



1995 ASSEMBLY BILL 723

December 12, 1995 - Introduced by Representatives KAUFERT, LEHMAN, VRAKAS, AINSWORTH, JENSEN, PORTER, OTT, WIRCH, OLSEN, HANDRICK, WASSERMAN, POWERS, HUTCHISON, MUSSER, WALKER, FOTI, ZUKOWSKI, GROTHMAN, DOBYNS, PLOMBON, VANDER LOOP, KREUSER, SPRINGER and GRONEMUS, cosponsored by Senators PANZER, ANDREA, BRESKE, HUELSMAN, ROSENZWEIG and FITZGERALD. Referred to Special committee on Gambling Oversight.

1 **AN ACT to amend** 20.003 (5) (a), 25.75 (3) (b) (intro.), 565.10 (14) (b) and 565.45;
2 **and to repeal and recreate** 565.10 (14) (b) and 565.45 of the statutes;
3 **relating to:** lottery retailer compensation, administrative expenses of the
4 gaming commission relating to the state lottery and required lottery fund
5 balance.

Analysis by the Legislative Reference Bureau

Under current law, the basic compensation that is paid to a retailer that sells lottery tickets or lottery shares is 5.5% of the retail price of the lottery tickets or lottery shares sold by the retailer. This bill raises this compensation amount to 7% for tickets for scratch-off or instant games, retains the 5.5% for on-line lottery tickets or lottery shares and, beginning on July 1, 1996, authorizes the payment of an additional 0.5% compensation to retailers that meet certain sales or marketing goals established by the gaming board.

In addition, under current law, the legislature may not enact any bill that directly or indirectly would cause the estimated lottery fund balance on June 30 of any fiscal year to fall below 2% of the estimated gross lottery revenues. The bill provides that the legislature may not enact any bill that directly or indirectly would cause the estimated lottery fund balance on June 30 of any fiscal year to fall below \$1,000,000.

Finally, under current law, with certain exceptions, no more than 15% of gross lottery revenues for each year may be expended to pay the expenses for the operation and administration of the lottery, unless approved by the joint committee on finance. The bill increases this limit to 16.5% of gross lottery revenues for each year.

For further information see the *state and local* 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.** 20.003 (5) (a) of the statutes is amended to read:

2 20.003 (5) (a) The legislature may not enact any bill directly or indirectly
3 affecting the lottery fund if the bill would cause the estimated lottery fund balance
4 on June 30 of any fiscal year, as projected under s. 20.005 (1), to be less than ~~2%~~ of
5 ~~the estimated gross lottery revenues, as defined in s. 25.75 (1) (b), for that fiscal year,~~
6 ~~as projected under s. 20.005 (1)~~ \$1,000,000.

7 **SECTION 2.** 25.75 (3) (b) (intro.) of the statutes is amended to read:

8 25.75 (3) (b) *Expenses.* (intro.) ~~Beginning July 1, 1991, no~~ No more than an
9 amount equal to ~~15%~~ 16.5% of gross lottery revenues for each year may be expended
10 to pay the expenses for the operation and administration of the lottery, except that
11 expenses for the operation and administration of the lottery may exceed ~~15%~~ 16.5%
12 of gross lottery revenues if so approved by the joint committee on finance under s.
13 13.10. In computing expenses subject to the ~~15%~~ 16.5% limitation under this
14 paragraph:

15 **SECTION 3.** 565.10 (14) (b) of the statutes, as affected by 1995 Wisconsin Act 27,
16 section 6979, is amended to read:

17 565.10 (14) (b) The basic compensation to be paid to a retailer for the sale of
18 a lottery ticket or lottery share described under s. 565.01 (6m) (a) 2. is 5.5% of the
19 retail price of lottery tickets or lottery shares sold by the retailer. The basic
20 compensation to be paid to a retailer for the sale of a lottery ticket or lottery share
21 described under s. 565.01 (6m) (a) 1. is 7% of the retail price of lottery tickets or

1 lottery shares sold by the retailer. The commission may, in the rules promulgated
2 under s. 565.02 (4) (f), provide for the payment of a higher rate of compensation to
3 nonprofit organizations making sales under a contract issued on a temporary basis
4 than the rate of compensation paid to other retailers.

5 **SECTION 4.** 565.10 (14) (b) of the statutes, as affected by 1995 Wisconsin Act 27,
6 section 6979m, and 1995 Wisconsin Act (this act), is repealed and recreated to
7 read:

8 565.10 (14) (b) The basic compensation to be paid to a retailer for the sale of
9 a lottery ticket or lottery share described under s. 565.01 (6m) (a) 2. is 5.5% of the
10 retail price of lottery tickets or lottery shares sold by the retailer. The basic
11 compensation to be paid to a retailer for the sale of a lottery ticket or lottery share
12 described under s. 565.01 (6m) (a) 1. is 7% of the retail price of lottery tickets or
13 lottery shares sold by the retailer. The board may provide for the payment of an
14 additional 0.5% rate of compensation to be paid to a retailer for the sale of a lottery
15 ticket or lottery share described under s. 565.01 (6m) (a) 1. or 2., if the retailer meets
16 certain sales or marketing goals established by the board. The board may, in the
17 rules promulgated under s. 565.02 (4) (f), provide for the payment of a higher rate
18 of compensation to nonprofit organizations making sales under a contract issued on
19 a temporary basis than the rate of compensation paid to other retailers.

20 **SECTION 5.** 565.45 of the statutes is amended to read:

21 **565.45 Report on expense limitation.** Before January 1, 1992, and every 2
22 years thereafter of every even-numbered year, the commission shall submit a report
23 to the chief clerk of each house of the legislature, for distribution to the legislature
24 under s. 13.172 (2), on the effects on the operation of the lottery of the 15% 16.5%
25 expense limitation under s. 25.75 (3) (b).

