



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 22-0973 **Date:** April 15, 2022
Prime Sponsors: Rep. Will; Ortiz **Bill Status:** House Business
 Sen. Rodriguez; Smallwood **Fiscal Analyst:** Annie Scott | 303-866-5851
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Bill Topic: CHARITIBLE GAMING CONSTITUTIONAL AMENDMENT

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

If approved by voters, this resolution eliminates the requirement that a charitable organization be in existence for the five years immediately preceding its application for a charitable gaming license, and modifies the parameters related to a manager or operator of a charitable game receiving compensation. If approved, the measure will increase state revenue and expenditures beginning in FY 2022-23.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced resolution. This note is preliminary and will be updated if additional information becomes available.

Table 1
State Fiscal Impacts Under HCR 22-1006

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	Cash Funds	\$26,200	\$32,700
	Total Revenue	\$26,200	\$32,700
Expenditures	Cash Funds	\$251,361	\$372,723
	Centrally Appropriated	\$48,966	\$96,750
	Total Expenditures	\$300,327	\$469,473
	Total FTE	3.3 FTE	6.4 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$26,200	\$32,700

Summary of Legislation

The Colorado Constitution requires that a charitable organization be in existence for the five years immediately preceding its application to obtain a charitable gaming license, and prohibits a manager or operator from receiving payment for operating charitable game.

This concurrent resolution refers a constitutional amendment to voters at the November 2022 election. The resolution eliminates the requirement that a charitable organization be in existence for the five years immediately preceding its application for a charitable gaming license. It also allows a manager or operator of a charitable game to receive minimum wage through June 30, 2024. Starting July 1, 2024 all restrictions on wages for charitable gaming managers or operators are removed.

Assumptions

Under the measure, it is assumed that:

- the number of licensees will increase by 25 percent in the first from the current baseline amount of 1,047 licensees, and then by 5% per year thereafter, resulting in 262 new applicants in FY 2022-23 and 327 new and renewing applicants in FY 2023-24;
- processing an application and requires approximately 1.5 hours; and
- inspections are conducted annually for each licensee and require a minimum of 10 hours per license.

State Revenue

The measure increases licensing revenue to the Department of State Cash Fund by about \$26,200 in FY 2022-23 and by about \$32,700 in FY 2023-24. This revenue is from license and renewal fees, based on the growth in the number of licensees described in the Assumptions Section above.

Fee impact on bingo-raffle licenses. 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 Department of State based on cash fund balance, estimated program costs, and the estimated number of licenses subject to the fee. The table below identifies the fee impact of this resolution. First-year revenue includes only new licensees; second and future year revenue includes both new licensees and renewals.

Table 2
Fee Impact on Bingo-Raffle Licenses

	Type of Fee	Current Fee	Additional Licensees	Total Fee Impact
FY 2022-23	Bingo-Raffle License	\$100	262	\$26,200
FY 2023-24	Bingo-Raffle License	\$100	327	\$32,700

State Expenditures

If approved by voters, the measure will increase state expenditures in the Department of State by \$300,327 in FY 2022-23 and \$469,473 in FY 2023-24, paid from the Department of State Cash Fund. Expenditures are shown in Table 3 and detailed below. These costs will be addressed through the annual budget process.

**Table 3
 Expenditures Under HCR 22-1006**

	FY 2022-23	FY 2023-24
Department of State		
Personal Services	\$177,506	\$364,083
Operating Expenses	\$4,455	\$8,640
Capital Outlay Costs	\$31,000	-
Computer Programming	\$38,400	-
Centrally Appropriated Costs ¹	\$48,966	\$96,750
Total Cost	\$300,327	\$469,473
Total FTE	3.3 FTE	6.4 FTE

Secretary of State’s Office. Charitable gaming is regulated by the Secretary of State’s Office. If approved, the measure will increase expenditures for the Secretary of State to accommodate the increased workload and update materials and rules to align with the change.

- **Staffing costs.** In FY 2022-23, based on a half-year impact, 3.3 FTE is required to conduct rulemaking, update forms and program material, process new license applications and game manager oaths, investigate complaints, and conduct inspections. Beginning in FY 2023-24, 6.4 FTE will be required for this work on an ongoing basis. This staffing level is based on the increase in license applications and workload described in the Assumptions Section above.
- **Computer programming.** In FY 2022-23 only, the Information Technology Division is required to make modifications to the Bingo-Raffle system, and it assumed that 320 hours of time will be required.

Election expenditure impact – existing appropriations. This measure includes a referred measure that will appear before voters at the November 2022 general election. While no additional appropriation is required, certain election costs are incurred by the state when ballot measures are referred. These include reimbursing counties for increased election costs, publishing the text and title of the measure in newspapers across the state, and preparing and mailing the Blue Book.

Other Budget Impacts

TABOR refunds. The measure is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2022 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

If approved by voters at the November 2022 general election, the changes take effect upon proclamation of the Governor, no later than 30 days following the official canvas of the election results.

State and Local Government Contacts

Information Technology

Revenue

Secretary of State