



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #151

Bingo and Raffle Appropriation (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 52, #8]

CURRENT LAW

Bingo and raffle licenses may be granted to any local religious, charitable, service, fraternal, or veterans' organization, and to any organization to which contributions are deductible for tax purposes. Fees are deposited in PR appropriations for bingo and raffle regulations, respectively. Base funding for bingo regulation is \$359,500 and 3.2 positions, while base funding for raffle regulation is \$299,000 and 2.9 positions. Both program are administered by the Division of Gaming in the Department of Administration (DOA).

The Wisconsin Constitution requires that state revenues from charitable bingo be used for property tax relief, with the exception of funds used for regulation. In 2019-20, the bingo appropriation had an unsupported overdraft of \$38,100 and no bingo revenue was transferred to the lottery fund (for property tax relief).

DISCUSSION POINTS

1. In 2019-20, DOA's bingo appropriation had an unsupported overdraft of \$38,100, an increase of \$5,500 from the fiscal year 2018-19 overdraft. Bingo license fees have remained unchanged since 1973 and state revenues from bingo have declined for over a decade. Meanwhile, revenues associated with raffle regulation have increased. Recently, DOA conducted a time study to refine the estimated costs assignable to each gaming appropriation based on current licensing trends and technology resources. The study recommended creating a shared appropriation for bingo and raffle revenues to address the ongoing overdraft caused by the declining popularity of bingo games.

2. In its 2021-23 agency budget request, DOA asked that the current raffle and bingo appropriations be combined to provide for increased flexibility associated with administration and

regulation of the programs. According to DOA, creating a shared appropriation would provide administrative flexibility to utilize the fee and tax revenues more interchangeably to accomplish the shared goal of regulating charitable gaming activities. As shown in the table below, there appears to be sufficient revenues in the raffle appropriation to cover the bingo overdraft because revenues for raffle regulation have exceeded expenditures.

General Program Operations for Bingo and Raffle Regulation, 2019-20

	<u>Bingo Operations</u>	<u>Raffle Operations</u>
Opening Balance	-\$32,600	\$118,000
Revenues	268,600	291,800
Expenditures	<u>274,100</u>	<u>290,400</u>
Closing Balance	-\$38,100	\$119,400

3. Under 2021 Assembly Bill 68/Senate Bill 111, the appropriations for raffle and bingo operations would be combined, as requested by DOA in its agency budget request. The bill would not modify bingo or raffle fees, nor would it modify the total amount authorized for program operations. Combining the appropriations would increase administrative flexibility, as revenues from raffle fees would offset the bingo overdraft.

4. It should be noted that the bill would also remove the current law requirement that unspent bingo funds be transferred to the lottery fund at the end of each fiscal year. However, this could violate the Constitutional provision requiring that state revenues from charitable bingo be used for property tax relief. Therefore, this provision is not included as an alternative for Committee consideration. Under Alternative 1, as under current law, the combined appropriation would specify that unencumbered bingo revenues must be transferred to the lottery fund.

ALTERNATIVES

1. Combine the PR appropriations for raffle and bingo program operations. Specify that the unencumbered balance associated with bingo program operations be transferred to the lottery fund at the end of each fiscal year.

2. Take no action.

Prepared by: Angela Miller