

**2003 DRAFTING REQUEST**

**Bill**

Received: **01/23/2003**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Koskinen**

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

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Gambling - lottery**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

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**Pre Topic:**

DOA:.....Koskinen - BB0403,

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**Topic:**

Authority to contract out certain functions of the state lottery

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**Instructions:**

See Attached.

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**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>
/?							State
/1	rchampag 01/27/2003	jdyer 01/28/2003	pgreensl 01/28/2003		lemery 01/28/2003		

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1?	rchampag	1/28 jld	1/28 psj	4/28 psj			

FE Sent For:

<END>

Wed . 11 am

**Topic:** Biennial Budget Drafting Request— Lottery—Give Department of Revenue Authority to Privatize Lottery Operations

**Analyst Name(s):** Lori Wilson & John Koskinen

**Analyst Team:** Special Projects Unit

**Agency:** Department of Revenue

**Agency Number:** 566

BB0403



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**Date:** January 21, 2003

**To:** Steve Miller, Chief  
Legislative Reference Bureau

**From:** Lori Wilson & John Koskinen, Special Projects Unit  
State Budget Office, DOA

**Subject:** Biennial Budget Drafting Request—Lottery—Give Department of  
Revenue Authority to Privatize Lottery Operations

Currently, certain state lottery operations are solely a function of state government. Please amend Chapter 565, Wis. Stats., to give the Department of Revenue permissive authority to privatize some state lottery functions.

Specifically, Sec. 565.25, Wis. Stats. should be amended to allow the DOR to provide for operations, security, and management of the lottery by one or more private parties. Presumably privatization occurs only if there are (1) actual bids and (2) the bids are lower than state provision. DOR should retain authority for procurement and financial auditing functions. Please add the provisions of previously submitted 1330/1 into this new draft.

The effective date for authority to bid should be a date after publication. The anticipated transition date for privatization should be July 1, 2004. Positions will be eliminated prospectively as of July 1, 2004. If the DOR secretary determines after an evaluation of the contract bids that some or all of the functions are more economically provided by state employees, the Secretary may request restoration of the positions through a 14-day passive review under sec.16.515.

Please contact me at 266-2081 or by email at [john.koskinen@doa.state.wi.us](mailto:john.koskinen@doa.state.wi.us) with any questions.

Thank you.



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-1704/1

RAC:.....

SOON

JLD

DOA:.....Koskinen – BB0403, Authority to contract out certain functions of the state lottery

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

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1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**GAMBLING**

Current law authorizes the administrator in the Lottery Division of the DOR to determine whether lottery functions should be performed by DOR employees or by one or more persons under contract with DOA. Current law, however, generally prohibits the contracting out of the entire management and operations of the state lottery and specifically prohibits contracting out for financial auditing and security monitoring services. The bill authorizes the administrator to determine whether any lottery functions, other than procurement and financial auditing services, should be performed by one or more persons under contract with DOA.

The bill also creates a process whereby DOR can request the governor to create full-time equivalent positions or portions thereof funded from lottery revenues in DOR to perform services relating to the state lottery that are not performed by one or more persons under contract with DOA. Upon receiving such a request, the governor may change the authorized level of full-time equivalent positions funded from such revenues in DOR. The governor may approve a different authorized level of positions than is requested. If the governor proposes to change the number of full-time equivalent positions, the governor must notify the Joint Committee on Finance, JCF, in writing of his or her proposed action. If the cochairpersons of JCF do not notify the governor that JCF has scheduled a meeting for the purpose of

reviewing the proposed action within 14<sup>✓</sup> working days after the date of the governor's notification, the position changes may be made as proposed by the governor. If, within 14 working days after the date of the governor's notification, the cochairpersons notify the governor that JCF has scheduled a meeting for the purpose of reviewing the proposed action, the position changes may be made<sup>✓</sup> under this subsection only upon approval of JCF.

Current law regulating procurement for the state lottery requires separate bids to provide instant lottery ticket services and supplies and on-line<sup>✓</sup> services and supplies for the state lottery. This bill eliminates the requirement of separate bids, with the result that a person may submit an integrated bid to provide both instant lottery ticket services and supplies and on-line services and supplies.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1           **SECTION 1.** 16.505 (1) (intro.)<sup>✓</sup> of the statutes is amended to read:

2           16.505 (1) (intro.) Except as provided in subs. (2), (2d)<sup>✓</sup>, (2m), (2n), and (2p), no  
3 position, as defined in s. 230.03 (11), regardless of funding source or type, may be  
4 created or abolished unless authorized by one of the following:

5 History: 1977 c. 196, 418; 1979 c. 34; 1981 c. 20; 1983 a. 27; 1987 a. 27; 1989 a. 31, 127; 1991 a. 39, 269; 1993 a. 16; 1995 a. 27; 1997 a. 27; 2001 a. 16, 109.

6           **SECTION 2.** 16.505 (2d) of the statutes is created to read:

7           16.505 (2d) The department of revenue<sup>✓</sup> may request the governor to create a  
8 full-time equivalent position or portion thereof funded from gross lottery revenues,  
9 as defined in s. 25.75 (1) (b)<sup>✓</sup>, in the department of revenue to perform services relating  
10 to the state lottery that are not performed by one or more persons under contract with  
11 the department of administration.<sup>✓</sup> Upon receiving such a request, the governor may  
12 change the authorized level of full-time equivalent positions funded from such  
13 revenues in the department of revenue in accordance with this subsection.<sup>✓</sup> The  
14 governor may approve a different authorized level of positions than is requested. If  
15 the governor proposes to change the number of full-time equivalent positions, the  
governor shall notify the joint committee on finance<sup>✓</sup> in writing of his or her proposed

1 action. If the cochairpersons of the committee do not notify the governor that the  
2 committee has scheduled a meeting for the purpose of reviewing the proposed action  
3 within 14 working days after the date of the governor's notification, the position  
4 changes may be made as proposed by the governor. If, within 14 working days after  
5 the date of the governor's notification, the cochairpersons of the committee notify the  
6 governor that the committee has scheduled a meeting for the purpose of reviewing  
7 the proposed action, the position changes may be made under this <sup>✓</sup>subsection only  
8 upon approval of the committee.

9 **SECTION 3.** 565.25 <sup>✓</sup>(1m) of the statutes is amended to read:

10 565.25 (1m) SCOPE OF AUTHORITY. Subject to approval by the secretary of  
11 revenue, the administrator may determine whether lottery functions shall be  
12 performed by ~~department of revenue employees or~~ by one or more persons under  
13 contract with the department of administration, <sup>✓</sup>except that ~~no contract may provide~~  
14 ~~for the entire management of the lottery or for the entire operation of the lottery by~~  
15 ~~any private person. The department of administration may contract for~~  
16 ~~management consultation services to assist in the management or operation of the~~  
17 ~~lottery. The department of administration may not contract for financial auditing~~  
18 ~~or security monitoring services, except that, if for financial auditing services and~~  
19 ~~procurement functions relating to the state lottery.~~ If the department of  
20 administration delegates under s. 16.71 (1) to the department of revenue the  
21 authority to make a major procurement, the department of revenue may contract  
22 with the department of administration for warehouse and building protection  
23 services relating to the state lottery. If the department of administration delegates  
24 under s. 16.71 (1) to the department of revenue the authority to make a major  
25 procurement, the department of revenue shall assume the powers and duties of the

1 department of administration and the administrator shall assume the powers and  
2 duties of the secretary of administration under this section and ss. 16.70 to 16.77,  
3 except under ss. 16.72 (4) (a), 16.76 (1) and 16.77 (1).

4 History: 1987 a. 119, 399; 1989 a. 31, 56, 99, 172, 345, 359; 1991 a. 39, 269, 315; 1993 a. 112; 1995 a. 27; 1997 a. 27.

4 **SECTION 4. 565.25 (2) (a) 4.** of the statutes is repealed and recreated to read:

5 565.25 (2) (a) 4. The administrator<sup>✓</sup> shall develop specifications for major  
6 procurements. If security is a factor in the materials, supplies, equipment, property,  
7 or services to be purchased in any major procurement, then invitations for bids or  
8 competitive sealed proposals shall include specifications related to security. The  
9 administrator shall submit specifications for major procurement to the<sup>✓</sup> secretary of  
10 revenue for review and approval before the<sup>✓</sup> department of~~administration~~ releases  
11 the specifications in invitations for bids or competitive sealed proposals. The  
12 department of~~administration~~ shall require separate bids or separate competitive  
13 sealed proposals for management consultation services if the services are provided  
14 under contract as provided in sub. (1m).<sup>✓</sup>

15 (END)



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-1704/1

RAC:jld:pg

DOA:.....Koskinen – BB0403, Authority to contract out certain functions of  
the state lottery

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

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12 separate bids or separate competitive sealed proposals for management consultation  
13 services if the services are provided under contract as provided in sub. (1m).

14 (END)