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FINAL FISCAL NOTE

Drafting Number: LLS 18-0341 Date: August 7, 2018
Prime Sponsors: Sen. Sonnenberg; Garcia Bill Status: Signed into Law
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Bill Topic: EXTEND OPERATION OF STATE LOTTERY DIVISION

- Summary of Fiscal Impact:
[x] State Revenue [ ] TABOR Refund
[x] State Expenditure [x] Local Government
[ ] State Transfer [ ] Statutory Public Entity

This bill extends the termination deadline for the State Lottery Division in the Department of Revenue to July 1, 2049. Beginning in FY 2049-50, 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 enacted bill.

Table 1
State Fiscal Impacts Under SB 18-066

Table with 3 columns: Category, FY 2018-19, and FY 2049-50. 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 extends the termination date to July 1, 2049.

**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**

<b>Cost Components</b>	<b>Distribution of Net Lottery Revenue</b>
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 funds 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 2049-50 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 2049-50, 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 2049-50, 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 was signed into law by the Governor on April 30, 2018, and takes effect August 8, 2018, assuming no referendum petition is filed.

## **State and Local Government Contacts**

Information Technology

Natural Resources

Revenue