

2019 DRAFTING REQUEST

Assembly Amendment (AA-AB56)

For: **Legislative Fiscal Bureau 6-3847** Drafter: **ewheeler**
 By: **Miller** Secondary Drafters:
 Date: **6/13/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **angela.miller@legis.wisconsin.gov**
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jbauer@legis.wisconsin.gov
Elizabeth.Wheeler@legis.wisconsin.gov

Pre Topic:

LFB:.....Miller -

Topic:

Motion #150; appropriations for the state lottery

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	ewheeler 6/13/2019	anienaja 6/13/2019			
/P1	ewheeler 6/13/2019	anienaja 6/13/2019	dwalker 6/13/2019		
/P2	ewheeler 6/14/2019	anienaja 6/14/2019	dwalker 6/13/2019		
/P3			lparisi		

Vers. Drafted

Reviewed

Submitted
6/14/2019

Jacketed

Required

FE Sent For:

<END>

Wheeler, Elizabeth

From: Miller, Angela
Sent: Thursday, June 13, 2019 1:59 PM
To: Wheeler, Elizabeth
Cc: Moran, Sean; Bauer Jr., Jere
Subject: Drafting Request for the Lottery
Attachments: 150.pdf

Hello,

JFC adopted motion #150 today, which includes the creation of two new GPR appropriations for the state lottery. It's item #22 in the attached motion.

The language should reflect the following: "Create two new annual GPR appropriations under the Division of Lottery for: (a) vendor fees (\$17,826,000 annually); and (b) general program operations, *excluding personnel and advertising expenses* (\$4,393,300 in 2019-20 and \$2,593,300 in 2020-21)."

Please let me know if you have any questions.

--

Angela Miller

Fiscal Analyst | Wisconsin Legislative Fiscal Bureau
(608) 266-3847 | Angela.Miller@legis.wisconsin.gov

GENERAL FUND TAXES/REVENUE

Omnibus Motion

[LFB Papers #315 thru #332, #345, #350 thru #353, and #625]

Motion:

Move to include the following items:

1. *Individual Income Tax Rate Reduction*. Reduce the marginal tax rate that applies to income that falls within the second income tax bracket from 5.84% to 5.21%, effective with tax years beginning after January 1, 2019. Decrease estimated individual income tax collections by \$168,900,000 in 2019-20 and \$152,600,000 in 2020-21.

2. *Sunset Working Families Credit (Paper #315)*. Adopt the Governor's recommendation to sunset the nonrefundable working families tax credit, effective in tax year 2019. Increase individual income tax collections by an estimated \$50,000 annually (Alternative 4 in LFB Paper #315).

3. *Earned Income Tax Credit (EITC) -- Current Law Sum Sufficient Reestimate (Paper #317)*. Reestimate the total amount of credit payments at \$95,700,000 in 2019-20 and \$97,400,000 in 2020-21, reflecting decreases of \$4,900,000 in 2019-20 and \$3,200,000 in 2020-21, relative to the base level. These decreases equate to GPR expenditure reductions. Estimate the amount of the GPR appropriation at \$26,000,000 in 2019-20 and \$27,700,000 in 2020-21 to reflect this reestimate. Federal temporary assistance for needy families block grant funding for the credit would remain unchanged relative to base level funding at \$69,700,000 annually (Modification in LFB Paper #317).

4. *Homestead Tax Credit -- Current Law Reestimate (Paper #318)*. Reestimate the sum sufficient appropriation for the credit under current law provisions at \$71,200,000 in 2019-20 and \$70,500,000 in 2020-21. Reduce credit expenditures by an estimated \$13,700,000 GPR in 2019-20 and \$14,400,000 GPR in 2020-21, relative to base level funding (Modification in LFB Paper #318).

5. *Medical Care Insurance Deduction for Self-Employed Persons (Paper #321)*. Approve the Governor's proposal to modify the limitation on the deduction under the individual income tax that self-employed persons may claim for medical care insurance for themselves, their spouse, and their dependents, beginning in tax year 2020. Repeal obsolete provisions regarding medical care insurance deductions that were sunset in prior tax years. Remove cross-references to repealed medical care insurance deductions under the itemized deduction credit. Reduce individual income tax collections by an estimated \$9,500,000 in 2020-21 (Alternative 1 in LFB Paper #321).

6. *Illinois-Wisconsin Reciprocity -- Current Law Sum Sufficient Reestimate (Paper #324)*. Reestimate Wisconsin's payments under the Illinois-Wisconsin income tax reciprocity agreement at \$102,800,000 in 2019-20 and \$102,900,000 in 2020-21. Increase expenditures by \$9,813,000 GPR

in 2019-20 and \$9,913,000 GPR in 2020-21 (Modification in LFB Paper #324).

7. *Enterprise Zone Tax Credit Program Sum Sufficient Reestimate (Paper #327)*. Decrease funding for the enterprise zone tax credit program sum sufficient appropriation by \$4,000,000 GPR in 2019-20 and increase funding by \$13,400,000 GPR in 2020-21. With the adjustments, estimated total funding would decrease from base funding of \$68,300,000 to \$64,300,000 in 2019-20 and increase to \$81,700,000 in 2020-21 (Alternative 1 in LFB Paper #327).

8. *Business Development Tax Credit Sum Sufficient Reestimate (Paper #328)*. Increase funding for the business development credit appropriation by \$2,600,000 GPR in 2019-20 and \$4,000,000 GPR in 2020-21. Estimate total funding of \$18,700,000 in 2019-20 and to \$20,100,000 in 2020-21 (Modification in LFB Paper #328).

9. *Exclusion for Interest on Certain WHEFA Bonds and Notes (LFB Summary #15)*. Adopt the Governor's recommendation to provide an exclusion from income under the individual income tax and the corporate income/franchise tax for interest received on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority (WHEFA) provided the bonds or notes are issued in an amount totaling \$35,000,000 or less, if the interest is not otherwise exempt. Extend the exclusion to tax years beginning on January 1 of the budget act's effective date, except extend the exclusion beginning in the subsequent tax year if the budget act takes effect after July 31. Reduce state tax collections by an estimated \$130,000 in 2020-21, \$260,000 in 2021-22, and \$390,000 in 2022-23.

10. *Veterans and Surviving Spouses Property Tax Credit (LFB Summary #18)*. Adopt the Governor's recommendation to increase funding by \$3,470,000 GPR in 2019-20 and \$4,570,000 GPR in 2020-21 for the refundable veterans and surviving spouses property tax credit. With these adjustments, expenditures under the credit would be increased to \$33,900,000 in 2019-20 and \$35,000,000 in 2020-21.

11. *Interest on Overpayment of Taxes (LFB Summary #19)*. Adopt the Governor's recommendation to increase the estimated payments from the sum sufficient appropriation by \$500,000 GPR to reflect payments estimated at \$1,500,000 for interest on tax overpayments in 2019-20. Estimate the payments at \$1,000,000 in 2020-21, the same amount as the base funding level.

12. *Repayment Credit (LFB Summary #20)*. Adopt the Governor's recommendation to decrease funding by \$31,000 GPR annually for the sum sufficient appropriation for the repayment (claim of right) credit. Estimate credit expenditures of \$132,000 annually.

13. *Jobs Tax Credit Sum Sufficient Reestimate (LFB Summary #24)*. Adopt the Governor's recommendation to reduce funding by \$7,100,000 GPR in 2019-20 and by \$9,200,000 GPR in 2020-21 for the sum sufficient appropriation for jobs tax credits to reestimate claims during the biennium. Estimate total funding of \$5,000,000 in 2019-20 and \$2,900,000 in 2020-21.

14. *Refundable Research Credit Sum Sufficient Reestimate (LFB Summary #27)*. Adopt the Governor's recommendation to increase funding by \$5,400,000 GPR in 2019-20 and \$6,900,000 GPR in 2020-21 for the sum sufficient appropriation for the refundable portion of the research tax credit. Estimate total funding of \$7,500,000 in 2019-20 and \$9,000,000 in 2020-21.

15. *Impose Tobacco Products Tax on Vapor Products (Paper #350)*. Define a vapor product to mean a non-combustible product that produces vapor or aerosol for inhalation from the application of a heating element to a liquid solution or other substance that is depleted as the product is used. Include vapor products in the definition of tobacco products, and impose an excise tax on vapor products as follows. For cartridges or containers of liquid or other substances that are depleted as the vapor product is used, impose an excise tax at a rate of \$0.05 per milliliter on the volume of the liquid or other substance and a proportionate tax at the like rate on all fractional parts of a milliliter thereof. Impose the tax on vapor products based on the net volume of the solution as listed by the manufacturer in the device as listed by the manufacturer. Require every distributor to file a return showing the quantity and taxable price of milliliters of vapor product brought, shipped, or transported into Wisconsin for sale in the state; or made, manufactured, or fabricated in Wisconsin for sale in the state, during the preceding month. Specify that the provision would take effect October 1, 2019, and estimate increased excise tax revenues of \$2,300,000 in 2019-20 and \$3,200,000 in 2020-21.

16. *Cigarette and Tobacco Product Tax Refunds -- Current Law Reestimate (Paper #352)*. Reestimate the sum sufficient appropriation for cigarette and tobacco product tax refunds under current law at \$32,200,000 GPR in 2019-20 and at \$31,700,000 GPR in 2020-21. Compared to the base, the reestimate would decrease the appropriation by \$1,796,000 GPR in 2019-20 and \$2,296,000 GPR in 2020-21 (Modification in LFB Paper #352).

17. *Limit Real Estate Transfer Fee Exemptions for Transfers Between Related Entities (Paper #353)*. Adopt the Governor's recommendation to clarify that, to be eligible for the exemption regarding transfers between parent and subsidiary, both the subsidiary and the parent must be a corporation. Also stipulate that, regarding the exemption for conveyances made to provide or release security for a debt, the exemption would not apply if the debt or obligation was incurred as the result of a conveyance. Specify that the provision would first apply to conveyances made on the first day of the third month beginning after publication of the bill. Estimate increased state tax revenues of \$538,500 in 2019-20 and \$718,000 in 2020-21 and annually thereafter. In addition, estimate increased county tax revenues of \$135,000 in 2019-20 and \$180,000 in 2020-21 and annually thereafter (Modification in LFB Paper #353).

18. *Oil Pipeline Terminal Tax Distribution (LFB Summary #4, Page 291)*. Adopt the Governor's recommendation to increase the estimated payments from the sum sufficient appropriation by \$886,100 GPR in 2019-20 and \$948,600 GPR in 2020-21 to reflect payments estimated at \$6,386,100 GPR in 2019-20 and \$6,448,600 GPR in 2020-21 to make payments to municipalities where oil pipeline terminal facilities are located.

19. *Transfer Unencumbered Economic Development Funds*. Require the Wisconsin Economic Development Corporation to make a payment of \$30,000,000 for deposit into the state's general fund on or before January 1, 2020.

20. *Interactive Effects*. Increase individual income tax collections by an estimated \$2,000,000 in 2019-20 and \$4,000,000 in 2020-21 to reflect the interactive effects of the proposed changes to tax rates on nonrefundable tax credits.

21. *Expand Auditing Activity (Paper #625)*. Notwithstanding s. 230.27(1), specify that the

expiration of 38.0 audit and compliance project positions provided to DOR under 2017 Wisconsin Act 59 be extended from an expiration date of September 30, 2021, to September 30, 2023.

(*)

22. *Increase GPR Funding for the Wisconsin Lottery.* Provide \$30,200,000 GPR in 2019-20 and \$28,400,000 GPR in 2020-21 to support the Division of Lottery, for the purpose of increasing total GPR funding for the lottery to \$70,200,000 in 2019-20 and \$68,400,000 in 2020-21. Create two new annual GPR appropriations under the Division of Lottery for: (a) vendor fees (\$17,826,000 annually); and (b) general program operations, excluding personnel and advertising expenses (\$4,393,300 in 2019-20 and \$2,593,300 in 2020-21). Provide an additional \$7,980,700 GPR annually in the existing retailer compensation appropriation. Reduce SEG appropriations for vendor fees, general program operations, and retailer compensation by these amounts and make a corresponding increase in the SEG lottery credit appropriation to reflect the higher amount available for property tax relief.

Note:

FISCAL EFFECT OF MOTION #150 (CHANGE TO BASE AND BILL)

	Change to Base			Change to Bill			Source
	2019-20	2020-21	Biennium	2019-20	2020-21	Biennium	
Reduce Second Income Tax Rate	-\$168,900,000	-\$152,600,000	-\$321,500,000	-\$168,900,000	-\$152,600,000	-\$321,500,000	GPR-Tax
Family and Individual Reinvestment Credit	-	-	-	421,550,000	412,050,000	833,600,000	GPR-Tax
Sunset Working Families Credit	50,000	50,000	100,000	-	-	-	GPR-Tax
IRC Update	-	-	-	-187,850,000	-174,450,000	-362,300,000	GPR-Tax
EITC Sum Sufficient Reestimate	-4,900,000	-3,200,000	-8,100,000	-3,300,000	-3,000,000	-6,300,000	GPR
Homestead Sum Sufficient Reestimate	-13,700,000	-14,400,000	-28,100,000	-7,700,000	-6,900,000	-14,600,000	GPR
Child and Dependent Care Credit	-	-	-	-	9,900,000	9,900,000	GPR-Tax
Medical Care Insurance for Self-Employed	-	-9,500,000	-9,500,000	-	-	-	GPR-Tax
NOL Carrybacks	-	-	-	-2,000,000	-4,100,000	-6,100,000	GPR-Tax
First-Time Home Buyer Savings Account	-	-	-	-	4,100,000	4,100,000	GPR-Tax
Illinois-Wisconsin Reciprocity Reestimate	9,813,000	9,913,000	19,726,000	4,735,000	1,153,000	5,888,000	GPR
Refundable Research Tax Credit	-	-	-	-	-2,250,000	-2,250,000	GPR
Enterprise Zone Sum Sufficient Reestimate	-4,000,000	13,400,000	9,400,000	-	31,000,000	31,000,000	GPR
Business Development Credit Reestimate	2,600,000	4,000,000	6,600,000	600,000	1,700,000	2,300,000	GPR
Exclusion for WHEFA Interest	-	-130,000	-130,000	-	-	-	GPR-Tax
Veterans and Surviving Spouses Reestimate	3,470,000	4,570,000	8,040,000	-	-	-	GPR
Interest on Overpayment of Taxes	500,000	500,000	500,000	-	-	-	GPR
Repayment Credit	-31,000	-31,000	-62,000	-	-	-	GPR
Jobs Tax Credit Reestimate	-7,100,000	-9,200,000	-16,300,000	-	-	-	GPR
Refundable Research Credit Reestimate	5,400,000	6,900,000	12,300,000	-	-	-	GPR
LIHTC Credit Addback	-	4,000,000	6,000,000	-140,000	-310,000	-450,000	GPR-Tax
Interactive Effects	2,000,000	-	-	-2,900,000	-2,900,000	6,000,000	GPR-Tax
Marketplace Providers	-	-	-	-26,800,000	-67,100,000	-93,900,000	GPR-Tax
Tobacco Products Tax on Vapor Products	2,300,000	3,200,000	5,500,000	-12,600,000	-16,600,000	-29,200,000	GPR-Tax
Cigarette Tax on Little Cigars	-	-	-	-2,900,000	-3,900,000	-6,800,000	GPR-Tax
Tribal Refunds -- Current Law Reestimate	-1,796,000	-2,296,000	-4,092,000	-1,435,000	-1,425,000	-2,860,000	GPR
Limit REIT Exemptions for Related Entities	538,500	718,000	1,256,500	-	-	-	GPR-Tax
Oil Pipeline Sum Sufficient Reestimate	886,100	948,600	1,834,700	-	-	-	GPR
Transfer from WEDC	30,000,000	-	30,000,000	30,000,000	-	30,000,000	GPR
Expand Auditing Activity	-	-	-	-14,500,000	-29,000,000	-43,500,000	GPR-Rev
Expand Auditing Activity	-	-	-	-3,215,100	-3,834,300	-7,049,400	GPR
GPR Funding for Lottery Operations	30,200,000	28,400,000	58,600,000	30,200,000	28,400,000	58,600,000	GPR
SEG Funding for Lottery Operations	-30,200,000	-28,400,000	-58,600,000	-30,200,000	-28,400,000	-58,600,000	SEG
SEG Funding for Lottery Credit	30,200,000	28,400,000	58,600,000	30,200,000	28,400,000	58,600,000	SEG
TOTALS	-\$164,011,500	-\$154,262,000	-\$318,273,500	\$2,960,000	-\$24,910,000	-\$21,950,000	GPR-Tax
	\$30,000,000	\$0	\$30,000,000	\$30,000,000	\$0	\$30,000,000	GPR-Rev
	\$21,342,100	\$39,004,600	\$60,346,700	\$19,884,900	\$44,843,700	\$64,728,600	GPR
	\$0	\$0	\$0	\$0	\$0	\$0	SEG
Expand Auditing Activity (Positions)	0.00	0.00	0.00	-36.00	-36.00	-36.00	GPR



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0373? OPI
EAW:... amn

in: 6/13

LFB:.....Miller - Motion #150; appropriations for the state lottery

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 56


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

2 **1.** Page 409, line 7: after that line insert:

3 **"SECTION 287m.** 20.566 (8) (a) of the statutes is created to read:

4 ~~X~~20.566 (8) (a) *General program operations; general purpose revenue.* The
5 amounts in the schedule for lottery program operations, excluding personnel and
6 advertising expenses.

7 **SECTION 287p.** 20.566 (8) (c) of the statutes is created to read:

8 ~~X~~20.566 (8) (c) *Vendor fees; general purpose revenue.* The amounts in the
9 schedule to pay vendors for on-line and instant ticket services and supplies provided
10 by the vendors under contract under s. 565.25 (2) (a)." 

11

(END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0373/P1
EAW:amn

in 6/13

LFB:.....Miller - Motion #150; appropriations for the state lottery

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6 advertising expenses. *product information*

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9 schedule to pay vendors for online and instant ticket services and supplies provided
10 by the vendors under contract under s. 565.25 (2) (a)."

11 (END)

Wheeler, Elizabeth

From: Miller, Angela
Sent: Thursday, June 13, 2019 4:38 PM
To: Wheeler, Elizabeth
Subject: RE: Drafting Request for the Lottery
Attachments: Lottery GPR.pdf

Hello,

Two small changes to make this draft similar to the existing appropriations under the lottery division:

Line 5: "general" instead of "lottery," so it reads "the amounts in the schedule for general program operations..."

Line 9: "on-line" instead of "online."

Thank you,

Angela

From: Miller, Angela
Sent: Thursday, June 13, 2019 2:36 PM
To: Wheeler, Elizabeth <Elizabeth.Wheeler@legis.wisconsin.gov>
Subject: RE: Drafting Request for the Lottery

Liz,

Yes, that is correct.

Thanks,
Angela

From: Wheeler, Elizabeth <Elizabeth.Wheeler@legis.wisconsin.gov>
Sent: Thursday, June 13, 2019 2:34 PM
To: Miller, Angela <Angela.Miller@legis.wisconsin.gov>
Cc: Moran, Sean <Sean.Moran@legis.wisconsin.gov>; Bauer Jr., Jere <Jere.BauerJr@legis.wisconsin.gov>
Subject: RE: Drafting Request for the Lottery

Hi Angela – just making sure I get this right – the new appropriation for vendor fees would have the same purpose as 20.566 (8) (v), but with a different revenue source, correct?

Elizabeth Wheeler
Legislative Attorney
Wisconsin Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701-2037
Direct: 608-504-5880
Elizabeth.wheeler@legis.wisconsin.gov

From: Miller, Angela <Angela.Miller@legis.wisconsin.gov>

Sent: Thursday, June 13, 2019 1:59 PM

To: Wheeler, Elizabeth <Elizabeth.Wheeler@legis.wisconsin.gov>

Cc: Moran, Sean <Sean.Moran@legis.wisconsin.gov>; Bauer Jr., Jere <Jere.BauerJr@legis.wisconsin.gov>

Subject: Drafting Request for the Lottery

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Please let me know if you have any questions.

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Angela Miller

Fiscal Analyst | Wisconsin Legislative Fiscal Bureau
(608) 266-3847 | Angela.Miller@legis.wisconsin.gov



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0373/P2 P3
EAW:amn

rw 6/14

LFB:.....Miller - Motion #150; appropriations for the state lottery

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
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4 20.566 (8) (a) *General program operations; general purpose revenue.* The
5 amounts in the schedule for lottery program operations, excluding personnel and
6 product information expenses. *general*

7 **SECTION 287p.** 20.566 (8) (c) of the statutes is created to read:

8 20.566 (8) (c) *Vendor fees; general purpose revenue.* The amounts in the
9 schedule to pay vendors for online and instant ticket services and supplies provided
10 by the vendors under contract under s. 565.25 (2) (a).".

11

(END)

on-line



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0373/P3
EAW:amn

LFB:.....Miller - Motion #150; appropriations for the state lottery

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 56**

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

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3 “**SECTION 287m.** 20.566 (8) (a) of the statutes is created to read:

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9 schedule to pay vendors for on-line and instant ticket services and supplies provided
10 by the vendors under contract under s. 565.25 (2) (a).”

11

(END)