



## Legislative Fiscal Bureau

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

April 16, 2009

Joint Committee on Finance

Paper #690

### **Minor Technical Corrections -- Lottery Fund Opening Balance and Sum Sufficient Appropriation (DOR -- Lottery Administration)**

[LFB 2009-11 Budget Summary: Page 564, #2 and Page 565, #4 ]

#### **CURRENT LAW**

Under current law, property tax relief is provided from the lottery fund. The amount available for property tax relief in a given fiscal year is the sum of the opening balance of the lottery fund, the net lottery proceeds (sales and miscellaneous revenues minus expenses), interest earnings, and other gaming-related revenue transferred to the lottery fund. The actual appropriations for tax relief do not include 2% of anticipated gross revenue, which is kept in reserve in case actual lottery sales fall short of estimated sales.

#### **GOVERNOR**

Under the bill, the 2009-10 opening balance is \$9,559,000 and appropriations for lottery vendor payments are established at \$16,974,200 in 2009-10 and \$16,542,800 in 2010-11.

#### **MODIFICATION**

Modify the 2009-10 lottery fund opening balance from \$9,559,000 to \$9,338,100.

Correct the appropriations for lottery vendor payments from \$16,974,200 to \$16,789,900 in 2009-10 and from \$16,542,800 to \$16,574,200 in 2010-11.

**Explanation:** The modification to the 2009-10 opening balance reflects the revised DOR lottery sales estimates under the bill and actual lottery and gaming credits for 2008-09 paid in March, 2009. This change results in a \$220,900 reduction in the 2009-10 opening balance and also lowers the amount available for property tax relief in 2009-10 by this amount.

The appropriation for vendor fees in each year under the bill requires a correction, which would lower the expenditure estimate by \$184,300 in 2009-10 and increase the expenditure estimate by \$31,400 in 2010-11.

The net effect of these modifications would be to lower the amounts available for the lottery and gaming tax credit by \$36,600 in 2009-10 and \$31,400 in 2010-11. These modifications and any additional changes to the lottery fund's revenue or expenses will be reflected in the lottery fund condition statement prepared for the summary of the Joint Committee on Finance budget deliberations. The fiscal effect shown below reflects only the appropriation change for DOR vendor fee payments.

<b>Change to Bill</b>	
Funding	
SEG	- \$152,900

Prepared by: Art Zimmerman