

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Andrea Uhl, JBC Staff (303-866-4956)  
DATE May 4, 2020  
SUBJECT Local Government Limited Gaming Impact Grants

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The following item expands on and provides a recommendation for an informational item in the staff balancing packet for the Department of Local Affairs dated April 21, 2020.

### → LOCAL GOVERNMENT LIMITED GAMING IMPACT FUND AND GRANTS

#### *BACKGROUND:*

*JBC ACTION AS OF 3/16/20:* Consistent with staff's recommendation, the Committee approved an appropriation of \$5,127,850 from the Local Government Limited Gaming Impact Fund. This amount is included in the Long Bill for informational purposes only, as the Department is statutorily authorized to distribute money from this fund.

*RECOMMENDATION:* Staff recommends changing statute to terminate gaming revenue deposits to the Local Government Limited Gaming Impact Fund. When General Fund revenue and gaming activity returns, staff recommends a direct General Fund appropriation to fund Local Government Limited Gaming Impact Grants instead of an annual statutory transfer. Due to the anticipated declines in gaming tax revenue, the General Fund impact of eliminating this allocation is likely to be lower than \$5.1 million. An overview of recommended changes across all gaming revenue recipients will be provided after Legislative Council Staff's updated economic forecast on May 12<sup>th</sup>.

#### *ANALYSIS:*

*Key Considerations:* Appropriations from the Local Government Limited Gaming Impact Grants line item fund 2.0 FTE, although those FTE are not reflected in the Long Bill. No immediate health, life, or safety impact and does not affect a vulnerable population.

*Additional Background:* Historically, the Local Government Limited Gaming Impact Fund received \$5,000,000 of the 50 percent "state share" of limited gaming revenue. Two percent of this amount (\$100,000) was set aside for gambling addiction counseling under the authority of the Department of Human Services and the remaining 98 percent (\$4,900,000) was used to provide financial assistance to designated local governments for documented gaming impacts. Pursuant to S.B. 18-191, the portion of the state share of gaming revenues that is transferred to the Local Government Limited Gaming Impact Fund increases proportionally when the state share increases. If the state share does not increase, the transfer *remains the same as the prior year*.

The money available for grants is distributed under the authority of DOLA's executive director to eligible local governmental entities upon their application for grants to finance planning, construction, and maintenance of public facilities and the provision of public services related to the documented gaming impacts resulting from limited gaming permitted in Gilpin and Teller counties and on Indian

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lands. Categories of impacts include those to emergency medical and health care services, human services, jails, law enforcement, and legal services.

The geographic eligibility area for the program includes the counties of Gilpin and Teller as well as the eight counties contiguous to these two counties: Boulder, Clear Creek, Douglas, El Paso, Fremont, Grand, Jefferson, and Park. In addition, counties that contain tribal lands where limited stakes gaming occurs are also included within the geographic eligibility area. Tribal gaming counties include: Archuleta, La Plata, and Montezuma. The types of local governments eligible to receive assistance include: counties, municipalities (with the exception of the three gaming cities: Black Hawk, Central City and Cripple Creek), and special districts that provide emergency services. In addition, eligible local governments may apply on behalf of private nonprofit agencies that are impacted by gaming.

The grants provide financial assistance to eligible entities based on their direct gaming impacts from the previous calendar year. Operational impacts that receive grant funds are primarily those that would come from a local government's General Fund. The Department estimates that on average, \$7 million is requested compared to approximately \$5 million available each year. Grant funds have gone to fourteen recipients in each of the previous two cycles. For recipients such as small towns, special districts, and non-profits, grant funds typically equate to between 5 and 10 percent of the entity's annual revenue. For recipients such as more populous counties and towns, this amount often equals less than one percent.