



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #115

### American Indian Economic Development (DOA -- Transfers and Commerce)

[LFB 2011-13 Budget Summary: Page 35, #5 and Page 117, #8]

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#### CURRENT LAW

The technical assistance for American Indian economic development appropriation allows for the payment of tribal assistance grants from moneys provided from tribal gaming revenues. The program is currently operated by the Department of Commerce (Commerce). Base level funding for the appropriation is \$88,300 PR of funds received from tribal gaming revenues.

Unencumbered balances in the appropriation at the end of each fiscal year revert to the Indian gaming receipts appropriation in DOA, where unused moneys are deposited into the general fund.

#### GOVERNOR

Delete a total of \$88,300 PR from the Department of Commerce for the technical assistance for American Indian economic development related to the following: (a) \$8,800 PR annually under agency budget efficiencies; and (b) \$79,500 for the transfer of revenues to DOA's materials and services to state agencies.

Provide \$79,500 PR annually in the Department of Administration (DOA), from tribal gaming revenues, to DOA's materials and services to state agencies appropriation for unspecified purposes. Delete the specified statutory uses of the technical assistance for American Indian economic development appropriation.

#### DISCUSSION POINTS

1. Under current law, the appropriation for technical assistance for American Indian

economic development is established under Commerce as a separate appropriation. Funds may be used by one of the following: (a) a tribal enterprise; (b) an Indian business that is located on an Indian reservation; and (c) an Indian business that is not located on an Indian reservation, but directly benefits the economy of an Indian reservation.

2. Technical assistance may be provided for tribal enterprises and Indian businesses for the following: (a) management assistance to existing businesses; (b) start-up assistance to new businesses, including the development of business and marketing plans and assistance in securing development financing; and (c) technical assistance to new and existing businesses in gaining access to tribal, state and federal business assistance and financing programs. The technical assistance grant program provides partial funding to the Great Lakes Inter-Tribal Council (GLICT) for a position and program that provides technical assistance for economic development on or near American Indian communities. The position provides direct technical assistance to eligible businesses. The individual also represents the tribes on various councils and committees, and participates in seminars, conferences, and other events promoting economic development for tribal communities or individual American Indian Entrepreneurs. Entities that are eligible for technical assistance are: tribal enterprises; American Indian businesses located on tribal lands; and American Indian businesses that directly benefit the economies of tribal communities. A tribal enterprise is a business that is: (a) at least 51% owned and controlled and actively managed by the governing body of one or more American Indians tribes; and (b) currently performing a useful business function. The GLITC must prepare an annual report on the program to be submitted to Commerce.

3. Under the bill, the current specified purposes of the funds would be deleted as part of the elimination of the Department of Commerce.

4. Funds would be transferred to DOA's materials and services to state agencies appropriation. Under current law, expenditures from this appropriation provide services primarily to state agencies or the Southeast Wisconsin Baseball District to repurchase inventory items sold primarily to state agencies or such districts, to pay expenses of committees created by law or executive order, and to pay the state's contributions, membership dues, travel expenses and miscellaneous expenses to specific commissions or councils. The Department may assess fees to state agencies and the baseball district for the provision of these services. Services may not be provided, nor funds assessed to agencies for any of the following under this appropriation: (a) services to nonstate governmental units; (b) information services and technology for nonstate governmental units; (c) transportation, records, and document services; (d) management assistance grants to Menominee County; (e) risk management costs; or (f) facility operations and maintenance.

5. The purposes of the current appropriation in the Department of Commerce for technical assistance for American Indian economic development would not be added to the current law definition of the materials and services to state agencies appropriation. The bill does not specify the purpose of the additional revenue. The Committee could, however, choose to modify the statutes to specify that the current law use of the money would be retained under DOA. Under this alternative [Alternative 2], the funds could be transferred to DOA under a newly-created annual appropriation for the specific purpose as outlined under current law. As a result, the current language under Commerce would be recreated as the purpose of the funds under DOA.

6. The Department of Administration indicates that DOA's Division of Intergovernmental Relations, which is partially funded by the materials and services to state agencies appropriation, would be used to augment tribal relations services including outreach and technical assistance to Wisconsin tribes regarding state programs that are available to the Native American community.

7. While the Department indicates that these services would be provided, there is nothing within the current statutes that defines that as a purpose of the current materials and services to state agencies appropriation. The Committee could choose to create a new annual appropriation in DOA and specify that the funds would be used for tribal relations services including outreach and technical assistance to Wisconsin tribes regarding state programs that are available to the Native American community. Under this alternative, the current Commerce language would remain deleted, but would be replaced by a more general definition of funding purposes under DOA [Alternative #3].

8. Tribal payments to the state, required under the state-tribal gaming compacts, fund programs in various state agencies and provide revenue to the general fund. The appropriations of tribal gaming revenue to state agencies are approved in each biennial budget process. 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; (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.

9. Tribal gaming revenues are deposited in an Indian gaming receipts appropriation [s. 20.505(8)(hm)] and are then allocated to specific state agency appropriations. Unexpended revenues from the tribal gaming allocations to state agencies, in most cases, revert to the gaming appropriation, if they are not encumbered by June 30 of each year. These reverted amounts, as well as the tribal gaming revenue not appropriated for state agencies is credited to the general fund. Therefore, unexpended and unappropriated tribal gaming revenues are general fund revenues and designated as GPR-Tribal.

10. Under the bill, the materials and services to state agencies appropriation would not be modified to specify that unencumbered funds would revert to the tribal gaming receipts appropriation [s. 20.505(8)(hm) of the statutes]. If the Committee chose to require the unencumbered balances to revert to the Indian gaming receipts appropriation [s. 20.505(8)(hm)], then the unexpended balances would be credited to the general fund [Alternative #4].

11. If the Committee chose to delete the funding, \$79,500 annually of tribal gaming revenues would remain unappropriated and the funds would be credited to the general fund [Alternative #5].

## **ALTERNATIVES**

1. Approve the Governor's recommendation to delete a total of \$88,300 PR annually

from the Department of Commerce for technical assistance for American Indian economic development and provide \$79,500 PR annually to the Department of Administration's materials and services appropriation for unspecified purposes.

2. Modify the Governor's recommendation to specify that the current law purposes [specified under s. 560.875 of the statutes] of the appropriation for technical assistance for American Indian economic development would be retained under a separate annual appropriation in the Department of Administration as recreated language applying to Department of Administration activities. Specify that \$79,500 PR annually in tribal gaming receipts would be provided under this appropriation.

3. Create an annual appropriation in the Department of Administration for tribal relations services, including outreach and technical assistance to Wisconsin tribes regarding state programs that are available to the Native American community. Specify that \$79,500 PR annually in tribal gaming revenues would be provided under this appropriation.

4. In addition to Alternatives 1, 2, or 3, specify that the unencumbered balances, as of June 30, of any fiscal year, would revert to the Indian gaming receipts appropriation [20.505(8)(hm) of the statutes].

5. Delete funding for technical assistance for American Indian economic development. Under this alternative, no funding would be provided for technical assistance and the language under the Department of Commerce, related to operation of the technical assistance for American Indian economic development would remain deleted.

| ALT 5 | Change to Bill |             |
|-------|----------------|-------------|
|       | Revenue        | Funding     |
| GPR   | \$159,000      |             |
| PR    |                | - \$159,000 |

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