

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0778
Prime Sponsor(s): Sen. Steadman
 Rep. Gerou

Date: January 30, 2013
Bill Status: Senate Appropriations
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING THE DISTRIBUTION OF THE STATE SHARE OF LIMITED GAMING FUND REVENUES.

Fiscal Impact Summary	FY 2012-13*	FY 2013-14*	FY 2014-15*
State Revenue			
State Transfers			
Transfer from the Limited Gaming Fund **			
to the Travel and Tourism Promotion Fund	\$3,015,122	\$2,484,776	\$1,974,863
to the Local Governm't Ltd. Gaming Impact Fund	1,404,536	1,245,433	1,092,459
to the Bioscience Discovery Evaluation Cash Fund	1,185,444	994,519	810,951
to the Creative Industries Cash Fund	1,041,210	998,782	957,989
to the Colo. Ofc. of Film, TV, and Media Operational Account Cash Fund	260,302	249,696	239,497
to the Innovative Higher Education Research Fund	322,117	247,869	176,481
to the General Fund	(7,228,731)	(6,221,075)	(5,252,240)
State Expenditures			
FTE Position Change			
Effective Date: June 15, 2013.			
Appropriation Summary for FY 2013-2014: None required.			
Local Government Impact: See the Local Government Impact section.			

* *Transfers from the Limited Gaming Fund occur at the close of the fiscal year and are available in recipient funds for appropriations in the following fiscal year. Transfers in FY 2012-13, for example, contribute to FY 2013-14 initial balances for affected cash funds. See the note regarding FY 2012-13 transfers to the State Education Fund in the State Transfers section.*

** *Projected revenues to the Limited Gaming Fund are based on the December 2012 Legislative Council Staff Economic and Revenue Forecast.*

Summary of Legislation

This bill modifies the distribution of the state share in the Limited Gaming Fund. The distribution to various cash funds at the close of each fiscal year is amended from a percentage-based amount to a fixed-dollar amount. The specific dollar amount to each affected cash fund is summarized in Table 1.

The bill also eliminates reference to obsolete programs and funds and updates the reference to the Colorado Office of Film, Television, and Media Operational Account Cash Fund.

Table 1. Comparison of Transfers from the Limited Gaming Fund**				
Recipient of Limited Gaming Fund Transfer	Current Law		SB13-133	
	Statutory distribution of state share	Estimated transfer at end of FY 2012-13	Statutory distribution of state share	Estimated transfer at end of FY 2012-13
General Fund	First \$19,200,000, and any amount over \$48,500,000	\$19,200,000	n/a	
Travel and Tourism Promotion Fund	50 percent of remainder	11,984,879	\$15,000,000	\$15,000,000
Bioscience Discovery Evaluation Cash Fund	18 percent of remainder	4,314,556	5,500,000	5,500,000
Local Government Limited Gaming Impact Fund	15 percent of remainder	3,595,464	5,000,000	5,000,000
Innovative Higher Education Research Fund	7 percent of remainder	1,677,883	2,000,000	2,000,000
New Jobs Incentives Cash Fund †	5 percent of remainder	Discontinued	n/a	
Creative Industries Cash Fund	4 percent of remainder	958,790	2,000,000	2,000,000
Film Incentives	1 percent of remainder	239,698	500,000	500,000
Additional General Fund †	Reverted transfers to discontinued programs	1,198,488	Remainder after cash fund transfers	13,169,757
Total Cash Funds Transfer		\$22,771,269		\$30,000,000
Total General Fund Transfer		\$20,398,488		\$13,169,757
TOTAL TRANSFERS		\$43,169,757		\$43,169,757

* The state share is defined by the Colorado Constitution 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 2012 LCS Economic and Revenue Forecast.

† The New Jobs Incentives Program is discontinued under current law.

Background

As directed by the Colorado constitution, the "state share" of the Limited Gaming Fund is one-half of the year-end balance each fiscal year. According to current forecasts by the Legislative Council Staff (LCS), the Limited Gaming Fund will contain approximately \$43.2 million as the state share portion of the fund at the end of FY 2012-13. Under current law, approximately \$20.4 million from the state share will be transferred to the General Fund at the end of the fiscal year, on June 30, 2013.

State Transfers

The net impact of the bill is to reduce allocations to the General Fund by \$7.2 million in FY 2012-13 and to increase allocations to various cash funds by the same amount. By limiting cash fund transfers to a fixed amount, rather than a percentage, future revenue growth in Limited Gaming Fund revenue will be allocated to the General Fund. Therefore, General Fund distributions from the Limited Gaming Fund are projected to meet and then exceed distributions under current law at some time in the next 10 fiscal years.

In FY 2012-13, the bill results in a transfer of \$13,169,757 from the Limited Gaming Fund to the General Fund and \$30,000,000 to various statutory cash funds. The recipient cash funds are the Travel and Tourism Promotion Fund, the Local Government Limited Gaming Impact Fund, the Bioscience Discovery Evaluation Cash Fund, the Innovative Higher Education Research Cash Fund; the Creative Industries Cash Fund; and the Colorado Office of Film, Television, and Media Operational Account Cash Fund, as shown in Table 1 on the previous page.

State Education Fund Transfer. HB 12-1338 transfers all the General Fund surplus in FY 2012-13 to the State Education Fund for expenditure in FY 2013-14. A \$7,228,731 decrease in transfers to the General Fund in FY 2012-13 implies a corresponding reduction of \$7,228,731 in the amount that will be transferred to the State Education Fund for FY 2013-14.

Local Government Impact

The Local Government Limited Gaming Impact Fund provides financial assistance to designated local government efforts to mitigate gaming impacts. The net distribution of state share Limited Gaming Fund money to the Local Government Limited Gaming Impact Fund is increased by the bill. In FY 2012-13, current law is projected to yield approximately \$3.6 million to this fund, while the fund will receive \$5.0 million under the bill.

State Appropriations

Money paid into the Limited Gaming Fund is available immediately for the purposes of the fund, so no appropriation is required to implement the modified transfers. An appropriations clause may be required to appropriate moneys from certain cash funds that receive transfers under the bill. The Local Government Limited Gaming Impact Fund and the Bioscience Discovery Evaluation Fund are appropriated in the Long Bill.

Departments Contacted

Governor

Revenue

Joint Budget Committee Staff