



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

February 4, 2021

**Senate Committee on Government Operations, Legal Review and
Consumer Protection
Testimony on Senate Bill 27**

Good Afternoon!

Thank you Chair Stroebel and committee members for hearing Senate Bill 27 (SB 27) that makes modifications to the definition of “multijurisdictional” for purposes of the lottery.

SB 27 adds “or any other country or nation” to the current statutory definition of multijurisdictional. Powerball is currently played in 45 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Powerball Game Group, the board that oversees the US Powerball game is considering a plan to expand the availability of tickets to other countries.

Agreements are being explored that would make tickets for the U.S. game available in Australia, and an entity in the United Kingdom (U.K.) has expressed interest in selling tickets throughout the U.K. Under current law, if Powerball moves ahead with this plan, Wisconsin would no longer be able to sell tickets for the game. The update in this bill would enable Wisconsin to continue selling Powerball tickets if the organization makes this change.

A portion of all lottery proceeds goes back to Wisconsin residents through the lottery and gaming credit, which is applied to the property tax bill for the primary dwelling for state residents. The lottery and gaming credit is funded with proceeds from all lottery games, however Powerball sales for FY21 are estimated to be over \$70 million.

The inability to sell Powerball tickets would be a significant reduction in property tax relief. The estimate for FY22 would be a loss of approximately \$27.6 million statewide. Comparing FY21 to FY22 without Powerball ticket sales would result in property tax increase of \$19 for the median household. Many individuals in our communities are struggling under the current economic conditions, and now is not the time for an unnecessary property tax increase.

Thank you again for hearing SB 27, and your timely action on this proposal.



ROB SUMMERFIELD

STATE REPRESENTATIVE • 67th ASSEMBLY DISTRICT

February 4, 2021

Senator Stroebel, Chair
Senator Felzkowski, Vice-Chair
Members of the Senate Committee on Government Operations, Legal Review and Consumer Protections

Testimony on 2021 Senate Bill 27

Relating to: defining "multijurisdictional" for the purposes of the lottery

Dear Chairman Stroebel, Vice-Chair Felzkowski, and Committee Members:

Thank you for providing me with the opportunity to testify at today's public hearing on Senate Bill 27. I appreciate your time and consideration of this legislation.

The Powerball Game Group currently operates in 45 states, Washington D.C., Puerto Rico and the U.S. Virgin Islands. The revenue generated from these games is used to provide property tax relief. In the hopes of increased sales potentially providing even greater assistance, Powerball is now seeking to expand its operations to Australia and possibly the United Kingdom.

However, under Wisconsin state law, our state is allowed to participate in multijurisdictional lotteries, but "multijurisdictional" is defined as states and territories in possession of the United States and Canada. This means that if Powerball's expansion is successful, Wisconsinites would no longer be able to compete and we would lose millions of dollars in potential state property tax relief.

Senate Bill 27 seeks to expand the definition of multijurisdictional to include any other nation or country. This would allow Wisconsin to continue to participate in the lottery, even if it expanded to Australia and the United Kingdom, and continue to receive the much needed property tax relief that is generated from this game.

I ask that you join me in supporting this bill and allowing us to remain good tax stewards for the people of Wisconsin.



Chairman Stroebel, members of the Committee, good afternoon. My name is Cindy Polzin and I am the Director of the Wisconsin Lottery. I have been in this position since the Fall of 2016. With me is Zach Hyde, Supervisor for Game Development and Research. I am here today to testify in favor of Senate Bill 27 related to the changing the definition of the word "multijurisdictional" for Lottery purposes. I would like to take a moment to thank Senator Marklein and Representative Summerfield for authoring this piece of important legislation.

The Wisconsin Lottery currently offers two multijurisdictional games: Powerball and Mega Millions. These two games are played in 45 states, the District of Columbia, Puerto Rico (Powerball only) and the Virgin Islands. Current law allows for multijurisdictional play specifically in those locations listed above. Wisconsin is tied with Kentucky and Pennsylvania as the 4th winningest state for Powerball with 18 winning jackpots since we debuted the game in our state in 1992.


The Powerball Board has been discussing the idea of extending an operational and licensing agreement to jurisdictions outside of the current geographical locations allowed by Wisconsin Statutes. Discussions are currently ongoing between the Multi-State Lottery Association – of which Powerball is a Game Group – and a company called TabCorp which would be licensed to sell Powerball in a certain jurisdiction in Australia. The goal date for TabCorp to begin operations and the selling of Powerball in Australia is August 23, 2021.

Why is Powerball considering expanding the game? With more players, jackpots may take less time to build and may climb to higher amounts that players get so excited about. The Multi-State Lottery Association has been adding states to Powerball for nearly twenty years with this goal in mind, the most recent being Mississippi.

If the current definition of "multijurisdictional" is not changed in state law, Wisconsin will no longer be able to sell Powerball, the pre-eminent lotto game in the Wisconsin Lottery portfolio. Sales of Powerball this year alone have exceeded sales forecasts done in October 2020 due to the recent massive jackpot experience. To gain an idea of how important Powerball is in Wisconsin, I will share how one win impacted the state of Wisconsin. In 2019, 24-year old Manuel Franco won an advertised \$768 Million Powerball jackpot in New Berlin. While the \$768 Million was the annuitized number, Manny decided to take the lump sum amount of over \$476 Million. Based off this amount alone, the state took in over \$36 Million in income taxes. This is only one example of how a jackpot win affects the states' finances. Total sales for Powerball in 2019 were over \$84 Million, or about \$12 in property tax credit on a median value home.

While state and homeowners see financial benefit from Powerball, so do our over 3,600 retail partners. For every winning Powerball ticket, a retailer receives 2% of that win, up to \$100,000. For every Powerball ticket sold, they receive 5.5% of the sale. While we know the game is entertaining to our players, the financial impact the game has on Wisconsin small businesses should also be recognized.

Powerball wins in Wisconsin generate media coverage that is incredibly valuable to Wisconsin Lottery. While the Lottery experiences a fair amount of media exposure with all its games and winners, the two largest media experiences in recent history revolved around Powerball wins. These stories are the



Manuel Franco historic Powerball jackpot win of \$768.4 Million in March 2019 referenced above and the \$22 Million Powerball jackpot split by a pair of friends and the power of a handshake from Menomonie in June 2020.

Manual's jackpot was the second largest in the history of Powerball. The sheer size of the jackpot turned the nation's eyes towards Wisconsin and drove unprecedented press coverage. With a press conference held at Department of Revenue headquarters and attended by national media, the resulting positive media impressions for Wisconsin Lottery were immeasurable.

Senators, I thank you for your time this afternoon and ask for your support of Senate Bill 27. I am happy to answer any questions the Committee may have at this time.



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Wisconsin Department of Revenue

Secretary Peter Barca's Testimony on SB 27

Chairman Stroebel, Ranking Member Roys, and members of the Senate Committee on Government Operations, Legal Review, and Consumer Protection. I'm glad to be here with Lottery Director Cindy Polzin and Supervisor in Game Development and Research Zach Hyde to testify in favor of SB 27.

The Lottery is a valuable division of the Department of Revenue. The Wisconsin Lottery is a premier entertainment organization and is the only legal provider of scratch off, pull tabs, and lotto games in Wisconsin. The Lottery continues to break sales record after sales record with our talented staff and leadership from Director Cindy Polzin. Lottery profits go to support Wisconsin homeowners through the Lottery Property Tax Credit. Homeowners saw \$237 million dollars in property tax relief last year.

We're here today to support passage of SB 27, which defines "multijurisdictional" to include other countries. We've learned that the Powerball game is likely to go international. As it stands, our definition of multijurisdictional would prevent the Wisconsin Lottery from selling Powerball tickets if it was expanded into international markets. Given the importance that the Lottery Credit has for homeowners in the state we support this definitional update, so we won't put \$15M in Lottery Property Tax Credit in jeopardy for Wisconsin homeowners.

We thank Senator Marklein, Representative Summerfield, and the rest of SB 27's sponsors for introducing this bill. As you can surely understand, this is a critical change to preserve millions of dollars in property tax relief for Wisconsinites. I will turn it over to Lottery Director Polzin now, to help you understand more of the details of the situation we are facing.