

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-3159/1	Introduction Number AB-0401
Description exempting 50/50 raffles from license requirements	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.505(8)(jn)	
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Date 9/15/2021	

Fiscal Estimate Narratives

DOA 9/15/2021

LRB Number	21-3159/1	Introduction Number	AB-0401	Estimate Type	Original
Description exempting 50/50 raffles from license requirements					

Assumptions Used in Arriving at Fiscal Estimate

The proposed Assembly Bill 0401 (AB 0401) makes changes to provisions regarding raffles under Class B licenses. Under current law, the Department of Administration, or Department, may issue a Class B license to any qualified organization that applies. A Class B license is authorized under Chapter 563 of the Wisconsin Statutes, which prescribes a \$25 fee for an applicant to receive a raffle license and restricts the number of raffles that may be held by a qualified organization during a year to 365 raffles, among other provisions.

The proposed legislation removes the requirement for a qualified organization to receive a raffle license, under the following circumstances: tickets are offered only to members (member-only) of the hosting organization; the prize is a cash award equal to one-half of the ticket proceeds; the prize does not exceed \$500; and the hosting organization is otherwise qualified and adheres to the conduct of Class B license as defined in statute (s. 563.935, Wis. Stats.).

The Department of Administration's Division of Gaming (Gaming) is responsible for the regulation of charitable and Indian Gaming for the State. Charitable gaming raffle operations include costs for Gaming staff and supplies and services, which are supported by fees collected for raffle licenses under s. 20.505(8)(jn), Wis. Stats., numeric 84500. Gaming would no longer receive applications and license fees from those organizations now excluded from the licensing requirement based upon the aforementioned criteria.

The Department is not able to determine the license holder organizations or number of licenses that would be impacted by the proposed legislation, as Gaming does not systematically collect data on raffle prize sizes, etc. Gaming has issued a total of 2,561 active and expired Class B licenses to organizations that have potentially held member-only 50 50 raffles since January 1, 2020. This overall count of Class B licenses will readily change over time, resulting from organizations no longer requiring licensure, organizations adding licenses, or new organizations obtaining licenses. Under the proposed license exclusion circumstances, Gaming anticipates that there could be a potential expansion in the number of 50 50 member-only raffles; however, organizations conducting raffles would still be required to adhere to all other raffle license requirements, such as the maximum number of raffles to be held during a year, among other provisions.

Further, since the Department is not able to identify of these licenses the count that would meet the criteria to not be required under the proposed, the estimate of the impact to Gaming revenues from license raffle fees as collected under s. 20.505(8)(jn) is indeterminate. Although the magnitude of the anticipated loss of revenues is indeterminate, the Department anticipates a potential approximated range of \$0 through -\$64,025 in annualized loss of revenue under s. 20.505(8)(jn), numeric 84500, at \$25 per license for 2,561 licenses. The actual loss of revenue would depend on the number of Class B licenses meeting the criteria or known to meet the criteria. Consequently, the Department is not able to determine whether this anticipated loss of revenue would be able to be absorbed without impacting charitable gaming operations, which support 4.25 PR authorized FTE staff and \$381,000 PR FY2022 expenditure authority under s. 20.505(8)(jn), numeric 84500, which is a revolving sum certain appropriation.

Additional Gaming staff time would be required on a one-time and ongoing basis to provide informational awareness of the proposed changes for license applicants or potential applicants, both through Gaming personnel communications and additional guidance provided within Gaming materials and technical assistance information posted on the Department's Gaming website. Staff time would be required to communicate the license exclusion criteria, to both ensure those that do not meet the proposed exclusion criteria continue to adhere to statutory requirements and obtain a license, as well as to inform those that may meet the criteria of the allowance to forgo licensure. Gaming staff time may also be reduced due to the reduction in the number of raffle licenses requiring processing and operational oversight. The changes to Gaming staff workload on a one-time and ongoing basis is indeterminate but is anticipated to be absorbed by existing staffing levels and expenditure authority under s. 20.505(8)(jn), numeric 84500.

Long-Range Fiscal Implications