



**Colorado
Legislative
Council
Staff**

HCR16-1003

**FINAL
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: June 23, 2016
Bill Status: Postponed Indefinitely
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: SPORTS VENUE NONPROFIT ENTITY RAFFLES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$16,480</u>	Minimal increase.
Cash Funds	16,480	
State Expenditures	<u>\$16,480</u>	Workload increase.
Cash Funds	16,480	
Appropriation Required: \$16,480 – Department of State (FY 2016-17).		
Future Year Impacts: Ongoing state revenue and workload increase.		

Note: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The concurrent resolution refers a constitutional amendment to voters (referendum) to authorize a nonprofit affiliated with a professional sports organization 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 by \$16,480 beginning in FY 2016-17, credited to the Department of State Cash Fund at the SOS's office. 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 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, one-time costs in the Secretary of State's office will increase by \$16,480 in FY 2016-17. There will also be future workload increases, future costs related to enabling legislation, and an election expenditure impact, as discussed below.

Secretary of State's Office. If voters approve the referendum, state cash fund expenditures will increase by \$16,480 in FY 2016-17 only from the Department of State Cash Fund in the Secretary of State's Office. This amount represents 160 hours of computer programming costs at a rate of \$103 per hour to revise the online filing system at the SOS's office. Application processing for the 10 or less nonprofits eligible under the bill will be addressed within existing appropriations in FY 2017-18 and beyond.

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.

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

Effective Date

The concurrent resolution was postponed indefinitely by the House State, Veterans, and Military Affairs Committee on May 2, 2016.

State Appropriations

For FY 2016-17, the bill required a conditional appropriation of \$16,480 to the Secretary of State's Office from the Department of State Cash Fund, to be reappropriated to the Office of Information Technology.

State and Local Government Contacts

Law
Revenue

Legal Services
Secretary of State

Legislative Council