

Final Draft

Amendment P Regulation of Games of Chance

1 Amendment P proposes amending the Colorado Constitution to:

- ◆ transfer the licensing of games of chance, such as bingo and raffles, from the Department of State to the Department of Revenue; and
 - ◆ allow the state legislature to change the department of oversight and the requirement that an organization exist for five years with a dues-paying membership to qualify for a license.

7 Summary and Analysis

Colorado law allows certain nonprofit organizations to use bingo and raffles to raise money for charity. Bingo and raffles are games in which prizes are won based on randomly picked numbers. Since 1958, the Department of State has regulated these games by issuing licenses, collecting fees, conducting inspections, addressing complaints, and imposing penalties. Currently, organizations must have been in existence for five years with a dues-paying membership to qualify for a license.

Amendment P allows the state legislature to choose a state agency to regulate bingo and raffles. The legislature may also change the requirement that an organization must have operated for five years with a dues-paying membership to qualify for a license. During the 2010 session, the state legislature passed a bill selecting the Department of Revenue to regulate bingo and raffles if Amendment P is adopted.

20 The Department of Revenue currently regulates casino gambling, licenses casinos
21 and casino employees, conducts compliance audits, and approves casino gambling
22 devices. The department also operates the Colorado Lottery.

23 Argument For

24 1) The Department of Revenue currently regulates most gaming in the state and
25 has established a framework to monitor financial resources and transactions. In a
26 2008 report to the state legislature, both the departments of Revenue and State found
27 that it would be more practical and efficient to consolidate the regulation of these
28 games in the Department of Revenue.

Final Draft

1 Argument Against

2 1) For over 50 years, the Department of State has regulated bingo and raffles,
3 and there is no need to move this oversight to another state agency. A 2007 state
4 regulatory agency report concluded that the Department of State has adequately
5 performed bingo licensing and enforcement functions, and found no compelling
6 reason to move bingo regulation to the Department of Revenue. During an economic
7 downturn, the state should not spend an estimated \$116,000 to move the regulation of
8 bingo and raffles.

9 Estimate of Fiscal Impact

10 Under Amendment P, the state will have estimated one-time costs of \$116,000 in
11 budget year 2010-11 to move regulation of bingo and raffles to the Department of
12 Revenue. The department requires computer software and other items to bring bingo
13 and raffle licensing into its current gaming operations. These costs will be paid with
14 existing revenue from bingo and raffle licenses.

Representative Lambert

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26 2008 report to the state legislature, both the departments of Revenue and State found
27 that it would be more practical and efficient to consolidate the regulation of these
28 games in the Department of Revenue. THE LAST TWO SECRETARIES OF STATE, ONE
29 REPUBLICAN AND ONE DEMOCRAT, HAVE BOTH REQUESTED THIS MOVE BECAUSE GAMING
30 OVERSIGHT MAY NOT BE CONSIDERED APPROPRIATE WITHIN THE DEPARTMENT THAT ALSO
31 OVERSEES ELECTIONS AND COMMERCIAL BUSINESS LICENSING.

Representative Lambert

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REPRESENTATIVE LAMBERT COMMENTS ON LAST DRAFT OF AMENDMENT P

I think the “arguments for” missed two essential points that are implied, but not explicitly stated, in lines 19-21. That is, that after Amendment P, more efficiency may come from consolidating all gaming and gambling oversight within one department. Therefore, Line 26 and 27 might more appropriately state: “...transfer and consolidate the regulation of all games of chance under the Department of Revenue.”

Also, the last two secretaries of state, one Republican and one Democrat, have both requested this move because gaming oversight may not be considered appropriate within the department that also oversees elections and commercial business licensing. You might want to add that argument because Secretary Coffman and Secretary Buescher both originated and requested these actions from the General Assembly.

Thank you,

Rep. Kent Lambert

Last Draft as Mailed to Interested Parties

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AMENDMENT P
REGULATION OF GAMES OF CHANCE
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Amendment P
Regulation of Games of Chance

1 **Ballot Title:** Shall there be an amendment to section 2 of article XVIII of the
2 constitution of the state of Colorado, concerning the regulation of games of chance by
3 an authority specified by the general assembly?

4 **Text of Proposal:**

5 *Be It Resolved by the House of Representatives of the Sixty-seventh General Assembly
6 of the State of Colorado, the Senate concurring herein:*

7 **SECTION 1.** At the next election at which such question may be submitted,
8 there shall be submitted to the registered electors of the state of Colorado, for their
9 approval or rejection, the following amendment to the constitution of the state of
10 Colorado, to wit:

11 Section 2 (2), (3), and (6) of article XVIII of the constitution of the state of
12 Colorado are amended to read:

13 **Section 2. Lotteries prohibited - exceptions.** (2) No game of chance pursuant
14 to this subsection (2) and subsections (3) and (4) of this section shall be conducted by
15 any person, firm, or organization, unless a license as provided for in this subsection (2)
16 has been issued to the firm or organization conducting such games of chance. The
17 ~~secretary of state~~ LICENSING AUTHORITY DESIGNATED IN ACCORDANCE WITH SUBSECTION
18 (6) OF THIS SECTION shall, upon application therefor on such forms as shall be prescribed
19 by the ~~secretary of state~~ LICENSING AUTHORITY and upon the payment of an annual fee
20 as determined by the general assembly, issue a license for the conducting of such games
21 of chance to any bona fide chartered branch or lodge or chapter of a national or state
22 organization or to any bona fide religious, charitable, labor, fraternal, educational,
23 voluntary firemen's or veterans' organization ~~which~~ THAT operates without profit to its
24 members. ~~and which has~~ THE GENERAL ASSEMBLY MAY PROVIDE BY LAW A MINIMUM
25 PERIOD OF TIME FOR WHICH A CORPORATION OR ORGANIZATION SHALL HAVE EXISTED
26 CONTINUOUSLY AND HAD A DUES-PAYING MEMBERSHIP IN ORDER TO QUALIFY FOR A
27 LICENSE. THE GENERAL ASSEMBLY MAY ALSO PROVIDE BY LAW FOR THE PERIOD OF TIME
28 DURING WHICH A LICENSE SHALL BE IN EFFECT. UNTIL SUCH TIME AS THE GENERAL
29 ASSEMBLY PROVIDES SUCH MINIMUM PERIODS OF TIME, IN ORDER TO BE ELIGIBLE FOR
30 LICENSURE, A CORPORATION OR ORGANIZATION SHALL HAVE been in existence
31 continuously for a period of five years immediately prior to the making of said
32 application for such license and ~~has~~ SHALL HAVE had during the entire five-year period
33 a dues-paying membership engaged in carrying out the objects of said corporation or
34 organization, such license to expire at the end of each calendar year in which it was
35 issued.

1 (3) The license issued by the ~~secretary of state~~ LICENSING AUTHORITY shall authorize
2 and permit the licensee to conduct games of chance, restricted to the selling of rights to
3 participate and the awarding of prizes in the specific kind of game of chance commonly
4 known as bingo or lotto, in which prizes are awarded on the basis of designated numbers
5 or symbols on a card conforming to numbers or symbols selected at random and in the
6 specific game of chance commonly known as raffles, conducted by the drawing of prizes
7 or by the allotment of prizes by chance.

8 (6) ~~The~~ ALL LICENSING UNDER, AND enforcement of, this section shall be under
9 such official or department of government of the state of Colorado as the general
10 assembly shall provide. UNTIL SUCH TIME AS THE GENERAL ASSEMBLY SO PROVIDES,
11 SAID AUTHORITY SHALL BE VESTED IN THE EXECUTIVE DIRECTOR OF THE DEPARTMENT
12 OF REVENUE.

13 **SECTION 2.** Each elector voting at said election and desirous of voting for or
14 against said amendment shall cast a vote as provided by law either "Yes" or "No" on the
15 proposition: "SHALL THERE BE AN AMENDMENT TO SECTION 2 OF ARTICLE XVIII OF THE
16 CONSTITUTION OF THE STATE OF COLORADO, CONCERNING THE REGULATION OF GAMES
17 OF CHANCE BY AN AUTHORITY SPECIFIED BY THE GENERAL ASSEMBLY?"

18 **SECTION 3.** The votes cast for the adoption or rejection of said amendment
19 shall be canvassed and the result determined in the manner provided by law for the
20 canvassing of votes for representatives in Congress, and if a majority of the electors
21 voting on the question shall have voted "Yes", the said amendment shall become a part
22 of the state constitution.