



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #145

Tribal Gaming Appropriations and General Fund Revenue (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 46, #1]

CURRENT LAW

Indian gaming receipts are defined as moneys received by the state for the regulation of gaming, the certification of tribal gaming vendors, and other gaming assistance provided to tribes. In addition, gaming receipts include tribal payments to the state based on a percentage of net gaming revenue, as specified under state-tribal gaming compacts. Tribal payments fund state programs and provide revenue to the general fund. Under state-tribal agreements, the Governor must attempt to ensure that revenues are used for programs that benefit tribal communities.

Revenues from tribal gaming are allocated: (a) to appropriations specified under the DOA Indian gaming receipts appropriation for state programs (\$27,560,200 PR in 2020-21); (b) to a Department of Administration (DOA) appropriation for tribal gaming regulation (\$1,986,900 PR in 2020-21); and (c) to a Department of Justice (DOJ) appropriation for tribal gaming law enforcement (\$192,000 PR in 2020-21). Appropriations to state agencies are approved in each biennial budget process and are addressed in conjunction with the budgets of each agency. Revenues in excess of state program allocations are credited to the general fund.

DISCUSSION POINTS

1. Estimated tribal gaming revenues under 2021 Assembly Bill 68/Senate Bill 111 total \$55,687,700 in 2021-22 and \$61,548,700 in 2022-23. These estimates were calculated by DOA's Division of Gaming based on casino revenue data (including game type, date, and location), assumed growth rates, and state payment rates. This office evaluated the projections and concluded that the estimates prepared by the Division of Gaming are reasonable. However, the tribal gaming general fund revenue calculation under the bill did not include a debt service reestimate of -\$8,800 PR in

2021-22 and -\$68,900 PR in 2022-23 for the aquaculture demonstration facility. This debt service reestimate was approved by the Committee in executive action on May 6, 2021.

2. Under the compacts, payments to the state may be proportionally reduced in the event of a natural or man-made disaster that affects gaming operations. In 2019-20, payments were postponed because of casino closures during the COVID-19 pandemic. As a result, DOA's gaming receipts appropriation is expected to have a closing balance of -\$28,430,900 in 2020-21. Tribes are scheduled to submit the postponed 2019-20 payment in three installments (in 2021-22, 2022-23, and 2023-24). These scheduled payments are included in the estimated tribal payments for the 2021-23 biennium. If tribal gaming revenues are insufficient to fund agency programs, the Indian gaming receipts appropriation (s. 20.505(8)(hm)) would be in overdraft and future revenues would be used to pay the balance from the previous year.

3. Nine of the 11 state-tribal compacts include an ancillary memorandum of understanding relating to the intended use of tribal gaming revenues. In general, the agreements indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians 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. In recognition of these state-tribal agreements, some gaming revenues are allocated for programs that benefit tribal communities. Attachment 1 provides a 10-year history of tribal gaming revenue allocations, including general fund transfers as reported in the Annual Fiscal Report.

4. Under AB 68/SB 111, tribal gaming revenue would be allocated to 18 state agencies for 52 programs, including DOA regulation and DOJ enforcement appropriations. Each of the program areas for the 2021-23 biennium is listed and briefly described in Attachment 2. Where there is a net fiscal change associated with any of these appropriations (other than standard budget adjustments), it is included under the budget summaries of the affected agency.

CONCLUSION

As a result of changes to estimated debt service payments, the amount of tribal gaming revenues deposited into the general fund for 2021-23 will be \$77,700 higher than the estimates reflected in AB 68/SB 111. These changes are reflected in the table below, which re-estimates tribal gaming general fund revenue at \$2,038,600 in 2021-22 and \$25,255,300 in 2022-23.

Revenue	Change to Base
GPR-Tribal	\$27,293,900

2021-23 Tribal Gaming General Fund Revenue

	<u>2021-22</u>	<u>2022-23</u>
Opening Balance	-\$28,430,900	\$0
Estimated Tribal Payments	\$54,897,100	\$60,458,100
Regulatory Payments	350,000	350,000
Vendor Certification Revenue	140,600	140,600
Unobligated Funds Reversions	<u>300,000</u>	<u>600,000</u>
Total Revenue	\$55,687,700	\$61,548,700
Program Allocations to State Agencies	\$25,163,700	\$36,186,500
Program Reserves	54,500	106,900
Tribal Gaming General Fund Revenue	\$2,038,600	\$25,255,300

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Attachments

ATTACHMENT 1

Tribal Gaming Revenue Allocations

	<u>Program Allocations</u>	<u>General Fund Transfer</u>
2013-14*	\$27,317,300	\$0
2014-15	27,291,900	48,878,000
2015-16	27,400,600	26,167,000
2016-17	27,342,200	27,378,000
2017-18	27,669,700	27,681,000
2018-19	27,496,300	29,066,000
2019-20	30,205,600	5,314,000
2020-21**	29,739,100	0
2021-22**	25,163,700	2,038,600
2022-23**	36,186,500	25,255,300

* No tribal gaming revenue was provided to the general fund in 2013-14 due to a withheld payment by the Potawatomi. The withheld payment was made in 2015.

** Estimated.

ATTACHMENT 2

2021-23 Tribal Gaming Revenue Appropriations AB 68/SB 111

	<u>Agency</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Purpose</u>
1	Administration	\$0	\$11,000,000	Tribal grants.
2	Administration	400,000	400,000	Tourism marketing contract.
3	Administration	125,600	160,100	Tribal relations.
4	Administration	350,000	350,000	Youth treatment wellness center.
5	Administration	563,200	563,200	County management assistance grant program.
6	Administration	356,800	356,800	UW-Green Bay and Oneida Tribe programs assistance grants.
7	Administration	189,500	189,500	Tribal governmental services and technical assistance.
8	Children and Families	1,867,500	1,867,500	Tribal family services grants.
9	Children and Families	717,500	717,500	Indian child high-cost out-of-home care placements.
10	Corrections	50,000	50,000	American Indian tribal community reintegration program.
11	Health Services	961,700	961,700	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
12	Health Services	712,800	712,800	Health services: tribal medical relief block grants.
13	Health Services	445,500	445,500	Indian substance abuse prevention education.
14	Health Services	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.
15	Health Services	250,000	250,000	Reimbursements for high-cost mental health placements by tribal courts.
16	Health Services	242,000	242,000	Indian aids for social and mental hygiene services.
17	Health Services	106,900	106,900	American Indian health projects.
18	Health Services	22,500	22,500	American Indian diabetes and control.
19	Health Services	0	0	Minority health program and public information campaign grants.
20	Higher Education Aids Board	779,700	779,700	Indian student assistance grant program for American Indian undergraduate or graduate students.
21	Higher Education Aids Board	530,000	578,200	Wisconsin Grant Program for tribal college students
22	Higher Education Aids Board	405,000	405,000	Tribal College Payments
23	Historical Society	229,800	229,800	Northern Great Lakes Center operations funding.
24	Historical Society	317,800	317,800	Collection preservation storage facility.
25	Justice	695,000	695,000	Tribal law enforcement grant program.
26	Justice	631,200	631,200	County-tribal law enforcement programs: local assistance.
27	Justice	490,000	490,000	County law enforcement grant program.
28	Justice	123,900	123,900	County-tribal law enforcement programs: state operations.
29	Kickapoo Valley Reserve Board	73,600	73,600	Law enforcement services at the Kickapoo Valley Reserve.
30	Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
31	Natural Resources	174,700	174,700	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
32	Natural Resources	0	0	Management of an elk reintroduction program.
33	Natural Resources	84,500	84,500	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
34	Natural Resources	0	0	Reintroduction of whooping cranes.

	<u>Agency</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Purpose</u>
35	Natural Resources	0	0	State snowmobile enforcement program, safety training and fatality reporting.
36	Public Instruction	\$200,000	\$200,000	Grants to replace race-based nicknames, logos, mascots, or team names associated with American Indians.
37	Public Instruction	222,800	222,800	Tribal language revitalization grants.
38	Public Instruction	0	0	Tribal language revitalization grants, program operations.
39	Tourism	4,267,100	4,267,100	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
40	Tourism	160,000	160,000	Grants to local organizations and governments to operate regional tourist information centers.
41	Tourism	24,900	24,900	State aid for the arts.
42	Transportation	0	0	Elderly transportation grants.
43	University of Wisconsin System	417,500	417,500	Ashland full-scale aquaculture demonstration facility operational costs.
44	University of Wisconsin System	245,700	185,600	Ashland full-scale aquaculture demonstration facility debt service payments.
45	University of Wisconsin-Madison	488,700	488,700	Physician and health care provider loan assistance.
46	Veterans Affairs	100,800	100,800	American Indian services veterans benefits coordinator position.
47	Veterans Affairs	61,200	61,200	Grants to assist American Indians in obtaining federal and state veterans benefits and to reimburse veterans for the cost of tuition at tribal colleges.
48	Wisconsin Technical College System Board	594,000	594,000	Grants for work-based learning programs.
49	Workforce Development	314,900	314,900	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
50	Wisconsin Economic Development Corporation	<u>390,000</u>	<u>390,000</u>	Tribal economic development.
	Subtotal (Non-Regulatory Items)	\$22,884,300	\$33,906,900	
51	Administration	\$2,079,100	\$2,079,300	General program operations for Indian gaming regulation under the compacts.
52	Justice	<u>\$200,300</u>	<u>\$200,300</u>	Investigative services for Indian gaming law enforcement.
	Subtotal (Regulation/ Enforcement)	\$2,279,400	\$2,279,600	
	Total Appropriations	\$25,163,700	\$36,186,500	