



**Colorado
Legislative
Council
Staff**

SB17-232

**REVISED
FISCAL NOTE**

(replaces fiscal note dated March 21, 2017)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0308
Prime Sponsor(s): Sen. Fenberg
Rep. Rosenthal

Date: April 5, 2017
Bill Status: House Business
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: SUNSET BINGO-RAFFLE ADVISORY BOARD

| Fiscal Impact Summary | FY 2017-2018 | FY 2018-2019 |
|---|--------------------|---------------------------|
| State Revenue | | <u>\$1,100,000</u> |
| <i>Continuing revenue</i> | | |
| General Fund | | 70,000 |
| Cash Funds | | 1,030,000 |
| <i>New revenue</i> | | |
| Cash Funds | Minimal increase. | Minimal increase. |
| State Expenditures | | <u>\$286,000</u> |
| <i>Continuing expenditures</i> | | |
| Cash Funds | | 286,000 |
| <i>New expenditures</i> | | |
| Cash Funds | Workload increase. | |
| TABOR Impact | | \$1,100,000 |
| FTE Position Change | | 4.0 FTE |
| Appropriation Required: None. | | |
| Future Year Impacts: Continuation and increase in revenue and expenditures through FY 2026-27. | | |

Summary of Legislation

The **reengrossed** bill continues the Bingo-Raffle Advisory Board (board) and the regulation of bingo, raffle, and other games by the Secretary of State's Office (SOS), through September 1, 2026, and implements the Department of Regulatory Agencies' (DORA) sunset report recommendations, including:

- reducing the number of times that the board must meet per year from six to two;
- reducing the time period a person whose license has been revoked or surrendered in lieu of a revocation must wait to reapply for a license from five years to three years;
- clarifying that the time period a person who makes a false statement in an application, fails to keep sufficient records, or conducts a game of chance without a license must wait to apply for a license cannot exceed one year;

- specifying that a licensee may not change the location of a pull-tab device without the approval of the SOS;
- specifying that a person convicted of a misdemeanor related to gambling or any felony offense is not eligible for certification as a games manager, caller, or caller assistant;
- allowing a person convicted of any felony, theft by deception, or gambling-related offense more than ten years ago to apply for a landlord, manufacturer, or supplier license, as long as the conviction is disclosed in the application;
- prohibiting a person convicted of any felony, theft by deception, or gambling-related offense fewer than ten years ago from obtaining a landlord, manufacturer, or supplier license;
- allowing bingo-raffle licensees to presell tickets to charitable gaming events;
- increasing the maximum number of bingo cards that a player using an electronic device is permitted to use from at least 36 to at least 54, as determined by the SOS; and
- making technical changes.

This bill also relocates the statutes concerning bingo-raffle regulation from Title 12 to Title 24 of the Colorado Revised Statutes (C.R.S), as part of the Title 12 recodification process.

Background

Regulation. The SOS issues licenses to qualified organizations to conduct bingo and raffle games, as well as to landlords of commercial bingo facilities, manufacturers of bingo-raffle supplies and equipment and their agents, and suppliers who distribute bingo-raffle supplies and equipment and their agents. The SOS also issues games manager certificates to oversee bingo games; certificates are valid for four years. Bingo-raffle and landlord licenses expire at the end of the calendar year in which they were issued, and manufacturer and supplier licenses must be renewed on before March 31 of each year. Table 1 details the licensing fees for each license type, as well as the number of new licenses and license renewals in calendar year 2015 per the DORA sunset report. SOS also charges a quarterly administrative fee based on sales (suppliers and manufacturers) or proceeds (bingo-raffle licensees).

| Table 1. Overview of Licenses and Licensing Fees in 2015 | | | | |
|---|--------------------|---------------------|-------------------------|-----------------------|
| License Type | License Fee | New Licenses | License Renewals | Total Licenses |
| Bingo-Raffle | \$100 | 108 | 1,077 | 1,185 |
| Landlord | 1,000 | 4 | 21 | 25 |
| Manufacturer or Supplier Agent | 200 | 11 | 34 | 45 |
| Manufacturer or Supplier | 700 | 3 | 25 | 28 |
| Games Manager Certifications | 45 | 1,037* | n/a | 1,037 |
| TOTAL | | 1,163 | 1,157 | 2,320 |

*FY 2014-15

Advisory board. The Bingo-Raffle Advisory Board is made up of nine members, five of whom are members of a bingo-raffle licensee, one of whom is a supplier licensee, two of whom are landlord licensees and one of whom is a registered elector of the state who does not have any involvement with a licensee or game of chance. Board members serve four-year terms, may not serve more than two consecutive terms, and receive a \$50 per diem, plus reimbursement for necessary travel and expenses.

Title 12 Recodification. The Committee on Legal Services is currently supervising the Office of Legislative Legal Services in a two-year project to recodify Title 12 of the C.R.S., as directed by Senate Bill 16-163. In anticipation of this recodification, House Bill 17-1006 was enacted to allow agencies to request the Secretary of State to update statutory citations in the Code of Colorado Regulations without the agency notice, comment, or hearing requirements of the Administrative Procedure Act.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the SOS that is set to repeal effective July 1, 2017. In FY 2016-17, the program has revenues of approximately \$1.1 million and expenditures of approximately \$286,000 and 4.0 FTE. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2018-19, one year after the repeal date. There is no need for an appropriation of the current base funding for the program in FY 2017-18 since its authorization has not yet expired and ongoing funding for the program has been included in the department's base budget request.

State Revenue

By continuing and modifying the regulation of bingo and raffle games, as well as the Bingo-Raffle Advisory Board, the bill increases state revenue by at least \$1.1 million in FY 2018-19. Of that amount, approximately \$1.03 million is from fees and is deposited into the Department of State Cash Fund, and approximately \$70,000 is from fines and is deposited into the General Fund. The entirety of the revenue increase represents the continuation of existing revenue to the program. To the extent that the changes increase the number of license applications, revenue will increase. The fiscal note assumes that any increase in revenue beyond the continuation of existing revenue will be minimal.

TABOR Impact

This bill increases state revenue from fees and fines, which will increase the amount of money required to be refunded under TABOR for FY 2018-19. TABOR refunds are paid out of the General Fund. In years when the state collects revenue above the TABOR limit, the increase in General Fund revenue has no net impact on the amount of money available in the General Fund for the budget, as both revenue to the General Fund and the refund obligation increase by equal amounts. However, the increase in cash fund revenue increases the TABOR refund obligation, decreasing the amount of money available in the General Fund for the budget on a dollar-for-dollar basis. In future years when the state does not collect revenue above the TABOR limit, the bill's impact on General Fund revenue will increase money available for the General Fund budget.

State Expenditures

By continuing and modifying the regulation of bingo, raffle, and other games, as well as the Bingo-Raffle Advisory Board, the bill increases expenditures in the SOS by approximately \$286,000 and 4.0 FTE in FY 2018-19, paid from the Department of State Cash Fund. The entirety of these direct costs represent the continuation of the program beyond its current repeal date and wind-up

period, with additional workload required to make minor changes to the forms and applications, including in the online system, as well as to conduct one-time rulemaking. Legal services are provided by the Department of Law. The workload increase does not require a change in appropriations.

The bill is unlikely to impact workload and costs associated with changing the number of required board meetings. The board met three times in 2014 and 2015, and did not meet in 2016; as a result, the number of board meetings held is not expected to change as a result of the bill. Approximately \$200 is spent on each meeting.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The bill applies to conduct occurring on or after that date.

State and Local Government Contacts

Information Technology Law Revenue Secretary Of State's Office