

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

LRB-2907/1dn  
ISR/JK:cmh:hmh

April 14, 1999

Representative Lehman:

Please review this draft carefully to make sure it reflects your intent. In particular please note the following:

1. If this bill does not pass before the budget passes, please check with me to ensure that the cross-references in this bill are still accurate and that the numbers for created statutes in the bill have not been supplanted by the budget bill. Also, the chapter 20 schedule entries will need to be changed because in this draft they only provide funding for May and June of this year.

2. Currently, compulsive gambling awareness campaigns receive funding from moneys received from the lottery, pari-mutuel on-track betting and Indian gaming. This bill funds compulsive gambling campaigns solely with Indian gaming money to conform to the recent amendments to the state constitution that require all moneys received by the state attributable to the lottery and pari-mutuel on-track betting be used for property tax relief. This change is the same as the proposal in the current budget bill.

If you have any questions or comments, please do not hesitate to contact me.

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

Claims for the farmland tax relief credit under sections 71.07 (3m), 71.28 (2m) and 71.47 (2m) of the statutes are paid from the lottery fund. The proposed changes to article IV, section 24, of the Wisconsin Constitution require that the moneys attributable to bingo games, pari-mutuel on-track betting and the lottery be used for property tax relief for residents and that the distribution of such moneys not vary based on age or income. Although the farmland tax relief credit may be considered a

property tax relief measure, and the amount of the credit is based on a percentage of property taxes accrued, the credit does contain an income component. For a farmland owner to be eligible for the credit, the owner's farm must produce at least \$6,000 in *gross profits* from agriculture use in the current year, or a total of at least \$18,000 in *gross profits* in the current year and the two years immediately preceding the current year. Obviously, there is no case law regarding whether or not "gross profits" is considered "income" for purposes of article IV, section 24, of the Wisconsin Constitution. A court could find, however, that the "gross profits" provision of the farmland tax relief credit violates the constitutional requirement that the distribution of lottery moneys not vary based on income.

While I am not at all certain how a court would rule on a constitutional challenge to the farmland tax relief credit, you should be aware of possible challenges to that credit. If you have any questions, please do not hesitate to contact me.

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