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STATE SENATOR • 17TH SENATE DISTRICT

Capitol Update By Senator Howard Marklein October 21, 2016

Winning Numbers - The Impact of Lottery Income on Property Taxes

Many Wisconsinites play the lottery. When the jackpot is impressive, ticket buying soars! Players await the drawing with anticipation or scratch quickly to reveal winning combinations. The chance to win life-changing money has its appeal.

But even when the numbers don't match or the ticket is a loser, every Wisconsinite wins when we receive the Lottery Tax Credit on our property tax bill.

The Wisconsin Department of Administration, which oversees the Division on Gaming, recently announced that \$185,311,212 will be available from lottery funds for the Lottery Property Tax Credit that will appear on our bills in December 2016. The average estimated credit to eligible properties is \$125. This is an increase over last year when the tax credit average was \$109.

The estimated increase in available tax credits is due to a higher opening balance for the fund at the beginning of the year than was anticipated. Exceptionally strong lottery sales in the final months of 2015, exceeded forecasts and estimates. Thus, there were funds that rolled over after the property tax credit was allocated to bills in December 2015.

You may remember some major Powerball jackpots that encouraged people throughout the state to buy tickets for several weeks as the jackpots grew and grew in late 2015. The impact of these sales are being passed on to taxpayers this year.

While the growth this year is due to an under-estimation last year, overall, the amount available for lottery tax credits has generally increased since its creation in 1999. Over the last five years, total appropriations for tax relief have grown by approximately \$30 million.

Keep in mind that the lottery fund dollars are calculated after we pay for gaming law enforcement, lottery credit administration, prizes, retailer compensation, vendor fees, operations and expenses. In fact, the vast majority, approximately 50% of gross revenue from the lottery, goes back into prizes. For example, in 2015-16, gross revenues from the lottery generated \$627,287,975. Of these dollars, \$372,558,701 was paid back to players through prizes.

While the Powerball had major impact on lottery revenues last year, the other types of lottery games have also been very strong. In fact, Instant Scratch Games dominate consumer spending on the Wisconsin lottery with Lotto Games coming in second and Pull-Tab Games third.

In 2016, 62% of lottery spending was on Instant Scratch Games, 36% on Lotto and 2% on Pull-Tabs. Wisconsinites love the instant win!

	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Projected
Instant Scratch Games	\$324,035,688	\$337,699,578	\$356,370,186	\$378,800,170	\$384,377,573
Lotto Games	\$239,376,954	\$229,876,604	\$217,167,877	\$247,233,964	\$231,922,805
Pull-Tab Games	\$2,690,060	\$1,261,233	\$1,093,320	\$1,130,803	\$1,130,803
Total Ticket Sales	\$566,102,701	\$568,837,415	\$574,631,382	\$627,164,937	\$617,431,181

Source: Legislative Fiscal Bureau

As you receive your property tax bills in December, keep an eye on the Powerball jackpot and Instant Scratch Game marketing for the holidays. Even when players lose, Wisconsin taxpayers win.

For more information and to connect with me, visit my website <http://legis.wisconsin.gov/senate/17/marklein> and subscribe to my weekly E-Update by sending an email to Sen.Marklein@legis.wisconsin.gov. Do not hesitate to call 800-978-8008 if you have input, ideas or need assistance with any state-related matters.

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