

State of Wisconsin

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

309 East, State Capitol
P.O. Box 8593
Madison, WI 53708-8953
Phone: (608) 266-2343

Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: September 26, 2018

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 26, 2018.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Monday, October 15, 2018**, 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



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Scott Walker, Governor
Ellen Nowak, Secretary

September 25, 2018

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

SEP 26 2018
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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 \$236,450,832 will be available for distribution in December 2018. 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,

Ellen E. Nowak
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 FY2019
Last Update: September 18, 2019

	Actual 2016-17	Actual 2017-18	Projected 2018-19
<i>Fiscal Year Opening Balance</i>	\$ 32,588,023	\$ 13,175,567	\$ 32,270,479
OPERATING REVENUES			
Ticket Sales			
Instant Scratch Games	\$ 384,817,222	\$ 419,398,240	\$ 421,849,953
Pull-Tab Games	\$ 1,049,397	\$ 1,036,575	\$ 938,799
Lotto Games	\$ 216,906,158	\$ 246,957,605	\$ 239,068,467
Total Ticket Sales	\$ 602,772,777	\$ 667,392,420	\$ 661,857,218
Retailer Fees and Miscellaneous Operating Revenue	\$ 403,498	\$ 286,879	\$ 95,208
GROSS REVENUES	\$ 603,176,275	\$ 667,679,299	\$ 661,952,426
EXPENDITURES			
Gaming Law Enforcement (DOJ) s. 20.455 (2)(r)	\$ 388,183	\$ 356,700	\$ 352,300
Lottery Credit Administration (DOR) s. 20.566 (2)(r)	\$ 183,681	\$ 230,849	\$ 272,700
Prizes (DOR) s. 20.566 (8)(s)	\$ 362,966,128	\$ 404,205,317	\$ 401,993,928
Retailer Compensation (DOR) s. 20.566 (8)(r)	\$ 41,289,050	\$ 46,486,279	\$ 46,381,786
Retailer Compensation-GPR s.20.566(8)(b)		\$ (8,000,000)	\$ (40,000,000)
Vendor Fees (DOR) s. 20.566 (8)(v)	\$ 14,064,802	\$ 17,696,362	\$ 17,053,082
General Program Operations (DOR) s. 20.566 (8)(q)	\$ 20,810,173	\$ 18,419,839	\$ 19,375,300
Banking Fees & Misc Expenses	\$ 128	\$ 119	\$ 200
Employee Compensation Reserves	\$ -	\$ -	\$ 224,000
Health Insurance Reserves	\$ -	\$ -	\$ 209,400
WRS Reserves	\$ -	\$ -	\$ -
Rent Reserves	\$ -	\$ -	\$ 49,400
TOTAL EXPENDITURES	\$ 439,702,144	\$ 479,395,465	\$ 445,912,095
NET PROCEEDS	\$ 163,474,131	\$ 188,283,834	\$ 216,040,331
OPERATING TRANSFERS IN (Gaming Revenue)	\$ 32,794	\$ 8,944	\$ 21,029
INTEREST EARNINGS	\$ 432,353	\$ 1,058,066	\$ 1,669,494
<i>Total Available for Tax Relief</i>	\$ 196,527,301	\$ 202,526,411	\$ 250,001,332
APPROPRIATIONS FOR TAX RELIEF			
Farmland Tax Relief Credit (DOR) s. 20.835 (2)(q)	\$ 1,494	\$ -	\$ -
Lottery and Gaming Credit (DOR) s. 20.835 (3)(q)	\$ 183,154,845	\$ 169,874,658	\$ 236,450,832
Lottery and Gaming Credit; Late Applications (DOR) s. 20.835 (3)(s)	\$ 195,395	\$ 380,480	\$ 311,500
<i>Total Appropriations for Tax Relief</i>	\$ 183,351,734	\$ 170,255,138	\$ 236,762,332
<i>Gross Closing Balance</i>	\$ 13,175,567	\$ 32,271,273	\$ 13,239,000
<i>Reserve (2% of Gross Revenues)</i>	\$ 12,063,500	\$ 13,353,600	\$ 13,239,000
<i>Change in Encumbrance Balance</i>	\$ -	\$ 794	\$ -
<i>Net Closing Balance</i>	\$ 1,112,067	\$ 18,916,879	\$ -
<i>Average Lottery & Gaming Credit</i>	\$ 125	\$ 117	\$ 163