

# HB24-1436: Retain Additional Sports Betting Tax Revenue

Placed on the ballot by the legislature • Passes with a majority vote

## 1 **HB24-1436, if approved, would:**

- 2 • allow the state to keep sports betting tax revenue above the amount previously  
3 approved by voters, and use this money for water projects, rather than refunding  
4 it to casinos and sports betting operators.

## 5 **What Your Vote Means**

### 6 **YES**

7 A “yes” vote on HB24-1436 allows the  
8 state to keep and spend more money for  
9 water projects when sports betting tax  
10 revenue is collected above the amount  
11 previously approved by voters.

### 12 **NO**

13 A “no” vote on HB24-1436 means the  
14 state will pay refunds to casinos and  
15 sports betting operators when sports  
16 betting tax revenue is greater than the  
17 amount previously approved by voters.

## 18 **Summary and Analysis of HB24-1436**

### 19 **Why is HB24-1436 on the ballot?**

20 In 2019, voters approved Proposition DD, which legalized sports betting in Colorado and  
21 authorized the state to collect up to \$29 million per year in tax revenue from sports betting.  
22 Currently, the state is required to refund any revenue collected above this amount. Instead,  
23 HB24-1436 proposes allowing the state to keep the additional revenue.

### 24 **How is sports betting currently taxed in Colorado?**

25 Sports betting is legal at casinos in Colorado’s three gaming towns and online through  
26 licensed sports betting operators. Sports betting is taxed at a rate of 10 percent of net sports  
27 betting proceeds, which is the amount kept by sports betting operators after paying winning  
28 bets and federal taxes. Table 1 shows a history and forecast of sports betting tax revenue  
29 and the amount expected to be collected over the \$29 million annual cap. Revenue is  
30 projected to exceed the cap in future years, which will require refunds to be paid to casinos  
31 and sports betting operators under current law. If HB24-1436 is passed, the amount  
32 collected over \$29 million annually will not be refunded and instead be spent on water  
33 projects.

**Table 1**  
**Colorado Sports Betting Tax Revenue**

Dollars in Millions

	<b>Budget Year 2022-23 (actual)</b>	<b>Budget Year 2023-24 (preliminary)</b>	<b>Budget Year 2024-25 (forecast)</b>	<b>Budget Year 2025-26 (forecast)</b>
Tax Revenue	\$25.6	\$__	\$30.2	\$31.5
Current Cap	\$29.0	\$29.0	\$29.0	\$29.0
<b>Revenue Above Cap</b>	<b>-</b>	<b>\$__</b>	<b>\$1.2</b>	<b>\$2.5</b>

Source: June 2024 Legislative Council Staff Forecast.

**How is sports betting tax revenue used to pay for water projects?**

Most sports betting tax revenue is used to fund water projects in Colorado, after paying administrative and other expenses each year. These projects are outlined in the Colorado Water Plan, which identifies goals and actions to address future statewide water needs.

Types of water projects that are eligible for funding include:

- water storage and supply, such as reservoirs and water storage in aquifers;
- conservation and land use, such as water conservation and drought planning activities;
- engagement and innovation, such as water education and outreach efforts;
- agricultural, such as technical assistance or water efficiency improvements; and
- environmental and recreation, such as watershed health or recreation projects.

More information about state-funded water projects can be found at the Colorado Water Plan website at <https://cwcw.colorado.gov/colorado-water-plan>.

For information on those issue committees that support or oppose the measures on the ballot at the November 5, 2024, election, go to the Colorado Secretary of State’s elections center web site hyperlink for ballot and initiative information:

<https://coloradosos.gov/pubs/elections/Initiatives/InitiativesHome.html>

**Argument For HB24-1436**

- 1) HB24-1436 allows the state to retain additional sports betting tax revenue already being collected under the current tax rate to support much needed water projects, rather than making refunds to casinos and sports betting operators. Water is scarce in Colorado, and demand will continue to increase as the state’s population grows. Colorado’s economy and way of life will suffer if the state cannot meet its water demands. Retaining all of the collected tax revenue from sports betting will strengthen financial support for water conservation and protection projects in Colorado.

1 **Argument Against HB24-1436**

- 2 1) Everyone uses water, yet only casinos and sports betting operators are being asked to  
3 pay more to support water projects that benefit the entire state. Casinos and sports  
4 betting operators already pay taxes at the level previously approved by voters and  
5 should not be asked to give up their refunds. When the state collects more revenue than  
6 voters approved, it should provide refunds rather than expand government programs.

7 **Fiscal Impact of HB24-1436**

- 8 The fiscal impact will be included in the second draft.