



# STATE CONDITIONAL FISCAL IMPACT

**Drafting Number:** LLS 12-0136**Date:** April 11, 2012**Prime Sponsor(s):** Sen. Williams S.; King S.  
Rep. Ramirez; Todd**Bill Status:** Senate SVMA**Fiscal Analyst:** Kirk Mlinek (303-866-4782)

**TITLE:** SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO THE COLORADO CONSTITUTION CONCERNING ASSISTING VETERANS BY AUTHORIZING STATE-SUPERVISED LOTTERY GAMES TO BENEFIT THE STATE VETERANS ASSISTANCE GRANT PROGRAM IN ORDER TO PROVIDE SERVICES TO UNITED STATES VETERANS IN COLORADO.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue	See State Revenue section	
State Expenditures	See State Expenditures section	
FTE Position Change		
<b>Effective Date:</b> Upon voter approval at the 2012 general election.		
<b>Appropriation Summary for FY 2012-2013:</b> To be determined.		
<b>Local Government Impact:</b> None.		

*This fiscal note should be considered preliminary. It summarizes the measure and provides a general assessment about potential revenue and expenditure impacts. A revised fiscal note will be provided as more specific information becomes available.*

## Summary of Legislation

This concurrent resolution refers a constitutional amendment to the voters at the 2012 general election. If approved by the voters, the measure authorizes the creation of a lottery for state veterans assistance, requires the State Lottery Division to market and advertise the new lottery, creates the State Veterans Assistance Grant Fund, and requires the General Assembly to enact legislation to facilitate the operation of the provisions of the amendment.

The constitutional amendment requires the Department of Military and Veterans Affairs (DOMVA) to create a state veterans assistance grant program and administer it such that nonprofit veterans organizations and state and local governmental agencies can address a broad range of needs for all United States veterans in Colorado. Services are to include, but are not limited to, providing employment counseling, training, and assistance; providing housing assistance for veterans in need; counseling veterans who are suffering from post-traumatic stress disorder or traumatic brain injuries;

and providing suicide prevention assistance. Allocations to the State Veterans Assistance Grant fund begin in the fourth quarter of FY 2012-13; expenditures from the fund may begin in FY 2013-14.

Because the measure is subject to voter approval, it is assessed as having a conditional fiscal impact.

## **Background**

The Colorado Constitution requires that current lottery proceeds be distributed, after prizes and expenses, as follows: 40 percent to the Conservation Trust Fund; 50 percent to Great Outdoors Colorado (GOCO); and 10 percent to the Colorado Division of Parks and Recreation. Revenue to GOCO is capped, however, and any amount above the cap is distributed to the Lottery Proceeds Contingency Reserve Fund. The cap was exceeded by \$0.7 million in FY 2011-12. The General Assembly currently allocates these funds for health and safety issues in public schools (the BEST Act).

Net proceeds from lottery games established under the proposed constitutional amendment will be distributed to benefit veterans.

## **State Revenue**

The addition of new games could increase state revenue from the lottery, but only to the extent that marketing or other efforts generate an increase in ticket sales.

As noted in the background section, under current law, net lottery proceeds are distributed by a constitutionally authorized formula to the Conservation Trust Fund, state parks, and Great Outdoors Colorado. Proceeds above these requirements revert to the General Fund. It is possible that current net state lottery proceeds will be affected by introducing a new state-supervised lottery game, but the actual impact has not been estimated at this time.

## **State Expenditures**

*Department of Revenue, State Lottery Division.* The State Lottery Division will have expenses to operate a new lottery game dedicated to assisting state veterans. The bill specifies that the game may take the form of Lotto or a scratch ticket. By statute, all expenses of the division, including the expenses of organized crime investigation and prosecution relating to the lottery, are paid from the Lottery Fund. The fiscal note will be updated to reflect these costs when information becomes available.

***Department of Military and Veterans Affairs.*** Workload and expenditures in DOMVA are expected to increase under the bill. The bill requires DOMVA to:

- create and administer a Veterans Assistance Grant Program structured so that nonprofit and not-for-profit organizations that provide direct services to veterans and state and local governmental agencies can address a broad range of veterans' needs;
- direct the State Treasurer to disburse funds; and
- publish an annual report.

These costs will be determined when implementing legislation is introduced (2013 legislative session).

### **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**

State  
Local Affairs  
Auditor

Revenue  
Natural Resources  
Treasurer

Clerks  
Legislature  
Military Affairs