

# Amendment C: Conduct of Charitable Gaming

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

- 2       • reduce the number of years a nonprofit organization must operate in Colorado to  
3       apply for a bingo-raffle license from five to three; and  
4       • ease compensation and organization membership restrictions for bingo-raffle  
5       workers.

6 **What Your Vote Means**

**YES**

A “yes” vote on Amendment C allows nonprofit organizations operating in Colorado for three years to apply for a bingo-raffle license, permits these games to be conducted by workers who are not members of the organization, and allows workers to receive compensation up to minimum wage.

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**NO**

A “no” vote on Amendment C maintains the current requirements that nonprofit organizations must operate in Colorado for five years prior to applying for a bingo-raffle license, and that workers must be unpaid volunteers who are members of the nonprofit organization.

# Legislative Council Draft

## 1 **Summary and Analysis for Amendment C**

### 2 **What does Amendment C do?**

3 The Colorado Constitution currently prohibits nonprofit organizations from paying  
4 bingo-raffle workers and prohibits anyone who is not a member of the nonprofit from  
5 participating in the management or operation of a game. Amendment C makes the  
6 following changes to these provisions. The measure:

- 7 • decreases the number of years that a nonprofit organization must operate in  
8 Colorado to apply for a bingo-raffle license from five to three and permits the  
9 legislature to further modify this requirement after January 1, 2024;
- 10 • eliminates the requirement that bingo-raffle workers be members of the nonprofit  
11 organization; and
- 12 • permits workers to receive compensation up to the minimum wage.

### 13 **What types of charitable gaming are currently allowed in Colorado?**

14 In 1958, the Colorado Constitution was amended to permit the operation of games of  
15 chance, such as bingo and raffles, by certain nonprofit organizations. Typical games  
16 of chance include:

- 17 • bingo, in which each player has at least one card with a grid of letters and  
18 numbers and marks off the letter and number combinations called by the bingo  
19 caller until one of the players completes the designated winning pattern; and
- 20 • raffles, which are tickets that have a unique number or other identifier randomly  
21 drawn to reveal the prize winner. Pull-tabs and pickles are considered a type of  
22 raffle.

23 Bingo and raffle games are managed and conducted by nonprofit organizations. The  
24 proceeds of any game must be exclusively devoted to the purposes of the nonprofit  
25 organization conducting the bingo or raffle. Organizations may not pay bingo-raffle  
26 workers any wage.

### 27 **What organizations can currently conduct bingo and raffle games?**

28 Only nonprofit organizations that have operated continuously in Colorado for five or  
29 more years can be licensed to conduct bingo or raffle games. The following types of  
30 nonprofit organizations can apply for a license: chartered branches, lodges, and  
31 chapters of national or state organizations; religious, charitable, labor, fraternal,  
32 educational, voluntary firefighters', or veterans' organizations; political parties; and  
33 the Colorado State Fair Authority.

For information on those issue committees that support or oppose the measures on the ballot at the November 3, 2020, 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>

# Legislative Council Draft

## 1 **Argument For Amendment C**

- 2 1) Bingo-affle games are an opportunity for nonprofit organizations to raise funds  
3 for their programs. Allowing nonprofit organizations to compensate workers  
4 reduces the burden on nonprofits to provide volunteers to operate the games.  
5 Expanding licenses to newer nonprofit organizations removes a barrier and  
6 provides them with additional fundraising opportunities. By increasing access to  
7 bingo-affle fundraising, this measure may help increase funding for nonprofit  
8 organizations.

## 9 **Argument Against Amendment C**

- 10 1) Professionalizing bingo-affle operations undermines their charitable fundraising  
11 purpose. Paying workers increases overhead to operate games, potentially  
12 reducing the amount of money nonprofit organizations are able to raise and  
13 dedicate to their core mission. By removing the requirement that workers be  
14 volunteers and expanding the number of nonprofits that participate, bingo-affle  
15 games become more like for-profit gambling than charitable fundraising.

## 16 **Estimate of Fiscal Impact for Amendment C**

17 **State revenue.** Beginning in state budget year 2020-21, Amendment C will increase  
18 state revenue by about \$5,000 per year as a result of additional application and  
19 renewal fees for bingo-affle licenses, based on an assumption of approximately 50  
20 new applicants paying the current fee of \$100. The measure may also increase  
21 state revenue from the administrative fee assessed on the charitable gaming  
22 proceeds received by bingo-affle license holders.

23 **State spending.** Amendment C increases state spending by about \$83,000 in state  
24 budget year 2020-21, and by about \$37,500 per state budget year in future years.  
25 This spending is required to process additional bingo-affle licenses, conduct  
26 additional compliance investigations, and make changes to the computer system and  
27 reporting tools used for bingo-affle licensing.

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# Last Draft as Mailed to Interested Parties

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3 The Colorado Constitution currently prohibits bingo-raffle workers from receiving any  
4 compensation and prohibits anyone who is not a member of the nonprofit from  
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6 following changes to these provisions. The measure:

- 7 • decreases the number of years that a nonprofit organization must exist to apply  
8 for a bingo-raffle license from five to three and permits the legislature to further  
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11 organization; and
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13 minimum wage.

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25 reporting tools used for bingo-affle licensing.

# Last Draft Comments from Interested Parties

## Amendment C Conduct of Charitable Gaming

**Shannon Bee, representing the Colorado Secretary of State's Office:**

All,

We have received the 2<sup>nd</sup> draft of the Analysis for HCR 20-1001. We have two specific areas for changes. Again, please feel free to contact me with any questions or concerns.

Regarding the section "What does Amendment C do" Line 12 and 13:

- permits workers to receive compensation, such as meals or payment, up to the minimum wage.

This implies that currently the law disallows the purchase of meals for volunteers. However, currently both the Statutes and Rules allow for meals. Per CRS 24-21-617(6):

6) Food offered in the course of a volunteer duty shift and consumed on the premises where the game of chance is being conducted is not remuneration if the retail value of the food offered does not exceed the maximum amount per volunteer set by rule.

And Rule 1.15.2

1.15.2"Remuneration" does not include food offered to volunteers in accordance with section 24-21-617(6), C.R.S., when the retail value of the food does not exceed \$10.00 per volunteer-duty shift.

Could we potentially just remove the section about meals just leaving it as:

- permits workers to receive compensation, such as payment, up to the minimum wage.

Second, on line 22 of this same page it states:

- raffles, which are tickets that have a unique number or other identifier randomly drawn to reveal the prize winner. Pull-tabs and pickles are considered raffles.

Can we just clarify that pull-tabs are considered raffles by definition, but a special type of raffle with their own statutory provisions and rules outside regular raffles. Maybe just amend this to say:

- raffles, which are tickets that have a unique number or other identifier randomly drawn to reveal the prize winner. Pull-tabs and pickles are considered *a type of raffles with their own regulations and rules.*

# Last Draft Comments from Interested Parties

## **Matthew Hess, representing the Libertarian Party of Colorado:**

I believe the analysis should mention that the compensation will not be allowed to exceed the minimum wage. This detail may have a significant impact on how people perceive this legislation.

(c) No person may receive any remuneration or profit IN EXCESS OF THE APPLICABLE MINIMUM WAGE for participating in the management or operation of any such game

"A "yes" vote on Amendment C allows nonprofit organizations operating in Colorado for three years to apply for a bingo-raffle license, permits these games to be conducted by workers who are not members of the organization, and allows managers and operators to receive no more than the minimum wage in compensation."

## **Corky Kyle, representing the Colorado Charitable Bingo Association:**

Comments are included as Attachment A.



**Colorado Charitable Bingo Association Review and Recommendations  
HCR 20-1001 Conduct of Charitable Gaming  
August 14, 2020**

The Colorado Charitable Bingo Association has reviewed the 2nd draft of the “Conduct of Charitable Gaming” and would like to recommend the following changes to the draft. Underlined word(s) or sentences indicate new language.

Page 1:

Line 6,

“What Your Vote Means”, A “yes” vote on Amendment C allows nonprofit organizations in operating in Colorado for three years to apply for a bingo-raffle license, permits these games to be conducted by workers who may not be members of the organization, and at the option of the nonprofit, compensate workers at the minimum wage rate allowable by the state.

Page 2:

Lines 15-16

“What types of charitable gaming are currently allowed in Colorado?”

In 1958, the Colorado Constitution was amended to permit the operation of games of chance, such as bingo and raffles, by licensed nonprofit organizations. Typical games of chance include:

Page 2:

After line 22 add bullet point:

- “Bingo and raffle games are managed and conducted by nonprofit organizations. Nonprofit organizations may not pay bingo-raffle workers any wage.”

Page 3:

After line 8 add (2) and (3)

“Argument for Amendment C”

“2) This change to the constitution would not increase taxes paid by Colorado taxpayers. Any increased state expenditures resulting from increased bingo-raffle licensees will be offset by increased quarterly administrative and license fees paid to the state by new and existing licensees and more profitable existing licensees.

“3) Bingo-raffle games are an avenue for nonprofit organizations to raise funds for their programs. Permitting bingo-raffle licensees a choice to pay workers up to the minimum wage rate, reduces the burden on nonprofits to provide volunteers to operate the games. Expanding licenses to more nonprofit organizations provides them with additional fundraising opportunities. By increasing access to bingo-raffle fundraising, this measure will help increase funding opportunities for nonprofit organizations to support their programs.

Page 3

“Estimate of Fiscal Impact for Amendment ?”

**State Revenue.** While we agree that the number of licenses will increase and the SOS will see more revenue as more licenses are processed there is an additional revenue source may have been overlooked. What isn't shown are the quarterly administrative fees that are charged to the nonprofits on the amount of revenue they generate. The fees break down in this manner, \$0 - \$50K= 0%, 50K – 100K= .5%, and \$100+=.6%. This revenue source needs to be included in the analysis.

**State Spending.** While we understand the need for some adjustment allowing for the increase processing of license applications and possibly some increase in compliance activity we do not agree with the expenditures expected to be incurred with this referred measure. This does not reflect an accurate cost for the referred measure.

**Association Contact:**

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Colorado Charitable Bingo Association

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**Amendment C**  
**Conduct of Charitable Gaming**  
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## Amendment C Conduct of Charitable Gaming

1 **Ballot Title:**

2 Shall there be an amendment to the Colorado constitution concerning the conduct of charitable  
3 gaming activities, and, in connection therewith, allowing bingo-raffle licensees to hire managers  
4 and operators of games and reducing the required period of a charitable organization's continuous  
5 existence before obtaining a charitable gaming license?

6 **Text of Measure:**

7 *Be It Resolved by the House of Representatives of the Seventy-second General Assembly of the*  
8 *State of Colorado, the Senate concurring herein:*

9 **SECTION 1.** At the election held on November 3, 2020, the secretary of state shall submit to the  
10 registered electors of the state the ballot title set forth in section 2 for the following amendment to  
11 the state constitution:

12 In the constitution of the state of Colorado, section 2 of article XVIII, **amend** (2) and (4) as follows:

13 **Section 2. Lotteries prohibited - exceptions.** (2) No game of chance pursuant to this  
14 subsection (2) and subsections (3) and (4) of this section shall be conducted by any person, firm,  
15 or organization, unless a license as provided for in this subsection (2) has been issued to the firm  
16 or organization conducting such games of chance. The secretary of state shall, upon application  
17 therefor on such forms as shall be prescribed by the secretary of state and upon the payment of  
18 an annual fee as determined by the general assembly, issue a license for the conducting of such  
19 games of chance to any bona fide chartered branch or lodge or chapter of a national or state  
20 organization or to any bona fide religious, charitable, labor, fraternal, educational, voluntary  
21 firemen's, or veterans' organization ~~which~~ THAT operates without profit to its members and ~~which~~  
22 THAT IS REGISTERED WITH THE SECRETARY OF STATE AND has been in existence continuously for a  
23 period of ~~five~~ THREE years immediately prior to the making of ~~said~~ ITS application for such license  
24 OR, ON AND AFTER JANUARY 1, 2024, FOR SUCH DIFFERENT PERIOD AS THE GENERAL ASSEMBLY MAY  
25 ESTABLISH PURSUANT TO SUBSECTION (5) OF THIS SECTION, and has had during the entire ~~five-year~~  
26 period OF ITS EXISTENCE a dues-paying membership engaged in carrying out the objects of said  
27 corporation or organization, such license to expire at the end of each calendar year in which it  
28 was issued.

29 (4) Such games of chance shall be subject to the following restrictions:

30 (a) The entire net proceeds of any game shall be exclusively devoted to the lawful purposes of  
31 organizations permitted to conduct such games.

32 (b) ~~No person except a bona fide member of any organization may participate in the management~~  
33 ~~or operation of any such game.~~

34 (c) No person may receive ~~any~~ remuneration or profit IN EXCESS OF THE APPLICABLE MINIMUM  
35 WAGE for participating in the management or operation of any such game.

36 **SECTION 2.** Each elector voting at the election may cast a vote either "Yes/For" or "No/Against"  
37 on the following ballot title: "Shall there be an amendment to the Colorado constitution concerning  
38 the conduct of charitable gaming activities, and, in connection therewith, allowing bingo-raffle

1 licensees to hire managers and operators of games and reducing the required period of a  
2 charitable organization's continuous existence before obtaining a charitable gaming license?"  
3 **SECTION 3.** Except as otherwise provided in section 1-40-123, Colorado Revised Statutes, if at  
4 least fifty-five percent of the electors voting on the ballot title vote "Yes/For", then the amendment  
5 will become part of the state constitution.