



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

HB 20-1400

# FISCAL NOTE

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<b>Drafting Number:</b>	LLS 20-1208	<b>Date:</b>	May 26, 2020
<b>Prime Sponsors:</b>	Rep. Esgar; McCluskie Sen. Zenzinger	<b>Bill Status:</b>	House Appropriations
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**Bill Topic:** **TEMPORARY CHANGE OF GAMING TAX REVENUE ALLOCATION**

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<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

**Budget package bill.** The bill temporarily modifies the allocation of gaming tax revenue between limited and extended limited gaming recipients. The bill modifies state expenditures beginning in FY 2020-21.

**Appropriation Summary:** No appropriation required.

**Fiscal Note Status:** This fiscal note reflects the introduced bill, which is recommended by the Joint Budget Committee as part of its FY 2020-21 budget balancing package.

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## Summary of Legislation

Under the bill, beginning in FY 2020-21 and continuing through the next year in which gaming tax revenue is at or above FY 2018-19 levels, any growth or decline in gaming revenues must be allocated between limited gaming and extended limited gaming recipients based on the relative percentages in which each group shared in the decrease in gaming tax distributions that occurred between FY 2018-19 and FY 2019-20.

The bill allows the Gaming Commission to adjust distributions as necessary to ensure that distributions comply with constitutional requirements.

## Background

**Distribution of gaming revenues.** Gaming revenues are distributed based on a formula in both the Colorado Constitution and state law. Limited gaming revenue, which was first approved by voters in 1990, is distributed as follows:

- 50 percent to the General Fund, which is further distributed to several programs specified in statute;
- 10 percent to gaming cities;
- 12 percent to gaming counties; and

- 28 percent to the State Historical Fund, of which 20 percent is allocated to gaming cities and 80 percent is allocated to History Colorado.

Amendment 50, approved by voters in 2008, extended hours, bets, and games allowed in Colorado casinos. Revenue from this extended limited gaming is distributed as follows:

- 78 percent to community colleges; and
- 22 percent to gaming cities and counties.

**State Expenditures**

The bill modifies how gaming revenue is allocated between limited gaming recipients and extended limited gaming recipients beginning in FY 2020-21 and continuing until gaming revenues return to FY 2018-19 levels. Total gaming revenue collected and expended will not change as a result of the bill.

Based on the Legislative Council Staff (LCS) May 2020 forecast, gaming revenue distributions are expected to decrease by about \$50.0 million from FY 2018-19 to FY 2019-20. Of this decrease, 93.5 percent impacts limited gaming distributions and 6.5 percent impacts extended limited gaming distributions. Table 1 shows the expected changes in gaming distributions under the bill for FY 2020-21 and FY 2021-22. The modified allocation applies in subsequent years until total gaming revenue reaches \$125.0 million, the amount collected in FY 2018-19. Actual distributions will be determined by the Division of Gaming in the Department of Revenue.

**Table 1**  
**Gaming Distributions Under HB 20-1400**  
**Legislative Council Staff Forecast**  
*(in millions)*

Distribution Type	FY 2020-21			FY 2021-22		
	Current Law	Under Bill	Change	Current Law	Under Bill	Change
<b>Limited Gaming</b>	<b><u>\$61.2</u></b>	<b><u>\$61.5</u></b>	<b><u>\$0.4</u></b>	<b><u>\$64.5</u></b>	<b><u>\$70.5</u></b>	<b><u>\$6.0</u></b>
General Fund	\$30.6	\$30.8	\$0.2	\$32.2	\$35.2	\$3.0
Gaming Communities	\$13.5	\$13.5	\$0.1	\$14.2	\$15.5	\$1.3
State Historical Fund	\$17.1	\$17.2	\$0.1	\$18.1	\$19.7	\$1.7
<b>Extended Limited Gaming</b>	<b><u>\$16.0</u></b>	<b><u>\$15.7</u></b>	<b><u>(\$0.4)</u></b>	<b><u>\$22.3</u></b>	<b><u>\$16.3</u></b>	<b><u>(\$6.0)</u></b>
Community Colleges	\$12.5	\$12.2	(\$0.3)	\$17.4	\$12.7	(\$4.7)
Gaming Communities	\$3.5	\$3.4	(\$0.1)	\$4.9	\$3.6	(\$1.3)
<b>Total</b>	<b><u>\$77.2</u></b>	<b><u>\$77.2</u></b>	<b><u>\$0.0</u></b>	<b><u>\$86.8</u></b>	<b><u>\$86.8</u></b>	<b><u>\$0.0</u></b>

\* Totals may not sum due to rounding.

The Joint Budget Committee based the Long Bill on the May 2020 forecast prepared by the Office of State Planning and Budgeting (OSPB). Table 2 compares the estimated changes under the OSPB and LCS forecasts for FY 2020-21. The LCS forecast estimates \$86.7 million in total tax revenue and the OSPB forecast estimates \$76.4 million for FY 2020-21, so the resulting distributions vary based on the amount of revenue forecast. Actual distributions will be determined by the Division of Gaming in the Department of Revenue.

**Table 2**  
**Gaming Distributions Under XB 20-1400 in FY 2020-21**  
**LCS vs OSPB Forecasts**  
*(in millions)*

Distribution Type	LCS Forecast		OSPB Forecast		Difference
	Allocation Under Bill	Change from Current Law	Allocation Under Bill	Change from Current Law	
<b>Limited Gaming</b>	<b><u>\$61.5</u></b>	<b><u>\$0.4</u></b>	<b><u>\$48.0</u></b>	<b><u>(\$5.0)</u></b>	<b><u>\$13.5</u></b>
General Fund	\$30.8	\$0.2	\$24.0	(\$2.5)	\$6.7
Gaming Communities	\$13.5	\$0.1	\$10.6	(\$1.1)	\$3.0
State Historical Fund	\$17.2	\$0.1	\$13.4	(\$1.4)	\$3.8
<b>Extended Limited Gaming</b>	<b><u>\$15.7</u></b>	<b><u>(\$0.4)</u></b>	<b><u>\$14.8</u></b>	<b><u>\$5.0</u></b>	<b><u>\$0.9</u></b>
Community Colleges	\$12.2	(\$0.3)	\$11.5	\$3.9	\$0.7
Gaming Communities	\$3.4	(\$0.1)	\$3.2	\$1.1	\$0.2
<b>Total</b>	<b><u>\$77.2</u></b>	<b><u>\$0</u></b>	<b><u>\$62.8</u></b>	<b><u>\$0</u></b>	<b><u>\$14.4</u></b>

\* Totals may not sum due to rounding.

**Local Government**

Changing the distribution of gaming revenues impacts the allocation to the gaming communities (Gilpin and Teller counties, cities of Black Hawk, Central City, and Cripple Creek) beginning in FY 2020-21 and continuing until gaming tax revenue reaches FY 2018-19 levels.

**Effective Date**

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

**State and Local Government Contacts**

Counties	Higher Education	Local Affairs
Municipalities	OEDIT	Revenue