

**TOPIC: HEARING ON PROPOSED BALLOT MEASURE: INITIATIVE TO EXPAND LIMITED GAMING AND DIRECT MOST NEW REVENUE TO COMMUNITY COLLEGES**

**PREPARED BY: DAVID SKAGGS**

**I. BACKGROUND**

Colorado statute (C. R. S. 1-40-106) provides for proposed initiated amendments to the Constitution or statutes to be submitted for review by the so-called Title Board prior to petitions being circulated for sufficient valid signatures to be certified to the ballot. At its May meeting, the Commission decided it would be useful to have a public hearing at its June 5 meeting to receive comments about proposed initiated measures that would have a significant impact on public institutions of higher education. The information received at the hearings may be considered by the Commission in determining whether or not to take a position on either proposed measure, either in support or opposition.

**II. SUMMARY**

Two different proposals for initiatives to amend the Constitution's provisions regarding limited gaming have been filed, numbered 121 and 122. Each provides for subsequent local elections in the cities where gaming is allowed (Central City, Black Hawk and Cripple Creek) that could approve extended hours of operation, new games (adding roulette or craps or both) and higher bet limits (up to \$100). Each initiative would allocate net new revenues in the same way: 78% to community colleges and local district colleges in proportion to their FTE enrollment the previous year; and 22% to the county and city governments affected by gaming. The differences in the two proposals relate to the basis for calculation of the annual adjustments in revenues to be distributed to existing beneficiaries (state and local governments and the state historical fund), whether (122) a simple inflation adjustment or (121) an adjustment that is the lesser of 6% or the actual growth in revenues due to enactment of the change in gaming limits.

The titles for these measures have reportedly been approved by the Title Board on May 21 but have not yet been posted on the Secretary of State's website

The text of the proposed initiative 122, with statutory changes set out in full, is at Attachment A.

**III. STAFF ANALYSIS**

The uncertainties that attend each of these gaming proposals make it impossible to forecast what the net proceeds and new revenues to community colleges and local district colleges might be. Both proposals depend on a two-stage election process of, first, approval by the state's voters in November and, if so approved, at subsequent separate elections in the three cities where gaming

is allowed. Each city might then approve various combinations of possible expansions of gaming. All this makes any estimate of new revenues that might accrue difficult.

Some proponents of the measures have suggested that, if approved and fully implemented by all the jurisdictions involved, the expansion of gaming might result in as much as \$100 million in net new revenue, with \$78 million of that flowing to community colleges and local district colleges. Economists on the Legislative Council staff estimate that the increase in bet limits alone could produce \$28.6 million in new state revenue, or about \$22.3 million for community and local district colleges. Either estimate represents a substantial boost the financial health and educational capacity of these schools. As a point of reference, the Colorado Community College System will receive \$142.3 million in state support in FY08-09, and the local district colleges, \$15.9 million.

Opponents of the measures cite concerns that increased gaming in the three cities: (1) will diminish participation in the state lottery and so negatively affect entities that benefit from lottery proceeds; (2) will increase individual behavioral, societal and criminal problems associated with gambling; and (3) will cause moral decline in the state.