



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #183

Tribal Gaming Revenue Allocations

Transfer Tribal Gaming Revenue to Environmental Fund (Natural Resources -- Air, Waste and Contaminated Land)

[LFB 2001-03 Budget Summary: Page 499, #11]

CURRENT LAW

No provision.

GOVERNOR

Transfer of \$500,000 in 2001-02 and \$2,500,000 in 2002-03 from tribal gaming revenues to the environmental management account of the segregated environmental fund.

DISCUSSION POINTS

1. The Brownfields Study Group, a group of representatives of local and state government, businesses and other public and private entities, released a January, 2001, report that recommended that \$4 million annually in Indian gaming revenues from the Forest County Potawatomi Community (located in Forest County and Milwaukee) be targeted toward brownfields redevelopment in the Menomonee Valley area of Milwaukee, including \$2.1 million to the City of Milwaukee, \$1 million to the Milwaukee Economic Development Corporation (MEDC) and \$900,000 to Menomonee Valley Partners Inc.

2. Tribal gaming revenues would not be directly appropriated for Menomonee Valley redevelopment. The bill requires Commerce to make brownfields grants to MEDC and Menomonee Valley Partners Inc., but does not specify the amount of grants to be made. The

Governor's Executive Budget Book indicates that \$2,000,000 would be allocated for these grants. The bill increases the Commerce brownfields grant appropriation by \$100,000 in 2001-02 SEG and \$2,100,000 SEG in 2002-03. The program is funded from the environmental fund.

3. Eight tribal gaming agreements contain government-to-government memoranda of understanding (MOU) that relate to the use of additional compact payments. 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 benefit of tribes and/or Native Americans 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. Several of the MOU add a fifth purpose relating to either law enforcement or public safety initiatives on the reservations. 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 the tribal gaming revenue. It could be argued that these revenues are unrestricted and may be used for any purpose.

4. The transfer from tribal gaming revenues to the environmental management account of the environmental fund would be available for the brownfields grant appropriation and any other appropriations from the account. The transfer is \$800,000 greater than the recommended increase in the Commerce brownfields grant program to help maintain a positive balance in the environmental fund. Reestimates of account revenues for 2000-01 through 2002-03 result in an estimated June 30, 2003, environmental management account balance of \$165,000.

5. Without the transfer of tribal gaming revenues, the estimated June 30, 2003, environmental management account balance would decrease by \$3,000,000 to a potential deficit of \$2,835,000. If no other revenues would be provided to the account and if, expenditure authority exceeds available revenues, the Department of Administration and affected state agencies would be responsible for ensuring that agencies limit expenditures to available revenues.

6. Since about \$2 million is expected to be used for Milwaukee projects, including the Menomonee Valley where the Potawatomi tribe's major casino is located, the recommended transfer to the environmental fund and use of monies from the environmental fund for brownfields purposes could be considered to be in accordance with the provisions of the tribal gaming agreements that support: (a) programs in the county in which the tribe is located; (b) economic development initiatives in regions around casinos; and (c) economic development initiatives for the benefit of tribes and/or Native Americans in the state.

7. If the Committee chooses to significantly decrease or delete the recommended transfer, environmental management account revenues may be insufficient to support expenditure authority under this bill. For example, the Commerce brownfields grant appropriation would be increased under the bill from the 2000-01 funding level of \$6,400,000, by \$100,000 in 2001-02 and \$2,100,000 in 2002-03. Most other environmental management account expenditure authority is in DNR, such as the state-funded response cleanup appropriation that pays for cleanup of

contaminated sites where there is no responsible party able or willing to undertake the cleanup (\$3,321,300 annually under current law and the bill).

ALTERNATIVES TO BASE

1. Approve the Governor’s recommendation to transfer \$500,000 in 2001-02 and \$2,500,000 in 2002-03 from tribal gaming revenues to the environmental fund.

Alternative 1	SEG
2001-03 REVENUE (Change to Base)	\$3,000,000
<i>[Change to Bill]</i>	<i>[\$0]</i>

2. Maintain current law (no tribal revenue transfer would be made to the environmental fund). DOA and state agencies would have to manage the expenditures in appropriations from the environmental fund so that they remain within available revenues during 2001-03 (a reduction of over \$2.8 million under the bill).

Alternative 2	SEG
2001-03 REVENUE (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>-\$3,000,000]</i>

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