



Legislative
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FISCAL NOTE

Drafting Number: LLS 20-1209 **Date:** May 26, 2020
Prime Sponsors: Rep. McCluskie; Esgar **Bill Status:** House Appropriations
 Sen. Moreno; Rankin **Fiscal Analyst:** Anna Gerstle | 303-866-4375
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Bill Topic: **SUSPEND LIMITED GAMING TAX TRANSFERS TO CASH FUNDS**

Summary of Fiscal Impact:

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

Budget package. The bill suspends statutory transfers of gaming revenue to various cash funds in FY 2019-20 and FY 2020-21 only, and modifies state appropriations for FY 2020-21.

Appropriation Summary: See State Appropriations Section. The bill reduces appropriations in the FY 2020-21 Long Bill and includes additional FY 2020-21 appropriations for impacted programs.

Fiscal Note Status: This fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2020-21 budget balancing package.

Table 1
State Fiscal Impacts Under HB 20-1399

		FY 2019-20 <i>(current year)</i>	FY 2020-21	FY 2021-22
Revenue		-	-	-
Expenditures	General Fund	-	\$14,025,000	-
	Cash Funds	-	(\$28,140,219)	-
	Total	-	(\$14,115,219)	-
Diversions*	General Fund	\$23.4 million	\$30.6 million	-
	Various Cash Funds*	(\$23.4 million)	(\$30.6 million)	-
	Total	\$0	\$0	-
TABOR Refund		-	-	-

* Under current law, these diversions total \$30.5 million; however, there is not expected to be sufficient revenue generated in FY 2019-20, and may not be sufficient revenue in FY 2020-21.

Summary of Legislation

The bill suspends annual transfers from the Limited Gaming Fund to the following funds in FY 2019-20 and FY 2020-21:

- Colorado Travel and Tourism Promotion Fund;
- Advanced Industries Acceleration Cash Fund;
- Local Government Limited Gaming Impact Fund;
- Innovative Higher Education Research Fund;
- Creative Industries Cash Fund; and
- Colorado Office of Film, Television, and Media Operational Account Cash Fund.

The bill also adjusts FY 2020-21 appropriations for impacted programs.

Background

Under the Colorado Constitution, 50 percent of limited gaming tax revenue is transferred to the General Fund, or other funds designated in statute. Under current law, that revenue is distributed as follows:

- \$5.0 million, plus an annual adjustment, to the Local Government Limited Gaming Impact Fund in the Department of Local Affairs (DOLA);
- \$2.0 million to the Creative Industries Cash Fund in the Office of Economic Development and International Trade (OEDIT);
- \$15.0 million to the Colorado Travel and Tourism Fund in OEDIT;
- \$0.5 million to the Colorado Office of Film, Television, and Media in OEDIT;
- \$5.5 million to the Advanced Industries Acceleration Cash Fund in OEDIT;
- \$2.1 million to the Innovative Higher Education Research Fund in the Department of Higher Education (DHE); and
- the remainder is deposited in the General Fund.

These programs may also receive additional appropriations from the General Fund or other fund sources.

State Diversions

Under current law, the amounts specified above are diverted from the General Fund to several cash funds in OEDIT, DOLA, and DHE. These diversions total \$30.5 million; however, available gaming revenues for this purpose are expected to total \$23.3 million in FY 2019-20 and \$30.6 million in FY 2020-21, based on the Legislative Council Staff May 2020 Forecast, and \$23.4 million in FY 2019-20 and \$26.5 million in FY 2020-21 based on the OSPB forecast. As a result, the suspension of the transfers increases funding available in the General Fund by about \$23.3 million in FY 2019-20. Table 2 lists the amounts of the suspended transfers.

**Table 2
 Annual Diversions Suspended Under HB 20-1399**

Department / Program	Amount
Department of Local Affairs	
Local Government Limited Gaming Impact	(\$5,400,000)
OEDIT	
Film, Television and Media	(\$500,000)
Colorado Promotion - Welcome Centers	
Colorado Promotion - Other Costs	(\$15,000,000)
Destination Development Programs	
Creative Industries	(\$2,000,000)
Advanced Industries	(\$5,500,000)
Indirect Costs	-
Department of Higher Education	
Innovative Higher Education Research	(\$2,100,000)
Total	\$30,500,000
Projected Available Revenue (FY 2019-20)	\$23,232,780

State Expenditures

The bill includes \$14,025,000 in General Fund appropriations in FY 2020-21 for programs impacted by the suspended transfers. Because the programs will be funded with General Fund, rather than through the transfer mechanism discussed above, the bill also reduces the cash fund appropriations for impacted programs by \$28.1 million. Table 3 shows the changes to program appropriations for FY 2020-21.

Table 3
FY 2020-21 Expenditure Changes
Under HB20 - 1399

	FY 2020-21 Cash Fund Expenditures	FY 2020-21 General Fund Expenditures
Department of Local Affairs		
Local Government Limited Gaming Impact	(\$5,259,386) (1.0 FTE)	\$1,875,000 1.0 FTE
OEDIT		
Film, Television and Media	-	\$310,331
Colorado Promotion - Welcome Centers	(\$516,000) (3.3 FTE)	\$500,000 3.3 FTE
Colorado Promotion - Other Costs	(\$10,579,623)	\$8,678,000
Destination Development Programs	(\$600,000)	\$600,000
Creative Industries	(\$2,023,000)	\$1,226,000
Advanced Industries	(\$8,362,210)	\$398,000
Indirect Costs	-	\$437,669
Department of Higher Education		
Innovative Higher Education Research	(\$800,000)	-
Total	(\$28,140,219)	\$14,025,000

Local Government

The bill's reduced appropriations for the local government limited gaming impact grants in DOLA reduce grant funding available for eligible local governments.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2020-21, the bill includes the following reductions to cash fund appropriations in the FY 2020-21 Long Bill:

Governor's Office

- a reduction of \$516,000 and 3.3 FTE for Colorado welcome centers;
- a reduction of \$10,579,623 for other Colorado promotion costs;
- a reduction of \$600,000 for the destination development program;
- a reduction of \$8,362,210 for the Advanced Industries Acceleration Cash Fund; and
- a reduction of \$2,023,000 from the Creative Industries Cash Fund.

Department of Higher Education

- a reduction of \$800,000 from the Innovative Higher Education Research Fund for the higher education competitive research authority.

Department of Local Affairs (Local Government Limited Gaming Impact Fund)

- a reduction of \$114,788 and 1.0 FTE for field services costs;
- a reduction of \$5,127,850 for grants; and
- a reduction of \$16,748 for indirect cost assessment.

For FY 2020-21, the bill includes the following General Fund appropriations:

Governor's Office

- \$310,331 for the Office of Film, Television and Media;
- \$500,000 and 3.3 FTE for the Colorado welcome centers;
- \$8,678,000 for other Colorado promotion costs;
- \$600,000 for destination development programs;
- \$1,226,000 for the council on creative industries;
- \$398,000 for advanced industries; and
- \$437,669 for indirect cost assessment.

Department of Local Affairs

- \$1,875,000 from the General Fund to the Local Government Limited Gaming Impact Fund, of which \$1,743,464 is reappropriated for grants, \$114,788 is reappropriated for field services, and \$16,748 is reappropriated for indirect costs.

State and Local Government Contacts

Counties	Higher Education	Local Affairs
Municipalities	OEDIT	Revenue