



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #182

Tribal Gaming Revenue Allocations

Revenue Transfer to Parks (DNR -- Forestry and Parks)

[LFB 2001-03 Budget Summary: Page 484, #19]

CURRENT LAW

Parks account revenues are generated primarily by motor vehicle admissions fees to state parks and camping site fees. Other revenues include fees for camping, certain trail use, golfing at Peninsula State Park and swimming at Blue Mounds State Park. In addition, a portion of the revenue from the sale of patron licenses is deposited in the parks account to reflect the park-related privileges granted to patron sticker holders.

GOVERNOR

Provide a transfer of \$1,000,000 in 2001-02 and \$718,000 in 2002-03 from tribal gaming revenues to the parks account of the conservation fund. The transfer would occur in the 2001-03 biennium only under the bill.

DISCUSSION POINTS

1. Parks account expenditures exceeded revenues by approximately \$1.1 million in 1999-00. In 2000-01, ongoing expenditures are expected to exceed revenues to the parks account by \$1.7 million. A portion of this imbalance may be attributed to the Parks December 21, 1999, request to the Joint Committee on Finance under s.13.10, where the Committee approved a total of \$581,100 SEG in 1999-00 and \$903,600 SEG in 2000-01 and 21.14 positions to increase staffing at various parks properties. While this request had the potential to create a structural imbalance to the parks account of over \$1 million, the Department argued that increased staffing would make parks more attractive to visitors as the quality of customer service and educational opportunities would

improve. In addition, DNR contended that providing staff to monitor admissions stations would generate additional revenues due to increased sales of vehicle admissions stickers. In addition to these expenditures, 1999 Act 9 required DNR to lapse \$630,000 in 1999-00 and \$500,000 in 2000-01 from the parks account to the general fund. Parks attendance did not, however, increase to meet expectations. According to DNR, exceptionally bad weather had a detrimental effect on parks attendance (heavy rainfall occurred throughout May and June of 2000, and several parks experienced flooding and washouts). The parks account is projected to be in deficit by approximately \$300,000 on June 30, 2001. If current expenditure and revenue trends were allowed to continue, it is estimated that the parks account would have a closing balance of approximately -\$3.6 million on June 30, 2003 (-\$1.9 million with the tribal gaming revenue transfer).

2. This transfer is one of several components in the bill that address the parks account deficit. Under the bill, parks expenditures related to administration and technology and for customer assistance and external relations would be reduced by \$1,300,000 in 2001-02 and by \$1,050,000 in 2002-03. A fee increase for vehicle admissions stickers is also included in the bill. While these measures are intended to address the structural imbalance of the parks account, additional measures would be required to keep the parks account from ending the 2001-03 biennium in deficit.

3. Under the bill, the balance of the parks account is estimated to be approximately \$530,000 on June 30, 2003. If the Governor's recommendation to transfer tribal gaming revenues was not approved, the closing balance is estimated to be -\$1.2 million.

Tribal Gaming Revenue

4. Eight tribal gaming agreements contain government-to-government memorandum of understanding (MOU) that relate to the use of additional compact payments, and two agreements propose an economic development fund. A common element in most agreements is a provision that the Governor undertake his best efforts within the scope of his authority to assure that monies paid to the state under the agreements are expended for specified purposes. With certain exceptions, these purposes are: (a) economic development initiatives for the benefit of tribes and/or Native Americans around 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. Several of the MOU add a fifth purpose relating to either law enforcement or public safety initiatives. However, two of the amended compact agreements do not include MOU on government-to-government matters and are silent on the issue of how the state uses tribal gaming revenue. It could be argued that these revenues are unrestricted and may be used for any purpose. Further, to the extent that maintaining a successful state parks system promotes state tourism, it could be argued this use of tribal gaming revenue may be consistent with the compacts.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide a transfer of \$1,000,000 in

2001-02 and \$718,000 in 2002-03 from tribal gaming revenues to the parks account of the conservation fund. The transfer would occur in the 2001-03 biennium only.

Alternative 1	PR
2001-03 FUNDING (Change to Base)	\$1,718,000
<i>[Change to Bill]</i>	<i>[\$0]</i>

2. Maintain current law.

Alternative 2	PR
2001-03 FUNDING (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>-\$1,718,000]</i>

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