

AGENDA
COLORADO LIMITED GAMING CONTROL COMMISSION

Meeting of October 20, 2022
Beginning at 9:15 a.m.
In person & via Cisco Webex

Division of Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

This meeting will be held in person at the Lakewood Division of Gaming office at 1707 Cole Blvd., Suite 300, Lakewood, CO 80401 and will begin at 9:15 a.m. In addition to the in-person meeting, we will offer a virtual option. The virtual link can be found on our webpage: <https://sbg.colorado.gov/limited-gaming-control-commission>.

In addition to other matters that may properly be considered by the Colorado Limited Gaming Control Commission, the following items are scheduled for consideration and adoption on October 20, 2022. Times contained in the agenda are approximate.

PUBLIC SESSION

- I. Call to Order

- II. Swearing in of Investigator

EXECUTIVE SESSION

Review of confidential background licensing reports scheduled for consideration during the public session.

PUBLIC SESSION (reconvened)

- III. Consideration of Licensing Actions

Sports Betting Licenses

First Vendor Major License for
PT Services (Delaware) LLC

First Temporary Internet Operator License for
Underdog Sports Wagering, LLC

First Temporary Vendor Major License for
BetMakers MTS, LLC

First Vendor Minor Licenses for
Blue Wire, Inc. d/b/a Blue Wire Media, Inc.
Sporting Media USA INC
FIRST AMERICAN BANKCARD, INC. d/b/a FABI Cash
FSG Digital Inc. d/b/a JefeBet
ALT SPORTS DATA, INC.
Flixed, Inc.
GOT SPORTS MEDIA LLC d/b/a Getmoresports.com
PROPSWAP, INC. d/b/a PropSwap

Bayes Esports Solutions GmbH d/b/a Bayes
Incentive Games Limited
Target Media Ads Ltd.
AMAZON WEB SERVICES, INC. d/b/a AWS

- IV. Opportunity for Public to Address the Commission
- V. Consideration of Division Limited Gaming Financial Statements for August 2022
- VI. Consideration of Division Sports Betting Financial Statements for August 2022
- VII. Consideration of Limited Gaming Rules 2 & 29
- VIII. Consideration of Sports Betting Rules 7 & 9
- IX. Consideration of Organizational Matters
- X. Opportunity for Industry Members to Address the Commission on Current Issues and Events
- XI. Adjournment

At the discretion of the Commission, any or all of the above matters may be continued for consideration or adoption at a different time, may be considered out of order, or may be considered at the next meeting of the Commission.

Public Session



**STATEMENT OF GAMING REVENUES,
GAMING TAXES, AND EXPENDITURES**

(UNAUDITED)

FOR THE TWO (2) MONTHS ENDED

AUGUST 31, 2022



COLORADO

Department of Revenue

Specialized Business Group—Gaming

1707 Cole Blvd., Suite 300
Lakewood, CO 80401

October 20, 2022

State Treasurer and Members of the Colorado Limited Gaming Control Commission:

Pursuant to Section 44-30-203 (i), C.R.S., the Colorado Division of Gaming is required to furnish monthly a, "report which contains a full and complete statement of the division's revenues and expenses."

The attached combined financial statements for August 31, 2022 have not been audited. They contain the most current data available. This information has been collected and recorded in accordance with generally accepted accounting principles.

Respectfully submitted,

Vickie Floyd
Division Controller

**COLORADO DIVISION OF GAMING
FINANCIAL STATEMENTS
(UNAUDITED)**

DISTRIBUTION

Honorable Jared Polis	Governor
Representative Alec Garnet	Speaker of the House of Representatives
Senator Stephen Fenberg	President of the Senate
Senator Chris Holbert	Senate Minority Leader
Representative Hugh McKean	House Minority Leader
Representative Julie McCluskie	Chair, Joint Budget Committee
Mr. Richard Nathan	Chair, Limited Gaming Control Commission
Mr. Justin Davis	Vice Chair, Limited Gaming Control Commission
Mr. Kevin Armstrong	Limited Gaming Control Commission
Mr. Shawn Coleman	Limited Gaming Control Commission
Ms. Patsy Landaveri	Limited Gaming Control Commission
Mr. Mark Ferrandino	Executive Director, Department of Revenue
Mr. Cory Amend	Senior Director of Enforcement, Department of Revenue
Mr. Daniel Hartman	Director, Division of Gaming
Mr. Scott Koehler	Accounting Director, Department of Revenue
Mr. Ramon Alvarado	Deputy Budget Director, Department of Revenue
Mr. Bob Jaros	State Controller
Mr. Charles Scheibe	Chief Financial Officer, Department of the Treasury
Ms. Aly Jabrocki	State Archivist
Ms. Kerri Hunter	State Auditor
Ms. Elizabeth Burger	Joint Legislative Library
Mr. Ben Henderson	Deputy Director for Budget, Governor's Office
Colorado State Publications Depository and Distribution Center	State of Colorado Library

**DIVISION OF GAMING
STATEMENT OF REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)**

TABLE OF CONTENTS

Comparative Tax Revenues 1

Comparative Statement of Revenues,
Expenditures, and Changes in Fund Balance..... 2

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
AUGUST 31, 2022 AND 2021**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds (AGP).

The tax rates for period ending June 30, 2023 are:

- 3% on AGP from charitable gaming
- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2023 are the same as they were for year ending June 30, 2022.

For Periods Beginning July 1, 2021 and 2022 through August 31, 2021 and 2022

<u>AGP Comparison</u>					
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change	
\$0 - \$2 Million	\$ 16,046,318	\$ 12,232,848	\$ (3,813,470)	(23.77)%	
\$2 - \$8 Million	\$ 50,146,861	\$ 54,834,941	\$ 4,688,080	9.35%	
\$8 - \$13+ Million	\$ 116,870,443	\$ 131,042,457	\$ 14,172,014	12.13%	
Total	\$ 183,063,622	\$ 198,110,246	\$ 15,046,624	8.22%	

<u>Tax Comparison</u>					
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change	
\$0 - \$2 Million	\$ 135,116	\$ 130,582	\$ (4,534)	(3.36)%	
\$2 - \$8 Million	\$ 2,141,633	\$ 2,228,708	\$ 87,075	4.07%	
\$8 - \$13+ Million	\$ 14,129,459	\$ 16,942,426	\$ 2,812,967	19.91%	
Total	\$ 16,406,208	\$ 19,301,716	\$ 2,895,508	17.65%	

<u>Open Casinos Comparison</u>				
Range	Prior Year No. of Tax Returns Filed by Casinos	This Year No. of Tax Returns Filed by Casinos	Difference	
\$0 - \$2 Million	14	13	(1)	
\$2 - \$8 Million	14	15	1	
\$8 - \$13+ Million	5	5	0	
Total	33	33	0	

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TWO MONTHS ENDED AUGUST 31, 2022 AND 2021
(UNAUDITED)**

	FY 2023				FY 2022			
	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS
REVENUES:								
Gaming Taxes	\$ 0	\$ 0	\$ 19,301,716	\$ 19,301,716	\$ 0	\$ 0	\$ 16,406,208	\$ 16,406,208
License and Application Fees	0	0	145,836	145,836	0	0	154,270	154,270
Background Investigations	0	0	11,814	11,814	0	0	18,217	18,217
Fines	0	0	1,344	1,344	0	0	0	0
Interest Income	62,144	686	354,766	417,596	11,593	0	140,969	152,562
Other Revenue	0	0	129	129	0	0	1	1
TOTAL REVENUES	62,144	686	19,815,605	19,878,435	11,593	0	16,719,665	16,731,258
EXPENDITURES:								
Salaries and Benefits	0	0	1,572,350	1,572,350	0	0	1,425,654	1,425,654
Annual and Sick Leave Payouts	0	0	20,970	20,970	0	0	1,463	1,463
Professional Services	0	0	26,596	26,596	0	0	14,907	14,907
Travel	0	0	20,276	20,276	0	0	4,196	4,196
Automobiles	0	0	34,760	34,760	0	0	29,121	29,121
Printing	0	0	1,869	1,869	0	0	1,698	1,698
Police Supplies	0	0	13,821	13,821	0	0	1,134	1,134
Computer Services & Name Searches	0	0	12,261	12,261	0	0	20,371	20,371
Materials, Supplies, and Services	0	0	66,530	66,530	0	0	57,323	57,323
Postage	0	0	297	297	0	0	649	649
Telephone	0	0	13,155	13,155	0	0	12,909	12,909
Utilities	0	0	4,813	4,813	0	0	4,562	4,562
Other Operating Expenditures	0	0	21,660	21,660	0	0	15,000	15,000
Leased Space	0	0	23,951	23,951	0	0	11,665	11,665
Capital Outlay	0	0	14,478	14,478	0	0	0	0
EXPENDITURES - SUBTOTAL	0	0	1,847,787	1,847,787	0	0	1,600,652	1,600,652
STATE AGENCY SERVICES								
Colorado Bureau of Investigation	0	0	0	0	0	0	146,699	146,699
Division of Fire Prevention and Control	0	0	40,490	40,490	0	0	37,982	37,982
Colorado State Patrol	0	0	583,649	583,649	0	0	521,021	521,021
State Auditors	0	0	4,700	4,700	0	0	5,100	5,100
Indirect Costs - Department of Revenue	0	0	195,633	195,633	0	0	182,001	182,001
Colorado Department of Law	0	0	38,598	38,598	0	0	40,509	40,509
OIT Purchased Services	0	0	24,978	24,978	0	0	27,298	27,298
TOTAL STATE AGENCY SERVICES	0	0	888,048	888,048	0	0	960,610	960,610
Non Personal Services Background Exp.	0	0	1,056	1,056	0	0	583	583
TOTAL EXPENDITURES	0	0	2,736,891	2,736,891	0	0	2,561,845	2,561,845
Excess of Revenues Over Expenditures	62,144	686	17,078,714	17,141,544	11,593	0	14,157,820	14,169,413
FY22 & FY21 Extended Gaming Distr.	(46,823,932)	0	0	(46,823,932)	(17,647,531)	0	0	(17,647,531)
FUND BALANCE AT JULY 1, 2022 & 2021	46,823,932	2,500,000	2,445,701	51,769,633	17,647,531	0	2,267,873	19,915,404
TOTAL FUND BAL. AUGUST 31, 2022 & 2021	\$ 62,144	\$ 2,500,686	\$ 19,524,415	\$ 22,087,245	\$ 11,593	\$ 0	\$ 16,425,693	\$ 16,437,286



COLORADO
Department of Revenue

Specialized Business Group—Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Memo

To: Colorado Limited Gaming Control Commission
From: Vickie Floyd, Gaming Controller
Cc: Dan Hartman
Date: October 20, 2022
Re: August Gaming Fund Financial Statement Presentation

Following are highlights from the Gaming Fund financial statements ending August 31, 2022.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Gaming tax revenues have increased by \$2,895,508 or 18% over last year. Please recall, Amendment 77, which removed betting limits and allowed other games, was effective May 1, 2021. Total Revenues for the Limited Gaming Fund as of August 31 were \$19,815,605, a 19% increase compared to August 2021.

Total expenditures for the period ending August 2022 were approximately \$2.7 million. This represents a 7% increase over last year. The main reason for the increase is in the Salaries and Benefits line, which is up by 10%. This is because we have six more filled positions this August compared to last year and health, dental, and life expenditures have increased by an average of 3.4% over last fiscal year.

The excess of total revenues over expenditures was \$17,078,714. This is a 21% increase over last year and represents the amount we could distribute as of August 31.

Next, as you are aware from my cover letter, we are only required to prepare a Statement of Revenues and Expenditures. For those of you who were here last year, you may recall that since the inception of the statewide financial system known as CORE, the State now takes a long time to close the fiscal year. Beginning balances do not roll into the next fiscal year until the State closes the previous fiscal year. Therefore, we will not be able to prepare a balance sheet until the State closes. Regarding the budget, we should be able to prepare this statement with September's financial statements.

Please feel free to contact me if you have any questions on the Gaming Fund financial statements.



**STATEMENT OF SPORTS BETTING REVENUES,
SPORTS BETTING TAXES, AND EXPENDITURES**

(UNAUDITED)

FOR THE TWO (2) MONTHS ENDED

AUGUST 31, 2022

**DIVISION OF GAMING
STATEMENT OF REVENUES
SPORTS BETTING TAXES, AND
EXPENDITURES
(UNAUDITED)**

TABLE OF CONTENTS

Comparative Statement of Revenues,
Expenditures, and Changes in Fund Balance..... 1

**COLORADO DIVISION OF GAMING
SPORTS BETTING COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TWO MONTHS ENDED AUGUST 31, 2022 AND 2021
(UNAUDITED)**

	FY 2023			FY 2022		
	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS
REVENUES:						
Sports Betting Taxes	\$ 0	\$ 2,913,899	\$ 2,913,899	\$ 0	\$ 1,725,470	\$ 1,725,470
License and Application Fees	0	39,419	39,419	0	43,862	43,862
Sports Betting Operations Fees	0	1,912,500	1,912,500	0	1,875,800	1,875,800
Background Investigations	0	15,896	15,896	0	7,597	7,597
Fines	0	0	0	0	84	84
Interest Income	1,428	40,107	41,535	0	15,543	15,543
Other Revenue	0	41	41	0	0	0
TOTAL REVENUES	1,428	4,921,862	4,923,290	0	3,668,356	3,668,356
EXPENDITURES:						
Salaries and Benefits	0	382,180	382,180	0	299,216	299,216
Professional Services	0	3,174	3,174	0	1,405	1,405
Travel	0	1,898	1,898	0	3,415	3,415
Automobiles	0	5,642	5,642	0	1,894	1,894
Printing	0	280	280	0	354	354
Police Supplies	0	462	462	0	0	0
Computer Services & Name Searches	0	5,220	5,220	0	4,145	4,145
Materials, Supplies, and Services	0	12,775	12,775	0	3,634	3,634
Postage	0	68	68	0	123	123
Telephone	0	2,377	2,377	0	1,037	1,037
Other Operating Expenditures	0	5,195	5,195	0	3,235	3,235
Leased Space	0	5,988	5,988	0	2,916	2,916
EXPENDITURES - SUBTOTAL	0	425,259	425,259	0	321,374	321,374
STATE AGENCY SERVICES						
Colorado Bureau of Investigation	0	0	0	0	7,721	7,721
State Auditors	0	4,700	4,700	0	84,290	84,290
Indirect Costs - Department of Revenue	0	27,023	27,023	0	21,215	21,215
Colorado Department of Law	0	13,620	13,620	0	23,731	23,731
OIT Purchased Services	0	7,331	7,331	0	15,500	15,500
TOTAL STATE AGENCY SERVICES	0	52,674	52,674	0	152,457	152,457
Non Personal Services Background Exp.	0	418	418	0	365	365
TOTAL EXPENDITURES	0	478,351	478,351	0	474,196	474,196
EXCESS OF REVENUES OVER EXPENDITURES	1,428	4,443,511	4,444,939	0	3,194,160	3,194,160
FUND BALANCE AT JULY 1, 2022 & 2021	493,165	12,253,994	12,747,159	0	8,570,798	8,570,798
TOTAL FUND BAL. AUGUST 31, 2022 & 2021	\$ 494,593	\$ 16,697,505	\$ 17,192,098	\$ 0	\$ 11,764,958	\$ 11,764,958



COLORADO
Department of Revenue

Specialized Business Group—Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Memo

To: Colorado Limited Gaming Control Commission
From: Eric Shannon, Deputy Gaming Controller
Cc: Dan Hartman
Date: October 20, 2022
Re: August 2022 Sports Betting Fund Financial Statements

Following are highlights from the Sports Betting Fund financial statements ending August 31, 2022.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Current fiscal year Sports Betting Tax revenue was \$2,913,899 which is an increase of \$1,188,429 or 69% over the prior fiscal year. The current fiscal year increase in Sports Betting Tax revenue is due primarily to the year over year increase in Net Sports Betting Proceeds of 117%.

Current fiscal year Sports Betting Operations Fees revenue was \$1,912,500 which is an increase of \$36,700 over the prior fiscal year. Through August of the current fiscal year 39 total operations fees were collected, 24 for internet operations and 15 for on-site operations. Through August of the prior fiscal year 39 total operations fees were collected, 23 for internet operations and 16 for on-site operations. Internet operations fees did not change year over year while on-site operations fees decreased in amount year over year.

Total Sports Betting Fund revenues through August 2022 increased by \$1,253,506 or 34% over August 2021.

Total Sports Betting Fund expenditures through August 2022 were \$478,351 which is an increase of 1% year over year. Although current fiscal year salaries and benefits have increased by about \$83,000, current fiscal year payments to the State Auditor have decreased by roughly \$80,000 due to the Sports Betting performance audit being completed in fiscal year 2022.

Please feel free to contact me if you have any questions on the Sports Betting Fund financial statements.