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FISCAL NOTE

Drafting Number: LLS 18-0341 Date: January 22, 2018
Prime Sponsors: Sen. Sonnenberg; Garcia Bill Status: Senate Agriculture
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Bill Topic: EXTEND OPERATION OF STATE LOTTERY DIVISION

- Summary of Fiscal Impact:
State Revenue (checked)
State Expenditure (checked)
State Transfer (unchecked)
TABOR Refund (unchecked)
Local Government (checked)
Statutory Public Entity (unchecked)

This bill permanently establishes the State Lottery Division in the Department of Revenue. Beginning in FY 2024-25, it will increase state cash fund revenue and expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under XB 18-066

Table with 3 columns: Category, FY 2018-19, FY 2024-25. Rows include Revenue (Cash Funds: \$592 million), Expenditures (Cash Funds: \$590 million, FTE: 117.1 FTE), and Transfers (-).

Summary of Legislation

Under current law, the State Lottery Division (division) in the Department of Revenue is scheduled for termination on July 1, 2024. This bill repeals the termination date and permanently establishes the division.

Background

The division was created in 1983. Proceeds from lottery sales go to the Conservation Trust Fund, Great Outdoors Colorado, Colorado Parks and Wildlife, and the Building Excellent Schools Today (BEST) program. The current distribution of net lottery revenue to these programs is shown in Table 2 and described below.

Table 2
Distribution of Net Lottery Revenue

Cost Components	Distribution of Net Lottery Revenue
Great Outdoors Colorado	50 percent of net lottery revenue, up to cap
Conservation Trust Fund	40 percent of net lottery revenue
Colorado Parks and Wildlife	10 percent of net lottery revenue; up to 50 percent of Great Outdoors Colorado revenue
BEST Program	Remaining funds after statutory cap for Great Outdoors Colorado is reached

Great Outdoors Colorado. Great Outdoors Colorado receives 50 percent of net lottery proceeds, and distributes through competitive grant programs for local governments and land trusts. The amount of money that can go to the Great Outdoors Colorado trust fund was capped at \$35 million in 1992, and is adjusted annually for inflation. Money in excess of this cap is diverted to the BEST program, as described below.

Conservation Trust Fund. The Conservation Trust Fund in the Department of Local Affairs receives 40 percent of net lottery proceeds, which are distributed to counties and municipalities for parks, recreation, and open space purposes.

Colorado Parks and Wildlife. The Colorado Parks and Wildlife Division in the Department of Natural Resources receives a direct distribution of 10 percent of net lottery proceeds, which is expended on the acquisition and development of new state parks, recreation areas, and recreation trails. Colorado Parks and Wildlife also receives up to 50 percent of Great Outdoors Colorado proceeds for investments in wildlife and outdoor recreation resources.

Building Excellent Schools Today. The BEST program in the Colorado Department of Education receives any funding in excess of a statutory cap for Great Outdoors Colorado, and uses funds for a competitive grant program that helps public schools with construction needs.

State Revenue

Beginning in FY 2024-25, and assuming the current revenue will remain constant, this bill is projected to increase annual state cash fund revenue from the State Lottery Cash Fund to the State Lottery Division in the Department of Revenue by about \$592 million. These funds are generated through lottery ticket sales.

State Expenditures

Beginning in FY 2024-25, this bill is projected to increase state cash fund expenditures from the State Lottery Cash Fund in the Department of Revenue by approximately \$590 million and about 117.1 FTE. Funds remaining after administrative expenses and the payment of prizes are diverted to various programs, as shown in Table 2 above. Assuming current administrative expenditures stay constant, the appropriation to the State Lottery Division for administrative expenses is approximately \$92.3 million, which covers personnel and operating costs, as well as various fees and retailer compensation.

Local Government and School District

Beginning in FY 2024-25, this bill will increase revenue to counties, municipalities, and schools as described below. The impact to each local government will vary depending on the distribution of grants received.

Great Outdoors Colorado. Funds from net lottery sales are distributed by Great Outdoors Colorado to counties and municipalities through a competitive grant program. This bill will increase funds from net lottery sales to this program.

Conservation Trust Fund. Funds from the Conservation Trust Fund are distributed by the Department of Local Affairs to eligible counties and municipalities. This bill will increase funds from net lottery sales to this program.

Building Excellent Schools Today. Funds from the BEST program are distributed to public schools through a competitive grant program. This bill will increase funds from net lottery sales to public schools through these grants.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology

Natural Resources

Revenue