

*Colorado Legislative Council Staff Fiscal Note*

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 11-0644  
**Prime Sponsor(s):** Sen. Steadman  
 Rep. Ferrandino

**Date:** February 8, 2011  
**Bill Status:** Senate Appropriations  
**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE DISTRIBUTION OF FIFTY PERCENT OF THE BALANCE REMAINING IN THE LIMITED GAMING FUND THAT IS ALLOCATED TO THE STATE GENERAL FUND OR SUCH OTHER FUND AS THE GENERAL ASSEMBLY PROVIDES AS SPECIFIED IN SECTION 9 (5) (B) (II) OF ARTICLE XVIII OF THE STATE CONSTITUTION.

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011*</b>	<b>FY 2011-2012*</b>	<b>FY 2012-2013*</b>
<b>State Revenue</b>			
<b>State Transfers or Diversions</b>			
Transfer from the Limited Gaming Fund ** to the General Fund	(\$16,035,000)	(\$14,720,000)	(\$21,420,000)
to the Travel & Tourism Promotion Fund	14,943,000	14,128,000	14,875,000
to the Local Gov't Ltd. Gam'g Impact Fund	(2,491,000)	(2,496,000)	(2,496,000)
to the Bioscience Discovery Eval. Fund	67,000	(236,000)	5,542,000
to the Creative Industries Cash Fund	1,465,000	1,385,000	1,458,000
to the Innovative Higher Ed Research Fund	2,051,000	1,939,000	2,042,000
<b>State Expenditures</b>			
<b>FTE Position Change</b>			
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.			
<b>Appropriation Summary for FY 2011-2012:</b> None required.			
<b>Local Government Impact:</b> None.			

\* For FY2010-11, projected revenues to the Limited Gaming Fund are based on the December 2010 Legislative Council Staff Economic and Revenue Forecast. Limited Gaming Fund Revenues for FY 2011-12 and FY 2012-13 are based on forecasts used by the Colorado Department of Revenue.

\*\* Current forecasts indicate that General Fund revenues will not meet General Fund obligations in FY2010-11. The fiscal note assumes that the current law conditions include a General Fund shortfall in the fiscal years presented in this table.

**Summary of Legislation**

As part of the Joint Budget Committee's FY 2010-11 budget balancing package, this bill repeals and reenacts the Limited Gaming Fund. The bill eliminates obsolete provisions concerning previous transfers from the fund and describes annual distribution of moneys in the fund starting in FY 2010-11. Allocations of Limited Gaming Fund moneys to a "state share," to the State Historical Fund, to county governments in Gilpin and Teller Counties, and to local governments with state

limited gaming are retained from current law. The bill eliminates a provision to divert certain "state share" funds to the General Fund in FY 2010-11 in the event of a shortfall in General Fund revenues. A reallocation of "state share" funds to the General Fund and various state cash funds is established for the current and future fiscal years. The bill provides that a transfer will not be made to programs that are discontinued or repealed and redirects such a transfer to the state General Fund.

## **Background**

According to current forecasts by both the Legislative Council Staff (LCS) and the Governor's Office of State Planning and Budgeting (OSPB), the state's General Fund revenue in FY 2010-11 will be insufficient to meet General Fund appropriations for this fiscal year. Also, based on the LCS forecast, the Limited Gaming Fund will contain \$48.5 million as the "state share" portion of the fund at the end of the fiscal year.

Under current law, approximately \$36.7 million from the "state share" will be transferred to the General Fund at the end of the fiscal year, on June 30, 2011. In January 2011, the Joint Budget Committee determined to recommend legislation that will transfer 50 percent of the state share of the fund (about \$19.2 million in FY 2010-11) at the end of the fiscal year and transfer the remainder to various cash funds based on a statutory formula.

## **State Transfers**

The net impact of the bill is to reduce allocations to the General Fund by \$16.0 million in FY 2010-11 and to increase allocations to various cash funds by the same amount.

In FY 2010-11, the bill results in a transfer of \$20,665,000 from the Limited Gaming Fund to the General Fund and \$27,835,000 to various statutory cash funds. Under current law, transfers to the Travel and Tourism Promotion Fund, the Creative Industries Cash Fund, and the New Jobs Incentive Fund are conditioned on the ability of General Fund revenues to cover the total amount of General Fund appropriations in a fiscal year. This condition is eliminated from the reenacted statute, allowing those cash funds to receive moneys in FY 2010-11. In addition, the bill adds funding for the Innovative Higher Education Research Cash Fund and provides continued funding for the Bioscience Discovery Evaluation Cash Fund. Under current law, the Bioscience Discovery Fund would have stopped receiving funding from the state share of the Limited Gaming Fund at the end of FY 2011-12.

The General Fund and specified cash funds receive annual transfers from the state share of the Limited Gaming Fund as detailed in Table 1.

<b>Table 1. Transfers from the Limited Gaming Fund Under SB11-159</b>		
<b>Recipient of Limited Gaming Fund Transfer</b>	<b>Statutory Distribution of State Share*</b>	<b>Estimated Transfer at End of FY 2010-11**</b>
General Fund	First \$19,200,000, and any amount over \$48,500,000	\$19,200,000
Travel and Tourism Promotion Fund	51 percent of remainder	14,943,000
Bioscience Discovery Evaluation Cash Fund	19 percent of remainder	5,567,000
Local Government Limited Gaming Impact Fund	13 percent of remainder	3,809,000
Innovative Higher Education Research Fund	7 percent of remainder	2,051,000
New Jobs Incentives Cash Fund †	5 percent of remainder	0
Creative Industries Cash Fund - Council on Creative Industries	4 percent of remainder	1,172,000
Creative Industries Cash Fund - Film Incentives	1 percent of remainder	293,000
General Fund †	Reverted transfers to discontinued programs	1,465,000
<b>Total Cash Funds Transfer</b>		<b>\$27,835,000</b>
<b>Total General Fund Transfer</b>		<b>\$20,665,000</b>
<b>TOTAL TRANSFERS</b>		<b>\$48,500,000</b>

\* The state share is defined by the bill as 50 percent of the balance in the Limited Gaming Fund, after accounting for expenses, at the end of each state fiscal year.

\*\* Based on December 2010 LCS Economic and Revenue Forecast.

† Current law indicates that the New Jobs Incentives Program is discontinued. As of January 1, 2011, employers are no longer eligible to receive performance-based incentives from the New Jobs Incentives Cash Fund

### State Appropriations

Moneys paid into the Limited Gaming Fund are available immediately for the purposes of the fund. Since this bill enacts specific transfers in the statute describing the Limited Gaming Fund, no appropriation is required to effect these transfers. An appropriations clause is required, however, to appropriate moneys from those cash funds that receive transfers in FY 2010-11.

### Departments Contacted

Governor                      Revenue                      Joint Budget Committee Staff