



## Legislative Fiscal Bureau

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May 17, 2005

Joint Committee on Finance

Paper #155

### **American Indian Arts Development and Tribal Gaming Revenue (Arts Board)**

[LFB 2005-07 Budget Summary: Page 69, #2]

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#### **CURRENT LAW**

The state aid for the arts program supports a variety of contracts with, or grants to, groups, individuals, and organizations concerned with or involved in artistic activities. A grantee must provide monies or in-kind contributions equal to at least 50% of the total cost of the project. The program is primarily GPR-funded, with base level funding of \$1,196,700 GPR in 2004-05.

#### **GOVERNOR**

Provide \$25,200 PR annually and create an appropriation to pay for contracts with, or grants to, American Indian groups or individuals, funded from tribal gaming revenues. Require the Arts Board to conduct a program funded from this appropriation identical to the current law state aid for the arts program, but only for American Indian individuals and groups. Authorize the Arts Board to enter into contracts with American Indian individuals, organizations, institutions, and tribal governments for services furthering the development of the arts and humanities. Specify that any unencumbered balance in this appropriation on June 30 of each year would revert to the Indian gaming receipt appropriation.

#### **DISCUSSION POINTS**

1. The Governor's proposal recreates a program for contracts with, or grants to, American Indian groups or individuals that was created in 1999 Act 9 and eliminated in 2003 Act 33. The program created in Act 9 was also funded from tribal gaming revenues at a level of \$25,200 PR annually.

2. Under current law, state payments from the tribes are credited to: (a) a Department of Administration (DOA) appropriation for Indian gaming receipts in the amount necessary to make all the transfers specified under the appropriation to other state programs; (b) the Department of Justice (DOJ) Indian gaming law enforcement appropriation; and (c) the DOA general program operations appropriation relating to Indian gaming regulation under the compacts. These appropriations constitute a "first-draw" on tribal payments and Indian gaming receipts not otherwise credited to these appropriation accounts are deposited in the general fund. Therefore, increasing tribal gaming allocations to agencies has the effect of decreasing revenue deposited in the general fund, and, conversely, decreasing or eliminating tribal gaming allocations to agencies has the effect of increasing general fund revenue.

2. Annual funding in an amount equal to that proposed by the Governor was provided for the same purposes for the four fiscal years from 1999-00 through 2002-03. In each of fiscal years 1999-00 and 2000-01, the Arts Board contracted with the Great Lakes Inter-Tribal Council and gave the Council the full \$25,200. The Council in turn distributed the \$25,200 to American Indian individuals and groups. In fiscal year 2001-02, the Arts Board distributed the \$25,200 in funding among nine different American Indian individuals and organizations in grants ranging from \$1,000 to \$6,000. In fiscal year 2002-03, the Arts Board distributed the \$25,200 in funding among 13 different American Indian individuals and organizations in grants ranging from \$1,500 to \$4,000.

3. The Arts Board's state aid for the arts program currently consists of nine separate grant categories that are established by Board policy. Native American organizations and individuals are currently eligible to receive funding under many of these categories. According to Board staff, the Board awarded grants totaling \$13,700 in 2003-04 and \$9,900 in 2004-05 to Native American organizations or individuals under the state aid for the arts program.

**ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$25,200 PR annually to pay for contracts with, or grants to, American Indian groups or individuals, funded from tribal gaming revenues.

2. Delete the provision.

<u>Alternative 2</u>	<u>GPR-REV</u>	<u>PR</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$50,400	
<b>2005-07 FUNDING</b> (Change to Bill)		-\$50,400

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