

*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL**  
**CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 12-0510  
**Prime Sponsor(s):** Sen. Lundberg

**Date:** April 26, 2012  
**Bill Status:** Senate SVMA  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO THE COLORADO CONSTITUTION CONCERNING THE TEMPORARY DISTRIBUTION TO THE STATE EDUCATION FUND OF STATE LOTTERY NET PROCEEDS THAT WOULD OTHERWISE BE DISTRIBUTED TO THE GREAT OUTDOORS COLORADO TRUST FUND.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
<b>State Revenue</b>		
<b>State Transfers or Diversions</b> Transfer from the Great Outdoors Colorado Trust Fund to the State Education Fund	(\$28.0 million)	(\$56.0 million)
<b>State Expenditures</b> State Education Fund	\$28.0 million	\$56.0 million
Cash Funds Department of Natural Resources	(\$15 million)	(\$28 million)
<b>FTE Position Change</b>	decrease	decrease
<b>Effective Date:</b> Upon voter approval at the 2012 general election.		
<b>Appropriation Summary for FY 2012-2013:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

This concurrent resolution submits a measure to the voters at the 2012 general election to amend the constitution to transfer a portion of the available net proceeds from every state-supervised lottery game to the State Education Fund for five years, beginning January 1, 2013.

**Background**

*Colorado State Lottery.* Article XXVII of the Constitution dedicates state lottery proceeds to projects that preserve, protect, and enhance the state's wildlife, parks, rivers, trails, and open spaces. One half of these moneys funds Great Outdoors Colorado (GOCO). After covering administrative costs, GOCO allocates the proceeds in grants to local governments and other

entities. Since 1994, GOCO has awarded almost \$810 million for nearly 3,500 projects statewide. Lottery proceeds also partially fund the Conservation Trust Fund (CTF), administered by the Department of Local Affairs, and partially fund state park projects in the Department of Natural Resources (DNR).

***State Education Fund.*** Section 17 of Article IX of the Constitution (Amendment 23) requires the state to increase the base per-pupil funding, and funding for categorical programs by at least the rate of inflation. It establishes the State Education Fund, which receives an amount equal to 1/3 of 1 percent of taxable income help fund the requirements of Amendment 23, and to fund other education programs.

### **State Transfers or Diversions**

If approved by voters, the resolution permits the state treasurer to divert the net proceeds from the Great Outdoors Colorado Trust Fund to the State Education Fund for five consecutive years beginning January 1, 2013. In the next two fiscal years, the Trust Fund is anticipated to receive approximately \$56.0 million in lottery proceeds annually; however, since the measure will take effect in January of 2013, half way through FY 2012-13, the first year impact is one-half the annual total, or \$28.0 million. The total diversion over five years is estimated at \$280.0 million.

### **State Expenditures**

***Department of Education.*** If approved by voters, this resolution increases available money for public education by \$28.0 million in FY 2012-13 and \$56.0 million annually from FY 2013-14 through FY 2016-17 and \$28.0 million again for FY 2017-18 (one-half year impact). Increasing the amount of available money in the State Education Fund could increase available money for K12 categorical school programs, for special projects in education, or to fund a larger percentage of School Finance, requiring less money from the General Fund.

***Department of Natural Resources.*** If approved by voters, this resolution decreases expenditures in the DNR by up to \$15 million in FY 2012-13 and by up to \$28 million in FY 2013-14. The DNR receives lottery proceeds on an annual basis from GOCO. The department also receives proceeds directly from the Colorado Lottery, distributed on a quarterly basis. This funding supports up to 47.8 FTE. Lottery proceeds diverted to the State Education Fund will result in a number of programs in the DNR being scaled back or eliminated entirely for the 5-year period from FY 2012-13 to FY 2017-18.

### **Local Government and School District Impact**

***GOCO Competitive Grants.*** The constitution requires GOCO to allocate some of its proceeds to competitive grants to local governments or other entities to acquire, develop, or manage open lands and parks. Typically, GOCO provides 40 percent of a project's funding to these

entities. Rather than carry a sufficient cash balance to provide funding assistance at the completion of a project, GOCO awards grants ahead of receipt of proceeds. Currently, GOCO has about 135 projects for which it has made grant awards of approximately \$21.9 million, but for which no funding has been paid. In addition, 95 grant applications will be considered in June of this year. An additional \$18.7 million will be committed at that time. If approved by voters, this concurrent resolution interrupts about \$40.6 million in local grant funding for these projects.

***School District Impact.*** Increased money in the State Education Fund will be used to support K12 programs and operating expenses of school districts.

**Election Expenditure Impacts (For Informational Purposes Only)**

The bill refers a measure to the voters at the November 2012 general election. This measure will be published in newspapers and an analysis of the measure will be included in the Blue Book mailed to all registered voter households prior to the election. Under current law, costs for these functions will be paid through a General Fund line item in the Long Appropriations Bill. Table 1 below identifies the anticipated costs for the 2012 Blue Book.

<b>Table 1. Cost to Produce and Distribute the 2012 Blue Book to All Registered Voter Households</b>	
Printing	\$400,000
Postage	\$450,000
Translation	\$20,000
Newspaper Publication (English & Spanish)	\$500,000
<b>Total Cost (14 issues)</b>	<b>\$1,370,000</b>
<b>Average Cost per Issue</b>	<b>\$97,857</b>

**Departments Contacted**

Education  
Natural Resources

Governor's Office  
Treasury

Local Affairs