

**FINAL
FISCAL NOTE**

Drafting Number: LLS 14-0538	Date: June 10, 2014
Prime Sponsor(s): Rep. DelGrosso Sen. Grantham; Nicholson	Bill Status: Signed into Law
	Fiscal Analyst: Alex Schatz (303-866-4375)

SHORT TITLE: PROHIBIT ELECTRONIC SALE OF LOTTERY TICKETS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	Potential revenue reduction	
State Expenditures	Minimal expenditure impacts. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill temporarily prohibits the Colorado Lottery Commission from allowing the sale of lottery tickets by any means other than in person at a licensed lottery sales agent's physical place of business. Prior to July 1, 2017, the bill specifically bars the lottery commission from approving lottery sales through the Internet or other electronic devices.

Background

In December 2011, federal officials with the Department of Justice (DoJ) responded to inquiries from two states regarding the permissibility of using the Internet for the sale of lottery tickets. The DoJ determined that federal law does not prohibit the sale of lottery tickets through the Internet. Following that decision, numerous states have taken steps to legalize and implement Internet lottery sales.

Various state officials in Colorado have expended resources to study electronic lottery sales. While practical and legal barriers have been reported as a result of these efforts, current law does not expressly prohibit electronic lottery sales.

State Revenue

The bill has no impact on state lottery revenue based on games currently approved by the lottery commission. Any projection of potential future state revenue that could be lost from the prohibition of Internet lottery sales is based on the assumption that such sales would be approved by the lottery commission in the future. Due to the speculative nature of this premise, no estimate of lost revenue can be made.

State Expenditures

Today, state law limits lottery sales to licensed lottery retailer-agents, and all sales are at physical places of business. Rulemaking or other action by the Department of Revenue or the Department of Law may be necessary to clarify acceptable technologies for retailer-agents under the bill, but no fundamental change in the existing sales system will be required. The bill eliminates any workload associated with studying the feasibility of or planning for Internet lottery sales. No change in existing appropriations is required to implement the bill.

Effective Date

The bill was signed into law by the Governor on April 11, 2014, and takes effect August 6, 2014, assuming no referendum petition is filed.

State and Local Government Contacts

Revenue

Law

Local Affairs