



**Colorado
Legislative
Council
Staff**

HB16-1074

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0582
Prime Sponsor(s): Rep. Dore
Sen. Hill

Date: January 25, 2016
Bill Status: House SVMA
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: LTD GAMING REVENUE FOR ONLINE SUPPLEMENTAL ED

| Fiscal Impact Summary | FY 2015-2016 | FY 2016-2017 | FY 2017-2018 |
|--|---------------------|---------------------|---------------------|
| State Revenue | \$0 | \$0 | \$0 |
| State Transfers | | | |
| Cash Funds | (3,010,000) | (3,010,000) | (3,010,000) |
| State Public School Fund | 3,010,000 | 3,010,000 | 3,010,000 |
| State Expenditures | | \$0 | \$0 |
| Cash Funds | | (3,010,000) | (3,010,000) |
| State Public School Fund | | 3,010,000 | 3,010,000 |
| Appropriation Required: \$3,010,000 - Department of Education (FY 2016-17). | | | |
| Future Year Impacts: Ongoing fund transfer and expenditures. | | | |

Summary of Legislation

Under current law, the state share of limited gaming proceeds is distributed among the following six cash funds based on statutorily-determined amounts:

- Travel and Tourism Promotion Fund (\$15.0 million);
- Advanced Industries Acceleration Fund (\$5.5 million)
- Local Government Limited Gaming Impact Fund (\$5.0 million);
- Innovative Higher Education Research Fund (\$2.1 million);
- Creative Industries Cash Fund (\$2.0 million); and
- Colorado Office of Film, Television, and Media (\$0.5 million).

This bill reduces the amount of each allocation of limited gaming revenue by 10 percent, totaling \$3,010,000, and transfers that same amount to the State Public School Fund to be used for supplemental online education.

Background

Limited gaming revenue. Limited gaming is permitted in three communities in Colorado - Central City, Black Hawk, and Cripple Creek. After administrative expenses, 50 percent of limited gaming revenue is considered the state share, 10 percent goes to three gaming cities, 12 percent to the gaming counties, and 28 percent to the State Historical Fund.

Currently, the first \$30.1 million of the state share is distributed among six cash funds. Revenue in excess of \$30.1 million is transferred to the General Fund. For FY 2014-15, \$13.6 million was transferred to the General Fund. For FY 2015-16 through FY 2017-18, the transfer to the General Fund is expected to remain between \$15.0 million and \$17.0 million per year.

Supplemental online education. Supplemental online programs offer one or more computer-based courses to K-12 students to augment an educational program provided by a school district, charter school, or board of cooperative educational services (BOCES). Supplemental online programs are not a full-time "cyberschool." Rather, these programs add to, or supplement, the course offerings of a local school. Currently, supplemental online education is funded by \$480,000 annually in federal mineral lease revenue.

State Revenue

This bill does not change overall state revenue and does not impact the amount that may be transferred to the General Fund.

State transfers and diversions. Beginning in FY 2015-16, the bill decreases the amount of the state share of limited gaming revenue that is transferred annually to each of six programs by 10 percent (a total of \$3.01 million), and transfers that \$3.01 million from the limited gaming fund to the State Public School Fund to be used for online supplemental education.

State Expenditures

For FY 2016-17, the bill increases state expenditures for supplemental online education by \$3.01 million, and decreases total expenditures for six other programs by the same amount. Table 1 shows the projected funding to the programs under current law and as a result of HB16-1074.

| Table 1. Program Allocations Under Current Law and HB16-1074 | | | |
|---|--------------------------|------------------------|-------------------|
| Programs Receiving Limited Gaming Revenue | Under current law | Under HB16-1074 | Difference |
| Travel and Tourism Promotion Fund | \$15,000,000 | \$13,500,000 | (\$1,500,000) |
| Advanced Industries Acceleration Fund | 5,500,000 | 4,950,000 | (550,000) |
| Local Government Limited Gaming Impact Fund | 5,000,000 | 4,500,000 | (500,000) |
| Innovative Higher Education Research Fund | 2,100,000 | 1,890,000 | (210,000) |
| Creative Industries Cash Fund | 2,000,000 | 1,800,000 | (200,000) |
| Colorado Film Office | 500,000 | 450,000 | (50,000) |
| State Public School Fund - for supplemental online education | - | 3,010,000 | 3,010,000 |
| TOTAL | \$30,100,000 | \$30,100,000 | \$0 |

Travel and Tourism Promotion Fund - Office of Economic Development and International Trade (OEDIT). This fund supports domestic and international marketing campaigns aimed at increasing travel to the state.

Advanced Industries Acceleration Fund - OEDIT. This fund is used to provide grants to help connect technologies from research institutions with the private sector, as well as to provide early-stage capital to start-ups that use technology developed in proof-of-concept grants. The reduction in funding will result in fewer grants being approved.

Local Government Limited Gaming Impact Fund - Department of Local Affairs (DOLA). This fund provides grants to mitigate the impacts of gaming to the 12 local governments impacted by gaming activity from the communities of Cripple Creek, Black Hawk, and Central City. The decrease in funding does not impact DOLA's administrative costs, but results in fewer grants available for these communities, which use grant funds for public safety and social services infrastructure.

Innovative Higher Education Research Fund - Department of Higher Education. This program provides state matches for the National Science Foundation and other federal research grants. The decrease in funding may limit the federal research grants available to Colorado research institutions, as a state match is often required or highly beneficial.

Creative Industries Cash Fund - OEDIT. This program provides the state match for federal funding through the National Endowment for the Arts State Partnership Agreement. A \$200,000 reduction in funding results in a loss of an additional \$200,000 through a reduced federal match.

Colorado Film Office of Film, Television, and Media (COFTM) - OEDIT. The COFTM provides incentives to cover production costs of film, television, and commercials in Colorado, as well as educational support to high school and college film programs, support for local film festivals, and a directory of location and crew resources.

Online supplemental education. Beginning in FY 2016-17, the bill increases funding for online supplemental education by \$3.01 million annually. The FY 2015-2016 appropriation from federal mineral lease revenue to the CDE for online supplemental education was \$480,000.

Local Government Impact

The bill reduces distributions to the 12 local governments that currently receive grants to mitigate the impacts of gaming from the Local Government Limited Gaming Impact Fund.

School District Impact

The bill provides an additional \$3.01 million to reduce the cost to school districts, charter schools, and BOCES, for purchasing supplemental online education.

Pursuant to Section 22-32-143, C.R.S., school districts and Boards of Cooperative Educational Services (BOCES) may submit a separate estimate of fiscal impacts within seven days of a bill's introduction. Estimates submitted by districts or BOCES for this bill can be found on the Legislative Council website at this address: <http://colorado.gov/lcs>

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

Appropriation

Beginning in FY 2016-17, this bill requires an annual appropriation of \$3,010,000 from the State Public School Fund to the Colorado Department of Education.

State and Local Government Contacts

Education
Local Affairs
Secretary of State

Higher Education
Office of Economic Development and International Trade