

# State of Wisconsin

SENATE CHAIR  
**Alberta Darling**

317 East, State Capitol  
P.O. Box 7882  
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Phone: (608) 266-5830



ASSEMBLY CHAIR  
**John Nygren**

309 East, State Capitol  
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Phone: (608) 266-2343

## Joint Committee on Finance

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: September 27, 2016

Re: 14-Day Passive Review Approval – DOA

Pursuant to s. 79.10(11), Stats., attached is a 14-day passive review request from the Department of Administration, received on September 27, 2016.

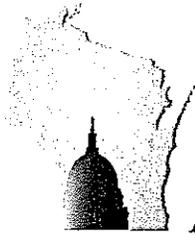
Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Friday, October 14, 2016**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN:jm





**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR

**SCOTT A. NEITZEL**  
SECRETARY

Office of the Secretary  
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September 26, 2016

The Honorable Alberta Darling, Senate Co-Chair  
Joint Committee on Finance  
317 East, State Capitol  
Madison, WI 53702

SEP 27 2016  
*St. Finance*

The Honorable John Nygren, Assembly Co-Chair  
Joint Committee on Finance  
309 East, State Capitol  
Madison, WI 53702

Dear Senator Darling and Representative Nygren:

Under s. 79.10(11), Wisconsin Statutes, the Department of Administration must submit to the Joint Committee on Finance its estimate of the total funds available for distribution under the lottery and gaming credit.

Total funds available equal net lottery proceeds and interest plus net racing and bingo proceeds less the amounts expended for gaming enforcement and lottery credit administration. A 2 percent reserve of estimated gross revenues is also required under s. 20.003(5), Wisconsin Statutes.

The department estimates \$185,311,212 will be available for distribution in December 2016. A more detailed calculation of this estimate is attached for your review.

Following the Committee's approval or revision of the estimate, the department will inform the Department of Revenue of the total amount available for the lottery and gaming credit. The Department of Revenue will then calculate the estimated fair market value necessary to distribute the total amount of revenue available.

Sincerely,

  
Scott A. Neitzel  
Secretary

Enc.

cc: Members, Joint Committee on Finance  
Richard Chandler, Secretary of Revenue

**Lottery Fund Condition Statement**  
**B-3 REVENUE AND BALANCE FORM**

**Lottery Credit Certification FY17**  
**Last Update: September 22, 2016**

	Actual 2015-16	Projected 2016-17	Projected 2017-18
<b>Fiscal Year Opening Balance</b>	<b>\$ 18,744,908</b>	<b>\$ 32,588,022</b>	<b>\$ 12,350,300</b>
<b>OPERATING REVENUES</b>			
Ticket Sales			
Instant Scratch Games	\$ 378,800,170	\$ 384,377,573	\$ 384,377,573
Pull-Tab Games	\$ 1,130,803	\$ 1,130,803	\$ 1,130,803
Lotto Games	\$ 247,233,964	\$ 231,922,805	\$ 231,922,805
Total Ticket Sales	\$ 627,164,937	\$ 617,431,181	\$ 617,431,181
Retailer Fees and Miscellaneous Operating Revenue	\$ 123,038	\$ 83,218	\$ 83,218
<b>GROSS REVENUES</b>	<b>\$ 627,287,975</b>	<b>\$ 617,514,399</b>	<b>\$ 617,514,399</b>
<b>EXPENDITURES</b>			
Gaming Law Enforcement (DOJ) s. 20.455 (2)(r)	\$ 354,244	\$ 389,500	\$ 389,500
Lottery Credit Administration (DOR) s. 20.566 (2)(r)	\$ 190,120	\$ 285,800	\$ 285,800
Prizes (DOR) s. 20.566 (8)(s)	\$ 372,558,701	\$ 372,915,706	\$ 372,915,706
Retailer Compensation (DOR) s. 20.566 (8)(r)	\$ 46,695,529	\$ 43,224,240	\$ 43,224,240
Vendor Fees (DOR) s. 20.566 (8)(v)	\$ 14,462,323	\$ 13,932,752	\$ 15,908,423
General Program Operations (DOR) s. 20.566 (8)(q)	\$ 21,524,854	\$ 21,915,100	\$ 21,915,100
Banking Fees & Misc Expenses	\$ 114	\$ -	\$ -
Employee Compensation Reserves	\$ -	\$ -	\$ 115,100
Health Insurance Reserves	\$ -	\$ 9,800	\$ 117,600
WRS Reserves	\$ -	\$ -	\$ -
Rent Reserves	\$ -	\$ 19,400	\$ 31,400
<b>TOTAL EXPENDITURES</b>	<b>\$ 455,785,885</b>	<b>\$ 452,692,298</b>	<b>\$ 454,902,869</b>
<b>NET PROCEEDS</b>	<b>\$ 171,502,090</b>	<b>\$ 164,822,101</b>	<b>\$ 162,611,530</b>
OPERATING TRANSFERS IN (Gaming Revenue)	\$ 36	\$ 36	\$ 36
INTEREST EARNINGS	\$ 225,488	\$ 508,958	\$ 1,109,913
<b>Total Available for Tax Relief</b>	<b>\$ 190,472,522</b>	<b>\$ 197,919,117</b>	<b>\$ 176,071,778</b>
<b>APPROPRIATIONS FOR TAX RELIEF</b>			
Farmland Tax Relief Credit (DOR) s. 20.835 (2)(q)	\$ 895	\$ -	\$ -
Lottery and Gaming Credit (DOR) s. 20.835 (3)(q)	\$ 157,829,226	\$ 185,311,212	\$ 163,463,873
Lottery and Gaming Credit; Late Applications (DOR) s. 20.835 (3)(s)	\$ 257,606	\$ 257,606	\$ 257,606
<b>Total Appropriations for Tax Relief</b>	<b>\$ 158,087,726</b>	<b>\$ 185,568,817</b>	<b>\$ 163,721,478</b>
<b>Gross Closing Balance</b>	<b>\$ 32,384,795</b>	<b>\$ 12,350,300</b>	<b>\$ 12,350,300</b>
<b>Reserve (2% of Gross Revenues)</b>	<b>\$ 12,545,800</b>	<b>\$ 12,350,300</b>	<b>\$ 12,350,300</b>
<b>Change in Encumbrance Balance</b>	<b>\$ (203,227)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Closing Balance</b>	<b>\$ 20,042,222</b>	<b>\$ -</b>	<b>\$ -</b>