

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: **10/01/1999**

Received By: **isagerro**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Olin**

This file may be shown to any legislator: **NO**

Drafter: **isagerro**

May Contact:

Alt. Drafters: **jkreye**

Subject: **Gambling - lottery
Tax - property**

Extra Copies:

Pre Topic:

LFB:.....Olin -

Topic:

Transfer of lottery appropriations and transfer to lottery fund

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	isagerro 10/01/1999	jgeller 10/02/1999		_____			
/1			mclark 10/02/1999	_____	lrb_docadmin 10/03/1999		
/2	isagerro 10/04/1999 jkreye 10/04/1999	wjackson 10/04/1999 jgeller 10/04/1999	martykr 10/04/1999	_____	lrb_docadmin 10/04/1999		
/3	jkreye	jgeller	jfrantze	_____	lrb_docadmin		

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	10/04/1999	10/04/1999	10/04/1999 _____		10/04/1999		
/4			jfrantze _____ 10/04/1999 _____		lrb_docadmin 10/04/1999		

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10/10/4 *10/14*

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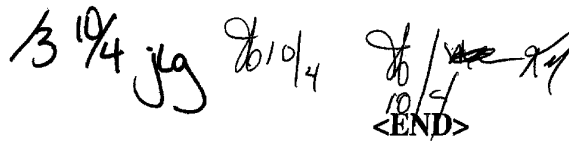
Instructions:

See Attached

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			<i>km 10/4</i>	<i>HH 10/4</i>			

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1?	isagerro	1 1/2 jg JJ	MRC 10/2	MRC/TAY 10/2			

FE Sent For:

<END>



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

Date: 1 Oct 1999

DELIVER TO: Rick Champagne / Ivy Sager-Rosenthal

Addressee Fax #: LRB

Addressee Phone #: _____

of Pages, Including Cover: 2

Sender's Initials: _____

From: Rick Olin 6-9916

Message:

subject to change,
we believe we
should use the Assembly
draft on converting appns.
from SEG to GPR

LRB 114513 →

Also

① draft the attached transfer

② increase the appn for DOR admin to

\$173,900 99-00

\$186,400 00-01

to reflect JFC's s. 13.10 action

transferthis

TRANSFER TO LOTTERY FUND

Conference Committee: Transfer from the general fund to the lottery fund \$37,207,000 on March 27, 2000 and \$216,689,300 on March 26, 2001, for the purpose of reimbursing the lottery fund for expenditures from October, 1995, through June, 1999, under the following appropriations:

- gaming law enforcement [s. 20.455(2)(r)];
- general program operations [s. 20.566(8)(q)];
- retailer compensation [s. 20.566(8)(r)];
- vendor fees [s. 20.566(8)(v)];
- lottery credit administration [s. 20.566(2)(r)];
- farmland tax relief credit [s. 20.835(2)(q)].

GPR-REV -\$253,896,300
SEG-REV \$253,896,300

increase

20.566(2)(a-m) 173,900 186,400

AND GAMING

LOTTERY CREDIT

~~(3e)~~ LOTTERY ~~GENERAL PROGRAM OPERATIONS~~ POSITION AUTHORIZATION. The authorized FTE positions for the department of revenue are increased by ~~4.0~~^{3.0} GPR positions to be funded from the appropriation under section 20.566 ~~(2)~~⁽²⁾ ~~(am)~~ of the statutes, as created by this act, for the purpose of ~~conducting general program operations for the lottery.~~ ^{administering}

the lottery and gaming credit.

To : Ivy

Fr : R. Olin

10/1/99

WFO - update request
sheet

1999 - 2000 LEGISLATURE

LRB11153
ISR&JK:jlg:ksh

61888/1

↑
stays

LFB....Olin

ARC:.....Kratochwill - Tax #8, Only lottery prizes and tax relief to homeowners to be paid from lottery and gaming proceeds

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

Assembly
CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

Intro

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 219, line 13: after that line insert:

3 "(fm) Gaming law enforcement GPR A 226,000 226,700".

4 2. Page 221, line 5: decrease the dollar amount for fiscal year 1999-00 by
5 \$226,000 and decrease the dollar amount for fiscal year 2000-01 by \$226,700 to
6 decrease the number of authorized FTE positions by 2.75 SEG positions and for the
7 purpose of reducing funding for gaming enforcement.

8 3. Page 253, line 13: after that line insert:

9 "(am) Lottery ^{and gaming} credit administration GPR A

173,900 186,400
~~18,800~~ ~~33,500~~

1 **4.** Page 254, line 7: decrease the dollar amount for fiscal year 1999–00 by
2 \$43,300 and decrease the dollar amount for fiscal year 2000–01 by \$33,500 for the
3 purpose of reducing funding for lottery credit administration.

4 **5.** Page 255, line 8: after that line insert:

5	“(a) General program operations	GPR	A	21,095,800	21,095,800
6	(b) Retailer compensation	GPR	S	–0–	–0–
7	(c) Vendor fees	GPR	S	–0–	–0–”.

8 **6.** Page 255, line 9: decrease the dollar amount for fiscal year 1999–00 by
9 \$21,095,800 and decrease the dollar amount for fiscal year 2000–01 by \$21,095,800
10 to decrease the authorized FTE positions by 110.5 SEG positions and for the purpose
11 of decreasing the funding for general program operations for the lottery.

12 **7.** Page 265, line 3: after that line insert:

13	“(dn) Farmland tax relief credit	GPR	S	–0–	–0–”.
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14 **8.** Page 366, line 3: after that line insert:

15 “SECTION 481d. 20.455 (2) (fm) of the statutes is created to read:

16 20.455 (2) (fm) *Gaming law enforcement*. The amounts in the schedule for the
17 performance of the department’s gaming law enforcement responsibilities as
18 specified in s. 165.70 (3m). No moneys may be encumbered or expended from this
19 appropriation account after the day of publication of the 2001–03 biennial budget
20 act.”.

21 **9.** Page 367, line 25: after that line insert:

22 “SECTION 490g. 20.455 (2) (r) of the statutes is amended to read:

1 20.455 (2) (r) *Gaming law enforcement; lottery revenues*. From the lottery fund,
2 the amounts in the schedule for the performance of the department's gaming law
3 enforcement responsibilities as specified in s. 165.70 (3m). No moneys may be
4 encumbered or expended from this appropriation account during the 1999–2001
5 fiscal biennium.”

6 **10.** Page 391, line 20: after that line insert:

7 “SECTION 595g. 20.566 (2) (am) of the statutes is created to read:

8 20.566 (2) (am) *Lottery*^{and gaming} *credit administration*. The amounts in the schedule for
9 the administration of the lottery^{and gaming} credit. No moneys may be encumbered or expended
10 from this appropriation account after the day of publication of the 2001–03 biennial
11 budget act.

12 **SECTION 595m.** 20.566 (2) (r) of the statutes is amended to read:

13 20.566 (2) (r) *Lottery*^{and gaming} *credit administration*. From the lottery fund, the
14 amounts in the schedule for the administration of the lottery^{and gaming} credit. No moneys may
15 be encumbered or expended from this appropriation account during the 1999–2001
16 fiscal year biennium.”

17 **11.** Page 391, line 25: after that line insert:

18 “SECTION 596q. 20.566 (8) (a) of the statutes is created to read:

19 20.566 (8) (a) *General program operations*. The amounts in the schedule for
20 general program operations under ch. 565. No moneys may be encumbered or
21 expended from this appropriation account after the day of publication of the 2001–03
22 biennial budget act.

23 **SECTION 596r.** 20.566 (8) (b) of the statutes is created to read:

1 20.566 (8) (b) *Retailer compensation*. A sum sufficient to pay compensation to
2 retailers under s. 565.10 (14) (b). No moneys may be encumbered or expended from
3 this appropriation account after the day of publication of the 2001–03 biennial
4 budget act.

5 SECTION 596s. 20.566 (8) (c) of the statutes is created to read:

6 20.566 (8) (c) *Vendor fees*. A sum sufficient to pay vendors for on–line and
7 instant ticket services and supplies provided by the vendors under contract under
8 s. 565.25 (2) (a). No moneys may be encumbered or expended from this appropriation
9 account after the day of publication of the 2001–03 biennial budget act.”

Fix component

10 12. Page 392, line 6: delete ~~“(Ag)”~~ and substitute: ~~“(Ag)”~~ ^{lines 1 to 6} ~~“No moneys may be~~
11 ~~encumbered or expended from this appropriation account during the 1999–2001~~

12 fiscal biennium.”
Insert 4-10

13 13. Page 392, line 6: after that line insert:

14 SECTION 597c. 20.566 (8) (r) of the statutes is amended to read:

15 20.566 (8) (r) *Retailer compensation*. From the lottery fund, a sum sufficient
16 to pay compensation to retailers under s. 565.10 (14) (b). No moneys may be
17 encumbered or expended from this appropriation account during the 1999–2001
18 fiscal biennium.

19 SECTION 597f. 20.566 (8) (v) of the statutes is amended to read:

20 20.566 (8) (v) *Vendor fees*. From the lottery fund, a sum sufficient to pay
21 vendors for on–line and instant ticket services and supplies provided by the vendors
22 under contract under s. 565.25 (2) (a). No moneys may be encumbered or expended
23 from this appropriation account during the 1999–2001 fiscal biennium.”

24 14. Page 395, line 4: after that line insert:

1 **“SECTION 606t.** 20.835 (2) (dn) of the statutes is created to read:

2 20.835 (2) (dn) *Farmland tax relief credit*. A sum sufficient to pay the aggregate
3 claims approved under ss. 71.07 (3m) (c), 71.28 (2m) (c) and 71.47 (2m) (c). No moneys
4 may be encumbered or expended from this appropriation after the day of publication
5 of the 2001–03 biennial budget act.”.

6 **15.** Page 395, line 19: after that line insert:

7 **“SECTION 612p.** 20.835 (2) (q) of the statutes is amended to read:

8 20.835 (2) (q) *Farmland tax relief credit*. From the lottery fund, a sum
9 sufficient to pay the aggregate claims approved under ss. 71.07 (3m) (c), 71.28 (2m)
10 (c) and 71.47 (2m) (c). No moneys may be encumbered or expended from this
11 appropriation account during the 1999–2001 fiscal biennium.”.

12 **16.** Page 470, line 14: after that line insert:

13 **“SECTION 717xa.** 25.75 (1) (b) of the statutes is amended to read:

14 25.75 (1) (b) “Gross lottery revenues” means gross revenues from the sale of
15 lottery tickets and lottery shares under ch. 565 and revenues from the imposition of
16 fees, if any, under s. 565.10 (8) ~~and includes compensation, including bonuses, if any,~~
17 ~~paid to retailers under s. 565.10 (14), regardless of whether the compensation is~~
18 ~~deducted by the retailer prior to transmitting lottery ticket and lottery share~~
19 ~~revenues to the commission.~~

20 **SECTION 717xb.** 25.75 (1) (b) of the statutes, as affected by 1999 Wisconsin Act
21 (this act), is repealed and recreated to read:

22 25.75 (1) (b) “Gross lottery revenues” means gross revenues from the sale of
23 lottery tickets and lottery shares under ch. 565 and revenues from the imposition of
24 fees, if any, under s. 565.10 (8) and includes compensation, including bonuses, if any,

1 paid to retailers under s. 565.10 (14), regardless of whether the compensation is
2 deducted by the retailer prior to transmitting lottery ticket and lottery share
3 revenues to the commission.

4 **SECTION 717xf.** 25.75 (1) (c) 3. of the statutes is repealed.

5 **SECTION 717xg.** 25.75 (1) (c) 3. of the statutes is created to read:

6 25.75 (1) (c) 3. Amounts for other expenses including compensation paid to
7 retailers under s. 565.10 (14) and amounts paid to vendors for on-line services and
8 supplies provided by the vendors under contract under s. 565.25 (2) (a).

9 ~~**SECTION 717xi.**~~ 25.75 (3) (b) of the statutes is repealed.

10 **SECTION 717xj.** 25.75 (3) (b) of the statutes is created to read:

11 25.75 (3) (b) *Expenses.* No more than an amount equal to 10% of gross lottery
12 revenues for each year may be expended to pay the expenses for the operation and
13 administration of the lottery, except that expenses for the operation and
14 administration of the lottery may exceed 10% of gross lottery revenues if so approved
15 by the joint committee on finance under s. 13.10. In computing expenses subject to
16 the 10% limitation under this paragraph:

17 1. Compensation paid to retailers under s. 565.10 (14) shall not be included.

18 2. Capital expenditures may be amortized.

19 3. Payments to vendors for on-line services and supplies provided by the
20 vendors under contract under s. 565.25 (2) (a) shall be included.

21 4. Moneys appropriated from the lottery fund under s. 20.455 (2) (r) shall not
22 be included.

23 **SECTION 717ym.** 25.75 (3) (e) of the statutes is repealed.

24 **SECTION 717yn.** 25.75 (3) (e) of the statutes is created to read:

was affected by 1999 Wisconsin Act 5,

1 25.75 (3) (e) From the appropriation under s. 20.566 (2) (r), lottery proceeds
2 shall be used to offset department of revenue expenses in administering the lottery
3 credit.”.

4 **17.** Page 849, line 7: after that line insert:

5 “**SECTION 1710db.** 71.07 (3m) (b) 1. a. of the statutes is amended to read:

6 71.07 (3m) (b) 1. a. Subject to the limitations provided in this subsection and
7 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
8 taxes otherwise due, the amount derived under par. (c). If the allowable amount of
9 claim exceeds the income taxes otherwise due on the claimant’s income or if there are
10 no Wisconsin income taxes due on the claimant’s income, the amount of the claim not
11 used as an offset against income taxes shall be certified to the department of
12 administration for payment to the claimant by check, share draft or other draft paid
13 from the appropriation under s. 20.835 (2) ~~(q)~~ (dn).

14 **SECTION 1710dc.** 71.07 (3m) (b) 1. a. of the statutes, as affected by 1999
15 Wisconsin Act (this act), is repealed and recreated to read:

16 71.07 (3m) (b) 1. a. Subject to the limitations provided in this subsection and
17 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
18 taxes otherwise due, the amount derived under par. (c). If the allowable amount of
19 claim exceeds the income taxes otherwise due on the claimant’s income or if there are
20 no Wisconsin income taxes due on the claimant’s income, the amount of the claim not
21 used as an offset against income taxes shall be certified to the department of
22 administration for payment to the claimant by check, share draft or other draft paid
23 from the appropriation under s. 20.835 (2) (q).”.

24 **18.** Page 913, line 7: after that line insert:

1 **“SECTION 1744bd.** 71.28 (2m) (b) 1. a. of the statutes is amended to read:

2 71.28 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
3 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income or
4 franchise taxes otherwise due, the amount derived under par. (c). If the allowable
5 amount of claim exceeds the income or franchise taxes otherwise due on or measured
6 by the claimant’s income or if there are no Wisconsin income or franchise taxes due
7 on or measured by the claimant’s income, the amount of the claim not used as an
8 offset against income or franchise taxes shall be certified to the department of
9 administration for payment to the claimant by check, share draft or other draft paid
10 from the appropriation under s. 20.835 (2) ~~(q)~~ (dn).

11 **SECTION 1744be.** 71.28 (2m) (b) 1. a. of the statutes, as affected by 1999
12 Wisconsin Act (this act), is repealed and recreated to read:

13 71.28 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
14 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
15 taxes otherwise due, the amount derived under par. (c). If the allowable amount of
16 claim exceeds the income taxes otherwise due on the claimant’s income or if there are
17 no Wisconsin income taxes due on the claimant’s income, the amount of the claim not
18 used as an offset against income taxes shall be certified to the department of
19 administration for payment to the claimant by check, share draft or other draft paid
20 from the appropriation under s. 20.835 (2) (q).”.

21 **19.** Page 943, line 22: after that line insert:

22 **“SECTION 1757bd.** 71.47 (2m) (b) 1. a. of the statutes is amended to read:

23 71.47 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
24 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income or

1 franchise taxes otherwise due, the amount derived under par. (c). If the allowable
 2 amount of claim exceeds the income or franchise taxes otherwise due on or measured
 3 by the claimant's income or if there are no Wisconsin income or franchise taxes due
 4 on or measured by the claimant's income, the amount of the claim not used as an
 5 offset against income or franchise taxes shall be certified to the department of
 6 administration for payment to the claimant by check, share draft or other draft paid
 7 from the appropriation under s. 20.835 (2) (q) (dn).

8 **SECTION 1757be.** 71.47 (2m) (b) 1. a. of the statutes, as affected by 1999
 9 Wisconsin Act (this act), is repealed and recreated to read:

10 71.47 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
 11 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
 12 taxes otherwise due, the amount derived under par. (c). If the allowable amount of
 13 claim exceeds the income taxes otherwise due on the claimant's income or if there are
 14 no Wisconsin income taxes due on the claimant's income, the amount of the claim not
 15 used as an offset against income taxes shall be certified to the department of
 16 administration for payment to the claimant by check, share draft or other draft paid
 17 from the appropriation under s. 20.835 (2) (q)."

18 **20.** Page 958, line 14: after that line insert:

Am affected by 1999 Wisconsin Act 57

19 ~~"Section 1813(b). 79.10 (11) (b) of the statutes is amended to read:~~

20 79.10 (11) (b) Before October 16, the department of administration shall
 21 determine the total funds available for distribution under the lottery credit in the
 22 following year and shall inform the joint committee on finance of that total. Total
 23 funds available for distribution shall be all existing and projected lottery proceeds
 24 and interest for the fiscal year of the distribution, less the amount estimated to be

Insert 9-18

1 ~~expended under ss. 20.455 (2) (r), 20.566 (2) (r) and 20.835 (2) (q) and less the~~
2 ~~required reserve under s. 20.003 (5). The joint committee on finance may revise the~~
3 ~~total amount to be distributed if it does so at a meeting that takes place before~~
4 ~~November 1. If the joint committee on finance does not schedule a meeting to take~~
5 ~~place before November 1, the total determined by the department of administration~~
6 ~~shall be the total amount estimated to be distributed under the lottery credit in the~~
7 ~~following year.~~

8 **SECTION 1818Lb.** 79.10 (11) (b) of the statutes, as affected by 1999 Wisconsin
9 Act ... (this act), is repealed and recreated to read:

10 ~~79.10 (11) (b) Before October 16, the department of administration shall~~
11 ~~determine the total funds available for distribution under the lottery credit in the~~
12 ~~following year and shall inform the joint committee on finance of that total. Total~~
13 ~~funds available for distribution shall be all existing and projected lottery proceeds~~
14 ~~and interest for the fiscal year of the distribution, less the amount estimated to be~~
15 ~~expended under ss. 20.455 (2) (r), 20.566 (2) (r) and 20.835 (2) (q) and less the~~
16 ~~required reserve under s. 20.003 (5). The joint committee on finance may revise the~~
17 ~~total amount to be distributed if it does so at a meeting that takes place before~~
18 ~~November 1. If the joint committee on finance does not schedule a meeting to take~~
19 ~~place before November 1, the total determined by the department of administration~~
20 ~~shall be the total amount estimated to be distributed under the lottery credit in the~~
21 ~~following year.”.~~

22 **21.** Page 1402, line 19: after that line insert:

23 **“SECTION 3025w.** 565.45 of the statutes is amended to read:

Insert 10-9 ✓

1 **565.45 Report on expense limitation.** Before January 1, ~~1992~~ 2002, and
 2 every 2 years thereafter, the department shall submit a report to the chief clerk of
 3 each house of the legislature, for distribution to the legislature under s. 13.172 (2),
 4 on the effects on the operation of the lottery of the 10% expense limitation under s.
 5 25.75 (3) (b).".

6 **22.** Page 1527, line 15: after that line insert:

7 “(2e) GAMING LAW ENFORCEMENT POSITION AUTHORIZATION. The authorized FTE
 8 positions for the department of justice are increased by 2.75 GPR positions to be
 9 funded from the appropriation under section 20.455 (2) (fm) of the statutes, as
 10 created by this act, for the purpose of gaming law enforcement.”.

11 **23.** Page 1545, line 18: after that line insert:

12 “(3e) LOTTERY GENERAL PROGRAM OPERATIONS POSITION AUTHORIZATION. The
 13 authorized FTE positions for the department of revenue are increased by 110.5 GPR
 14 positions to be funded from the appropriation under section 20.566 (8) (a) of the
 15 statutes, as created by this act, for the purpose of conducting general program
 16 operations for the lottery. *ps*

Ins 11-16
152
15
16
17
18
19
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21
22

17 **24.** Page 1600, line 20: after that line insert:

18 “(24e) LOTTERY FUND. The repeal and recreation of sections 25.75 (1) (b), 71.07
 19 (3m) (b) 1. a., 71.28 (2m) (b) 1. a., 71.47 (2m) (b) 1. a. and 79.10 (11) (b) of the statutes
 20 and the creation of section 25.75 (1) (c) 3. and (3) (b) and (e) of the statutes take effect
 21 on the effective date of the 2001–03 biennial budget act.”.

22 (END)

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1888/lins
ISR.....

Insert 4-10

“SECTION 597g. 20.566 (8) (q) of the statutes, as affected by 1999 Wisconsin Act 5, is amended to read:

20.566 (8) (q) *General program operations.* From the lottery fund, the amounts in the schedule for general program operations under ch. 565. No moneys may be encumbered or expended from this appropriation account during the 1999-2001 fiscal biennium.

History: 1971 c. 108 ss. 2, 3, 6; 1971 c. 125 ss. 164, 173, 174, 175, 176; 1971 c. 211, 215; 1973 c. 90; 1975 c. 39 ss. 201, 732 (1); 1977 c. 29, 31, 418; 1979 c. 34 ss. 610m to 617, 2102 (46) (c); 1979 c. 63 ss. 3, 6; 1979 c. 177, 221; 1981 c. 20; 1981 c. 86 ss. 7, 71; 1981 c. 328 s. 4; 1983 a. 27 ss. 469 to 477; 1983 a. 368; 1983 a. 410 s. 2202 (38); 1983 a. 29 ss. 336 to 337, 3202 (39) (a), (40) (c), (i); 1985 a. 41, 120; 1987 a. 27 ss. 444 to 458, 3200 (47); 1987 a. 92; 1987 a. 312 s. 17; 1987 a. 399; 1989 a. 31, 335; 1991 a. 39, 259, 269; 1993 a. 16, 205, 263, 490; 1995 a. 27 ss. 546h to 546t, 1111mm to 1119; 1995 a. 56, 227, 351; 1997 a. 27, 35, 41, 63, 148, 237, 252; 1999 a. 5.

Insert 6-8

SECTION 717xh. 25.75 (2) of the statutes, as affected by 1999 Wisconsin Act 5, is amended to read:

25.75 (2) CREATION. There is created a separate nonlapsible trust fund known as the lottery fund, to consist of gross lottery revenues received by the department of revenue and moneys transferred to the lottery fund under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and (jm) and 1999 Wisconsin Act (this act), section 9243 (2c).

History: 1987 a. 219, 399; 1989 a. 31, 336; 1991 a. 39, 225, 269; 1993 a. 16; 1995 a. 27; 1997 a. 27; 1999 a. 5.

Insert 11-16 A

1. Page 1580, line 2: after that line insert:

approp
change

“(2c) TRANSFERS TO THE LOTTERY FUND. (a) On March 27, 2000, there is transferred from the general fund to the lottery fund \$37,207,000.”

(b) On March 26, 2001, there is transferred from the general fund to the lottery fund \$216,689,300.”.

181816
letter
insert 9-18
as affected by 1999 Wisconsin Act 5,
Section #. 79.10 (11) (b) of the statutes is amended to read:

79.10 (11) (b) Before October 16, the department of administration shall determine the total funds available for distribution under the lottery and gaming credit in the following year and shall inform the joint committee on finance of that total. Total funds available for distribution shall be all moneys projected to be transferred to the lottery fund under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and (jm) and all existing and projected lottery proceeds and interest for the fiscal year of the distribution, less the amount estimated to be expended under ss. 20.455 (2) (r), 20.566 (2) (r) and ~~20.835 (2) (q)~~ ^{s.} and (3) (r) and less the required reserve under s. 20.003 (5). The joint committee on finance may revise the total amount to be distributed if it does so at a meeting that takes place before November 1. If the joint committee on finance does not schedule a meeting to take place before November 1, the total determined by the department of administration shall be the total amount estimated to be distributed under the lottery and gaming credit in the following year.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5.

(end ins)

Insert 10-9

~~Section #. 79.10 (11) (b) of the statutes is amended to read:~~

79.10 (11) (b) Before October 16, the department of administration shall determine the total funds available for distribution under the lottery and gaming credit in the following year and shall inform the joint committee on finance of that total. Total funds available for distribution shall be all moneys projected to be transferred to the lottery fund under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and (jm) and all existing and projected lottery proceeds and interest for the fiscal year of the distribution, less the amount estimated to be expended under ss. 20.455 (2) (r), 20.566 (2) (r) and 20.835 (2) (q) and (3) (r) and less the required reserve under s. 20.003 (5). The joint committee on finance may revise the total amount to be distributed if it does so at a meeting that takes place before November 1. If the joint committee on finance does not schedule a meeting to take place before November 1, the total determined by the department of administration shall be the total amount estimated to be distributed under the lottery and gaming credit in the following year. ✓

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5.

(end insert)

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1888/1insISR
ISR.....

Ins 11-16 ISR

~~(am)~~^{3f} LOTTERY AND GAMING CREDIT POSITION AUTHORIZATION. ✓ The authorized FTE

positions for the department of revenue are increased by 3.0 GPR positions to be
funded from the appropriations^g under section 20.566 (2) (am) ✓ of the statutes, as

* created by this act, for the purpose of administering the lottery and gaming credit.)'

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1888/1dn
ISR&JK:.....

October 1, 1999 ^{3 new} date

JG

Please note that this amendment raises two constitutional issues. The first issue is whether the ~~Constitution~~ prohibits the use of general program revenue to pay for general program operations and other related costs of the lottery. ~~Section 24 (6) (a) of the~~ ² ~~article IV of the~~ Constitution requires that the net proceeds of the lottery be used for property tax relief. It is unclear what the term "net proceeds" means. A court may find that the term "net proceeds" means gross lottery revenues less lottery prizes and other costs associated with the lottery such as general program operations and vendor fees and thus the use of general program revenues is unconstitutional.

The second issue is whether the moneys transferred from the general fund to the lottery fund may be used toward payment of the lottery and gaming credit as it is currently distributed. Under current law, the lottery and gaming credit is paid from the net proceeds of the lottery. Under ~~section 24 (6) (a), of article IV, of the~~ ~~Constitution,~~ these net lottery proceeds are not subject to the Uniformity Clause of ~~section 1, of article VIII,~~ ~~of the~~ ^{of the lottery} ~~Constitution.~~ All other state funds distributed for property tax relief are subject to the uniformity requirement.

It is unclear whether general program revenue transferred to the lottery fund may be considered net proceeds of the lottery. A court may find that the general program revenue transferred under this amendment does not qualify as net proceeds and thus is subject to the Uniformity Clause. As the lottery and gaming credit is not distributed uniformly under current law, if a court held that the general program revenue is subject to the Uniformity Clause, using the \$200 million of general program revenue toward payment of the lottery and gaming credit would be unconstitutional.

Please review this amendment carefully to make sure it achieves your intent. If you have any questions, please feel free to contact me.

Ivy G. Sager-Rosenthal
Legislative Attorney
Phone: (608) 261-4455
E-mail: Ivy.Sager-Rosenthal@legis.state.wi.us

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1888/1dn
ISR&JK:jlg:mrc

October 2, 1999

Please note that this amendment raises two constitutional issues. The first issue is whether the constitution prohibits the use of general program revenue to pay for general program operations and other related costs of the lottery. Article IV, section 24 (6) (a), of the constitution requires that the net proceeds of the lottery be used for property tax relief. It is unclear what the term "net proceeds" means. A court may find that the term "net proceeds" means gross lottery revenues less lottery prizes and other costs associated with the lottery such as general program operations and vendor fees and thus the use of general program revenues is unconstitutional.

The second issue is whether the moneys transferred from the general fund to the lottery fund may be used toward payment of the lottery and gaming credit as it is currently distributed. Under current law, the lottery and gaming credit is paid from the net proceeds of the lottery. Under article IV, section 24 (6) (a), of the constitution, these net lottery proceeds are not subject to the Uniformity Clause of article VIII, section 1, of the constitution. All other state funds distributed for property tax relief are subject to the uniformity requirement.

It is unclear whether general program revenue transferred to the lottery fund may be considered net proceeds of the lottery. A court may find that the general program revenue transferred under this amendment does not qualify as net proceeds of the lottery and thus is subject to the Uniformity Clause. As the lottery and gaming credit is not distributed uniformly under current law, if a court held that the general program revenue is subject to the Uniformity Clause, using the \$200 million of general program revenue toward payment of the lottery and gaming credit would be unconstitutional.

Please review this amendment carefully to make sure it achieves your intent. If you have any questions, please feel free to contact me.

Ivy G. Sager-Rosenthal
Legislative Attorney
Phone: (608) 261-4455
E-mail: Ivy.Sager-Rosenthal@legis.state.wi.us

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1888/1
ISR&JK:jlg:mrc

EWJ
RMR

LFB:.....Olin - Transfer of lottery appropriations and transfer to lottery fund
FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY BILL 133

TODAY

Notes

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 **1.** Page 219, line 13: after that line insert:
- 3 “(fm) Gaming law enforcement GPR A 226,000 226,700”.
- 4 **2.** Page 221, line 5: decrease the dollar amount for fiscal year 1999-00 by
- 5 \$226,000 and decrease the dollar amount for fiscal year 2000-01 by \$226,700 to
- 6 decrease the number of authorized FTE positions by 2.75 SEG positions and for the
- 7 purpose of reducing funding for gaming enforcement.
- 8 **3.** Page 253, line 13: after that line insert:
- 9 “(am) Lottery and gaming credit
- 10 administration GPR A 173,900 186,400”.

1 **4.** Page 254, line 7: decrease the dollar amount for fiscal year 1999–00 by
2 \$43,300 and decrease the dollar amount for fiscal year 2000–01 by \$33,500 for the
3 purpose of reducing funding for lottery credit administration.

4 **5.** Page 255, line 8: after that line insert:

5	“(a) General program operations	GPR	A	21,095,800	21,095,800
6	(b) Retailer compensation	GPR	S	-0-	-0-
7	(c) Vendor fees	GPR	S	-0-	-0-”.

8 **6.** Page 255, line 9: decrease the dollar amount for fiscal year 1999–00 by
9 \$21,095,800 and decrease the dollar amount for fiscal year 2000–01 by \$21,095,800
10 to decrease the authorized FTE positions by 110.5 SEG positions and for the purpose
11 of decreasing the funding for general program operations for the lottery.

12 **7.** Page 265, line 3: after that line insert:

13	“(dn) Farmland tax relief credit	GPR	S	-0-	-0-”.
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14 **8.** Page 366, line 3: after that line insert:

15 “**SECTION 481d.** 20.455 (2) (fm) of the statutes is created to read:

16 20.455 (2) (fm) *Gaming law enforcement.* The amounts in the schedule for the
17 performance of the department’s gaming law enforcement responsibilities as
18 specified in s. 165.70 (3m). No moneys may be encumbered or expended from this
19 appropriation account after the day of publication of the 2001–03 biennial budget
20 act.”.

21 **9.** Page 367, line 25: after that line insert:

22 “**SECTION 490g.** 20.455 (2) (r) of the statutes is amended to read:

1 20.455 (2) (r) *Gaming law enforcement; lottery revenues*. From the lottery fund,
2 the amounts in the schedule for the performance of the department's gaming law
3 enforcement responsibilities as specified in s. 165.70 (3m). No moneys may be
4 encumbered or expended from this appropriation account during the 1999–2001
5 fiscal biennium.”

6 **10.** Page 391, line 20: after that line insert:

7 “**SECTION 595g.** 20.566 (2) (am) of the statutes is created to read:

8 20.566 (2) (am) *Lottery and gaming credit administration*. The amounts in the
9 schedule for the administration of the lottery and gaming credit. No moneys may be
10 encumbered or expended from this appropriation account after the day of publication
11 of the 2001–03 biennial budget act.

12 **SECTION 595m.** 20.566 (2) (r) of the statutes, as affected by 1999 Wisconsin Act
13 5, is amended to read:

14 20.566 (2) (r) *Lottery and gaming credit administration*. From the lottery fund,
15 the amounts in the schedule for the administration of the lottery and gaming credit.
16 No moneys may be encumbered or expended from this appropriation account during
17 the 1999–2001 fiscal year biennium.”

18 **11.** Page 391, line 25: after that line insert:

19 “**SECTION 596q.** 20.566 (8) (a) of the statutes is created to read:

20 20.566 (8) (a) *General program operations*. The amounts in the schedule for
21 general program operations under ch. 565. No moneys may be encumbered or
22 expended from this appropriation account after the day of publication of the 2001–03
23 biennial budget act.

24 **SECTION 596r.** 20.566 (8) (b) of the statutes is created to read:

1 20.566 (8) (b) *Retailer compensation*. A sum sufficient to pay compensation to
2 retailers under s. 565.10 (14) (b). No moneys may be encumbered or expended from
3 this appropriation account after the day of publication of the 2001–03 biennial
4 budget act.

5 **SECTION 596s.** 20.566 (8) (c) of the statutes is created to read:

6 20.566 (8) (c) *Vendor fees*. A sum sufficient to pay vendors for on–line and
7 instant ticket services and supplies provided by the vendors under contract under
8 s. 565.25 (2) (a). No moneys may be encumbered or expended from this appropriation
9 account after the day of publication of the 2001–03 biennial budget act.”.

10 **12.** Page 392, line 1: delete lines 1 to 6 and substitute:

11 “**SECTION 597g.** 20.566 (8) (q) of the statutes, as affected by 1999 Wisconsin Act
12 5, is amended to read:

13 20.566 (8) (q) *General program operations*. From the lottery fund, the amounts
14 in the schedule for general program operations under ch. 565. No moneys may be
15 encumbered or expended from this appropriation account during the 1999–2001
16 fiscal biennium.

17 **SECTION 597c.** 20.566 (8) (r) of the statutes is amended to read:

18 20.566 (8) (r) *Retailer compensation*. From the lottery fund, a sum sufficient
19 to pay compensation to retailers under s. 565.10 (14) (b). No moneys may be
20 encumbered or expended from this appropriation account during the 1999–2001
21 fiscal biennium.

22 **SECTION 597f.** 20.566 (8) (v) of the statutes is amended to read:

23 20.566 (8) (v) *Vendor fees*. From the lottery fund, a sum sufficient to pay
24 vendors for on–line and instant ticket services and supplies provided by the vendors

1 under contract under s. 565.25 (2) (a). No moneys may be encumbered or expended
2 from this appropriation account during the 1999–2001 fiscal biennium.”.

3 **13.** Page 395, line 4: after that line insert:

4 “SECTION 606t. 20.835 (2) (dn) of the statutes is created to read:

5 20.835 (2) (dn) *Farmland tax relief credit*. A sum sufficient to pay the aggregate
6 claims approved under ss. 71.07 (3m) (c), 71.28 (2m) (c) and 71.47 (2m) (c). No moneys
7 may be encumbered or expended from this appropriation after the day of publication
8 of the 2001–03 biennial budget act.”.

9 **14.** Page 395, line 19: after that line insert:

10 “SECTION 612p. 20.835 (2) (q) of the statutes is amended to read:

11 20.835 (2) (q) *Farmland tax relief credit*. From the lottery fund, a sum
12 sufficient to pay the aggregate claims approved under ss. 71.07 (3m) (c), 71.28 (2m)
13 (c) and 71.47 (2m) (c). No moneys may be encumbered or expended from this
14 appropriation account during the 1999–2001 fiscal biennium.”.

15 **15.** Page 470, line 14: after that line insert:

16 “SECTION 717xa. 25.75 (1) (b) of the statutes is amended to read:

17 25.75 (1) (b) “Gross lottery revenues” means gross revenues from the sale of
18 lottery tickets and lottery shares under ch. 565 and revenues from the imposition of
19 fees, if any, under s. 565.10 (8) ~~and includes compensation, including bonuses, if any,~~
20 ~~paid to retailers under s. 565.10 (14), regardless of whether the compensation is~~
21 ~~deducted by the retailer prior to transmitting lottery ticket and lottery share~~
22 ~~revenues to the commission.~~

23 SECTION 717xb. 25.75 (1) (b) of the statutes, as affected by 1999 Wisconsin Act
24 (this act), is repealed and recreated to read:

1 25.75 (1) (b) “Gross lottery revenues” means gross revenues from the sale of
2 lottery tickets and lottery shares under ch. 565 and revenues from the imposition of
3 fees, if any, under s. 565.10 (8) and includes compensation, including bonuses, if any,
4 paid to retailers under s. 565.10 (14), regardless of whether the compensation is
5 deducted by the retailer prior to transmitting lottery ticket and lottery share
6 revenues to the commission.

7 **SECTION 717xf.** 25.75 (1) (c) 3. of the statutes is repealed.

8 **SECTION 717xg.** 25.75 (1) (c) 3. of the statutes is created to read:

9 25.75 (1) (c) 3. Amounts for other expenses including compensation paid to
10 retailers under s. 565.10 (14) and amounts paid to vendors for on–line services and
11 supplies provided by the vendors under contract under s. 565.25 (2) (a).

12 **SECTION 717xh.** 25.75 (2) of the statutes, as affected by 1999 Wisconsin Act 5,
13 is amended to read:

14 25.75 (2) **CREATION.** There is created a separate nonlapsible trust fund known
15 as the lottery fund, to consist of gross lottery revenues received by the department
16 of revenue and moneys transferred to the lottery fund under ss. 20.455 (2) (g) and
17 20.505 (8) (am), (g) and (jm) and 1999 Wisconsin Act (this act), section 9243 (2c).

18 **SECTION 717xi.** 25.75 (3) (b) of the statutes is repealed.

19 **SECTION 717xj.** 25.75 (3) (b) of the statutes is created to read:

20 25.75 (3) (b) *Expenses.* No more than an amount equal to 10% of gross lottery
21 revenues for each year may be expended to pay the expenses for the operation and
22 administration of the lottery, except that expenses for the operation and
23 administration of the lottery may exceed 10% of gross lottery revenues if so approved
24 by the joint committee on finance under s. 13.10. In computing expenses subject to
25 the 10% limitation under this paragraph:

- 1 1. Compensation paid to retailers under s. 565.10 (14) shall not be included.
- 2 2. Capital expenditures may be amortized.
- 3 3. Payments to vendors for on-line services and supplies provided by the
- 4 vendors under contract under s. 565.25 (2) (a) shall be included.
- 5 4. Moneys appropriated from the lottery fund under s. 20.455 (2) (r) shall not
- 6 be included.

7 **SECTION 717ym.** 25.75 (3) (e) of the statutes, as affected by 1999 Wisconsin Act
8 5, is repealed.

9 **SECTION 717yn.** 25.75 (3) (e) of the statutes is created to read:

10 25.75 (3) (e) From the appropriation under s. 20.566 (2) (r), lottery proceeds
11 shall be used to offset department of revenue expenses in administering the lottery
12 credit.”.

13 **16.** Page 849, line 7: after that line insert:

14 “**SECTION 1710db.** 71.07 (3m) (b) 1. a. of the statutes is amended to read:

15 71.07 (3m) (b) 1. a. Subject to the limitations provided in this subsection and
16 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
17 taxes otherwise due, the amount derived under par. (c). If the allowable amount of
18 claim exceeds the income taxes otherwise due on the claimant’s income or if there are
19 no Wisconsin income taxes due on the claimant’s income, the amount of the claim not
20 used as an offset against income taxes shall be certified to the department of
21 administration for payment to the claimant by check, share draft or other draft paid
22 from the appropriation under s. 20.835 (2) (q) (dn).

23 **SECTION 1710dc.** 71.07 (3m) (b) 1. a. of the statutes, as affected by 1999
24 Wisconsin Act (this act), is repealed and recreated to read:

1 71.07 (3m) (b) 1. a. Subject to the limitations provided in this subsection and
 2 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
 3 taxes otherwise due, the amount derived under par. (c). If the allowable amount of
 4 claim exceeds the income taxes otherwise due on the claimant's income or if there are
 5 no Wisconsin income taxes due on the claimant's income, the amount of the claim not
 6 used as an offset against income taxes shall be certified to the department of
 7 administration for payment to the claimant by check, share draft or other draft paid
 8 from the appropriation under s. 20.835 (2) (q).

INSERT 8-8 ✓

9 **17.** Page 913, line 7: after that line insert:

10 “SECTION 1744bd. 71.28 (2m) (b) 1. a. of the statutes is amended to read:

11 71.28 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
 12 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income or
 13 franchise taxes otherwise due, the amount derived under par. (c). If the allowable
 14 amount of claim exceeds the income or franchise taxes otherwise due on or measured
 15 by the claimant's income or if there are no Wisconsin income or franchise taxes due
 16 on or measured by the claimant's income, the amount of the claim not used as an
 17 offset against income or franchise taxes shall be certified to the department of
 18 administration for payment to the claimant by check, share draft or other draft paid
 19 from the appropriation under s. 20.835 (2) (q) (dn).

20 **SECTION 1744be.** 71.28 (2m) (b) 1. a. of the statutes, as affected by 1999
 21 Wisconsin Act (this act), is repealed and recreated to read:

22 71.28 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
 23 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
 24 taxes otherwise due, the amount derived under par. (c). If the allowable amount of

1 claim exceeds the income taxes otherwise due on the claimant's income or if there are
2 no Wisconsin income taxes due on the claimant's income, the amount of the claim not
3 used as an offset against income taxes shall be certified to the department of
4 administration for payment to the claimant by check, share draft or other draft paid
5 from the appropriation under s. 20.835 (2) (q) ^{*}.

INSERT 9-5 ✓

6 **18.** Page 943, line 22: after that line insert:

7 **"SECTION 1757bd.** 71.47 (2m) (b) 1. a. of the statutes is amended to read:

8 71.47 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
9 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income or
10 franchise taxes otherwise due, the amount derived under par. (c). If the allowable
11 amount of claim exceeds the income or franchise taxes otherwise due on or measured
12 by the claimant's income or if there are no Wisconsin income or franchise taxes due
13 on or measured by the claimant's income, the amount of the claim not used as an
14 offset against income or franchise taxes shall be certified to the department of
15 administration for payment to the claimant by check, share draft or other draft paid
16 from the appropriation under s. 20.835 (2) (q) (dn).

17 **SECTION 1757be.** 71.47 (2m) (b) 1. a. of the statutes, as affected by 1999
18 Wisconsin Act (this act), is repealed and recreated to read:

19 71.47 (2m) (b) 1. a. Subject to the limitations provided in this subsection and
20 s. 71.80 (3) and (3m), a claimant may claim as a credit against Wisconsin income
21 taxes otherwise due, the amount derived under par. (c). If the allowable amount of
22 claim exceeds the income taxes otherwise due on the claimant's income or if there are
23 no Wisconsin income taxes due on the claimant's income, the amount of the claim not
24 used as an offset against income taxes shall be certified to the department of

1 administration for payment to the claimant by check, share draft or other draft paid
2 from the appropriation under s. 20.835 (2) (q) ^(p).

3 **19.** Page 958, line 14: after that line insert:

4 **SECTION 1818Lb.** 79.10 (11) (b) of the statutes, as affected by 1999 Wisconsin
5 Act 5, is amended to read:

6 79.10 (11) (b) Before October 16, the department of administration shall
7 determine the total funds available for distribution under the lottery and gaming
8 credit in the following year and shall inform the joint committee on finance of that
9 total. Total funds available for distribution shall be all moneys projected to be
10 transferred to the lottery fund under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and
11 (jm) and all existing and projected lottery proceeds and interest for the fiscal year of
12 the distribution, less the amount estimated to be expended ~~under ss. 20.455 (2) (r),~~
13 ~~20.566 (2) (r) and s. 20.835 (2) (q) and (3) (r)~~ and less the required reserve under s.
14 20.003 (5). The joint committee on finance may revise the total amount to be
15 distributed if it does so at a meeting that takes place before November 1. If the joint
16 committee on finance does not schedule a meeting to take place before November 1,
17 the total determined by the department of administration shall be the total amount
18 estimated to be distributed under the lottery and gaming credit in the following year.

19 **SECTION 1818Lb.** ^C 79.10 (11) (b) of the statutes, as affected by 1999 Wisconsin
20 Act ... (this act), is repealed and recreated to read:

21 79.10 (11) (b) Before October 16, the department of administration shall
22 determine the total funds available for distribution under the lottery and gaming
23 credit in the following year and shall inform the joint committee on finance of that
24 total. Total funds available for distribution shall be all moneys projected to be

1 transferred to the lottery fund under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and
2 (jm) and all existing and projected lottery proceeds and interest for the fiscal year of
3 the distribution, less the amount estimated to be expended under ss. 20.455 (2) (r),
4 20.566 (2) (r) and 20.835 (2) (q) and (3) (r) and less the required reserve under s.
5 20.003 (5). The joint committee on finance may revise the total amount to be
6 distributed if it does so at a meeting that takes place before November 1. If the joint
7 committee on finance does not schedule a meeting to take place before November 1,
8 the total determined by the department of administration shall be the total amount
9 estimated to be distributed under the lottery and gaming credit in the following
10 year". Insert 11-10

11 **20.** Page 1402, line 19: after that line insert:

12 "SECTION 3025w. 565.45 of the statutes is amended to read:

13 **565.45 Report on expense limitation.** Before January 1, ~~1992~~ 2002, and
14 every 2 years thereafter, the department shall submit a report to the chief clerk of
15 each house of the legislature, for distribution to the legislature under s. 13.172 (2),
16 on the effects on the operation of the lottery of the 10% expense limitation under s.
17 25.75 (3) (b).".

18 **21.** Page 1527, line 15: after that line insert:

19 "(2e) GAMING LAW ENFORCEMENT POSITION AUTHORIZATION. The authorized FTE
20 positions for the department of justice are increased by 2.75 GPR positions to be
21 funded from the appropriation under section 20.455 (2) (fm) of the statutes, as
22 created by this act, for the purpose of gaming law enforcement.".

23 **22.** Page 1545, line 18: after that line insert:

1 “(3e) LOTTERY GENERAL PROGRAM OPERATIONS POSITION AUTHORIZATION. The
 2 authorized FTE positions for the department of revenue are increased by 110.5 GPR
 3 positions to be funded from the appropriation under section 20.566 (8) (a) of the
 4 statutes, as created by this act, for the purpose of conducting general program
 5 operations for the lottery.

6 (3f) LOTTERY AND GAMING CREDIT POSITION AUTHORIZATION. The authorized FTE
 7 positions for the department of revenue are increased by 3.0 GPR positions to be
 8 funded from the appropriation under section 20.566 (2) (am) of the statutes, as
 9 created by this act, for the purpose of administering the lottery and gaming credit.”

* → *Insert 12-9!*

10 **23.** Page 1580, line 2: after that line insert:

11 “(2c) TRANSFERS TO THE LOTTERY FUND.

12 (a) On March 27, 2000, there is transferred from the general fund to the lottery
 13 fund \$37,207,000.

14 (b) On March 26, 2001, there is transferred from the general fund to the lottery
 15 fund \$216,689,300.”

16 **24.** Page 1600, line 20: after that line insert:

17 “(24e) LOTTERY FUND. The repeal and recreation of sections 25.75 (1) (b), 71.07
 18 (3m) (b) 1. a., 71.28 (2m) (b) 1. a., 71.47 (2m) (b) 1. a. and 79.10 (11) (b) of the statutes
 19 and the creation of section 25.75 (1) (c) 3. and (3) (b) and (e) of the statutes take effect
 20 on the effective date of the 2001-03 biennial budget act.”

and (c) 3. ✓

and (c) 3. ✓ (END)

and (c) 3. ✓ and 79.13 ✓

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1888/Adn
ISR&JK:jlg:mrc

WJ

October 2, 1999

TT
* Please note that I have included a statement of legislative intent that may help to sustain this amendment if it faces a constitutional challenge.
Also
Not Please note that this amendment raises two constitutional issues. The first issue is

whether the constitution prohibits the use of general program revenue to pay for general program operations and other related costs of the lottery. Article IV, section 24 (6) (a), of the constitution requires that the net proceeds of the lottery be used for property tax relief. It is unclear what the term "net proceeds" means. A court may find that the term "net proceeds" means gross lottery revenues less lottery prizes and other costs associated with the lottery such as general program operations and vendor fees and thus the use of general program revenues is unconstitutional.

The second issue is whether the moneys transferred from the general fund to the lottery fund may be used toward payment of the lottery and gaming credit as it is currently distributed. Under current law, the lottery and gaming credit is paid from the net proceeds of the lottery. Under article IV, section 24 (6) (a), of the constitution, these net lottery proceeds are not subject to the Uniformity Clause of article VIII, section 1, of the constitution. All other state funds distributed for property tax relief are subject to the uniformity requirement.

It is unclear whether general program revenue transferred to the lottery fund may be considered net proceeds of the lottery. A court may find that the general program revenue transferred under this amendment does not qualify as net proceeds of the lottery and thus is subject to the Uniformity Clause. As the lottery and gaming credit is not distributed uniformly under current law, if a court held that the general program revenue is subject to the Uniformity Clause, using the \$200 million of general program revenue toward payment of the lottery and gaming credit would be unconstitutional.

Please review this amendment carefully to make sure it achieves your intent. If you have any questions, please feel free to contact me.

Ivy G. Sager-Rosenthal
Legislative Attorney
Phone: (608) 261-4455
E-mail: Ivy.Sager-Rosenthal@legis.state.wi.us

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

INSERT 8-8

1710dd
Section #. 71.07 (3m) (c) 3. of the statutes

as created by 1999 Wisconsin Act 5,
=

is amended to read:

(dn) ✓

71.07 (3m) (c) 3. The department shall annually adjust the percentage that is used to determine the amount of a claim under subd. 1. based on the estimated number of claims and the amount estimated to be expended from the appropriation under s. 20.835 (2) (a), as determined under s. 79.13. The department shall incorporate the annually adjusted percentage into the income tax forms and instructions.

History: s. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5. 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5.



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②
③

Insert 8-8

as affected by 1999
Unions Act... (this act),

Section #. 71.07 (3m) (c) 3. of the statutes is amended to read:

repealed and recreated

71.07 (3m) (c) 3. The department shall annually adjust the percentage that is used to determine the amount of a claim under subd. 1. based on the estimated number of claims and the amount estimated to be expended from the appropriation under s. 20.835 (2) (q), as determined under s. 79.13. The department shall incorporate the annually adjusted percentage into the income tax forms and instructions.

History: s. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5. 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5.

end of insert 8-8

[INSERT - 9-5]

as created by 1999 Wisconsin Act 5,
created

1744 & f
B B
CS B

Section #. 71.28 (2m) (c) 3. of the statutes is amended to read:

71.28 (2m) (c) 3. The department shall annually adjust the percentage that is used to determine the amount of a claim under subd. 1. based on the estimated number of claims and the amount estimated to be expended from the appropriation under s. 20.835 (2) ~~(a)~~ as determined under s. 79.13. The department shall incorporate the annually adjusted percentage into the income tax forms and instructions.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5. 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5.

(dm) ✓



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INSERT 9-5

as affected by 1999 Wisconsin Act ... (this act),

Section #. 71.28 (2m) (c) 3. of the statutes is amended to read:

repealed and recreated

71.28 (2m) (c) 3. The department shall annually adjust the percentage that is used to determine the amount of a claim under subd. 1. based on the estimated number of claims and the amount estimated to be expended from the appropriation under s. 20.835 (2) (q), as determined under s. 79.13. The department shall incorporate the annually adjusted percentage into the income tax forms and instructions.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5. 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5.

end of insert 9-5

INSERT 10-2

1744bf[®]

as created by 1999 Unions in act 5,
created

4 Section #. 71.47 (2m) (c) 3. of the statutes is amended to read:

→ 71.47 (2m) (c) 3. The department shall annually adjust the percentage that is used to determine the amount of a claim under subd. 1. based on the estimated number of claims and the amount estimated to be expended from the appropriation under s. 20.835 (2) ~~(g)~~ ^(dm) as determined under s. 79.13. The department shall incorporate the annually adjusted percentage into the income tax forms and instructions.

1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5. 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5.



WFO:
Please
fix component

1744 lg[®]
Section #. 71.47 (2m) (c) 3. of the statutes is amended to read:

(INSERT 10-2)

as affected by 1999 Wisconsin Act
.... (this act),
repealed and recreated

71.47 (2m) (c) 3. The department shall annually adjust the percentage that is used to determine the amount of a claim under subd. 1. based on the estimated number of claims and the amount estimated to be expended from the appropriation under s. 20.835 (2) (q), as determined under s. 79.13. The department shall incorporate the annually adjusted percentage into the income tax forms and instructions.

1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5. 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5.

end of insert 10-2

(INSERT 11-10)

1818 Ld (B)

as created by 1999 Wisconsin Act 5,
created

4 Section #. 79.13 (1) of the statutes is amended to read:
(C) + (B)

79.13 (1) In the 1999-2000 fiscal year, the amount that is estimated to be expended from the
→ appropriation under s. 20.835 (2) (a) is \$15,000,000.

History: 1999 a. 5.

(dm) ✓

4

WFO:
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Section #. 79.13 (1) of the statutes is amended to read:

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INSERT 11-10

as affected by 1999 Wisconsin Act... (this act),

repealed and recreated

79.13 (1) In the 1999-2000 fiscal year, the amount that is estimated to be expended from the appropriation under s. 20.835 (2) (q) is \$15,000,000.

History: 1999 a. 5.

↙

INSERT 11-10

1818 Lf ©

as created by 1999 Wisconsin Act 5,

Section #. 79.13 (2) of the statutes is amended to read:

CS B

created

(dw)

(dw)

2a

79.13 (2) In the 2000-01 fiscal year, and in each fiscal year thereafter, the amount that is estimated
 → to be expended from the appropriation under s. 20.835 (2) (a) is \$15,000,000, plus the amount that
 → is estimated to be expended from the appropriation under s. 20.835 (2) (a) in the previous fiscal year
 → and less the actual amount that is expended from the appropriation under s. 20.835 (2) (a) in the pre-
 vious fiscal year.

History: 1999 a. 5.

(dw)



WFO:
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1818Lg (B)

INSERT 11-10

Section #. 79.13 (2) of the statutes is amended to read:

(S) (B)

as affected by 1999 Wisconsin Act, ... (this act),
repealed and recreated

79.13 (2) In the 2000-01 fiscal year, and in each fiscal year thereafter, the amount that is estimated to be expended from the appropriation under s. 20.835 (2) (q) is \$15,000,000, plus the amount that is estimated to be expended from the appropriation under s. 20.835 (2) (q) in the previous fiscal year and less the actual amount that is expended from the appropriation under s. 20.835 (2) (q) in the previous fiscal year.

History: 1999 a. 5.

end of insert 11-10

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1888/2insISR
ISR.....

Typed

Insert 12-9

(3g) TRANSFER TO LOTTERY FUND. The legislature intends that the amounts transferred from the general fund to the lottery fund under ^(CG) section 9243 (2c) ~~of~~ ^{of} ~~Wisconsin Act~~ this act, be used to reimburse the lottery fund for expenditures made from October 1, 1995 ^(D) to June 30, 1999, from the appropriations under section 20.455 (2) (r), 1995 stats., section 20.566 (2) (r), 1995 stats., section 20.566 (8) (q), (r) and (v), 1995 stats., section 20.835 (2) (q), 1995 stats., section 20.455 (2) (r), 1997 stats., section 20.566 (2) (r), 1997 stats., section 20.566 (8) (q), (r) and (v), 1997 stats., and section 20.835 (2) (q), 1997 stats.”

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb1888/2dn
ISR&JK:jlg&wlj:km

October 4, 1999

Please note that I have included a statement of legislative intent that may help to sustain this amendment if it faces a constitutional challenge. Also note that this amendment raises two constitutional issues. The first issue is whether the constitution prohibits the use of general program revenue to pay for general program operations and other related costs of the lottery. Article IV, section 24 (6) (a), of the constitution requires that the net proceeds of the lottery be used for property tax relief. It is unclear what the term "net proceeds" means. A court may find that the term "net proceeds" means gross lottery revenues less lottery prizes and other costs associated with the lottery such as general program operations and vendor fees and thus the use of general program revenues is unconstitutional.

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Please review this amendment carefully to make sure it achieves your intent. If you have any questions, please feel free to contact me.

Ivy G. Sager-Rosenthal
Legislative Attorney
Phone: (608) 261-4455
E-mail: Ivy.Sager-Rosenthal@legis.state.wi.us

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us