Video Lottery/Tourism Promotion Legislative Council Staff Responses to Public Comments

The revisions requested by interested persons are provided below in the following format:

ALL CAPS = Proposed new language Strike Type = Proposed deletions Standard Type = Current language All page and line references are to the Final Draft version

1	BULLET SECTION			
2	1. Responder: Marcy Glenn - Proponent			
3	Suggested change: Page 1, after line 2, add a new first bullet:			
4	• DEDICATES NEW LOTTERY REVENUES TO COLORADO TOURISM PROMOTION;			
5 6 7	Basis for suggested change: The first bullet should state that the measure dedicates up to \$25 million of new lottery revenue for tourism promotion funding.			
8 9 10 11	Staff comment: Disagree. Staff believes that the description of the proposed amendment to the Colorado Constitution should first describe the requirement to implement a video lottery program before it describes where the revenue from the video lottery program will be distributed.			
12	********			
13	2. Responder: Mark Grueskin - Opponent			
14	Suggested change: Page 1, lines 3 through 5:			
15 16 17	• requires the Colorado Lottery Commission to implement a state-supervised video lottery program at specific FIVE NAMED horse and greyhound racetracks RACETRACK PROPERTIES and at licensed casinos by November 1, 2004;			
18 19	Basis for suggested change: The change reflects the very clear limitations on the tracks in the measure and the fact that these are not necessarily operating tracks.			
20 21 22	Staff comment: Disagree. The current language accurately conveys the exclusive locations that will be eligible for participation in the video lottery program. The measure defines "exclusive locations" to mean:			
23 24	(1) Properties licensed as racetracks as of January 1, 2003, and doing business as Arapahoe Park, Cloverleaf Greyhound Track, Mile High Greyhound Racing, Post Time			

1 (2) The licensed limited gaming establishments in the city of Blackhawk, Central 2 City, and the city of Cripple Creek qualified under section 9 of this article.

The properties licensed as racetracks were racetracks as of the required date. Stating that
they are "racetrack properties" is unnecessary.

- 6 **3. Responder:** Mark Grueskin Opponent
- 7 **Suggested change:** Page 1, lines 6 through 9:

creates a distribution formula for video lottery proceeds that allocates up to \$25
 million annually for tourism promotion, provides additional revenue for open
 space and parks and recreation, potentially provides additional revenue for
 Great Outdoors Colorado (GOCO), and designates any remaining revenue for
 purposes specified in state law STATUTE; and

13 **Basis for suggested change:** Excess revenues are directed by statute, not 14 constitutional provision, and the reference to "law" is not clear enough to communicate the 15 difference to voters.

- 16 **Staff comment:** Agree.
- 18 **4. Responder:** Marcy Glenn Proponent
- 19 **Suggested change:** Page 1, lines 6 through 9:

creates a distribution formula for video lottery proceeds that allocates up to
 \$25 million annually for tourism promotion, provides additional revenue for
 open space and parks and recreation, potentially provides additional revenue
 for Great Outdoors Colorado (GOCO), and designates any remaining revenue
 for purposes specified in state law SCHOOL CONSTRUCTION PURPOSES; and

Basis for suggested change: The phrase "purposes specified in state law" is vague, abstract and ultimately not helpful to the voters. The voters should be advised of the specific disposition of spillover funds under current law, just as the bullet point advises voters of the GOCO distribution of proceeds under current law.

Staff comment: Disagree. The proposed language may be misleading in that it gives the impression that the allocation for school construction is constitutional. While the Great Outdoors Colorado Program distribution is in the constitution, state statute currently allocates the excess revenue to mitigate health and safety issues in public school buildings. The General Assembly has the authority to change the distribution of excess revenue at any

- 1 time in the future. A description of where revenue is distributed under current law is
- 2 provided in the background section under "Distribution of proceeds."
- 3
- 4 5. **Responder:** Marcy Glenn Proponent
- 5 **Suggested change:** Page 1, lines 10 through 11, add:
- exempts revenue from the video lottery program from state and local spending
 and revenue limits-; AND
- 8 \bullet EXPIRES IN FIFTEEN YEARS.

Basis for suggested change: The fact that the amendment has a sunset provision
is an exception to the norm, and the voters should be advised of this important
distinguishing feature of the measure.

12 **Staff comment:** Disagree. The description of the video lottery program in the 13 background section states that the program ends on July 1, 2019.

- 15 BACKGROUND SECTION
- 16 6. **Responder:** Marcy Glenn Proponent
- 17 **Suggested change:** Page 1, add new paragraph after line 12:

18 TOURISM DIRECTLY PROVIDES OVER 200,000 JOBS IN COLORADO AND IS THE SECOND 19 LARGEST SECTOR OF THE STATE'S ECONOMY. HOWEVER, COLORADO'S SHARE OF THE 20 TOURISM MARKET HAS DECLINED IN RECENT YEARS. CURRENTLY, THERE IS NO STABLE, 21 LONG-TERM SOURCE OF FUNDING FOR TOURISM PROMOTION. THIS PROPOSAL WOULD RAISE 22 NEW, NON-TAX REVENUES FOR TOURISM PROMOTION AS WELL AS OTHER EXISTING STATE 23 PROGRAMS THROUGH THE CREATION OF A NEW STATE-SUPERVISED LOTTERY PROGRAM.

Basis for suggested change: The Blue Book analysis should accurately summarize the initiative language, and it should give prominence to the most central features of the measure. The stated purpose of this measure is "to generate additional funds for the promotion of Colorado tourism" – not to create a video lottery program. Implementation of the video lottery program is merely the means to that end, not the end itself.

Staff comment: Disagree. The proposed language argues in favor of the proposal and does not belong in the background section. Similar language regarding a stable funding source is in the first argument for the proposal. Similar language regarding the economic impact of tourism promotion is in the second argument for the proposal. 1 There is no defined "tourism" employment sector in the U.S. Department of Labor 2 industry classification system. The closest match to the "tourism" industry is the "leisure 3 and hospitality" sector. However, restaurant employment accounts for two-thirds of the 4 employment in this sector. Restaurant jobs are driven more by consumer spending on the 5 part of residents than from tourist-related spending. When restaurants are excluded, the 6 "leisure and hospitality" sector represents less than four percent of total statewide 7 employment.

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- 9 7. **Responder:** Marcy Glenn Proponent
- 10 **Suggested change:** Page 1, line 16:
- The proposal expands gambling by creating a new STATE-SUPERVISED video lottery program
 that permits video lottery terminals at racetracks and casinos.

Basis for suggested change: It is important to clarify that the new program would
 be part of the state-supervised lottery because the Colorado Constitution prohibits all other
 forms of lotteries.

16 **Staff comment:** Disagree. The first bullet states that the Colorado Lottery 17 Commission would implement a state-supervised video lottery program. Since the point 18 has already been made, there is no need to re-state the fact that the new video lottery 19 program is state-supervised. Since the Colorado Constitution prohibits all other forms of 20 lotteries, it is already clear that the video lottery program will be state-supervised.

- 22 8. **Responder:** Senator Jack Taylor Proponent
- 23 **Suggested change:** Page 1, lines 30 through 31:

The Colorado Lottery Commission may approve the placement of additional VLTs at these
 racetracks or at casinos. THE PROPOSAL PROHIBITS THE OPERATION OF VIDEO LOTTERY
 TERMINALS AT ANY OTHER LOCATION. The program ends on July 1, 2019.

Basis for suggested change: It is important to note in the description of the video
 lottery program that the proposal limits the placement of video lottery terminals to
 racetracks and licensed casinos only.

- 30 Staff comment: Agree

1 9. **Responder:** Staff

2 **Suggested change:** Page 2, lines 1 through 3:

The cap is adjusted annually to account for inflation. State law determines how any revenue above the cap is spent. It is currently used to mitigate ADDRESS health and safety issues in public school buildings.

6 **Basis for suggested change:** Staff believes the term "address" is more 7 understandable to the voters than "mitigate".

- 9 **10. Responder:** Mark Grueskin Opponent
- 10 **Suggested change:** Page 2, lines 1 through 3:

The cap is adjusted annually to account for inflation. State law STATUTE determines how
 any revenue above the cap is spent. It is currently used to mitigate health and safety issues
 in public school buildings.

Basis for suggested change: Excess revenue is distributed based on state statute, which is more accurate than "state law," which also includes the state constitution. It is not necessary to identify where state statute directs the money.

17 Staff comment: Agree in part. Changing the reference from "state law" to "state 18 statute" clarifies the fact that revenue above the GOCO cap is distributed based upon state 19 statute and is not set by the state constitution. However, staff believes that it is appropriate 20 to identify the funding mechanism in current law that distributes revenue above the GOCO 21 cap to "address immediate safety hazards or health concerns within existing school facilities 22 either by repairing, remodeling, or refurbishing the existing school facilities or by constructing new school facilities to replace the existing school facilities." (Section 22-54-23 24 117(1.6)(a), C.R.S.)

Revised staff language: The cap is adjusted annually to account for inflation.
 State law STATUTE determines how any revenue above the cap is spent. It is currently used
 to mitigate health and safety issues in public school buildings.

- 29 11. Responder: Douglas Bruce Opponent
- 30 **Suggested change:** Page 2, lines 1 through 3:

The cap is adjusted annually to account for inflation. State law determines how any revenue above the cap is spent. It is currently used to REPAIR mitigate health and safety issues in

33 public school buildings.

Basis for suggested change: Reference to health and safety issues in school
 buildings is emotional.

Staff comment: Disagree. The current language is an accurate description of how
 revenue above the cap is utilized.

5

6 12. Responder: Mark Grueskin - Opponent

7 **Suggested change:** Page 2, lines 17 through 18:

8	Public School Construction - Health and	all remaining money	all remaining money
9	Safety As provided by state statute	above the GOCO cap	above the tourism
			promotion cap

10 **Basis for suggested change:** The proposal does not address how lottery revenue 11 is distributed after the tourism promotion cap is met. The excess revenue is distributed 12 based on state statute, which currently allocates the money to mitigate health and safety 13 issues in public school buildings.

Staff comment: Disagree. An explanation that state law determines how any revenue above the cap is spent is already provided earlier in the text of the ballot analysis. Current and future lottery proceeds will be used to address health and safety issues in public school buildings unless the General Assembly chooses to change this distribution.

19 **13. Responder:** Mark Grueskin - Opponent

20 **Suggested change:** Page 2, lines 26 through 27:

The tax ended in 1993, and from WHEN VOTERS DEFEATED A PROPOSED EXTENSION OF THIS TAX. FROM 1994 through 1997, no state money was set aside for tourism promotion.

Basis for suggested change: If the tourism tax history is important enough toinclude, the way that it ended should be accurately stated too.

Staff comment: Disagree. How voters voted on prior issues is not material to this proposal. The voters turned down a request for a sales tax increase to fund tourism promotion in November, 1993. However, the original tourism sales tax had already lapsed five months prior to the vote.

 1
 ARGUMENTS FOR

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 14.
 Responder: Douglas Bruce - Opponent

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 Suggested change: Page 3, lines 8 through 10:

1) The proposal OFFERS ANOTHER provides a stable funding source to promote Colorado as a destination for tourists. Colorado competes with other states and destinations for tourism revenue, and this proposal provides a 15-year source of money to market and advertise the state's attractions.

8 Basis for suggested change: The stability of VLT proceeds and whether any
 9 money will be provided at all depends on the success of the video lottery program. Tourism
 10 is not the first claim on the new revenue.

11 **Staff comment:** Disagree. The distribution formula sets aside 40 percent for local 12 parks and recreation and ten percent for state parks. The remaining 50 percent will be used 13 to fund GOCO to its cap (if necessary) and then provides the next \$25 million for tourism 14 promotion. Any remaining revenue will go for public school construction. It is expected 15 that the video lottery program will provide \$25 million per year for tourism funding 16 beginning in the first full state fiscal year of operation. Therefore, classifying the funding 17 source as stable is appropriate.

19 **15. Responder:** Marcy Glenn - Proponent

20 **Suggested change:** Page 3, lines 8 through 13:

21 1) COLORADO COMPETES WITH OTHER STATES AND DESTINATIONS FOR TOURISM 22 REVENUE AND, THEREFORE, IT IS NECESSARY TO AFFIRMATIVELY PROMOTE COLORADO AS 23 A TOURIST DESTINATION. The proposal provides a stable, 15-YEAR funding source to 24 promote Colorado as a destination for tourists. Colorado competes with other states and 25 destinations for tourism revenue, and this proposal provides a 15-year source of money to 26 AND TO market and advertise the state's attractions. A tourism campaign that is well-funded 27 can promote a diverse set of attractions throughout the state, including cultural and historical sites. With a dedicated tourism funding source, the money that the legislature sets 28 29 aside for tourism promotion would be available for other state programs.

30 **Basis for suggested change:** The change improves the organization of the 31 paragraph. Moving to the beginning of the paragraph the explanation that "Colorado 32 competes with other states and destinations for tourism revenue," explains the need for 33 dedicated tourism promotion funding. The other change simply incorporates the "15-year" 34 duration point into the description of the funding source.

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Staff comment: Agree in part. Staff recommends the following language:

1 **Revised staff language:**

2 1) COLORADO COMPETES WITH OTHER STATES FOR TOURISM REVENUE; THEREFORE 3 IT IS NECESSARY TO ACTIVELY PROMOTE COLORADO AS A TOURIST DESTINATION. The 4 proposal provides a stable, 15-YEAR funding source to promote Colorado as a destination 5 for tourists. Colorado competes with other states and destinations for tourism revenue, and 6 this proposal provides a 15-year source of money to market and advertise the state's 7 attractions. A tourism campaign that is well-funded can promote a diverse set of attractions throughout the state, including cultural and historical sites. With a dedicated tourism 8 9 funding source, the money that the legislature sets aside for tourism promotion would be 10 available for other state programs.

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- *****
- 12 16. **Responder:** Marcy Glenn Proponent
- 13 **Suggested change:** Page 3, lines 14 through 18:

14 2) **Providing** The Colorado economy is suffering. Tourism is the second 15 LARGEST SECTOR OF THE STATE ECONOMY AND AN INVESTMENT OF up to \$25 million per 16 year to promote tourism will boost tourism and the state's economy. Investment in tourism 17 creates jobs, particularly in the retail, lodging, recreation, and restaurant industries. The 18 economy is further strengthened because employees spend most of their earnings locally. 19 As a result, government will receive additional sales tax revenue from consumer spending 20 and additional income tax revenue from job growth. A RECENT STUDY CONDUCTED FOR THE 21 COLORADO TOURISM OFFICE CONCLUDED THAT FOR EVERY DOLLAR THAT THE STATE SPENT 22 on tourism advertising in 2002, the state economy received a return of 205 in 23 VISITOR SPENDING AND \$12.74 IN NEW TAX REVENUES. IT IS IMPOSSIBLE TO PREDICT HOW 24 MUCH VISITOR SPENDING AND TAX REVENUES WILL INCREASE IF THE STATE SPENDS UP TO 25 \$25 MILLION IN ADDITIONAL TOURISM PROMOTION FUNDING EACH YEAR, BUT THE IMPACT 26 WILL CERTAINLY BE SIGNIFICANT.

Basis for suggested change: The language represents the heart of the argument in support of the initiative: (a) that our state economy is struggling; (b) that tourism is an important part of the economy; and (c) that tourism spending would be money well spent in terms of return to the state economy and tax coffers. Additionally, the voters deserve to understand the correlation between the injection of new money into tourism promotion and the tangible benefit to the Colorado economy.

Staff comment: Disagree. Staff believes that the current language of the argument
 adequately makes the point that the investment in tourism promotion will boost tourism and
 the state's economy.

The 2002 study referenced by the proponents was based upon a \$2.5 million tourism promotion campaign. Staff contacted Longwoods International, the firm that conducted the study. They acknowledged that their research should not be used to project a return on investment for a future campaign that is ten times larger than the amount spent in 2002.

- 1 Furthermore, language regarding the tourism impact study is contained in the "other
- 2 impacts" portion of the "Estimate of Fiscal Impact" section.
- 3
- 4 17. **Responder:** Mark Grueskin Opponent
 - Suggested change: Page 3, lines 19 through 24:

6 3) The video lottery program will enhance the quality of life for Colorado residents 7 and visitors by increasing money for existing lottery-funded programs. The program will 8 add to the lottery money already used to renovate state and local parks and recreation 9 facilities, construct and maintain trails, protect wildlife and the environment, and purchase 10 land for permanent open space. Proceeds from the video lottery program could also 11 provide funding to address health and safety issues in Colorado's public school buildings.

12 **Basis for suggested change:** How this portion of the proceeds from the video 13 lottery program could be used is a function of state statute, which could change at any time.

14 **Staff comment:** Agree in part. Staff agrees that the analysis should recognize the 15 fact that the General Assembly could change how the money above the tourism promotion 16 cap is distributed. However, the current statutory distribution should be acknowledged.

17 **Revised staff language:**

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18 3) The video lottery program will enhance the quality of life for Colorado residents 19 and visitors by increasing money for existing lottery-funded programs. The program will 20 add to the lottery money already used to renovate state and local parks and recreation 21 facilities, construct and maintain trails, protect wildlife and the environment, and purchase 22 land for permanent open space. Proceeds from the video lottery program could also 23 provide funding to address health and safety issues in Colorado's public school buildings OR 24 FOR OTHER PROGRAMS DESIGNATED BY THE STATE LEGISLATURE.

- 26 18. Responder: Douglas Bruce Opponent
- 27 **Suggested change:** Page 3, lines 20 through 24:

The program will add to the lottery money already used to renovate state and local parks and recreation facilities, construct and maintain trails, protect wildlife and the environment, and purchase land for permanent open space. Proceeds from the video lottery program could also provide funding to address health and safety issues in Colorado's public school buildings BUILDING REPAIRS.

1	Basis for suggested change: "Health" and "safety" are emotional buzzwords.					
2 3	Staff comment: Disagree. Staff believes that the current language is an appropriate description of the use of the funds as described in state statute.					
4	**********					
5	19. Responder: Douglas Bruce - Opponent					
6	Suggested change: Page 3, lines 28 through 31:					
7 8 9 10	In other states, VLTs have increased racetrack attendance and betting, improved the size of winnings, strengthened the racing competition, and invigorated related industries. In those states, several racetracks improved or expanded their racing facilities and added jobs, which resulted in the growth of state and local revenue without raising taxes TAX RATES.					
11 12	Basis for suggested change: The wording "raising tax rates" is a more accurate statement.					
13 14	Staff comment: Disagree. The phrase "raising taxes" is more understandable to the average reader.					
15	***********					
16	ARGUMENTS AGAINST					
16 17	ARGUMENTS AGAINST 20. Responder: Mark Grueskin - Opponent					
17 18 19	 20. Responder: Mark Grueskin - Opponent Suggested change: Page 3, line 33 through page 4, line 4: 1) A VLT is so similar to a slot machine that VLT locations should be regulated 					
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PROPOSAL FAILS TO ADDRESS OTHER IMPORTANT RESTRICTIONS ON GAMBLING; IT SETS NO
 LIMIT ON THE MAXIMUM NUMBER OF VLTS AT EACH LOCATION, THE MINIMUM AGE
 REQUIRED TO GAMBLE USING VLTS, THE TYPES OF GAMES THAT QUALIFY FOR VLT PLAY,
 OR THE MAXIMUM AMOUNT OF A BET.

Basis for suggested change: The question for voters is not which agency should regulate these devices, but what these devices are in fact and how they are used, which leads into the fact that they are not subject to the same election requirements as casinos that provide slot machines.

9 **Staff comment:** Agree in part. Staff recommends alternate language to more 10 accurately convey the issues of the first argument against the proposal.

11 Revised staff language: Strike Argument 1 (Page 3, line 33 through Page 4, line
12 4) and substitute:

13 1) FROM THE PUBLIC'S PERSPECTIVE, VLTS LOOK AND WORK JUST LIKE VIDEO SLOT 14 MACHINES. THEREFORE, VLT LOCATIONS SHOULD BE SUBJECT TO THE SAME REGULATIONS 15 AND RESTRICTIONS AS CASINOS. CLASSIFYING THESE MACHINES AS VLTS, RATHER THAN 16 AS SLOT MACHINES, BYPASSES THE CONSTITUTIONAL REQUIREMENT THAT LOCAL VOTERS 17 APPROVE LIMITED GAMING. AS A RESULT, THE VOTERS OF LARIMER COUNTY, ARAPAHOE 18 COUNTY, COMMERCE CITY, COLORADO SPRINGS, AND PUEBLO WILL NOT BE ALLOWED TO 19 DECIDE WHETHER THEY WANT CASINO-LIKE GAMBLING IN THEIR COMMUNITIES. THE 20 PROPOSAL FAILS TO ADDRESS OTHER IMPORTANT RESTRICTIONS ON GAMBLING. FOR 21 EXAMPLE, IT DOES NOT ADDRESS THE MAXIMUM NUMBER OF VLTS AT EACH LOCATION, THE 22 MINIMUM AGE REQUIRED TO GAMBLE USING VLTS, THE TYPES OF GAMES THAT QUALIFY FOR 23 VLT PLAY, OR THE MAXIMUM AMOUNT OF A BET.

24

- 25 **21. Responder:** Douglas Bruce Opponent
- 26 **Suggested change:** Page 4, lines 1 through 4:

Further, the proposal leaves too much discretion to the Colorado Lottery Commission because it does not specify the minimum age required to gamble using VLTs, the maximum number of VLTs at each location, the types of games that qualify for VLT play, or the maximum amount of a bet. DETAILED PROVISIONS ON SLOT MACHINES DO NOT BELONG IN THE STATE CONSTITUTION. THIS PLAN SHOULD BE A STATUTE SUBJECT TO MODIFICATION BY ELECTED REPRESENTATIVES WITH GREATER FLEXIBILITY.

Staff comment: Disagree. The purpose of the argument is to show that there is not enough detail about how the Video Lottery Program will work in the proposal. Adding language suggesting that detailed provisions do not belong in the state constitution is inconsistent with the rest of the argument.

37

- 1 22. Responder: Marcy Glenn Proponent
- 2 **Suggested change:** Page 4, lines 5 through 9:

2) Racetrack operators will receive more than twice the amount of money that the proposal sets aside for tourism promotion. Racetrack operators will receive nearly \$60 million per year as their commission for providing space for VLTs. However, THOSE FUNDS WILL BE APPLIED TO THE RACETRACKS' ADDITIONAL OPERATING EXPENSES TO OFFER VLTS, INCLUDING EMPLOYEE WAGES, LEASE COSTS, UTILITIES, AND TAXES. This amount will be even greater if the number of VLTs is increased above the minimum. Less than onethird of annual state proceeds will be used for tourism promotion.

10 **Basis for suggested change:** Emphasizing that the \$60 million anticipated 11 commission payment is misleading unless the Blue Book makes clear that the vast majority 12 of that money will cover operating costs of the program.

13 Staff comment: Disagree. The issue in the argument is how much money 14 racetrack operators will receive from the VLT program - not what their expenses will be. 15 Further, listing expense categories of the racetracks as part of an argument against weakens 16 the argument.

- 18 23. Responder: Douglas Bruce Opponent
- 19 **Suggested change:** Page 4, lines 5 through 9:

20 2) Racetrack operators will receive more than twice the amount of money that the 21 proposal sets aside for tourism promotion. Racetrack operators will receive nearly \$60 22 million per year as their commission for providing space for VLTs. This amount will be 23 even greater if the number of VLTs is increased above the minimum. Less than one-third 24 of annual state proceeds will be used for tourism promotion. THE POTENTIAL REVENUE 25 MAY NOT BE NEW REVENUE, BUT DIVERTED FROM OTHER EXPENDITURES BY CITIZENS. 26 Thus, there may be no net gain to the economy or to government, but merely a 27 SHIFT IN SPENDING PATTERNS TO LESS SOCIALLY USEFUL ACTIVITIES.

Staff comment: Disagree. While this comment is placed at the end of Argument 2 against, it should be noted that Argument 4 against already describes the fact that the video lottery program may shift gambling business away from Colorado casinos. Staff believes that a description of the shift in spending patterns has been adequately covered.

This analysis does not suggest that the video lottery program will result in a "net gain to the economy or to government." Therefore, additional language is unnecessary. The reference in the analysis to the impact on the state economy is based on the money made available to promote tourism - not the money spent playing video lottery.

36

1 **24. Responder:** Douglas Bruce - Opponent

2 **Suggested change:** Page 4, lines 13 through 15:

Furthermore, the proposal does not set money aside to address local costs such as police
and fire protection, emergency services, traffic control, roads, or social services.
INCREASED TOURISM MAY LEAD TO INCREASED MIGRATION TO COLORADO, WITH THE
RELATED COSTS OF POLLUTION, SPRAWL, TRAFFIC, OVERCROWDED SCHOOLS, DEMANDS FOR
MORE SERVICES, AND OTHER NEGATIVE IMPACTS OF GROWTH.

8 **Staff comment:** Disagree. This argument is not about the negative impacts of 9 growth, but rather about the effects of compulsive gambling on families and society. An 10 argument suggesting that tourism is bad for the state is not the strongest argument that one 11 can make against the proposal.

13 **25. Responder:** Mark Grueskin - Opponent

14 **Suggested change:** Page 4, lines 13 through 15:

Furthermore, the proposal does not set ANY PUBLIC money aside to address local costs such
 as police and fire protection, emergency services, traffic control, roads, or social services.

Basis for suggested change: As this is different from the limited gaming funding
 structure, it should be made clear that there is no public money provided by the proposal.

Staff comment: Disagree. The issue is whether any money is set aside - not just
 public money. Adding "any public" does not add anything to the argument.

- 22 **26. Responder:** Mark Grueskin Opponent
- 23 **Suggested change:** Page 4, lines 18 through 19:

Less gaming tax revenue will SIGNIFICANTLY reduce funding for the programs currently
 supported by gaming taxes, such as historic preservation AND BALANCING THE STATE
 BUDGET.

Basis for suggested change: There is no other reference to the fact that gaming
tax monies are used for General Fund purposes.

Staff comment: Disagree. Gaming tax revenue is just one revenue source that
 comprises state revenue. It is not used to balance the state budget.

1 **27. Responder:** Staff

2 **Suggested change:** Page 4, lines 18 through 19:

Less gaming tax revenue will reduce funding for the STATE AND LOCAL programs currently
 supported by gaming taxes, INCLUDING such as historic preservation.

5 **Basis for suggested change:** Staff believes that the revised language more 6 accurately reflects the impact of reduced gaming tax revenue.

- 8 28. Responder: Douglas Bruce Opponent
- 9 **Suggested change:** Page 4, lines 19 through 21:

10 Moreover, the five racetrack properties named in the proposal are not required to be 11 licensed as racetracks in the future or run a single race in order to offer VLTs. FOUR OF 12 THE FIVE ARE OWNED BY ONE CORPORATION.

Basis for suggested change: Voters should know what the motivation is so they
 can better evaluate whether they want to support a constitutional amendment to benefit one
 private corporation.

16 Staff comment: Disagree. Ownership of the racetracks is not relevant to the17 merits of the proposal.

18 19

20 29. Responder: Douglas Bruce - Opponent

21 **Suggested change:** Page 4, lines 21 through 22:

Finally, there are already plenty of opportunities available for those who want to gamble
without adding VLTs to front range communities. GAMBLING ATTRACTS ORGANIZED CRIME.
THE STATE SHOULD NOT PROMOTE OR BENEFIT FROM THE "SOMETHING FOR NOTHING"
PHILOSOPHY OF GAMBLING. THERE IS NO GUARANTEE THAT ENOUGH REVENUE WILL BE
GENERATED TO PROVIDE MONEY FOR TOURISM PROMOTION. HALF THAT MONEY, IF RAISED,
MAY BE OFFSET BY DIVERTING EXISTING TOURISM FUNDS TO OTHER, UNKNOWN PROGRAMS
VOTERS MAY DISLIKE.

Staff comment: Disagree. It is unclear how the statement that gambling attracts organized crime is relevant to the state-supervised video lottery program. Furthermore, the state is already in the position of sponsoring gambling. The General Assembly sets the state's budget each year and could divert money to other programs even without the proposal.

1		ESTIMATE OF FISCAL IMPACT							
2	30.	Responder: Mark Grueskin - Oppor	nent						
3		Suggested change: Page 5, line 14:							
4 5		ic School Construction As specified by restatute	0	8.0	10.0				
6		Basis for suggested change: The pr	oposal does no	t address how l	ottery revenue				
7	is dist	tributed after the tourism promotion ca							
8									
9		based on state statute, which currently allocates the money to mitigate health and safety issues in public school buildings.							
10		Staff comment: Disagree. An exp							
11		ue above the cap is spent is already pro							
12		nt and future lottery proceeds will be use							
13	schoo	l buildings unless the General Assembly	y chooses to ch	hange this distri	bution.				
14		*******							
15	31.	31. Responder: Marcy Glenn - Proponent							
16		Suggested change: Page 5, line 18:							
17		PROJECTIONS OF REVENUE FROM CURR	ENT LOTTER Y G	AMESSUGGEST	THAT LOTTERY				
18	REVE	REVENUE WILL NOT BE SUFFICIENT TO REACH THE GOCO CAP DURING EACH OF THE NEXT							
19	THRE	THREE YEARS. Under the proposal, GOCO revenue is projected to increase each year and							
20	reach	its cap.							
21		Basis for suggested change: This	language conv	veys critical info	ormation - the				
22	propo	proposal will ensure the full funding of GOCO for the next three years - that is not							
23	other	wise evident to voters.							
24		Staff comment: Disagree. The in	nportant point	is to convey	that under the				
25	propo	sal, the GOCO cap will be reached from	a combination	of current lotte	ry revenue and				
26	reven	revenue from the video lottery program. That point is made in the existing sentence in a							
27	more	reader-friendly manner.							
28		*******							
29	32.	Responder: Mark Grueskin - Oppor	nent						
30		Suggested change: Page 5, lines 21	through 23:						
31 32		Funding for public school construction ANY OTHER PROGRAM DESIGNATED BY STATUTE occurs only after the tourism promotion fund reaches its \$25 million annual cap.							

- 1 **Basis for suggested change:** Excess revenue is distributed based on state statute, 2 which can be modified at any time.
- 3 **Staff comment:** Agree in part. Staff recommends adding language to state that 4 other programs may be designated by statute in the future.

5 **Revised staff language:** Funding for public school construction OR OTHER 6 PROGRAMS DESIGNATED BY STATE STATUTE occurs only after the tourism promotion fund 7 reaches its \$25 million annual cap.

- 8
- *****
- 9 33. Responder: Marcy Glenn Proponent
- 10 **Suggested change:** Page 5, lines 27 through 29:

An additional fee of approximately \$12 million per year will be paid to VLT vendors and
 a private VLT EQUIPMENT AND technology providers to place the VLTs at the

- 13 racetracks and to connect each VLT to a central computer system.
- 14

Basis for suggested change: The phrase "VLT vendors" is misleading because
it suggests that the VLTs will be purchased when, in fact, that is not likely, based on
other states' operation of their VLT programs.

18 Staff comment: Agree. Staff also recommends striking the word "place" and 19 replacing it with the word "install" in order to be more accurate.

Revised staff language: An additional fee of approximately \$12 million per year
 will be paid to VLT vendors and a private VLT EQUIPMENT AND technology providers
 to place INSTALL the VLTs at the racetracks and to connect each VLT to a central
 computer system.

- 25 34. Responder: Douglas Bruce Opponent
- 26 **Suggested change:** Page 6, lines 4 through 5

Spending \$25 million annually on tourism promotion in the future will have a positive
impact on the state economy. ECONOMY, OFFSET BY ADDITIONAL SOCIAL COSTS AND
INCREASED DEMANDS ON GOVERNMENT SERVICES. However, the direct impact has not
been estimated.

31

32 Staff comment: Disagree. The purpose of the statement is to recognize that 33 spending \$25 million annually on tourism promotion in the future will have a positive 34 impact on the state economy. Additional social costs and increased demands on 35 government services as a result of tourism promotion is beyond the scope of the 36 estimate of fiscal impact section.