

Amendment P

Colorado Legislative Council Staff
FISCAL IMPACT STATEMENT

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BALLOT TITLE: REGULATION OF GAMES OF CHANCE

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
Department of State Cash Fund		(\$1,000,000)
Bingo-Raffle Cash Fund		1,000,000
State Transfers or Diversions		
Transfer from the Department of State Cash Fund to the Bingo-Raffle Cash Fund		(\$428,420)
State Expenditures		
Cash Funds		
Department of State Cash Fund	\$116,020	(\$455,560)
Bingo-Raffle Cash Fund		455,560
FTE Position Change		
Local Government Impact: None.		

Summary of Measure

Currently, the state constitution specifies that the Department of State (DOS) is responsible for licensing and enforcement of games of chance, such as bingo and raffles. Amendment P allows the state legislature to choose another state agency to regulate these types of games. The legislature may also change the licensing requirement that an organization must have operated for five years.

During the 2010 session, the state legislature passed SB10-141, which designates the Department of Revenue (DOR) as the licensing and enforcement authority for bingo and raffles. This bill takes effect if the voters approve Amendment P in the November 2010 general election.

State Revenue

The measure increases revenue in the DOR by \$1.0 million in FY 2011-12 and decreases revenue in the DOS by the same amount. After July 1, 2011, revenue from licensing games of chance will go to the Bingo-Raffle Cash Fund in the DOR. Previously, this revenue was deposited into the Department of State Cash Fund. Based on the last several years, about \$1.0 million in licensing revenue is expected annually.

State Transfers and Diversions

If the measure is approved, all unspent and unencumbered funds in the Department of State Cash Fund from licensing games of chance will be transferred to the Bingo-Raffle Cash Fund in the DOR on July 1, 2011. This fund balance is estimated to be \$428,420. In FY 2010-11, the DOS is expected to have bingo and raffle licensing revenue of \$1.0 million. Total expenses paid from licensing revenue will be \$571,580 in FY 2010-11, including \$455,560 for operating and staff expenses in the DOS and \$116,020 for start-up costs in the DOR. Based on these revenue and expenditures, a fund balance of \$428,420 is estimated at the end of the fiscal year, which will be transferred to the DOR. This analysis assumes that fund balance generated in years prior to FY 2010-11 will not be available to transfer.

State Expenditures

Cash funds expenditures in the DOR will increase by \$116,020 in FY 2010-11 and by \$455,560 and 6.0 FTE in FY 2011-12. Costs in the DOS will decrease by \$455,560 and 6.0 FTE in FY 2011-12. The first year costs in the DOR are start-up costs for transferring staff from the DOS and establishing the bingo and raffle licensing program. These implementation costs in the DOR include \$20,640 for furniture, \$7,380 for computers, \$24,000 for IT infrastructure, and \$64,000 for licensing software. Ongoing operating and staff costs for licensing bingo and raffles are expected to remain constant after the transfer. If the DOR wishes to increase staff, change the type of staff, promulgate new rules, or make other changes to the program, this funding can be addressed through the annual budget process. Current costs for bingo and raffle licensing are listed in Table 1.

Table 1. Current Costs for Licensing of Bingo and Raffles	
Cost Components	FY 2010-11
Personal Services	\$424,133
FTE	6.0
Operating Expenses and Travel	28,427
Legal Services	3,000
TOTAL	\$455,560