



# Legislative Council Staff

## Research Note

Version: Final

Date: 6/16/2016

### Bill Number

**Senate Bill 16-073**

### Sponsors

**Senator Grantham**  
**Representative Lawrence**

### Short Title

**State Auditor Authority to Audit  
State Historical Fund  
Distribution**

### Research Analyst

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### Status

This research note reflects the final version of the bill, which became effective upon the signature of the Governor on June 8, 2016.

### Summary

The bill requires the State Auditor to conduct post audits and performance audits of the limited gaming funds that are transferred to the State Historical Fund for the preservation and restoration of the gaming cities of Central City, Black Hawk, and Cripple Creek. The audits must include:

- how the cities are spending the distributions and whether the funds are being used for preservation and restoration; and
- whether the cities have adopted standards for the distribution of grants, as defined in current law.

The State Auditor must conduct three audits, no later than September 1, 2017, September 1, 2022, and September 1, 2027. The bill's requirements are in addition to the State Auditor's current duty to examine annual audits submitted by each local government.

### Background

Limited gaming is permitted in three cities in Colorado — Central City, Black Hawk, and Cripple Creek. As required by the Colorado Constitution, after administrative expenses are paid, 28 percent of the remaining limited gaming revenue is deposited into the State Historical Fund each

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year. Of this amount, 20 percent is constitutionally required to be distributed to the cities of Central City, Cripple Creek, and Black Hawk based on the proportion of gaming revenue generated by each city. In FY 2014-15, \$4.9 million was transferred to the gaming cities from the State Historical Fund.

## Senate Action

**Senate Finance Committee (February 11, 2016).** Several individuals representing the City of Cripple Creek and one individual representing the City of Black Hawk testified in support of the bill. The State Auditor addressed questions from the committee. The committee adopted amendment L.002, which limited the number of post audits and performance audits authorized by the bill, and a conceptual amendment to strike language allowing the State Auditor or the Legislative Audit Committee to authorize future audits beyond those identified in the bill. The committee referred the bill, as amended, to the Senate Committee of the Whole.

**Senate second reading (February 17, 2016).** The Senate adopted the Senate Finance Committee report and passed the bill on second reading with no additional amendments.

**Senate third reading (February 18, 2016).** The Senate passed the bill on third reading with no amendments.

## House Action

**House Finance Committee (March 10, 2016).** Several individuals representing the City of Cripple Creek testified in support of the bill. The State Auditor addressed questions from the committee. The bill was laid over for action only.

**House Finance Committee (April 28, 2016).** The committee referred the bill to the House Committee of the Whole.

**House second reading (April 28, 2016).** The House passed the bill on second reading with no amendments.

**House third reading (April 29, 2016).** The House passed the bill on third reading with no amendments.