



Lottery and Gaming Tax Credit

The lottery and gaming credit originated as part of 1987 Wisconsin Act 119. Funding for the tax credit varies based on Wisconsin Lottery sales and available net lottery proceeds. The first payment occurred in the 1991-92 property tax year. The credit provides direct property tax relief to homeowners as a credit on their property tax bills.

Background

In April 1987, Wisconsin voters approved a state constitutional amendment authorizing the Legislature to create a state-operated lottery. The lottery's net proceeds were to be used for property tax relief. Wisconsin enacted the law creating the lottery in November 1987, and the first lottery sales occurred in September 1988.

Net lottery proceeds were initially used to fund a Farmland Tax Relief Credit, partially fund school equalization aids, and fund district attorney salaries. In May 1991, a Dane County Circuit Court decision held that supplementing school aids was not property tax relief. In response to the court decision, the law was changed in August 1991.

Under the revised law, for the 1991-92 to 1995-96 property tax years, a lottery credit was paid on a property owner's primary residence. In October 1996, a Dane County Circuit Court decision held that the credit violated the state's uniformity in taxation clause (Article VIII, Section 1) and prohibited a credit distribution for the 1996-97 property tax year. The Legislature extended the lottery credit for the 1997-98 and 1998-99 property tax years to all property owners.

In April 1999, Wisconsin voters approved a state constitutional amendment exempting the distribution of net lottery funds from the uniformity in taxation clause. The exemption from the uniformity clause permitted the credit to be paid only to resident homeowners. The Legislature enacted provisions limiting the lottery credit to primary residences beginning with the 1999-00 property tax year.

Credit Qualification and Claims

The owner of a principal dwelling may claim the credit by applying for the credit on a form prescribed by the department. A claimant shall attest that, as of the certification date, the claimant is an owner of property and that such property is used as the primary residence as of January 1 of the year preceding the allocation of the credit. The certification date is January 1 of the year in which the property taxes are levied. The claimant shall file the application for the lottery and gaming credit with the treasurer of the county in which the property is located or, if the property is located in a city that collects taxes under s. 74.87, with the treasurer of the city in which the property is located. Subject to review by the department of revenue, a treasurer who receives a completed application shall direct that the property described in the application be identified on the next tax roll as property for which the owner is entitled to receive a lottery and

gaming credit. A claim that is made under this paragraph is valid for as long as the property is eligible for the credit.

Under Chapter Tax 20 of the administrative code, if a property transferred qualifies for the credit because a previous owner used the property as his or her primary residence on the certification date, the new owner of the property may apply for the credit on a form prescribed by the department, or by indicating on the real estate transfer return that the property will be used by the owner as their primary residence. Requests made under this paragraph shall be filed with the treasurer of the county in which the property is located or, if the property is located in a city that collects taxes under s. 74.87, Stats., with the treasurer of that city.

An owner who qualifies for the credit against taxes but whose tax bill does not reflect the credit may claim the credit until January 31 following the issuance of the tax bill by filing the application form with the treasurer collecting the taxes. If the application form is approved, the treasurer shall proceed under s. Tax 20.08 (1) (e). Requests made after January 31 shall be filed with the department no later than October 1 following the issuance of the person's property tax bill, on the appropriate late claim application form, for processing under s. Tax 20.11 (2). The department will notify the applicable treasurer of those late claims approved by the department. The treasurer shall then enter the property on the next tax role as property that qualifies for a lottery and gaming credit. The owner should also file an application, with the applicable treasurer, to apply for the credit for subsequent years.

Payment

The Wisconsin Lottery operates in a segregated fund as a division within the Department of Revenue. The Lottery receives general program revenue (GPR) to increase funding available for the lottery and gaming credit. 2023 WI Act 19 allots GPR funding of \$88,724,800 in fiscal year 2024 and 2025 to fund retailer compensation, vendor fees, and other non-personnel costs. After deducting operating expenditures from lottery sales, the net proceeds are available for the lottery and gaming credit. The Department of Administration and Legislature's Joint Committee on Finance annually determine the distribution amount around October 16. The amount available for distribution in 2024-25 is \$317,918,700.

The Department of Revenue distributes the lottery credit by multiplying a credit value by the school tax rate. The Department of Revenue calculates the credit value based on the estimated number of claims and school property tax rates for K-8, Union High, and K-12 school districts. The credit value is \$29,300 for the 2024-25 property tax year. If the market value of a qualifying owner's home is more than the credit value, a full credit is paid. If the market value is less than the credit value, the credit is paid on the actual value. The average credit for 2024-25 is \$206.

The lottery and gaming credit is shown on tax bills as a reduction of property taxes due. If a taxpayer pays their taxes in two or more installments, the credit is applied to the first installment. The credit is paid by the state to counties or municipalities on the fourth Monday in March. The county or municipality receiving the payment settles with overlying taxing jurisdictions.

Mobile homeowner's subject to a municipal monthly parking fee (a property tax equivalent), receive the credit proportionately to each month's fee. The credit for such mobile homes is also paid by the state to municipalities which impose the parking fee on the fourth Monday in March. After deducting 10% for administrative costs, the municipality receiving the payment settles with overlying taxing jurisdictions.

In 2023-24, the lottery and gaming credit reduced the property taxes owed for approximately 1,486,273 homeowners and reduced parking fees owed for approximately 27,956 mobile homeowners. The average credit in 2023-24 was \$241.

Lottery and gaming credit payments since the credit was first established are summarized in the table below.

Property Tax Year	Credit Value (\$)	Homeowners Payments	Payments made to all Taxpayers	Average Credit (\$)	Total Credits (\$ millions)
1991-92	\$8,200	X		\$142	\$173.4
1992-93	9,150	X		167	203.9
1993-94	5,900	X		105	128.7
1994-95	6,700	X		110	136.3
1995-96	8,200	X		125	155.9
1996-97	None	None	None	None	None
1997-98	6,800		X	77	205.8
1998-99	4,600		X	52	142.7
1999-00	15,500	X		166	216.3
2000-01	6,400	X		67	90.6
2001-02	7,600	X		77	105.0
2002-03	7,800	X		76	106.2
2003-04	8,700	X		83	118.2
2004-05	9,600	X		91	131.9
2005-06	9,400	X		81	119.9
2006-07	11,600	X		96	144.7
2007-08	10,100	X		85	129.6
2008-09	9,000	X		77	118.1
2009-10	8,100	X		74	113.2
2010-11	8,700	X		85	131.2
2011-12	9,000	X		89	136.3
2012-13	9,200	X		94	141.5
2013-14	10,900	X		113	171.4
2014-15	11,000	X		113	166.5
2015-16	10,500	X		107	159.9
2016-17	12,600	X		126	183.4
2017-18	11,900	X		116	172.1
2018-19	17,000	X		160	235.0
2019-20	19,700	X		184	270.0
2020-21	17,400	X		160	236.6
2021-22	26,600	X		230	343.6
2022-23	27,900	X		214	319.9
2023-24	33,500	X		241	363.2
2024-25 (est.)	29,300	X		206	315.7