

HCR 22-1006: Changes to Charitable Gaming

Placed on the ballot by the legislature • Passes with 55 percent of the vote

1 **Amendment ? proposes amending the Colorado Constitution to:**

- 2 • reduce from five to three the minimum number of years a nonprofit
3 organization must be in operation in Colorado in order to apply for a
4 bingo-raffle license, and authorize the state legislature to establish a different
5 requirement beginning in 2025; and
- 6 • permit bingo-raffle workers to receive compensation, up to the minimum
7 wage, before repealing restrictions on compensation beginning July 1, 2024.

8 **What Your Vote Means**

YES

9 A “yes” vote on
10 Amendment ? reduces
11 from five to three the minimum number of
12 years a nonprofit organization must
13 operate in Colorado in order to apply for a
14 bingo-raffle license, and authorizes the
15 state legislature to establish a different
16 requirement beginning in 2025. In
17 addition, a “yes” vote allows bingo-raffle
18 workers to be paid. Wages are capped at
19 minimum wage through June 30, 2024.

NO

A “no” vote on Amendment ?
maintains the current
requirement that a nonprofit organization
must operate in Colorado for five years
prior to applying for a bingo-raffle license,
and that workers must be unpaid
volunteers.

Summary and Analysis for Amendment ?

1 What types of charitable gaming are currently allowed in Colorado?

2 In 1958, the Colorado Constitution was amended to permit the operation of games of
3 chance by certain nonprofit organizations. Typical games of chance include:

- 4 • bingo, in which each player has at least one card with a grid of letters and
5 numbers, and marks off the letter and number combinations called by the
6 bingo caller until one of the players completes the designated winning
7 pattern; and
- 8 • raffles, which involve tickets that have a unique number or other identifier
9 randomly drawn to reveal the prize winner, and include pull-tabs and pickles.

10 The proceeds of any game must be exclusively devoted to the purposes of the
11 nonprofit organization conducting the bingo or raffle. Bingo-raffle workers must be a
12 member of the organization, and may not be paid any wage.

13 The following types of nonprofit organizations can apply for a license if they have
14 been continuously operating in Colorado for at least five years: chartered branches,
15 lodges, and chapters of national or state organizations; religious, charitable, labor,
16 fraternal, educational, voluntary firefighters', or veterans' organizations; political
17 parties; and the Colorado State Fair Authority.

18 What does Amendment ? do?

19 The Colorado Constitution currently allows nonprofit organizations that have
20 operated in Colorado for five or more years to apply for a bingo-raffle license, and
21 prohibits them from paying bingo-raffle workers. Amendment ? decreases the
22 number of years, from five to three, that a nonprofit organization must continually
23 operate in Colorado before applying for a bingo-raffle license. After January 1, 2025,
24 the measure allows the state legislature to change the time period requirement,
25 effectively repealing the constitutional requirement. The requirement will remain
26 three years without legislative action.

27 The measure also permits members of the nonprofit organization managing or
28 operating charitable games to receive compensation. Wages are capped at the
29 minimum wage through June 30, 2024, after which workers may be paid any amount
30 agreed upon by the workers and nonprofit organization.

For information on those issue committees that support or oppose the measures on the ballot at the November 8, 2022, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:

<http://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

31 Argument For Amendment ?

- 32 1) Bingo-raffle games are important tools that nonprofit organizations use to
33 raise funds for their programs. Expanding licenses to nonprofit organizations
34 that have been in existence for a fewer number of years provides more

1 organizations with this fundraising opportunity. Allowing workers to be paid
2 makes it easier to recruit and retain workers, and may allow for greater
3 access to games and increased fundraising due to the ability to operate more
4 games more often.

5 **Argument Against Amendment ?**

6 1) Professionalizing bingo-raffle operations undermines their charitable
7 fundraising purpose. Paying workers increases overhead to operate games,
8 potentially reducing the amount of money nonprofit organizations are able to
9 raise and dedicate to their core mission. By removing the requirement that
10 workers be volunteers, and expanding the number of nonprofits that
11 participate, bingo-raffle games become similar to for-profit gambling.

12 **Fiscal Impact for Amendment ?**

13 **State revenue.** Amendment ? increases state cash fund revenue by about
14 \$19,000 in state budget year 2022-23, and by about \$22,000 in state budget
15 year 2023-24 from bingo-raffle license fees, based on an assumption that the
16 number of licensees will increase by 18 percent each year, and that all licensees
17 will pay the current fee of \$100.

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19 **State spending.** Amendment ? increases state cash fund spending by about
20 \$294,000 in state budget year 2022-23, and by about \$420,000 in state budget
21 year 2023-24. This spending is required to update program rules and materials,
22 process new license applications and game manager oaths, investigate
23 complaints, conduct inspections, and make changes to the bingo-raffle computer
24 system.