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Fiscal Note

Drafting Number:	LLS 22-0109	Date:	February 8, 2022
Prime Sponsors:	Rep. McCormick; Will Sen. Smallwood	Bill Status:	House Business
		Fiscal Analyst:	Anna Gerstle 303-866-4375 Anna.Gerstle@state.co.us

Bill Topic: UPDATES TO BINGO & RAFFLES LAW

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input checked="" 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

The bill makes changes to state law related to the use of electronic aids and devises in bingo and raffle games. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$247,045 to the Secretary of State's Office.

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

**Table 1
State Fiscal Impacts Under HB 22-1093**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	Cash Funds	\$261,200	\$261,200
	Total Revenue	\$261,200	\$261,200
Expenditures	Cash Funds	\$247,045	\$86,257
	Centrally Appropriated	\$16,340	\$22,577
	Total Expenditures	\$263,385	\$108,834
	Total FTE	1.1 FTE	1.5 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$261,200	\$261,200

Summary of Legislation

The bill makes changes to state law related to the use of electronic aids and devices in bingo and raffle games. Specifically, the bill:

- allows the Secretary of State’s office to approve additional electronic equipment for bingo and removes a prohibition on the SOS charging a fee for a issuing a device license;
- allows bingo to be played solely on an electronic device;
- increases the maximum number of bingo cards that a player using an electronic device may use from 54 to 100;
- authorizes the playing of electronic pull tabs; and
- adds bingo ticket games, for which the maximum price for an individual ticket is \$1,000, to the definition of bingo;

State Revenue

The bill increases state revenue to the Department of State Cash Fund by \$261,200 in FY 2022-23, and by \$261,200 in FY 2023-24. Fee revenue from licensing is subject to TABOR.

Fee impact on bingo and raffle licensees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the Secretary of State’s Office based on cash fund balance, estimated program costs, and the estimated number of equipment and licensees subject to the fee. The table below identifies the fee impact of this bill.

The bill removes a prohibition on the SOS charging a fee for pull tab devices; the fiscal note assumes that SOS will establish a new fee for pull tab devices consistent with the current fee for electronic devices, and that 356 new devices will be licensed annually. The additional electronic equipment options available is also anticipated to result in 10 new manufacturers who will apply for licenses, and 50 new electronic device licenses, at current fee amounts.

Table 2
Fee Impact on Bingo Raffle Licensees

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2022-23	Electronic Device License – Pull Tab	\$700	356	\$249,200
	Bingo & Raffle Manufacturer License	\$700	10	\$7,000
	Bingo & Raffle Electronic Device License	\$100	50	\$5,000
FY 2022-23 Total				\$261,200
FY 2023-24	Electronic Device License – Pull Tab	\$700	356	\$249,200
	Bingo & Raffle Manufacturer License	\$700	50	\$7,000
	Bingo & Raffle Electronic Device License	\$100	10	\$5,000
FY 2023-24 Total				\$261,200

State Expenditures

The bill increases state expenditures in the Secretary of State’s Office by \$263,385 in FY 2022-23, and by \$108,834 in FY 2023-24, from the Department of State Cash Fund. Expenditures are shown in Table 3 and detailed below.

**Table 3
Expenditures Under HB22-1093**

	FY 2022-23	FY 2023-24
Department of State		
Personal Services	\$59,360	\$84,232
Operating Expenses	\$1,485	\$2,025
Capital Outlay Costs	\$6,200	-
Computer Programming	\$180,000	-
Centrally Appropriated Costs ¹	\$16,340	\$22,577
Total Cost	\$263,385	\$108,834
Total FTE	1.1 FTE	1.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Secretary of State’s Office. The department will require 1.1 FTE in FY 2022-23, and 1.5 FTE in FY 2023-24. The staffing includes an administrator (0.4 FTE in the first year, 0.4 FTE in the second year) to conduct rulemaking, review new applications for new bingo raffle, device, and manufacturer licenses, and to review and oversee testing of the new devices, and a compliance investigator (0.8 FTE in the first year, 1.1 FTE in the second year) to conduct inspections and training and to handle complaints and perform audits. Staffing levels in FY 2022-23 are prorated for a September start date.

Computer programming. The department’s IT Division will modify the bingo application system to align with the changes in the bill. Costs are expected to require 1,500 hours at a standard rate of \$120 per hour in FY 2022-23 only.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 3.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section. This estimate assumes the December 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

In FY 2022-23, the bill requires an appropriation of \$247,045 from the Department of State Cash Fund to the Secretary of State's Office, and 1.1 FTE.

State and Local Government Contacts

Revenue Secretary of State