



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-117: PERMISSIBLE METHODS OF SELLING LOTTERY TICKETS

**Prime Sponsors:**

Sen. Bridges; Amabile  
Rep. Mabrey; Soper

**Fiscal Analyst:**

[Emily Dohrman](#), 303-866-3687  
[John Armstrong](#), 303-866-6289

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**Fiscal note status:** The revised fiscal note reflects the introduced bill, as amended by the Senate Finance Committee.

### Summary Information

**Overview.** The bill prohibits the online sale of lottery tickets, except through licensed third-party couriers, and prohibits the use of credit cards to purchase lottery tickets.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- Local Government
- School Districts

**Appropriations.** The bill reduces spending on programs supported by lottery revenue and largely paid from continuously appropriated funds. No change in appropriations is required.

**Table 1  
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	-\$12.1 million	-\$24.5 million
State Expenditures	-\$12.1 million	-\$24.5 million
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A  
 State Revenue**

<b>Fund</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$0	\$0
Cash Funds (Colorado Lottery)	-\$12.1 million	-\$24.5 million
<b>Total Revenue</b>	<b>-\$12.1 million</b>	<b>-\$24.5 million</b>

By reducing revenue to the Colorado Lottery, the bill reduces distributions to the funds listed in Table 1B below.

**Table 1B  
 State Expenditures**

<b>Cash Fund</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Conservation Trust Fund	-\$4.8 million	-\$9.8 million
Division of Parks and Outdoor Recreation	-\$1.2 million	-\$2.4 million
Great Outdoors Colorado	\$0	\$0
Outdoor Equity Cash Fund	-\$0.6 million	-\$1.2 million
BEST Fund	-\$3.0 million	-\$6.1 million
Outdoor Recreation Economic Development Cash Fund	\$0	-\$0.6 million
Wildlife Cash Fund	-\$1.2 million	-\$1.8 million
Parks and Outdoor Recreation Cash Fund	-\$1.2 million	-\$1.8 million
Strategic Outdoor Recreation Management Cash Fund	\$0	-\$0.6 million
<b>Total Expenditures</b>	<b>-\$12.1 million</b>	<b>-\$24.5 million</b>

Totals may not sum due to rounding.

## Summary of Legislation

The bill prohibits the use of credit cards to purchase lottery tickets and requires that all lottery tickets be purchased with cash, including checks, money orders, and debit cards. The bill also prohibits online sales of lottery tickets, except that licensed third-party couriers may continue to sell lottery tickets.

## Background

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### Lottery Sales Current Practices

Regulation and oversight of the Colorado Lottery is governed by state statute and by rules established by the Colorado Lottery Commission. [House Bill 22-1402](#) removed the statutory requirement that instant scratch-off lottery tickets be purchased with cash. In practice, all lottery product purchases were still required to be made with cash due to rules promulgated by the Colorado Lottery Commission, until the rules were changed by the commission in November 2025. In November, the commission voted to amend the rules to allow lottery products to be purchased with credit cards.

Additionally, prior to November 2025, rules did not permit the Colorado Lottery to offer online sales of lottery products directly to consumers. However, certain third-party couriers were allowed to sell lottery products online under the rules. The Colorado Lottery Commission adopted rules in November of 2025 to allow direct online sales of lottery tickets, in addition to third-party couriers, with online sales expected to begin by 2027.

### Distribution of Lottery Proceeds

Proceeds from the lottery are distributed in accordance with constitutional and statutory requirements. Lottery sales are not subject to sales tax, and revenues from lottery sales are exempt from TABOR. The Colorado Constitution requires that net lottery proceeds (after subtracting administrative expenses and payouts) be distributed as follows:

- 40 percent to the Conservation Trust Fund;
- 10 percent to the Division of Parks and Outdoor Recreation; and
- 50 percent to the Great Outdoors Colorado (GOCO) Trust Fund, up to the "GOCO cap" (the GOCO cap is \$90,003,453 for FY 2026-27, and is adjusted for inflation each year).

If the GOCO cap is less than 50 percent of revenue, the additional revenue is distributed according to a statutory formula established in [House Bill 25-1215](#). Additional revenue is distributed such that the first \$4.0 million goes to the Outdoor Equity Cash Fund, the next \$3.0 million goes to the Building Excellent Schools Today (BEST) Fund, and the next \$750,000 goes to the Outdoor Recreation Economic Development Cash Fund. Any remaining revenue is distributed to a variety of cash funds via a distribution formula that depends on how much revenue is left over.

## Data and Assumptions

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The fiscal note assumes that under current law, online sales of lottery products and credit card purchases would be allowed beginning January 2027. The fiscal note evaluated revenue data from Kentucky, Michigan, and New Hampshire, all of which offer online sales of lottery tickets. The proportion of total lottery revenue collected from online sales varies significantly by state, ranging from about 4 percent to 37 percent. The fiscal note assumes that allowing direct online sales will increase lottery revenue and proceeds by 7 percent per year. Additionally, the fiscal note assumes that allowing credit card purchases would increase lottery proceeds by an estimated 5 percent, based on the reported share of cashless lottery ticket sales in Ohio. To the extent that online sales and credit card purchases would have increased lottery proceeds by more or less than these assumptions, the revenue impact of the bill may be more or less than what is estimated here.

## State Revenue

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The bill is expected to reduce net lottery proceeds by \$12.1 million in FY 2026-27, \$24.5 million in FY 2027-28, and increasing amounts in future years. The reduction in revenue for FY 2026-27 represents a half-year impact for the prohibition of credit card sales and direct online sales, assuming that credit card and online sales would have begun on January 1, 2027, absent the bill. Revenue impacts to the Colorado Lottery are shown in Table 2 below. The Colorado Lottery is an enterprise, and its revenue is not subject to TABOR.

**Table 2**  
**State Revenue**

<b>Cash Fund</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Prohibit Direct Online Sales	-\$7.1 million	-\$14.3 million
Prohibit Credit Card Purchases	-\$5.0 million	-\$10.2 million
<b>Total Revenue</b>	<b>-\$12.1 million</b>	<b>-\$24.5 million</b>

## State Expenditures

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The bill reduces spending on programs supported by lottery revenue by \$12.1 million in FY 2026-27 and \$24.5 million in FY 2027-28 and future years. It also increases workload for the Lottery Commission in the DOR. These impacts are described below.

## **Reduced Spending of Lottery Distributions**

Based on the revenue reduction described above, the bill correspondingly reduces distributions to, and expenditures from, eight state cash funds receiving lottery proceeds. This spending reduction primarily affects parks and outdoor related programs, as well as money for school capital construction projects through the BEST Program. Revenue is projected to be above the GOCO cap both under current law and under the bill, resulting in no net change to the GOCO distribution. Expenditure reductions for each fund are shown in Table 1B above.

## **Colorado Lottery Commission Workload**

The bill will increase workload for the DOR's Lottery Commission to update rules for the sale of lottery games to only allow cash, check, money transfer, and debit card transactions. These updates to commission rules will be minimal and can be accomplished within existing appropriations.

## **Local Governments and School Districts**

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Based on the reduction in revenues detailed above, school districts that currently receive funding from the Outdoor Equity Cash Fund and money for capital construction from the BEST Fund may see reduced distributions for outdoor enrichment activities for students as well as reduced money for capital construction. Additionally, local governments that currently apply for funds from the Outdoor Recreation Economic Development Cash Fund may have reduced revenues in future years.

## **Effective Date**

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State and Local Government Contacts**

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Education

Revenue

Natural Resources

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).