



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

REVISED FISCAL NOTE

(replaces fiscal note dated March 9, 2018)

Drafting Number: LLS 18-0875 Date: March 22, 2018
Prime Sponsors: Sen. Gardner Bill Status: Senate Appropriations
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Bill Topic: LOCAL GOVERNMENT LIMITED GAMING IMPACT FUND

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

Effective in the current FY 2017-18, the bill annually increases the amount of money credited to the Local Government Limited Gaming Impact Fund by a rate equal to the growth of the state share of gaming tax revenue from the previous year, and by the amount of direct and indirect costs for administering the grant program. The bill will have an ongoing impact on state transfers.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under SB 18-191

Table with 4 columns: Category, FY 2017-18 (current year), FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures, Transfers (General Fund, Cash Funds), and Total.

Summary of Legislation

This bill modifies the distribution of the state share of the gaming tax by changing the distribution from \$5 million annually to the Local Government Limited Gaming Impact Fund to \$5 million plus an annual increase equal to the growth of the state share of gaming tax revenue. If there is no growth in the state share, the fund receives the same amount as it did in the previous fiscal year.

Additionally, the bill requires a transfer to the fund equal to projected direct and indirect costs for the Department of Local Affairs to administer the grant program, to be made at the beginning of the fiscal year. Any unspent money from this transfer reverts to the fund.

The bill also broadens the definition of "documented gaming impacts" to mean the expenses, costs, and other impacts incurred as a result of gambling, including the limited gaming permitted in Gilpin and Teller Counties and at tribal casinos.

Background

The gaming tax was first levied in 1991 when casino gambling became legal, through voter approval of Initiative 4, in the municipalities of Black Hawk, Central City, and Cripple Creek. The tax is levied on casinos' adjusted gross proceeds, defined as the amount of money collected from gamblers minus the amount paid to gamblers in winnings. Casinos on the Ute Mountain and Southern Ute Indian Reservations are not subject to the state gaming tax. Most gaming tax revenue is subject to the TABOR limit on state revenue and spending; however, in 2009, voters approved Amendment 50, which allows additional casino games, higher bet limits, and longer hours of operation. Gaming tax revenue attributed to Amendment 50 is not subject to the TABOR limit.

The gaming tax rates are set by the Colorado Limited Gaming Control Commission, a five-member regulatory body appointed by the Governor to oversee the Division of Gaming. The commission reviews tax rates annually and may raise or lower rates so long as they do not exceed 40 percent on casinos' adjusted gross proceeds. After administrative expenses are paid, gaming tax revenue attributable to Initiative 4 is deposited in the Limited Gaming Fund, and gaming tax revenue attributable to Amendment 50 is credited to the Extended Limited Gaming Fund. The Colorado Constitution requires that 12 percent of limited gaming revenue goes to gaming counties, 10 percent to gaming cities, and 28 percent to the State Historical Fund for preservation of historical sites in gaming cities and statewide. The remaining half of the Limited Gaming Fund, also called the "state share," is allocated to the General Fund and other state programs at the discretion of the General Assembly through the state statutes. Under current law, funds that receive state share include: the Colorado Travel and Tourism Promotion Fund (\$15.0 million); the Advanced Industries Acceleration Cash Fund (\$5.5 million); the Local Government Limited Gaming Impact Fund (\$5.0 million); the Innovative Higher Education Research Fund (\$2.1 million); the Creative Industries Cash Fund (\$2.0 million); the Colorado Office of Film, Television and Media Operational Account Cash Fund (\$0.5 million); and the remainder is credited to the General Fund.

The Department of Local Affairs uses the Local Government Limited Gaming Impact Fund to provide grants to eligible local governments through a competitive application process to finance planning, construction, and maintenance of public facilities, and the provision of public services related to documented gaming impacts.

State Transfers

Beginning in the current FY 2017-18, the bill will transfer the amounts shown in Table 2 from the General Fund to the Local Government Limited Gaming Impact Fund. This estimate is based on Legislative Council Staff's March 2018 forecast of the state share of gaming tax revenue. Direct and indirect costs for the Department of Local Affairs to administer the grant program are estimates only, based on current FY 2018-19 costs. Under the bill, these amounts will be transferred at the beginning of the fiscal year.

**Table 2
 State Transfers Under SB 18-191**

	FY 2016-17	FY 2017-18 <i>(current year)</i>	FY 2018-19	FY 2019-20
State Share	\$45,331,192	\$47,293,942	\$47,483,843	\$45,867,325
Growth Rate		4.3%	0.4%	(3.4%)
SB 18-191 Amount	\$5,000,000	\$5,216,490	\$5,237,436	\$5,237,436
Direct and Indirect Costs		-	\$200,000	\$200,000
General Fund		(\$216,490)	(\$437,436)	(\$437,436)
LG Limited Gaming Impact Fund		\$216,490	\$437,436	\$437,436

Source: Legislative Council Staff March 2018 Forecast.

Per a formula in current law, 2 percent of the increase will be credited to the Gambling Addiction Account from which the Department of Human Services awards grants for the provision of gambling addiction counseling, including prevention and education, to state residents.

Local Government Impact

The bill will generate additional revenue for local governments that apply for and receive grants from the Local Government Limited Gaming Impact Fund. In addition, the bill's expanded definition of gaming impacts will increase the ways these funds can be used.

Effective Date

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

State and Local Government Contacts

Governor	Higher Education	Human Services
Information Technology	Law	Local Affairs
Revenue		

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: leg.colorado.gov/fiscalnotes.