

1999 DRAFTING REQUEST**Assembly Amendment (AA-AB133)**Received: **05/25/99**Received By: **kahlepj**Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-8849**By/Representing: **Shanovich (DH)**This file may be shown to any legislator: **NO**Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Econ. Development - bus. dev.
Econ. Development - misc.**

Extra Copies:

Pre Topic:

LFB:.....Shanovich (DH) -

Topic:

Changes to the gaming economic development and diversification grant and loan programs

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>
/?	kahlepj 05/26/99	chanaman 05/27/99		_____			
/1			jfrantze 05/28/99	_____	lrb_docadmin 05/28/99		
/2	kahlepj 05/28/99	chanaman 05/28/99	jfrantze 05/28/99	_____	lrb_docadmin 05/28/99		
/3	kahlepj 06/12/99	chanaman 06/13/99	haugeca 06/13/99	_____	lrb_docadmin 06/13/99		

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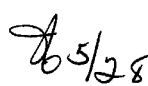

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Legislative Fiscal Bureau

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

PJK

May 21, 1999

Joint Committee on Finance

Paper #161

Tribal Gaming Revenue Allocations

Gaming Economic Development and Diversification Grants (Commerce-- Departmentwide & Economic Development)

[LFB 1999-01 Budget Summary: Page 130, #3]

CURRENT LAW

The Department of Commerce (Commerce) administers a variety of economic development programs designed to provide state financial assistance to businesses that are starting, expanding or locating in different areas of Wisconsin. The financial assistance programs include the Wisconsin Development Fund (WDF), Rural Economic Development (RED), Minority Business Development Finance (MBDF), Community-Based Economic Development (CBED), Brownfields Grant, Mining Economic Development, Forestry Education and federal small cities Community Development Block Grant (CDBG) programs. The Department also administers the state Development Zone and Enterprise Development Zone programs which provide tax credits to businesses that locate or expand in economically distressed areas.

GOVERNOR

Create a gaming economic development grant and loan program and a gaming economic diversification grant and loan program to provide financial assistance to businesses that are located in counties that are affected by Native American gaming operations. A total of \$2,500,000 PR in 1999-2000 and \$5,500,000 PR in 2000-01 and 1.0 PR position each year would be provided for grants and loans and to administer the programs. Of the amounts appropriated, not more than \$100,000 annually could be expended for marketing the programs. In addition, the Department would be required to make gaming economic development grants to Brown County of \$500,000 in 1999-2000 and \$1,000,000 in 2000-01. Funding would be provided from tribal gaming revenue provided to the state under recently completed state-tribal

gaming compacts. Of Wisconsin's 72 counties, 52 either have casinos or are adjacent to counties that do.

DISCUSSION POINTS

1. Eight tribal gaming agreements contain government to government MOU that relate to the use of additional compact payments including two agreements that propose an economic development fund. A common element in most agreements is a provision that the Governor undertake his best efforts within the scope of his authority to assure that monies paid to the state under the agreements are expended for specified purposes. With certain exceptions these purposes are: (a) economic development initiatives for benefit of tribes and/or American Indians within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located.

2. The two gaming related grant and loan programs are intended to promote economic development and to diversify the local economies of areas near Native American gaming operations. In addition, Native American businesses would be eligible for economic diversification grants and loans. These programs appear to meet the specific state-tribal agreement for uses of gaming compact monies.

3. Although there have been many studies analyzing the economic effects of Native American gaming operations, this research has not necessarily led to a consensus view. In part, this is because the studies were contracted by the industry or opponents and designed to focus on factors that would support a point of view. For example, most of the early research was conducted for Native American gaming associations and measured the increased wages, taxes and local purchases generated by Native American casinos. However, these studies usually did not attempt to identify the sources of the additional revenue, measure out-of-state purchases or quantify social costs. For example, in March, 1993, a study was published that measured the economic benefits of Native American gaming facilities in Wisconsin. The study was sponsored by the Wisconsin Indian Gaming Association and the UW Cooperative Extension Service and conducted by economist James Murray. Murray determined that the gaming operations directly generated \$275 million in gross revenues, had payrolls of \$68.4 million, employed 4,500 persons and purchased \$56.4 million in goods from Wisconsin suppliers. The report concluded that the casinos directly generated 10,239 full time jobs (at the gaming operations and in other businesses), while a multiplier effect led to an additional 22,863 jobs.

4. Other studies have had different conclusions. Robert Goodman's (director of the United States Gambling Study) study of legalized gambling as a strategy for economic development indicates that many studies omit the offsetting costs. Goodman notes that a study in South Dakota a year after legalizing video gambling showed significant declines in spending for clothing, recreation services, businesses, auto dealers and service stations. He concludes that gambling diverts money from other businesses to the gaming operations and, in effect, cannibalizes other state businesses.

An Illinois Business Review study determined that riverboat gambling did not have a significant effect on the overall level of employment. A 1995 study by the Wisconsin Policy Research Institute calculated that Native American Gaming operations cost the Wisconsin economy \$130 million when high social costs were assumed (such as costs related to compulsive gambling). Moreover, the study estimated that \$224 million was transferred to areas around the casinos from the rest of the state. In the areas distant from casinos, Native American gaming had a negative effect on the local economies. It should be noted, however, that the report indicated that Native American gaming was generally beneficial to Wisconsin when low or moderate social costs were assumed.

5. The conflicting information provided by these studies makes it difficult to draw conclusions about the economic and social effects of Native American Gaming operations on the state and local communities. However, in reviewing the literature, there are some recurring themes in many of the reports. First, the economies of the tribal communities and the areas around the gaming operations generally benefit in the aggregate. The Wisconsin Policy Research Institute determined that areas within 35 miles of the Native American casinos received a net economic gain of \$339 million even when high social costs were assumed. A March, 1999, study commissioned by the National Gambling Impact Study Commission and conducted by the University of Chicago and three consulting firms drew similar conclusions. The study determined that for communities within 50 miles of the casino, overall employment and earnings improved, crime and infant mortality were not affected and income-maintenance and other transfer payments decreased. In addition, gambling operations have significantly improved the economic conditions of Native American communities and resulted in more self-sufficiency. Investment, employment and earnings have increased significantly in tribal economies. For example, Murray found that 1,400 of 2,000 tribal jobs in Wisconsin were the result of casino gambling and gaming revenues constituted between 40% to 90% of tribal revenues.

Second, a significant shift in revenue occurs between state businesses as a result of gaming operations. People generally allocate a portion of their discretionary income for certain purchases. In the absence of a casino, this income would be used to purchase certain goods and services from local businesses. To the extent gambling operations attract discretionary expenditures from people, money is shifted from local non-casino businesses into casino-related activities. This occurs even in the areas that are proximate to the gaming operations. As noted, the Policy Research Institute estimated a transfer of \$224 million to gaming areas from the rest of the state. However, it is important to recognize that, in a market economy, individuals often adjust their spending patterns. For example, the opening of Miller Park in Milwaukee is expected to shift some consumer expenditures from local businesses to the ballpark area.

Third, the employment effects of Native American gaming operations, both positively and negatively, generally occur in the recreation, tourism and consumer service industries. The jobs that are created or lost are mostly in restaurants, taverns, hotels and motels, food stores and in similar businesses in the industry. These types of jobs are frequently low paying and seasonal. Few of the research studies indicate a significant increase in employment for manufacturers, professional services or high technology firms. These industries tend to have higher paying full-time jobs and tend to adjust better to long-term changes in economic growth. Thus, there is concern about the

effect of gaming operations on the long-term economic stability and strength of the local economy and tribal community.

Finally, the contribution of the gaming operations to the incidence of compulsive gambling is often not closely examined. The cost of compulsive gambling can be significant as is shown in the Policy Research Institute study. The study estimates that if high costs associated with gambling are assumed, the impact of Native American gaming operations on the state goes from a positive \$166 million (with low social costs) to a negative \$130 million.

6. *Gaming Economic Development Grants and Loans.* The gaming economic development grant and loan program would provide financial assistance to businesses located in Wisconsin counties in which a casino operated by a federally recognized American Indian tribe or band was located or to businesses located in adjacent counties. Commerce would be authorized to make a grant or loan to a qualified business if it is determined that: (a) the business has been negatively impacted by the existence of the casino; and (b) the business has a legitimate need for the grant or loan to improve the profitability of the business.

Two types of awards could be made under the program: (a) a grant of up to \$15,000 for professional services; and (b) a grant or loan of up to \$100,000 for fixed asset financing. Professional services would include: (a) preparation of preliminary feasibility studies, feasibility studies or business and financial plans; (b) providing a financial package; (c) engineering studies, appraisals or marketing assistance; and (d) related legal, accounting or managerial services. Award recipients would be required to provide a cash match of at least 25% of the cost of the project. Grants or loans could not be made for purposes related to tourism unless the Department of Tourism concurred in the award. Commerce could waive the matching requirement if it determined that the business was subject to extreme financial hardship. The Department would also be authorized to forgive all or any part of a loan made under the program.

The program would be provided \$2,500,000 in 1999-00 and \$3,000,000 in 2000-01 and 1.0 position in each year to fund grants and loans and to administer both of the gaming grant and loan programs. Of the total amount provided, \$114,000 in 1999-00 and \$125,900 in 2000-01 would fund the position and related administrative costs. In addition, the Department would be required to make grants to Brown County of \$500,000 in 1999-00 and \$1,000,000 in 2000-01. (These funds would be provided in the 1999-01 biennium only and would be used to support construction of a new arena.) Consequently, the total amount of funding available for gaming economic development grants and loans would be \$1,886,000 in 1999-00 and \$1,874,100 in 2000-01. In addition, gaming economic development loans that were repaid would be placed in a program revenue repayments continuing appropriation and could be used to make additional grants and loans.

7. *Gaming Economic Diversification Grants and Loans.* The gaming economic diversification grant and loan program would provide grants and loans beginning in July, 2000, to businesses located in counties in which a casino operated by a federally recognized American

Indian tribe was located or to businesses located in adjacent counties. Commerce would be authorized to make a grant or loan to an eligible business for the purpose of diversifying the economy of a community in proximity to a casino. In determining whether to make an award, the Department would be required to consider all of the following: (a) a project's potential to retain or increase the number of jobs; (b) a project's potential to provide for significant capital investment; and (c) a project's contribution to the economy of the community in proximity to the casino and of the state. Grant or loan recipients would be required to provide a cash match equal to 25% of the project's cost. Awards could not be made for tourism related projects unless the Department of Tourism concurred in the award. Funding of \$2,500,000 would be provided in 2000-01 for gaming economic diversification grants and loans. In addition, a separate, program revenue continuing appropriation would be created for loan repayments.

8. As noted, the economic development program would provide awards for early planning projects and fixed asset financing. Businesses can already apply for both types of assistance under the Rural Economic Development program. Businesses can also apply for fixed asset financing through the major economic development grants and loans from the WDF. In addition, AB 133 would establish a WDF early planning grant program. Thus, Wisconsin businesses can obtain funds through the WDF and RED programs for the same general purposes as those for which the gaming economic development program is created. Moreover, there is currently little information about the number of projects that would be eligible for financing through this program. From this view, it could be argued that current Commerce programs could provide assistance to businesses affected by gaming operations and the gaming compact revenue could be used for other purposes.

9. On the other hand, the gaming economic development program could be viewed as a means of providing assistance to businesses with different types of projects than those typically funded through existing programs. The program is designed to provide aid to businesses whose profitability is affected by Native American gaming operations and would fund projects that help the business adjust its operations to be more competitive in the marketplace. Since, to be eligible the county must be adjacent to a Wisconsin county with a casino, the provision would exclude persons from Crawford, Grant, Pepin and Pierce counties from obtaining gaming grants and loans even though these Wisconsin counties are adjacent to counties in neighboring states where American Indian casinos are operated.

10. By assisting businesses that may have lost revenues and customers to gaming operations, the program would help address the issue of the transfer of revenues from state businesses to Native American gaming operations. Since the Policy Research Institute report indicates the transfer of revenues is from businesses throughout Wisconsin, another option would be to expand eligibility to all businesses in the state not just those in counties adjacent to gaming operations.

11. The gaming economic diversification program would provide grants and loans to diversify the local economy. Eligible projects would be required to maintain or increase employment and expand capital investment in the local community. Again, these types of projects

could be eligible for WDF and RED grants. Further, the number of potential applicants cannot be specified. As a result, an option would be to reallocate these gaming compact revenue to other uses.

However, the economic diversification program is designed to provide assistance to businesses that would make permanent investments and employ local residents in industries that were not gaming-related, such as manufacturing. Consequently, this program would help address concerns about the long-term economic stability of communities in which gaming operations are significant components. The program would encourage the development of other industries that would contribute to long-term employment and economic growth.

Under the provisions of AB 133, while it appears that economic diversification grants and loans could be awarded to Native American businesses, eligibility of such businesses is not specified. As a result, the Committee could consider specifying that the Department place a priority on Native American businesses when awarding diversification grants and loans.

12. The bill requires Commerce to make grants to Brown County of \$500,000 in 1999-2000 and \$1,000,000 in 2000-01. The funds would be provided to support construction of a new arena and would only be provided in the biennium. Since there is a casino in Green Bay (Oneida) and building the arena is an economic development project, it could be argued that allocating gaming compact monies for its construction would generally conform to the compact provisions regarding use of the monies. On the other hand, it might be argued that building a county arena does not specifically address the effect of Native American Gaming operations on individual businesses in Brown County. From this view, it would be more appropriate to delete the allocation for the arena and use those funds to make grants and loans to individual businesses. Alternatively, the funding for Brown County could be deleted from the gaming economic development grant or loan program. If the Committee wishes to provide funding from another source, Commerce could be authorized to provide \$500,000 in 1999-2000 and \$1,000,000 in 2000-01 from the WDF.

13. AB 133 would provide total annual funding (GPR and PR repayments) for the RED, Minority Business Development Finance (MBDF) and the Community-Based Economic Development (CBED) programs as follows: RED--\$776,600; MBDF--\$596,400; and CBED--\$762,100. In comparison, the gaming economic development and diversification grants and loans programs would be provided \$2,500,000 in 1999-2000 and \$5,500,000 in 2000-01. Of the financial assistance programs administered by Commerce, only the WDF and Brownfields grant programs would be appropriated more funding under the bill. The RED, MBDF and CBED have been in existence for about ten years and have had consistent demand for awards over most of that period and the amounts appropriated for the programs in part reflect that demand. In contrast, the potential number of applicants or the amount of funding that will be needed for awards for the gaming economic development and diversification grants and loans have not been estimated. Moreover, because the programs would be new, it is likely that it would take a period of time for demand for the program to build. Consequently, the Committee could reduce the funding for each program to \$1,000,000 annually. As result funding for the gaming economic development program would be reduced by \$1,500,000 in 1999-2000 and \$2,000,000 in 2000-01. Funding for gaming economic diversification grants and loans would be reduced by \$1,500,000 in 2000-01. Under this alternative,

a total of \$3 million would be provided in the biennium. This would provide a level of funding more comparable to other Commerce programs. The funding level could be increased in the next biennium, if warranted by the level of demand.

14. The bill provides \$114,000 in 1999-2000 and \$125,900 in 2000-01 and 1.0 position to administer the grant and loan programs. This is similar to administrative support that was provided for the Brownfields grant program in the 1997-99 biennial budget (1997 Wisconsin Act 27). Act 27 provided 2.0 positions and \$266,700 for a brownfields ombudsman and to administer the program. However, since the potential number of sites and remediation costs were known, it was possible to project a range of potential demand for the program. As noted, the potential level of demand for the gaming programs is uncertain. Consequently, the Committee could delete the position and funding from the bill. Once more specific information concerning demand for the program is developed, Commerce could request to restore the position and related funding through legislation or under the s. 16.505/515 passive review process.

15. Under the gaming economic development program, Commerce can award a grant or loan if it determines that the business has been negatively impacted by Native American casinos and it has a legitimate need for financial assistance to improve profitability. In making diversification awards the Department must consider the project's potential to create jobs, provide for capital investment and improve the local economy. Because of the general nature of these provisions, concerns have been expressed that grants and loans could be awarded to businesses for projects that did not significantly improve employment and investment in the local economy. In this regard, it should be noted that the process by which Commerce awards, underwrites contracts and disburses grants and loans is designed to ensure that the projects that are funded are financially sound and make significant contributions to economic development of the state and local economies.

Applicants for financial assistance must first discuss the project with and submit preliminary information to the Department's local area managers. After consultation, the information is submitted to the Department for review by a finance specialist. This information is related to both the applicant business and the proposed project and includes: ownership interests; employment levels; union affiliation; financial statements; project proposal; project budget; project investment; and employment resulting from the project. The finance specialist also uses the following underwriting criteria: project viability; full-time job creation/retention; part-time job creation/retention; employe wages; employe benefits; total company investment in Wisconsin; involvement of targeted business, employes or location; community benefit; and effects on competing businesses. If a project is approved a contract is negotiated. The contract contains the terms of the grant or loan including obligations, contingencies and disbursement processes. Contracts typically require creation or retention of a certain number of jobs, as well as records, reports and audits. Documentation of expenditures and other financial statements are required before monies are disbursed. Failure to meet the terms of the contract can result in termination of the contract and subsequent collection activities.

Although current practices are designed to fund financially sound economic development projects, most other Commerce financial assistance programs also have statutory criteria which

must be considered before awards are made. The Appendix shows the criteria that the Rural Economic Development Board must consider in making RED early planning grants. If the Committee wishes to specify criteria that should be considered in awarding gaming economic development or diversification grants and loans, it could specify that these criteria (absent RED specific references) be applied with certain modifications. One modification could be to require that the business be starting or expanding. Also, an additional criterion could be included which required the Department to consider the effect of the project on the profitability of the business.

16. Under the bill, the program revenue repayment appropriations would be continuing appropriations to provide the Department with the flexibility to award grants and loans to viable projects when the demand for funding exceeds currently appropriated amounts. This would also allow the Department to carry funding over from years in which demand for grants and loans is relatively low and to expend it, without legislative review, in years in which demand would increase.

However, creating the appropriations as continuing could allow significant expenditures to occur in future years without direct legislative approval. These type of spending increases typically should be addressed through the biennial budget process. Providing the repayment appropriations as annual appropriations would retain a degree of legislative oversight. Amounts not expended at the end of the fiscal year would lapse to the appropriation balance. These funds would be available for appropriation by the Legislature in future years. If appropriation levels were insufficient to accomplish legislative objectives due to unforeseen circumstances, the Department could also submit a s. 16.515 passive review request for increased expenditure authority.

ALTERNATIVES TO BASE

1. Approve the Governor's request to create a gaming economic development grant and loan program and a gaming economic diversification grant and loan program to provide financial assistance to businesses that are located in counties that are affected by Native American gaming operations. Provide \$2,500,000 PR in 1999-2000 and \$5,500,000 PR in 2000-01 and 1.0 PR position each year for grants and loans and to administer the programs. Require that, of the amounts appropriated, not more than \$100,000 annually could be expended for marketing the programs. In addition, require the Department to make gaming economic development grants to Brown County of \$500,000 in 1999-2000 and \$1,000,000 in 2000-01. Funding would be provided from tribal gaming revenue provided to the state under recently completed state-tribal gaming compacts.

Alternative 1	PR
1999-01 FUNDING (Change to Base)	\$8,000,000
<i>[Change to Bill</i>	<i>\$0]</i>
2000-01 POSITIONS (Change to Base)	1.00
<i>[Change to Bill</i>	<i>0.00]</i>

2. Approve the Governor's request with the following modifications:

a. Reduce funding for the gaming economic development grant and loan program by \$1,500,000 PR in 1999-2000 and \$2,000,000 PR in 2000-01. As a result, annual funding of \$1,000,000 would be provided.

Alternative 2a	PR
1999-01 FUNDING (Change to Base)	\$4,500,000
[Change to Bill	- \$3,500,000]
2000-01 POSITIONS (Change to Base)	1.00
[Change to Bill	0.00]

b. Expand eligibility for both the economic development and diversification grants and loans to businesses located in Wisconsin counties that are adjacent to counties in neighboring states where American Indian casinos are operated.

c. Require that businesses in all counties in Wisconsin be eligible for gaming economic development grants and loans

d. Reduce funding for the gaming economic diversification grant and loan program by \$1,500,000 PR in 2000-01. Funding of \$1,000,000 would be provided in 2000-01.

Alternative 2d	PR
1999-01 FUNDING (Change to Base)	\$6,500,000
[Change to Bill	- \$1,500,000]
2000-01 POSITIONS (Change to Base)	1.00
[Change to Bill	0.00]

e. Require the Department to give priority to Native American businesses when awarding economic diversification grants and loans.

f. Eliminate the requirement that the Department make grants to Brown County and delete the amounts (\$500,000 in 1999-2000 and \$1,000,000 in 2000-01) that would be provided from the gaming economic development grant and loan program. Funding of \$2,000,000 in 1999-2000 and \$2,500,000 in 2000-01 would be provided.

Alternative 2f	PR
1999-01 FUNDING (Change to Base)	\$6,500,000
[Change to Bill	- \$1,500,000]
2000-01 POSITIONS (Change to Base)	1.00
[Change to Bill	0.00]

g. Eliminate the requirement that the Department provide grants from tribal gaming

revenues to Brown County and, instead, authorize it to make grants to Brown County of \$500,000 in 1999-2000 and \$1,000,000 in 2000-01 from the WDF.

h. Eliminate the requirement that the Department make grants to Brown County.

i. Delete \$114,000 PR in 1999-2000 and \$125,900 PR in 2000-01 and 1.0 PR position in each year from the appropriation for gaming economic development grants and loans. (Funding of \$2,386,000 PR in 1999-2000 and \$2,874,100 PR would remain for the program under the bill.)

Alternative 2i	PR
1999-01 FUNDING (Change to Base)	\$7,760,100
[Change to Bill	- \$239,900]
2000-01 POSITIONS (Change to Base)	0.00
[Change to Bill	- 1.00]

j. Create PR repayments appropriations as annual (rather than continuing).

k. Include statutory provisions that require the Department to consider the following criteria in awarding gaming economic development and diversification grants and loans: (a) the business is starting up or expanding; (b) the extent to which the start-up or expansion of the business will create new jobs; (c) the economic condition of the municipality; (d) the number of new jobs created by the business in relation to the amount of the grant or loan; (e) in relation to the amount of the grant or loan, the number of existing jobs that will be retained by the business if the grant or loan is awarded and that likely would not be retained if the grant or loan is not awarded; (f) the degree to which the new or expanded operations of the business will provide beneficial services to the municipality where it is located; (g) whether financing is available from other sources; (h) whether the business would be able to start or expand its operations without a grant or loan; and (i) the degree to which the grant or loan affect the profitability of the business.

3. Maintain current law.

Alternative 3	PR
1999-01 FUNDING (Change to Base)	\$0
[Change to Bill	- \$8,000,000]
2000-01 POSITIONS (Change to Base)	0.00
[Change to Bill	- 1.00]

Prepared by: Ron Shanovich

APPENDIX

Statutory Criteria, RED Early Planning Grants

Before awarding a grant, the RED board shall consider all of the following:

- a. The extent to which the start-up or expansion of the business will create new jobs.
- b. The economic condition of the rural municipality.
- c. The number of new jobs created by the business in relation to the amount of the grant.
- d. In relation to the amount of the grant, the number of existing jobs that will be retained by the business if the grant is awarded and that likely would not be retained if the grant is not awarded.
- e. The degree to which the new or expanded operations of the business will provide beneficial services to the rural municipality where it is located.
- f. Whether financing is available from other sources.
- g. Whether the business would be able to start or expand its operations without a grant.

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Representative Gard
Senator Jauch

TRIBAL GAMING REVENUE ALLOCATIONS

Motion:

Move to approve the Governor's recommendations contained in Fiscal Bureau Papers # 157 through #175, with the following modifications:

a. LFB Paper #158, Alt 2H. Delete \$10,000 PR annually from tribal gaming revenue allocations for spearfishing enforcement aids. Also, maintain the current GPR appropriation for the aids, with no funding appropriated in the 1999-01 biennium and lapse any balance to the general fund (estimated at \$37,000).

b. LFB Paper #159, Alt. C2. Delete \$81,100 PR in 1999-00 and \$93,700 PR in 2000-01 and 2.0 PR positions annually and associated appropriation language relating to an Indian law unit in the Department of Justice.

c. LFB Paper #159, Alt. D2. Delete \$1,000,000 PR annually for nonpoint cost-share grants to landowners.

d. LFB Paper #160. In addition to Alt. 1, provide \$175,000 PR annually to the Stockbridge-Munsee tribe for a public safety initiative, and \$150,000 PR annually to the St. Croix Chippewa tribe to develop law enforcement capacity on reservation lands to be administered by the Office of Justice Assistance under the newly-created tribal law enforcement assistance grant program. In addition, modify the Governor's recommendation by also exempting the procedures for administering the tribal law enforcement program from the administrative rule process (Alt. B2).

e. LFB Paper #161. Make the following modifications to the gaming economic development and diversification grant and loan programs:

1. Provide an additional \$2,000,000 PR in 1999-00 for economic development grants and loans.

2. Require Commerce to make annual grants of \$1 million to the City of Milwaukee for a matching grant program administered by the Milwaukee Economic Development Corporation for remediation and economic redevelopment activities in the Menomonee Valley.

b0412

(824)

3. Require Commerce to make annual grants of \$150,000 to the Northwest Regional Planning Commission to match federal or private funds to establish a community-based venture fund. Require Commerce to release \$1 of state funding for each \$2 of federal or private matching funds. *up to?*

4. Require that businesses in all counties be eligible for gaming economic development and diversification grants and loans. *not located near a casino?*

5. Create program revenue repayments appropriations as annual. *(id)+(ig)?*

6. Specify that Native American businesses are eligible for grants and loans. *even if don't fit the description?*

f. LFB Paper #163. Modify the Governor's recommendations relating to Indian health program funding as follows: (a) provide \$183,700 PR in 1999-00 and \$245,000 PR in 2000-01 to be used as the state match to support MA-funded tribal outreach activities; (b) provide \$300,000 PR in 1999-00 and \$400,000 PR in 2000-01 in the Committee's supplemental appropriation as a contingency fund for BadgerCare premiums and require DHFS to submit a request for the release of these funds, under a 14-day passive review process once DHFS receives a written decision from HCFA on whether Native Americans would be required to pay premiums under the BadgerCare program; and (c) provide \$825,000 PR annually as the state match for MA services provided by tribal federally qualified health centers (FQHCs) and delete a corresponding amount from the GPR MA benefits appropriation.

In addition, provide \$450,000 PR annually in the Committee's supplemental appropriation to support a new tribal FQHC grant program. Direct DHFS to establish criteria for distributing grants to tribal FQHCs and to take into account each tribe's financial need, available resources and other demographic health status indicators in developing a distribution formula. Specify that these grants would support health care services of tribal members that are purchased or provided by tribal FQHCs. Require DHFS to submit a request for the release of this funding that specifies the distribution formula that would be used for awarding these grants, under 14-day passive review, by September 1, 1999.

g. LFB Paper #165, Alt. 2. Transfer 100% of the unencumbered balance of the county-tribal programs -- surcharge receipts appropriation to a newly-created penalty assessment appropriation under OJA.

h. LFB Paper #166, Alt. 4. Delete the increases in hunting and fishing licenses recommended by the Governor. Transfer an additional \$500,000 PR annually (\$2.5 million total) to the fish and wildlife account of the conservation fund.

i. Provide \$50,000 SEG annually from the fish and wildlife account for walleye surveys in the ceded territories.

j. LFB Paper #167. Modify the Governor's recommendation by providing \$50,000 PR in 1999-00 and \$200,000 PR in 2000-01 and 1.0 PR wildlife biologist position annually from tribal

60412

✓ 1. Ron ↑ \$

amend schedule { 2. grants to Milwaukee - out of what appropriation -
(continuing or 2)? a new one (PR) ??
either new appo

3. grants to NW reg plan com (continuing or 2)?
either new appo community-based venture fund ??
what appropriation?

✓ 4. get rid of bear casino idea?

✓ 5. just (id) + (ig)? yes

✓ 6. would be anyway? - ^{any} existing business



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0412/1
PJK.....
cmr

LFB:.....Shanovich (DH) – Changes to the gaming economic development and diversification grant and loan programs

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

SOON
(5-26-99)
D-note

1 At the locations indicated, amend the bill as follows:

2 1. Page 378, line 22: delete lines 22 and 23 and substitute "The amounts in the
3 schedule for grants and loans under s. 560.138. All moneys received in repayment
4 of loans under s. 560.138 shall be credited to this appropriation account."

5 2. Page 379, line 14: delete lines 14 and 15 and substitute "The amounts in the
6 schedule for grants and loans under s. 560.137. All moneys received in repayment
7 of loans under s. 560.137 shall be credited to this appropriation account."

8 3. Page 379, line 23: after "560.137" insert ", for the grants under s. 560.139".

9 4. Page 380, line 8: delete "; and for" and substitute ", for".

1 **5.** Page 380, line 9: after “560.137” insert “; and for the grants under s.
2 560.139”.

3 **6.** Page 380, line 18: delete “and for marketing” and substitute “, for
4 marketing”.

5 **7.** Page 380, line 19: after “560.138” insert “and for the grants under s.
6 560.139”.

7 **8.** Page 1273, line 19: after that line insert:

8 “(a) “Native American business” means a sole proprietorship, partnership,
9 limited liability company, joint venture or corporation that is at least 51% owned,
10 controlled and actively managed by a member or members of a federally recognized
11 American Indian tribe or band in this state.”.

12 **9.** Page 1273, line 20: delete “(a)” and substitute “(b)”.

13 **10.** Page 1273, line 21: delete “(b)” and substitute “(c)”.

14 **11.** Page 1273, line 21: after “existing business” insert “, including a Native
15 American business,”.

16 **12.** Page 1273, line 21: after “state” insert a period.

17 **13.** Page 1273, line 22: delete lines 22 to 24.

18 **14.** Page 1274, line 10: delete “the” and substitute “a”.

19 **15.** Page 1275, line 2: delete lines 2 to 8 and substitute “section:

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21 limited liability company, joint venture or corporation that is at least 51% owned,
22 controlled and actively managed by a member or members of a federally recognized
23 American Indian tribe or band in this state.

1 (b) “Qualified business” means an existing business, including a Native
2 American business, that is located in or expanding into this state.”.

3 **16.** Page 1275, line 17: delete “the community in proximity to the” and
4 substitute “a community in proximity to a”.

5 **17.** Page 1276, line 2: after that line insert:

6 “SECTION 2953g. 560.139 of the statutes is created to read:

7 **560.139 Economic development grants.** (1) REMEDIATION AND ECONOMIC
8 REDEVELOPMENT. (a) Subject to par. (b), from the appropriation under s. 20.143 (1)
9 (kj), the department shall make grants annually to the city of Milwaukee to fund a
10 program to be administered by the Milwaukee Economic Development Corporation.
11 Under the program, the Milwaukee Economic Development Corporation shall
12 provide grants to persons for remediation and economic redevelopment projects in
13 the Menomonee Valley. A person may not receive a grant unless the person provides
14 matching funds for at least 50% of the cost of the project.

15 (b) The department may not expend more than \$1,000,000 in grants to the city
16 of Milwaukee under this subsection annually.

17 **(2) COMMUNITY-BASED VENTURE FUND.** (a) From the appropriation under s.
18 20.143 (1) (kj), the department shall make grants to the Northwest Regional
19 Planning Commission to match federal or private funds for the purpose of
20 establishing a community-based venture fund. Subject to par. (b), the department
21 shall provide grants each year in an amount that equals 50% of the total amount that
22 the Northwest Regional Planning Commission receives in the year from federal or
23 private sources for the community-based venture fund.

1 (b) The department may not expend more than \$150,000 in grants under this
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3 **SECTION 2953h.** 560.139 (1) (a) of the statutes, as created by 1999 Wisconsin
4 Act (this act), is amended to read:

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16 both appropriations, the department shall make grants to the Northwest Regional
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19 shall provide grants each year in an amount that equals 50% of the total amount that
20 the Northwest Regional Planning Commission receives in the year from federal or
21 private sources for the community-based venture fund.”

22 **18.** Page 1469, line 8: delete “takes” and substitute “and the amendment of
23 section 560.139 (1) (a) and (2) (a) of the statutes take”.

24 (END)

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0412/8dn
PJK.....

amy

Ron:

This amendment makes the changes to the gaming economic development and diversification grant and loan programs.

In s. 560.138 (diversification), a business no longer needs to be located in or expanding into a county that has, or that is adjacent to a county that has, a casino; however, the amendment does not remove the requirement that the project have the purpose of diversifying the economy of a community in proximity to a casino. Conceivably, a business that is not located in a county that has, or that is adjacent to a county that has, a casino could still have the effect of diversifying the economy of a community in proximity to a casino. However, if you want the business project to have the purpose of diversifying the economy of *any* community, or of the community in which the business is located, just let me know and I will redraft this amendment.

I made the assumption, which may not be correct, that the ~~the~~⁸⁻²²⁻⁰⁴ matching grant under s. 560.139 (1) should be an equal match. Let me know if the language should not be so specific. I'm not sure what a venture fund is (s. 560.139 (2)). Is it a fund that provides venture capital? Do you want the monetary limits on these two types of grants to apply to a fiscal year instead of to a calendar year? Let me know if you want any changes.

As I am sure you are aware, but which I should mention anyway, s. 560.139 (1) or (2) could be found by a court to be a private or local law, which under article IV, section 18, of the Wisconsin Constitution must be enacted as single-subject legislation and not as part of the budget bill.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: Pam.Kahler@legis.state.wi.us

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

LRBb0412/1dn

FJK:cmh:jf

May 28, 1999

Ron:

This amendment makes the changes to the gaming economic development and diversification grant and loan programs.

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Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
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State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0412/2
PJK:cmhjf

nmis run

LFB:.....Shanovich (DH) - Changes to the gaming economic development
and diversification grant and loan programs

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

*SOON
(5-28-99)
D-into*

1 At the locations indicated, amend the bill as follows:

2 1. Page 378, line 22: delete lines 22 and 23 and substitute "The amounts in the
3 schedule for grants and loans under s. 560.138. All moneys received in repayment
4 of loans under s. 560.138 shall be credited to this appropriation account."

5 2. Page 379, line 14: delete lines 14 and 15 and substitute "The amounts in the
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8 3. Page 379, line 23: after "560.137" insert ", for the grants under s. 560.139".

9 4. Page 380, line 8: delete "and for" and substitute ", for".

- 1 **5.** Page 380, line 9: after “560.137” insert “, and for the grants under s.
2 560.139”.
- 3 **6.** Page 380, line 18: delete “and for marketing” and substitute “, for
4 marketing”.
- 5 **7.** Page 380, line 19: after “560.138” insert “and for the grants under s.
6 560.139”.
- 7 **8.** Page 1273, line 19: after that line insert:
8 “(a) “Native American business” means a sole proprietorship, partnership,
9 limited liability company, joint venture or corporation that is at least 51% owned,
10 controlled and actively managed by a member or members of a federally recognized
11 American Indian tribe or band in this state.”.
- 12 **9.** Page 1273, line 20: delete “(a)” and substitute “(b)”.
- 13 **10.** Page 1273, line 21: delete “(b)” and substitute “(c)”.
- 14 **11.** Page 1273, line 21: after “existing business” insert “, including a Native
15 American business,”.
- 16 **12.** Page 1273, line 21: after “state” insert a period.
- 17 **13.** Page 1273, line 22: delete lines 22 to 24.
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23 American Indian tribe or band in this state.”.

1 (b) "Qualified business" means an existing business, including a Native
2 American business, that is located in or expanding into this state."

3 **16.** Page 1275, line 17: delete "the community in proximity to the" and
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5 **17.** Page 1276, line 2: after that line insert:

6 "SECTION 2953g. 560.139 of the statutes is created to read:

7 **560.139 Economic development grants. (1) REMEDIATION AND ECONOMIC**
8 **REDEVELOPMENT.** (a) Subject to par. (b), from the appropriation under s. 20.143 (1)
9 (kj), the department shall make grants annually to the city of Milwaukee to fund a
10 program to be administered by the Milwaukee Economic Development Corporation.
11 Under the program, the Milwaukee Economic Development Corporation shall
12 provide grants to persons for remediation and economic redevelopment projects in
13 the Menom^oinee valley. A person may not receive a grant unless the person provides
14 matching funds for at least 50% of the cost of the project.

15 (b) The department may not expend more than \$1,000,000 in grants to the city
16 of Milwaukee under this subsection annually.

17 **(2) COMMUNITY-BASED VENTURE FUND.** (a) From the appropriation under s.
18 20.143 (1) (kj), the department shall make grants to the Northwest Regional
19 Planning Commission to match federal or private funds for the purpose of
20 establishing a community-based venture fund. Subject to par. (b), the department
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22 the Northwest Regional Planning Commission receives in the year from federal or
23 private sources for the community-based venture fund.

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9 Development Corporation shall provide grants to persons for remediation and
10 economic redevelopment projects in the Menomonee Valley. A person may not receive
11 a grant unless the person provides matching funds for at least 50% of the cost of the
12 project.

13 **SECTION 2953i.** 560.139 (2) (a) of the statutes, as created by 1999 Wisconsin Act
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22 **18.** Page 1469, line 8: delete “takes” and substitute “and the amendment of
23 section 560.139 (1) (a) and (2) (a) of the statutes take”.

24 (END)

D-note

cmj

D-note

Re:

This redraft corrects the spelling
of "Menomonee" and makes "valley"
lower case in ~~the draft~~ its
second appearance.

ATK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0412/2dn
PJK:cmh:jf

May 28, 1999

Ron:

This redraft corrects the spelling of "Menomonee" and makes "valley" lower case in its second appearance.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: Pam.Kahler@legis.state.wi.us



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0412/3
PJK:cmh:jf

r m is n u n

LFB:.....Shanovich (DH) – Changes to the gaming economic development and diversification grant and loan programs

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

*SOON
(6-12-99)*

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 378, line 22: delete lines 22 and 23 and substitute “The amounts in the
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7 **8.** Page 1273, line 19: after that line insert:

8 “(a) “Native American business” means a sole proprietorship, partnership,
9 limited liability company, joint venture or corporation that is at least 51% owned,
10 controlled and actively managed by a member or members of a federally recognized
11 American Indian tribe or band in this state.”.

12 **9.** Page 1273, line 20: delete “(a)” and substitute “(b)”.

13 **10.** Page 1273, line 21: delete “(b)” and substitute “(c)”.

14 **11.** Page 1273, line 21: after “existing business” insert “, including a Native
15 American business,”.

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2 American business, that is located in or expanding into this state."

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Insert 3-4

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24 (END)

Insert 3-4

#. Page 1275, line 11: delete "in proximity to" and substitute a period.

#. Page 1275, line 12: delete that line.

#. Page 1275, line 17: delete "in proximity to the" and substitute a period.

#. Page 1275, line 18: delete that line.

(end of ins. 3-4)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0412/3
PJK:cmh:ch

LFB:.....Shanovich (DH) – Changes to the gaming economic development
and diversification grant and loan programs

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

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8 “SECTION 2953g. 560.139 of the statutes is created to read:

9 **560.139 Economic development grants.** (1) REMEDIATION AND ECONOMIC
10 REDEVELOPMENT. (a) Subject to par. (b), from the appropriation under s. 20.143 (1)
11 (kj), the department shall make grants annually to the city of Milwaukee to fund a
12 program to be administered by the Milwaukee Economic Development Corporation.
13 Under the program, the Milwaukee Economic Development Corporation shall
14 provide grants to persons for remediation and economic redevelopment projects in
15 the Menomonee valley. A person may not receive a grant unless the person provides
16 matching funds for at least 50% of the cost of the project.

17 (b) The department may not expend more than \$1,000,000 in grants to the city
18 of Milwaukee under this subsection annually.

19 (2) COMMUNITY-BASED VENTURE FUND. (a) From the appropriation under s.
20 20.143 (1) (kj), the department shall make grants to the Northwest Regional
21 Planning Commission to match federal or private funds for the purpose of
22 establishing a community-based venture fund. Subject to par. (b), the department
23 shall provide grants each year in an amount that equals 50% of the total amount that

1 the Northwest Regional Planning Commission receives in the year from federal or
2 private sources for the community-based venture fund.

3 (b) The department may not expend more than \$150,000 in grants under this
4 subsection annually.

5 **SECTION 2953h.** 560.139 (1) (a) of the statutes, as created by 1999 Wisconsin
6 Act (this act), is amended to read:

7 560.139 (1) (a) Subject to par. (b), from the appropriation under s. 20.143 (1)
8 (kj) or (km) or from both appropriations, the department shall make grants annually
9 to the city of Milwaukee to fund a program to be administered by the Milwaukee
10 Economic Development Corporation. Under the program, the Milwaukee Economic
11 Development Corporation shall provide grants to persons for remediation and
12 economic redevelopment projects in the Menomonee valley. A person may not receive
13 a grant unless the person provides matching funds for at least 50% of the cost of the
14 project.

15 **SECTION 2953i.** 560.139 (2) (a) of the statutes, as created by 1999 Wisconsin Act
16 (this act), is amended to read:

17 560.139 (2) (a) From the appropriation under s. 20.143 (1) (kj) or (km) or from
18 both appropriations, the department shall make grants to the Northwest Regional
19 Planning Commission to match federal or private funds for the purpose of
20 establishing a community-based venture fund. Subject to par. (b), the department
21 shall provide grants each year in an amount that equals 50% of the total amount that
22 the Northwest Regional Planning Commission receives in the year from federal or
23 private sources for the community-based venture fund.”.

