

1999 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB300)

Received: **04/22/99**

Received By: **jkreye**

Wanted: **04/27/99**

Identical to LRB: **LR-2905**

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Luanne**

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

Drafter: **jkreye**

May Contact:

Alt. Drafters: **isagerro
champra**

Subject: **Tax Credits (prop) - lottery**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

lottery credit claimed on income tax form as refundable credit

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>
/?	jkreye 04/23/99 isagerro 04/27/99	chanaman 04/27/99		_____			
/1			jfrantze 04/27/99	_____	lrb_docadmin 04/27/99	lrb_docadmin 04/27/99	

FE Sent For:

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1?	jkreye	cmh /1	To 4/27	To Phh 4/27			

FE Sent For: 4/27

<END>

BOB ZIEGELBAUER



STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

To: Joseph Krue, LLB From: Luanne Date: APR 22 1999

In response to your recent request:

I thought you might be interested in the enclosed material.

Other In light of yesterday's Finance vote, Bob still wants to proceed

* have a sub prepared for PR 300 for the 4/28 Ways + Means hearing

* a sub prepared for SB 114. Call w/ any questions. Thank you!!

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708-8953 • (608) 266-0315 • TOLL FREE: 1-888-529-0025

FAX (608) 266-0316 • E-MAIL: bob.ziegelbauer@legis.state.wi.us

DISTRICT: 1213 S. 8TH STREET, P.O. BOX 325, MANITOWOC, WI 54221-0325 • MANITOWOC OFFICE: (920) 684-6783 • HOME: (920) 684-1362

PRINTED ON RECYCLED PAPER

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SENATE BILL 114

Motion:

Move to amend SSA 1 to SB 114 as follows:

1. Delete the provisions in the substitute amendment that would create a tax credit for properties used as a principal dwelling, establish a procedure to certify properties eligible for the credit, and create a certification reimbursement payment to counties and the City of Milwaukee.
2. Repeal the current lottery credit and create a refundable credit administered through the individual income tax to distribute gaming proceeds to resident homeowners and renters. Specify that the credit would equal a percentage of the property taxes, or rent constituting property taxes, paid on a principal residence located in Wisconsin up to a maximum of \$2,000. For renters, define "rent constituting property taxes" as 20% of rent if payment for heat is included in rent payments and 25% of rent if payment for heat is not included. Provide that eligible renters would include only those living in housing subject to property taxes or subject to payments in lieu of property taxes. Specify that the penalty and interest provisions under current law for the individual income tax would apply to the lottery property tax/rent credit.
3. Modify the current procedure under which the Department of Administration informs the Joint Committee on Finance of the total lottery funds available for distribution before October 16. Require the Department's estimate to include pari-mutuel racing and bingo proceeds and interest earnings on those monies. Require the Department to determine the credit percentage each year based on the estimated amount of gaming proceeds that would be available for the credit and the estimated amount of property taxes and rent constituting property taxes that would be claimed for the credit. Authorize the Committee to revise the total amount to be distributed under the credit and the credit percentage if the Committee does so at a meeting that takes place before November 1. Provide that if the Committee does not schedule a meeting that takes place prior to November 1, the total amount and the credit percentage determined by the Department shall be the total amount and credit percentage under the credit in the following year.
4. Provide that the new credit would first be effective for property taxes and rent paid in calendar year 1999.

Note:

This motion would create a refundable property tax/rent credit, which would be available to homeowners and renters through the individual income tax system and would be funded with

lottery, pari-mutuel racing and bingo proceeds. As a refundable credit, a check from the state would be issued if the amount of the credit exceeds income tax liability. This would also allow households that do not owe income taxes to claim the credit.

The proposed credit would be similar to the current property tax/rent credit (PTRC) in that it would be calculated as a percent of property taxes, or rent constituting property taxes, up to a maximum of \$2,000. However, the credit percentage would be set annually by the Department of Administration, subject to review by the Joint Committee on Finance.

The definition of "rent constituting property taxes" would be the same as currently used for the PTRC and the homestead tax credit. In addition, as required under current law, the rental unit would have to be subject to property taxes, or payments in lieu of property taxes, in order to be eligible for the credit. The credit would equal about 3.5% of taxes or of rent constituting taxes on an ongoing basis. The maximum credit would be approximately \$70.

The farmland tax relief credit, which is funded with lottery proceeds, would be unaffected by this proposal.



Legislative Fiscal Bureau

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

April 21, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 114: Creation of the Gaming Fund and Gaming Credit

Senate Bill 114 would replace the lottery fund with a new fund, called the gaming fund. Revenues from the state lottery, pari-mutuel on-track betting and bingo would be deposited in the fund and used for appropriations related to the administration of gaming activities and property tax relief. Also, the bill would rename and change the distribution mechanism for the lottery tax credit.

SB 114 was introduced on April 13, 1999, and referred to the Committee on Economic Development, Housing and Government Operations. The Committee held a public hearing on the bill on April 14, 1999, and recommended Senate Substitute Amendment 1 to SB 114 for passage by a vote of 4 to 0. On April 16, 1999, the bill was referred to the Joint Committee on Finance.

BACKGROUND

On April 6, 1999, state voters approved an amendment to the Wisconsin Constitution related to the distribution of gaming proceeds. The amendment was placed on the ballot after two successive Legislatures approved identical joint resolutions, 1997 Assembly Joint Resolution 80 and 1999 Assembly Joint Resolution 2.

The amendment changes three provisions in Section 24 of Article IV of the Constitution. That section enumerates the forms of gambling that are permissible in the state, and identifies certain activities as not constituting gambling. The three provisions relate to the state lottery, pari-mutuel on-track betting and bingo. Specifically, the amendment permits revenues from those activities to be used for operations, regulation and enforcement activities related to gambling, but limits the use of the remaining revenues for property tax relief for state residents. State revenues

are defined to include investment earnings on lottery, pari-mutuel on-track betting and bingo revenues. The distribution of monies for property tax relief for state residents is subject to two conditions. First, the distribution cannot be based on the recipient's age or income. Second, the distribution does not have to conform to the rules of uniform taxation required under Section 1 of Article VIII of the Wisconsin Constitution.

SUMMARY OF SENATE SUBSTITUTE AMENDMENT 1 TO SENATE BILL 114

SSA 1 to SB 114 would modify several provisions in current law to comply with the conditions imposed under the constitutional amendment.

Creation of a Segregated Gaming Fund and Modification of Gaming-Related Appropriations. Under current law: (a) lottery revenues are deposited in a segregated lottery fund; (b) bingo regulatory revenues are deposited in a program revenue appropriation in the Department of Administration (DOA); (c) pari-mutuel regulatory revenues are deposited in program revenue appropriations in DOA and the Department of Justice (DOJ); and (d) two gaming taxes, the bingo gross receipts tax and the pari-mutuel tax, are deposited in the general fund. Under the substitute amendment, a segregated gaming fund would be created to replace the lottery fund. The gaming fund would receive all state revenue from the lottery, charitable bingo and pari-mutuel wagering, including tax revenue from bingo gross receipts and pari-mutuel wagering. Under current law, the Legislature may not enact any bill that would cause the lottery fund balance on June 30 of any fiscal year to be less than 2% of the estimated gross lottery revenues for that fiscal year. This reserve provision would be retained for the gaming fund.

Under the substitute amendment, all state regulatory funding relating to bingo and pari-mutuel gaming activities would be converted to SEG funding. Program revenue appropriations under DOA and DOJ, relating to pari-mutuel racing regulation and law enforcement, respectively, would be repealed. A PR appropriation for charitable gaming would be amended to remove bingo references. The appropriation, as amended, would apply only to raffles and crane games. [A technical correction of this amendment of the charitable gaming PR appropriation is required.] The substitute amendment would create two SEG, general program operations appropriations in DOA, funded from the gaming fund, one for pari-mutuel racing and one for bingo. The substitute amendment would also amend SEG appropriations in DOJ and DOR (the lottery) to specify that funding would be provided from the gaming fund.

The substitute amendment would eliminate the provision of gaming-related funds to other agencies for purposes unrelated to operations, regulation or enforcement of gaming. First, pari-mutuel racing funds provided to the Department of Agriculture, Trade and Consumer Protection (DATCP) for aids to county and district fairs (up to \$650,000 annually, depending on availability) and aid to the Wisconsin livestock breeders association (up to \$50,000) would be eliminated. The DATCP appropriation for aids to county and district fairs would be converted from a sum sufficient to a sum certain, annual appropriation. Second, lottery funds (\$36,000) and pari-mutuel racing funds (\$14,000) provided to the Department of Health and Family Services (DHFS) for compulsive gambling awareness campaigns would be eliminated and

replaced with Indian gaming funding. Third, an appropriation under DOA for county fair association grants (\$50,000 annually) relating to wagering on horse races at fairs would be eliminated. [The licensing of horse race wagering at fairs is authorized, but has not occurred in Wisconsin.]

The SEG appropriations created under the substitute amendment would be funded for the remainder of the 1998-99 fiscal year (May and June), as follows: (a) the appropriation relating to pari-mutuel racing would be provided \$662,800; and (b) the appropriation relating to charitable bingo would be provided \$32,300. In addition, the current law SEG appropriation under DOJ would be increased by \$36,700 in 1998-99. In addition to funding, positions would also be converted from PR to SEG, as follows: (a) 27.85 DOA positions relating to pari-mutuel racing; (b) 3.0 DOA charitable gaming positions relating to bingo; and (c) 1.0 DOJ position relating to pari-mutuel racing.

Under the substitute amendment, the unencumbered balances in the DOA PR appropriation for pari-mutuel racing regulation and the DOJ PR appropriation for pari-mutuel racing law enforcement would be transferred to the gaming fund on the effective date of the legislation. In addition, \$404,400 would be transferred on the effective date from the DOA PR appropriation for charitable gaming to the gaming fund. This amount represents the estimated share of the unencumbered balance in the charitable gaming appropriation, on May 1, 1999, attributable to bingo.

In summary, the substitute amendment would create a segregated gaming fund that would replace the segregated lottery fund and would receive all state revenue relating to the lottery, charitable bingo, and pari-mutuel racing. Current law funding and positions relating to bingo and pari-mutuel racing would be converted to SEG funding and positions. Unencumbered balances relating to bingo and pari-mutuel racing would be transferred to the gaming fund. Finally, provisions under current law that transfer amounts to other agencies (DHFS for compulsive gambling and DATCP for agricultural aids) would be eliminated. The intent of the substitute amendment is to convert gaming operational budgets to SEG funding without affecting the funding levels or position authority of the agencies involved.

Tax Credit for Properties Used as a Principal Dwelling. Currently, each piece of taxable property receives a lottery credit equal to the school tax rate for that property multiplied by a value base. If a property has a market value below the value base, the lottery credit is limited to the school taxes on the lower value. The value base changes each year and is set by the Department of Revenue at a level intended to distribute all available lottery proceeds.

Effective for tax bills issued in December, 1999, SSA 1 to SB 114 would replace the lottery tax credit with a gaming credit. The credit would be calculated identically to the lottery credit, but would be extended only to property used as the owner's principal dwelling. Owners would be required to claim the credit by filing an application on which they attest that they owned the property and used it as their principal dwelling as of January 1 of the year in which taxes are levied. The credit would apply both to dwellings subject to general property taxes and dwellings subject to monthly mobile home fees.

Between 1991(92) and 1995(96), the lottery credit was distributed exclusively to property used as the owner's principal dwelling. That treatment was ruled to be a violation of the state constitution's tax uniformity clause in an October, 1996, circuit court decision, and lottery credits were not extended on 1996(97) property tax bills. In 1997, state law was modified to require lottery credits to be extended to all taxable properties. SSA 1 to SB 114 generally restores the statutory language that existed at the time of the court decision.

Certification of Properties Eligible for the Credit. Under current law, a tax credit is extended to each personal property account and parcel of real estate that is taxable. Since the proposed credit would be extended only to properties used as the owner's principal dwelling, a procedure to identify those properties is required. Rather than identify eligible properties when taxes are paid, SSA 1 would require eligible properties to be identified before tax bills are issued.

Beginning in 1999, owners of eligible properties would be required to file an application on which they attest that they owned the property and used it as their principal dwelling as of January 1 of the year in which taxes are levied. The application would be valid for five years and would be filed with the treasurer of the county where the property is located or with the treasurer of the City of Milwaukee if the property is located there. During the intervening four years, SSA 1 would allow owners to apply for the credit when they buy property by indicating on the real estate transfer return that they intend to use the property as their principal dwelling. The substitute amendment does not provide any other mechanism for owners to claim the credit during the intervening years. Such a mechanism may be desirable when owners change the use of their property, such as from a seasonal cottage to a principal dwelling.

The bill does not provide a mechanism for eligible properties to receive the credit if the credit is not extended on tax bills. Under the law that existed prior to 1997 Act 27, a DOR administrative rule allowed owners of eligible properties to claim the credit when they paid their taxes if the credit was not reflected on their tax bills. In such cases, the rule required owners to submit an application by January 31 following the tax bill's issuance with the treasurer collecting the taxes. A corresponding provision was not included in the statutes at that time. If the Legislature wants this treatment to continue, it may be advisable to amend SSA 1 to include a provision authorizing late claims.

When a person becomes ineligible for the credit, SSA 1 would require the person to notify the treasurer of the county or city where the property is located that the person is no longer eligible.

Certification Reimbursement. SSA 1 would create a sum sufficient appropriation within the gaming fund to reimburse counties and the City of Milwaukee for administering the certification requirement. The substitute amendment would establish a reimbursement rate of 50 cents per credit and authorize payments every five years on the first Friday of September, beginning in 1999. Payments would be based on the number of applications on file with each county and the City of Milwaukee as of the previous August 1. SSA 1 would require each county and the City to report

that number to DOR by August 16. Treasurers may have difficulty meeting this timetable in 1999, depending on the bill's effective date. This could be addressed by delaying the timetable on a one-time basis.

When an error is made in a certification reimbursement payment to a local government, SSA 1 instructs DOR to correct the error in the subsequent year's distribution. Because certification reimbursement payments would be made every five years, rather than annually, a technical amendment could be made to specify that the correction be made in the succeeding distribution, as opposed to the subsequent year's distribution.

Funds Available for Distribution. SSA 1 would continue the current procedure for determining the amount available for distribution as tax credits. Under that procedure, DOA provides the Joint Committee on Finance with an estimate of total funds available for distribution as tax credits in the current year by October 16. The Committee may revise the DOA estimate if it does so at a meeting that takes place prior to November 1. If the Committee chooses to accept the DOA estimate, no Committee action is required. DOR is notified of the approved amount, which is the basis for calculating the value base. DOR is required to set the value base at a level that distributes the total amount approved by the Committee. SSA 1 would make minor modifications to this procedure by changing the definition of funds available for distribution to include pari-mutuel, on-track betting and bingo revenues and to exclude appropriations related to administration of pari-mutuel racing and bingo and the local certification reimbursement payment.

Also, SSA 1 would require one-fifth of the estimated amount needed for reimbursement payments to local governments to be excluded from the funds available for distribution. The apparent intent of this provision is to reserve a portion of the amount needed for reimbursement payments to local governments each year so that in the fifth year credits received by taxpayers will not be noticeably reduced. However, as drafted, the provision may not accomplish this objective. The amount omitted from each year's credit allocation would contribute to the closing balance in the gaming fund and would be available for distribution as gaming credits in the succeeding year. Under this interpretation, the gaming fund would never accumulate more than 20% of the amount needed for the reimbursement payment.

Farmland Tax Relief Credit. Under current law, tax credits funded with lottery proceeds are distributed to farmers under the farmland tax relief credit. SSA 1 would not modify the current credit, other than changing its funding source from lottery proceeds to gaming proceeds. The credit is administered through the state income tax system and equals 10% of up to \$10,000 in net property taxes levied on agricultural land. Claimants must be domiciled in Wisconsin for the full year and own at least 35 acres of state farmland that produced gross farm profits of at least \$6,000 in the preceding year or at least \$18,000 in the three preceding years. Although the newly-adopted constitutional amendment prohibits gaming proceeds from being distributed based on the recipient's income, the sole purpose of the gross farm profits requirement is to distinguish farm property from nonfarm property and does not otherwise impact the determination of the credit amount. Given this use, it is unknown whether a court would find that this requirement violates the provision in the

constitutional amendment. The biennial budget bill reflects estimated farmland tax relief credit distributions of \$10.6 million in 1999-00 and \$10.0 million in 2000-01.

FISCAL EFFECT

Under SSA 1, gambling revenues available for property tax relief are estimated at \$120 million to \$125 million annually. These amounts are net of funds expended on operations, regulation and enforcement activities related to gambling. The distribution under the farmland tax relief credit is estimated at \$10.6 million in 1999-00. The remaining \$109 to \$114 million would fund an average credit for homeowners of \$88 to \$92, annually. That range compares to an average credit estimated at \$37 under current law. The administrative reimbursement to counties and the City of Milwaukee is estimated at \$625,000 in 1999-00. Based on that amount, funding available for the gaming credit would be reduced by about \$125,000 in each succeeding year. The withheld amount would be used to fund reimbursement payments to counties and the City of Milwaukee in every fifth year after 1999.

Finally, depositing revenue associated with the bingo gross receipts tax and the pari-mutuel tax in the gaming fund (as required under the constitutional amendment) would reduce general fund revenue by \$2.5 million in 1999-00 and \$2.4 million in 2000-01.

MISCELLANEOUS ISSUES

DOR Administrative Costs. SSA 1 retains the appropriation that funds DOR's administrative costs related to the tax credit. Currently, the appropriation contains funding for one project position, which expires on September 30, 1999. The appropriation funded two auditors and one computer programmer when the lottery credit was extended exclusively to homeowners. DOR has indicated that it would need 3.0 positions and \$220,300 in 1999-00 and \$210,900 in 2000-01 to administer the gaming credit.

Definition of Property Eligible for the Credit. SSA 1 would extend the credit to principal dwellings on taxable real property. The reference to real property could be interpreted in a way that prevents principal dwellings that are classified as personal property from receiving the credit. Buildings are classified as personal property when the building is located on real estate that is owned by someone other than the owner of the building.

Special Charge for Credits Extended to Ineligible Properties. SSA 1 directs DOR to recover credits extended to properties that are ineligible for the credit by imposing a special charge on the county where the property is located. The county would then be required to direct the underlying municipality to impose a special charge on the property that received the credit. This procedure could be simplified by bypassing the county and authorizing DOR to instruct the municipality to impose the special charge.

Tax Bills. Some local governments have already ordered and received the forms on which tax bills will be printed in December, 1999. State law requires tax bills to display tax credit amounts. If SB 114 is enacted, the existing tax forms will identify the gaming credit as the lottery credit, and local governments may feel obligated to order new forms. SSA 1 could be modified to accommodate the existing tax forms by changing the name of the gaming credit to the lottery and gaming credit or by including a nonstatutory provision that would allow local governments to use existing tax forms.

State Constitution. Article II, Section 2 of the Wisconsin Constitution states "in no case shall nonresident proprietors be taxed higher than residents." This provision was included as a condition for Wisconsin to become a state, and similar provisions are included in the constitutions of other states. Those states have been permitted to extend preferential tax treatment so long as the property receiving the treatment is not distinguished only by ownership. In light of this, the tax credit proposed in SSA 1 could be modified to clarify that the credit is extended to property rather than individuals. Although the substitute amendment extends preferential tax treatment to homestead property of Wisconsin residents, nonhomestead property owned by Wisconsin residents would be treated the same as nonhomestead property owned by nonresidents. The courts have allowed similar treatment in other states.

Accounting for Enterprise Activities. The substitute amendment would combine revenues and expenditures for pari-mutuel racing, bingo and lottery activities under a single, segregated fund called the gaming fund. DOR has noted that this treatment would complicate the accounting for these activities. The state's pari-mutuel racing and bingo activities are regulatory functions. The state lottery is operated like a business, or enterprise, where revenues are used to fund related expenditures. Governmental accounting standards require the state to report revenues and expenditures related to enterprise activities separately from other functions. Although the substitute amendment would combine pari-mutuel racing, bingo and lottery activities within a single fund, bingo and pari-mutuel racing revenues and expenditures would have to be accounted for separately from lottery revenues and expenditures under the accounting standards. Rather than replace the lottery fund with a gaming fund, the substitute amendment could be amended to use PR appropriations to fund pari-mutuel racing and bingo activities. The amendment could specify that any interest on bingo and pari-mutuel racing revenues would accrue to those appropriations and any balance in the appropriations at the end of each fiscal year would be transferred to the lottery fund. This would retain the use of interest and net proceeds from these activities for property tax relief, as required by the constitutional amendment.

Prepared by: Rick Olin and Art Zimmerman



State of Wisconsin
1999 - 2000 LEGISLATURE

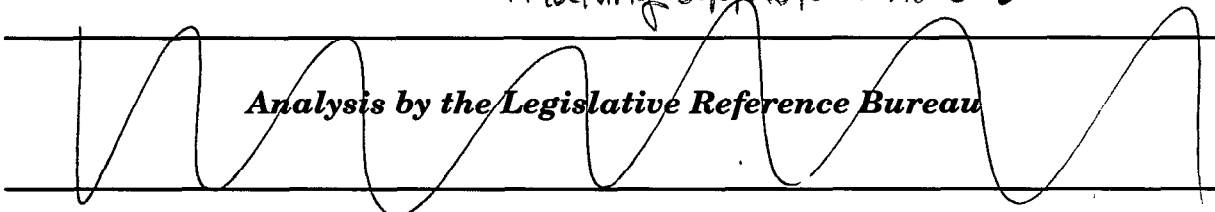
50049/9
LRB-2908/2
ISR/JK/RAC.....
CMT

Dnote

Today
4/27/99

ASA to 1999
AB300

1 AN ACT ...; relating to: ^{the lottery and gaming tax credit and making appropriations.}



The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Insert 1
2
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w.p. move text to 5
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SECTION 1. 20.835 (3) (q) of the statutes is repealed.

SECTION 2. 20.835 (2) (r) of the statutes is created to read:

20.835 (2) (r) Lottery and gaming credit. From the lottery fund, a sum sufficient to make the payments under s. 71.07 (9b) (e).

SECTION 3. 66.058 (3) (c) 8. of the statutes is repealed.

SECTION 4. 71.07 (9b) of the statutes is created to read:

71.07 (9b) LOTTERY AND GAMING CREDIT. (a) In this subsection:

1. "Claimant" means a natural person who files a claim or on whose behalf a claim is filed under this subsection but does not include an estate, fiduciary or trust.

SECTION 4

1 2. "Principal dwelling" means any dwelling, whether owned or rented, and the
 2 land surrounding it that is reasonably necessary for use of the dwelling as a primary
 3 dwelling of the claimant and may include a part of a multidwelling or multipurpose
 4 building and a part of the land upon which it is built that is used as the claimant's
 5 primary dwelling.

6 3. "Property taxes" means real and personal property taxes, exclusive of special
 7 assessments, delinquent interest and charges for service, paid by a claimant on the
 8 claimant's principal dwelling during the taxable year for which credit under this
 9 subsection is claimed, less any property taxes paid which are properly includable as
 10 a trade or business expense under section 162 of the internal revenue code. If the
 11 principal dwelling on which the taxes were paid is owned by 2 or more persons or
 12 entities as joint tenants or tenants in common or is owned by spouses as marital
 13 property, "property taxes" is that part of property taxes paid that reflects the
 14 ownership percentage of the claimant. If the principal dwelling is sold during the
 15 taxable year the "property taxes" for the seller and buyer shall be the amount of the
 16 tax prorated to each in the closing agreement pertaining to the sale or, if not so
 17 provided for in the closing agreement, the tax shall be prorated between the seller
 18 and buyer in proportion to months of their respective ownership. "Property taxes"
 19 includes monthly parking permit fees in respect to a principal dwelling collected
 20 under s. 66.058 (3) (c).

21 4. "Rent constituting property taxes" means 25% of rent if heat is not included,
 22 or 20% of rent if heat is included, paid during the taxable year for which credit is
 23 claimed under this subsection, at arm's length, for the use of a principal dwelling and
 24 contiguous land, excluding any payment for domestic, food, medical or other services
 25 which are unrelated to use of the dwelling as housing, less any rent paid that is

1 properly includable as a trade or business expense under the internal revenue code.
2 "Rent" includes space rental paid to a landlord for parking a mobile home. Rent shall
3 be apportioned among the occupants of a principal dwelling according to their
4 respective contribution to the total amount of rent paid. "Rent" does not include rent
5 paid for the use of housing which was exempt from property taxation, except housing
6 for which payments in lieu of taxes were made under s. 66.40 (22).

7 (b) Subject to the limitations under this subsection, a claimant may claim as
8 a credit against the taxes imposed under s. 71.02 an amount not exceeding a
9 percentage, as determined annually by the joint committee on finance under par. (d),
10 of the first \$2,000 of property taxes or rent constituting property taxes, or 10% of the
11 first \$1,000 of property taxes or rent constituting property taxes of a married person
12 filing separately.

13 (c) For an unmarried person or a married person filing a separate return who
14 is a part-year resident of this state, the credit under this subsection is limited to that
15 fraction of the amount determined under this subsection that Wisconsin adjusted
16 gross income is of federal adjusted gross income. No credit is allowed under this
17 subsection for unmarried persons or married persons filing separate returns who are
18 nonresidents of this state. If one spouse is not domiciled in this state during the
19 entire taxable year, the credit on a joint return is determined by multiplying the
20 school property tax credit that would be available to them if both spouses were
21 domiciled in this state during the entire taxable year by a fraction the numerator of
22 which is their joint Wisconsin adjusted gross income and the denominator of which
23 is their joint federal adjusted gross income. No credit is allowed under this
24 subsection on a joint return if both spouses are nonresidents of this state.

SECTION 4

1 (d) Before October 16, the department of administration shall determine the
 2 total funds available for distribution under this subsection in the following year and
 3 the percentage of property taxes or rent constituting property taxes that a claimant
 4 may claim under par. (b) in the current taxable year and shall inform the joint
 5 committee on finance of that total and percentage. Total funds available for
 6 distribution shall be ^{all moneys projected to be transferred to the lottery fund under} all existing and projected lottery proceeds, ^{as defined in s. 25.75} ~~as defined in s. 25.75~~ ^{ss. 20.455(2)(g)}
 7 ~~(1) (c), bingo revenues, as defined in s. 25.75 (1) (am), pari-mutuel wagering~~ ^{and 20.505(8)}
 8 ~~revenues, as defined in s. 25.75 (1) (d), and interest for the fiscal year of the~~ ^{(am), (g) and}
 9 distribution, less the amount estimated to be expended under ss. 20.455 (2) (r),
 10 ~~20.505 (8) (q) and (r), 20.566 (2) (r) and 20.835 (2) (q) and less the required reserve~~ ^{(m) and}
 11 under s. 20.003 (5). The joint committee on finance may revise the total amount to
 12 be distributed or the percentage under par. (b) if it does so at a meeting that takes
 13 place before November 1. If the joint committee on finance does not schedule a
 14 meeting to take place before November 1, the total determined by the department
 15 of administration shall be the total amount estimated to be distributed under this
 16 subsection in the following year and the percentage determined by the department
 17 of administration shall be the percentage of property taxes or rent constituting
 18 property taxes that a claimant may claim under par. (b) in the current taxable year.

19 (e) If the allowable amount of the claim under this subsection exceeds the
 20 income taxes otherwise due on the claimant's income, the amount of the claim that
 21 is not used to offset those taxes shall be certified by the department of revenue to the
 22 department of administration for payment by check, share draft or other draft drawn
 23 from the appropriation under s. 20.835 (2) (r).

24 (f) No credit may be allowed under this subsection unless it is claimed within
 25 the period specified in s. 71.75 (2).

g
 1 (g) In any case in which a principal dwelling is rented by a person from another
 2 person under circumstances deemed by the department of revenue to be not at arm's
 3 length, the department may determine rent at arm's length, and, for purposes of this
 4 subsection, such determination shall be final.

5 (h) Section 71.28 (4) (g) and (h) as it relates to the credit under s. 71.28 (4)
 6 relates to the credit under this subsection.

7 SECTION 5. 71.08 (1) (intro.) of the statutes is amended to read:

8 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
 9 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
 10 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6) and,
 11 (9b) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
 12 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII
 13 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
 14 section, there is imposed on that natural person, married couple filing jointly, trust
 15 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
 16 as follows:

17 SECTION 6. 71.10 (4) (i) of the statutes is amended to read:

18 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
 19 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
 20 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
 21 71.07 (2fd), ~~lottery and~~ gaming credit under s. 71.07 (9b), earned income tax credit under s. 71.07
 22 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch. X.

23 SECTION 7. 74.09 (3) (b) 6. of the statutes is repealed.

24 SECTION 8. 74.09 (3) (b) 7. of the statutes is repealed.

25 SECTION 9. 74.09 (3) (f) of the statutes is repealed.

1 ^X
SECTION 10. 74.29 of the statutes is amended to read:

2 **74.29 August settlement.** On or before August 20, the county treasurer shall
3 pay in full to the proper treasurer all real property taxes, ~~including taxes offset by~~
4 ~~the credit under s. 79.10~~^X(5), and special taxes included in the tax roll which have not
5 previously been paid to, or retained by, the proper treasurer. A county may, by
6 resolution adopted by the county board, direct the county treasurer to pay in full to
7 the proper treasurer all special assessments and special charges included in the tax
8 roll which have not previously been paid to, or retained by, the proper treasurer.

9 ^X
SECTION 11. 77.22 (2) (intro.)[✓] of the statutes is amended to read:

10 [✓]
77.22 (2) (intro.) The secretary of revenue shall prescribe the form required
11 under sub. (1). The form ~~shall include an application for a credit under s. 79.10~~[✓](5)
12 ~~and shall provide for the submission of the following:~~

13 **SECTION 12.** 77.23 of the statutes is amended to read:

14 **77.23 Disposition of fees and returns.** On or before the 15th day of each
15 month the register shall submit to the county treasurer transfer fees collected
16 together with the returns filed in the office during the preceding month for the
17 treasurer's transmission to the department of revenue under s. 77.24 ~~and shall~~
18 ~~submit to the county treasurer, or to the city treasurer if the property is located in~~
19 ~~a city that collects taxes under s. 74.87, all applications for credits under s. 79.10~~[✓](5)
20 ~~that the county register of deeds receives during the preceding month.~~

21 ^X
SECTION 13. 79.10 (1m) of the statutes is repealed.

22 **SECTION 14.** 79.10 (2) of the statutes is amended to read:

23 **79.10 (2) NOTICE TO MUNICIPALITIES.** On or before December 1 of the year
24 preceding the distribution under sub. (7m) (a), the department of revenue shall
25 notify the clerk of each town, village and city of the estimated fair market value, as

1 ~~determined under sub. (11), to be used to calculate the lottery credit under sub. (5)~~ ✓
 2 ~~and of the amount to be distributed to it under sub. (7m) (a)~~ ✓
 3 Monday in July. The anticipated receipt of such distribution shall not be taken into
 4 consideration in determining the tax rate of the municipality but shall be applied as
 5 tax credits.

strike "(a)"

6 SECTION 15. 79.10 (5) of the statutes is repealed. ✓

7 SECTION 16. 79.10 (6m) of the statutes is amended to read: ✓

8 79.10 (6m) CORRECTIONS OF STATE PROPERTY TAX CREDIT PAYMENTS. If the
 9 department of administration or the department of revenue determines by October
 10 1 of the year of any distribution under subs. sub. (4) and ~~(5)~~ ✓ that there was an
 11 overpayment or underpayment made in that year's distribution by the department
 12 of administration to municipalities, as determined under subs. sub. (4) and ~~(5)~~ ✓,
 13 because of an error by the department of administration, the department of revenue
 14 or any municipality, the overpayment or underpayment shall be corrected as
 15 provided in this subsection. Any overpayment shall be corrected by reducing the
 16 subsequent year's distribution, as determined under subs. sub. (4) and ~~(5)~~ ✓, by an
 17 amount equal to the amount of the overpayment. Any underpayment shall be
 18 corrected by increasing the subsequent year's distribution, as determined under
 19 subs. sub. (4) and ~~(5)~~ ✓, by an amount equal to the amount of the underpayment.
 20 Corrections shall be made in the distributions to all municipalities affected by the
 21 error. Corrections shall be without interest.

INS
7-22
→

22 SECTION 17. 79.10 (7m) (b) of the statutes is repealed.

23 SECTION 18. 79.10 (9) (bm) of the statutes is repealed. ✓

INS
7-23
→

24 SECTION 19. 79.10 (9) (c) of the statutes is amended to read: ✓



SECTION 19

1 79.10 (9) (c) Credits shown on tax bill. The lottery credit under par. (b) shall ✓
2 ~~reduce the property taxes otherwise payable, and the credit under par. (b) shall~~
3 reduce the property taxes otherwise payable.

4 SECTION 20. 79.10 (11) of the statutes is repealed.

5 → Insert 8-A ; Insert 8-B
6 SECTION 21. Initial applicability.

7 (1) LOTTERY AND GAMING CREDIT. The treatment of section 71.07 (9b) of the ✓
8 statutes first applies to taxable years beginning on January 1 of the year in which
9 this subsection takes effect, except that if this subsection takes effect after July 31 ✓
10 the treatment of section 71.07 (9b) of the statutes first applies to taxable years ✓
11 beginning on January 1 of the year after the year in which this subsection takes
12 effect.

(END)

**SENATE SUBSTITUTE AMENDMENT ,
TO 1999 SENATE BILL 114**

1 **AN ACT** *to repeal* 20.115 (4) (g), 20.115 (4) (h), 20.505 (8) (i), 562.077 and 563.05
2 (6); *to renumber* 563.135 and 563.80; *to amend* 20.115 (4) (a), 20.115 (4) (b),
3 20.435 (7) (kg), 20.455 (2) (g), 20.505 (8) (h), 20.505 (8) (j), 20.566 (2) (r), 20.566
4 (8) (q), 20.835 (3) (q) (title), 25.75 (2), 25.75 (3) (intro.), 25.75 (3) (e), 66.058 (3)
5 (c) 8., 71.07 (3m) (c) 1., 71.28 (2m) (c) 1., 71.47 (2m) (c) 1., 79.10 (1m), 79.10 (2),
6 79.10 (5), 79.10 (7m) (b) (title) and 1. a., 79.10 (9) (bm), 79.10 (9) (c), 79.10 (11)
7 (title), (b) and (c), 79.11 (2), 79.11 (3) (b), 93.31, 562.065 (3) (d) (title), 562.065
8 (3m) (c) (title) and 2., 562.124 (2), 563.13 (4), 563.16, 563.92 (2), 563.98 (1g) and
9 565.02 (7); *to repeal and recreate* 20.505 (8) (g); and *to create* 20.505 (8) (am),
10 20.505 (8) (jm), 20.835 (3) (r), 25.75 (3) (f), 79.10 (1) (dm), 79.10 (7r), 79.10 (10),
11 562.065 (3) (cm), 563.055 (6), 563.135 (2m), 563.22 (2) (c) and 563.80 (2m) of the
12 statutes; **relating to:** the property tax lottery credit and making
13 appropriations.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Insert 1

1 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

1997-98 1998-99

3 **20.115 Agriculture, trade and consumer**
4 **protection, department of**

5 (4) AGRICULTURAL ASSISTANCE

6 (b) Aids to county and district fairs GPR A -0- -0-

7 **20.505 Administration, department of**

8 (8) DIVISION OF GAMING

9 (jm) General program operations;

10 bingo PR A -0- 32,300

11 SECTION 2. 20.115 (4) (a) of the statutes is amended to read:

12 20.115 (4) (a) *Aid to Wisconsin livestock breeders association.* The amounts in
13 the schedule, ~~less moneys available under par. (h)~~[✓], for the purpose of aid to the
14 Wisconsin livestock breeders association for the conduct of junior livestock shows
15 and other livestock educational programs under s. 93.31.

16 SECTION 3. 20.115 (4) (b) of the statutes is amended to read:

17 20.115 (4) (b) *Aids to county and district fairs.* ~~A sum sufficient~~ The amounts
18 in the schedule to provide state aids to counties and agricultural societies,
19 associations or boards and to incorporated dairy or livestock associations, not to
20 exceed \$15,000 per fair as provided in s. 93.23. ~~No moneys in excess of the difference~~
21 ~~between \$585,000 and the amount of moneys available under par. (g)~~[✓] in each fiscal

Insert 1 (cont)

1 year may be expended from this appropriation. If the total due the several counties
2 and agricultural societies under this paragraph exceeds \$585,000 the amounts in the
3 schedule, the department shall equitably prorate that amount.

4 SECTION 4. 20.115 (4) (g) of the statutes is repealed.

5 SECTION 5. 20.115 (4) (h) of the statutes is repealed.

6 SECTION 6. 20.435 (7) (kg) of the statutes is amended to read:

7 20.435 (7) (kg) *Compulsive gambling awareness campaigns*. The amounts in
8 the schedule for the purpose of awarding grants under s. 46.03 (43). All moneys
9 transferred from ~~ss. s.~~ 20.505 (8) (g) and (h) and ~~20.566 (8) (e)~~ shall be credited to this
10 appropriation account.

11 SECTION 7. 20.455 (2) (g) of the statutes is amended to read:

12 20.455 (2) (g) *Gaming law enforcement; racing revenues*. From all moneys
13 received under ss. 562.02 (2) (f), 562.04 (1) (b) 4. and (2) (d), 562.05 (2), 562.065 (3)
14 (cm) and (d), (3m) (c) 2. and (4) and, 562.09 (2) (e) and 562.124 (2), the amounts in
15 the schedule for the performance of the department's gaming law enforcement
16 responsibilities as specified in s. 165.70 (3m). Notwithstanding s. 20.001 (3) (a), the
17 unencumbered balance of this appropriation account at the end of each fiscal year
18 shall be transferred to the lottery fund.

19 SECTION 8. 20.505 (8) (am) of the statutes is created to read:

20 20.505 (8) (am) *Interest on racing and bingo moneys*. A sum sufficient equal
21 to the amount earned by the investment fund on revenues received under pars. (g)
22 and (jm) and s. 20.455 (2) (g) for the purpose of transferring this amount to the lottery
23 fund.

24 SECTION 9. 20.505 (8) (g) of the statutes is repealed and recreated to read:

Insert 1 (cont)

1 20.505 (8) (g) *General program operations; racing.* The amounts in the
2 schedule for general program operations under ch. 562. All moneys received by the
3 department of administration under ss. 562.02 (2) (f), 562.04 (1) (b) 4. and (2) (d),
4 562.05 (2), 562.065 (3) (cm) and (d), (3m) (c) 2. and (4), 562.09 (2) (e) and 562.124 (2),
5 less the amounts appropriated under s. 20.455 (2) (g), shall be credited to this
6 appropriation account. Notwithstanding s. 20.001 (3) (a), the unencumbered
7 balance of this appropriation account at the end of each fiscal year shall be
8 transferred to the lottery fund.

9 **SECTION 10.** 20.505 (8) (h) of the statutes is amended to read:

10 20.505 (8) (h) *General program operations; Indian gaming.* The amounts in the
11 schedule for general program operations under ch. 569. All Indian gaming receipts,
12 as defined in s. 569.01 (1m), less the amounts appropriated under s. 20.455 (2) (gc),
13 shall be credited to this appropriation account. Annually, of the moneys received
14 under this appropriation account, an amount equal to 50% of the amount in the
15 schedule under s. 20.435 (7) (kg) shall be transferred to the appropriation account
16 under s. 20.435 (7) (kg).

17 **SECTION 11.** 20.505 (8) (i) of the statutes is repealed.

18 **SECTION 12.** 20.505 (8) (j) of the statutes is amended to read:

19 20.505 (8) (j) *General program operations; charitable raffles and crane games.*
20 The amounts in the schedule for general program operations relating to raffles under
21 chs. subchs. II and VIII of ch. 563 and relating to crane games under ch. 564. All
22 moneys received by the department of administration under ch. 563, except s. 563.80,
23 and under ss. 563.92 (2), 563.98 (1g) and 564.02 (2) shall be credited to this
24 appropriation account.

25 **SECTION 13.** 20.505 (8) (jm) of the statutes is created to read:

Insert 1 (cont)

1 20.505 (8) (jm) *General program operations; bingo.* The amounts in the
2 schedule for general program operations relating to bingo under subchs. II to VII of
3 ch. 563. All moneys received by the department of administration under ss. 563.055,
4 563.13 (4), 563.135, 563.16, 563.22 (2) and 563.80 shall be credited to this
5 appropriation account. Notwithstanding s. 20.001 (3) (a), the unencumbered
6 balance of this appropriation account at the end of each fiscal year shall be
7 transferred to the lottery fund.

8 **SECTION 14.** 20.566 (2) (r) of the statutes is amended to read:

9 20.566 (2) (r) *Lottery and gaming credit administration.* From the lottery fund,
10 the amounts in the schedule for the administration of the lottery and gaming credit.

11 **SECTION 15.** 20.566 (8) (q) of the statutes is amended to read:

12 20.566 (8) (q) *General program operations.* From the lottery fund, the amounts
13 in the schedule for general program operations under ch. 565. ~~Annually, of the~~
14 ~~moneys appropriated under this paragraph, an amount equal to 36% of the amount~~
15 ~~in the schedule under s. 20.435 (7) (kg) shall be transferred to the appropriation~~
16 ~~account under s. 20.435 (7) (kg).~~

(END OF INSERT 1)

17 ~~**SECTION 16.** 20.835 (3) (q) (title) of the statutes is amended to read:~~

18 ~~20.835 (3) (q) (title) *Lottery and gaming credit*~~

19 ✓ **SECTION 17.** 20.835 (3) (r) of the statutes is created to read:

20 ~~20.835 (3) (r) *Lottery and gaming credit certification.* From the lottery fund,~~
21 ~~a sum sufficient to make payments under s. 79.10 (7r) to counties and cities for~~
22 ~~certification of the lottery and gaming credit.~~

23 **SECTION 18.** 25.75 (2) of the statutes is amended to read:

24 25.75 (2) CREATION. There is created a separate nonlapsible trust fund known
25 as the lottery fund, to consist of gross lottery revenues received by the department

Insert 1-B (cont)

1 of revenue and moneys transferred to the lottery fund under ss. 20.455 (2) (g) and
2 20.505 (8) (am), (g) and (jm).

3 **SECTION 19.** 25.75 (3) (intro.) of the statutes is amended to read:

4 25.75 (3) DISTRIBUTION OF GROSS LOTTERY REVENUES. (intro.) Amounts The
5 distribution of the gross lottery revenues in the fund shall be distributed as follows
6 subject to all of the following:

7 **SECTION 20.** 25.75 (3) (e) of the statutes is amended to read:

8 25.75 (3) (e) *Lottery and gaming credit state administration expenses.* From
9 the appropriation under s. 20.566 (2) (r), lottery proceeds and moneys transferred to
10 the lottery fund under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and (jm) shall be used
11 to offset department of revenue expenses in administering the lottery and gaming
12 credit.

(END OF INSERT 1-B)

13 **SECTION 21.** 25.75 (3) (f) of the statutes is created to read:

14 25.75 (3) (f) *Lottery and gaming credit certification.* From the appropriation
15 under s. 20.835 (3) (r), lottery proceeds and moneys transferred to the lottery fund
16 under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and (jm) shall be used to make
17 payments under s. 79.10 (7r) to counties and cities for certification of the lottery and
18 gaming credit.

19 **SECTION 22.** 66.058 (3) (c) 8. of the statutes is amended to read:

20 66.058 (3) (c) 8. The credit under s. 79.10 (9) (bm), as it applies to the principal
21 dwelling on a parcel of taxable property shall apply to the estimated fair market
22 value of a mobile home that is the principal dwelling of the owner. The owner of the
23 mobile home shall file a claim for the credit with the treasurer of the municipality
24 in which the property is located no later than January 31. To obtain the credit under
25 s. 79.10 (9) (bm), the owner shall attest on the claim that the mobile home is the

1 ~~owner's principal dwelling, as defined in s. 79.10 (1) (dm). The treasurer shall reduce~~
2 ~~the owner's parking permit fee by the amount of any allowable credit. The treasurer~~
3 ~~shall furnish notice of all amounts claims for credits filed under this subdivision to~~
4 ~~the department of revenue as provided under s. 79.10 (1m).~~

5 **SECTION 23.** 71.07 (3m) (c) 1. of the statutes is amended to read:

6 71.07 (3m) (c) 1. Any claimant may claim against taxes otherwise due under
7 ✓ this chapter ~~10%~~ 20% of the property taxes accrued in the taxable year to which the
8 claim relates, up to a maximum claim of ~~\$1,000~~ \$2,000, except that the credit under
9 this subsection plus the credit under subch. IX may not exceed 95% of the property
10 taxes accrued on the farm.

11 **SECTION 24.** 71.28 (2m) (c) 1. of the statutes is amended to read:

12 71.28 (2m) (c) 1. Any claimant may claim against taxes otherwise due under
13 ✓ this chapter ~~10%~~ 20% of the property taxes accrued in the taxable year to which the
14 claim relates, up to a maximum claim of ~~\$1,000~~ \$2,000, except that the credit under
15 this subsection plus the credit under subch. IX may not exceed 95% of the property
16 taxes accrued on the farm.

17 **SECTION 25.** 71.47 (2m) (c) 1. of the statutes is amended to read:

18 71.47 (2m) (c) 1. Any claimant may claim against taxes otherwise due under
19 this chapter ~~10%~~ 20% of the property taxes accrued in the taxable year to which the
20 ✓ claim relates, up to a maximum claim of ~~\$1,000~~ \$2,000, except that the credit under
21 this subsection plus the credit under subch. IX may not exceed 95% of the property
22 taxes accrued on the farm.

23 **SECTION 26.** 79.10 (1) (dm) of the statutes is created to read:

1 79.10 (1) (dm) "Principal dwelling" means any dwelling that is used by the
2 owner of the dwelling as a primary residence and includes improvements that are
3 classified, under ch. 70, as taxable real property or personal property.

4 **SECTION 27.** 79.10 (1m) of the statutes is amended to read:

5 ~~79.10 (1m)~~ (a) Each municipality shall notify the department of revenue of the
6 total amount of credits ~~to be paid~~ allocated under sub. (9) (bm) ~~and the total number~~
7 ~~of parcels of taxable real property and personal property accounts in the municipality~~
8 ~~that are eligible for the credit under sub. (5).~~

9 (b) Counties and municipalities shall submit to the department of revenue all
10 data related to the lottery and gaming credit and requested by the department of
11 revenue.

12 **SECTION 28.** 79.10 (2) of the statutes is amended to read:

13 ~~79.10 (2)~~ NOTICE TO MUNICIPALITIES. On or before December 1 of the year
14 preceding the distribution under sub. (7m) (a), the department of revenue shall
15 notify the clerk of each town, village and city of the estimated fair market value, as
16 determined under sub. (11), ~~to be used to calculate the lottery and gaming credit~~
17 ~~under sub. (5) and of the amount to be distributed to it under sub. (7m) (a) on the~~
18 ~~following 4th Monday in July. The anticipated receipt of such distribution shall not~~
19 ~~be taken into consideration in determining the tax rate of the municipality but shall~~
20 ~~be applied as tax credits.~~

21 **SECTION 29.** 79.10 (5) of the statutes is amended to read:

22 79.10 (5) LOTTERY AND GAMING CREDIT. Each municipality shall receive, from the
23 appropriation under s. 20.835 (3) (q), an amount determined by multiplying the
24 school tax rate by the estimated fair market value, not exceeding the value
25 determined under sub. (11), of every parcel of taxable real property and every

1 ~~personal property account in the municipality principal dwelling that is located in~~
2 ~~the municipality and for which a claim for the credit under sub. (9) (bm) is made by~~
3 ~~the owner of the principal dwelling.~~

4 **SECTION 30.** 79.10 (7m) (b) (title) and 1. a. of the statutes are amended to read:

5 79.10 (7m) (b) (title) *Lottery and gaming credit.*

6 1. a. The amount determined under sub. (5) with respect to ~~the number of~~
7 ~~parcels of taxable real property and personal property accounts claims filed for which~~
8 ~~the town, village or city has furnished notice under sub. (1m) by March 1 shall be~~
9 ~~distributed from the appropriation under s. 20.835 (3) (q) by the department of~~
10 ~~administration on the 4th Monday in March.~~

11 **SECTION 31.** 79.10 (7r) of the statutes is created to read:

12 79.10 (7r) LOTTERY AND GAMING CREDIT CERTIFICATION REIMBURSEMENT. (a) 1. A
13 county or city that performs the certification procedure under sub. (10) (a) shall
14 receive, from the appropriation under s. 20.835 (3) (r), 70 cents for each lottery and
15 gaming credit certified for a principal dwelling located in that county or city.

16 2. A county or a city that performs a certification procedure that is approved
17 by the department of revenue under sub. (10) (e) shall receive, from the appropriation
18 under s. 20.835 (3) (r), the lesser of 70 cents for each lottery and gaming credit
19 certified for a principal dwelling located in that county or city or the actual costs of
20 identifying a principal dwelling located in that county or city.

21 (b) The amounts determined under par. (a) shall be distributed by the
22 department of administration on the first Friday in September, 1999, and every 5th
23 year thereafter, based on applications on file with the county or city on August 1. A
24 county or city shall inform the department of revenue of the number of applications
25 on file before August 16.

1 (c) If the department of revenue determines before August 1 of the year
2 following a distribution under par. (b) that a county or city received an overpayment
3 or underpayment under par. (b) because of a late application or an erroneous
4 payment, the department of revenue shall correct the overpayment or
5 underpayment by reducing or increasing the subsequent distribution under par. (b).
6 Corrections shall be made without interest.

7 **SECTION 32.** 79.10 (9) (bm) of the statutes is amended to read:

8 79.10 (9) (bm) *Lottery and gaming credit.* Except as provided in ss. 79.175 and
9 79.18, every owner of taxable personal property or a parcel of taxable real property
10 is entitled to receive a lottery and gaming credit shall be allocated to every principal
11 dwelling for which a credit is claimed under sub. (10) in an amount determined by
12 multiplying the estimated fair market value of the personal property or of the parcel
13 of property principal dwelling, not exceeding the value determined under sub. (11),
14 by the school tax rate.

15 **SECTION 33.** 79.10 (9) (c) of the statutes is amended to read:

16 79.10 (9) (c) *Credits shown on tax bill.* The lottery and gaming credit under par.
17 (bm) shall reduce the property taxes otherwise payable on property that is eligible
18 for that credit and if the property owner completes the information required under
19 sub. (10) (a), and the credit under par. (b) shall reduce the property taxes otherwise
20 payable.

21 **SECTION 34.** 79.10 (10) of the statutes is created to read:

22 79.10 (10) CLAIMING THE LOTTERY AND GAMING CREDIT. (a) Beginning with
23 property taxes levied in 1999, the owner of a principal dwelling may claim the credit
24 under sub. (9) (bm) by applying for the credit on a form prescribed by the department
25 of revenue. A claimant shall attest that, as of the certification date, the claimant is

1 an owner of property and that such property is used by the owner in the manner
2 specified under sub. (1) (dm). The certification date is January 1 of the year in which
3 the property taxes are levied. The claimant shall file the application for the lottery
4 and gaming credit with the treasurer of the county in which the property is located
5 or, if the property is located in a city that collects taxes under s. 74.87, with the
6 treasurer of the city in which the property is located. Subject to review by the
7 department of revenue, a treasurer who receives a completed application shall direct
8 that the property described in the application be identified on the next tax roll as
9 property for which the owner is entitled to receive a lottery and gaming credit. A
10 claim that is made under this paragraph is valid for 5 years.

11 (am) Except as provided in par. (b), a person who becomes eligible for a credit
12 under sub. (9) (bm) may claim the credit by filing an application, on a form prescribed
13 by the department of revenue, with the treasurer of the county in which the property
14 is located or, if the property is located in a city that collects taxes under s. 74.87, with
15 the treasurer of the city in which the property is located. Claims made under this
16 paragraph become invalid when claims made under par. (a) become invalid.

17 (b) A person who becomes eligible for a credit under sub. (9) (bm) because of a
18 purchase of a property may claim the credit by applying for it on the return under
19 s. 77.22 (2). Claims made under this paragraph become invalid when claims made
20 under par. (a) become invalid.

21 (bm) A person who is eligible for a credit under sub. (9) (bm) but whose property
22 tax bill does not reflect the credit may claim the credit by applying for the credit
23 under par. (a) by January 31 following the issuance of the person's property tax bill.
24 The treasurer of the taxation district in which the property is located shall compute
25 the amount of the credit; subtract the amount of the credit from the person's property

1 tax bill; notify the person of the reduced amount of the property taxes due; issue a
2 refund to the person if the person has paid the property taxes in full; and enter the
3 person's property on the next tax roll as property that qualifies for a gaming credit.
4 Claims made under this paragraph become invalid when claims made under par. (a)
5 become invalid.

6 (c) If a person who is certified under par. (a) to claim the credit under sub. (9)
7 (bm) becomes ineligible for the credit under sub. (9) (bm), that person shall, within
8 30 days of becoming ineligible, notify the treasurer of the county in which the
9 property is located or, if the property is located in a city that collects taxes under s.
10 74.87, with the treasurer of the city in which the property is located.

11 (d) If the department of revenue determines that a credit was claimed by a
12 taxpayer who was not entitled to the credit for reasons other than that the taxpayer
13 failed to complete the information required under par. (a), the department of revenue
14 shall instruct the appropriate taxation district to collect the credit as a special charge
15 on the next property tax bill issued for the property.

16 (e) A county or a city, if the city collects taxes under s. 74.87, may use a
17 certification procedure other than the certification procedure under par. (a) if all of
18 the following apply:

19 1. The certification procedure includes a method to identify a parcel of taxable
20 real property as property that is used as the property owner's principal dwelling.

21 2. The certification procedure includes a procedure that is similar in effect to
22 the procedure described in par. (bm).

23 3. The certification procedure is approved by the department of revenue.

24 **SECTION 35.** 79.10 (11) (title), (b) and (c) of the statutes are amended to read:

25 **79.10 (11) (title) LOTTERY AND GAMING CREDIT ESTIMATED FAIR MARKET VALUE.**

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

14 (c) Before November 1, the department of administration shall inform the
15 department of revenue of the total amount available for distribution under the
16 lottery and gaming credit in the following year. Before December 1, the department
17 of revenue shall calculate, to the nearest \$100, the estimated fair market value
18 necessary to distribute the total amount available for distribution under the lottery
19 and gaming credit in the following year.

20 **SECTION 36.** 79.11 (2) of the statutes is amended to read:

21 79.11 (2) The Except as provided in s. 79.10 (10) (d), the payment of the
22 difference between the total tax which is due on any property less the amount of the
23 tax credits applicable to such property authorized by this subchapter shall be
24 considered payment in full of the property taxes due thereon in that year.

25 **SECTION 37.** 79.11 (3) (b) of the statutes is amended to read:

Insert 7:22

Section #. 79.10 (7m) (a) of the statutes is renumbered 79.10 (7m), and 79.10 (7m) (b), as renumbered, is amended to read:

79.10 (7m) (b) The town, village or city treasurer shall settle for the amounts distributed under this ~~paragraph~~ subsection on the 4th Monday in July with the appropriate county treasurer not later than August 15. Failure to settle timely under this ~~subdivision~~ paragraph subjects the town, village or city treasurer to the penalties under s. 74.31. On or before August 20, the county treasurer shall settle with each taxing jurisdiction, including towns, villages and cities except 1st class cities, in the county.

Insert 7:23

Section #. 79.10 (9) (b) is amended to read:

79.10 (9) (b) *Property tax relief credit.* Except as provided in ss. 79.175 and 79.18, every property taxpayer of the municipality having assessed property shall receive a tax credit in an amount determined by applying the percentage of the amount of the value of property assessed to the taxpayer to the amount of the distribution to be made to the municipality under sub. (7m) (a), as stated in the December 1 notification from the department of revenue, except that no taxpayer may receive a credit larger than the total amount of property taxes to be paid on each parcel for which tax is levied for that year by that taxpayer.

(END OF INSERT)

1 ~~79.11 (3) (b) Notwithstanding ss. 74.11 (2) (b) and 74.12 (2) (b), the lottery and~~
2 ~~gaming credit shall be deducted in its entirety from the first instalment. This~~
3 ~~paragraph does not apply to the payment of taxes in instalments under s. 74.87.~~

4 **SECTION 38.** 93.31 of the statutes is amended to read:

5 **93.31 Livestock breeders association.** The secretary of the Wisconsin
6 livestock breeders association shall on and after July 1 of each year make a report
7 to the department, signed by the president, treasurer and secretary of the
8 association, setting forth in detail the receipts and disbursements of the association
9 for the preceding fiscal year in such form and detail together with such other
10 information as the department may require. On receipt of such reports, if the
11 department is satisfied that the business of the association has been efficiently
12 conducted during the preceding fiscal year and in the interest of and for the
13 promotion of the special agricultural interests of the state and for the purpose for
14 which the association was organized and if the final statement shows that all the
15 receipts together with the state aid have been accounted for and disbursed for the
16 proper and necessary purposes of the association, and in accordance with the laws
17 of the state, then the department shall file a certificate with the department of
18 administration and it shall draw its warrant and the state treasurer shall pay to the
19 treasurer of the association the amount of the appropriations made available for the
20 association by s. 20.115 (4) (a) and [✓](h) for the conduct of junior livestock shows and
21 other livestock educational programs. The association may upon application to the
22 state purchasing agent, upon such terms as he or she may require, obtain printing
23 for the association under the state contract.

24 **SECTION 39.** 562.065 (3) (cm) of the statutes is created to read:

Insert 8-A (cont)

1 562.065 (3) (cm) *Crediting of moneys*. All moneys received under par. (c) shall
2 be credited to the appropriation accounts under ss. 20.455 (2) (g) and 20.505 (8) (g).

3 **SECTION 40.** 562.065 (3) (d) (title) of the statutes is amended to read:

4 562.065 (3) (d) (title) *General program operations; ~~aids to county and district~~*
5 *fairs.*

6 **SECTION 41.** 562.065 (3m) (c) (title) and 2. of the statutes are amended to read:

7 562.065 (3m) (c) (title) *Allocation between Payment by licensee and state*
8 *association to the department.*

9 2. The licensee may retain 50% of the amount of the deduction under par. (a)
10 remaining after the payment of purses under par. (b), and the payment of the
11 licensee's cost under subd. 1. The licensee shall deposit the remaining 50% of that
12 amount with the department. The department shall credit moneys received under
13 this subdivision to the appropriation ~~account~~ accounts under s. ss. 20.455 (2) (g) and
14 20.505 (8) (i) (g).

15 **SECTION 42.** 562.077 of the statutes is repealed.

16 **SECTION 43.** 562.124 (2) of the statutes is amended to read:

17 562.124 (2) If the department authorizes on-track pari-mutuel wagering on
18 snowmobile racing under sub. (1m), the department shall regulate the pari-mutuel
19 wagering and shall promulgate all rules necessary to administer this section. The
20 department may promulgate rules that require persons who conduct snowmobile
21 racing to be licensed by the department and the department may charge a fee to any
22 person licensed under this subsection to cover the costs of the department in
23 regulating on-track pari-mutuel wagering on snowmobile racing. Through its rules,
24 the department shall do everything necessary to ensure the public interest and
25 protect the integrity of the sport of snowmobile racing. If the department charges

Insert 8-A (cont)

1 a fee to a person licensed under this subsection, the department shall deposit the
2 moneys received ~~in~~ into the appropriation ~~account~~ accounts under s. ~~ss. 20.455 (2)~~
3 (g) and 20.505 (8) (g).

4 **SECTION 44.** 563.05 (6) of the statutes is repealed.

5 **SECTION 45.** 563.055 (6) of the statutes is created to read:

6 563.055 (6) All moneys received under this section shall be credited to the
7 appropriation account under s. 20.505 (8) (jm).

8 **SECTION 46.** 563.13 (4) of the statutes is amended to read:

9 563.13 (4) A \$10 license fee for each bingo occasion proposed to be conducted
10 and \$5 for an annual license for each designated member responsible for the proper
11 utilization of gross receipts. All moneys received under this subsection shall be
12 credited to the appropriation account under s. 20.505 (8) (jm).

13 **SECTION 47.** 563.135 of the statutes is renumbered 563.135 (1).

14 **SECTION 48.** 563.135 (2m) of the statutes is created to read:

15 563.135 (2m) All moneys received under sub. (1) shall be credited to the
16 appropriation account under s. 20.505 (8) (jm).

17 **SECTION 49.** 563.16 of the statutes is amended to read:

18 **563.16 Amendment of license to conduct bingo.** Upon application by a
19 licensed organization, a license may be amended, if the subject matter of the
20 amendment properly and lawfully could have been included in the original license.
21 An application for an amendment to a license shall be filed and processed in the same
22 manner as an original application. An application for the amendment of a license
23 shall be accompanied by a \$3 fee. If any application for amendment seeks approval
24 of additional bingo occasions or designates a new member responsible for the proper
25 utilization of gross receipts, the appropriate fee under s. 563.13 (4) also shall be paid.

Insert 8-A(cont)

1 If the department approves an application for an amendment to a license, a copy of
2 the amendment shall be sent to the applicant who shall attach it to the original
3 license. All moneys received under this section shall be credited to the appropriation
4 account under s. 20.505 (8) (jm).

5 SECTION 50. 563.22 (2) (c) of the statutes is created to read:

6 563.22 (2) (c) All moneys received under this subsection shall be credited to the
7 appropriation account under s. 20.505 (8) (jm).

8 SECTION 51. 563.80 of the statutes is renumbered 563.80 (1).

9 SECTION 52. 563.80 (2m) of the statutes is created to read:

10 563.80 (2m) All moneys received under sub. (1) shall be credited to the
11 appropriation account under s. 20.505 (8) (jm).

12 SECTION 53. 563.92 (2) of the statutes is amended to read:

13 563.92 (2) The fee for a raffle license shall be \$25 and shall be remitted with
14 the application. A raffle license shall be valid for 12 months and may be renewed as
15 provided in s. 563.98 (1g). The department shall issue the license within 30 days
16 after the filing of an application if the applicant qualifies under s. 563.90 and has not
17 exceeded the limits of s. 563.91. All moneys received by the department under this
18 subsection shall be credited to the appropriation account under s. 20.505 (8) (j).

19 SECTION 54. 563.98 (1g) of the statutes is amended to read:

20 563.98 (1g) An organization licensed under this subchapter may renew the
21 license by submitting a \$25 renewal fee with the report under sub. (1). All moneys
22 received under this subsection shall be credited to the appropriation account under
23 s. 20.505 (8) (j).

24 SECTION 55. 565.02 (7) of the statutes is amended to read:

Insert 8-A (cont)

1 565.02 (7) Not later than March 1 of each year, the department shall submit
2 to the joint committee on finance a report that includes an estimate for that fiscal
3 year and for the subsequent fiscal year of the gross revenues from the sale of lottery
4 tickets and lottery shares, the total amount paid as prizes and the prize payout ratio
5 for each type of lottery game offered, and an evaluation of the effect of prize payout
6 ratios of lottery games on lottery sales, lottery operating costs and on maximizing the
7 revenue available for the lottery and gaming property tax credit. If, within 14
8 working days after the date on which the committee receives the report, the
9 cochairpersons of the committee notify the department that the committee has
10 scheduled a meeting for the purpose of reviewing the department's proposed prize
11 payouts, the department may proceed with its plans for the prize payouts for the
12 subsequent fiscal year only upon approval of the plans by the committee. If the
13 cochairpersons of the committee do not notify the department within 14 working
14 days after the date on which the committee receives the report that the committee
15 has scheduled a meeting for the purpose of reviewing the department's proposed
16 prize payouts, the department's plans for the prize payouts for the subsequent fiscal
17 year are considered approved by the committee.

(END OF INSERT 8-A)

SECTION 56. Nonstatutory provisions.

19 (1) ~~LOTTERY AND GAMING CREDIT.~~ For the property tax bills related to the property
20 tax assessments as of January 1, 1999, the lottery and gaming credit under section
21 79.10 of the statutes, as affected by this act, is referred to as the lottery credit.

22 (2) ~~GAMING CREDIT CERTIFICATION REIMBURSEMENT.~~ For the payments made in
23 1999 under section 79.10 (7r) (b) of the statutes, as created by this act, the amounts
24 determined under section 79.10 (7r) (a) of the statutes, as created by this act, shall
25 be distributed by the department of administration on November 19, based on the

INSERT 8B

1 applications on file with the county or city on October 15, and the county or city shall
2 inform the department of revenue of the number of applications on file before
3 November 1.

4 (3) GAMING CREDIT ADMINISTRATION; DEPARTMENT OF REVENUE. For the 1999–2000
5 and 2000–01 fiscal years, the department of revenue may request the joint
6 committee on finance to supplement, from the fund under section 25.75 of the
7 statutes, the appropriation under section 20.566 (2) (r) of the statutes, as affected by
8 this act, and such a request may include a request to increase the number of
9 authorized positions in the department of revenue that are funded from the
10 appropriation under section 20.566 (2) (r) of the statutes, as affected by this act.
11 Notwithstanding section 13.101 (3) (a) of the statutes, the joint committee on finance
12 may approve any such request.

Insert 8-B
13 **SECTION 57. Appropriation changes.**

14 (1) GAMING; RAFFLES AND CRANE GAMES. In the schedule under section 20.005 (3)
15 of the statutes for the appropriation to the department of administration under
16 section 20.505 (8) (j) of the statutes, as affected by the acts of 1997 and 1999, the
17 dollar amount is decreased for fiscal year 1998–99 by \$32,300 for the purpose of
18 fulfilling the purpose for which the appropriation is made.

(END OF INSERT)

19 **SECTION 58. Initial applicability.**

20 (1) The treatment of sections ~~79.10 (1m), (2), (5), (7m) (b) (title) and 1. a., (7r),~~
21 ~~(9) (bm) and (c) and (11) (title), (b) and (c) and 79.11 (2) of the statutes first applies~~
22 ~~to the property tax assessments as of January 1, 1999.~~

1 ~~(2) The treatment of sections 71.07 (3m) (c) 1., 71.28 (2m) (c) 1. and 71.47 (2m)~~
2 ~~(c) 1. of the statutes first applies to property taxes that are levied in 1999 and that~~
3 ~~are payable in 2000.~~

4 (END)