



**Colorado
Legislative
Council
Staff**

HCR16-1003

FISCAL NOTE

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

Drafting Number: LLS 16-0470
Prime Sponsor(s): Rep. Singer; Priola
Sen. Scott; Todd

Date: April 26, 2016
Bill Status: House SVMA
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BILL TOPIC: SPORTS VENUE NONPROFIT ENTITY RAFFLES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	Increase.	
Cash Funds	See State Revenue section.	
State Expenditures	<u>\$182,196</u>	<u>\$9,391</u>
Cash Funds	174,077	7,151
Centrally Appropriated Costs	8,119	2,240
TABOR Impact	See TABOR Impact section.	
FTE Position Change	0.8 FTE	0.2 FTE
Appropriation Required: \$174,077 – Department of State (FY 2016-17).		
Future Year Impacts: Ongoing revenue and expenditure increase.		

Summary of Legislation

The concurrent resolution refers a constitutional amendment to voters (referendum) to authorize a qualified nonprofit entity to hold a raffle for attendees who are at least 18 years of age at a professional sports event taking place at a venue that seats at least 5,000 people.

To be qualified to hold a raffle, the nonprofit entity must:

- have a valid license issued by the Secretary of State's (SOS's) office;
- be a bona fide nonprofit entity that has been continuously in existence for a period of three years immediately before applying for a raffle license and remain a bona fide nonprofit entity for as long as the entity is licensed;
- have a member, director, officer, or volunteer of the nonprofit entity participate in the management of the raffle; and
- sell tangible raffle tickets in person to event attendees meeting the age requirement.

The entire net proceeds of the raffle must be exclusively devoted to the lawful purposes of the nonprofit entity that conducted the raffle. The raffles must not use depictions of slot machines, poker, blackjack, craps, roulette, or any device that qualifies as or replicates limited gaming.

The SOS will issue the license if the nonprofit entity qualifies and pays the appropriate fee. The license expires at the end of each calendar year.

Background

The Colorado Constitution currently permits nonprofit membership organizations to raise money through raffles. Pursuant to state law, these include any bona fide religious, charitable, labor, fraternal, educational, voluntary firefighters', or veterans' organizations, as well as political parties and the Colorado State Fair Authority. Before applying for a license, an organization is required to have been in continuous existence with dues-paying members for a period of five years. The annual fee is \$100, credited to the Department of State Cash Fund, for purposes of financing raffle licensing and enforcement activities.

There are approximately 20 venues in the state that can seat 5,000 spectators. The four largest of these are: Coors Field, Dick's Sporting Goods Park, Pepsi Center, and Sports Authority Field at Mile High Stadium.

State Revenue

If voters approve the referendum, state revenue from licensing fees will increase beginning in FY 2016-17. Fees have not been estimated for this fiscal note and will be credited to the Department of State Cash Fund at the SOS's office.

Under the bill, the annual licensing fee for a nonprofit to hold a raffle at a professional sporting event is to be set by the General Assembly. Currently, licensing fees are set administratively by the SOS based on the cash fund balance, estimated program costs, and the estimated number of raffle participants. If the fee set by the General Assembly is not sufficient to cover the SOS's direct and indirect costs to administer the new license, the SOS may be required to raise fees on other programs to recoup these costs.

TABOR Impact

If voters approve the referendum, new revenue from licensing fees will be a voter-approved revenue increase and have no impact on potential TABOR refunds.

State Expenditures

If voters approve the referendum, state cash fund expenditures will increase by **\$182,196 and 0.8 FTE in FY 2016-17 and \$9,391 and 0.2 FTE in FY 2017-18** from the Department of State Cash Fund in the SOS's office. Expenditures are shown in Table 1 and discussed below.

Table 1. Expenditures Under HCR16-1003		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$20,294	\$7,151
FTE	0.8 FTE	0.2 FTE
Operating Expenses and Capital Outlay Costs	5,463	
Computer Programming	148,320	
Centrally Appropriated Costs*	8,119	2,240
TOTAL	\$182,196	\$9,391

* Centrally appropriated costs are not included in the bill's appropriation.

Secretary of State's Office. Assuming a January 1, 2017, effective date, the SOS will have computer programming costs to create a new online filing system for the new license type. Costs are estimated at \$148,320 in FY 2016-17 only, and reflect 1,440 hours of programming at a rate of \$103 per hour. In addition, 0.4 FTE General Professional IV and 0.4 FTE Administrative Assistant II are required to develop the online system and process applications in FY 2016-17. Beginning FY 2016-17, 0.2 FTE Administrative Assistant II will continue to process new applications.

Future costs. If the referendum is approved by voters, enabling legislation will be necessary to set licensing fees, reporting requirements, and enforcement mechanisms related to the new licensees. Any future legislation will drive administrative, information technology, and investigative costs that have not been included or estimated for this fiscal note.

Election expenditure impact (existing appropriations). The bill includes a referred measure that will appear before voters at the November 2016 general election. Although no additional appropriation is required in this bill to cover election costs associated with this ballot measure, certain election costs to the state are appropriated as part of the regular budget process. First, state law requires that the state reimburse counties for costs incurred conducting a ballot measure election, paid from the Department of State Cash Fund. Second, the text and title of the measure must be published in one legal newspaper per county and an analysis of the measure must be included in the Ballot Information Booklet (Blue Book) mailed to all registered voter households prior to the election paid from the Ballot Analysis Revolving Fund. As of this writing, there will be at least one citizen-initiated measure on the ballot at the 2016 election, which will trigger the ballot costs shown in Table 2 below for a single ballot measure. Costs in 2016 will increase by approximately \$100,000 per measure beyond this base amount for any additional referred or initiated measures placed on the ballot.

Table 2. Projected Costs of a Single Statewide Ballot Measure Election in 2016	
Cost Component	Amount
County Reimbursement for Statewide Ballot Measures	\$2,400,000
Ballot Information Booklet (Blue Book) & Newspaper Publication	\$670,000
TOTAL	\$3,070,000

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under HCR16-1003		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,382	\$1,599
Supplemental Employee Retirement Payments	1,737	641
TOTAL	\$8,119	\$2,240

Effective Date

The referred measure takes effect after the date of the official declaration of the vote by proclamation of the Governor, not later than 30 days after the votes have been canvassed.

State Appropriations

For FY 2016-17, the bill requires a conditional appropriation of \$174,077 to the Secretary of State's Office from the Department of State Cash Fund. Of this, \$148,320 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Law
Revenue

Legal Services
Secretary of State

Legislative Council