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Fiscal Note

Drafting Number: LLS 24-0579 Date: March 20, 2024
Prime Sponsors: Rep. Ricks; Brown Bill Status: House State Affairs
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Bill Topic: BINGO-RAFFLE LICENSING SUNSET REVIEW

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

Sunset bill. This bill continues bingo-affle licensing through September 1, 2029, which is scheduled to repeal on September 1, 2024, and moves the regulatory functions of the program to the Department of Revenue. State fiscal impacts include both revenue and expenditures impacts from changes to the program under the bill, as well as partial continuation of the program's current revenue and expenditures.

Appropriation Summary: For FY 2024-25, the bill requires net appropriations of \$293,053 to multiple state agencies.

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

Table 1
State Fiscal Impacts Under HB 24- 1326^1

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Dept. of Revenue Cash Fund, Dept. of State Cash Fund, Total Revenue), Expenditures (Dept. of Revenue Cash Fund, Dept. of State Cash Fund, Centrally Appropriated, Total Expenditures, Total FTE), and Other Budget Impacts (TABOR Refund).

1 Table 1 shows the combined impacts of both extending the regulation of bingo and raffle and the shift in responsibilities under the program from the Department of State to the Department of Revenue. See Table 2 for more details of these impacts.

Summary of Legislation

Under current law, the bingo-raffle organizations are licensed by the Department of State (DOS). Beginning January 1, 2025 the bill moves the core regulatory functions of regulating bingo-raffle organizations to the Department of Revenue (DOR) and creates the Department of Revenue Cash Fund to support this function. The Department of State will continue to issue licenses to charitable organizations, as required by the Colorado Constitution. DOR may promulgate rules and assess fees in connection with its regulatory duties. These regulatory functions are continued for five years, until September 1, 2029.

Additionally, the bill repeals the Bingo-Raffle Advisory Board; increases the maximum fine an organization may pay for license violations; and prohibits the department from issuing a fine in lieu of suspending or revoking a license.

Background

The sunset review for the Bingo and Raffles Licensing and the Bingo-Raffle Advisory Board is available online [here](#).

Continuing Program Impacts

Currently, DOS has cash fund revenue of about \$850,000 per year and costs of about \$300,000 and 4.0 FTE to license and regulate bingo and raffle. Under the bill, about \$90,000 in revenue and expenditures and 1.0 FTE will continue in DOS to issue licenses to qualified charitable organizations. Because this is a constitutionally required function of DOS, this revenue and expenditure will continue for the program starting in FY 2024-25, with the total amount of continuing revenue subject to the state TABOR limit. A portion of the remaining costs in DOS will shift to DOR under the bill to regulate the operations of bingo and raffle licensees. This shift, as well as other changes in costs under the bill, are discussed in the State Revenue and State Expenditures sections below.

State Revenue

While the bill is not expected to have a net impact on state revenue, transferring these regulatory functions will decrease revenue to the DOS Cash Fund by an estimated \$760,000 per year and increase revenue to the new DOR Cash Fund by the same amount. Because the bill decreases state expenditures on net, DOR may reduce license fees so that its revenue reflects its expenditures in the long run. Due to variety of fees that support the program, the impact on specific license types cannot be estimated.

State Expenditures

On net, the bill increases state expenditures in FY 2024-25 by about \$300,000 and decreases state expenditures by about \$33,000 in FY 2025-26 and ongoing. These expenditures, which are paid from the Department of Revenue Cash Fund and the Department of State Cash Fund are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 24-1326**

	FY 2024-25	FY 2025-26
Department of Revenue		
Personal Services	\$74,457	\$136,927
Operating Expenses	\$1,408	\$2,560
Capital Outlay Costs	\$20,010	-
Vehicle Costs	\$6,930	\$6,930
Centrally Appropriated Costs ¹	\$19,763	\$36,078
FTE – Personal Services	1.1 FTE	2.0 FTE
DOR Subtotal	\$122,568	\$182,495
Department of State		
Personal Services	(\$55,782)	(\$163,675)
Operating Expenses	(\$1,280)	(\$1,920)
Capital Outlay Costs	\$6,670	-
Computer Programming	\$240,640	-
Centrally Appropriated Costs ¹	(\$16,810)	(\$50,085)
FTE – New Personal Services	0.5 FTE	-
FTE – Existing Personal Services	(1.5 FTE)	(3.0 FTE)
CDOS Subtotal	\$173,439	(\$215,680)
Total	\$296,006	(\$33,185)
Total FTE	0.1 FTE	(1.0 FTE)

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Revenue. The DOR requires staff to perform bingo-raffle licensing and regulatory activities.

- **Staff.** Beginning January 2025, the DOR requires 1.5 FTE compliance investigator and 0.5 FTE administrative assistant to manage licensing activities, complaints, investigations, inspections and audits. Standard operating and capital outlay costs are included for this staff.

- **Additional expenditures.** The DOR will also have costs related to computer programming, which will depend on the system capabilities and the memorandum of understanding between it and the Department of State. These costs have not yet been estimated.

Department of State. The DOS will have a one-time increase in expenditures to transfer program functions to the DOR, and an ongoing staff reduction beginning mid-FY 2024-25.

- **One-time staff and computer programming.** In FY 2024-25 only, the DOS requires a 0.5 FTE administrator to work with computer programmers to modify the filing system, update all bingo-raffle resources, oversee rulemaking, and create the memorandum of understanding with DOR. Computer programming costs are estimated to require 1,880 hours at \$128 per hour.
- **Staff reduction.** Currently, the bingo-raffle program is supported by 4.0 FTE. As discussed in the Continuing Program Impacts section above, only 1.0 FTE is required to perform the department's constitutional requirements. The reduction of the remaining 3.0 FTE equates to a reduction in expenditures of about \$215,000 per year, which is prorated for a half-year impact in FY 2024-25.
- **Bingo-Raffle Advisory Board repeal.** While board members are eligible for travel reimbursement, no regular compensation has been provided in recent years. No change in appropriations required.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

TABOR refunds. By continuing the bingo-raffle program, the bill is expected to continue the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2023 LCS revenue forecast. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires the following appropriations:

- \$102,805 from the Department of Revenue Cash Fund to the Department of Revenue and 1.1 FTE; and
- \$190,248 from the Department of State Cash Fund to the Department of State and a net reduction of 1.0 FTE.

Departmental Difference

The DOS has unmet staffing needs in other programs within its Business and Licensing Division, specifically in charity registrations and charitable solicitor licensing/enforcement, for which it assumes the displaced staffing from the enforcement side of the Bingo-Raffle Division will be reassigned at a cost of approximately \$215,000 per year including centrally appropriated costs. Fiscal note policy is to assess the direct impact of the bill and since affected bingo-raffle functions are no longer required by the bill, the fiscal note shows a corresponding decrease in staffing. The General Assembly, at its discretion, may choose to allow this staff to continue in DOS or otherwise appropriated additional resources for charity registrations and charitable solicitor licensing/enforcement, whether through this bill or through the annual budget process.

State and Local Government Contacts

Law	Personnel	Revenue
Secretary of State		

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](#).