



## **COLORADO HORSE COUNCIL, INC**

*Protecting the Colorado Horse Industry Through Legislation and Education*

### **Amendment 68 Q & A Summary from CHC's Legislative & Regulatory Committee** **Meeting Sept. 23, 2014:**

**Presentation:** Amendment 68 is the result of a citizens' ballot initiative to expand limited gaming at live horse racetracks. The measure is promoted as good policy because it brings in a new revenue source to provide direct funding for K-12 schools in Colorado without raising taxes and while also creating jobs and growing the economies of surrounding communities. Revenues would be TABOR exempt and go directly to the State Treasurer to be distributed to each school district on a per-pupil enrollment basis without limitations or caps.

#### **Discussion:**

- 1. Why do Coloradans need another amendment to the State's constitution?** Coloradans have historically exercised direct control on gaming issues, including for the legalization of casinos and lotteries, via the constitution.
- 2. Why is Amendment 68 good for Colorado?** In addition to providing direct funding for schools, it will support Colorado's agricultural heritage, create jobs (both for the initial new construction and then permanent direct and indirect jobs), support animal husbandry, promote economic growth, and encourage tourism.
- 3. Why is Amendment 68 good for the horse industry?** It will allow for a larger circuit by creating additional racing venues (one each to Mesa and Pueblo counties), more race days, and bigger purses while attracting the best horses to race in Colorado along with the requisite goods and services needed to support them.
- 4. How is the anticipated \$114.5 million revenue increase for the first fiscal year calculated?** This amount is based on an independent study provided by Arapahoe Park and verified by the Legislative Council, an arm of the Colorado State Legislature.
- 5. How does the \$114.5 million in revenues compare to those generated by the casinos and lotteries currently operating in Colorado?** In 2013, approximately \$104.26 million in gambling revenue and \$135.7 million in lottery proceeds were generated and allocated to local communities, historic preservation, community colleges, tourism promotion, conservation, Parks and Wildlife, public school construction, and the general fund. All of the Amendment 68 revenues will go directly towards K-12 exclusively.
- 6. Will the revenues earned by Amendment 68 compete with those earned by the casinos and state lottery?** There may be competition for revenues, and there may be growth in gaming participation. No one can definitively predict that this is a finite revenue source or how people will decide to spend their entertainment dollars in the future. Thus, it's in every venue's best interest to stay competitive to attract customers.
- 7. Why should money be raised for K-12 education through gambling, rather than traditional increased taxes on individuals?** Coloradans have traditionally been willing to fund important state programs by designating the proceeds from legal vices for good causes including the allocation of monies from the lottery to open space, mountain casino revenues to historical preservation, and retail marijuana earnings to school construction. The fact is that voters have been disinclined to tax themselves to improve school funding. This Amendment does not tax individual voters, and it helps to fill a void.
- 8. How will Pueblo and Mesa counties benefit?** If the two counties open racetracks, Pueblo County's strong agricultural ties will be benefited by the economic diversity offered by expanding horseracing, and Mesa County will be able to draw from tourists traveling to/from Vegas as well as those visiting from nearby Utah.

- 9. What about the argument that Amendment 68 will primarily benefit a single company in Rhode Island?** Amendment 68 will benefit far more than the company who is proposed to build at the race track. It also has the potential to boost local economies with wages from newly created jobs and, in turn, increased spending on goods and services in local communities. Moreover, the opponents' argument is hypocritical because a majority of the existing large casinos in Colorado are already owned by out-of-state companies.
- 10. Will the gambling market become saturated?** Amendment 68 would limit the expanded gaming to no more than three horse racetracks with permits limited to one Class B horse racetrack (which requires 30 or more live race days each year) in each of three Colorado counties – Arapahoe, Mesa, and Pueblo.
- 11. What percentage of a horse racetrack's gross proceeds will go towards K-12 education?** By mandate, the State Treasurer will receive a flat tax of 34% which will go directly to the K-12 Education Fund. This is substantially greater than the tax revenues from existing gaming operations, which are never taxed at more than 20%.
- 12. Will there be any restrictions on how the school districts use their funds?** No. Each school can use their monies to improve the education of their children according to their local needs.
- 13. Will there be any caps on the amount of monies received by the schools?** No. In addition, these monies will provide educational benefits that the school districts would otherwise have had to request from local tax payers.
- 14. Who will monitor the K-12 Education Fund?** The Colorado State Auditor will conduct financial audits of the fund at least annually and submit a report to the Legislative Audit Committee.
- 15. Why must a horse racetrack be in continual operation for at least five years before applying for a license to conduct limited gaming?** The five-year requirement affirms that limited gaming is permissible only where wagering has already occurred, and it ensures a connection between horse racing and limited gaming.
- 16. Why must a horse racetrack make a \$25 million single payment deposit within the first 30 days of operating with limited gaming?** To maximize immediate revenues for K-12 education in exchange for the privilege of having expanded limited gaming at horse racetracks.
- 17. What about the cost burdens incurred by the host communities?** There is no doubt that there will be increased administrative and land use needs in the surrounding areas. The host community may impose a one-time initial impact fee as well as continued annual impact fees to be negotiated with the horse racetrack. These fees would self-pay the costs incurred by the local municipalities without cutting existing services from other programs.
- 18. Will the host communities retain local control?** Yes. While cities and counties often waive fees and create entitlements during negotiations with developers for the benefit of their citizens, the host communities will retain their land use authority and are empowered to cover their initial development costs as well as ongoing costs of services such as for road maintenance, fire, and police protection.
- 19. Are there any caps on the amount of or time limits on the fees collected by the host communities?** No. The host community is empowered to meet their needs for as long as the horse racetrack is in operation.
- 20. Has the expansion of limited gaming at horse racetracks been successful in other states?** Yes. Twelve other states have added some form of additional gaming at their racetracks. Adding Colorado to this circuit will make Colorado competitive in this lucrative market.
- 21. Has the expansion of limited gaming at horse racetracks in other states negatively impacted their existing gaming operations?** No. The best example is in New Mexico where the State recently approved slot machine gaming at five racetrack locations. The expansion is working well and has strengthened the horse industry as well as balanced the gaming marketplace with the existing Native American casinos.

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