

CHAPTER 212

TAXATION

HOUSE BILL 24-1436

BY REPRESENTATIVE(S) McCluskie and Catlin, Amabile, Bird, Boesenecker, Daugherty, Duran, Hamrick, Jodeh, Joseph, Kipp, Lieder, Lindsay, Lindstedt, Lukens, Mabrey, McCormick, McLachlan, Ricks, Rutinel, Snyder, Soper, Taggart, Titone, Weissman; also SENATOR(S) Roberts and Simpson, Bridges, Gardner, Kirkmeyer, Liston, Lundeen, Pelton B., Pelton R., Zenzinger, Fenberg.

AN ACT

CONCERNING THE REFERRAL OF A BALLOT ISSUE RELATED TO THE REVENUE FROM THE SPORTS BETTING TAX, AND, IN CONNECTION THEREWITH, REFERRING A BALLOT ISSUE TO THE VOTERS TO ALLOW THE STATE TO KEEP AND SPEND ALL SPORTS BETTING TAX REVENUE IN EXCESS OF THE TWENTY-NINE MILLION DOLLAR ESTIMATED INCREASE IN STATE TAX REVENUE APPROVED BY VOTERS IN 2019 FOR THE PURPOSE OF FUNDING WATER CONSERVATION AND PROTECTION PROJECTS RATHER THAN REFUNDING SUCH EXCESS REVENUE TO CASINOS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(a) WATER IS THE LIFEBLOOD OF COLORADO - CRITICAL TO THE HEALTH OF OUR FAMILIES AND COMMUNITIES, SPLENDID NATURAL BEAUTY, VIBRANT AGRICULTURAL PRODUCTION, THRIVING OUTDOOR RECREATION, AND ABUNDANT WILDLIFE POPULATIONS ACROSS THE STATE;

(b) UNFORTUNATELY, COLORADO FACES UNPRECEDENTED WATER CHALLENGES. AS THE STATE'S POPULATION GROWS AND WE EXPERIENCE INCREASED DEMANDS ON OUR WATER RESOURCES, WE MUST INVEST IN OUR WATER SYSTEMS TO PRESERVE COLORADO'S WAY OF LIFE. PROTECTING OUR WATER WILL ENSURE THAT OUR TOWNS AND CITIES HAVE RESILIENT, CLEAN, AND SAFE DRINKING WATER SUPPLIES, FARMS AND RANCHES THRIVE AND REMAIN PRODUCTIVE, AND HEALTHY FLOWING RIVERS REMAIN FOR THE BENEFIT OF RECREATION, OUR COMMUNITIES, AND THE NATURAL ENVIRONMENT.

(c) COLORADO'S WATER PLAN PROVIDES A ROADMAP TO ENSURE THAT COLORADO'S WATER NEEDS ARE MET COLLABORATIVELY IN A BALANCED AND

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RESILIENT MANNER. THE WATER PLAN IMPLEMENTATION CASH FUND HAS DISTRIBUTED GRANTS TO HUNDREDS OF DIVERSE AND COLLABORATIVE WATER PROJECTS AROUND THE STATE, BUT THERE IS MORE DEMAND FOR WATER PROJECT FUNDING THAN FUNDS CURRENTLY AVAILABLE.

(d) SPORTS BETTING HAS GENERATED OVER SIXTY-FIVE MILLION DOLLARS IN TAX REVENUE SINCE ITS COMMENCEMENT IN 2020, WHICH HAS BEEN USED TO FUND THE REGULATION AND STEWARDSHIP OF SPORTS BETTING AND ADDICTION TREATMENT AS WELL AS THE IMPLEMENTATION OF COLORADO'S WATER PLAN; AND

(e) SPORTS BETTING TAX REVENUE IS PROJECTED TO IMMINENTLY SURPASS THE TWENTY-NINE MILLION DOLLAR FISCAL YEAR ESTIMATE INCLUDED IN THE BALLOT QUESTION APPROVED BY VOTERS IN 2019. REMOVING THE TWENTY-NINE MILLION DOLLAR CAP AND ALLOWING THE STATE TO KEEP AND SPEND ALL SPORTS BETTING TAX REVENUE WILL ENSURE THAT MORE FUNDING CAN CONTINUE TO FLOW TO COLORADO'S WATER PLAN AND SIGNIFICANTLY BOOST EXISTING EFFORTS TO CONSERVE AND PROTECT COLORADO'S WATER.

SECTION 2. In Colorado Revised Statutes, 44-30-1508, **amend** (2); and **add** (3) as follows:

44-30-1508. Sports betting tax - rules - repeal. (2) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION, all proceeds of the sports betting tax shall be forwarded to the state treasurer, who shall credit them to the sports betting fund created in section 44-30-1509.

(3) (a) IF A MAJORITY OF THE ELECTORS VOTING IN THE NOVEMBER 2024 ELECTION VOTE "No/AGAINST" ON THE BALLOT ISSUE SUBMITTED TO THE VOTERS PURSUANT TO SECTION 44-30-1517 (2), THEN THE STATE TREASURER SHALL CREDIT ALL PROCEEDS OF THE SPORTS BETTING TAX AS FOLLOWS:

(I) ALL PROCEEDS UP TO THE FIRST TWENTY-NINE MILLION DOLLARS COLLECTED ANNUALLY TO THE SPORTS BETTING FUND CREATED IN SECTION 44-30-1509; AND

(II) ALL PROCEEDS IN EXCESS OF THE FIRST TWENTY-NINE MILLION DOLLARS COLLECTED ANNUALLY TO THE SPORTS BETTING TAX REFUND CASH FUND CREATED IN SECTION 44-30-1518 (1).

(b) IF A MAJORITY OF THE ELECTORS VOTING IN THE NOVEMBER 2024 ELECTION VOTE "Yes/FOR" ON THE BALLOT ISSUE SUBMITTED TO THE VOTERS PURSUANT TO SECTION 44-30-1517 (2), THIS SUBSECTION (3) IS REPEALED, EFFECTIVE JANUARY 1, 2025.

SECTION 3. In Colorado Revised Statutes, 44-30-1509, **amend** (2) introductory portion, (2)(b), (2)(c) introductory portion, and (2)(e); **repeal** (2)(a); and **add** (2.5) as follows:

44-30-1509. Sports betting fund - wagering revenue recipients hold-harmless fund - creation - rules - definitions - repeal. (2) FOR FISCAL YEARS COMMENCING ON OR AFTER JULY 1, 2024, from the money in the sports betting fund, to the extent the unexpended and unencumbered balance in the fund so permits, the state

treasurer shall DISTRIBUTE AN AMOUNT EQUAL TO ALL REVENUE OF THE DIVISION ANNUALLY DERIVED FROM THE REGULATION OF SPORTS BETTING AND FANTASY CONTESTS, INCLUDING LICENSE FEES, FINES, AND PENALTIES, AND THE FIRST TWENTY-NINE MILLION DOLLARS ANNUALLY COLLECTED FOR PAYMENT OF THE SPORTS BETTING TAX AS FOLLOWS:

(a) ~~First, transfer an amount to the general fund to repay any appropriation made from the general fund for the commission's and division's startup costs, including initial licensing and rule-making, related to sports betting;~~

(b) ~~Second~~ FIRST, pay all ongoing expenses related to administering this part 15 incurred by the commission, the department, the division, and any other state agency from whom assistance related to the administration of this part 15 is requested by the commission or the director, as determined in accordance with rules of the commission. When making distributions from the fund as described in this subsection (2), the state treasurer may withhold an amount reasonably anticipated to be sufficient to pay the expenses until the next annual distribution.

(c) ~~Third~~ SECOND, transfer an amount equal to six percent of the full fiscal year sports betting tax revenues, OR SIX PERCENT OF TWENTY-NINE MILLION DOLLARS, WHICHEVER IS LESS, to the wagering revenue recipients hold-harmless fund, referred to in this section as the "hold-harmless fund", which is ~~hereby~~ created in the state treasury, from which the state treasurer shall make disbursements as directed by the commission as follows:

(e) ~~Fourth~~ THIRD, transfer all remaining unexpended and unencumbered money in the fund THAT IS SUBJECT TO DISTRIBUTION PURSUANT TO THIS SUBSECTION (2) to the water plan implementation cash fund created in section 37-60-123.3.

(2.5) (a) FOR EACH FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2024, FROM THE MONEY IN THE SPORTS BETTING FUND, TO THE EXTENT THE UNEXPENDED AND UNENCUMBERED BALANCE IN THE FUND SO PERMITS, THE STATE TREASURER SHALL DISTRIBUTE AN AMOUNT EQUAL TO ALL REVENUE COLLECTED FOR PAYMENT OF THE SPORTS BETTING TAX IN EXCESS OF TWENTY-NINE MILLION DOLLARS TO THE WATER PLAN IMPLEMENTATION CASH FUND CREATED IN SECTION 37-60-123.3.

(b) IF A MAJORITY OF THE ELECTORS VOTING IN THE NOVEMBER 2024 ELECTION VOTE "No/AGAINST" ON THE BALLOT ISSUE SUBMITTED TO THE VOTERS PURSUANT TO SECTION 44-30-1517 (2), THIS SUBSECTION (2.5) IS REPEALED, EFFECTIVE JANUARY 1, 2025.

SECTION 4. In Colorado Revised Statutes, **add** 44-30-1517 as follows:

44-30-1517. Ballot issue - retain and spend sports betting tax revenue - definition. (1) AS USED IN THIS SECTION, "BALLOT ISSUE" MEANS THE QUESTION SUBMITTED TO VOTERS PURSUANT TO SUBSECTION (2) OF THIS SECTION.

(2) AT THE STATEWIDE ELECTION HELD IN NOVEMBER 2024, THE SECRETARY OF STATE SHALL SUBMIT TO THE REGISTERED ELECTORS OF THE STATE FOR THEIR APPROVAL OR REJECTION THE FOLLOWING BALLOT ISSUE: "WITHOUT RAISING TAXES, MAY THE STATE KEEP AND SPEND ALL SPORTS BETTING TAX REVENUE ABOVE

VOTER-APPROVED LIMITS TO FUND WATER CONSERVATION AND PROTECTION PROJECTS INSTEAD OF REFUNDING REVENUE TO CASINOS?"

(3) IF A MAJORITY OF THE ELECTORS VOTING ON THE BALLOT ISSUE VOTE "YES/FOR", THIS CONSTITUTES VOTER APPROVAL TO AVOID THE POTENTIAL REFUND REQUIRED BY SECTION 44-30-1519.

(4) FOR PURPOSES OF SECTION 1-5-407, THE BALLOT ISSUE IS A PROPOSITION. SECTION 1-40-106 (3)(d) DOES NOT APPLY TO THE BALLOT ISSUE.

SECTION 5. In Colorado Revised Statutes, **add** 44-30-1518 as follows:

44-30-1518. Sports betting tax refund cash fund - repeal. (1) THE SPORTS BETTING TAX REFUND CASH FUND IS CREATED IN THE STATE TREASURY. IN ACCORDANCE WITH SECTION 44-30-1508 (3), THE FUND CONSISTS OF MONEY CREDITED TO THE FUND PURSUANT TO SECTION 44-30-1509 (3)(a)(II).

(2) IF A MAJORITY OF THE ELECTORS VOTING IN THE NOVEMBER 2024 ELECTION VOTE "YES/FOR" ON THE BALLOT ISSUE SUBMITTED TO THE VOTERS PURSUANT TO SECTION 44-30-1517 (2), THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2025.

SECTION 6. In Colorado Revised Statutes, **add** 44-30-1519 as follows:

44-30-1519. Rejection of ballot issue - refunds - repeal. (1) IF A MAJORITY OF THE ELECTORS VOTING ON THE BALLOT ISSUE SUBMITTED TO THE VOTERS PURSUANT TO SECTION 44-30-1517 (2) VOTE "NO/AGAINST", THEN, ON OR BEFORE JUNE 30 OF STATE FISCAL YEAR 2024-2025, AND ON OR BEFORE JUNE 30 OF EACH STATE FISCAL YEAR THEREAFTER, THE STATE TREASURER SHALL REFUND ALL MONEY CREDITED TO THE SPORTS BETTING TAX REFUND CASH FUND FOR THE PRIOR STATE FISCAL YEAR IN THE MANNER DETERMINED BY THE DEPARTMENT OF REVENUE PURSUANT TO SUBSECTION (2) OF THIS SECTION.

(2) THE DEPARTMENT OF REVENUE SHALL DETERMINE A REASONABLE METHOD TO DISTRIBUTE THE MONEY IN THE SPORTS BETTING TAX REFUND CASH FUND CREATED IN SECTION 44-30-1518 (1) IN ACCORDANCE WITH THIS TITLE 44 AND THE RULES ESTABLISHED BY THE COLORADO LIMITED GAMING CONTROL COMMISSION TO COLLECT THE SPORTS BETTING TAX AND CONSISTENT WITH ANY RELEVANT PROVISIONS OF TITLE 39 AND ANY RULES ESTABLISHED PURSUANT THERETO CONCERNING TAXPAYER REFUNDS. THE METHOD MUST INCLUDE THE DISTRIBUTION OF MONEY FROM THE SPORTS BETTING TAX REFUND CASH FUND ONLY TO TAXPAYERS WHO PAID THE SPORTS BETTING TAX.

(3) IF A MAJORITY OF THE ELECTORS VOTING IN THE NOVEMBER 2024 ELECTION VOTE "YES/FOR" ON THE BALLOT ISSUE SUBMITTED TO THE VOTERS PURSUANT TO SECTION 44-30-1517 (2), THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2025.

SECTION 7. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: May 20, 2024