



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #166

Tribal Gaming Revenue Allocations

Overview of Tribal Gaming Revenue Allocations (DOA -- Division of Gaming)

[LFB 2001-03 Budget Summary: Page 78, #1]

CURRENT LAW

Indian gaming receipts are statutorily defined as moneys received by the state from any of the following: (a) tribal reimbursement for state costs of regulation of Indian gaming under Indian gaming compacts (established under the original compacts at \$350,000 annually); (b) payments by Indian gaming vendors and persons proposing to be Indian gaming vendors as reimbursement for state costs of certification and background investigations; (c) tribal reimbursement for state costs of gaming services and assistance provided by the state at the request of a tribe; and (d) other tribal payments pursuant to an Indian gaming compact.

The Indian gaming receipts program revenue appropriation in the Department of Administration (DOA) receives all state receipts relating to Indian gaming, less the amounts appropriated to DOA for general program operations relating to Indian gaming and the Department of Justice for Indian gaming law enforcement. It is from the Indian gaming receipts appropriation that the allocations are made to various state agencies. In 2000-01, \$22,735,200 is allocated to 12 agencies and 38 program areas.

GOVERNOR

Allocate, from the Indian gaming receipts appropriation in DOA, \$26,268,800 PR in 2001-02 and \$27,598,500 PR in 2002-03 for a variety of purposes (not including regulation and enforcement of Indian gaming). The Governor recommends the allocation of tribal gaming revenues to 14 state agencies in 43 program areas. These allocations are listed in the following table. Footnotes are provided to further clarify the characteristics of each allocation. In most cases, the allocations represent continued funding with tribal gaming revenue of programs

approved in the 1999-01 biennium. Nine allocations (items 2, 7, 9, 10, 23, 24, 26, 30 and 37) are for new purposes not previously funded with tribal gaming revenue. In three instances (items 23, 26 and 37), one-time funding is provided under the bill.

**Tribal Gaming Revenue Allocations
Governor**

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2001-02</u>	<u>2002-03</u>	
1 Administration--Office of Justice Assistance ¹	\$2,008,400	\$2,008,400	County-tribal and tribal law enforcement assistance grants.
2 Agriculture, Trade and Consumer Protection ²	325,000	485,000	Agricultural development and diversification grants.
3 Arts Board ³	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
4 Commerce ³	25,000	25,000	American Indian liaison, economic development liaison grants and technical assistance.
5 Commerce ¹	199,500	199,500	American Indian economic liaison and gaming grants specialist and program marketing.
6 Commerce ¹	90,000	94,000	American Indian economic development technical assistance grants.
7 Commerce ²	300,000	300,000	Business employees' skills training grants.
8 Commerce ¹	2,388,700	3,388,700	Gaming economic development and diversification grants and loans.
9 Commerce ²	100,000	200,000	Aids to Forward Wisconsin, Inc., for business recruitment.
10 Commerce ²	1,000,000	1,000,000	Manufacturing extension center grants.
11 Commerce ¹	428,700	468,700	Physician and Dentist Loan Assistance Program and Health Care Provider Loan Assistance Program and a related contract.
12 Health and Family Services ³	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.
13 Health and Family Services ³	250,000	250,000	Compulsive gambling awareness campaign grants.
14 Health and Family Services ³	120,000	120,000	Cooperative American Indian health projects.
15 Health and Family Services ³	271,600	271,600	Indian aids for social and mental hygiene services.

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2001-02</u>	<u>2002-03</u>	
16 Health and Family Services ³	\$500,000	\$500,000	Indian substance abuse prevention education.
18 Health and Family Services ³	800,000	800,000	Health services: tribal medical relief block grants.
19 Higher Education Aids Board ¹	779,800	787,600	Indian student assistance grant program for American Indian undergraduate or graduate students.
20 Higher Education Aids Board ¹	400,000	404,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
21 Historical Society ³	189,800	189,800	Northern Great Lakes Center operations funding.
22 Natural Resources ⁴	2,500,000	2,500,000	Transfer to the fish and wildlife account of the conservation fund.
23 Natural Resources ⁵	1,000,000	718,000	One-time transfer to the parks account of the conservation fund.
24 Natural Resources ²	166,000	157,900	Deer population management.
25 Natural Resources ¹	200,600	200,600	Management of an elk reintroduction program.
26 Natural Resources ⁵	500,000	2,500,000	One-time transfer to the environmental fund for brownfields efforts.
27 Natural Resources ³	114,500	114,500	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
28 Natural Resources ³	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
29 Natural Resources ³	120,000	120,000	Nonpoint grants and local assistance to the Oneida Nation.
30 Natural Resources ²	100,000	100,000	Law enforcement aids to counties for snowmobile enforcement.
31 Natural Resources ³	813,900	817,900	State snowmobile enforcement program, safety training and fatality reporting.
32 Natural Resources ³	44,700	44,700	Reintroduction of whooping cranes.
33 Public Instruction ¹	220,000	220,000	Aid to alternative schools operating American Indian language and culture education programs.
34 Shared Revenue ³	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. No allocations would be made in the 2001-03 biennium.
35 Tourism ¹	126,500	126,500	Tourist information assistant.

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2001-02</u>	<u>2002-03</u>	
36 Tourism ³	\$3,969,500	\$3,969,500	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
37 Transportation ²	3,500,000	1,500,000	One-time funding for grants to the City of Milwaukee for the reconstruction of West Canal Street.
38 University of Wisconsin System ³	0	0	Ashland full-scale aquaculture demonstration facility debt service payments. (No funding is provided in the 2001-03 biennium.)
39 University of Wisconsin System ¹	0	300,000	Ashland full-scale aquaculture demonstration facility operational costs.
40 Veterans Affairs ¹	15,000	15,000	Grants to assist American Indians in obtaining federal and state veterans benefits.
41 Veterans Affairs ³	56,400	56,400	American Indian services veterans benefits coordinator position.
42 Workforce Development ³	600,000	600,000	Work-Based Learning Board grants for work-based learning programs.
43 Workforce Development ³	<u>350,000</u>	<u>350,000</u>	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
Total Allocations	\$26,268,800	\$27,598,500	

¹Base funding is modified under the bill and a more detailed description of the provision can be found in the budget summaries for this agency.

²Allocates revenue for a new purpose, not previously funded from tribal gaming revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

³Base funding is unchanged or modified by standard budget adjustments only. No additional description of the item is provided in the budget summaries for this agency.

⁴Same annual transfer amount as provided in the 1999-01 biennium. No additional description of the item is provided in the budget summaries for this agency.

⁵New, one-time transfer of revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

DISCUSSION POINTS

1. Indian gaming receipts derive primarily from tribal payments to the state under the amended state-tribal gaming compacts. Under the amendments, signed in 1998 and 1999, each tribe

has agreed to make additional annual payments to the state, not required under the original compacts, over a five-year period. The amounts vary by tribe and reflect the variation in total net revenue among the tribes.

2. The additional revenue provided to the state totaled \$21.5 million in 1999-00 and the amounts due total \$24.0 million in 2000-01 and 2001-02, and \$24.5 million in 2002-03. The following table shows the additional state revenue from tribal gaming, by tribe or band, for fiscal years 1998-99 through 2003-04.

<u>Tribe or Band</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Bad River	\$172,500	\$230,000	\$230,000	\$230,000	\$230,000	\$57,500
Ho-Chunk	0	6,500,000	7,500,000	7,500,000	8,000,000	8,000,000
Lac Courte Oreilles	0	420,000	420,000	420,000	420,000	420,000
Lac du Flambeau	0	0	738,900	738,900	738,900	738,900
Menominee	0	186,843	747,371	747,371	747,371	747,371
Oneida	0	4,850,000	4,850,000	4,850,000	4,850,000	4,850,000
Potawatomi	0	6,375,000	6,375,000	6,375,000	6,375,000	6,375,000
Red Cliff	0	64,685	64,685	64,685	64,685	64,685
Sokaogon	0	258,000	258,000	258,000	258,000	258,000
St. Croix	0	2,191,000	2,191,000	2,191,000	2,191,000	2,191,000
Stockbridge-Munsee	0	650,000	650,000	650,000	650,000	650,000
Total	\$172,500	\$21,725,528	\$24,024,956	\$24,024,956	\$24,524,956	\$24,352,456

3. Nine of the 11 amended agreements contain government-to-government memoranda of understanding (MOU) relating to the use of the additional payments. While the MOU have some significant differences, their most important common element is a provision that the Governor must undertake his best efforts, within the scope of his authority, to assure that monies paid to the state under the agreements are expended for specific purposes. In most of the MOU, the specified purposes include: (a) economic development initiatives to benefit tribes and/or American Indians within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located. Several of the MOU add a fifth purpose relating to either law enforcement or public safety initiatives on the reservations.

4. Under two of the MOU, the purposes for spending are geographically specific. Under the Red Cliff Band MOU, one purpose specifies economic development initiatives in Red Cliff and regions around Red Cliff, rather than in regions around casinos. In addition, the Red Cliff tourism provision specifies promotion of tourism within the northwest region of the state. Under the Potawatomi MOU, the Governor agrees to undertake his best efforts to assure that the Potawatomi monies paid to the state are expended in Milwaukee and Forest Counties, for the purposes specified.

5. Two of the amended compact agreements, those of the Ho-Chunk and the Lac du Flambeau, do not include MOU on government-to-government matters. The Ho-Chunk and Lac du Flambeau are silent on the issue of how the state utilizes the tribal gaming revenue. The payments due from these two tribes total \$8.2 million in 2001-02 and \$8.7 million in 2002-03.

6. While the allocations proposed under the bill (\$26.3 million in 2001-02 and \$27.6 million in 2002-03) exceed projected revenues (\$24.0 million in 2001-02 and \$24.5 million in 2002-03), the Governor estimates a positive closing balance of \$49,500 in the Indian gaming receipts appropriation on June 30, 2003. This balance is based on: (a) an estimate of the 2001-02 opening balance in the Indian gaming receipts appropriation; and (b) a proposal under the bill to have unencumbered balances from the various tribal gaming revenue appropriations revert to the Indian gaming receipts appropriation. An issue paper (Paper # 167) has been prepared on the proposal to revert unencumbered balances. In this paper, the closing balance in the Indian gaming receipts appropriation on June 30, 2003, is reestimated at -\$2,083,500. In its deliberations, the Committee will need to balance tribal gaming expenditures with projected revenues.

7. As shown in the footnotes to the table which began on page 2, the proposed allocations under the bill fall into five categories. These categories and the allocations for which issue papers have been prepared are described as follows. The item numbers refer to the table of tribal gaming revenue allocations above.

a. *Allocation that modifies base funding, exclusive of standard budget adjustments.* In the case of 12 proposed allocations (items 1, 5, 6, 8, 11, 19, 20, 25, 33, 35, 39 and 40 in the table), base funding is modified, apart from standard budget adjustments, and the modifications are described in the budget summaries for the respective agencies. The following issue papers relating to allocations in this category have been prepared:

<u>Item</u>	<u>Subject (Issue Paper #)</u>
1	Administration: county and tribal law enforcement assistance grants (Paper #169).
5&6	Commerce: economic development, technical assistance and liaison grants (Paper #176).
8	Commerce: economic development and diversification grants and loans (Paper #174).
11	Commerce: Medical provider loan assistance programs (Paper #178).
25	Natural Resources: Management of Elk Reintroduction Program (Paper #180)
35	Tourism: information assistant (Paper #170).
39	University of Wisconsin System: Ashland aquaculture demonstration facility operational costs (Paper #172).

b. *Allocation of revenue for a new purpose.* Seven of the proposed allocations (items 2, 7, 9, 10, 24, 30 and 37) are for new purposes not previously funded from tribal gaming revenue. The allocations are described in the budget summaries for the respective agencies. Issue papers have been prepared for each of these, as follows:

<u>Item</u>	<u>Subject (Issue Paper #)</u>
2	DATCP: agricultural diversification; research and development grants (Paper #173).
7	Commerce: business employees' skills training grants (Paper #175).
9	Commerce: aids to Forward Wisconsin, Inc. (Paper #177).
10	Commerce: manufacturing extension center grants (Paper #175).
24	Natural Resources: deer population management (Paper #179).
30	Natural Resources: law enforcement aids to counties for snowmobile enforcement (Paper #181).
37	Transportation: grants for reconstruction of West Canal Street (Paper #171).

c. *Continued base funding or standard budget adjustments only.* For 21 proposed allocations (items 3, 4, 12 thru 18, 21, 27 thru 29, 31, 32, 34, 36, 38, and 41 thru 43) base funding provided under current law is continued without modification or modified by standard budget adjustments only. As a result, no additional descriptions of these items are provided in the budget summaries for the respective agencies. One issue paper relating to these allocations has been prepared:

<u>Item</u>	<u>Subject (Issue Paper #)</u>
4	Commerce: economic development, technical assistance and liaison grants (Paper #176).

d. *Continued annual transfer to segregated fund.* One allocation (item 22) would continue annual transfers to the fish and wildlife account of the conservation fund. No description of this item is provided in the budget summary and no issue paper has been prepared.

e. *New, one-time transfers to segregated funds.* Two allocations (items 23 and 26) would make new, one-time transfers to the parks account of the conservation fund and to the environmental fund for brownfields efforts. The allocations are described in the budget summaries for the Department of Natural Resources and the following issue papers have been prepared:

<u>Item</u>	<u>Subject (Issue Paper #)</u>
23	Natural Resources: transfer to the parks account of the conservation fund (Paper #182).
26	Natural Resources: transfer to environmental fund for brownfields efforts (Paper #183).

In addition to these papers, one paper has been prepared on an item that was funded in the 1999-01 biennium, but is not funded under the bill. This paper concerns a management assistance grant program for Menominee County that was provided \$500,000 annually in the 1999-01 biennium.

<u>Item</u>	<u>Subject (Issue Paper #)</u>
-	Administration: management assistance grant program (Paper #168).

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