

## Estimate of Fiscal Impact

**State revenue.** Amendment 68 increases state revenue to the K-12 Education Fund by up to \$81.9 million in budget year 2015-16, and up to \$114.5 million in budget year 2016-17, the first full budget year of implementation. The amendment requires that all new gambling tax revenue be allocated to K-12 public schools. Based on state projections of student enrollment, new revenue will equate to about \$96 more funding per student for the 2015-16 school year, and about \$132 more funding per student beginning with the 2016-17 school year.

New gambling tax revenue will be partially offset by reduced revenue from existing gambling taxes. Only Arapahoe Park in Arapahoe County can be authorized to conduct casino gambling in the next five years. Arapahoe Park is expected to attract some gamblers who would otherwise gamble at casinos in Black Hawk, Central City, and Cripple Creek. For this reason, gambling tax revenue to the Limited Gaming Fund will decrease. Reduced revenue to the fund decreases state allocations to community colleges, counties and cities in which gambling is currently authorized, historic preservation, economic development programs, and the state General Fund. Table 1 shows the estimated maximum net change in tax revenue as a result of Amendment 68.

**Table 1. Estimated Maximum Tax Revenue Change Under Amendment 68\***

|                                  | Budget Year<br>2015-16 | Budget Year<br>2016-17 |
|----------------------------------|------------------------|------------------------|
| K-12 Education Fund              | \$81.9 million         | \$114.5 million        |
| Limited Gaming Fund              | (\$14.6 million)       | (\$29.5 million)       |
| <b>Total (Net) State Revenue</b> | <b>\$67.2 million</b>  | <b>\$85.0 million</b>  |

\* This summary shows changes from current law under the measure for each budget year. Parentheses indicate a decrease in funds.

**State spending.** In addition to allocating new gambling tax revenue to public schools, Amendment 68 also increases state spending to regulate gambling at Arapahoe Park, and to perform audits of the K-12 Education Fund. Increased state spending is estimated at about \$800,000 per year beginning in budget year 2015-16. The state's cost to regulate existing casino gambling was about \$11 million in budget year 2013-14. The state's cost to regulate casino gambling at horse racetracks will be covered either with new fees imposed on racetrack owners by the Limited Gaming Control Commission or from other state funds.

## State Spending and Tax Increases

The state constitution requires that the following fiscal information be provided when a tax increase question is on the ballot:

- ◆ the estimated or actual state spending under the constitutional spending limit for the current year and each of the past four years with the overall percentage and dollar change; and
- ◆ for the first full year of the proposed tax increase, an estimate of the maximum dollar amount of the tax increase and of the amount of revenue the state may keep under the constitutional spending limit without the increase.