

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING SPORTS BETTING, AND, IN CONNECTION THEREWITH, SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO A BALLOT MEASURE AUTHORIZING THE COLLECTION OF A TAX ON THE NET PROCEEDS OF SPORTS BETTING THROUGH LICENSED CASINOS, DIRECTING THE REVENUES GENERATED THROUGH COLLECTION OF THE SPORTS BETTING TAX TO SPECIFIED PUBLIC PURPOSES, INCLUDING THE STATE WATER PLAN THROUGH CREATION OF THE WATER PLAN IMPLEMENTATION CASH FUND, AND MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Garnett and Neville
Sens. Donovan and Cooke

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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/25/19.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Additional information was received from the Department of Revenue replacing an accounting technician position with an accountant position. This increases the expenditure for personal services by \$15,831 above the amount identified in the Revised Fiscal Note dated April 25, 2019. Legislative Council Staff agrees with this update.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.002	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates a total of \$1,739,015 General Fund to the Department of Revenue for FY 2019-20 and states that the appropriation is based on the assumption that the Department will require an additional 11.6 FTE. The provision also reappropriates:

- \$142,388 to the Department of Law in FY 2019-20 and states that the Department will require an additional 0.8 FTE;
- \$34,650 to the Department of Personnel in FY 2019-20 for vehicle lease payments;

- and
- \$1,716 to the Department of Public Safety in FY 2019-20 for criminal history record checks.

The current appropriation is lower than the expenditures identified in the Revised Fiscal Note of \$1,858,534 by \$119,519 and also excludes the additional \$15,831 identified after the Revised Fiscal Note was published. With this update, the bill requires an appropriation of \$1,874,365.

Description of Amendments in This Packet

J.002 Staff has prepared amendment **J.002** (attached) to change the existing clause to appropriate a total of \$1,874,365 General Fund to the Department of Revenue for FY 2019-20. This includes the expenditures identified on page 7 of the Revised Fiscal Note as well as the additional \$15,831 identified after the Revised Fiscal Note was published. The amendment also changes the clause to provide additional detail on the components of the appropriation.

Points to Consider*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2019-20 based on the March 2019 Legislative Council Staff revenue forecast. The budget package leaves approximately \$47.9 million General Fund unallocated. Thus, the General Assembly could appropriate up to \$44.7 million General Fund to fund 2019 legislation and maintain a 7.25 percent General Fund reserve. This bill requires a General Fund appropriation of \$1,874,365 for FY 2019-20, reducing the excess General Fund reserve by \$2,010,256.

Timing Issues

The bill creates the Sports Betting Fund, into which revenues are deposited, and from which a transfer back to the General Fund is required equal to the General Fund appropriation, eliminating the General Fund impact identified above. Implementation of the sports betting provisions in the bill are conditional upon voter approval. It is staff's understanding that the appropriation from the General Fund is made available to the Department of Revenue to implement information technology systems changes and to conduct background investigations prior to voter approval. Thus, it is possible that the Department will incur General Fund expenditures prior to the election that would not be repaid if voters reject the referred measure.

Legislative Authority

Is it necessary to "continuously appropriate" money in the Sports Betting Fund? This method of funding essentially moves related expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process.