



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 22-0973 **Date:** August 29, 2022
Prime Sponsors: Rep. Will; Ortiz **Bill Status:** Referred to Voters
 Sen. Rodriguez; Smallwood **Fiscal Analyst:** Annie Scott | 303-866-5851
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Bill Topic: CHARITIBLE GAMING CONSTITUTIONAL AMENDMENT

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

If approved by voters, this resolution modifies the amount of time a charitable organization is required to be in existence 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 by voters, the resolution 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 adopted resolution. The fiscal impacts identified only take effect if the resolution is approved by voters at the November 2022 election.

Table 1
State Fiscal Impacts Under HCR 22-1006

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	Cash Funds	\$18,800	\$22,200
	Total Revenue	\$18,800	\$22,200
Expenditures	Cash Funds	\$246,457	\$333,777
	Centrally Appropriated	\$47,538	\$86,332
	Total Expenditures	\$293,995	\$420,109
	Total FTE	3.2 FTE	5.7 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$18,800	\$22,200

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 resolution refers a constitutional amendment to voters at the November 2022 election. The resolution requires that a charitable organization be in existence for three years, and beginning January 1, 2025, for a period of time established by the General Assembly, immediately preceding its application for a charitable gaming license. It also allows a manager or operator of a charitable game to receive up to the minimum wage through June 30, 2024. Beginning July 1, 2024, all restrictions on wages for charitable gaming managers or operators are removed.

The Secretary of State's Office is not required or authorized to review claims concerning employee compensation resulting from implementation of the resolution.

State Revenue

The resolution increases licensing revenue to the Department of State Cash Fund by an estimated \$18,800 in FY 2022-23 and \$22,200 in FY 2023-24. This revenue is from license and renewal fees, based on the growth in the number of licensees described in the State Expenditures Section below.

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.

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	188	\$18,800
FY 2023-24	Bingo-Raffle License	\$100	222	\$22,200

State Expenditures

If approved by voters, the resolution will increase state expenditures in the Department of State by \$293,995 in FY 2022-23 and \$420,109 in FY 2023-24, paid from the Department of State Cash Fund. Expenditures are shown in Table 3 and detailed below. Because these costs are conditional upon voter approval, they 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	\$172,737	\$326,082
Operating Expenses	\$4,320	\$7,695
Capital Outlay Costs	\$31,000	-
Computer Programming	\$38,400	-
Centrally Appropriated Costs ¹	\$47,538	\$86,332
Total Cost	\$293,995	\$420,109
Total FTE	3.2 FTE	5.7 FTE

Secretary of State’s Office. Charitable gaming is regulated by the Secretary of State’s Office. If approved, the resolution will increase expenditures for the Secretary of State to accommodate the increased workload and update materials and rules to align with the change. The fiscal note assumes that the number of licensees will increase by 18 percent annually from the current baseline amount of 1,047 licensees, resulting in 188 new applicants in FY 2022-23, and 222 new applicants in FY 2023-24.

- **Staffing costs.** In FY 2022-23, based on a half-year impact, 3.2 FTE is required to conduct rulemaking, update forms and program materials, process additional license applications and game manager oaths, investigate complaints, and conduct inspections. Beginning in FY 2023-24, 5.7 FTE will be required for this work on an ongoing basis based on the assumed increase in license applications and workload.
- **Computer programming.** In FY 2022-23 only, the Information Technology Division is required to make modifications to the Bingo-Raffle computer system, and it assumed that 320 hours of time will be required.

Election expenditure impact – existing appropriations. This resolution 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 resolution 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