

**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:

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- ◆ DEDICATES NEW LOTTERY REVENUES TO COLORADO TOURISM PROMOTION;

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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.

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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.

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2. Responder: Mark Grueskin - Opponent

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Suggested change: Page 1, lines 3 through 5:

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- ◆ 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;

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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.

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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:

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(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 Greyhound Racing, and Pueblo Greyhound Park; and

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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.

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

5 *****

6 **3. Responder:** Mark Grueskin - Opponent

7 **Suggested change:** Page 1, lines 6 through 9:

- 8 ♦ creates a distribution formula for video lottery proceeds that allocates up to \$25
- 9 million annually for tourism promotion, provides additional revenue for open
- 10 space and parks and recreation, potentially provides additional revenue for
- 11 Great Outdoors Colorado (GOCO), and designates any remaining revenue for
- 12 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.

17 *****

18 **4. Responder:** Marcy Glenn - Proponent

19 **Suggested change:** Page 1, lines 6 through 9:

- 20 ♦ creates a distribution formula for video lottery proceeds that allocates up to
- 21 \$25 million annually for tourism promotion, provides additional revenue for
- 22 open space and parks and recreation, potentially provides additional revenue
- 23 for Great Outdoors Colorado (GOCO), and designates any remaining revenue
- 24 for purposes specified in state law SCHOOL CONSTRUCTION PURPOSES; and

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

29 **Staff comment:** Disagree. The proposed language may be misleading in that it
30 gives the impression that the allocation for school construction is constitutional. While the
31 Great Outdoors Colorado Program distribution is in the constitution, state statute currently
32 allocates the excess revenue to mitigate health and safety issues in public school buildings.
33 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:

6 ♦ exempts revenue from the video lottery program from state and local spending
7 and revenue limits: ; AND

8 ♦ EXPIRES IN FIFTEEN YEARS.

9 **Basis for suggested change:** The fact that the amendment has a sunset provision
10 is an exception to the norm, and the voters should be advised of this important
11 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.

14 *****

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.

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

29 **Staff comment:** Disagree. The proposed language argues in favor of the proposal
30 and does not belong in the background section. Similar language regarding a stable funding
31 source is in the first argument for the proposal. Similar language regarding the economic
32 impact of tourism promotion is in the second argument for the proposal.

1 **9. Responder:** Staff

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

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

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

8 *****

9 **10. Responder:** Mark Grueskin - Opponent

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

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

14 **Basis for suggested change:** Excess revenue is distributed based on state statute,
15 which is more accurate than "state law," which also includes the state constitution. It is not
16 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
23 constructing new school facilities to replace the existing school facilities." (Section 22-54-
24 117(1.6)(a), C.R.S.)

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

28 *****

29 **11. Responder:** Douglas Bruce - Opponent

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

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

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

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

5 *****

6 **12. Responder:** Mark Grueskin - Opponent

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

<p>8 Public School Construction - Health and 9 Safety AS PROVIDED BY STATE STATUTE</p>	<p>all remaining money above the GOCO cap</p>	<p>all remaining money above the tourism promotion cap</p>
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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.

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

18 *****

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

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

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

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

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

30 *****

1 **ARGUMENTS FOR**

2 **14. Responder:** Douglas Bruce - Opponent

3 **Suggested change:** Page 3, lines 8 through 10:

4 1) The proposal OFFERS ANOTHER ~~provides a stable~~ funding source to promote
5 Colorado as a destination for tourists. Colorado competes with other states and
6 destinations for tourism revenue, and this proposal provides a 15-year source of money to
7 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.

18 *****

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
28 historical sites. With a dedicated tourism funding source, the money that the legislature sets
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.

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

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

5 **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:**

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.

25 *****

26 **18. Responder:** Douglas Bruce - Opponent

27 **Suggested change:** Page 3, lines 20 through 24:

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

1 PROPOSAL FAILS TO ADDRESS OTHER IMPORTANT RESTRICTIONS ON GAMBLING; IT SETS NO
2 LIMIT ON THE MAXIMUM NUMBER OF VLTs AT EACH LOCATION, THE MINIMUM AGE
3 REQUIRED TO GAMBLE USING VLTs, THE TYPES OF GAMES THAT QUALIFY FOR VLT PLAY,
4 OR THE MAXIMUM AMOUNT OF A BET.

5 **Basis for suggested change:** The question for voters is not which agency should
6 regulate these devices, but what these devices are in fact and how they are used, which
7 leads into the fact that they are not subject to the same election requirements as casinos that
8 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:

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

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

37 *****

1 **27. Responder:** Staff

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

3 Less gaming tax revenue will reduce funding for ~~the~~ STATE AND LOCAL programs currently
4 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.

7 *****

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.

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

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

18 *****

20 **29. Responder:** Douglas Bruce - Opponent

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

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

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

34 *****

ESTIMATE OF FISCAL IMPACT

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2 **30. Responder:** Mark Grueskin - Opponent

3 **Suggested change:** Page 5, line 14:

4	Public School Construction AS SPECIFIED BY	0	8.0	10.0
5	STATE STATUTE			

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

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

14 *****

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

16 **Suggested change:** Page 5, line 18:

17 PROJECTIONS OF REVENUE FROM CURRENT LOTTERY GAMES SUGGEST THAT LOTTERY
18 REVENUE WILL NOT BE SUFFICIENT TO REACH THE GOCO CAP DURING EACH OF THE NEXT
19 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 conveys critical information - the
22 proposal will ensure the full funding of GOCO for the next three years - that is not
23 otherwise evident to voters.

24 **Staff comment:** Disagree. The important point is to convey that under the
25 proposal, the GOCO cap will be reached from a combination of current lottery revenue and
26 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 - Opponent

30 **Suggested change:** Page 5, lines 21 through 23:

31 Funding for ~~public school construction~~ ANY OTHER PROGRAM DESIGNATED BY STATUTE
32 occurs only after the tourism promotion fund reaches its \$25 million annual cap.

