



## Legislative Fiscal Bureau

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May 19, 2009

Joint Committee on Finance

Paper #511

### **Across-the-Board 1% Reductions (Justice)**

[LFB 2009-11 Budget Summary: Page 427, #2]

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#### **CURRENT LAW**

The Department of Justice has gaming law enforcement responsibilities under Chapters 562 (Regulation of Racing and On-Track Pari-Mutuel Wagering), 563 (Bingo and Raffle Control), 564 (Crane Games), 565 (State Lottery), 569 (Indian Gaming), and 945 (Gambling) of the statutes. The Department has adjusted base funding of \$151,200 PR annually under its gaming law enforcement; racing revenues appropriation to carry out its responsibilities under Chapter 562.

#### **GOVERNOR**

Delete \$1,500 PR annually from the gaming law enforcement; racing revenue appropriation as part of an across-the-board 1% reduction in most non-federal appropriations.

#### **DISCUSSION POINTS**

1. Under AB 75, the Department's gaming law enforcement; racing revenue appropriation, which is funded by pari-mutuel on-track betting receipts, is reduced \$1,500 PR annually as part of an across-the-board 1% reduction in most non-federal appropriations. Administration staff has expressed its intent to lapse \$1,500 PR annually in associated racing revenues to the general fund as a part of a series of lapse provisions to balance the general fund.

2. Article IV, Section 24 of the Wisconsin Constitution requires that all moneys received by the state that are attributable to pari-mutuel on-track betting (except revenues for the regulation of, and enforcement of laws relating to, pari-mutuel on-track betting) must be used for property tax relief. Unexpended revenues in the appropriation at the end of each fiscal year are

transferred to the lottery fund for distribution under the state's lottery and gaming credit.

3. Assembly Bill 75 requires the Secretary of DOA to lapse \$160 million to the general fund during the 2009-11 biennium from the unencumbered balances of state agency appropriations. The provision specifies that no funding may be lapsed if it would violate the federal or state constitution. If racing revenues cannot be lapsed to the general fund to contribute to a balanced budget, the reduction serves little purpose.

4. Restoring this funding could assist the Department to carry out its responsibilities to enforce state laws relating to pari-mutuel on-track betting. Alternatively, the Committee could maintain the reduction in expenditure authority under the view that all state agencies should be encouraged to reduce expenditures and develop efficiencies within the resources provided.

## ALTERNATIVES

1. Adopt the Governor's recommendation to delete \$1,500 PR annually from the gaming law enforcement; racing revenue appropriation as part of an across-the-board 1% reduction in most non-federal appropriations.

2. Delete provision.

<b>ALT 2</b>	<b>Change to Bill</b>
	Funding
PR	\$3,000

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