

Wisconsin At A Glance

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Lottery Property Tax Credits and Lottery Sales, Per Capita, by County, 2004

Background. Wisconsin voters authorized a state-run lottery by approving a constitutional amendment in April 1987 by a vote of 739,181 to 391,942. Soon after, the Legislature created (1987 Wisconsin Act 119) the Wisconsin State Lottery, which began operation on September 14, 1988, with "Match 3," an instant-win scratch-off ticket game.

Disagreement arose as to whether the 1987 amendment permitted the state to legalize any form of state-operated gambling it chose, including casino-type games. A law enacted in 1992 (1991 Wisconsin Act 321) and a constitutional amendment ratified in April 1993 restricted the State Lottery to traditional lottery-type games.

Currently, the Lottery, which is operated by the Wisconsin Department of Revenue's (DOR) Division of Lottery, offers six online lotto games (Powerball, Megabucks, SuperCash!, Badger 5, Pick 3, and Pick 4), 54 scratch-off ticket instant-win games, and nine pull-tab games. Approximately 56% of lottery revenue goes to payouts to players with winning tickets.

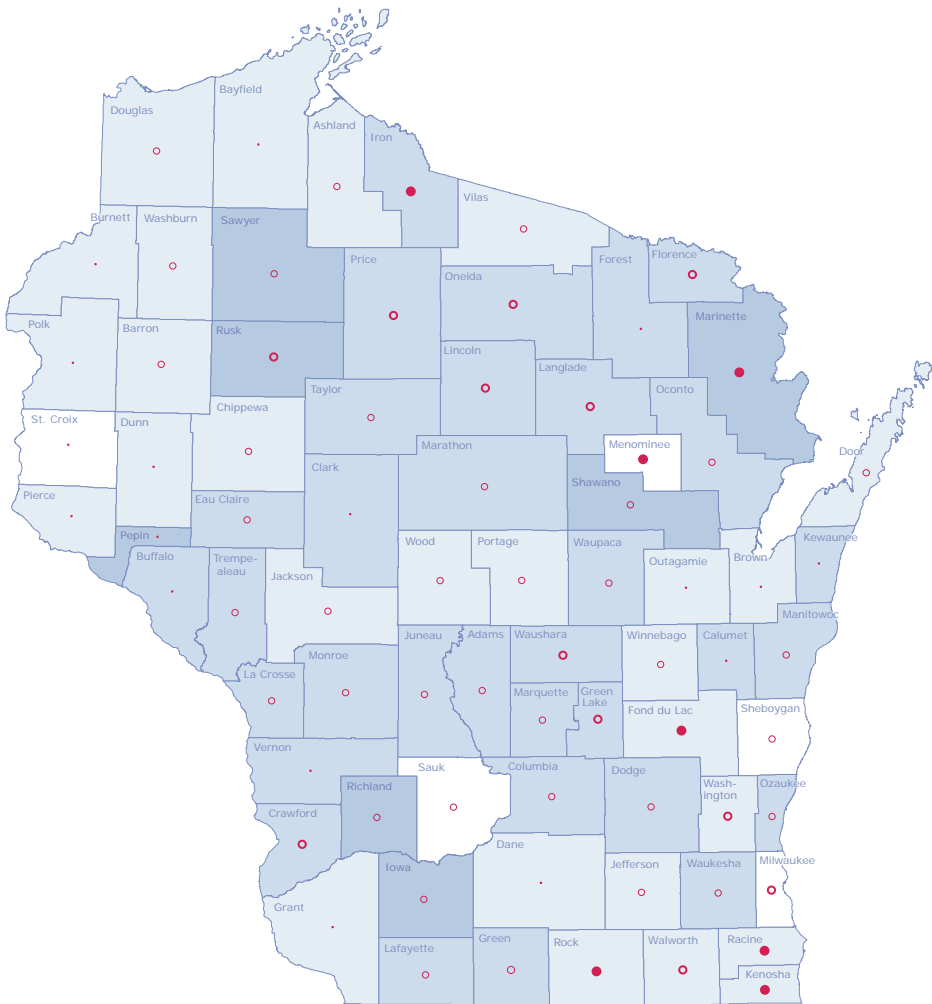
Property tax relief. The 1987 constitutional amendment specified that the proceeds of the Lottery must be used for property tax relief, as determined by the legislature. After two previous distribution methods were successfully challenged by lawsuits, a constitutional amendment approved in April 1999 allows lottery proceeds and monies received by the state from bingo games, raffle games, crane games, and pari-mutuel on-track betting on racing to be used for property tax relief for eligible homeowners. The Lottery and Gaming Credit, which appears as a line on the annual property tax bill, may be claimed only for the primary dwellings of state residents. Renters, owners of commercial property, owners of second or "vacation" homes, and out-of-state residents who own property in Wisconsin are not eligible to receive the credit.

Over the years, the Wisconsin Lottery has generated about \$6.4 billion in total revenue, with almost \$2.1 billion going to property tax relief credits to homeowners. Typically, about 32% of annual lottery proceeds are available for property tax relief. In 2004, a total of about \$133 million was distributed as property tax credits. This equated to a statewide per person average of \$23.63. The amount of the Lottery and Gaming Credit is computed using a formula which multiplies the gross full value tax rate for the local school district times the "credit base" or the fair market value of the home, whichever is less. The credit base is determined by the DOR based on the total funds available for distribution. Most taxpayers in the same school district receive identical credit amounts, regardless of the actual assessed or market value of the homes. For a typical homeowner, the property tax relief credit was about \$93 in 2004.

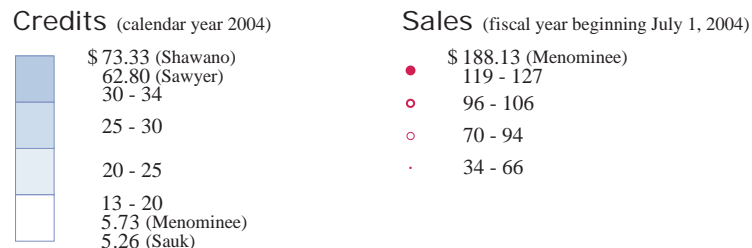
Sales by County. Lottery tickets are sold through a network of almost 3,700 retail outlets, including gasoline/convenience stores, taverns, bowling centers, etc. Sales in Fiscal Year 2004-05 were approximately \$480 million, which amounted to about \$86 per person statewide. Of course, not all state residents participate in the Lottery and, of those who do, not all players purchase tickets in their county of residence. In addition, sales in a particular county may include sales to residents of other counties or states.

Prepared by Daniel Ritsche

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Data: Wisconsin Department of Revenue; Wisconsin Department of Administration

