

Proposition JJ: Retain Additional Sports Betting Tax Revenue

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

1 **Proposition JJ, 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 Proposition JJ 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 Proposition JJ 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 Proposition JJ**

19 **Why is Proposition JJ 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 Proposition JJ proposes allowing the state to keep sports betting tax revenue above
23 \$29 million per year.

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
30 exceeded the cap in the most recent state budget year and is projected to exceed the cap in
31 future years. The state will refund revenue collected over the cap to casinos and sports
32 betting operators if Proposition JJ does not pass. If Proposition JJ passes, the amount
33 collected over \$29 million annually will not be refunded and instead be spent on water
34 projects.

1
2

Table 1
Colorado Sports Betting Tax Revenue

	Budget Year 2022-23 (actual)	Budget Year 2023-24 (preliminary)	Budget Year 2024-25 (forecast)	Budget Year 2025-26 (forecast)
Tax Revenue	\$25.6 million	\$29.9 million	\$30.2 million	\$31.5 million
Current Cap	\$29.0 million	\$29.0 million	\$29.0 million	\$29.0 million
Revenue Above Cap	-	\$0.9 million	\$1.2 million	\$2.5 million

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

4 Most sports betting tax revenue is used to fund water projects in Colorado, after paying
5 administrative and other expenses each year. These types of projects are outlined in the
6 Colorado Water Plan, which identifies goals and actions to address future statewide water
7 needs. Types of water projects that are eligible for funding include:

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

13 More information about state-funded water projects can be found at the Colorado Water
14 Plan website at <https://cwcb.colorado.gov/colorado-water-plan>. Of the \$87 million allocated
15 for Colorado Water Plan grants between state budget years 2017-18 and 2024-25, about
16 \$43 million has come from sports betting tax revenue.

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>

17

1 **Argument For Proposition JJ**

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

9 **Argument Against Proposition JJ**

10 1) Proposition JJ is effectively a tax increase because it eliminates sports betting tax refunds
11 that the state would otherwise be required to pay. When the state collects more revenue
12 than voters approved, it should provide refunds rather than expand a government
13 program. State water projects already receive the full amount of money approved with
14 Proposition DD. If the state refers a ballot question with a limited amount of new taxes, it
15 should stay within that limit.

16 **Fiscal Impact of Proposition JJ**

17 **Taxpayer impacts.** Under Proposition JJ, all sports betting tax revenue that the state collects
18 will be retained, including any money collected above the current cap of \$29.0 million per
19 year. Retaining this revenue is expected to eliminate refunds to casinos and licensed sports
20 betting operators of \$0.9 million in state budget year 2023-24, \$1.2 million in state budget
21 year 2024-25, \$2.5 million in state budget year 2025-26, and increasing amounts in future
22 years that would otherwise be required to be refunded back to casinos and licensed sports
23 betting operators.

24 **State transfers and spending.** By retaining all sports betting tax revenue, Proposition JJ will
25 result in additional transfers from sports betting cash funds to the Colorado Water Plan
26 Implementation Cash Fund, making these funds available for the Colorado Water Plan.
27 Transfers occur in the year after revenue is collected and are estimated at \$0.9 million in
28 state budget year 2024-25, \$1.2 million in state budget year 2025-26, \$2.5 million in state
29 budget year 2026-27, and increasing amounts in future years. This money will be spent on
30 water projects, as allocated by the state legislature and the Colorado Water Conservation
31 Board.

Proposition JJ: Retain Additional Sports Betting Tax Revenue

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

1 **Proposition JJ, 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 Proposition JJ 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 Proposition JJ 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 Proposition JJ**

19 **Why is Proposition JJ 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 Proposition JJ proposes allowing the state to keep sports betting tax revenue above
23 \$29 million per year.

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
30 exceeded the cap in the most recent state budget year and is projected to exceed the cap in
31 future years. The state will refund revenue collected over the cap to casinos and sports
32 betting operators if Proposition JJ does not pass. If Proposition JJ passes, the amount
33 collected over \$29 million annually will not be refunded and instead be spent on water
34 projects.

1
2

Table 1
Colorado Sports Betting Tax Revenue

	Budget Year 2022-23 (actual)	Budget Year 2023-24 (preliminary)	Budget Year 2024-25 (forecast)	Budget Year 2025-26 (forecast)
Tax Revenue	\$25.6 million	\$29.9 million	\$30.2 million	\$31.5 million
Current Cap	\$29.0 million	\$29.0 million	\$29.0 million	\$29.0 million
Revenue Above Cap	-	\$0.9 million	\$1.2 million	\$2.5 million

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

4 Most sports betting tax revenue is used to fund water projects in Colorado, after paying
5 administrative and other expenses each year. These types of projects are outlined in the
6 Colorado Water Plan, which identifies goals and actions to address future statewide water
7 needs. Types of water projects that are eligible for funding include:

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

13 More information about state-funded water projects can be found at the Colorado Water
14 Plan website at <https://cwcb.colorado.gov/colorado-water-plan>. Of the \$87 million allocated
15 for Colorado Water Plan grants between state budget years 2017-18 and 2024-25, about
16 \$43 million has come from sports betting tax revenue.

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>

17

Argument For Proposition JJ

- 1) Proposition JJ 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.

Argument Against Proposition JJ

- 1) Proposition JJ is effectively a tax increase because it eliminates sports betting tax refunds that the state would otherwise be required to pay. When the state collects more revenue than voters approved, it should provide refunds rather than expand a government program. State water projects already receive the full amount of money approved with Proposition DD. If the state refers a ballot question with a limited amount of new taxes, it should stay within that limit.

Fiscal Impact of Proposition JJ

Taxpayer impacts. Under Proposition JJ, all sports betting tax revenue that the state collects will be retained, including any money collected above the current cap of \$29.0 million per year. Retaining this revenue is expected to eliminate refunds to casinos and licensed sports betting operators of \$0.9 million in state budget year 2023-24, \$1.2 million in state budget year 2024-25, \$2.5 million in state budget year 2025-26, and increasing amounts in future years that would otherwise be required to be refunded back to casinos and licensed sports betting operators.

State transfers and spending. By retaining all sports betting tax revenue, Proposition JJ will result in additional transfers from sports betting cash funds to the Colorado Water Plan Implementation Cash Fund, making these funds available for the Colorado Water Plan. Transfers occur in the year after revenue is collected and are estimated at \$0.9 million in state budget year 2024-25, \$1.2 million in state budget year 2025-26, \$2.5 million in state budget year 2026-27, and increasing amounts in future years. This money will be spent on water projects, as allocated by the state legislature and the Colorado Water Conservation Board.

Last Draft Comments from Interested Parties

Proposition JJ Retain Additional Sports Betting Tax Revenue

Dick Brown, representing himself:

Good morning - I do not have any comments or suggestions for the draft.

Proposition JJ
Retain Additional Sports Betting Tax Revenue
Contact List

Interested Party	Organization Name	Email Address
COLE ANDERSON	Common Sense Institute	cole@csinstitute.org
Joshua Barnett		eoval75@gmail.com
Michael Beasley	5280 Strategies	mike@5280strategies.com
Kaitlin Begin	Colorado House Majority Office	kaitlin.begin.house@gmail.com
Cameron Bellamy	Department of Natural Resources	cameron.bellamy@state.co.us
Rachel Bender	Colorado Municipal League	rbender@cml.org
Gayle Berry	G Berry Corp	gayle@gberrycorp.com
Angie Binder		angiebinder@msn.com
Richard Brown	Richard G Brown Enterprises Inc	dickscuba@gmail.com
Chris Brown	Common Sense Institute	chris@csinstitute.org
Gary and Annette Budd		annettelbudd@gmail.com
Jim Carpenter	Commission on Judicial Discipline	jimcarpenter.colorado@gmail.com
Bronwen Cartwright		bronwen.cartwright.house@gmail.com
NATALIE CASTLE		natalie.castle@coleg.gov
Marc Catlin		marc.catlin.house@coleg.gov
Sarah Chapa	Colorado Water Conservation Board	sarah.chapa@state.co.us
Megan Cloherty	KOAA News 5	megan.cloherty@koa.com
Will Coyne	Headwaters Strategies	will@headwatersstrategies.com
Megan Davisson	Cornerstone Government Affairs	mdavisson@cgagroup.com
Mallory Feeney	House Dems	mallory.feeney.house@gmail.com
Logan Fry	Brownstein Hyatt Farber Schreck	lfry@bhfs.com
Cory Gaines	CTG	corytgaines@gmail.com
Erik Gamm	Common Sense Institute	erik@csinstitute.org
Erin Griffiths	State of Colorado Division of Gaming	erin.griffiths@state.co.us
Mark Grueskin	Recht Kornfeld	mark@rklawpc.com
Kathryn Hallahan		kthhllhn@gmail.com
kimberly hanson		kimberlyjane1603@gmail.com
Elizabeth Haskell	Colorado Municipal League	ehaskell@cml.org
Kiera Hatton	Cobalt	kiera@cobaltadvocates.org
BallotAccount HCR24-1436		sportsbetting2024@coleg.gov
Taylor Hickerson		taylor.j.hickerson@gmail.com
Allen Hiserodt	Colorado Division of Gaming	allen.hiserodt@state.co.us
Brian Jackson	EDFACTION	bjackson@edfaction.org
Alex Jordan	Larimer County Government	jordanac@co.larimer.co.us
Suzanne Keim		suzanne.keim@coleg.gov
Kelli Kelty		kkelty@politicalworks.net
Alison Killen	OLLS	alison.killen@coleg.gov

Proposition JJ
Retain Additional Sports Betting Tax Revenue

Contact List (Cont.)

Interested Party	Organization Name	Email Address
Cathy Kipp	Colorado House of Representatives	cathykipp52@gmail.com
Rebecca Kisner	House Majority	rebecca.kisner.house@gmail.com
Scott Koehler		scott.koehler@state.co.us
Katie Kolupke	LCS	katie.kolupke@coleg.gov
Andrea Kuwik		kuwik@bellpolicy.org
Deborah Lively	LeadingAge Colorado	deborah@leadingagecolorado.org
Elizabeth Lo	Husch Blackwell Strategies	elizabethl@hbstrategies.us
Meghan MacKillop	Nexus Policy Group	meghan@nexuspolicygroup.com
Joshua Mantell	The Bell Policy Center	mantell@bellpolicy.org
Tony Massaro	Business for Water Stewardship	tony@businessforwater.org
Rich Mauro	Denver Regional Council of Governments	rmpeoplespalate@gmail.com
Julie McCluskie	CO House of Reps	repmcluskie@gmail.com
N Menten	self on some issues (also a board director for the Taxpayer's Bill of Rights Foundation)	coloradoengaged@gmail.com
Sarah Mercer	Brownstein	smercer@bhfs.com
Gary Evan Miller	Citizen of Colorado	GaryEvanMiller@msn.com
Meredith Moon	Institute of Evidence-based Policymaking	meredith.moon@evidence-based.org
Kurt Morrison	Office of the Attorney General	kurtis.morrison@coag.gov
Maud Naroll	League of Women Voters of Colorado Legislative Action Committee	maudlww@gmail.com
chae park		chae@slpublicaffairs.com
Gaspar Perricone	Freestone Strategies	gaspar.perricone@gmail.com
Catherine Perrone	League of Women Voters	lwvcovote411@gmail.com
Carl Plant	CO House Dems	carl.plant.house@gmail.com
Frances Rinard	Splash 2.0/Na/wab3 blackchane Facebook mata	rinardfrances@yahoo.com
Chaer Robert	Colorado Center on Law and Policy	crobert@copolicy.org
Dylan Roberts		senatordylanroberts@gmail.com
Alec Romero		alec@capitolsuccess.com
Bennett Rutledge	Colorado by Consent of the Governed	rutledges@peoplepc.com
Su Ryden	AAUW--American Association of University Women of Colorado	suryden25@gmail.com
Stacy Sager	Temu	stacysager80@gmail.com
Feliz Sanchez Garcia	CO House Dems	feliz.sanchezgarcia.house@gmail.com
Paula Sarlls	Paula Sarlls	paulasarlls@comcast.net

Proposition JJ
Retain Additional Sports Betting Tax Revenue
Contact List (Cont.)

Interested Party	Organization Name	Email Address
Caitlin Schneider		schneider@coloradofiscal.org
David Schultheis	Self	dave@schultheisforcolorado.com
Veronica Shotts	CDOR	veronica.shotts@state.co.us
Cleave Simpson		cleave.simpson.senate@coleg.gov
Erin Spaur	CCA	erin@coloradocattle.org
Danielle Sterle		danielle.sterle@mesacounty.us
Brett Stewart	City of Loveland	brett.stewart@cityofloveland.org
David Stiver	Team Strategy Inc.	team@teamstrategy.org
Chris Treese		ctreesecolo@gmail.com
Mia Tsuchimoto	Colorado Division of Gaming	mia.tsuchimoto@state.co.us
Mayra Valdez	Siegel Long Public Affairs	mayra@slpublicaffairs.com
Anne Wallace		anne.wallace@denvergov.org
Carol Ward	Self	cjward_11@comcast.net
Brandon Wark		brandon.wark@gmail.com
Scott Wasserman		sjwasserman1@gmail.com
Kate Watkins	Bright Fox Analytics	kate@brightfoxanalytics.com
Geoff Withers	League of Women Voters Colorado	geoff@gwithers.com
		keyonnavolunteerautism@yahoo.com
		dmvanewsletter@gmail.com
		Jake@i2i.org
Ken		ken@dreamofgolf.com

Proposition JJ
Retain Additional Sports Betting Tax Revenue

1 **Question:**

2 Without raising taxes, may the state keep and spend all sports betting tax revenue above voter-approved limits
3 to fund water conservation and protection projects instead of refunding revenue to casinos?