

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 10-1131.01 Sharon Eubanks

SENATE BILL 10-215

SENATE SPONSORSHIP

Romer and Tapia,

HOUSE SPONSORSHIP

May and McFadyen,

Senate Committees
Education

House Committees

A BILL FOR AN ACT

101 CONCERNING THE STATE-SUPERVISED LOTTERY.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The Colorado lottery commission (commission) is directed to promulgate rules to conduct new lotteries that are anticipated to result in an increase in the amount of net lottery proceeds generated during the first 12 months of operation so at least \$100 million of additional net lottery proceeds would be allocated to the general fund of the state pursuant to the state constitution. However, the commission is not required to conduct such new lotteries if, prior to the commencement of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

the new lotteries, any asset of the state is sold for at least \$500 million and the sale proceeds are credited to the Colorado scholars cash fund.

The commission is authorized to:

- ! Enter into contracts to sell future net proceeds of the lottery generated by the new lotteries and is directed to transmit the proceeds from such contracts to the state treasurer to be credited to the Colorado scholars cash fund; and
- ! Issue financial instruments, the principal of and interest thereon to be paid from future lottery revenues generated by the new lotteries.

The Colorado scholars cash fund is created in the state treasury, which is to consist of certain moneys including most of the net lottery proceeds that would otherwise be transferred to the general fund pursuant to the state constitution. Moneys in the cash fund are to be annually appropriated to provide postsecondary education financial assistance. The state treasurer is authorized to use moneys in the cash fund to make payments pursuant to property sale contracts entered into by the commission.

10% of the net lottery proceeds that would otherwise be transferred to the general fund pursuant to the state constitution shall be credited to the public school capital construction assistance fund, but the aggregate amount annually transferred to this fund is limited to \$8 million. 5% of the net lottery proceeds that would otherwise be transferred to the general fund pursuant to the state constitution shall be transferred to the Colorado state veterans trust fund, but the aggregate amount annually transferred to this fund is limited to \$3 million.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 24-35-208 (1) (h) and (2) (a), Colorado Revised
3 Statutes, are amended, and the said 24-35-208 (1) is further amended BY
4 THE ADDITION OF THE FOLLOWING NEW PARAGRAPHS, to
5 read:

6 **24-35-208. Commission - powers and duties - rules.** (1) In
7 addition to any other powers and duties set forth in this part 2, the
8 commission shall have the following powers and duties:

9 (h) To annually set the amount of the performance bond required
10 of persons entering into contracts to provide materials, equipment, or

1 supplies used in the operation of the lottery or to design or install games
2 or lotteries; and

3 (j) TO ENTER INTO CONTRACTS TO SELL FUTURE NET PROCEEDS OF
4 THE LOTTERY PURSUANT TO SECTION 24-35-223; AND

5 (k) TO AUTHORIZE AND ISSUE FINANCIAL INSTRUMENTS PURSUANT
6 TO SECTION 24-35-224.

7 (2) Except as provided in subsection (3) of this section, rules
8 promulgated pursuant to subsection (1) of this section shall include, but
9 shall not be limited to, the following:

10 (a) The types of lotteries to be conducted:

11 (I) But no lottery conducted under this part 2 other than instant
12 scratch games shall be based upon the game of chance commonly known
13 as bingo, nor shall any lottery be conducted that depends upon the
14 outcome of any athletic contest except races at state-licensed dog or horse
15 tracks if approved by the Colorado racing commission; AND

16 (II) (A) EXCEPT AS OTHERWISE PROVIDED IN SUB-SUBPARAGRAPH
17 (B) OF THIS SUBPARAGRAPH (II), INCLUDING NEW TYPES OF LOTTERIES TO
18 BE CONDUCTED COMMENCING NO LATER THAN SIX MONTHS AFTER THE
19 EFFECTIVE DATE OF THIS SUBPARAGRAPH (II) THAT ARE ANTICIPATED TO
20 RESULT IN AN INCREASE IN THE AMOUNT OF NET LOTTERY PROCEEDS
21 GENERATED DURING THE FIRST TWELVE MONTHS OF OPERATION SO THAT
22 AT LEAST ONE HUNDRED MILLION DOLLARS OF ADDITIONAL NET LOTTERY
23 PROCEEDS WOULD BE ALLOCATED TO THE GENERAL FUND IN ACCORDANCE
24 WITH SECTION 3 (1) (b) (III) OF ARTICLE XXVII OF THE STATE
25 CONSTITUTION.

26 (B) THE PROVISIONS OF SUB-SUBPARAGRAPH (A) OF THIS
27 SUBPARAGRAPH (II) SHALL NOT BE APPLICABLE IF, PRIOR TO THE

1 COMMENCEMENT OF SUCH NEW LOTTERIES, ANY ASSET OF THE STATE IS
2 SOLD FOR AT LEAST FIVE HUNDRED MILLION DOLLARS AND SAID SALE
3 PROCEEDS ARE CREDITED TO THE COLORADO SCHOLARS CASH FUND
4 CREATED IN SECTION 23-5-140 (1) (a), C.R.S.

5 **SECTION 2.** Part 2 of article 35 of title 24, Colorado Revised
6 Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW
7 SECTIONS to read:

8 **24-35-223. Sale of future net proceeds from lottery games**
9 **created pursuant to commission rules - distribution of sale proceeds.**

10 (1) THE COMMISSION MAY ENTER INTO CONTRACTS TO SELL TO PRIVATE
11 OR PUBLIC ENTITIES ONE OR MORE PORTIONS OF FUTURE NET PROCEEDS OF
12 THE LOTTERY TO BE ALLOCATED TO THE COLORADO SCHOLARS CASH FUND
13 CREATED PURSUANT TO SECTION 23-5-140 (1) (a), C.R.S., AFTER
14 DISTRIBUTIONS ARE MADE PURSUANT TO SECTION 3 OF ARTICLE XXVII OF
15 THE STATE CONSTITUTION AND SECTIONS 22-43.7-104 (2) (b) (III) AND
16 28-5-709 (2) (c), C.R.S.

17 (2) ANY SALE OF FUTURE NET PROCEEDS OF THE LOTTERY AS
18 AUTHORIZED BY SUBSECTION (1) OF THIS SECTION SHALL CONSTITUTE A
19 PROPERTY SALE, AND THE PROCEEDS FROM SUCH SALE SHALL BE
20 EXCLUDED FROM FISCAL YEAR SPENDING IN ACCORDANCE WITH SECTION
21 20 (2) (e) OF ARTICLE X OF THE STATE CONSTITUTION.

22 (3) ANY PROCEEDS RESULTING FROM THE SALE OF FUTURE NET
23 PROCEEDS OF THE LOTTERY PURSUANT TO THIS SECTION SHALL BE
24 TRANSMITTED BY THE COMMISSION TO THE STATE TREASURER AND
25 CREDITED TO THE COLORADO SCHOLARS CASH FUND CREATED PURSUANT
26 TO SECTION 23-5-140 (1) (a), C.R.S.

27 **24-35-224. Financial instruments - securitization of certain**

1 **lottery revenues - authorization - issuance - requirements.** (1) THE
2 COMMISSION MAY, BY RESOLUTION, AUTHORIZE AND ISSUE FINANCIAL
3 INSTRUMENTS IN SUCH FORM AS THE COMMISSION DETERMINES, THE
4 PRINCIPAL OF AND INTEREST ON SUCH FINANCIAL INSTRUMENTS TO BE PAID
5 FROM FUTURE LOTTERY REVENUES GENERATED BY LOTTERY GAMES
6 CONDUCTED PURSUANT TO RULES ADOPTED IN ACCORDANCE WITH
7 SECTION 24-35-208 (2) (a) (II) AND DEPOSITED IN THE LOTTERY FUND FOR
8 THE EXPENSES OF THE DIVISION PURSUANT TO SECTION 24-35-210. FOR
9 PURPOSES OF THIS PART 2, THE PRINCIPAL OF AND INTEREST DUE AND
10 PAYABLE ON ANY FINANCIAL INSTRUMENTS ISSUED PURSUANT TO THIS
11 SUBSECTION (1) SHALL BE DEEMED TO BE AN EXPENSE OF THE DIVISION.

12 (2) ALL FINANCIAL INSTRUMENTS ISSUED BY THE COMMISSION
13 SHALL PROVIDE THAT:

14 (I) NO HOLDER OF ANY SUCH FINANCIAL INSTRUMENT MAY COMPEL
15 THE STATE OR ANY SUBDIVISION THEREOF TO EXERCISE ITS APPROPRIATION
16 OR TAXING POWER; AND

17 (II) THE FINANCIAL INSTRUMENT DOES NOT CONSTITUTE A DEBT OF
18 THE STATE AND IS PAYABLE ONLY FROM THE NET REVENUES ALLOCATED
19 TO THE DIVISION FOR EXPENSES AS DESIGNATED BY THE FINANCIAL
20 INSTRUMENT.

21 (3) (a) ANY RESOLUTION AUTHORIZING THE ISSUANCE OF
22 FINANCIAL INSTRUMENTS UNDER THE TERMS OF THIS SECTION SHALL
23 STATE:

24 (I) THE DATE OF ISSUANCE OF THE FINANCIAL INSTRUMENTS;

25 (II) A MATURITY DATE OR DATES DURING A PERIOD NOT TO
26 EXCEED THIRTY YEARS FROM THE DATE OF ISSUANCE OF THE FINANCIAL
27 INSTRUMENTS;

1 (III) THE INTEREST RATE OR RATES ON, AND THE DENOMINATION
2 OR DENOMINATIONS OF, THE FINANCIAL INSTRUMENTS;

3 (IV) THE MEDIUM OF PAYMENT OF THE FINANCIAL INSTRUMENTS
4 AND THE PLACE WHERE THE INSTRUMENTS WILL BE PAID.

5 (b) ANY RESOLUTION AUTHORIZING THE ISSUANCE OF FINANCIAL
6 INSTRUMENTS UNDER THIS SECTION MAY:

7 (I) STATE THAT THE FINANCIAL INSTRUMENTS ARE TO BE ISSUED
8 IN ONE OR MORE SERIES;

9 (II) STATE A RANK OR PRIORITY OF THE FINANCIAL INSTRUMENTS;

10 (III) PROVIDE FOR REDEMPTION OF THE FINANCIAL INSTRUMENTS
11 PRIOR TO MATURITY, WITH OR WITHOUT PREMIUM.

12 (4) ANY FINANCIAL INSTRUMENTS ISSUED PURSUANT TO THIS
13 SECTION MAY BE SOLD AT PUBLIC OR PRIVATE SALE. IF FINANCIAL
14 INSTRUMENTS ARE TO BE SOLD AT A PUBLIC SALE, THE COMMISSION SHALL
15 ADVERTISE THE SALE IN SUCH MANNER AS THE COMMISSION DEEMS
16 APPROPRIATE. ALL FINANCIAL INSTRUMENTS ISSUED PURSUANT TO THE
17 TERMS OF THIS SECTION SHALL BE SOLD AT A PRICE NOT LESS THAN THE
18 PAR VALUE THEREOF, TOGETHER WITH ALL ACCRUED INTEREST TO THE
19 DATE OF DELIVERY.

20 (5) NOTWITHSTANDING ANY PROVISION OF THE LAW TO THE
21 CONTRARY, ALL FINANCIAL INSTRUMENTS ISSUED PURSUANT TO THIS
22 SECTION ARE NEGOTIABLE.

23 (6) ANY PROCEEDS RESULTING FROM THE ISSUANCE OF FINANCIAL
24 INSTRUMENTS ISSUED PURSUANT TO THIS SECTION SHALL BE TRANSMITTED
25 BY THE COMMISSION TO THE STATE TREASURER AND CREDITED TO THE
26 COLORADO SCHOLARS CASH FUND CREATED PURSUANT TO SECTION
27 23-5-140 (1) (a), C.R.S.

1 **SECTION 3.** Article 5 of title 23, Colorado Revised Statutes, is
2 amended BY THE ADDITION OF A NEW SECTION to read:

3 **23-5-140. Colorado scholars cash fund - creation.**

4 (1) (a) THERE IS HEREBY CREATED IN THE STATE TREASURY THE
5 COLORADO SCHOLARS CASH FUND, REFERRED TO IN THIS SECTION AS THE
6 "FUND". THE FUND SHALL CONSIST OF SUCH MONEYS TRANSFERRED TO
7 THE FUND PURSUANT TO SUBSECTION (2) OF THIS SECTION, ANY PROCEEDS
8 RESULTING FROM THE SALE OF FUTURE NET PROCEEDS OF THE LOTTERY IN
9 ACCORDANCE WITH SECTION 24-35-223, C.R.S., AND ANY PROCEEDS
10 RESULTING FROM THE ISSUANCE OF FINANCIAL INSTRUMENTS PURSUANT
11 TO SECTION 24-35-224, C.R.S.

12 (b) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (c) OF THIS
13 SUBSECTION (1), THE MONEYS IN THE FUND SHALL BE SUBJECT TO ANNUAL
14 APPROPRIATION BY THE GENERAL ASSEMBLY TO PROVIDE POSTSECONDARY
15 EDUCATION FINANCIAL ASSISTANCE. ANY MONEYS IN THE FUND NOT
16 EXPENDED OR OTHERWISE ENCUMBERED MAY BE INVESTED BY THE STATE
17 TREASURER AS PROVIDED BY LAW. ALL INTEREST AND INCOME DERIVED
18 FROM THE INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND SHALL BE
19 CREDITED TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED
20 MONEYS REMAINING IN THE FUND AT THE END OF A FISCAL YEAR SHALL
21 REMAIN IN THE FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO
22 THE GENERAL FUND OR ANOTHER FUND.

23 (c) THE STATE TREASURER SHALL USE MONEYS IN THE FUND AT
24 SUCH TIMES AND IN SUCH AMOUNTS AS IS REQUIRED TO PAY PUBLIC AND
25 PRIVATE ENTITIES PURSUANT TO PROPERTY SALE CONTRACTS ENTERED
26 INTO BY THE COLORADO LOTTERY COMMISSION PURSUANT TO SECTION
27 24-35-223, C.R.S.

1 (2) ALL REVENUES THAT WOULD OTHERWISE BE TRANSFERRED TO
2 THE GENERAL FUND PURSUANT TO SECTION 3 (1) (b) (III) OF ARTICLE
3 XXVII OF THE STATE CONSTITUTION EXCEPT FOR THE PORTION OF SUCH
4 REVENUES REQUIRED TO BE TRANSFERRED TO THE PUBLIC SCHOOL CAPITAL
5 CONSTRUCTION ASSISTANCE FUND PURSUANT TO SECTION 22-43.7-104 (2)
6 (b) (III), C.R.S., AND TO THE COLORADO STATE VETERANS TRUST FUND
7 PURSUANT TO SECTION 28-5-709 (2) (c), C.R.S., SHALL BE TRANSFERRED
8 TO THE FUND.

9 **SECTION 4.** 22-43.7-104 (2) (b) (III), Colorado Revised
10 Statutes, is amended to read:

11 **22-43.7-104. Public school capital construction assistance fund**
12 **- creation - crediting of moneys to fund - use of fund - emergency**
13 **reserve - creation.** (2) (b) For each fiscal year commencing on or after
14 July 1, 2008, the following moneys shall be credited to the assistance
15 fund:

16 (III) TEN PERCENT OF all moneys that would otherwise be
17 transferred to the general fund pursuant to section 3 (1) (b) (III) of article
18 XXVII of the state constitution; EXCEPT THAT THE AGGREGATE AMOUNT
19 SO TRANSFERRED TO THE ASSISTANCE FUND IN ANY FISCAL YEAR SHALL
20 NOT EXCEED EIGHT MILLION DOLLARS. The moneys credited to the
21 assistance fund pursuant to this subparagraph (III) and any income and
22 interest derived from the deposit and investment of such moneys shall be
23 exempt from any restriction on spending, revenue, or appropriations,
24 including, without limitation, the restrictions of section 20 of article X of
25 the state constitution.

26 **SECTION 5.** 28-5-709 (2), Colorado Revised Statutes, is
27 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

1 **28-5-709. Colorado state veterans trust fund - created - report.**

2 (2) (c) THE STATE TREASURER SHALL QUARTERLY TRANSFER TO THE
3 TRUST FUND FIVE PERCENT OF ALL REVENUES THAT WOULD OTHERWISE BE
4 TRANSFERRED TO THE GENERAL FUND PURSUANT TO SECTION 3 (1) (b) (III)
5 OF ARTICLE XXVII OF THE STATE CONSTITUTION; EXCEPT THAT THE
6 AGGREGATE AMOUNT SO TRANSFERRED TO THE TRUST FUND IN ANY FISCAL
7 YEAR SHALL NOT EXCEED THREE MILLION DOLLARS.

8 **SECTION 6. Safety clause.** The general assembly hereby finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, and safety.