

## Amendment P Regulation of Games of Chance

1 **Amendment P proposes amending the Colorado Constitution to:**

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

### 7 **Summary and Analysis**

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

14      Amendment P allows the state legislature to choose a state agency to regulate  
15      bingo and raffles. The legislature may also change the requirement that an  
16      organization must have operated for five years with a dues-paying membership to  
17      qualify for a license. During the 2010 session, the state legislature passed a bill  
18      selecting the Department of Revenue to regulate bingo and raffles if Amendment P is  
19      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.

# Blue Book

## 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.