

**CREATION OF NEW K-12 EDUCATION FUND TO IMPROVE COLORADO
PUBLIC SCHOOLS FROM REVENUES GENERATED BY VIDEO LOTTERY AT
HORSE RACETRACKS**

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

SECTION 1. In the constitution of the state of Colorado, **add** section 17 to article XVIII as follows:

Section 17. K-12 education fund. (1) THE K-12 EDUCATION FUND IS HEREBY ESTABLISHED TO IMPROVE THE EDUCATION OF CHILDREN IN COLORADO PUBLIC SCHOOLS BY PROVIDING ADDITIONAL REVENUE TO ADDRESS LOCAL NEEDS, INCLUDING REDUCING CLASS SIZES, ACQUIRING TECHNOLOGY FOR TEACHERS AND STUDENTS, ENHANCING SCHOOL SAFETY AND SECURITY, AND IMPROVING SCHOOL FACILITIES.

(2) (a) THE K-12 EDUCATION FUND CONSISTS OF THE MONEYS AS PROVIDED IN PARAGRAPHS (b) AND (c) OF SUBSECTION (3) OF THIS SECTION. ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE K-12 EDUCATION FUND SHALL BE CREDITED TO THE K-12 EDUCATION FUND.

(b) THE STATE TREASURER SHALL ANNUALLY DISTRIBUTE THE MONEYS IN THE K-12 EDUCATION FUND ON A PER PUPIL BASIS TO EACH SCHOOL DISTRICT AND THE STATE CHARTER SCHOOL INSTITUTE, OR SUCCESSOR AGENCY. THE PER PUPIL AMOUNT IS DETERMINED BY DIVIDING THE TOTAL AMOUNT TO BE DISTRIBUTED BY THE STATEWIDE PUBLIC SCHOOL ENROLLMENT. THE AMOUNT DISTRIBUTED TO EACH SCHOOL DISTRICT IS THE PER PUPIL AMOUNT MULTIPLIED BY THE SCHOOL DISTRICT'S PUPIL ENROLLMENT, AND THE AMOUNT DISTRIBUTED TO THE STATE CHARTER SCHOOL INSTITUTE, OR SUCCESSOR AGENCY, IS THE PER PUPIL AMOUNT MULTIPLIED BY THE NUMBER OF PUPILS ENROLLED AT INSTITUTE CHARTER SCHOOLS.

(c) MONEYS DISTRIBUTED TO THE SCHOOL DISTRICTS AND THE STATE CHARTER SCHOOL INSTITUTE, OR SUCCESSOR AGENCY, UNDER THIS SUBSECTION (2) ARE IN ADDITION TO ANY OTHER MONEYS APPROPRIATED FOR DISTRIBUTION TO SCHOOL DISTRICTS OR THE CHARTER SCHOOL INSTITUTE OR OTHERWISE ALLOCATED TO SCHOOL DISTRICTS OR THE CHARTER SCHOOL INSTITUTE. NO SCHOOL DISTRICT OR INSTITUTE CHARTER SCHOOL IS REQUIRED TO USE MONEY DISTRIBUTED UNDER THIS SUBSECTION (2) AS A CONTRIBUTION TO ANY FUNDING FORMULA CONTAINED IN LAW.

(d) EACH SCHOOL DISTRICT AND EACH INSTITUTE CHARTER SCHOOL SHALL USE THE MONEYS RECEIVED FROM THE K-12 EDUCATION FUND TO IMPROVE THE EDUCATION OF CHILDREN IN COLORADO PUBLIC SCHOOLS BY ADDRESSING LOCAL NEEDS, INCLUDING REDUCING CLASS SIZES, ACQUIRING TECHNOLOGY FOR TEACHERS AND STUDENTS, ENHANCING SCHOOL SAFETY AND SECURITY, AND IMPROVING SCHOOL FACILITIES.

(e) THE STATE AUDITOR SHALL AUDIT OR DIRECT AN AUDIT OF THE K-12 EDUCATION FUND AT LEAST ANNUALLY AND SHALL SUBMIT A REPORT OF THE AUDIT TO THE LEGISLATIVE AUDIT COMMITTEE.

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(3) (a) NOTWITHSTANDING ANY OTHER LAW OR CONSTITUTIONAL PROVISIONS TO THE CONTRARY, THE COMMISSION SHALL IMPLEMENT THE OPERATION OF VIDEO LOTTERY TERMINALS AT EXCLUSIVE LOCATIONS, AS SET FORTH IN THIS SECTION.

(b) IN ORDER TO OPERATE VIDEO LOTTERY TERMINALS, IN ADDITION TO ANY APPLICABLE LICENSE FEES, WITHIN THE FIRST THIRTY DAYS OF OPERATING VIDEO LOTTERY TERMINALS, EACH LICENSED EXCLUSIVE LOCATION SHALL MAKE A SINGLE PAYMENT TO THE STATE TREASURER IN THE AMOUNT OF TWENTY-FIVE MILLION DOLLARS FOR DEPOSIT IN THE K-12 EDUCATION FUND.

(c) BEGINNING WITH THE FIRST STATE FISCAL YEAR IN WHICH VIDEO LOTTERY TERMINALS GENERATE NET VLT PROCEEDS, EACH EXCLUSIVE LOCATION OPERATING VIDEO LOTTERY TERMINALS SHALL PAY TO THE STATE TREASURER THIRTY-SEVEN PERCENT OF NET VLT PROCEEDS GENERATED PER YEAR FOR DEPOSIT INTO THE K-12 EDUCATION FUND.

(d) EXCEPT AS PROVIDED IN SUBSECTION (4) OF THIS SECTION, EACH EXCLUSIVE LOCATION SHALL RETAIN THE BALANCE OF NET VLT PROCEEDS NOT PAID TO THE STATE TREASURER PURSUANT TO THIS SUBSECTION (3).

(e) ALL MONEYS IN THE K-12 EDUCATION FUND SHALL BE SET ASIDE, ALLOCATED, ALLOTTED, AND CONTINUOUSLY APPROPRIATED FOR DISTRIBUTION IN ACCORDANCE WITH THIS SECTION, NOTWITHSTANDING THE PROVISIONS OF SECTION 2 OF THIS ARTICLE, ARTICLE XXVII OF THIS CONSTITUTION, SECTIONS 22-43.7-104(2)(b)(III) AND 24-35-203, COLORADO REVISED STATUTES, SUCCESSOR STATUTES, OR OTHER LAW.

(4) A HOST COMMUNITY MAY IMPOSE ON AN EXCLUSIVE LOCATION LICENSED TO OPERATE VIDEO LOTTERY TERMINALS IN THE HOST COMMUNITY A ONE-TIME INITIAL IMPACT FEE AND ANNUAL IMPACT FEES THAT ARE REASONABLY RELATED TO THE HOST COMMUNITY'S COSTS RESULTING FROM THE OPERATION OF VIDEO LOTTERY TERMINALS AT THE EXCLUSIVE LOCATION. THE AMOUNT OF THE IMPACT FEES WILL BE ESTABLISHED THROUGH NEGOTIATIONS BETWEEN THE EXCLUSIVE LOCATION AND THE HOST COMMUNITY.

(5) STATE AND LOCAL GOVERNMENTS SHALL COLLECT, DISTRIBUTE, AND SPEND ALL REVENUES DERIVED PURSUANT TO THIS SECTION AS VOTER-APPROVED REVENUE CHANGES WITHOUT REGARD TO ANY LIMITATION CONTAINED IN SECTION 20 OF ARTICLE X OF THIS CONSTITUTION OR ANY OTHER LAW.

(6) (a) NO LATER THAN JULY 1, 2015, THE COMMISSION SHALL PROMULGATE ALL NECESSARY RULES TO REGULATE THE USE OF VIDEO LOTTERY TERMINALS IN ACCORDANCE WITH THIS SECTION.

(I) THE RULES OF THE COMMISSION SHALL MAXIMIZE THE NET VLT PROCEEDS AVAILABLE FOR DISTRIBUTION TO THE K-12 EDUCATION FUND.

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(II) THE RULES OF THE COMMISSION SHALL BE CONSISTENT WITH THIS SECTION AND, TO THE EXTENT PRACTICABLE, THE ACCEPTED STANDARDS FOR REGULATION OF VIDEO LOTTERY TERMINALS AND RETAILERS IN OTHER STATES.

(III) THE RULES OF THE COMMISSION SHALL PROVIDE THAT APPROVAL OF A LICENSE FOR EXCLUSIVE LOCATIONS SHALL NOT BE UNREASONABLY WITHHELD.

(b) NO LATER THAN NOVEMBER 1, 2015, IN ORDER TO IMPLEMENT THIS SECTION, THE COMMISSION AND DIRECTOR SHALL ALLOW THE USE OF VIDEO LOTTERY TERMINALS TO COMMENCE.

(c) THE DIRECTOR SHALL TAKE REASONABLE MEASURES AS NECESSARY TO ESTABLISH, OPERATE, AND SUPERVISE THE USE OF VIDEO LOTTERY TERMINALS IN ACCORDANCE WITH THIS SECTION, AND THE RULES ADOPTED BY THE COMMISSION PURSUANT TO THIS SECTION.

(7) (a) UPON THE APPROVAL BY THE DIRECTOR OF THE LICENSE APPLICATION OF AN EXCLUSIVE LOCATION, THE DIRECTOR SHALL APPROVE THE USE OF THE GREATER OF TWO THOUSAND FIVE HUNDRED VIDEO LOTTERY TERMINALS OR SUCH OTHER NUMBER AS REQUESTED BY THE OPERATOR OF A LICENSED EXCLUSIVE LOCATION AND AS DETERMINED BY THE DIRECTOR TO MAXIMIZE REVENUE TO THE K-12 EDUCATION FUND.

(b) ADDITIONAL TERMINALS ARE NOT PERMITTED AT ANY EXCLUSIVE LOCATION WITHOUT PRIOR APPROVAL BY THE DIRECTOR.

(c) THE COMMISSION AND DIRECTOR MAY NOT AUTHORIZE THE OPERATION OF VIDEO LOTTERY TERMINALS EXCEPT AT EXCLUSIVE LOCATIONS.

(8) THE OPERATION OF VIDEO LOTTERY TERMINALS AT EXCLUSIVE LOCATIONS IS SUBJECT TO THE FOLLOWING:

(a) THE OPERATION OF VIDEO LOTTERY TERMINALS AT EACH EXCLUSIVE LOCATION IS PROHIBITED BETWEEN THE HOURS OF 2 A.M. AND 8 A.M., UNLESS THE HOURS ARE EXPANDED BY THE APPLICABLE HOST COMMUNITY OF THE EXCLUSIVE LOCATION. EACH HOST COMMUNITY IN WHICH VIDEO LOTTERY TERMINALS ARE OPERATED IS AUTHORIZED TO EXTEND THE HOURS OF OPERATION UP TO TWENTY-FOUR HOURS PER DAY, SEVEN DAYS PER WEEK.

(b) SUBJECT TO LICENSURE BY THE STATE AND LOCAL LIQUOR LICENSING AUTHORITIES, ALCOHOLIC BEVERAGES MAY BE SOLD AT EXCLUSIVE LOCATIONS THAT OPERATE VIDEO LOTTERY TERMINALS.

(c) ACCESS TO AND USE OF VIDEO LOTTERY TERMINALS IS RESTRICTED TO PERSONS TWENTY-ONE YEARS OF AGE OR OLDER.

(d) VIDEO LOTTERY TERMINALS MUST NOT ACCEPT A WAGER OF GREATER THAN ONE HUNDRED DOLLARS PER PLAY.

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(e) ALL WAGERS ON GAMES MUST BE PLACED IN PERSON ON THE LICENSED PREMISES OF AN EXCLUSIVE LOCATION'S PHYSICAL PLACE OF BUSINESS.

(f) NOTWITHSTANDING SECTION 24-35-204.5(1)(a), COLORADO REVISED STATUTES, SUCCESSOR STATUTE, OR OTHER LAW, THE OPERATOR OF AN EXCLUSIVE LOCATION MAY ACQUIRE VIDEO LOTTERY TERMINALS BY PURCHASE, LEASE, OR OTHER ASSIGNMENT FROM MANUFACTURERS OR SUPPLIERS APPROVED BY THE DIRECTOR.

(g) EACH LICENSED EXCLUSIVE LOCATION SHALL KEEP A COMPLETE AND ACCURATE SET OF BOOKS AND RECORDS, AND COMPLY WITH ALL INSPECTION, EXAMINATION, AND AUDITING REQUIREMENTS AS REQUIRED BY RULE.

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

(a) "COMMISSION" MEANS THE COLORADO LOTTERY COMMISSION, OR SUCCESSOR AGENCY, AS ESTABLISHED IN SECTION 24-35-207, COLORADO REVISED STATUTES, OR SUCCESSOR STATUTE.

(b) "DIRECTOR" MEANS THE DIRECTOR OF THE STATE LOTTERY DIVISION, OR SUCCESSOR AGENCY, AS ESTABLISHED IN SECTION 24-35-204, COLORADO REVISED STATUTES, OR SUCCESSOR STATUTE.

(c) "DIVISION" MEANS THE STATE LOTTERY DIVISION, OR SUCCESSOR AGENCY, AS ESTABLISHED IN SECTION 24-35-202, COLORADO REVISED STATUTES, OR SUCCESSOR STATUTE.

(d) "EXCLUSIVE LOCATIONS" MEANS ONE LICENSED CLASS B HORSE RACETRACK LOCATED IN EACH OF THE COLORADO COUNTIES OF ARAPAHOE, MESA, AND PUEBLO THAT HAS BEEN CONTINUOUSLY OPERATED AND HAS BEEN LICENSED BY THE COLORADO RACING COMMISSION, OR SUCCESSOR AGENCY, AS A CLASS B HORSE RACETRACK TO CONDUCT LIVE HORSE RACE MEETS AND TO CONDUCT PARI-MUTUEL WAGERING ON HORSE RACES FOR A PERIOD OF NOT LESS THAN FIVE YEARS AS OF JANUARY 1, 2014, OR FOR FIVE YEARS IMMEDIATELY PRECEDING THE CLASS B HORSE RACETRACK'S APPLICATION FOR A LICENSE TO OPERATE VIDEO LOTTERY TERMINALS.

(e) "HOST COMMUNITY" MEANS THE SINGLE LOCAL JURISDICTION THAT ISSUES THE PERMITS AND APPROVALS NECESSARY FOR THE OPERATIONS OF AN EXCLUSIVE LOCATION THAT OPERATES VIDEO LOTTERY TERMINALS.

(f) "NET VLT PROCEEDS" MEANS THE TOTAL AMOUNT OF CURRENCY AND CURRENCY EQUIVALENTS, SUCH AS ITEMS REDEEMABLE FOR CURRENCY, WAGERED IN VIDEO LOTTERY TERMINALS LESS THE TOTAL AMOUNT OF CURRENCY AND CURRENCY EQUIVALENTS WON BY PLAYERS.

(g) "VIDEO LOTTERY TERMINAL," "TERMINAL," OR "VLT" MEANS AN ELECTRONIC GAME MACHINE THAT:

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(I) IS CONNECTED TO A CENTRAL MONITORING SYSTEM OPERATED, MONITORED, CONTROLLED, AND AUDITED BY THE DIVISION;

(II) UPON THE INSERTION OF CURRENCY OR ELECTRONIC CREDITS, VIA A VOUCHER, TICKET, OR OTHERWISE, IS AVAILABLE TO PLAY A VIDEO GAME AUTHORIZED BY THE DIVISION IN WHICH THE OUTCOME IS DETERMINED PREDOMINANTLY BY CHANCE, INCLUDING VIRTUAL SLOT MACHINE GAMES AND VIRTUAL TABLE GAMES INCLUDING POKER, BLACKJACK, ROULETTE, AND CRAPS;

(III) USES MICROPROCESSORS TO AWARD TO WINNING PLAYERS FREE GAMES OR ELECTRONIC CREDITS REDEEMABLE FOR CURRENCY, WHICH ELECTRONIC CREDITS MAY BE CREDITED TO A CARD, PRINTED PAY VOUCHER, OR OTHER MEDIUM THAT STORES ELECTRONIC DATA; AND

(IV) SHOWS THE OUTCOME OF GAMES USING VIDEO DISPLAYS OR MECHANICAL SPINNING REELS, OR BOTH.

(10) IF ANY PROVISION OF THIS SECTION IS HELD INVALID, THE REMAINDER OF THIS SECTION REMAINS UNIMPAIRED.

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