



Legislative  
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**FISCAL NOTE**

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| <b>Drafting Number:</b> LLS 20-0522                            | <b>Date:</b> February 27, 2020   |
| <b>Prime Sponsors:</b> Rep. Garnett; Williams D.<br>Sen. Story | <b>Bill Status:</b> House Business   |
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**Bill Topic:** **SUNSET REGULATION OF FANTASY SPORTS**

**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.** HB 20-1286 continues the regulation of fantasy contest operators, which is scheduled to repeal September 1, 2020. The program is continued through September 1, 2027, and moved from the Department of Regulatory Agencies to the Department of Revenue. The bill results in no net change to state revenue and expenditures.

**Appropriation Summary:** For FY 2021-22, the bill reduces appropriations to the Department of Regulatory Agencies by \$11,252. No appropriation is required for the Department of Revenue, as the Sports Betting Cash Fund is continuously appropriated.

**Fiscal Note Status:** This fiscal note reflects the introduced bill.

**Table 1**  
**State Fiscal Impacts Under HB 20-1286**

|                     |                                       | FY 2020-21 | FY 2021-22 |
|---------------------|---------------------------------------|------------|------------|
| <b>Revenue</b>      | Professions and Occupations Cash Fund | (\$11,252) | (\$11,252) |
|                     | Sports Betting Cash Fund              | \$11,252   | \$11,252   |
|                     | <b>Total</b>                          | <b>\$0</b> | <b>\$0</b> |
| <b>Expenditures</b> | Professions and Occupations Cash Fund | (\$11,252) | (\$11,252) |
|                     | Sports Betting Cash Fund              | \$11,252   | \$11,252   |
|                     | <b>Total</b>                          | <b>\$0</b> | <b>\$0</b> |
| <b>Total FTE</b>    |                                       | -          | -          |
| <b>Transfers</b>    |                                       | -          | -          |
| <b>TABOR Refund</b> | General Fund                          | -          | -          |

\* Table 1 reflects the changes under the bill. The revenue and expenditure levels, including 0.2 FTE, represent a continuation of the current revenue and expenditures to regulate fantasy contest operators.

## Summary of Legislation

The bill continues the regulation of fantasy contests operators for seven years, through September 1, 2027, and implements the recommendations in the sunset report. Specifically, the bill:

- transfers regulatory authority from the Division of Professions and Occupations in the Department of Regulatory Agencies (DORA) to the Division of Gaming in the Department of Revenue (DOR); and
- requires small fantasy contest operators complete annual audits by an independent third party and submit the results to the DOR.

## Background

Fantasy contest operators have been regulated by DORA since FY 2016-17. Large fantasy contest operators with more than 7,500 active players in Colorado must obtain a license, and small fantasy contest operators with less than 7,500 active players must apply for a registration. In FY 2018-19, there were 2 licensed large fantasy contest operators and 33 registered small fantasy contest operators. In FY 2018-19, DORA had revenue and expenditures of \$11,252, and administered the program with approximately 0.2 FTE. There have not been any complaints or disciplinary actions since the program's inception.

## New and Continuing Revenue and Expenditure Impact

Based on actual FY 2018-19 data, DORA currently has revenue and expenditures of \$11,252 to regulate of fantasy contest operators, and utilizes 0.2 FTE to administer the program. The bill continues current revenue and expenditure levels, but shifts them from DORA to DOR. As a result, the bill reduces revenue and expenditures in DORA and increases revenue and expenditures in DOR, beginning in FY 2020-21. DOR may modify the license and registration fees in order to cover actual costs, and there may be an additional workload increase for DOR to answer questions from operators and collect the new annual audits from small contest operators.

The fiscal note does not identify a change to TABOR refunds because the revenue is already accounted for in the LCS revenue forecast. If this bill is not enacted, the program will end on September 1, 2021, following a wind-down period, and state revenue and expenditures in DORA will decrease by \$11,252 starting in FY 2021-22.

## Effective Date

The bill takes effect September 1, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

## State Appropriations

For FY 2020-21, the bill requires a reduction in appropriations of \$11,252 and 0.2 FTE from the Professions and Occupations Cash Fund in the Department of Regulatory Agencies. No appropriation is required for the Department of Revenue, as the Sports Betting Cash Fund is continuously appropriated.

**State and Local Government Contacts**

Information Technology  
Regulatory Agencies

Judicial  
Revenue

Law