



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-131: SPORTS BETTING PROTECTIONS

**Prime Sponsors:**

Sen. Ball; Pelton B.  
Rep. Woodrow; Woog

**Fiscal Analyst:**

[John Armstrong](#), 303-866-6289  
[Amanda Liddle](#), 303-866-5834

**Published for:** Senate Second Reading

**Drafting number:** LLS 26-0299

**Version:** First Revised Note

**Date:** April 24, 2026

**Fiscal note status:** The revised fiscal note reflects the introduced bill, as amended by the Senate Finance Committee and Senate Appropriations Committee.

### Summary Information

**Overview.** The bill places restrictions on sports betting operators and requires additional data collection by the Department of Revenue.

**Types of impacts.** The bill is projected to affect the following areas beginning in FY 2026-27:

- State Revenue
- State Expenditures
- State Transfers

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$212,363 to the Department of Revenue.

**Table 1  
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	-\$803,095	-\$836,418	-\$878,239
State Expenditures	\$231,378	\$993,317	\$249,317
Transferred Funds	\$0	-\$1,034,473	-\$1,829,735
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	1.3 FTE	1.5 FTE	1.5 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	\$0
Cash Funds – Sports Betting Fund	-\$803,095	-\$836,418	-\$878,239
<b>Total Revenue</b>	<b>-\$803,095</b>	<b>-\$836,418</b>	<b>-\$878,239</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	\$0
Cash Funds – Sports Betting Fund	\$212,363	\$969,549	\$225,549
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$19,015	\$23,769	\$23,769
<b>Total Expenditures</b>	<b>\$231,378</b>	<b>\$993,317</b>	<b>\$249,317</b>
<b>Total FTE</b>	<b>1.3 FTE</b>	<b>1.5 FTE</b>	<b>1.5 FTE</b>

The reduction in Water Plan Implementation Cash Fund spending is not reflected in this table; it is assumed this spending will be adjusted through the annual Water Conservation Board Projects Bill.

**Table 1C  
State Transfers**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
Sports Betting Fund	\$0	\$1,034,473	\$1,829,735
Water Plan Implementation Cash Fund	\$0	-\$1,034,473	-\$1,829,735
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The bill decreases the FY 2027-28 Sports Betting Fund transfer to the Water Implementation Cash Fund by \$1.0 million, which is equal to the FY 2026-27 revenue impact and the FY 2026-27 expenditure impact. In FY 2028-29, the decrease is equal to the FY 2027-28 revenue and the FY 2027-28 expenditure impact.

**Table 1D  
Comparison of LCS Fiscal Note Estimate and  
FY 2026-27 Appropriations Included in Bill**

<b>Department</b>	<b>LCS Estimate</b>	<b>Current Appropriation</b>	<b>Difference</b>
Department of Revenue	\$212,363	\$0	\$212,363
<b>Total Appropriations</b>			<b>\$0</b>

Table 1D highlights the differences between the LCS estimate identified in this fiscal note and appropriation decisions made by the General Assembly for the bill thus far in the legislative process.

## Summary of Legislation

---

The bill places restrictions on sports betting operators, restricts permissible advertisements related to sports betting, requires additional data collection by the Department of Revenue (DOR), and clarifies the revenue distribution of the Sports Betting Fund.

### Internet Sports Betting Operators

The bill prohibits internet sports betting operators from:

- accepting more than five separate deposits in a day;
- limiting the size or frequency of deposits due to the individual placing the bet receiving a financial benefit;
- limiting the size or frequency of deposits due to the individuals' betting activities, unless that person's activities indicate they may have a gambling disorder;
- accepting deposits using a credit card in connection with a sports bet; and
- sending text messages or push notifications to individuals who place bets.

### Sports Betting Advertisements

Advertisements or promotions for sports betting operations may not:

- include a statement in any advertisement that includes the words "bonus," "no sweat," "bonus bet," or a similar phrase;
- include information on how to place a sports bet in an advertisement; and
- broadcast an advertisement for a sports betting operation between 8:00 a.m. and 10:00 p.m., or during a live broadcast of an athletic competition.

Sports betting operators and internet sports betting operators must not enter into an agreement with a third-party to advertise sports betting where the compensation for the third-party depends on the number of people who sign up or the outcome of bets places.

### Data Collection

By February 1, 2028, and each year thereafter, internet sports betting operators must provide to the Division of Gaming (division) in the DOR all transactional data related to their operation from the prior year. These data must be redacted to protect users' individually identifiable information, and are exempt from the Colorado Open Records Act. Beginning January 1, 2029, and annually thereafter, the division must publish a report on its website compiling these data.

### Revenue Distribution

Under current law, after paying for administrative and other expenses, proceeds from the Sports Betting Fund are distributed to the Water Plan Implementation Cash Fund. The bill specifies that the amount distributed to the Water Plan Implementation Cash Fund after accounting for other expenses must be no less than the amount distributed in the previous fiscal year, to the extent permissible.

## **Background**

---

Under current law, a 10 percent tax is imposed on the net sports betting proceeds of sports betting operators. Net sports betting proceeds are defined as wagers minus payments to players, federal taxes, and limited free bets. Sports betting tax revenue is exempt from TABOR and is distributed as follows after paying for administrative costs:

- 6 percent of the first \$29 million in sports betting revenue to the Wagering Recipients' Hold Harmless Fund; and
- the remaining revenue to the Water Plan Implementation Cash Fund.

Sports betting revenue allocated to the Water Plan Implementation Cash Fund is annually appropriated to the Colorado Water Conservation Board (CWCB) within the Department of Natural Resources (DNR) through the annual CWCB Projects Bill. The CWCB uses the appropriation for water project grants, and any unspent appropriations remain in the Water Plan Implementation Cash Fund for future use.

While some sports betting operators currently allow bets to be placed using a credit card, DraftKings banned credit card use in August 2025, and FanDuel banned credit card use in early March 2026. These two operators account for over two-thirds of the sports betting market.

## **Comparable Crime Analysis**

---

Legislative Council Staff is required to include certain analysis in the fiscal note for any bill that creates a new crime, or that either reclassifies or creates a new factual basis for an existing crime. This section identifies comparable crimes and discusses assumptions on future conviction rates resulting from the bill.

### **Prior Conviction Data and Assumptions**

This bill creates a new factual bases for the existing offense of unlawful acts in gaming, a class 2 misdemeanor, by adding additional prohibited behaviors to internet sports betting operators. From FY 2022-23 to FY 2024-25, 2 people have been convicted and sentenced for this offense. Of the persons convicted, both were White males.

The fiscal note assumes that there will continue to be minimal or no additional criminal case filings or convictions for this offense under the bill. Because the bill is not expected to have a tangible impact on criminal justice related revenue or expenditures at the state or local levels, these potential impacts are not discussed further in this fiscal note. Visit the [Fiscal Notes website](#) for more information about criminal justice costs in fiscal notes.

**State Revenue**

The bill decreases revenue to the Sports Betting Fund by an estimated \$0.8 million in FY 2026-27 with similar amounts in future years, as shown in Table 2. Revenue to the Sports Betting Fund is exempt from TABOR. Because the fiscal impact of the bill will depend on consumer responses to the sports betting regulations in the bill, the revenue estimate is uncertain and assessed as having significant bidirectional risk, tilted to the downside, as outlined in the revenue assumptions below.

**Table 2  
 Sports Betting Tax Revenue Forecast Comparison**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
Current Law Revenue	\$67,202,265	\$74,413,250	\$78,133,912
Current Law Expenditures	\$2,984,095	\$3,043,777	\$3,043,777
<b>Current Law Funds Available for Distribution</b>	<b>\$64,218,170</b>	<b>\$71,369,473</b>	<b>\$75,090,135</b>
Revenue Under Bill	\$66,399,170	\$73,576,832	\$77,255,673
Expenditures Under Bill	\$3,215,473	\$4,037,094	\$3,293,094
<b>Funds Available for Distribution Under Bill</b>	<b>\$63,183,697</b>	<b>\$69,539,738</b>	<b>\$73,962,579</b>
Net Impact on Revenue to the Fund	-\$803,095	-\$836,418	-\$878,239
Net Impact on Expenditures from the Fund	\$231,378	\$993,317	\$249,317
<b>Net Impact to Funds Available for Distribution</b>	<b>-\$1,034,473</b>	<b>-\$1,829,735</b>	<b>-\$1,127,556</b>

**Revenue Assumptions**

The fiscal note identifies three mechanisms for which the bill may decrease sports betting tax revenue, which are further described below:

- limitations on advertisements;
- prohibition of limiting the size or frequency of deposits due to the individual placing the bet receiving a financial benefit; and
- prohibition of proposition bets.

**Limitations on Advertisements**

While the bill places limitations on broadcasted sports betting advertisements in the state during televised competitions, it is assumed that a majority of sports betting advertisements are broadcasted on national stations and therefore would not be impacted by the bill. Therefore, the limitations on advertisements are expected to have a minimal impact on sports betting tax revenue.

### Prohibition of Limiting the Size or Frequency of Deposits

The bill disallows sports betting operators from limiting bets from gamblers that are receiving a financial benefit from their sports betting. The fiscal note assumes this will increase wagers from professional gamblers, who have higher win percentages and profits than the average gambler. Professional gamblers are assumed to be a small fraction of the total gambling population, especially since they are likely being limited by sports betting operators under current law. The fiscal note assumes this change will result in a 1 percent increase in wagers but a 1.12 percent increase in payments, based on market research estimating a 55 percent win percentage for professional gamblers and a win percentage under 50 percent for the average gambler.

The decrease in revenue as a result of this prohibition could be greater to the extent that wagers by professional gamblers are more than assumed or payments to professional gamblers are higher than assumed.

### Prohibition of Proposition Bets

Estimates for the percent of sports betting wagers on proposition bets vary greatly by source, from 2 percent to 50 percent. The fiscal note assumes that 25 percent of sports betting wagers are on proposition bets. Of that amount, it is assumed that 10 percent of individuals placing proposition bets will no longer sports bet, resulting in a 2.5 percent decrease in total wagers and a proportional decrease in payments to players. If the prohibition on proposition bets results in more or less than 10 percent of proposition bettors leaving the market, it will result in a state revenue impact that is correspondingly lower or higher than assumed in the fiscal note.

Generally, it is assumed that proposition bets have a higher win percentage than parlays but a lower win percentage than other types of bets. For the 90 percent of proposition bets that are assumed to be substituted with a different type of bet, the resulting change in payments to players will depend on the type of bet that the proposition bet is substituted for. The fiscal note assumes that this substitution will result in no net change to payments to players. If proposition bets are replaced by riskier bets with lower win percentages, it will result in less payments to players and an increase in taxable sports betting revenue. If proposition bets are replaced by less risky bets with higher win percentages, it will result in more payments to players and a decrease in taxable sports betting revenue.

## **State Transfers**

---

On September 30 of each year, revenue to the Sports Betting Fund received in the prior year is transferred to the Water Plan Implementation Cash Fund, after accounting for administrative costs and the transfers to the Wagering Recipients' Hold Harmless Fund. Based on the projected revenue decrease and expenditure increase, the bill results in no changes in transfers to the Wagering Recipients' Hold Harmless Fund, and will decrease the transfer to the Water Plan Implementation Cash Fund by \$1,034,473 in FY 2027-28 and \$1,829,735 in FY 2028-29.

## **State Expenditures**

---

The bill increases state expenditures in the DOR by about \$231,000 in FY 2026-27, \$993,000 in FY 2027-28, and \$249,000 in FY 2028-29 and ongoing, paid from the Sports Betting Fund. Based on the revenue reduction and expenditure increase, the bill is additionally expected to reduce expenditures in DNR beginning in FY 2028-29, as discussed below.

## **Department of Natural Resources**

Sports betting revenue becomes available for spending on a lagged basis, such that FY 2026-27 sports betting revenue will be transferred to the Water Plan Implementation in FY 2027-28 and appropriated for spending in FY 2028-29. Accordingly, the bill is estimated to reduce DNR expenditures by \$1,034,473 in FY 2028-29, \$1,829,735 in FY 2028-29, and \$1,127,556 in FY 2029-30, with similar amounts in future years. These amounts are reflected in Table 2 above.

The fiscal note estimates a reduction in DNR expenditures from the Water Plan Implementation Cash Fund in the same amounts; however, actual expenditures are determined through the annual CWCB projects bill and are subject to annual appropriations, as noted in the Background section.

## **Department of Revenue**

The DOR requires staff, database, and legal services costs to implement the bill. Costs are discussed below and outlined in Table 3.

### **Staff**

The DOR will require 1.0 FTE Statistical Analyst to implement the bill. This position will collect, analyze, and report transactional data on wagers placed by sports betting operators. First-year costs are prorated to assume a September 2026 start date and standard capital outlay and operating expenses are included.

### Legal Services

DOR requires approximately 990 hours of legal services annually, or 0.5 FTE, for additional hearings and case defense related to sports betting and compliance disputes between operators and the gaming commission. Legal services hours are provided by the Department of Law at a rate of \$138.47 per hour.

### Database Development Costs

In FY 2027-28 only, the DOR will develop a new database to begin accepting transactional data from sports betting operators to complete required reporting. Total programming costs are estimated at \$744,000, reappropriated to the Governor’s Office of Information Technology. This estimate is based on the cost to develop the database that holds wager data by sport, and assumes that transactional level data will require a new database with approximately double the costs of the wager database, due to the size and scope of the additional data collection.

### Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 3 below.

**Table 3  
 State Expenditures  
 Department of Revenue**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
Personal Services	\$79,716	\$99,646	\$99,646
Operating Expenses	\$1,024	\$1,280	\$1,280
Capital Outlay Costs	\$7,000	\$0	\$0
Legal Services	\$124,623	\$124,623	\$124,623
Database Development Costs	\$0	\$744,000	\$0
Centrally Appropriated Costs	\$19,015	\$23,769	\$23,769
FTE – Personal Services	0.8 FTE	1.0 FTE	1.0 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE	0.5 FTE
<b>Total Costs</b>	<b>\$231,378</b>	<b>\$993,317</b>	<b>\$249,317</b>
<b>Total FTE</b>	<b>1.3 FTE</b>	<b>1.5 FTE</b>	<b>1.5 FTE</b>

## **Effective Date**

---

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to all sports betting conduct and agreements afterwards.

## **State Appropriations**

---

For FY 2026-27, the bill requires an appropriation of \$212,363 from the Sports Betting Fund to the Department of Revenue, and 0.8 FTE. Of this amount, \$124,623 is reappropriated to the Department of Law, with an additional 0.5 FTE.

## **State and Local Government Contacts**

---

Information Technology

Office of Economic Development

Law

Revenue

Local Affairs

---

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).