



1997 ASSEMBLY BILL 363

May 20, 1997 – Introduced by Representatives KAUFERT, SCHAFER, JENSEN, VRAKAS, WARD, GREEN, ALBERS, M. LEHMAN, RYBA, POWERS, JESKEWITZ, KELSO, KREUSER, GRONEMUS, UNDERHEIM and GROTHMAN, cosponsored by Senators BRESKE, WEEDEN and HUELSMAN. Referred to Committee on Small Business and Economic Development.

1 **AN ACT to amend** 20.003 (5) (a), 25.75 (3) (b) (intro.) and 565.02 (4) (f); and **to**
2 **repeal and recreate** 565.10 (14) (b) and 565.45 of the statutes; **relating to:**
3 lottery retailer compensation, administrative expenses of the department of
4 revenue relating to the state lottery and required lottery fund balance.

Analysis by the Legislative Reference Bureau

Under current law, the basic compensation that is paid to a retailer that sells lottery tickets or lottery shares is 5.5% of the retail price of the lottery tickets or lottery shares sold by the retailer. This bill raises this compensation amount to 7% for tickets for scratch-off or instant games, retains the 5.5% for on-line lottery tickets or lottery shares and, beginning on July 1, 1997, or on the effective date of the bill, whichever is later, authorizes the payment of an additional 0.5% compensation to retailers that meet certain sales or marketing goals established by the gaming board.

In addition, under current law, the legislature may not enact any bill that directly or indirectly would cause the estimated lottery fund balance on June 30 of any fiscal year to fall below 2% of the estimated gross lottery revenues. The bill provides that the legislature may not enact any bill that directly or indirectly would cause the estimated lottery fund balance on June 30 of any fiscal year to fall below \$1,000,000.

Finally, under current law, with certain exceptions, no more than 15% of gross lottery revenues for each year may be expended to pay the expenses for the operation

ASSEMBLY BILL 363

and administration of the lottery, unless approved by the joint committee on finance. The bill increases this limit to 16.5% of gross lottery revenues for each year.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.003 (5) (a) of the statutes is amended to read:

2 20.003 (5) (a) The legislature may not enact any bill directly or indirectly
3 affecting the lottery fund if the bill would cause the estimated lottery fund balance
4 on June 30 of any fiscal year, as projected under s. 20.005 (1), to be less than ~~2%~~ of
5 the estimated gross lottery revenues, as defined in s. 25.75 (1) (b), for that fiscal year,
6 as projected under s. 20.005 (1) \$1,000,000.

7 **SECTION 2.** 25.75 (3) (b) (intro.) of the statutes is amended to read:

8 25.75 (3) (b) *Expenses.* (intro.) ~~Beginning July 1, 1991, no~~ No more than an
9 amount equal to ~~15%~~ 16.5% of gross lottery revenues for each year may be expended
10 to pay the expenses for the operation and administration of the lottery, except that
11 expenses for the operation and administration of the lottery may exceed ~~15%~~ 16.5%
12 of gross lottery revenues if so approved by the joint committee on finance under s.
13 13.10. In computing expenses subject to the ~~15%~~ 16.5% limitation under this
14 paragraph:

15 **SECTION 3.** 565.02 (4) (f) of the statutes is amended to read:

16 565.02 (4) (f) Providing for payment of a rate of compensation that is higher
17 than ~~5%~~ the basic compensation under s. 565.10 (14) (b) for retailers that are
18 nonprofit organizations.

19 **SECTION 4.** 565.10 (14) (b) of the statutes is repealed and recreated to read:

ASSEMBLY BILL 363

1 565.10 (14) (b) The basic compensation to be paid to a retailer for the sale of
2 a lottery ticket or lottery share described under s. 565.01 (6m) (a) 2. is 5.5% of the
3 retail price of lottery tickets or lottery shares sold by the retailer. The basic
4 compensation to be paid to a retailer for the sale of a lottery ticket or lottery share
5 described under s. 565.01 (6m) (a) 1. is 7% of the retail price of lottery tickets or
6 lottery shares sold by the retailer. The board may provide for the payment of an
7 additional 0.5% rate of compensation to be paid to a retailer for the sale of a lottery
8 ticket or lottery share described under s. 565.01 (6m) (a) 1. or 2., if the retailer meets
9 certain sales or marketing goals established by the board. The board may, in the
10 rules promulgated under s. 565.02 (4) (f), provide for the payment of a higher rate
11 of compensation to nonprofit organizations making sales under a contract issued on
12 a temporary basis than the rate of compensation paid to other retailers.

13 **SECTION 5.** 565.45 of the statutes is repealed and recreated to read:

14 **565.45 Report on expense limitation.** Before January 1 of every
15 even-numbered year, the department shall submit a report to the chief clerk of each
16 house of the legislature, for distribution to the legislature under s. 13.172 (2), on the
17 effects on the operation of the lottery of the 16.5% expense limitation under s. 25.75
18 (3) (b).

19 **SECTION 6. Initial applicability.**

20 (1) The repeal and recreation of section 565.10 (14) (b) of the statutes first
21 applies to lottery tickets or lottery shares sold on the effective date of this subsection.

22 **SECTION 7. Effective date.**

23 (1) This act takes effect on July 1, 1997, or on the first day of the 6th month
24 beginning after publication, whichever is later.

25 **(END)**