

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 4

The purpose of Rule 4 is to collect sports betting taxes and other revenue in accordance with section 44-30-1508, C.R.S., and 44-30-1509, C.R.S., to provide for security for the payment of sports betting taxes to the Department, and to provide for the payment of sports betting taxes by electronic funds transfer and allow monthly sports betting tax returns to be electronically transmitted. The statutory basis and purpose for Rule 4 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-602, C.R.S., 44-30-604, C.R.S., 44-30-1508, C.R.S., and 44-30-1509, C.R.S.

RULE 4 **TAXES AND FEES** *Effective 4/14/20*

4.1 **Payment of taxes.**

- (1) Payment of sports betting taxes by the Sports Betting Operation, at the statutorily set rate of ten percent of net sports betting proceeds, shall be made to the Department by an electronic funds transfer or by any other method permitted in articles 20, 21, and 26 of title 39, C.R.S. Electronic funds transfer is defined to be Automated Clearing House (ACH) debit. Any electronic funds transfer shall be made using ACH debit transaction in the Cash Concentration or Disbursement (CCD) entry format with addendum record as defined by the 1994 ACH Rules published by the National Automated Clearing House Association. The data contained in the addendum record shall be in the format of the tax payment (TXP) banking convention published by the National Automated Clearing House Association in 1990. *(The references to the rules and conventions of the National Automated Clearing House Association in this regulation do not include later amendments or editions of this referenced material. Certified copies of these rules and conventions are on file at the Department of Revenue and may be obtained or examined by contacting the manager of Deposit Control, 1375 Sherman Street, Denver, Colorado 80261.)*
- (2) The payment for sports betting taxes shall be made by the person required to make tax payments pursuant to Rule 7.8(2) who must remit sports betting taxes separately and apart from any other taxes which are paid to the Department. In addition to the payment, the Sports Betting Operation shall electronically transmit to the Department a tax return in the format provided by the Department. The return and payment shall be made no later than the 15th day of the month succeeding the calendar month in which the net sports betting proceeds were received by the licensee or the due date if later in accordance with section 39-21-119(3), C.R.S. (1994). All monthly sports betting tax returns beginning with the return for May 2020 taxes shall be transmitted electronically.
 - (a) Payment is timely if the payment settles to the Department's bank account by the 16th day of the month succeeding the calendar month in which the net sports betting proceeds were received by the licensee or the due date if later in accordance with Section 39-21-119(3), C.R.S.
 - (b) The electronic tax return shall provide a computation of the monthly tax due based on the sports betting tax rate of 10% of net sports betting proceeds.

- (c) The department shall notify the master licensee within seven days if a Sports Betting Operator or internet Sports Betting Operator, operating under that master license, fails to make any timely payment of sports betting taxes.

4.2 Hold Harmless Fund applications.

- (1) Claimants eligible pursuant to section 44-30-1509(2)(c)(i)(A)-(E), C.R.S., who wish to apply for available payments from the Wagering Revenue Recipients Hold-Harmless Fund ("Hold-Harmless Fund") shall submit the Hold-Harmless Fund Application Form found on the Division of Gaming website, in addition to all supporting documents required by this rule and any additional documents, as requested by the Commission or Division, necessary for review of the claim.
- (2) Completed applications shall be due within thirty (30) days following the annual distributions, by the Commission, from the limited gaming fund, beginning 2021. THE COMMISSION SHALL MAKE ANY DISTRIBUTIONS BASED ON THESE APPLICATIONS ON OR BEFORE DECEMBER 31 OF THAT SAME YEAR.
- (3) In determining the validity of Hold Harmless Fund applications, the Commission shall consider, at a minimum, the following factors:
 - (a) Total amount of damages claimed;
 - (b) Profit and Loss statements of claimants;
 - (c) Factors other than sports betting that may have contributed to loss; and
- (d) Whether the claimant is eligible to receive or receives funding for such purposes from other sources and the total amount of funds received, if any.