



To: CML Executive Board
From: Meghan Dollar, Legislative & Policy Advocate
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Date: June 11, 2019
Subject: Recommendation to support Proposition DD, Voter Approval to Tax Sports Betting Revenue

Summary

During the 2019 legislative session, CML supported HB 19-1327. HB 1327 authorizes sports betting within the existing framework and regulatory scheme for limited gaming in Colorado. It authorizes sports betting with master licenses held only by those entities licensed to conduct limited gaming within the three host cities, and requires local voter approval in the three host cities. The licensees in the three host cities may contract with online sports betting entities. This regulatory mechanism mirrors past voter intent for limited gaming. HB 1327 also refers to the voters in November a single ballot question – Proposition DD – that, if passed, would tax future proceeds from sports betting and allocates the revenue to the Colorado State Water Plan and exempt the tax revenue from the state’s TABOR limit.

Should Proposition DD pass, the revenue generated from sports betting will be allocated as follows. First, the funds will go to the repayment of General Fund moneys provided for startup costs for the Division of Gaming. Second, the revenue will fund ongoing Division of Gaming administrative expenses for sports betting. Third, six percent of the full fiscal year sports betting tax revenue will be transferred to the Hold Harmless Fund. The Hold Harmless Fund will be distributed per the current limited gaming formula. The three gaming towns will receive a portion. Fourth, \$130,000 will be allocated for the prevention, education, and treatment of gambling addiction. Finally, the remaining portion of the revenue will be transferred to a cash fund for State Water Plan implementation. Grants made from the cash fund will go to projects that focus on water storage, supply, water conservation, land use, agriculture, the environment and recreational uses which all provide a municipal benefit. Staff recommends support for the question.

Staff Recommended Motion

Because the regulatory mechanism follows the intent of the voters regarding limited gaming in Colorado, and the revenue goes to the Colorado State Water Plan which will have a direct municipal impact, the Colorado Municipal League does now support Proposition DD. The League is authorized to make cash and other contributions from private source revenues to an appropriate issue committee provided such contributions are expended from the special fund maintained by the League for such purposes. Such contributions shall not exceed private source revenues available to the League. The League is also authorized to make expenditures of staff time and other resources in the regular course and scope of the League’s work informing its membership and others.