

Regulation of Games of Chance

1 **Referendum ? 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.

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 Referendum ? allows the state legislature to choose a state agency to regulate
15 bingo and raffles. The legislature may also change the licensing requirement that an
16 organization must have operated for five years. During the 2010 session, the state
17 legislature passed a bill selecting the Department of Revenue to regulate bingo and
18 raffles if Referendum ? is adopted.

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

22 **Arguments For**

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

28 **Arguments Against**

29 1) For over 50 years, the Department of State has regulated bingo and raffles,
30 and there is no need to move this oversight to another state agency. During an
31 economic downturn, the state should not spend an estimated \$116,000 to move the
32 regulation of bingo and raffles.

1 **Estimate of Fiscal Impact**

2 Under Referendum ?, the state will have one-time costs of \$116,000 in budget
3 year 2011 to move regulation of bingo and raffles to the Department of Revenue. The
4 department requires computer software and other items to bring bingo and raffle
5 licensing into its current gaming operations. These costs will be paid with existing
6 revenue from bingo and raffle licenses. After the transfer, the Department of Revenue
7 will use existing staff and funding that is currently provided to the Department of State
8 to regulate bingo and raffles.