

REVENUE

Budget Summary							
Fund	2018-19 Base Year Doubled	2019-21 Governor	2019-21 Jt. Finance	2019-21 Legislature	2019-21 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$307,034,200	\$314,025,900	\$365,576,500	\$371,759,900	\$371,759,900	\$64,725,700	21.1%
PR	41,807,200	42,260,800	42,260,800	42,260,800	42,260,800	453,600	1.1
SEG	<u>83,539,800</u>	<u>91,958,100</u>	<u>38,101,700</u>	<u>31,918,300</u>	<u>31,918,300</u>	<u>- 51,621,500</u>	- 61.8
TOTAL	\$432,381,200	\$448,244,800	\$445,939,000	\$445,939,000	\$445,939,000	\$13,557,800	3.1%

FTE Position Summary						
Fund	2018-19 Base	2020-21 Governor	2020-21 Jt. Finance	2020-21 Legislature	2020-21 Act 9	Act 9 Change
						Over 2018-19 Base
GPR	953.08	989.08	953.08	953.08	953.08	0.00
PR	136.50	136.50	136.50	136.50	136.50	0.00
SEG	<u>92.45</u>	<u>92.45</u>	<u>92.45</u>	<u>92.45</u>	<u>92.45</u>	<u>0.00</u>
TOTAL	1,182.03	1,218.03	1,182.03	1,182.03	1,182.03	0.00

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the base budget for: (a) turnover reduction (-\$1,714,100 GPR and -\$118,300 SEG annually); (b) removal of noncontinuing elements from the base (-\$98,600 PR and -2.00 PR positions annually); (c) full funding of continuing position salaries and fringe benefits (\$1,491,600 GPR, \$140,800 PR, and \$249,300 SEG annually); (d) reclassifications and semiautomatic pay progression (\$24,200 PR and \$2,600 SEG in 2019-20 and \$96,300 PR and \$12,700 SEG in 2020-21); (e) full funding of lease and directed moves costs (\$132,800 GPR, \$19,500 PR, and \$7,100 SEG in 2019-20 and \$254,500 GPR, \$32,000 PR, and \$24,700 SEG in 2020-21); and (f) minor transfers within the same alpha appropriation.

	Funding	Positions
GPR	- \$57,700	0.00
PR	256,400	- 2.00
SEG	<u>309,100</u>	<u>0.00</u>
Total	\$507,800	- 2.00

2. MINOR TRANSFERS BETWEEN APPROPRIATIONS

Governor/Legislature: Transfer \$176,500 GPR and 2.75 FTE positions annually from the Department of Revenue's (DOR) administrative services and space rental appropriation to its collection of taxes appropriation. In addition, transfer \$30,000 GPR annually from DOR's collection of taxes appropriation to its administrative services and space rental appropriation.

Several vacant GPR positions were deleted in the 2017-19 budget. The administration notes that 2.75 of these positions (2.0 Revenue Tax Specialists, 0.5 Revenue Agent, and 0.25 Business Analyst) and associated funding for salary and fringe benefits were erroneously removed from the collection of taxes appropriation instead of the administrative services and space rental appropriation. This provision would correct this error.

Additionally, the 2017-19 budget provided additional auditor positions for which the collection of taxes appropriation received all associated funding related to administrative expenses, including \$30,000 annually for the cost of renting additional office space to accommodate the new positions. However, DOR indicates that this funding should have been credited to the administrative services and space rental appropriation. The administration states that this transfer would allocate funding for space rental to the proper appropriation.

3. EXTEND UNCLAIMED PROPERTY PROGRAM PERMANENT PROJECT POSITIONS

	Funding	Positions
PR	\$197,200	2.00

Governor/Legislature: Provide \$98,600 annually associated with 2.0 permanent project positions for the unclaimed property program and extend the positions two years, from an end date of June 30, 2019, to an end date of June 30, 2021. Funding for the positions is from unclaimed property program revenue.

Tax Administration

1. EXPAND AUDITING ACTIVITY [LFB Paper 625]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$7,049,400	36.00	-\$7,049,400	- 36.00	\$0	0.00
GPR-Tax	\$43,500,000		-\$43,500,000		\$0	

Governor: Provide \$3,215,100 in 2019-20 and \$3,834,300 in 2020-21 and 36.0 positions annually (24.0 project positions and 12.0 permanent positions) to increase auditing activity and to improve tax collections. The administration estimates the additional auditing activity would

increase state tax collections by \$14,500,000 in 2019-20 and \$29,000,000 in 2020-21. The project positions would be authorized from October 1, 2019, through September 30, 2023.

According to the administration, the volume of new tax debts has increased steadily in recent years, and the resulting workload exceeds its current staffing levels. In addition, the administration notes that the U.S. Supreme Court decision in *Wayfair v. South Dakota* has increased the number of sellers who are required to collect sales and use tax on sales in Wisconsin, which has expanded the number of out-of-state businesses that may be subject to audit. The additional positions would be provided to the Division of Income, Sales, and Excise Tax as follows:

a. 11.0 nexus-related project staff (10.0 Nexus Revenue Auditors and 1.0 Revenue Management Supervisor) in the Division's Audit Bureau to investigate businesses operating in Wisconsin but not filing or paying sales and use taxes.

b. 13.0 sales tax audit project staff (10.0 Sales Tax Revenue Auditors, 1.0 Revenue Management Supervisor, and 2.0 Computer Audit Sampling Specialists) in the Division's Audit Bureau to conduct additional sales tax audits of businesses headquartered outside Wisconsin.

c. 12.0 delinquent collections permanent staff (11.0 Revenue Agents and 1.0 Revenue Agent Supervisor) in the Division's Compliance Bureau to investigate delinquent tax collections.

Joint Finance: Delete provision. Instead, specify that the expiration of the 38.0 audit and compliance project positions provided to DOR under 2017 Wisconsin Act 59 be extended from an expiration date of September 30, 2021, to September 30, 2023. This provision would not have a fiscal effect in the 2019-21 biennium, but is estimated to increase state tax revenues relative to current law by \$24.0 million in 2021-22, \$32.0 million in 2022-23, and \$8.0 million in 2023-24.

Assembly/Legislature: Adopt the Joint Finance provision, but modify the language of the bill to specify that the termination date of the 38.0 audit and compliance project positions provided to DOR under Act 59 is "the first September 30 occurring in the second fiscal biennium beginning after the effective date of the bill," rather than "September 30, 2023."

Veto by Governor [E-59]: Delete "the first September 30 occurring" from the bill. In his veto message, the Governor states that the intent of this partial veto is for the positions to expire on June 30, 2025. Compared to the bill passed by the Legislature, estimated state tax revenues are increased by \$24.0 million in 2023-24 and \$32.0 million in 2024-25.

[Act 9 Section: 9137(1p)]

[Act 9 Vetoed Section: 9137(1p)]

2. CHANGES TO STATE DEBT COLLECTION THROUGH LOTTERY OPERATIONS [LFB Paper 626]

Governor: Modify state debt collection programs to provide that certain lottery prizes and payments owed to lottery retailers could be offset as refunds under the state debt collection (SDC) program, including debts owed to municipalities and counties.

Expand the Definition of a Refund to Expand Setoff Authority for SDC Purposes. Under current law, a refund for purposes of the SDC program includes the amount by which either of the following exceeds a debtor's Wisconsin tax liability or any other liability owed to DOR: (a) the amount of any payments or refundable credits; and (b) the amount owed to a debtor for the return of abandoned property. Any lottery prize of at least \$600 is set off against amounts owed in court-ordered child support or in delinquent state taxes. The bill would expand the definition of a refund for SDC purposes to include a lottery prize of at least \$600 that exceeds a debtor's state tax liability or other liability, including those against debts owed by the debtor to other state agencies, municipalities, or counties.

Setoffs against Retailer Compensation. The bill would also expand the definition of a refund to include compensation or payment amounts owed to a lottery retailer, whether owed by statute, rule, or contract, that exceed the retailer's state tax liability or other liability owed to DOR. This would allow DOR to set off any debt or other amount owed to it (regardless of the origin, nature, or date of the debt or amount), against any compensation or payment owed to a lottery retailer. If the retailer is owed any additional amounts following this setoff, DOR would apply those amounts to any debts owed by the retailer to other state agencies, municipalities, or counties.

Collection Fees Charged to Debtors. Under the bill, DOR would charge the winner or assignee of a lottery prize a *collection fee* imposed under the SDC program, rather than an *administrative expense*, and could withhold that fee from the prize payment.

Order of Setoffs. Current law establishes that, if a lottery prize winner or assignee is delinquent both in payments for state taxes and for court-ordered child support, the amount remitted to the appropriate agency or person is in proportion to the prize amount as is the delinquency or debt owed by the winner or assignee. The bill would instead remit amounts owed to the agency or person in the order established by current law under the SDC statutes. As a result, amounts owed by a debtor for purposes of this provision would first be remitted for delinquent state taxes, then for court-ordered child support payments, then for debts owed to other state agencies, then for debts owed to municipalities or counties.

The provision would take effect on the first day of the seventh month beginning after publication of the bill.

Joint Finance/Legislature: Delete provision.

3. TECHNICAL CHANGES TO STATE DEBT COLLECTION PROGRAMS [LFB Paper 626]

Governor: Make the following modifications to the SDC and tax refund intercept programs.

Consolidation of the Definition of Debt. Current law defines "debt" for purposes of setoffs for state agencies in part by enumerating several amounts owed to various state agencies. Rather than detailing specific types of payments owed to state agencies, the bill would consolidate the definition of "debt" to mean: (a) an amount owed to a state agency; (b) a delinquent child support or spousal support obligation from this state or another state; and (c) amounts owed as restitution.

This definition would also apply for purposes of debt collection for state agencies, municipalities, and counties. The bill would define "debtor" to mean any person owing a debt. Additionally, the bill would include the State of Wisconsin in the definition of a "state agency" for purposes of the debt collection programs.

Change to State Agency Debt Certification Process. Under current law, a state agency certifying a debt to DOR is required to provide the social security number of individual debtors. Under the bill, the certifying state agency could either provide the debtor's social security number or the debtor's operator's license number.

Authority to Refer Amounts Owed as Restitution. Under current law, the Department of Corrections (DOC) or a Clerk of Court may certify amounts owed as restitution to DOR if: (a) more than 30 days have passed since the date by which restitution was ordered to be paid; or (b) restitution was ordered to be paid in installments and the defendant is delinquent in making any such payments. The bill would provide that courts and DOC have specific authority to refer restitution debts to DOR, regardless of the time period in which restitution is owed.

Repeal of Employer Withholding of Pay. Current law authorizes DOR, upon request by a state agency, to enter into agreements with individual debtors who owe debts to the state agency. Upon consent of the debtor, DOR can arrange with the debtor's employer to withhold a specified amount from the debtor's pay to be used against the debt. The bill would repeal this practice.

Changes to Debt Collection Agreements. Current law establishes a procedure by which state agencies, local units of government, and other entities can enter into written agreements with DOR that direct DOR to collect any amount owed to the entity that is more than 90 days past due. Under the bill, such written agreements would not need to be entered into for the recovery of delinquent child support or spousal support payments originating inside or outside the state. The bill would further specify that any legal action contesting the validity of a debt would have to be brought against the entity that referred the debt to DOR.

Refund Offsetting Provisions and Collection Fees Charged to Debtors. Under current law, DOR can offset a refund owed to a debtor against federal tax obligations owed by the debtor. The bill would expand this authority such that DOR could offset both federal tax and nontax obligations owed by a debtor against a refund owed to the debtor. Also under current law, DOR charges a debtor for its administrative expenses associated with debt collection. DOR is required to evaluate these administrative costs annually and adjust its subsequent charges to each debtor accordingly. The bill would instead charge each debtor a collection fee and would remove the requirement that DOR annually review its administrative costs associated with debt collection. The bill does not specify a dollar amount at which the collection fee must be set.

New Debt Reporting Provisions. Under current law, DOR is required to settle quarterly with each state agency, municipality, or county that has certified a debt to it. The bill would repeal this quarterly settlement process and, instead, specify that DOR could provide, upon request by any of the above entities, a report that details each active debt of the entity, including the ending balance. DOR could also provide a weekly report to the entity detailing amounts collected and payments disbursed with respect to the active debts of the entity.

The provision would take effect on the effective date of the bill.

Joint Finance/Legislature: Delete provision.

4. GPR-EARNED REESTIMATE [LFB Paper 626]

GPR-REV	\$10,100,000
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Joint Finance/Legislature: Reestimate the amount transferred from DOR's debt collection appropriation to the general fund at \$9,000,000 in 2019-20 and \$9,000,000 in 2020-21. As a result, the total estimated amounts transferred to the general fund from DOR under current law and relative to the bill are increased by \$5,000,000 in 2019-20 and \$5,100,000 in 2020-21.

Lottery Administration

1. LOTTERY SALES PROJECTIONS [LFB Paper 630]

Governor: Project sales of \$661.9 million in 2019-20 and \$661.9 million 2020-21. Projected lottery sales provide the basis for estimating the lottery and gaming property tax credit in the next biennium. In addition, the projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The following table shows these projections, as well as 2017-18 actual lottery sales and the 2018-19 estimated sales projected in October, 2018, for the purpose of certifying the amount available for the 2018(19) lottery property tax credit. The Governor's 2019-21 projected sales are based on sales models utilized by DOR to estimate both lotto (on-line) and instant ticket games.

Lottery Sales Projections - Governor
(\$ in Millions)

Game Type	Actual			% Change from		
	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2020-21</u>	<u>2019-20</u>
Scratch	\$419.4	\$421.8	\$421.8	0.0%	\$421.8	0.0%
Pull-tab	\$1.0	1.0	1.0	0.0	1.0	0.0
Lotto	<u>247.0</u>	<u>239.1</u>	<u>239.1</u>	<u>0.0</u>	<u>239.1</u>	<u>0.0</u>
Total	\$667.4	\$661.9	\$661.9	0.0%	\$661.9	0.0%

Joint Finance/Legislature: Reestimate 2018-19 lottery sales to \$709.2 million to reflect recent sales experience. Reestimate 2019-20 and 2020-21 sales to \$691.9 million.

**Lottery Sales Projections - Joint Finance
(\$ in Millions)**

<u>Game Type</u>	<u>2018-19</u>	<u>2019-20</u>	<u>% Change from 2018-19</u>	<u>2020-21</u>	<u>% Change from 2019-20</u>
Scratch	\$446.0	\$436.4	-2.2%	\$436.4	0.0%
Pull-tab	1.0	1.0	-0.1	1.0	0.0
Lotto	<u>262.2</u>	<u>254.5</u>	<u>0.0</u>	<u>254.5</u>	<u>0.0</u>
Total	\$709.2	\$691.9	-2.4%	\$691.9	0.0%

2. LOTTERY SUM SUFFICIENT ADJUSTMENTS [LFB Paper 630]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$8,109,200	\$4,743,600	\$12,852,800

Governor: Provide \$4,054,600 annually to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide an increase of \$2,954,400 annually to adjust base-level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2019-21 biennium. Base-level funding for retailer compensation is \$43,427,400 (\$40,000,000 GPR and \$3,427,400 SEG).

Basic retailer compensation rates under current law are 5.5% for lotto ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at \$6.4 million in 2019-20 and 2020-21 under the bill). The Department’s lottery sales projections of \$661.9 million in 2019-20 and 2020-21 result in the increases to retailer compensation funding.

Vendor Fees. Provide an increase of \$1,100,200 annually to adjust base-level funding for vendor fees to reflect projected lottery sales in the 2019-21 biennium. Base-level funding for vendor fees is \$15,952,900.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both lotto and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales. Under the bill, vendor fees total 2.6 % of lottery ticket sales in both 2019-20 and 2020-21.

Joint Finance/Legislature: Increase funding by \$2,371,800 SEG annually to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees to adjust for the sales projection as follows:

Retailer Compensation. Provide an additional \$1,598,900 SEG annually to adjust funding for retailer compensation.

Vendor Fees. Provide an additional \$772,900 SEG annually to adjust funding for vendor fees.

Under item #3 below, these amounts would be converted from SEG funded to GPR funded.

3. GPR FUNDING FOR LOTTERY OPERATIONS

	Jt. Finance (Chg. to Base)	Assembly/Leg. (Chg. to JFC)	Net Change
GPR	\$58,600,000	\$6,183,400	\$64,783,400
SEG	<u>- 58,600,000</u>	<u>- 6,183,400</u>	<u>- 64,783,400</u>
Total	\$0	\$0	\$0

Joint Finance: Provide an additional \$30,200,000 GPR in 2019-20 and \$28,400,000 GPR in 2020-21 to support the Division of Lottery, for the purpose of increasing total GPR funding for the lottery to \$70,200,000 in 2019-20 and \$68,400,000 in 2020-21. Create two new annual GPR appropriations under the Division of Lottery for: (a) vendor fees (\$17,826,000 annually); and (b) general program operations, excluding personnel and product information (advertising) expenses (\$4,393,300 in 2019-20 and \$2,593,300 in 2020-21). Provide an additional \$7,980,700 GPR annually in the existing retailer compensation appropriation. Reduce SEG appropriations for vendor fees, general program operations, and retailer compensation by these amounts and make a corresponding increase in the SEG lottery credit appropriation to reflect the higher amount available for property tax relief.

Assembly/Legislature: Provide an additional \$1,500,000 GPR in 2019-20 and \$4,683,400 GPR in 2020-21 to the Division of Lottery's general program operations GPR appropriation for the purpose of increasing total GPR funding for the lottery to \$71,700,000 in 2019-20 and \$73,083,400 in 2020-21. Modify the general program operations GPR appropriation to exclude costs associated with *salaries* and product information, rather than to exclude costs associated with *personnel* and product information. Reduce the general program operations SEG appropriation by these amounts and make a corresponding increase in the SEG lottery credit appropriation to reflect the higher amount available for property tax relief.

[Act 9 Sections: 287m and 287p]

4. MODIFY CONTRACT REQUIREMENTS FOR LOTTERY RETAILERS

Governor: Specify that a lottery retailer contract may be terminated or suspended if DOR finds that the retailer has violated statutory requirements "before or after" the contract was entered into. Under current law, the timing of disqualifying retailer actions is not specified.

Current law specifies that a lottery retailer contract may be terminated or suspended if DOR finds that the retailer has done any of the following: (a) violated this chapter or any rule promulgated under the state lottery statutes; (b) failed to meet the qualifications for being a retailer; (c) endangered the security of the lottery; (d) engaged in fraud, deceit, misrepresentation or other conduct prejudicial to public confidence in the lottery; (e) failed to account accurately for lottery

tickets, revenues or prizes or lottery shares, as required by the department, or is delinquent in remitting lottery ticket or lottery share revenues; or (f) performed any action constituting a reason for termination or suspension as specified in the contract.

Joint Finance/Legislature: Delete provision.

5. LOTTERY FUND CONDITION STATEMENT [LFB Paper 630]

Governor: The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amount appropriated for the lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. The following fund condition statement provides information on operating revenues, appropriated amounts for expenditures, estimates of interest earnings and gaming-related revenue, and the amounts available for tax relief credits under the bill. The bill would appropriate \$218,139,100 in 2019-20 and \$218,188,000 in 2020-21 for both the lottery and gaming tax credit and the late lottery and gaming credit.

	Projected <u>2019-20</u>	Projected <u>2020-21</u>
Fiscal Year Opening Balance	\$13,239,000	\$13,239,800
Operating Revenues		
Total Ticket Sales	\$661,857,200	\$661,857,200
Retailer Fees and Miscellaneous	<u>130,300</u>	<u>130,300</u>
Gross Revenues	\$661,987,500	\$661,987,500
Expenditures		
Prizes	\$401,993,900	\$401,993,900
Retailer Compensation (SEG)	6,381,800	6,381,800
Retailer Compensation (GPR)	40,000,000	40,000,000
Vendor Fees	17,053,100	17,053,100
General Program Operations	19,867,300	19,867,300
Gaming Law Enforcement	433,600	434,100
Lottery Credit Administration	280,200	281,900
Program Reserves	<u>105,500</u>	<u>232,300</u>
Total Expenditures	\$486,115,400	\$486,244,400
Net SEG Proceeds	\$215,872,100	\$215,743,100
Interest Earnings	\$2,246,800	\$2,423,900
Gaming-Related Revenue	\$21,000	\$21,000
Total Available for Tax Relief *	\$231,378,900	\$231,427,800
Appropriations For Tax Relief		
Lottery and Gaming Credit	\$217,827,600	\$217,876,500
Late Lottery and Gaming Credit Applications	<u>311,500</u>	<u>311,500</u>
Total Appropriations for Tax Relief	\$218,139,100	\$218,188,000
Gross Closing Balance	\$13,239,800	\$13,239,800
Reserve (2% of Gross Revenues)	\$13,239,800	\$13,239,800
Net Closing Balance	\$0	\$0

*Opening balance, net proceeds, interest earnings, and gaming-related revenue.

Joint Finance: Modify the lottery fund condition statement and reestimate the lottery and gaming credit by \$36,341,200 SEG in 2019-20 and \$34,019,000 SEG in 2020-21 to reflect the following: (a) an estimated increase in the 2019-20 opening balance of \$945,000 SEG based on projected sales for 2018-19; (b) an estimated increase in ticket sales of \$29,999,600 SEG annually; (c) an estimated increase in prizes of \$21,355,400 SEG annually; (d) an estimated increase in retailer compensation of \$1,598,900 SEG annually; and (e) an estimated increase in vendor fees of \$772,900 SEG annually. In addition, reduce SEG expenditures for retailer compensation, vendor fees, and general program operations to reflect an increase in GPR funding for these purposes, as discussed in item #3 above.

	Projected <u>2019-20</u>	Projected <u>2020-21</u>
Fiscal Year Opening Balance	\$14,184,000	\$13,839,700
Operating Revenues		
Total Ticket Sales	\$691,856,800	\$691,856,800
Retailer Fees and Miscellaneous	<u>130,300</u>	<u>130,300</u>
Gross Revenues	\$691,987,100	\$691,987,100
Expenditures		
Prizes	\$423,349,300	\$423,349,300
Retailer Compensation (SEG)	0	0
Retailer Compensation (GPR)	47,980,700	47,980,700
Vendor Fees (SEG)	0	0
Vendor Fees (GPR)	17,826,000	17,826,000
General Program Operations (SEG)	15,474,000	17,274,000
General Program Operations (GPR)	4,393,300	2,593,300
Gaming Law Enforcement	433,600	434,100
Lottery Credit Administration	280,200	281,900
Program Reserves	<u>105,500</u>	<u>232,300</u>
Total Expenditures	\$509,842,600	\$509,971,600
Net SEG Proceeds	\$252,344,500	\$250,415,500
Interest Earnings	\$1,770,500	\$1,770,500
Gaming-Related Revenue	\$21,000	\$21,000
Total Available for Tax Relief *	\$268,320,000	\$266,046,700
Appropriations For Tax Relief		
Lottery and Gaming Credit	\$254,168,800	\$251,895,500
Late Lottery and Gaming Credit Applications	<u>311,500</u>	<u>311,500</u>
Total Appropriations for Tax Relief	\$254,480,300	\$252,207,000
Gross Closing Balance	\$13,839,700	\$13,839,700
Reserve (2% of Gross Revenues)	\$13,839,700	\$13,839,700
Net Closing Balance	\$0	\$0

*Opening balance, net SEG proceeds, interest earnings, and gaming-related revenue.

Assembly/Legislature: Modify the lottery fund condition statement and reestimate the lottery and gaming credit by \$1,500,000 SEG in 2019-20 and \$4,683,400 SEG in 2020-21 to reflect an increase in GPR funding and a corresponding decrease in SEG funding for general program operations, as discussed in item #3 above.

	Projected <u>2019-20</u>	Projected <u>2020-21</u>
Fiscal Year Opening Balance	\$14,184,000	\$13,839,700
Operating Revenues		
Total Ticket Sales	\$691,856,800	\$691,856,800
Retailer Fees and Miscellaneous	<u>130,300</u>	<u>130,300</u>
Gross Revenues	\$691,987,100	\$691,987,100
Expenditures		
Prizes	\$423,349,300	\$423,349,300
Retailer Compensation (SEG)	0	0
Retailer Compensation (GPR)	47,980,700	47,980,700
Vendor Fees (SEG)	0	0
Vendor Fees (GPR)	17,826,000	17,826,000
General Program Operations (SEG)	13,974,000	12,590,600
General Program Operations (GPR)	5,893,300	7,276,700
Gaming Law Enforcement	433,600	434,100
Lottery Credit Administration	280,200	281,900
Program Reserves	<u>105,500</u>	<u>232,300</u>
Total Expenditures	\$509,842,600	\$509,971,600
Net SEG Proceeds	\$253,844,500	\$255,098,900
Interest Earnings	\$1,770,500	\$1,770,500
Gaming-Related Revenue	\$21,000	\$21,000
Total Available for Tax Relief *	\$269,820,000	\$270,730,100
Appropriations For Tax Relief		
Lottery and Gaming Credit	\$255,668,800	\$256,578,900
Late Lottery and Gaming Credit Applications	<u>311,500</u>	<u>311,500</u>
Total Appropriations for Tax Relief	\$255,980,300	\$256,890,400
Gross Closing Balance	\$13,839,700	\$13,839,700
Reserve (2% of Gross Revenues)	\$13,839,700	\$13,839,700
Net Closing Balance	\$0	\$0

*Opening balance, net SEG proceeds, interest earnings, and gaming-related revenue.

[Act 9 Section: 124]