



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #165

Tribal Gaming Appropriations and General Fund Revenue (Administration -- Division of Gaming)

[LFB 2023-25 Budget Summary: Page 49, #1]

CURRENT LAW

Indian gaming receipts are defined as monies received by the state for the regulation of gaming, the certification of tribal gaming vendors, and other gaming assistance provided to tribes. In addition, gaming receipts include tribal payments to the state based on a percentage of net gaming revenue, as specified under state-tribal gaming compacts. Tribal payments fund certain state programs and provide revenue to the general fund. Under state-tribal agreements, the Governor must attempt to ensure that revenues are used for programs that benefit tribal communities.

Revenues from tribal gaming are allocated: (a) to appropriations specified under the Department of Administration (DOA) Indian gaming receipts appropriation for state programs (\$28,130,400 PR in 2022-23); (b) to a DOA appropriation for tribal gaming regulation (\$2,079,300 PR in 2022-23); and (c) to a Department of Justice (DOJ) appropriation for tribal gaming law enforcement (\$200,300 PR in 2022-23). Appropriations to state agencies are approved in each biennial budget process and are addressed in conjunction with the budgets of each agency. Revenues in excess of state program allocations are credited to the general fund.

DISCUSSION POINTS

1. Under the compacts, payments to the state may be proportionally reduced in the event of a natural or man-made disaster that affects gaming operations. In 2019-20 and 2020-21, payments were postponed because of casino closures during the COVID-19 pandemic. As a result, DOA's gaming receipts appropriation is expected to have a closing balance of -\$32,957,600 in 2022-23. While negotiations regarding the timing and amount of payments have not yet concluded for all tribes,

a number of postponed payments are included in the estimated tribal payments for the 2023-25 biennium.

2. Estimated tribal gaming revenues under 2023 Assembly Bill 43/Senate Bill 70 total \$60,667,300 in 2023-24 and \$62,971,300 in 2024-25 (including a number of postponed payments, as noted above). These estimates were calculated by DOA's Division of Gaming based on casino revenue data (including game type, date, and location), assumed growth rates, and state payment rates. This office evaluated the projections and concluded that the revenue estimates prepared by the Division of Gaming are reasonable.

3. Under AB 43/SB 70, allocations to state agencies total approximately \$45.1 million PR annually. In addition, under the bill estimates, no tribal gaming revenue would be deposited to the general fund over the 2023-25 biennium. However, in executive session on May 2, 2023, the Committee removed a number of items from further consideration in the budget, and additionally adopted motions to include, for all appropriations, base funding, standard budget adjustments (SBAs), and sum sufficient reestimates (including debt service). In addition, in a May 18, 2023, executive session, the Committee provided \$1,500,000 for a newly-created allocation under Agriculture, Trade and Consumer Protection, and increased a current law transfer under Natural Resources by \$1,000,000.

4. As noted above, the Indian gaming receipts appropriation is currently in overdraft. If tribal gaming revenues are insufficient to fund agency programs and cover the overdraft, the Indian gaming receipts appropriation will continue to be in overdraft and future revenues will, to the extent possible, be used to reduce the overdraft balance accrued in prior years.

5. With regard to proposed modifications to allocations under the bill that have not yet been addressed by the Committee, the five remaining provisions relate to allocations under the Department of Administration, totaling net increases of \$21,826,600 PR annually. If all five modifications were included by the Committee in the amounts recommended by the Governor, it is estimated that the receipts appropriation would have a closing balance of -\$27.1 million in 2023-24 and -\$19.0 million in 2024-25. However, based on Committee actions through May 25, 2023, it is estimated that the receipts appropriation would have a closing balance of -\$5,297,900 in 2023-24 and would provide for a general fund deposit of \$24,609,100 in 2024-25.

6. Seven of the 11 state-tribal compacts include an ancillary memorandum of understanding relating to the intended use of tribal gaming revenues. In general, the agreements indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located. In recognition of these state-tribal agreements, some gaming revenues are allocated for programs that benefit tribal communities. Attachment 1 provides a 10-year history of tribal gaming revenue allocations, including general fund transfers as reported in the Annual Fiscal Report.

7. Under current law, base funding from tribal gaming revenue is allocated to 16 state agencies for 44 programs. Under Assembly Bill 43/Senate Bill 70 (excluding items removed from

consideration), tribal gaming revenue would be allocated to 17 state agencies for 47 programs, including DOA regulation and DOJ enforcement appropriations. Each of the program areas for the 2023-25 biennium is listed in Attachment 2, as follows, and briefly described in Attachment 3: (a) base funding, SBAs, and debt service reestimates for current law allocations; (b) allocations under AB 43/SB 70, excluding items removed from consideration; and (c) allocations approved by the Committee through May 25, 2023 (including base funding, SBAs, and debt service reestimates for current law allocations to agencies for which an executive session would be held at a later date). Where there is a net fiscal change associated with any of these appropriations, it is included under the budget summaries of the affected agency.

CONCLUSION

Based on Committee actions taken through May 25, 2023, it is estimated that no general fund deposit would be made in 2023-24 and \$24,609,100 would be deposited to the general fund from tribal gaming revenue in 2024-25. These estimates are shown in the table below.

| Revenue | Change to Base |
|------------|----------------|
| GPR-Tribal | \$24,609,100 |

2023-25 Tribal Gaming General Fund Revenue, Reestimated

| | <u>2023-24</u> | <u>2024-25</u> |
|--|----------------|----------------|
| Opening Balance | -\$32,957,600 | -\$5,297,900 |
| Estimated Tribal Payments | \$59,510,300 | \$61,921,400 |
| Regulatory Payments | 350,000 | 350,000 |
| Unobligated Funds Reversions | <u>807,000</u> | <u>699,900</u> |
| Total Revenue | \$60,667,300 | \$62,971,300 |
| Program Allocations to State Agencies* | \$32,784,900 | \$32,827,700 |
| Program Reserves | <u>222,700</u> | <u>237,100</u> |
| Tribal Gaming General Fund Revenue | \$0 | \$24,609,100 |

* Through May 25, 2023.

Prepared by: Brianna Murphy
Attachments

ATTACHMENT 1

Tribal Gaming Revenue Allocations

| | <u>Program Allocations</u> | <u>General Fund Transfer</u> |
|----------|--------------------------------|----------------------------------|
| 2015-16 | \$27,400,600 | \$26,167,000 |
| 2016-17 | 27,342,200 | 27,378,000 |
| 2017-18 | 27,669,700 | 27,681,000 |
| 2018-19 | 27,496,300 | 29,066,000 |
| 2019-20 | 29,151,300 | 5,314,000 |
| 2020-21 | 29,072,300 | 154,000 |
| 2021-22 | 30,469,900 | 0 |
| 2022-23 | 30,410,000 | 0 |
| 2023-24* | 32,784,900 | 0 |
| 2024-25* | 32,827,200 | 24,609,100 |

* Allocations include Joint Committee on Finance modifications made through May 25, 2023, and, for agencies to be addressed at later executive sessions, base funding and standard budget adjustments for current law allocations only. Estimated general fund transfer.

| | <u>Agency</u> | <u>Base Funding, SBAs, and Debt Service Reestimates</u> | | <u>AB 43/SB 70, Excluding Items Removed from Consideration</u> | | <u>Joint Committee on Finance Allocations</u> | | <u>Committee Change to Base and SBAs</u> | |
|----|--|---|----------------|--|------------------|---|----------------|--|----------------|
| | | <u>2023-24</u> | <u>2024-25</u> | <u>2023-24</u> | <u>2024-25</u> | <u>2023-24</u> | <u>2024-25</u> | <u>2023-24</u> | <u>2024-25</u> |
| 27 | Kickapoo Reserve Management Board | \$73,900 | \$73,900 | \$73,900 | \$73,900 | \$73,900 | \$73,900 | \$0 | \$0 |
| 28 | Natural Resources | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 4,000,000 | 4,000,000 | 1,000,000 | 1,000,000 |
| 29 | Natural Resources | 201,800 | 201,800 | 201,800 | 201,800 | 201,800 | 201,800 | 0 | 0 |
| 30 | Natural Resources | 108,000 | 108,000 | 108,000 | 108,000 | 108,000 | 108,000 | 0 | 0 |
| 31 | Natural Resources | 84,500 | 84,500 | 84,500 | 84,500 | 84,500 | 84,500 | 0 | 0 |
| 32 | Natural Resources | 71,800 | 71,800 | 71,800 | 71,800 | 71,800 | 71,800 | 0 | 0 |
| 33 | Natural Resources | 1,309,500 | 1,309,500 | 1,309,500 | 1,309,500 | 1,309,500 | 1,309,500 | 0 | 0 |
| 34 | Public Instruction* | 222,800 | 222,800 | 222,800 | 222,800 | 222,800 | 222,800 | 0 | 0 |
| 35 | Tourism* | 8,967,100 | 8,967,100 | 8,967,100 | 8,967,100 | 8,967,100 | 8,967,100 | 0 | 0 |
| 36 | Tourism* | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 0 | 0 |
| 37 | Tourism* | 24,900 | 24,900 | 24,900 | 24,900 | 24,900 | 24,900 | 0 | 0 |
| 38 | Transportation* | 435,600 | 435,600 | 435,600 | 435,600 | 435,600 | 435,600 | 0 | 0 |
| 39 | University of Wisconsin System* | 417,500 | 417,500 | 417,500 | 417,500 | 417,500 | 417,500 | 0 | 0 |
| 40 | University of Wisconsin System* | 277,500 | 318,900 | 293,000 | 318,900 | 277,500 | 318,900 | 0 | 0 |
| 41 | University of Wisconsin System* | 488,700 | 488,700 | 488,700 | 488,700 | 488,700 | 488,700 | 0 | 0 |
| 42 | Veterans Affairs | 121,100 | 121,100 | 121,100 | 121,100 | 121,100 | 121,100 | 0 | 0 |
| 43 | Veterans Affairs | 61,200 | 61,200 | 61,200 | 61,200 | 61,200 | 61,200 | 0 | 0 |
| 44 | Wisconsin Technical College System Board | 594,000 | 594,000 | 594,000 | 594,000 | 594,000 | 594,000 | 0 | 0 |
| 45 | Workforce Development | <u>314,900</u> | <u>314,900</u> | <u>314,900</u> | <u>314,900</u> | <u>314,900</u> | <u>314,900</u> | <u>0</u> | <u>0</u> |
| | Subtotal (Non-Regulatory Items) | \$27,861,600 | \$27,903,000 | \$51,862,600 | \$51,888,500 | \$30,361,600 | \$30,403,000 | \$2,500,000 | \$2,500,000 |
| 46 | Administration* | \$2,256,800 | \$2,257,700 | \$2,097,900 | \$2,098,800 | \$2,256,800 | \$2,257,700 | \$0 | \$0 |
| 47 | Justice* | <u>166,500</u> | <u>166,500</u> | <u>\$166,500</u> | <u>\$166,500</u> | <u>166,500</u> | <u>166,500</u> | <u>0</u> | <u>0</u> |
| | Subtotal (Regulation/Enforcement) | \$2,423,300 | \$2,424,200 | \$2,264,400 | \$2,265,300 | \$2,423,300 | \$2,424,200 | \$0 | \$0 |
| | Total Appropriations | \$30,284,900 | \$30,327,200 | \$54,127,000 | \$54,153,800 | \$32,784,900 | \$32,827,200 | \$2,500,000 | \$2,500,000 |

*Agency not yet addressed by the Committee, as of May 25, 2023.

ATTACHMENT 3

Purposes of 2023-25 Tribal Gaming Revenue Allocations under AB 43/SB 70 (Excluding Items Removed from Consideration) and Committee Actions Taken through May 25, 2023

| <u>Agency</u> | <u>Purpose</u> |
|--|--|
| 1 Administration* | Grants to support tribal programs, tribal language revitalization, and cultural preservation. |
| 2 Administration* | Other tribal grants for Oneida Nation and Menominee Tribe programs. |
| 3 Administration* | County management assistance grant program. |
| 4 Administration* | UW-Green Bay and Oneida Nation programs assistance grants. |
| 5 Administration* | American Indian economic development, technical assistance, and tourism promotion. |
| 6 Agriculture, Trade and Consumer Protection | Tribal elder food assistance. |
| 7 Children and Families* | Tribal family services grants. |
| 8 Children and Families* | Indian child high-cost out-of-home care placements. |
| 9 Corrections* | American Indian tribal community reintegration program. |
| 10 Health Services* | Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC). |
| 11 Health Services* | Health services: tribal medical relief block grants. |
| 12 Health Services* | Indian substance abuse prevention education. |
| 13 Health Services* | Elderly nutrition; home-delivered and congregate meals. |
| 14 Health Services* | Reimbursements for high-cost mental health placements by tribal courts. |
| 15 Health Services* | Indian aids for social and mental hygiene services. |
| 16 Health Services* | American Indian health projects. |
| 17 Health Services* | American Indian diabetes and control. |
| 18 Higher Educational Aids Board | Indian student assistance grant program for American Indian undergraduate or graduate students. |
| 19 Higher Educational Aids Board | Wisconsin Grant Program for tribal college students |
| 20 Higher Educational Aids Board | Tribal College Payments |
| 21 Historical Society | Northern Great Lakes Center operations funding. |
| 22 Historical Society | Collection preservation storage facility. |

| <u>Agency</u> | <u>Purpose</u> |
|---|--|
| 23 Justice* | Tribal law enforcement grant program. |
| 24 Justice* | County-tribal law enforcement programs: local assistance. |
| 25 Justice* | County law enforcement grant program. |
| 26 Justice* | County-tribal law enforcement programs: state operations. |
| 27 Kickapoo Reserve Management Board | Law enforcement services at the Kickapoo Valley Reserve. |
| 28 Natural Resources | Transfer to the fish and wildlife account of the conservation fund. |
| 29 Natural Resources | Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish. |
| 30 Natural Resources | Management of an elk reintroduction program. |
| 31 Natural Resources | Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses. |
| 32 Natural Resources | Reintroduction of whooping cranes. |
| 33 Natural Resources | State snowmobile enforcement program, safety training and fatality reporting. |
| 34 Public Instruction* | Tribal language revitalization grants. |
| 35 Tourism* | General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks. |
| 36 Tourism* | Grants to local organizations and governments to operate regional tourist information centers. |
| 37 Tourism* | State aid for the arts. |
| 38 Transportation* | Elderly transportation grants. |
| 39 University of Wisconsin System* | Ashland full-scale aquaculture demonstration facility operational costs. |
| 40 University of Wisconsin System* | Ashland full-scale aquaculture demonstration facility debt service payments. |
| 41 University of Wisconsin System* | UW- Madison physician and health care provider loan assistance. |
| 42 Veterans Affairs | American Indian services veterans benefits coordinator position. |
| 43 Veterans Affairs | Grants to assist American Indians in obtaining federal and state veterans benefits and to reimburse veterans for the cost of tuition at tribal colleges. |
| 44 Wisconsin Technical College System Board | Grants for work-based learning programs. |
| 45 Workforce Development | Vocational rehabilitation services for Native American individuals and American Indian tribes or bands. |
| 46 Administration* | General program operations for Indian gaming regulation under the compacts. |
| 47 Justice* | Investigative services for Indian gaming law enforcement. |

*Agency not yet addressed by the Committee, as of May 25, 2023.