

Horse Racetrack Limited Gaming Proceeds  
for K-12 Education

February 21, 2014

Mike Mauer, Director  
Colorado Legislative Counsel Staff  
Room 029  
State Capitol Building  
Denver, Colorado 80203

VIA FAX: 303-866-3855  
5 Pages

Re: An Initiative Proposal to Increase K-12 Education Funding From New Revenues Generated by the Expansion of Licensed Limited Gaming at Class B Horse Racetracks

Dear Mr. Mauer:

Attached please find the text of the proposed initiative. The following individuals are the proponents and designated representatives for all matters relating to the proposed initiative.

Vickie L. Armstrong  
678 W. 11<sup>th</sup> Street  
Akron, CO 80720  
303-668-8551  
[armpolcon@centurytel.net](mailto:armpolcon@centurytel.net)

Bob Hagedorn  
1278 Sable Blvd.  
Aurora, CO 80011  
303-437-4000  
[SenBob@comcast.net](mailto:SenBob@comcast.net)

Submitted this 21<sup>st</sup> day of February, 2014. Please redact the phone numbers and email addresses from any public document. This information is provided to you in order to facilitate communications with the proponents.

Thank you very much for your time and attention.

/s/ Vickie L. Armstrong  
/s/ Bob Hagedorn



**An Initiative Proposal to Increase K-12 Education Funding  
From New Revenues Generated by the Expansion of Licensed Limited Gaming  
at Class B Horse Racetracks**

*Be it Enacted by the People of the State of Colorado:*

AN AMENDMENT TO ARTICLE XVIII OF THE CONSTITUTION OF THE STATE OF  
COLORADO, ADDING A NEW SECTION TO READ:

**SECTION 17. THE K-12 EDUCATION FUND.** (1) IN ORDER TO IMPROVE THE EDUCATION OF CHILDREN IN COLORADO PUBLIC SCHOOLS BY PROVIDING ADDITIONAL REVENUE TO ADDRESS LOCAL NEEDS INCLUDING, BUT NOT LIMITED TO, REDUCING CLASS SIZES, ACQUIRING TECHNOLOGY FOR TEACHERS AND STUDENTS, ENHANCING SCHOOL SAFETY AND SECURITY, AND IMPROVING SCHOOL FACILITIES, THERE IS HEREBY ESTABLISHED IN THE STATE TREASURY A K-12 EDUCATION FUND AND NOTWITHSTANDING ANY OTHER LAW OR CONSTITUTIONAL PROVISIONS TO THE CONTRARY, THE COMMISSION IS DIRECTED TO EXPAND LIMITED GAMING IN THE STATE OF COLORADO BY IMPLEMENTING HORSE RACETRACK LIMITED GAMING, AS SET FORTH IN THIS SECTION 17.

(2) AS USED IN THIS SECTION 17, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(A) "ADJUSTED GROSS PROCEEDS" MEANS THE DEFINITION OF ADJUSTED GROSS PROCEEDS IN SECTION 9 OF THIS ARTICLE XVIII, AS IT IS APPLIED AS OF JANUARY 1, 2014, OR MAY SUBSEQUENTLY BE APPLIED TO LIMITED GAMING LICENSEES IN CALCULATING THE PAYMENTS OWED BY SUCH LICENSEES FOR THE PRIVILEGE OF CONDUCTING LIMITED GAMING.

(B) "COMMISSION" MEANS THE COLORADO LIMITED GAMING CONTROL COMMISSION, AS DESCRIBED IN SUBSECTION (2) OF SECTION 9 OF THIS ARTICLE XVIII.

(C) "HORSE RACETRACK" MEANS A LICENSED CLASS B HORSE RACETRACK THAT HAS BEEN CONTINUOUSLY OPERATED AND HAS BEEN LICENSED BY THE COLORADO RACING COMMISSION, AS ESTABLISHED IN SECTION 12-60-301, C.R.S., OR SUCCESSOR AGENCY, TO CONDUCT LIVE RACE MEETS IN THE STATE OF COLORADO AND TO CONDUCT PARI-MUTUEL WAGERING ON HORSE RACES, FOR A PERIOD OF NO LESS THAN FIVE YEARS AS OF JANUARY 1, 2014 OR FOR FIVE YEARS IMMEDIATELY PRECEDING SUCH CLASS B HORSE RACETRACK'S APPLICATION FOR A LICENSE TO CONDUCT HORSE RACETRACK LIMITED GAMING.

(D) "HORSE RACETRACK LIMITED GAMING" MEANS THE SAME LIMITED GAMING THAT CAN BE CONDUCTED BY LIMITED GAMING LICENSEES UNDER SECTION 9 OF THIS ARTICLE XVIII, BUT SHALL, AT A MINIMUM, INCLUDE THE USE AT THE HORSE RACETRACK OF SLOT MACHINES, THE CARD GAMES OF BLACKJACK AND POKER, AND THE GAMES OF ROULETTE AND CRAPS, EACH GAME HAVING UP TO A MAXIMUM SINGLE BET OF ONE HUNDRED DOLLARS. ALL WAGERS ON GAMES MUST BE PLACED IN PERSON ON THE LICENSED PREMISE OF A HORSE RACETRACK'S PHYSICAL PLACE OF BUSINESS.

(E) "HOST COMMUNITY" MEANS THE SINGLE LOCAL JURISDICTION THAT ISSUES THE PERMITS AND APPROVALS NECESSARY FOR THE OPERATIONS OF A HORSE RACETRACK CONDUCTING HORSE RACETRACK LIMITED GAMING.

(F) "SLOT MACHINE" MEANS ANY MECHANICAL, ELECTRICAL, VIDEO, ELECTRONIC, OR OTHER DEVICE, CONTRIVANCE, OR MACHINE WHICH, AFTER INSERTION OF CASH (IN THE FORM OF A COIN OR BILL), A TOKEN OR SIMILAR OBJECT, OR UPON PAYMENT BY ANY MEDIUM (INCLUDING ELECTRONIC CREDITS) OF ANY REQUIRED CONSIDERATION WHATSOEVER BY A PLAYER, IS AVAILABLE TO BE PLAYED OR OPERATED, AND WHICH, WHETHER BY REASON OF THE SKILL OF THE PLAYER OR APPLICATION OF THE ELEMENT OF CHANCE, OR BOTH, MAY DELIVER OR ENTITLE THE PLAYER OPERATING THE MACHINE TO RECEIVE CASH PRIZES, MERCHANDISE, TOKENS REDEEMABLE FOR CASH, GAME CREDITS IN ELECTRONIC FORM OR OTHERWISE REDEEMABLE FOR CASH, OR ANY OTHER THING OF VALUE OTHER THAN UNREDEEMABLE FREE GAMES, WHETHER THE PAYOFF IS MADE AUTOMATICALLY FROM THE MACHINES OR IN ANY OTHER MANNER.

(3) THE ADMINISTRATION AND REGULATION OF THIS SECTION 17 SHALL BE SUBJECT TO THE AUTHORITY OF THE COMMISSION. NO LATER THAN JULY 1, 2015, THE COMMISSION SHALL PROMULGATE ALL NECESSARY RULES TO REGULATE HORSE RACETRACK LIMITED GAMING IN ACCORDANCE WITH THIS SECTION 17 AND WITH GENERALLY ACCEPTED INDUSTRY STANDARDS. SUCH RULES SHALL MAXIMIZE THE PROCEEDS AVAILABLE FOR DISTRIBUTION UNDER THIS SECTION 17 TO THE K-12 EDUCATION FUND FOR THE FISCAL YEAR COMMENCING ON JULY 1, 2015 AND EACH SUCCEEDING FISCAL YEAR THEREAFTER. THE COMMISSION SHALL NOT UNREASONABLY WITHHOLD A LICENSE, AND IN NO CASE SHALL THE LICENSE REQUIREMENTS FOR HORSE RACETRACK LIMITED GAMING BE STRICTER THAN THOSE IMPLEMENTED FOR LIMITED GAMING LICENSES UNDER SECTION 9 OF THIS ARTICLE XVIII.

(4) HORSE RACETRACK LIMITED GAMING SHALL BE SUBJECT TO THE FOLLOWING:

(A) HORSE RACETRACK LIMITED GAMING SHALL TAKE PLACE ONLY IN THE COUNTIES OF ARAPAHOE, MESA, AND PUEBLO. ONLY ONE HORSE RACETRACK IN EACH SUCH COUNTY MAY BE LICENSED TO CONDUCT HORSE RACETRACK LIMITED GAMING.

(B) HORSE RACETRACKS LICENSED TO CONDUCT HORSE RACETRACK LIMITED GAMING SHALL BE AUTHORIZED TO HAVE THE GREATER OF TWO THOUSAND FIVE HUNDRED OR SUCH OTHER NUMBER OF SLOT MACHINES AS REQUESTED BY THE HORSE RACETRACK AND AS DETERMINED BY THE COMMISSION TO MAXIMIZE REVENUE TO THE K-12 EDUCATION FUND.

(C) HORSE RACETRACK LIMITED GAMING SHALL BE RESTRICTED TO PERSONS TWENTY-ONE YEARS OF AGE OR OLDER.

(D) HORSE RACETRACK LIMITED GAMING OPERATIONS SHALL BE PROHIBITED BETWEEN THE HOURS OF 2 A.M. AND 8 A.M., UNLESS THE HOURS ARE EXPANDED BY THE APPLICABLE HOST COMMUNITY OF A HORSE RACETRACK. EACH HOST COMMUNITY IN WHICH HORSE RACETRACK LIMITED GAMING OCCURS IS AUTHORIZED TO EXTEND THE HOURS OF HORSE RACETRACK LIMITED GAMING OPERATION UP TO TWENTY-FOUR HOURS PER DAY, SEVEN DAYS PER WEEK.

(E) ALCOHOLIC BEVERAGES MAY, SUBJECT TO LICENSURE, BE SOLD AT HORSE RACETRACKS IN WHICH HORSE RACETRACK LIMITED GAMING TAKES PLACE.

(5) (A) FOR THE PRIVILEGE OF CONDUCTING HORSE RACETRACK LIMITED GAMING, IN ADDITION TO ANY APPLICABLE LICENSE FEES, A HORSE RACETRACK LICENSED TO CONDUCT LIMITED GAMING SHALL:

(I) UPON COMMENCING HORSE RACETRACK LIMITED GAMING, MAKE A ONE-TIME PAYMENT OF TEN MILLION DOLLARS AS A FEE TO THE HOST COMMUNITY OF SUCH RACETRACK AND

(II) UPON COMMENCING HORSE RACETRACK LIMITED GAMING, MAKE A ONE-TIME PAYMENT OF TWENTY-FIVE MILLION DOLLARS TO THE STATE TREASURER FOR DEPOSIT INTO THE K-12 EDUCATION FUND.

(B) BEGINNING WITH THE FIRST STATE FISCAL YEAR IN WHICH A HORSE RACETRACK THAT IS AUTHORIZED TO CONDUCT HORSE RACETRACK LIMITED GAMING GENERATES ADJUSTED GROSS PROCEEDS, SUCH HORSE RACETRACK SHALL PAY:

(I) TO THE STATE TREASURER THIRTY-FOUR PERCENT OF SUCH HORSE RACETRACK'S ADJUSTED GROSS PROCEEDS OF HORSE RACETRACK LIMITED GAMING GENERATED EACH YEAR FOR DEPOSIT INTO THE K-12 EDUCATION FUND AND

(II) TO THE HOST COMMUNITY TWO PERCENT OF SUCH HORSE RACETRACK'S ADJUSTED GROSS PROCEEDS OF HORSE RACETRACK LIMITED GAMING GENERATED EACH YEAR.

(C) HORSE RACETRACKS SHALL RETAIN THE BALANCE OF THEIR ADJUSTED GROSS PROCEEDS FROM HORSE RACETRACK LIMITED GAMING NOT PAID PURSUANT TO THIS SUBSECTION (5).

(6) (A) THE K-12 EDUCATION FUND SHALL CONSIST OF SUCH MONEYS AS PROVIDED IN SUBSECTION (5) OF THIS SECTION 17. THE STATE TREASURER SHALL INVEST MONEYS IN THE FUND, AND ANY INTEREST EARNED ON SUCH INVESTMENTS SHALL BE DEPOSITED IN THE FUND.

(B) THE STATE TREASURER SHALL PAY FROM THE MONEYS IN THE K-12 EDUCATION FUND ALL NECESSARY EXPENSES OF THE COMMISSION INCURRED IN CONNECTION WITH THE ADMINISTRATION OF THIS SECTION 17. SUCH PAYMENT BY THE STATE TREASURER SHALL BE MADE UPON PROPER PRESENTATION OF A VOUCHER PREPARED BY THE COMMISSION IN ACCORDANCE WITH STATUTES GOVERNING PAYMENTS OF LIABILITIES INCURRED ON BEHALF OF THE STATE. SUCH PAYMENT SHALL NOT BE CONDITIONED ON ANY APPROPRIATION BY THE GENERAL ASSEMBLY.

(C) THE STATE TREASURER SHALL DISTRIBUTE TO EACH SCHOOL DISTRICT AND THE STATE CHARTER SCHOOL INSTITUTE, ON A PER PUPIL BASIS, A SHARE OF THE TOTAL BALANCE REMAINING IN THE K-12 EDUCATION FUND. THE PER PUPIL AMOUNT SHALL BE DETERMINED BY DIVIDING THE TOTAL AMOUNT TO BE DISTRIBUTED BY THE STATEWIDE PUBLIC SCHOOL ENROLLMENT. THE AMOUNT DISTRIBUTED TO EACH SCHOOL DISTRICT AND THE STATE CHARTER SCHOOL INSTITUTE SHALL BE THE PER PUPIL AMOUNT MULTIPLIED BY EACH DISTRICT'S OR THE INSTITUTE'S PUPIL ENROLLMENT.

(D) MONEYS DISTRIBUTED TO THE SCHOOL DISTRICTS AND THE STATE CHARTER SCHOOL INSTITUTE UNDER THIS SUBSECTION (6) SHALL BE IN ADDITION TO ANY OTHER MONEYS APPROPRIATED FOR DISTRIBUTION TO SCHOOL DISTRICTS OR OTHERWISE ALLOCATED TO SCHOOL DISTRICTS. NO SCHOOL DISTRICT OR INSTITUTE CHARTER SCHOOL SHALL BE REQUIRED TO USE MONEY DISTRIBUTED UNDER THIS SUBSECTION (6) AS A CONTRIBUTION TO ANY FUNDING FORMULA CONTAINED IN LAW, NOR SHALL ANY SCHOOL DISTRICT BE REQUIRED TO OFFSET DISTRIBUTIONS FROM THE FUND WITH LOCAL PROPERTY TAX REVENUE.

(E) EACH SCHOOL DISTRICT AND EACH INSTITUTE CHARTER SCHOOL SHALL HAVE THE DISCRETION TO USE THE MONEYS RECEIVED FROM THE K-12 EDUCATION FUND TO IMPROVE THE EDUCATION OF CHILDREN IN THE COLORADO PUBLIC SCHOOLS BY METHODS INCLUDING, BUT NOT LIMITED TO, REDUCING CLASS SIZES, ACQUIRING TECHNOLOGY FOR TEACHERS AND STUDENTS, ENHANCING SCHOOL SAFETY AND SECURITY, AND IMPROVING SCHOOL FACILITIES.

(7) THE K-12 EDUCATION FUND SHALL BE AUDITED AT LEAST ANNUALLY BY OR UNDER THE DIRECTION OF THE STATE AUDITOR, WHO SHALL SUBMIT A REPORT OF THE AUDIT TO THE LEGISLATIVE AUDIT COMMITTEE. EACH HORSE RACETRACK SHALL KEEP A COMPLETE SET OF RECORDS, AND COMPLY WITH THE SAME INSPECTION, EXAMINATION, AND AUDIT REQUIREMENTS APPLICABLE TO LIMITED GAMING LICENSEES UNDER SECTION 9 OF THIS ARTICLE XVIII AS PRESCRIBED IN 12-47.1-529 C.R.S., OR SUCCESSOR STATUTE.

(8) ALL HORSE RACETRACK LIMITED GAMING TAX AND FEE REVENUES ATTRIBUTABLE TO THE OPERATION OF THIS SECTION 17 SHALL BE COLLECTED, DISTRIBUTED, AND SPENT BY STATE AND LOCAL GOVERNMENTS AS VOTER-APPROVED REVENUE CHANGES WITHOUT REGARD TO ANY LIMITATION CONTAINED IN ARTICLE X, SECTION 20 OF THIS CONSTITUTION OR ANY OTHER LAW.

(9) IF ANY PROVISION OF THIS SECTION 17 IS HELD INVALID, THE REMAINDER OF THIS SECTION 17 SHALL REMAIN UNIMPAIRED.

VICKIE L. ARMSTRONG  
678 W. 11<sup>TH</sup> STREET  
AKRON, CO 80720

BOB HAGEDORN  
1278 SABLE BLVD.  
AURORA, CO 80011