



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 22-0314 **Date:** April 29, 2022
Prime Sponsors: Rep. Garnett; Van Winkle **Bill Status:** House Business
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Bill Topic: SUNSET DIVISION OF GAMING

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

Sunset Bill. This bill continues the Division of Gaming in the Department of Revenue, which is scheduled to repeal on September 1, 2022. State fiscal impacts include a minimal revenue and workload impact from changes to the program under the bill, as well as the continuation of the program's current revenue and expenditures. The Division of Gaming is continued through 2033, and the regulation of sports betting is continued through 2027.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1412¹

New Impacts		Budget Year	Out Year
		FY 2022-23	FY 2023-24
Revenue	Cash Funds	-	-
Expenditures	Cash Funds	-	-
	New FTE	-	-
Other Budget Impacts	TABOR Refund	-	-
Continuing Impacts			
Revenue	Cash Funds ²	-	\$183,507,515
Expenditures	Cash Funds	-	\$20,632,177
	Continuing FTE	-	120.5 FTE
Other Budget Impacts	TABOR Refund	-	-

¹ Table 1 shows the new impacts from changes under the bill and the continuing impacts from extending the program beyond its current repeal date. Because the bill continues a program with minor changes, there are no new impacts. The continuing program impacts may end if the bill is not passed and the program is allowed to repeal.

² This amount includes gaming and sports betting tax revenue, as well as administrative fees and fines.

Summary of Legislation

Under current law, the Division of Gaming (division) in the Department of Revenue (DOR) repeals September 1, 2022. This bill includes the recommendations of the sunset review completed by the Department of Regulatory Agencies, which include the following:

- continuing the division until September 1, 2033, and the regulation of sports betting by the division until September 1, 2027;
- allowing the Limited Gaming Control Commission, at its discretion, to delegate licensing duties to the division;
- lowering the age requirement to work in a casino from 21 years old to 18 years old;
- clarifying that the Fantasy Contests Act uses the DOR's Hearings Division to conduct hearings for violations;
- repeals the requirement that applicants for sports betting licenses whose primary residences are located outside of the United States submit to a fingerprint-based criminal history record check, unless required to do so by the commission; and
- requires that sports betting winnings be subject to the Gambling Payment Intercept Act.

Background

Division of Gaming. The Limited Gaming Control Commission and the Division of Gaming regulate casino gambling in Central City, Black Hawk, and Cripple Creek, and sports betting that occurs in licensed casinos and on internet platforms that contract with a licensed casino. The division also regulates fantasy sports contents. The sunset report completed by the Department of Regulatory Agencies can be found here:

https://drive.google.com/file/d/1CtzowSNOrYiR6mHPVI7Vy7HMCH_G4_wA/view

Gambling Payment Intercept Act. This program requires the Department of Revenue to maintain, or contract with a vendor to maintain, a registry of individuals who owe unpaid child support, criminal restitution, and/or unpaid debt to the state. Prior to paying a winner, a licensee must check whether the winner is on the registry and if, listed, withhold the amount owed and send it to the DOR or the vendor, to be distributed to the applicable state agency.

Continuing Program Impacts

Expenditures. Based on the department's projections for FY 2022-23, the DOR is expected to have expenditures of \$20.6 million for the Division of Gaming. If this bill is enacted, current expenditures will continue for the program starting in FY 2023-24. If this bill is not enacted, the program will end on September 1, 2023, following a wind-down period, and state expenditures will decrease starting in FY 2023 24 by the amounts shown in Table 1.

Revenue. Based on the department's projections for FY 2022-23, the division is expected to collect \$183.5 million in revenue, which includes gaming and sports betting tax revenue, fines, and licensing and operation fees. If this bill is enacted, this revenue will continue starting in FY 2023-24. If the bill is not enacted, some portion of the amount in Table 1 would no longer be collected. Because the Colorado Constitution gives authority to the Limited Gaming Control Commission to regulate limited gaming, and portions of state law concerning some aspects of gaming are located in other sections of statute, this amount cannot be estimated. This fiscal note will be updated if more information becomes available. Licensing fees and other service revenue is subject to TABOR, while certain tax revenue is exempt from TABOR.

The changes to the program that drive additional revenue and costs are discussed in the State Revenue and State Expenditures sections below.

State Revenue

The bill may increase revenue to the Department of Public Safety by a minimal amount if there is a change in the number of criminal history record checks completed. Additional checks for potential employees between the ages of 18 and 21 will increase workload, which may be offset by fewer checks completed for internationally based applicants. The fee for a check is \$39.50 per check, of which \$28.25 per check is subject to TABOR. The revenue impact is expected to be minimal.

State Expenditures

The bill increases workload for the Division of Gaming to process additional operator license applications from people between the ages of 18 and 21 and make modifications to the Gambling Payment Intercept Act. Some of the increase may be offset by a reduction in workload from collecting fingerprints from internationally based applicants. No new appropriations are required.

Effective Date

The bill takes effect September 1, 2022, assuming no referendum petition is filed.

State and Local Government Contacts

Personnel

Public Safety

Revenue