	2,851	73,456,029	2,502	3,943,248	2,402
SCH D OF OMRO	4088	2,135	63,304,113	2,135	56,497,216	1,878	3,013,290	1,812
SCH D OF ONALASKA	4095	2,926	120,106,214	2,926	112,453,175	2,673	6,166,201	2,568
SCH D OF OOSTBURG	4137	1,743	60,484,795	1,743	55,547,205	1,584	2,961,706	1,537
SCH D OF OREGON	4144	5,788	247,333,163	5,788	234,350,516	5,282	12,757,967	5,135
SCH D OF PARKVIEW (ORFORDVILLE)	4151	2,086	70,244,606	2,086	64,563,606	1,836	3,527,739	1,766
SCH D OF OSCEOLA	4165	2,200	73,072,782	2,200	66,788,883	1,952	3,591,821	1,889
SCH D OF OSHKOSH AREA	4179	29,083	925,061,494	29,083	835,983,838	25,777	45,580,431	24,553
SCH D OF OSSEO-FAIRCHILD	4186	1,953	47,049,694	1,953	40,183,193	1,628	2,128,573	1,551
SCH D OF OWEN-WITHEE	4207	1,193	26,693,967	1,193	22,107,258	1,017	1,160,788	960
SCH D OF PALMYRA-EAGLE AREA	4221	2,279	81,392,081	2,279	75,562,205	2,046	4,085,494	1,951
SCH D OF PARDEEVILLE AREA	4228	2,054	61,630,049	2,054	54,846,393	1,796	2,923,214	1,688
SCH D OF PARIS J 1	4235	250	9,817,067	250	9,122,758	228	509,696	218
SCH D OF PARK FALLS	4242	2,341	65,406,051	2,341	57,527,493	1,967	3,117,031	1,869
SCH D OF BEECHER-DUNBAR-PEMBINE	4263	908	19,471,616	908	15,848,051	721	824,264	673
SCH D OF PEPIN AREA	4270	842	19,983,707	842	17,117,111	700	912,446	651
SCH D OF PESHTIGO	4305	1,792	57,026,649	1,792	51,550,765	1,594	2,822,464	1,526
SCH D OF PEWAUKEE	4312	4,362	192,224,672	4,362	182,381,805	4,069	10,106,229	3,953
SCH D OF PHELPS	4330	154	4,130,882	154	3,512,565	134	181,367	127
SCH D OF PHILLIPS	4347	2,690	74,805,967	2,690	66,898,594	2,285	3,660,769	2,166
SCH D OF PITTSVILLE	4368	1,491	41,160,096	1,491	36,373,935	1,264	1,997,843	1,214
SCH D OF TRI-COUNTY AREA (PLAINFIELD)	4375	1,418	34,677,066	1,418	29,936,340	1,161	1,623,136	1,084
SCH D OF PLATTEVILLE	4389	4,416	125,452,186	4,416	111,645,570	3,679	6,097,180	3,463
SCH D OF PLUM CITY	4459	441	10,890,902	441	9,276,188	364	494,492	345
SCH D OF PLYMOUTH	4473	5,514	182,842,220	5,514	167,121,794	4,901	9,071,744	4,692
SCH D OF PORTAGE COMMUNITY	4501	5,816	165,905,815	5,816	147,436,172	4,964	7,886,290	4,709
SCH D OF PORT EDWARDS	4508	1,008	44,113,106	1,008	41,596,537	894	2,414,264	851
SCH D OF PORT WASHINGTON-SAUKVILLE	4515	6,404	236,811,232	6,404	220,514,512	5,794	12,071,854	5,578
SCH D OF SOUTH SHORE (PORT WING)	4522	575	12,951,279	575	10,817,776	443	579,369	413
SCH D OF POTOSI	4529	786	21,943,725	786	19,376,642	684	1,056,582	658
SCH D OF POYNETTE	4536	2,042	69,332,276	2,042	64,204,357	1,830	3,460,855	1,769
SCH D OF PRAIRIE DU CHIEN AREA	4543	3,015	80,566,810	3,015	70,353,599	2,551	3,774,596	2,409
SCH D OF PRAIRIE FARM	4557	432	10,103,440	432	8,366,788	358	439,760	338
SCH D OF PRENTICE	4571	1,232	30,777,653	1,232	26,216,524	1,007	1,418,445	962
SCH D OF PRESCOTT	4578	2,233	87,783,808	2,233	82,127,427	2,003	4,538,309	1,950
SCH D OF PRINCETON	4606	1,023	25,709,670	1,023	22,186,950	877	1,174,474	819
SCH D OF PULASKI COMMUNITY	4613	4,164	146,160,793	4,164	134,491,125	3,651	7,361,052	3,525
SCH D OF RACINE	4620	60,428	2,178,196,496	60,428	2,003,347,339	52,777	111,203,417	49,953
SCH D OF RANDALL J 1	4627	550	21,948,589	550	20,590,824	503	1,120,768	478
SCH D OF RANDOLPH	4634	1,117	33,063,619	1,117	29,341,896	975	1,574,824	929
SCH D OF RANDOM LAKE	4641	2,204	71,841,159	2,204	65,666,323	1,978	3,520,407	1,895
SCH D OF RAYMOND #14	4686	543	23,543,463	543	22,270,330	497	1,240,832	481
SCH D OF NORTH CAPE	4690	84	3,249,072	84	3,038,060	77	165,617	74
SCH D OF REEDSBURG	4753	6,141	171,117,155	6,141	150,756,286	5,241	7,977,036	5,001
SCH D OF REEDSVILLE	4760	1,593	47,399,377	1,593	42,901,364	1,418	2,337,993	1,369

WISCONSIN SCHOOL DISTRICT SUMMARY STATISTICS FOR 1996

SCHOOL DISTRICT NAME	DIST NUMBER	RETURN COUNT	TOTAL INCOME AMOUNT	TOTAL INCOME COUNT	NET TAXABLE INCOME AMOUNT	NET TAXABLE INCOME COUNT	NET TAX AMOUNT	NET TAX COUNT
SCH D OF RHINELANDER	4781	8,844	261,308,014	8,844	231,388,309	7,600	12,528,612	7,208
SCH D OF RIB LAKE	4795	1,166	28,143,657	1,166	24,197,067	970	1,278,322	915
SCH D OF RICE LAKE AREA	4802	6,274	174,520,807	6,274	153,019,428	5,304	8,247,394	4,992
SCH D OF RICHFIELD J 1	4820	590	28,112,050	590	26,866,078	553	1,482,329	546
SCH D OF RICHFIELD J 11	4843	321	15,466,280	321	14,927,794	298	844,144	287
SCH D OF RICHLAND	4851	3,753	102,647,350	3,753	89,281,536	3,176	4,834,901	2,994
SCH D OF RIO COMMUNITY	4865	1,022	29,053,747	1,022	25,788,805	901	1,370,010	868
SCH D OF RIPON	4872	4,200	132,596,967	4,200	119,752,394	3,660	6,524,116	3,473
SCH D OF RIVER FALLS	4893	6,309	218,236,080	6,309	201,359,023	5,606	10,916,038	5,358
SCH D OF RIVER RIDGE	4904	1,099	22,612,337	1,099	18,573,986	886	980,034	828
SCH D OF ROSENDALE-BRANDON	4956	1,895	58,185,871	1,895	52,519,285	1,674	2,826,504	1,628
SCH D OF ROSHOLT	4963	1,084	29,023,112	1,084	25,341,944	919	1,345,674	861
SCH D OF D C EVEREST AREA (ROTHSCHILD)	4970	9,553	324,946,253	9,553	297,927,175	8,556	16,223,656	8,231
SCH D OF RUBICON J 6	4998	163	5,840,807	163	5,386,000	156	284,497	150
SCH D OF SAINT CROIX FALLS	5019	1,657	52,118,021	1,657	47,104,955	1,461	2,540,976	1,389
SCH D OF SAINT FRANCIS	5026	4,153	120,447,146	4,153	107,524,498	3,729	5,784,549	3,530
SCH D OF SALEM #7	5061	412	14,715,817	412	13,577,375	377	720,045	356
SCH D OF SALEM J 2	5068	1,378	50,514,553	1,378	46,935,777	1,225	2,526,677	1,170
SCH D OF WILMOT GRADE SCHOOL	5075	134	4,978,529	134	4,651,156	121	249,566	117
SCH D OF SAUK PRAIRIE	5100	5,155	168,910,976	5,155	154,544,691	4,537	8,332,982	4,313
SCH D OF SENECA	5124	474	9,578,210	474	7,705,158	379	397,384	353
SCH D OF SEVASTOPOL	5130	784	21,004,533	784	18,179,230	669	942,406	637
SCH D OF SEYMOUR COMMUNITY	5138	3,909	113,011,034	3,909	102,285,892	3,325	5,519,292	3,190
SCH D OF SHARON J 11	5258	633	17,763,891	633	15,838,374	532	828,086	498
SCH D OF SHAWANO-GRESHAM	5264	7,064	201,679,297	7,064	177,093,501	6,033	9,606,752	5,676
SCH D OF SHEBOYGAN AREA	5271	10,311	359,149,203	10,311	330,990,102	9,502	17,862,438	9,061
SCH D OF SHEBOYGAN FALLS	5278	3,851	136,878,054	3,851	126,068,717	3,489	6,938,704	3,355
SCH D OF SHELL LAKE	5306	1,016	25,999,338	1,016	22,372,218	818	1,207,647	762
SCH D OF SHIOCTON	5348	1,311	40,117,182	1,311	36,383,921	1,156	1,956,944	1,114
SCH D OF SHOREWOOD	5355	6,361	326,321,895	6,361	312,838,708	5,819	18,190,718	5,634
SCH D OF SHULLSBURG	5362	712	17,144,482	712	14,744,101	591	789,589	557
SCH D OF SILVER LAKE J 1	5369	977	32,116,985	977	29,416,944	864	1,576,057	831
SCH D OF SIREN	5376	1,033	22,047,378	1,033	17,994,745	808	940,582	752
SCH D OF SLINGER	5390	4,429	169,832,847	4,429	159,488,960	3,988	8,747,781	3,850
SCH D OF SOLON SPRINGS	5397	610	15,754,883	610	13,808,516	503	740,502	474
SCH D OF SOMERSET	5432	1,353	47,030,054	1,353	43,730,287	1,211	2,377,335	1,175
SCH D OF SOUTH MILWAUKEE	5439	9,679	307,875,819	9,679	279,151,569	8,716	15,032,785	8,269
SCH D OF SOUTHERN DOOR COUNTY	5457	2,959	82,177,942	2,959	71,889,992	2,541	3,905,536	2,407
SCH D OF SPARTA AREA	5460	5,399	141,857,197	5,399	123,000,121	4,637	6,474,800	4,366
SCH D OF SPENCER	5467	1,568	45,307,200	1,568	40,631,205	1,353	2,185,195	1,309
SCH D OF SPOONER	5474	3,532	93,626,912	3,532	81,096,301	2,871	4,416,161	2,704
SCH D OF RIVER VALLEY (SPRING GREEN)	5523	3,087	106,636,315	3,087	97,279,755	2,676	5,440,121	2,568
SCH D OF SPRING VALLEY	5586	905	28,845,694	905	25,925,389	769	1,429,816	738
SCH D OF STANLEY-BOYD AREA	5593	1,806	37,720,930	1,806	31,075,061	1,503	1,598,472	1,429
SCH D OF STEVENS POINT AREA	5607	20,712	669,900,146	20,712	608,989,246	18,120	33,350,991	17,210
SCH D OF STOCKBRIDGE	5614	375	13,708,198	375	12,655,207	346	691,022	336
SCH D OF STOUGHTON AREA	5621	7,521	265,599,815	7,521	245,355,745	6,713	13,102,305	6,411
SCH D OF STRATFORD	5628	1,616	45,309,440	1,616	40,099,362	1,409	2,142,430	1,355
SCH D OF STURGEON BAY	5642	1,282	39,977,294	1,282	35,540,327	1,144	1,903,538	1,065
SCH D OF SUN PRAIRIE AREA	5656	4,253	168,800,974	4,253	158,536,911	3,938	8,505,152	3,812
SCH D OF SUPERIOR	5663	13,552	367,690,461	13,552	321,884,577	11,547	17,385,317	10,965

WISCONSIN SCHOOL DISTRICT SUMMARY STATISTICS FOR 1996

SCHOOL DISTRICT NAME	DIST NUMBER	RETURN COUNT	TOTAL INCOME AMOUNT	TOTAL INCOME COUNT	NET TAXABLE INCOME AMOUNT	NET TAXABLE INCOME COUNT	NET TAX AMOUNT	NET TAX COUNT
SCH D OF SURING	5670	1,304	29,204,653	1,304	24,278,877	1,060	1,263,390	989
SCH D OF THORP	5726	1,269	28,382,933	1,269	23,659,424	1,039	1,235,293	969
SCH D OF THREE LAKES	5733	1,888	57,266,882	1,888	50,595,543	1,597	2,808,549	1,478
SCH D OF TIGERTON	5740	689	15,533,627	689	12,887,948	559	674,239	536
SCH D OF TOMAH AREA	5747	7,125	200,042,182	7,125	176,698,778	5,924	9,567,714	5,581
SCH D OF TOMAHAWK	5754	4,159	119,149,550	4,159	105,240,618	3,539	5,697,837	3,317
SCH D OF FLAMBEAU	5757	1,180	28,517,395	1,180	24,200,803	957	1,336,951	885
SCH D OF TURTLE LAKE	5810	1,028	26,084,662	1,028	22,462,639	890	1,191,153	835
SCH D OF TWIN LAKES #4	5817	457	15,883,316	457	14,950,382	414	802,787	395
SCH D OF TWO RIVERS	5824	2,630	86,829,089	2,630	78,565,549	2,416	4,270,749	2,326
SCH D OF UNION GROVE J 1	5859	2,261	72,624,126	2,261	66,094,058	2,011	3,577,511	1,944
SCH D OF VALDERS AREA	5866	2,225	71,330,863	2,225	64,955,350	1,989	3,553,795	1,929
SCH D OF VERONA AREA	5901	4,937	233,297,898	4,937	222,796,335	4,454	12,446,700	4,309
SCH D OF KICKAPOO AREA (VIOLA)	5960	772	18,196,366	772	15,119,532	610	835,564	561
SCH D OF VIROQUA AREA	5985	2,453	58,577,813	2,453	49,313,606	1,993	2,588,890	1,852
SCH D OF WABENO AREA	5992	1,305	28,481,503	1,305	23,398,179	1,036	1,241,989	971
SCH D OF WALWORTH J 1	6022	1,302	40,001,527	1,302	36,067,961	1,136	1,941,339	1,081
SCH D OF WASHBURN	6027	1,574	46,607,552	1,574	41,455,971	1,287	2,259,543	1,224
SCH D OF WASHINGTON	6069	465	14,114,625	465	12,643,794	404	676,874	386
SCH D OF WASHINGTON - CALDWELL	6104	295	12,375,842	295	11,572,789	279	624,834	262
SCH D OF WATERFORD J 1 (V)	6113	3,314	129,153,859	3,314	121,007,852	2,974	6,592,948	2,873
SCH D OF WATERLOO	6118	944	31,116,293	944	29,152,624	870	1,546,259	833
SCH D OF WATERTOWN	6125	11,973	361,149,763	11,973	325,994,942	10,598	17,252,840	10,067
SCH D OF WAUKESHA	6174	37,112	1,476,869,384	37,112	1,384,354,206	33,332	76,429,224	32,136
SCH D OF WAUNAKEE COMMUNITY	6181	4,688	199,984,522	4,688	189,512,505	4,283	10,421,042	4,162
SCH D OF WAUPACA	6195	5,270	158,163,597	5,270	141,692,938	4,577	7,620,001	4,275
SCH D OF WAUPUN	6216	5,690	171,344,878	5,690	153,196,236	5,060	8,216,895	4,819
SCH D OF WAUSAU	6223	10,940	418,296,612	10,940	387,546,088	9,805	21,449,400	9,394
SCH D OF WAUSAUKEE	6230	1,616	37,190,259	1,616	30,885,909	1,300	1,615,868	1,213
SCH D OF WAUTOMA AREA	6237	2,978	71,343,939	2,978	61,942,707	2,441	3,282,527	2,275
SCH D OF WAUWATOSA	6244	22,899	987,382,129	22,899	934,345,632	20,795	52,479,646	19,869
SCH D OF WAUZEKA-STEUBEN	6251	527	11,083,804	527	9,400,642	424	492,836	399
SCH D OF WEBSTER	6293	1,856	47,144,725	1,856	39,782,735	1,516	2,173,287	1,422
SCH D OF WEST ALLIS	6300	31,188	931,617,114	31,188	836,244,356	28,068	44,934,572	26,471
SCH D OF WEST BEND	6307	18,130	669,510,494	18,130	620,602,504	16,329	33,838,282	15,661
SCH D OF WESTBY AREA	6321	2,222	58,965,680	2,222	51,126,698	1,881	2,716,876	1,797
SCH D OF WEST DE PERE	6328	1,507	53,780,840	1,507	50,378,620	1,243	2,748,635	1,202
SCH D OF WESTFIELD	6335	3,499	90,688,177	3,499	78,415,519	2,907	4,230,741	2,719
SCH D OF WESTON (IRONTON)	6354	782	18,691,992	782	15,809,521	649	822,399	611
SCH D OF WEST SALEM	6370	2,461	73,703,703	2,461	69,201,944	2,131	3,715,396	2,029
SCH D OF WEYAUWEGA-FREMONT	6384	2,162	66,852,708	2,162	59,837,870	1,852	3,252,739	1,763
SCH D OF WEYERHAEUSER AREA	6410	322	6,413,812	322	5,139,081	242	268,353	228
SCH D OF WHEATLAND J 1	6412	1,179	40,084,097	1,179	37,032,226	1,037	2,018,712	1,004
SCH D OF WHITEFISH BAY	6419	6,521	483,996,464	6,521	473,394,743	5,989	28,165,765	5,806
SCH D OF WHITEHALL	6426	1,447	36,620,866	1,447	31,444,715	1,217	1,671,928	1,151
SCH D OF WHITE LAKE	6440	665	16,009,386	665	13,279,120	543	701,712	511
SCH D OF WHITEWATER	6461	5,105	151,578,843	5,105	135,772,875	4,395	7,336,560	4,146
SCH D OF WHITNALL	6470	4,247	177,170,263	4,247	166,620,286	3,854	9,315,366	3,681
SCH D OF WILD ROSE	6475	1,353	35,638,324	1,353	30,434,387	1,146	1,621,257	1,067
SCH D OF WILLIAMS BAY	6482	1,069	36,224,964	1,069	33,102,694	927	1,803,187	879
SCH D OF WINNECONNE COMMUNITY	6608	2,588	98,809,868	2,588	91,650,077	2,329	5,069,574	2,224

WISCONSIN SCHOOL DISTRICT SUMMARY STATISTICS FOR 1996

SCHOOL DISTRICT NAME	DIST NUMBER	RETURN COUNT	TOTAL INCOME AMOUNT	TOTAL INCOME COUNT	NET TAXABLE INCOME AMOUNT	NET TAXABLE INCOME COUNT	NET TAX AMOUNT	NET TAX COUNT
SCH D OF WINTER	6615	1,105	22,200,158	1,105	17,855,228	846	942,057	776
SCH D OF WISCONSIN DELLS	6678	3,576	96,526,481	3,576	85,178,905	2,951	4,591,403	2,784
SCH D OF WISCONSIN RAPIDS	6685	15,097	516,166,224	15,097	472,189,592	13,326	26,258,738	12,681
SCH D OF WITTENBERG-BIRNAMWOOD	6692	2,547	66,517,322	2,547	57,869,094	2,184	3,090,247	2,086
SCH D OF WONEWOC-UNION CENTER	6713	811	18,341,366	811	15,241,868	680	805,262	630
SCH D OF WOODRUFF J 1	6720	2,206	63,279,671	2,206	55,928,266	1,892	2,998,704	1,752
SCH D OF WRIGHTSTOWN COMMUNITY	6734	1,257	43,490,277	1,257	40,121,623	1,133	2,181,918	1,096
SCH D OF YORKVILLE J 2	6748	535	22,666,830	535	21,358,615	486	1,198,366	471
SCHOOL CODE / TAX DISTRICT MISMATCH		292,250	10,954,932,120	292,250	10,176,412,052	246,715	578,819,001	234,231
STATE TOTAL -- VALID CODES ONLY		1,817,273	60,093,516,934	1,817,273	54,691,142,544	1,590,230	2,994,124,315	1,511,335
STATE TOTAL -- ALL RECORDS		2,109,523	71,048,449,054	2,109,523	64,867,554,596	1,836,945	3,572,943,316	1,745,566

State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET, • P.O. BOX 8933, MADISON, WI 53708-8933
FAX (608) 266-6466 • http://www.dor.state.wi.us

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

January 14, 1998

RECEIVED
JAN 16 1998
BY:_____

The Honorable Brian Burke
Co-Chair, Joint Committee on Finance
State Capitol, Room 316 North
Madison, WI 53702

Dear Senator Burke:

A summary report containing 1996 individual income tax statistics for Wisconsin school districts, which the Department of Revenue is required by law to provide you, is enclosed.

Sections 73.03 (29) and (30), Wis. Stats., require the Department to collect and analyze information from individual income tax filers concerning the school district in which they resided during the taxable year, and to notify the presiding officers of both houses of the Legislature and the co-chairs of the Joint Committee on Finance of the results of the analysis.

Space was provided on all individual income tax returns for taxpayers to indicate, using a four-digit code, the school district in which they resided. These codes conform to the codes used by the Department of Public Instruction. School district information was not requested of Homestead credit claimants unless the claimant also filed an individual income tax return. Also, nonresidents filing Wisconsin income tax returns were directed not to enter a school district code.

The error rate for the data is high, and only 78% of the 2,343,000 returns analyzed for the report had a valid school district number. Approximately 292,000, or 12%, of the returns analyzed, had an invalid numeric school district code, that is, the code was inconsistent with the municipality of residence reported by the tax filer. Another 230,000 returns, 10% of those analyzed, had a non-numeric code. The Department of Revenue is not able to edit the school district code because it would substantially slow the processing of income tax returns. The municipality of residence reported by the tax filer and the zip code on the return label are of limited usefulness in editing the school district codes because school districts typically encompass several municipalities and zip codes, and a single municipality or zip code area may lie in more than one school district. Further, there is a high incidence of error in the reporting of the municipality of residence by tax filers.

If you have any questions about the summary report, please let me know.

Sincerely,

Cate Zeuske
Secretary of Revenue

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Enclosure

State of Wisconsin • DEPARTMENT OF REVENUE

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Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

January 15, 1998

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
119 Martin Luther King Jr. Blvd., Room LL1
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
State Capitol, Room 316 North
Madison, WI 53702

Dear Senator Burke and Representative Gard:

At its meeting on December 18, 1997, the Joint Committee on Finance approved Motion #8503 to disapprove the Department's recommendation to continue the current temporary recycling surcharge rate. The Committee requested, instead, that the Department develop a proposal for a surcharge rate that would be one-half of the current rate and submit the proposal to the Committee by January 15, 1998. The motion specified that the reduced recycling surcharge rate would be approved by the Committee upon submission of the proposal.

Under this proposal, the surcharge rate in effect for tax year 1998 would be 2.75% of gross tax liability for corporations and 0.2173% of net business income for sole proprietorships, partnerships and S corporations. As shown in the **attached table**, the estimated ending balances under the reduced rate are $32.9 million for FY 1998 and $31.0 million for FY 1999. The estimated ending balance in FY 2000 after the $24 million authorized for municipal grants is $8.6 million.

If the Committee needs any further information, please do not hesitate to contact me.

Sincerely,

Cate Zeuske

Cate Zeuske
Secretary of Revenue

CZ:PW:skr:tb

cc: Members, Joint Committee on Finance
Mark D. Bugher, Department of Administration
Robert Lang, Legislative Fiscal Bureau
Michelle New, Department of Administration
Barbara Schultz, Department of Natural Resources
Diane Hardt
Eng Braun

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
January 15, 1998
Attachment

Table

ESTIMATED RECYCLING FUND BALANCE AT REDUCED SURCHARGE RATES
FISCAL YEARS 1997 THROUGH 2000
($ millions)

Fiscal Year	Fund Balance	Surcharge Revenue	Other Revenue[a]	Total Revenue	Appropriations[b]	Closing Fund Balance
1997[c]	33.6	51.5	2.7	87.8	-43.2	44.6
1998	44.6	47.2	2.6	94.4	-61.5	32.9
1999	32.9	28.4	2.0	63.3	-32.3	31.0
2000[d]	31.0	-	1.6	32.6	-24.0	8.6

a Includes interest earned, refunds of prior year expenditures, and loan repayments.

b Includes reserves for prior year encumbrances, continuing and biennial appropriations, and a one-time $3.85 million transfer to the general fund in FY 1998.

c Actual

d The tax expires for tax years ending after April 1, 1999, but 1997 Act 27 (the 1997-99 biennial budget) appropriates $24 million in FY 2000 for municipal grants.

State of Wisconsin • **DEPARTMENT OF REVENUE**

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
(608) 266-6466 • FAX (608) 266-5718 • http://www.dor.state.wi.us

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

March 24, 1998

The Honorable Brian Burke
Wisconsin State Senate
119 Martin Luther King Jr. Boulevard
Lower Level
Madison, WI 53707

The Honorable John Gard
Wisconsin State Assembly
Room 315 East, State Capitol
Madison, WI 53708

Dear Senator Burke and Representative Gard:

I am writing to ask that you make three technical changes to the 1998 budget adjustment bill (1997 AB 768 and 1997 SB 436) when the Joint Committee on Finance considers the budget adjustment package.

As you know, the 1998 budget adjustment contains the annual Internal Revenue Code Update, or IRC Update. These changes would bring Wisconsin into conformity with the federal tax law changes made by the federal Taxpayer Relief Act of 1997. The Department of Revenue has examined the language of the IRC Update, and we have identified three changes we would suggest making to the existing language.

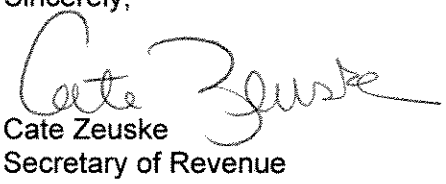
1. **Funeral trusts:** Federal treatment of qualified funeral trusts has already been incorporated into Wisconsin law for taxable years ending after August 5, 1997. Some tax practitioners have raised questions about the clarity of the state statute. We would suggest specific clarifying changes to current law on this point, as outlined in attachment 1.

2. **Tax Treatment of Alimony and Supplemental Unemployment Compensation for Part-Year Residents:** a recent decision by the United State Supreme Court ruled that a provision of New York State's income tax laws is unconstitutional, because the law denies nonresident taxpayers an income tax deduction for alimony. A review by Department staff of a similar law in Wisconsin [s. 71.05 (6)(a)12] indicates that the Wisconsin law on this point could probably also be challenged. We are asking that Wisconsin law be amended via the IRC Update, to allow nonresident and part-year resident taxpayers to deduct the same amounts for state purposes as they do for federal purposes. We believe that the alimony portion of this item will reduce state revenues by about $250,000; the effect of the unemployment compensation portion is unknown but thought to be minimal. Attachment 2 outlines our suggestions.

3. **Conform Wisconsin Standard Deduction for Dependents to Federal Standard Deduction:** In the past, Wisconsin's criteria for who may be claimed as a dependent by another person has been the same as the federal criteria. However, a change in federal tax law on this point was made as part of the federal Taxpayer Relief Act of 1997. A discrepancy between state and federal law has resulted in complications for affected Wisconsin taxpayers. We ask that Wisconsin law be amended to include the new federal criteria. We believe this change will reduce GPR revenues by $450,000 annually. We have attached our suggestions on this point.

Please feel free to contact me with any questions you may have. Thank you.

Sincerely,



Cate Zeuske
Secretary of Revenue

CZ/jfr
Attachments (3)

cc: Robert Wm. Lang, Director
Legislative Fiscal Bureau

Attachment 1

State of Wisconsin • **DEPARTMENT OF REVENUE**

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • FAX (608) 261-6240 • http://www.dor.state.wi.us

Date: February 4, 1998

To: Tom Reid

From: Carol Held

Subject: LRB-4705/1dn — Internal Revenue Code Update

I have reviewed the draft and have the following comments:

1. In his drafter's note, Jack Stark raises a valid concern in light of the U.S. Supreme Court's decision in *Lunding et ux. v. New York Tax Appeals Tribunal et al.* (No. 96-1462, January 21, 1998).

2. In the analysis, it should state that the bill allows taxpayers, for taxable years that begin on or after January 1, 1998, to compute depreciation under either the Internal Revenue Code in effect for the year that the return is filed or the Internal Revenue Code as amended to December 31, 1997.

3. Based on further research, it appears that federal treatment of qualified funeral trusts has already been incorporated in Wisconsin law for taxable years ending after August 5, 1997. Specific statutory language should just clarify that the federal treatment of funeral trusts applies. Therefore, the following changes should be made:

   a. On page 5, line 10, the newly created sec. 71.17(6) should be amended to include a reference to sec. 71.06(1) as well as to sec. 71.06(1m).

   b. On page 14, line 18, the initial applicability language should be changed to "taxable years ending after August 5, 1997."

Attachment 2

Wisconsin Department of Revenue
IS&E Division
March 16, 1998

TITLE: Change Treatment of Deductions for Alimony and Supplemental Unemployment Compensation for Nonresident and Part-Year Resident Taxpayers

DESCRIPTION OF CURRENT LAW AND PROBLEM:

Section 71.05(6)(a)12 provides, in part, that alimony and supplemental unemployment compensation deducted for federal income tax purposes and paid while the individual is a nonresident of Wisconsin must be added back to the individual's federal adjusted gross income when computing Wisconsin taxable income. In other words, alimony and supplemental unemployment compensation paid while an individual is not a resident may not be claimed as a deduction for Wisconsin income tax purposes.

On January 21, 1998, the United States Supreme Court in *Christopher H. Lunding, Et Ux., v. New York Tax Appeals Tribunal Et Al.* ruled that a provision of New York's income tax law which denies nonresident taxpayers an income tax deduction for alimony violates the Privileges and Immunities Clause of the U. S. Constitution. A review of the Lunding case by the department's legal staff indicates that it is very likely that the provisions in sec. 71.05(6)(a)12 would also be found unconstitutional.

RECOMMENDATION FOR ACTION:

Change Wisconsin law to provide that nonresident and part-year taxpayers may deduct the same amount of alimony and supplemental unemployment compensation for Wisconsin purposes as they deduct for federal purposes. (Note: Since federal adjusted gross income is used as the starting point for computing Wisconsin taxable income and alimony and supplemental unemployment compensation are deducted in computing federal adjusted gross income, no adjustment would be required on an individual's Wisconsin return.)

FISCAL/ADMINISTRATIVE IMPACT:

Unknown, but will decrease revenue.

DRAFTING INSTRUCTIONS:

Amend sec. 71.05(6)(a)12.

EFFECTIVE DATE OR INITIAL APPLICABILITY:

Taxable years beginning after December 31, 1997

PERSON TO CONTACT:
Tom Reid (608) 266-8474

PREPARED BY: Tom Reid
March 16, 1998

Attachment 3

Wisconsin Department of Revenue
IS&E Division
February 17, 1998

TITLE: Conform Wisconsin Standard Deduction for Dependents to Federal Standard Deduction

DESCRIPTION OF CURRENT LAW AND PROBLEM:

In the past, the Wisconsin standard deduction for an individual who may be claimed as a dependent by another person (e.g., a parent) has been the same as the federal standard deduction, that is, the lesser of (1) the standard deduction based on the dependent's filing status, or (2) the greater of $500 (adjusted for inflation) or the amount of the dependent's earned income.

It is simpler for the taxpayer if the Wisconsin standard deduction for dependents is the same as the federal standard deduction. The result is that a dependent who is required to file a federal return is also required to file a Wisconsin return. There is a great deal of confusion when a dependent is required to file a Wisconsin return but not a federal return.

The problem is that federal law was changed for taxable years beginning in 1998. As provided in the Taxpayer Relief Act of 1997, the standard deduction for dependents is the lesser of (1) the standard deduction for single taxpayers, or (2) the greater of $500 (adjusted for inflation - projected to be $700 for 1998) or the sum of $250 and the dependent's earned income.

RECOMMENDATION FOR ACTION:

Adopt the federal limitations on the standard deduction for dependents with earned income.

FISCAL/ADMINISTRATIVE IMPACT:

It is estimated that the general fund revenue loss would be approximately $450,000 per year.

DRAFTING INSTRUCTIONS:

Amend Wisconsin law to provide that the standard deduction for dependents is the lesser of (1) the Wisconsin standard deduction based on the dependent's filing status, or (2) the greater of the dependent's earned income plus $250, or $500 adjusted for inflation so that the $500 conforms to the federal inflation adjusted amount (see sec. 71.05(22)(f)3.).

EFFECTIVE DATE OR INITIAL APPLICABILITY:

Taxable years beginning on or after January 1, 1998.

Attachment 3

PERSON TO CONTACT:

Tom Reid
266-8474

PREPARED BY: Marcy Stock
February 17, 1998
conform.leg