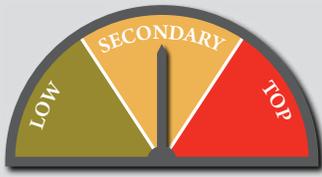


LOTTERY PROCEEDS

PRIORITY



OVERVIEW

The chapter urges fresh consideration of where to spend the net earnings from the Colorado lottery.

RECOMMENDATIONS

Place on the 2014 ballot a measure to consider a five-year “time-out” for spending on GOCO and Open Space funds, redirecting them to K-12 education spending.

ORIGINAL ARTICLE

The original, longer chapter is available at http://tax.i2i.org/files/2010/11/CB_Lottery.pdf.

CHANGE

Total Recommended Change = \$56 million

Lottery games run by Colorado state government bring in about \$142 million per year.¹ It is time that citizens and the legislature revisit how the money is spent. Net proceeds are allocated by formula as follows: 40 percent to the Conservation Trust Fund for distribution to local governments, 10 percent to State Parks for specific projects, and the remaining 50 percent to Great Outdoors Colorado (GOCO).

Colorado differs notably from other states in where it places its lottery proceeds. All but two of the 43 other states that conduct lotteries do so to generate K-12 education revenues and to provide higher education scholarships, although several states fund programs in addition to education.

Of the half that goes to GOCO, proceeds are dispersed equally among different categories:

- Wildlife;
- Parks and outdoor recreation;
- Competitive grants for open space; and
- Competitive matching grants to local government for open lands and parks.

The GOCO fund was capped, with the upper limit being adjusted for inflation each year.² The remaining moneys are given to the School Capital Construction Assistance Fund for school facility improvements. In 2011, \$56 million was disbursed to GOCO from lottery revenues, and \$662,000 was contributed for school facility improvements.³

That Colorado’s lottery provides revenue for the state from a source other than taxation does not make the revenue any less valuable. Concerns over open space in 1992 when GOCO was started may be surpassed today by more pressing needs. We urge the legislature to offer for public approval the permanent redirection of lottery proceeds to the General Fund. A less desirable, but perhaps more politically palatable, change would allow the legislature to divert funds for other uses only for a certain number of years. Any change would have to amend the state constitution. Legislators could only put the question to voters on the 2014 general election ballot. If approved, implementation could only occur for the 2015-16 fiscal year.

Penn Pffner was the primary author of this section. See the Author’s section at the end for his biography.

ENDNOTES

¹ Colorado Lottery Annual Report, Fiscal Year 2011, p. 65. <http://www.coloradolottery.com/ABOUT/SERVING-COLORADO/ANNUAL-REPORTS/>

² Legislative Audit Committee, “The State Board of the Great Outdoors Colorado Trust Fund,” <http://www.scribd.com/doc/20340210/2032-GOCO-June-2009-Rel-Sept-2009>.

³ Colorado Lottery Annual Report, FY11, p. 29.