



COLORADO

**Department of
Regulatory Agencies**

Colorado Office of Policy, Research &
Regulatory Reform

2023 Sunset Review

Bingo and Raffles Licensing and
the Bingo-Raffle Advisory Board



October 13, 2023



COLORADO

Department of
Regulatory Agencies

Executive Director's Office

October 13, 2023

Members of the Colorado General Assembly
c/o the Office of Legislative Legal Services
State Capitol Building
Denver, Colorado 80203

Dear Members of the General Assembly:

The Colorado General Assembly established the sunset review process in 1976 as a way to analyze and evaluate regulatory programs and determine the least restrictive regulation consistent with the public interest. Pursuant to section 24-34-104(5)(a), Colorado Revised Statutes (C.R.S.), the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) at the Department of Regulatory Agencies (DORA) undertakes a robust review process culminating in the release of multiple reports each year on October 15.

A national leader in regulatory reform, COPRRR takes the vision of their office, DORA and more broadly of our state government seriously. Specifically, COPRRR contributes to the strong economic landscape in Colorado by ensuring that we have thoughtful, efficient, and inclusive regulations that reduce barriers to entry into various professions and that open doors of opportunity for all Coloradans.

As part of this year's review, COPRRR has completed an evaluation of the Bingo and Raffles Licensing Program. I am pleased to submit this written report, which will be the basis for COPRRR's oral testimony before the 2024 legislative committee of reference.

The report discusses the question of whether there is a need for the regulation provided under Article 21 of Title 24, C.R.S. The report also discusses the effectiveness of the Secretary of State in carrying out the intent of the statutes and makes recommendations for statutory changes for the review and discussion of the General Assembly.

To learn more about the sunset review process, among COPRRR's other functions, visit coprrr.colorado.gov.

Sincerely,

A handwritten signature in black ink that reads 'Patty Salazar'.

Patty Salazar
Executive Director





Sunset Review: Bingo and Raffles Licensing & the Bingo-Raffle Advisory Board

Background

What is regulated?

Today, many nonprofit organizations depend on games of chance, like bingo and raffles, as a reliable source of revenue.

Why is it regulated?

Regulation of charitable games, by the Secretary of State (Secretary), is necessary to protect the public from unfair games and scams. Charitable gaming, which includes bingo and raffles, is largely a cash business, which makes it vulnerable to criminal activity, such as embezzlement, fraud and money laundering.

Who is regulated?

In 2022, the active licenses in the program included 847 bingo-raffle licensees, 15 landlords, 11 manufacturers, 7 suppliers, 7 manufacturer agents and 17 supplier agents.

How is it regulated?

The Bingo and Raffles Law (Act) protects the public by ensuring that nonprofit organizations involved in charitable gaming are legitimate and meet the requirements established in the Act and the state constitution. The Act also protects the public by establishing licensing requirements for landlords, who lease space to nonprofit organizations, and suppliers and manufacturers, and their agents, who make bingo and raffles supplies and equipment and provide them to bingo-raffle licensees. Inspections and audits of bingo-raffle licensees help to protect the public by ensuring that the games are conducted honestly and fairly and that proceeds of charitable games are being used for purposes authorized in the Act and the state constitution.

What does it cost?

In fiscal year 21-22, the Secretary expended \$336,102 to regulate charitable gaming and dedicated 4.0 full-time equivalent employees to enforce the Act.

What disciplinary activity is there?

Over a five-year period, from 2018 to 2022, the Secretary took 34 enforcement actions based on consumer complaints against bingo-raffle licensees and games managers. Over this same period, the Secretary collected 2,332 fines, totaling \$163,550. These fines were imposed for administrative reasons, such as filing a quarterly report late or for recordkeeping problems.

Key Recommendations

- Continue the regulation of charitable gaming in Colorado for five years, until 2029.
- Move the regulation of charitable gaming to the Department of Revenue.
- Sunset the Bingo-Raffle Advisory Board.
- Modernize the fining authority by increasing the maximum fine to \$250 per violation.
- Amend the fining authority so that fines may not be issued “in lieu of suspension or revocation.”

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Background

Sunset Criteria

Enacted in 1976, Colorado's sunset law was the first of its kind in the United States. A sunset provision repeals all or part of a law after a specific date, unless the legislature affirmatively acts to extend it. During the sunset review process, the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) within the Department of Regulatory Agencies (DORA) conducts a thorough evaluation of such programs based upon specific statutory criteria¹ and solicits diverse input from a broad spectrum of stakeholders including consumers, government agencies, public advocacy groups, and professional associations.

Sunset reviews are guided by statutory criteria and sunset reports are organized so that a reader may consider these criteria while reading. While not all criteria are applicable to all sunset reviews, the various sections of a sunset report generally call attention to the relevant criteria. For example,

- In order to address the first criterion and determine whether the program under review is necessary to protect the public, it is necessary to understand the details of the profession or industry at issue. The Profile section of a sunset report typically describes the profession or industry at issue and addresses the current environment, which may include economic data, to aid in this analysis.
- To address the second sunset criterion--whether conditions that led to the initial creation of the program have changed--the History of Regulation section of a sunset report explores any relevant changes that have occurred over time in the regulatory environment. The remainder of the Legal Framework section addresses the fifth sunset criterion by summarizing the organic statute and rules of the program, as well as relevant federal, state and local laws to aid in the exploration of whether the program's operations are impeded or enhanced by existing statutes or rules.
- The Program Description section of a sunset report addresses several of the sunset criteria, including those inquiring whether the agency operates in the public interest and whether its operations are impeded or enhanced by existing statutes, rules, procedures and practices; whether the agency or the agency's board performs efficiently and effectively and whether the board, if applicable, represents the public interest.
- The Analysis and Recommendations section of a sunset report, while generally applying multiple criteria, is specifically designed in response to the fourteenth criterion, which asks whether administrative or statutory changes are necessary to improve agency operations to enhance the public interest.

¹ Criteria may be found at § 24-34-104, C.R.S.

These are but a few examples of how the various sections of a sunset report provide the information and, where appropriate, analysis required by the sunset criteria. Just as not all criteria are applicable to every sunset review, not all criteria are specifically highlighted as they are applied throughout a sunset review. While not necessarily exhaustive, the table below indicates where these criteria are applied in this sunset report.

**Table 1
Application of Sunset Criteria**

Sunset Criteria	Where Applied
(I) Whether regulation or program administration by the agency is necessary to protect the public health, safety, and welfare.	<ul style="list-style-type: none"> • Profile of Charitable Gaming • Recommendations 1 and 3
(II) Whether the conditions that led to the initial creation of the program have changed and whether other conditions have arisen that would warrant more, less, or the same degree of governmental oversight.	<ul style="list-style-type: none"> • History of Regulation
(III) If the program is necessary, whether the existing statutes and regulations establish the least restrictive form of governmental oversight consistent with the public interest, considering other available regulatory mechanisms.	<ul style="list-style-type: none"> • History of Regulation • Legal Summary
(IV) If the program is necessary, whether agency rules enhance the public interest and are within the scope of legislative intent.	<ul style="list-style-type: none"> • Legal Summary
(V) Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures, and practices and any other circumstances, including budgetary, resource, and personnel matters.	<ul style="list-style-type: none"> • Legal Summary • Program Description and Administration • Recommendations 4 and 5 • Administrative Recommendation 1
(VI) Whether an analysis of agency operations indicates that the agency or the agency’s board or commission performs its statutory duties efficiently and effectively.	<ul style="list-style-type: none"> • Program Description and Administration • Recommendation 2 • Administrative Recommendation 2
(VII) Whether the composition of the agency’s board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates.	<ul style="list-style-type: none"> • Legal Summary • Program Description and Administration
(VIII) Whether regulatory oversight can be achieved through a director model.	<ul style="list-style-type: none"> • Complaint Activity
(IX) The economic impact of the program and, if national economic information is not available, whether the agency stimulates or restricts competition.	<ul style="list-style-type: none"> • Profile of Charitable Gaming

Sunset Criteria	Where Applied
(X) If reviewing a regulatory program, whether complaint, investigation, and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession or regulated entity.	<ul style="list-style-type: none"> • Complaint Activity • Disciplinary Activity
(XI) If reviewing a regulatory program, whether the scope of practice of the regulated occupation contributes to the optimum use of personnel.	<ul style="list-style-type: none"> • Licensing • Examinations
(XII) Whether entry requirements encourage equity, diversity, and inclusivity.	<ul style="list-style-type: none"> • Not Available
(XIII) If reviewing a regulatory program, whether the agency, through its licensing, certification, or registration process, imposes any sanctions or disqualifications on applicants based on past criminal history and, if so, whether the sanctions or disqualifications serve public safety or commercial or consumer protection interests. To assist in considering this factor, the analysis prepared pursuant to subsection (5)(a) of this section must include data on the number of licenses, certifications, or registrations that the agency denied based on the applicant's criminal history, the number of conditional licenses, certifications, or registrations issued based upon the applicant's criminal history, and the number of licenses, certifications, or registrations revoked or suspended based on an individual's criminal conduct. For each set of data, the analysis must include the criminal offenses that led to the sanction or disqualification.	<ul style="list-style-type: none"> • Collateral Consequences
(XIV) Whether administrative and statutory changes are necessary to improve agency operations to enhance the public interest.	<ul style="list-style-type: none"> • Recommendations 1 - 6 • Administrative Recommendations 1 - 2

Sunset Process

Regulatory programs scheduled for sunset review receive a comprehensive analysis. The review includes a thorough dialogue with agency officials, representatives of the regulated profession and other stakeholders. Anyone can submit input on any upcoming sunrise or sunset review on COPRRR's website at coprrr.colorado.gov.

The functions of the Secretary of State (Secretary) and the Bingo and Raffles Licensing Program (program), as enumerated in Article 21 of Title 24, Colorado Revised Statutes (C.R.S.), shall terminate on September 1, 2024, unless continued by the General Assembly. During the year prior to this date, it is the duty of COPRRR to conduct an analysis and evaluation of the Secretary and the program pursuant to section 24-34-104, C.R.S.

The purpose of this review is to determine whether the currently prescribed regulation should be continued and to evaluate the performance of the Secretary and program.

During this review, the Secretary must demonstrate that the program serves the public interest. COPRRR's findings and recommendations are submitted via this report to the Office of Legislative Legal Services.

Methodology

As part of this review, COPRRR staff interviewed program staff, industry representatives and members of a state industry association; visited bingo halls; and reviewed Colorado statutes and rules, and the laws of other states.

The major contacts made during this review include, but are not limited to:

- Academy of Charter Schools,
- Arrow International,
- Barry's Bingo,
- Bingo-Raffle Advisory Board Members (existing and former),
- Bingo and Raffles Licensing Program,
- Bingo World,
- Boys and Girls Clubs of Metro Denver,
- Broomfield Rotary Club,
- Carefree Bingo,
- Colorado Charitable Bingo Association,
- Colorado Gaming Association,
- Colorado Nonprofit Association,
- Colorado Organization for Victim Assistance,
- Colorado State Volunteer Fire Fighters Association,
- Department of Revenue,
- Mile High Veterans,
- Office of the Secretary of State,
- St. Stephen's Catholic Church,
- Rocky Mountain Bingo Suppliers, and
- Gold Mine Bingo.

In July 2023, COPRRR staff conducted a survey of all games managers and bingo-affle licensees. The survey was sent to 1,206 individuals including games managers and other representatives of bingo-affle licensees and 23 were returned as undeliverable. The survey received 225 responses, which is a 19 percent response rate. Survey results may be found in Appendix A.

Profile of Charitable Gaming

In a sunset review, Colorado Office of Policy, Research and Regulatory Reform (COPRRR) is guided by the sunset criteria located in section 24-34-104(6)(b), C.R.S. The first criterion asks whether regulation or program administration by the agency is necessary to protect the public health, safety and welfare.

To understand the need for regulation, it is first necessary to recognize what charitable gaming is.

Originally, bingo was played at carnivals and county fairs. After speaking to a priest about using bingo games to raise funds for a church in Pennsylvania, a card manufacturer began selling bingo to other churches. By 1934, only a few years later, it was estimated that 10,000 games of bingo were being played in the United States every week.²

Today, many nonprofit organizations depend on games of chance, like bingo and raffles, as a reliable source of revenue.³ In many states, charitable gaming is exempted from gambling prohibitions.⁴

In bingo, a player purchases a card with a grid and numbers that have been randomly assigned to each square. A host then selects numbers at random and calls them out one at a time. When a player has filled in each square in a row, they call out “bingo” and win a prize.⁵

In a raffle, another popular game of chance, a player purchases a ticket that has a detachable coupon or stub. The coupons or stubs of tickets that have been sold are then pooled together, and one coupon or stub is randomly drawn from the pool. The player with the matching ticket wins a prize.⁶

Bingo may be played as a progressive game, in which if no one wins the jackpot after a specific number of balls are called, the jackpot increases for the next round.⁷ Raffles may also be played progressively. In a progressive raffle, a percentage of the sales is added to the jackpot so that as the sales increase, the jackpot increases.⁸

² ThoughtCo. *The History of the Game of Bingo*. Retrieved December 8, 2022, from www.thoughtco.com/history-of-bingo-4077068

³ Nolo. *Special Nonprofit Rules for Nonprofits*. Retrieved December 8, 2022, from www.nolo.com/legal-encyclopedia/special-irs-gambling-rules-nonprofits.html

⁴ Let's Gamble USA. *Charitable Gaming*. Retrieved December 8, 2022, from www.letsgambleusa.com/charitable-gaming/

⁵ Encyclopedia Britannica. *Bingo*. Retrieved December 8, 2022, from www.britannica.com/topic/bingo-game-of-chance

⁶ US Legal. *Raffle*. Retrieved December 8, 2022, from definitions.uslegal.com/r/raffle/

⁷ Our Pastimes. *How to Play Progressive Bingo*. Retrieved June 26, 2023, from ourpastimes.com/play-progressive-bingo-4525335.html

⁸ Law Insider. *Progressive Raffle*. Retrieved June 26, 2023, from www.lawinsider.com/dictionary/progressive-raffle

Pull tabs are another popular game that may be used for fundraising. Sometimes called pickle cards, pickles or break opens, pull tabs are paper tickets. A player pulls open a tab on the ticket to reveal graphics underneath. If the graphics match in a row, the player wins a cash prize.⁹ Pull tabs are often sold at bingo events to increase the fundraising potential for an event.

A wide variety of nonprofits rely on charitable gaming to fund their organizations, such as:

- Afterschool programs,
- Children's sports teams,
- Fraternal orders,
- Hospitals,
- Religious organizations,
- Schools, and
- Volunteer firefighter associations.

In Colorado, nonprofit organizations host bingo and raffle games. Some nonprofit organizations host games at their own facilities, and other nonprofit organizations rent space at commercial facilities, such as bingo halls where equipment is provided by the landlords. Whether the facility is owned by the nonprofit or leased, the nonprofit organization is responsible for purchasing bingo cards and pull tabs from a supplier to bring to the games. At the games, the nonprofit organization relies on volunteers to sell tickets, run games and award prizes.

In the United States, charitable gaming is regulated at the state and local level, and states often require nonprofit organizations to be licensed to engage in charitable gaming.¹⁰

The ninth sunset criterion questions the economic impact of the program and, if national economic information is not available, whether the agency stimulates or restricts competition.

Table 2 demonstrates, over a five-year period, the number of reported players participating in charitable gaming, and the total net profits earned by nonprofit organizations each year in Colorado.

⁹ Arrow International. *What Are Pull Tab Tickets? How Do Pull Tabs Work?* Retrieved June 26, 2023, from popp-opens.arrowinternational.com/pull-tabs

¹⁰ Nolo. *Special Nonprofit Rules for Nonprofits*. Retrieved December 8, 2022, from www.nolo.com/legal-encyclopedia/special-irs-gambling-rules-nonprofits.html

Table 2
Annual Charitable Gaming Participation and Net Profit
2018 to 2022

Calendar Year	Players	Net Profit*
2018	1,122,986	\$27,707,370
2019	1,099,661	\$28,509,972
2020	438,289	\$22,526,716
2021	632,169	\$33,281,594
2022	855,815	\$31,311,429
Total	4,148,920	\$143,337,081

*Net profit in this table represents the gross profit minus the expenses and prizes awarded as reported by licensees.

Over the five-year period, charitable gaming garnered over \$143 million for Colorado nonprofit organizations.

The total number of players participating in charitable gaming dropped dramatically in 2020 due to the COVID-19 pandemic. By 2021, participation rates began to increase, but, as of 2022, participation rates had not recovered to pre-pandemic levels.

While participation rates declined from 2018 to 2022, the total net profit earned from charitable gaming increased over the five-year period. According to the sunset review conducted in 2016, the net profit from charitable gaming in 2015 was reported to be about \$24 million. Considering this, while the COVID-19 pandemic slowed the growth temporarily, by 2021, the earnings from charitable gaming had increased incrementally. However, taking inflation into consideration, from 2015 to 2022, the earnings from charitable gaming have remained stagnant.

Table 3 demonstrates, by type of game, the total amount wagered and net profit from charitable gaming in Colorado over a five-year period.

Table 3
Net Profit by Amount Wagered
2018 to 2022

Type of Game	Amount Wagered	Net Profit*
Raffles	\$150,426,347	\$92,867,812
Progressive Raffles	\$2,757,745	\$1,136,949
Bingo	\$102,189,331	\$9,937,703
Progressive Bingo	\$38,771,443	\$13,171,571
Pull Tabs Sold at Bars or Club Rooms	\$80,224,591	\$13,224,350
Pull Tabs Sold at Bingo Occasions	\$148,999,351	\$10,729,993
Progressive Pull Tabs	\$23,732,287	\$3,451,885
Total All Charitable Games	\$547,101,095	\$143,337,081

*The net profit in this table was determined from the gross profit less the prizes paid out and the expenses incurred as reported by the bingo-raffle licensees in the quarterly reports to the Secretary of State.

Over the five-year period, from 2018 to 2022, players in Colorado wagered approximately \$253 million on pull tabs and progressive pull tabs, and nonprofits earned over \$27 million from pull tab games. During that same period, players wagered approximately \$141 million on bingo and progressive bingo games and nonprofits earned about \$23 million from bingo games. Over the same five-year period, players wagered over \$153 million on raffles and progressive raffles, and nonprofits earned about \$94 million from raffles.

While players wagered more on pull tabs than other types of charitable games, nonprofits earned significantly more from raffles than they did from pull tabs and bingo games combined.

Appendix B provides a breakdown of the total amount wagered and the net profit earned each year, by type of game, from 2018 to 2022, and includes the net profit by percentage of the total amount wagered.

Legal Framework

History of Regulation

In a sunset review, the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) is guided by the sunset criteria located in section 24-34-104(6)(b), Colorado Revised Statutes (C.R.S.). The first and second sunset criteria question:

Whether regulation or program administration by the agency is necessary to protect the public health, safety and welfare; and

Whether the conditions that led to the initial creation of the program have changed and whether other conditions have arisen that would warrant more, less or the same degree of governmental oversight.

One way that COPRRR addresses this is by examining why the program was established and how it has evolved over time.

In 1958, Colorado voters paved the way for charitable gaming when they authorized an amendment to the state constitution. The amendment permitted certain nonprofit organizations to apply for a license to operate games of chance, including bingo, lotto and raffles. Only nonprofit organizations that had been in existence for at least five years and had a dues-paying membership were eligible for a license. The constitutional amendment vested the Secretary of State (Secretary) with the authority to issue licenses.

Following the adoption of the constitutional amendment, the General Assembly enacted the Bingo and Raffles Law (Act). Since then, the General Assembly has amended the Act many times.

- In 1990, it established licensing requirements for landlords who lease space to bingo-raffle licensees, manufacturers of bingo supplies and equipment, and suppliers of supplies and equipment, and it also imposed training requirements on games managers.
- In 1999, it created the nine-member Bingo-Raffle Advisory Board (Advisory Board), established clear prohibitions against licensees engaging in any act constituting fraud or deceit and granted the Secretary the authority to assess fines against licensees found to have violated the Act.
- In 2002, it imposed a mandatory certification program for games managers, granted bingo-raffle licensees the ability to conduct progressive bingo and progressive pull-tab games, and it also reduced the number of times the Advisory Board must meet each year from 12 to 6.
- In 2008, it removed the statutory limit on the number of bingo occasions that a bingo-raffle licensee could conduct in a year and allowed the Secretary, in cooperation with the Advisory Board, to establish such limits in rule.

The Secretary and the Department of Revenue (Revenue) issued a report in 2008 that recommended moving the regulation of charitable gaming to Revenue, and in 2009, the General Assembly passed a bill to do this. Ultimately, this change would require a change to the state constitution, so the measure was referred to the voters.

Subsequently, in 2010, a referendum appeared on the Colorado ballot. Along with moving the regulation of charitable gaming to Revenue, the referendum would have amended the state constitution to permit the General Assembly to establish the minimum number of years that a nonprofit organization must be in existence to be eligible for a bingo-raffle license. The referendum failed, with 62 percent of voters rejecting the measure.

Following this, the General Assembly amended the Act in 2014 to allow bingo-raffle licensees to offer volunteers food without being in violation of the state constitution's ban on paying volunteers, provided the value of the food did not exceed a value specified in rule. In 2016, the General Assembly authorized anyone who had been denied a license by the Secretary the ability to request an administrative review within 60 days of the denial.

In 2017, following a sunset review, the General Assembly amended the Act to:

- Reduce the number of times the Advisory Board must meet each year from six to two;
- Establish that applicants who have been convicted of any crime involving gambling or theft by deception within the past 10 years are ineligible for a commercial license; and
- Clarify that landlord, manufacturer and supplier licensees may donate bingo supplies and equipment to entities that offer free bingo and that bingo-raffle licensees may donate bingo supplies and equipment to other bingo-raffle licensees.

In 2020, the General Assembly referred a constitutional amendment to voters that would have lowered the number of years from five to three that a nonprofit organization was required to exist prior to being eligible for a bingo-raffle license and would have allowed bingo-raffle licensees to hire games managers and operators as long as they were paid no more than minimum wage. The referendum was defeated.

In 2022, an amendment to the state constitution was proposed that would have allowed managers and operators of games of chance to be paid and would have repealed the requirement for an organization to be in continuous existence prior to obtaining a license. The amendment failed.

In that same year, the General Assembly passed a bill creating a new type of game, referred to as bingo strip card, in which bingo is played on a strip of paper with up to five connected bingo cards.

Legal Summary

The third, fourth, fifth and seventh sunset criteria question:

Whether the existing statutes and regulations establish the least restrictive form of governmental oversight consistent with the public interest, considering other available regulatory mechanisms;

Whether agency rules enhance the public interest and are within the scope of legislative intent;

Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures and practices and any other circumstances, including budgetary, resource and personnel matters; and

Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates.

A summary of the current statutes and rules is necessary to understand whether regulation is set at the appropriate level and whether the current laws are impeding or enhancing the agency's ability to operate in the public interest.

Colorado Constitution

Section 2 of Article XVIII of the Colorado Constitution names the Secretary as the state official that is authorized to issue licenses to eligible nonprofit organizations to conduct games of chance. According to the Colorado Constitution, nonprofit organizations may be any chartered branch, lodge or chapter of a national or state organization or any religious, charitable, labor, fraternal, educational, voluntary firefighters or veterans organization that operates without profit to its members and has been in existence for at least five years.¹¹

¹¹ Colo. Const. Art. XVIII, § 2(2).

Bingo and Raffles Law

The Secretary is charged with supervising the administration and enforcement of the Act, located in Article 21 of Title 24, Colorado Revised Statutes (C.R.S.), which includes rulemaking authority in consultation with the Advisory Board.¹²

The Advisory Board is made up of nine members, which must include five members from the following bingo-raffle licensees:¹³

- Three members from an organization classified as religious, charitable, labor, educational or voluntary firefighters (only one member may be appointed from any of the classifications);
- One member from a veterans organization; and
- One member from a fraternal organization.

The additional four members must be:¹⁴

- A supplier licensee;
- Two landlord licensees; and
- One registered voter, who may not be an employee or a director of a licensee, have any financial interest in a licensee or actively participate in the conduct or management of games of chance.

All members must be U.S. citizens who have lived in Colorado for a minimum of five years. The membership may not include more than five members of the same political party, and no one who has a conviction of a felony or a gambling offense may serve on the Advisory Board.¹⁵

The appointments to the Advisory Board are divided between the President of the Senate and the Speaker of the House of Representatives.¹⁶

Members serve four-year terms and are limited to two consecutive terms.¹⁷

Advisory Board members may be compensated \$50 a day for each day spent conducting board business, but no more than \$500 a year, and they may be reimbursed for travel and other expenses.¹⁸

The Advisory Board must hold at least two meetings a year.¹⁹

¹² § 24-21-605(1)(b), C.R.S.

¹³ § 24-21-630(2)(a), C.R.S.

¹⁴ § 24-21-630(2)(a), C.R.S.

¹⁵ § 24-21-630(2), C.R.S.

¹⁶ § 24-21-630(2)(b), C.R.S.

¹⁷ § 24-21-630(2)(c), C.R.S.

¹⁸ § 24-21-630(2)(g), C.R.S.

¹⁹ § 24-21-630(2)(i), C.R.S.

The Advisory Board is vested with the following duties:²⁰

- Continuously study charitable gaming in Colorado in order to determine if there are any flaws with the Act or the Secretary's rules, and
- Make recommendations for changes to the General Assembly.

The Advisory Board is also responsible for advising the Secretary related to:²¹

- Types of games and rules of games to be conducted, including the number of times a year that games may be conducted;
- Requirements, qualifications and licensing;
- Grounds for revocation, suspension and summary suspension of licensees;
- Fraud, cheating and illegal activities;
- Conditional or limited licenses;
- Fining schedule;
- License fees;
- Games manager criteria;
- Content and conduct of classes or training seminars for games of chance;
- Rules, procedures and policies for auditing licensees' records; and
- Future gaming activities, considering available equipment and activity approved in other states.

A license is required for anyone to hold, operate or conduct games of chance, and licensees must comply with the Act and the state constitution.²² Certain product giveaways are exempt from regulation under the Act.²³

The Secretary may grant or refuse to grant licenses to:²⁴

- Landlords,
- Manufacturers,
- Manufacturers' Agents,
- Suppliers, and
- Suppliers' agents.

Once the Secretary has received all the information necessary to be considered a complete application, they must notify the applicant. If the Secretary has not granted or refused to grant a license within 45 days after such notification, a license is automatically granted to an applicant.²⁵

²⁰ § 24-21-631(1), C.R.S.

²¹ § 24-21-631(2), C.R.S.

²² § 24-21-605(1)(b), C.R.S.

²³ § 24-21-604(1), C.R.S.

²⁴ § 24-21-605(1)(a)(I), C.R.S.

²⁵ § 24-21-605(1)(a)(I), C.R.S.

The Secretary may also grant licenses for devices to read pull tabs. However, the Secretary may not impose a fee for the license.²⁶

Organizations may obtain a license if they meet the qualifications established under the Act,²⁷ which mirror those provided for in the state constitution as outlined above.

Each applicant for a bingo-raffle license is required to designate a games manager, who must be an active member and have held membership for at least six months.²⁸

Bingo-raffle licensees must designate at least one games manager to be on the premises during every bingo game occasion,²⁹ overseeing and administering the conduct of the game.³⁰

An individual must obtain certification from the Secretary in order to act as a games manager. A games manager must be at least 18 years of age and be knowledgeable about the Act. An individual may not qualify for certification as a games manager if they have been convicted of a misdemeanor related to gambling or any felony.³¹

A landlord must obtain a landlord license prior to renting commercial space for any game of chance.³²

A landlord license, or an agent or employee of a landlord license, may only be responsible for or assist with a game of chance if it also holds a bingo-raffle license and it is conducting these activities on its own behalf. However, a landlord, supplier or manufacturer is permitted to instruct and train a bingo-raffle licensee about how to repair, operate and maintain charitable gaming equipment.³³

Each landlord licensee is required to submit to the Secretary any leases, agreements and other related documents connected to leasing space for conducting games of chance.³⁴

A landlord license may not be issued to anyone who has been convicted of a felony, theft by deception or any gambling related offense within the previous 10-year period.³⁵

The Act requires an applicant for a landlord license to sign an affidavit concerning any criminal convictions within the last 10 years that would disqualify them for a license.³⁶

²⁶ § 24-21-605(1)(g), C.R.S.

²⁷ § 24-21-607(2), C.R.S.

²⁸ § 24-21-609(2), C.R.S.

²⁹ A bingo occasion is defined as “a single gathering or session at which a series of successive bingo games is played.” § 24-21-602(33), C.R.S.

³⁰ 8 CCR 1505-2 § 2.3.2, Bingo and Raffle Games Rules.

³¹ § 24-21-610, C.R.S.

³² § 24-21-608(1), C.R.S.

³³ §§ 24-21-608(6) and (7), C.R.S.

³⁴ § 24-21-608(8), C.R.S.

³⁵ § 24-21-611(3), C.R.S.

³⁶ § 24-21-611(3), C.R.S.

A corporation, limited liability company or partnership must include this information for each:³⁷

- Officer,
- Director of the corporation,
- Manager of a limited liability company, or
- Partner and associate of a partnership.

The following applicants have the same criminal history disqualifications and requirements to disclose criminal convictions as applicants for landlord licenses:

- Manufacturer licenses,³⁸
- Manufacturer's agent licenses,³⁹
- Supplier licenses,⁴⁰ and
- Supplier's agent licenses.⁴¹

Upon application, all licensees must state that they are familiar with the Act and accept responsibility for compliance with it.⁴²

The following license types expire at the end of the calendar year:

- Bingo-raffle licenses,⁴³ and
- Landlord licenses.⁴⁴

The following license types expire on March 31 each year:

- Manufacturer licenses,⁴⁵
- Manufacturer's agent licenses,⁴⁶
- Supplier licenses,⁴⁷ and
- Supplier's agent licenses.⁴⁸

The Act requires a bingo-raffle licensee to display its license at the location where a game is being held for the duration of the game and for a minimum of 30 minutes following the end of the game.⁴⁹ The bingo-raffle license must provide the name of the

³⁷ § 24-21-611(3), C.R.S.

³⁸ § 24-21-612(2), C.R.S.

³⁹ § 24-21-614(2), C.R.S.

⁴⁰ § 24-21-613(2), C.R.S.

⁴¹ § 24-21-614(2), C.R.S.

⁴² §§ 24-21-611(1)(d), 24-21-612(1)(f), 24-21-613(1)(f), and 24-21-614(1)(c), C.R.S.

⁴³ § 24-21-607(2), C.R.S.

⁴⁴ § 24-21-611(4), C.R.S.

⁴⁵ § 24-21-612(3), C.R.S.

⁴⁶ § 24-21-614(3), C.R.S.

⁴⁷ § 24-21-613(3), C.R.S.

⁴⁸ § 24-21-614(3), C.R.S.

⁴⁹ § 24-21-615(3), C.R.S.

licensee, their address and the location where the games are being held. A bingo-raffle licensee may request a letter of authorization to move its games to a different location, and the letter of authorization must be kept with the original license.⁵⁰

The Act requires a landlord license to be conspicuously displayed at the location where the license is valid.⁵¹

No one is allowed to hold, operate or conduct games of chance under a bingo-raffle license unless they are a member of the organization that was issued the license. A similar requirement is in place for anyone who assists with holding, operating or conducting games of chance.⁵² No one under the age of 14 may assist with conducting a game of bingo or pull tabs.⁵³

Only individuals who are 18 years of age or older may purchase an opportunity to play a game of chance or purchase a pull tab ticket.⁵⁴ The Act also prohibits alcohol from being offered as a prize in a game of chance.⁵⁵

The Secretary may not establish a maximum threshold for prize money that is less than \$500.⁵⁶

The maximum amount of prizes awarded for a bingo occasion is \$2,000. However, if the bingo occasion includes bingo strip cards, the maximum amount of prizes awarded for the bingo occasion is \$4,000.⁵⁷

The maximum progressive jackpot prize for bingo is \$15,000,⁵⁸ and it is the same for a progressive raffle.⁵⁹ The maximum progressive pull tab prize is \$5,000.⁶⁰

The organization connected to a bingo-raffle licensee must allocate within one year the net proceeds from a game of chance to the purposes of the organization.⁶¹ Failure to report positive net proceeds may result in the suspension or revocation of a bingo-raffle license.⁶²

The Act establishes standards related to the conduct of bingo, pull tabs and raffle games. For instance,

⁵⁰ § 24-21-615(2), C.R.S.

⁵¹ § 24-21-616(1), C.R.S.

⁵² § 24-21-615(1), C.R.S.

⁵³ § 24-21-617(3), C.R.S.

⁵⁴ § 24-21-617(2), C.R.S.

⁵⁵ § 24-21-617(4), C.R.S.

⁵⁶ § 24-21-617(5), C.R.S.

⁵⁷ 8 CCR 1505-2 § 9.1, Bingo and Raffle Games Rules.

⁵⁸ 8 CCR 1505-2 § 9.2.1, Bingo and Raffle Games Rules.

⁵⁹ 8 CCR 1505-2 § 9.2.3, Bingo and Raffle Games Rules.

⁶⁰ 8 CCR 1505-2 § 9.2.2, Bingo and Raffle Games Rules.

⁶¹ § 24-21-617(14), C.R.S.

⁶² § 24-21-617(15), C.R.S.

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- Bingo players must be physically present at the location where the game is being played,⁶³
 - Each bingo card must provide an equal opportunity to win,⁶⁴
 - The bingo caller and receptacle for drawing numbers must be visible to all players,⁶⁵ and
 - The caller and receptacle for drawing numbers must be located in the room with the most players if multiple rooms are being used for a game of bingo.⁶⁶

The Act authorizes licensees to apply for a letter ruling seeking approval of a new concept, method, technology, practice or procedure related to games of chance as long as it does not conflict with the Act or the state constitution.⁶⁷

No one may manufacture pull tabs, bingo card sheets or other equipment or parts for games of chance without a license. A bingo-raffle manufacturer license is not required, however, to print raffle tickets.⁶⁸ Pull tabs, bingo cards and sheets, and electronic devices used as aids in games of chance may only be sold, leased, furnished or distributed to manufacturers, suppliers, agents or bingo-raffle licensees.⁶⁹

Only a licensed manufacturer's agent or supplier's agent may act on behalf of or represent a licensed landlord, manufacturer or supplier. This does not apply to a licensee's:⁷⁰

- Owners,
- Officers,
- Directors,
- Partners,
- Members, or
- Shareholders holding at least 10 percent of shares.

Each licensed manufacturer and supplier must file quarterly reports on its licensed activities in Colorado.⁷¹ Manufacturers, suppliers and agents are required to maintain complete and accurate records of licensed activities for at least three years.⁷²

Each bingo-raffle licensee must file quarterly reports accounting for the activity of the previous quarter, which must include, among other things, the total gross receipts, expenses, net proceeds and how the proceeds are used by the organization. The

⁶³ § 24-21-618(1), C.R.S.

⁶⁴ § 24-21-618(3)(a), C.R.S.

⁶⁵ § 24-21-618(3)(b), C.R.S.

⁶⁶ § 24-21-618(3)(a), C.R.S.

⁶⁷ § 24-21-605(1)(d), C.R.S.

⁶⁸ §§ 24-21-602(4) and 24-21-621(1), C.R.S.

⁶⁹ § 24-21-621(3), C.R.S.

⁷⁰ § 24-21-621(2), C.R.S.

⁷¹ § 24-21-621(4), C.R.S.

⁷² § 24-21-621(5), C.R.S.

deadlines for these reports are established in statute. Licensees are required to maintain books and records to support the reports.⁷³

All money collected from games of chance must be deposited into an account dedicated for this purpose. Any withdrawals from this account must be made on consecutively numbered checks or withdrawal slips, which may not be made out to cash or a fictitious payee, and any electronic withdrawals must be referenced by transaction number or date.⁷⁴

The Act prohibits the payment of any expenses related to games of chance unless they are reasonable, genuine expenses.⁷⁵

The Secretary is authorized to examine licensees' books and records relating to activities regulated under the Act.⁷⁶

The Secretary also has the authority to:⁷⁷

- Refuse to grant a license,
- Challenge an application granted after the 45-day period of submitting a completed application,
- Suspend a license,
- Revoke a license,
- Annul a license,
- Limit a license,
- Modify a license, and
- Impose a fine of \$100 per violation in lieu of a suspension or revocation.

Additionally, the Secretary is authorized to refuse to renew a license if a licensee fails to:⁷⁸

- Provide requested records,
- File a report by the deadline required by the Act,
- File a properly verified report, or
- File a full, accurate and truthfully completed report.

Licensees and their agents are prohibited from engaging in any fraudulent or deceptive activity.⁷⁹

⁷³ § 24-21-622(1), C.R.S.

⁷⁴ § 24-21-622(3)(a), C.R.S.

⁷⁵ § 24-21-622(5), C.R.S.

⁷⁶ § 24-21-623, C.R.S.

⁷⁷ §§ 24-21-605(1)(a) and 24-1-605(3), C.R.S.

⁷⁸ § 24-21-605(1)(a)(IV), C.R.S.

⁷⁹ § 24-21-603(1), C.R.S.

If an administrative law judge finds that a licensee has violated the Act or the Secretary's rules, and the violation warrants revocation, suspension, limitation or modification of a license, or any other penalty, the Secretary has the authority to deem the licensee barred from conducting games of chance for up to one year, or less.⁸⁰

Decisions by an administrative law judge related to licensing, fines or letter rulings may be appealed to the Court of Appeals.⁸¹

The Secretary is authorized to require reports to be filed electronically.⁸²

The Secretary may investigate and examine records, and failure to comply with requested documents or records may be enforced by the Denver District Court. Failure to comply with an order of the court is punishable as contempt of court.⁸³

If there is a finding of a violation of the Act, the Director rules or any other provision of law that warrants a license suspension or revocation, the Secretary may issue an order that bars the violator from any licensed premises while a game of chance is being conducted.

A licensee forfeits its license and is ineligible to apply for a new license for one year for the following:⁸⁴

- Providing a false statement when applying for a license,
- Failing to maintain adequate books and records, and
- Violating the Act.

Bingo-raffle volunteers have immunity from civil action liabilities as long as they are acting in good faith and within the scope of their official function and duty. However, volunteers may be held liable in case the harm is caused by:⁸⁵

- Willful and wanton misconduct,
- Gross negligence,
- Reckless misconduct, or
- Conscious, flagrant indifference to the rights or safety of an individual.

The Secretary must forward a complaint alleging a violation of the Unfair Practices Act or the Colorado Antitrust Act of 2023 to the Attorney General within 30 days of receiving the complaint. The Secretary must revoke the license of any licensee who violates

⁸⁰ § 24-21-605(4)(a), C.R.S.

⁸¹ § 24-21-605(4)(b), C.R.S.

⁸² § 24-21-605(1)(c), C.R.S.

⁸³ § 24-21-605(2), C.R.S.

⁸⁴ § 24-21-624, C.R.S.

⁸⁵ § 24-21-625(2), C.R.S.

either of these laws, and the licensee may not apply for a new license for at least one year.⁸⁶

Sheriffs and police officers have a duty to take and investigate complaints related to the Act and to arrest anyone who violates it, and a district attorney has the duty to prosecute violations of the Act in their district. Knowingly failing to do so is a violation of the Act.⁸⁷

Anyone who willfully violates or who procures, aids or abets in the willful violation of the Act is guilty of a petty offense punishable by a fine of up to \$300, imprisonment for up to 10 days, or both. However, a person may be punished according to another law in case the underlying factual basis of the violation would otherwise be considered a crime.⁸⁸

The Secretary's rules address:⁸⁹

- Applying for bingo-raffle and games manager licenses;
- Conducting bingo games;
- Purchasing bingo cards, packs and sheets;
- Selling and using pull tabs;
- Providing electronic bingo aid devices;
- Promoting bingo and raffle games;
- Selling raffle tickets;
- Paying prizes;
- Accounting for receipts and deposits;
- Maintaining records;
- Renting space for bingo and raffle games;
- Applying for a manufacturer or supplier license; and
- Selling and manufacturing electronic devices and computer systems used as bingo aids.

Additionally, the Secretary has established a schedule of fines. If an act results in the profit of the person who has violated the Act or the Secretary's rules and the violation was willful, the maximum fine is \$100.⁹⁰ If the act does not result in the profit of the person who has violated the Act or the Secretary's rules and the violation was willful, the fine is \$75.⁹¹ The fining schedule also allows for fining when a licensee omits, fails or neglects to comply with requirements of the Act or the Secretary's rules, and the fine is \$20, except if the violation is repeated within a two-year period or knowing and deliberate, then the fine is \$50.⁹²

⁸⁶ § 24-21-626, C.R.S.

⁸⁷ § 24-21-628, C.R.S.

⁸⁸ §§ 24-21-629 and 18-1.3-503, C.R.S.

⁸⁹ 8 CCR 1505-2, Bingo and Raffle Games Rules.

⁹⁰ 8 CCR 1505-2 § 15.2, Bingo and Raffle Games Rules.

⁹¹ 8 CCR 1505-2 § 15.3, Bingo and Raffle Games Rules.

⁹² 8 CCR 1505-2 § 15.4, Bingo and Raffle Games Rules.

Program Description and Administration

In a sunset review, the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) is guided by sunset criteria located in section 24-34-104(6)(b), Colorado Revised Statutes (C.R.S.). The fifth, sixth and seventh sunset criteria question:

Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures, and practices and any other circumstances, including budgetary, resource, and personnel matters;

Whether an analysis of agency operations indicates that the agency or the agency's board or commission performs its statutory duties efficiently and effectively; and

Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates.

In part, COPRRR utilizes this section of the report to evaluate the agency according to these criteria.

The Secretary of State (Secretary) is vested with the authority to supervise the administration and enforcement of the Bingo and Raffles Law, located in Article 21 of Title 24, Colorado Revised Statutes (C.R.S.), (Act).

The Bingo-Raffle Advisory Board (Advisory Board) was established to submit recommendations concerning the Act and the implementation of the Act to the Secretary and the General Assembly. The Secretary has rulemaking authority but is required to consult with the Advisory Board when engaging in rulemaking.

The membership of the Advisory Board includes nine members made up of representatives of bingo-raffle licensees, a supplier licensee, landlord licensees and a public member. Members are appointed by the President of the Senate and the Speaker of the House of Representatives. Members may serve two consecutive four-year terms.

While the Advisory Board is statutorily required to meet twice a year, it has not met since 2019. Staff in the Bingo and Raffles Licensing Program (program) emailed the Advisory Board members several times to schedule meetings, but, according to program staff, they failed to respond.

Additionally, as the Advisory Board seats were vacated, the appointing authorities failed to appoint new members. The last time program staff contacted the appointing authorities to let them know Advisory Board seats were open was in June 2022, but

program staff have not followed up with the appointing authorities since that time. Currently, only one seat on the Advisory Board is filled.

Table 4 illustrates, for the five calendar years indicated, the total expenditures and full-time equivalent (FTE) employees associated with charitable gaming.

Table 4
Program Expenditures and Staffing

Calendar Year	Total Expenditures	FTE
2018	\$330,588	4.0
2019	\$322,437	4.0
2020	\$301,652	4.0
2021	\$300,441	4.0
2022	\$336,102	4.0

The program expenditures in Table 4 do not include indirect costs, such as information technology systems and leased space.

The fluctuations in the expenditures may be attributed to travel expenses. During the COVID-19 pandemic, the Secretary received few complaints, and staff was not traveling since licensees could not hold bingo games or in-person raffles. The increase in expenses in 2022 was likely due to inflation and increased travel.

In 2023, the staff dedicated to the program included 4.0 FTE.

- **Program Manager** (Administrator II, 1.0 FTE)—This position oversees the program, including monitoring the workflow and daily operations of the program, such as processing gaming applications, supplier and manufacturer license applications and quarterly reports; and collaborating on outreach efforts to the charitable gaming community to gather customer feedback and formulate new initiatives.
- **Compliance Investigator I** (1.0 FTE)—This position inspects licensee premises to ensure compliance with statutory and regulatory requirements; trains games managers who oversee a licensee’s operation of charitable gaming events; reviews, investigates and responds to complaints concerning charitable gaming events; travels to be physically present when licensees move and install gaming equipment; and audits program reported data.
- **Program Assistant II** (1.0 FTE)—This position provides analytical and technical support to the program manager, which includes overseeing data entry for quarterly reports and auditing and analyzing these reports for accuracy and statutory compliance; managing communications with licensees concerning

discrepancies and issues found within quarterly reports and identifying possible violations of the Act for resolution by the program’s Investigative Unit; producing trend analyses, graphical performance and work-flow representations to assist the program manager in allocating unit resources; processing all new bingo-raffle license applications to determine eligibility, reviewing the applications for information required by statute and rule and corresponding with the applicants as to potential missing or incomplete information; and managing the program resources in the absence of the program manager.

- **Administrative Assistant II (1.0 FTE)**—This position offers support in the areas of data entry on quarterly reports, bingo-raffle licenses and games manager certificates; processes and verifies completeness of license renewals; processes and verifies raffle tickets submitted; processes payments for the program; and performs other administrative duties.

The regulation of charitable gaming is funded by license and administrative fees, and the fees are based on the cost of regulation.

Table 5 demonstrates the licensing fees associated with the regulation of charitable gaming.

**Table 5
License Fees**

License Type	Initial Fee	Renewal Fee
Bingo-Raffle	\$100	\$100
Landlord	\$1,000	\$1,000
Manufacturer or Supplier	\$700	\$700
Manufacturer’s or Supplier’s Agent	\$200	\$200

Bingo-raffle and landlord licenses expire at the end of the calendar year in which they were issued and must be renewed annually. Manufacturer and supplier licenses, as well as those of their agents, must be renewed annually on or before March 31. Games manager certificates cost \$20 and are valid for four years from the date of issuance. When the certificates expire, the certificate holder must retake the games manager course, pass an examination and pay the \$20 fee again.

None of the fees in Table 5 have changed since the last sunset review, which was conducted in 2016, and they are substantially similar to the fees during the previous sunset review, conducted in 2007.

Bingo-raffle, manufacturer and supplier licensees must submit quarterly reports to the Secretary and pay a percentage of their total charitable gaming proceeds from the

previous quarter. Licensees may file their quarterly reports online or submit paper copies, but the Secretary offers a discounted fee to those who file online.

Table 6 shows the quarterly administrative fees for bingo-raffle licensees.

Table 6
Quarterly Administrative Fees
Bingo-Raffle Licenses

Quarterly Proceeds	e-File Fee	Paper Fee
Less than \$5,000	Free	Free
\$5,000 or more	0.45%	0.5%
\$100,000 or more	0.55%	0.6%

The Secretary has not adjusted the quarterly administrative fees since prior to the last sunset review in 2017.

Supplier and manufacturer licensees pay administrative fees totaling two percent of their sales from the previous quarter.

Licensing

The eleventh sunset criterion questions whether the scope of practice of the regulated occupation contributes to the optimum use of personnel.

In part, COPRRR utilizes this section of the report to evaluate the program according to this criterion.

The Secretary issues licenses to:

- Nonprofit organizations seeking to conduct games of chance;
- Landlords who lease them space; and
- Suppliers, manufacturers and their agents.

Applicants for any license type must submit an online or paper application for a license and pay an application fee.

To apply for a bingo-raffle license, a nonprofit organization must also submit:

- A list of members of the charity who will be assisting in the games;
- A copy of the charity's organizational documents; and
- Documents, such as bank statements, demonstrating organizational continuity over the past five years.

Once a completed application is received, the Secretary will issue a license to applicants who meet the qualifications.

Table 7 shows, over a five-year period, the number of new licenses associated with charitable gaming.

**Table 7
New Licenses**

Calendar Year	Bingo-Raffle	Landlords	Manufacturers	Suppliers	Supplier Agents	Manufacturer Agents
2018	86	1	0	0	4	2
2019	96	0	1	0	1	0
2020	57	0	0	1	0	1
2021	46	2	0	0	3	1
2022	56	0	1	0	2	1

Bingo-raffle licenses make up the majority of new licenses. The number of new bingo-raffle licenses decreased sharply in 2020 due to the COVID-19 pandemic.

Table 8 shows, over a five-year period, the number of renewing licenses associated with charitable gaming.

**Table 8
Renewing Licenses**

Calendar Year	Bingo-Raffle	Landlords	Manufacturers	Suppliers	Supplier Agents	Manufacturer Agents
2018	1,005	18	14	6	20	8
2019	1,017	17	13	6	19	10
2020	684	16	13	6	18	8
2021	866	16	12	7	14	1
2022	791	15	10	7	15	6

As with new bingo-raffle licenses, the number of renewing bingo-raffle licenses decreased sharply in 2020 due to the COVID-19 pandemic, and the number of renewing landlords and manufacturers decreased slightly over the five-year period.

Table 9 shows, over a five-year period, the number of active licenses associated with charitable gaming.

**Table 9
Active Licenses**

Calendar Year	Bingo-Raffle	Landlords	Manufacturers	Suppliers	Supplier Agents	Manufacturer Agents
2018	1,091	19	14	6	24	10
2019	1,113	17	14	6	20	10
2020	741	16	13	7	18	9
2021	912	18	12	7	18	2
2022	847	15	11	7	17	7

As with the total number of new and renewing bingo-raffle licenses, the total number of active bingo-raffle licenses also decreased sharply in 2020 due to the COVID-19 pandemic. Over the five-year period, the total number of active bingo-raffle licenses decreased over 20 percent, and the total number of active licenses decreased in all categories.

Examinations

The eleventh sunset criterion questions whether the scope of practice of the regulated occupation contributes to the optimum use of personnel.

In part, COPRRR utilizes this section of the report to evaluate the program according to this criterion.

According to the Act, bingo-raffle licensees must designate at least one games manager to be on the premises during every bingo game occasion, overseeing and administering the conduct of the game. The designated person must demonstrate knowledge of the Act by taking a course and passing a jurisprudence examination.

The Secretary offers free courses for games manager certification. Courses may be taken to prepare for the games manager examination or as a refresher course. A course for raffles-only certification is available, or games managers may take a course and obtain certification in all types of games.

Games manager courses are available online, and the Secretary also travels to locations throughout the state to provide in-person games manager courses. Staff were unable to provide data on the number of online and in-person games manager courses given each year or the number of participants attending online and in-person games manager courses.

When the games manager courses are complete, participants take a jurisprudence examination. The cost of the examination is \$20 whether the examination is for all-games certification or raffles-only certification.

Games managers must renew certification every four years by taking a games manager course and passing the jurisprudence examination again. Games managers who want to take a games manager course as a refresher but do not need to renew their certification are not required to take an examination at the end of the course.

Table 10 shows, over five calendar years, the total number of examinations given for new games manager certification and the total number examinations given to renew games manager certification.

Table 10
Jurisprudence Examinations

Calendar Year	Number of New Examinations Given	Number of Renewing Examinations Given
2018	615	288
2019	586	303
2020	313	189
2021	357	197
2022	480	298

The program does not track examination pass rates. The drop in the total number of jurisprudence examinations in 2020 was due to the COVID-19 pandemic.

If an applicant fails a jurisprudence examination, the Secretary sends notification to the applicant. An applicant who fails the jurisprudence examination can retake it as many times as necessary to pass without making any additional payments. While some applicants must retake the jurisprudence examination, according to program staff, no applicant has failed to become certified.

Audits & Inspections

The Secretary conducts both audits and inspections of licensees.

Audits, which are conducted at the program offices, are in-depth examinations of financial records. During an audit, the investigator examines documents that they would not during a typical inspection, such as bank statements and check copies. The main objective of an audit is to verify that all money derived from charitable gaming is deposited into a segregated account and spent on the lawful purposes of the bingo-

raffle licensee. Audits can reveal instances of fiscal mismanagement that might go undetected during a typical inspection.

The investigator may conduct a surprise inspection, or they may schedule an inspection with a licensee. An inspection may also be conducted following a complaint.

While many bingo-raffle licensees are located along the Front Range, bingo-raffle licensees are scattered throughout the state. In order to save money on travel, the investigator typically times inspections to coincide with games manager courses, and when the investigator travels, they attempt to see as many bingo-raffle licensees as possible.

During an inspection, the investigator visits a bingo hall to examine the mechanics of the game, records and whether the licensees are following the rules. The investigator will also visit the bar or clubroom, if there is one, to ensure that a licensee is complying with the rules when selling pull tabs and to check the licensee's records.

Table 11 illustrates, for the five fiscal years indicated, the number of inspections and audits conducted by program staff.

Table 11
Audits and Inspections

Type	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Audits	1	1	2	2	2
Inspections	104	108	44	0	45

The audits, in the five years reported here, were conducted because the program staff determined that the licensees were not keeping correct records, or the licensees may have been having trouble financially. One of the audits was a simple recordkeeping check.

Program staff conducted fewer inspections in fiscal years 19-20 and 21-22, and no inspections were conducted in fiscal year 20-21 due to the COVID-19 pandemic. Staff were barred from traveling throughout much of 2020 and early 2021, and almost no games were being held during that time.

Complaint Activity

The eighth and tenth sunset criteria require COPRRR to examine whether regulatory oversight can be achieved through a director-model program, and whether complaint, investigation and disciplinary procedures adequately protect the public and whether

final dispositions of complaints are in the public interest or self-serving to the profession or regulated entity.

In part, COPRRR utilizes this section of the report to evaluate the program according to these criteria.

Players of games of chance, games managers, nonprofit organizations or any other party may file a complaint against any individual or organization licensed under the Act. Players are the primary source of complaints to the Secretary.

Most complaints are directed at bingo-raffle licensees. The Secretary accepts complaints against landlords, manufacturers and suppliers, but none were filed during the five-year period reported here. Complaints against landlords are rare.

Table 12 provides the total number of complaints, by complaint type, that were filed with the Secretary over a five-year period.

**Table 12
Complaint Activity by Type**

Type of Complaints	2018	2019	2020	2021	2022
Ball Not Called	1	0	0	0	0
Bingo Not Heard	2	0	1	0	0
Bingo Operations	6	0	1	3	2
Faulty Equipment	3	1	0	1	0
Handling Bingo Funds	2	0	0	0	0
Not All Balls Dropped	2	0	0	0	1
Presenting Bingo Cards	0	0	0	0	1
Pull Tab Operations	3	3	2	2	2
Raffle Not Conducted as Advertised	2	0	0	0	0
Raffle Operations	1	1	1	2	2
Remuneration of Volunteers	0	3	0	0	0
Required Postings	0	0	1	4	1
Reserving Bingo Cards	0	0	0	0	1
Reserving Pull Tabs	1	1	2	1	0
Rules Not Provided Upon Request	0	0	1	0	0
Saving Seats	1	0	1	0	0
Unauthorized Workers	1	0	2	0	0
Verifying Bingo Incorrectly	3	2	2	1	1
Total Complaints	28	11	14	14	11

Overall, the Secretary receives few complaints related to charitable gaming. The most common types of complaints relate to bingo and pull-tab operations, followed by complaints related to verifying bingo incorrectly.

In two cases, landlord licensees were included in complaint investigations. However, in each case, a bingo-raffle licensee was the subject of the complaint. No other cases involved license types other than bingo-raffle licensees.

The program’s goal is to close complaints within 90 days. Table 13 demonstrates the average number of days it took the Secretary to close complaints over a five-year period.

Table 13
Average Time to Close Complaints

Calendar Year	Complaints	Average Days to Close
2018	18	84
2019	7	92
2020	8	88
2021	11	82
2022	8	92

On average, the program typically meets or exceeds its goal to close complaints within 90 days. According to program staff, most complaints are closed within 45 to 90 days. Sometimes complaints are closed immediately while other complaints may take much longer, especially when an audit is required.

The number of complaints in Table 13 do not align with the total number of complaints in the previous table because the Secretary may receive a complaint from a consumer with multiple concerns in the complaint, and each concern is counted as one complaint in Table 12.

Disciplinary Activity

The tenth sunset criterion requires COPRRR to examine whether complaint, investigation and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession or regulated entity.

In part, COPRRR utilizes this section of the report to evaluate the program according to this criterion.

The Secretary has the authority to deny a license, challenge a license, suspend a license, revoke a license, annul a license, limit a license, modify a license or impose a fine of up to \$100 per citation in lieu of a suspension or revocation.

If the Secretary determines through an investigation that a player missed out on a prize because of a violation, the licensee will be directed to pay the player the prize that was owed. According to the program staff, such cases happen two or three times a year.

The most serious complaints that the program receives relate to consumers who have a potential of missing out on progressive bingo or raffle game payout, which may be as high as \$15,000.

The Secretary typically requires education when the program uncovers problems with reporting or how the games are being conducted. The Secretary does not require formal education. Instead, program staff provides one-on-one training to bring the licensee into compliance.

Table 14 shows, for the five calendar years indicated, the total number of enforcement actions taken against bingo-raffle licensees.

**Table 14
Enforcement Actions**

Type of Action	2018	2019	2020	2021	2022
Required to Pay Complainant	2	0	0	0	1
Fine Assessed	4	5	4	7	3
Required to Pay Complainant and Fine Assessed	1	0	2	0	0
Education Required	3	1	0	1	0
Total Enforcement Actions	10	6	6	8	4
Total Dismissals	8	1	2	3	2

Over the five-year period, the Secretary did not refuse, revoke or suspend any licenses.

The Secretary has not revoked or suspended licenses in recent memory. Instead, program staff attempts to bring licensees into compliance when it uncovers violations. Fining is the most common enforcement action taken related to charitable gaming. The Secretary occasionally required licensees to complete education or make players whole because they missed out on a prize due to a violation of the rules.

The Secretary also may refuse to issue a license if the applicant fails to meet the qualifications. Typically, the program staff informs potential applicants that they do not qualify for a license prior to an application being completed. Occasionally, the

Secretary does refuse to issue licenses based on the qualifications established in the state constitution and the Act. However, program staff does not keep track of licenses that have been refused. Staff estimates that, on average, the Secretary refuses to issue two or three licenses each year.

Financing Activity

The Secretary may fine a licensee up to \$100 per violation in lieu of a suspension or revocation and has established a schedule of fines based on the type and severity of violations. A licensee may request a fine to be waived or reduced for good cause.

Table 15 shows, over a five-year period, the number of fines imposed and the total value of fines each year.

Table 15
Fines

Calendar Year	Number of Fines Collected	Total Value of Fines Collected
2018	520	\$49,345
2019	527	\$46,700
2020	426	\$21,570
2021	403	\$22,895
2022	456	\$23,040

The fines reported in the table above include fines collected to resolve a complaint and fines collected for administrative reasons, such as filing a quarterly report late or recordkeeping problems uncovered during an inspection or audit. As such, the fines in Table 15 do not match the total number of fines in Table 14, which only details the fines imposed based on a complaint.

The program staff does not track the total number and amount of fines imposed. It also does not track the total number or value of fines that have been waived or reduced.

Collateral Consequences - Criminal Convictions

The thirteenth sunset criterion requires COPRRR to examine whether the agency, through its licensing, certification or registration process, imposes any sanctions or disqualifications on applicants based on past criminal history and, if so, whether the sanctions or disqualifications serve public safety or commercial or consumer protection interests.

COPRRR utilizes this section of the report to evaluate the program according to this criterion.

The Act does not require a nonprofit organization seeking a bingo-raffle license to disclose the criminal history of its officers or board members. However, the Act bars individuals who have been convicted of a felony or any crime related to gambling from being certified as games managers.

Applicants for landlord, manufacturer, supplier or landlord licenses must attest that neither the applicant, nor its owners, officers, directors, partners, members or associates have ever been convicted of any felony or any offense involving gambling. The program staff independently researches the backgrounds of applicants to verify that the attestations are true.

The Secretary does not issue conditional licenses. From 2018 to 2022, the Secretary did not deny, suspend or revoke any licenses based on criminal history.

According to program staff, the Secretary has never denied a landlord, manufacturer or supplier application or suspended or revoked a license based on criminal history.

Analysis and Recommendations

The final sunset criterion questions whether administrative and statutory changes are necessary to improve agency operations to enhance the public interest. The recommendations that follow are offered in consideration of this criterion, in general, and any criteria specifically referenced in those recommendations.

Recommendation 1 – Continue the regulation of charitable gaming in Colorado for five years, until 2029.

The Secretary of State (Secretary) is vested with the authority to supervise the administration and enforcement of the Bingo and Raffles Law, located in Article 21 of Title 24, Colorado Revised Statutes (C.R.S.) (Act).

A Bingo-Raffle Advisory Board (Advisory Board) is tasked with making recommendations concerning the Act and the implementation of the Act to the Secretary and the General Assembly. The Secretary has rulemaking authority but is required to consult with the Advisory Board when engaging in rulemaking.

The membership of the Advisory Board includes nine members made up of representatives of bingo-raffle licensees, a supplier licensee, landlord licensees and a public member. Members are appointed by the President of the Senate and the Speaker of the House of Representatives, and they may serve two consecutive four-year terms.

Sunset reviews are guided by statutory criteria established in section 24-34-104, C.R.S., and the first criterion questions whether regulation is necessary to protect the public health, safety and welfare.

As the state constitution authorizes organizations that meet certain requirements to engage in charitable gaming and it requires the Secretary to issue licenses to such organizations, sunseting the Act would essentially result in the Secretary continuing to issue licenses but lacking any enforcement authority. Without enforcement authority, the Secretary would have no ability to ensure that games are fair and honest.

Nonprofits rely on the funds from charitable gaming as a reliable source of revenue and to fund their activities. While regulation of charitable games, such as bingo and raffles, is necessary to protect the public from unfair games and scams, it also helps to protect the nonprofits by ensuring that they have appropriate controls in place to uncover cases of embezzlement or misuse of funds. In 2022, the total amount wagered on charitable games in Colorado was \$102.9 million, and nonprofits earned \$31.3 million in net profit from charitable gaming.

Charitable gaming is largely a cash business, which makes it vulnerable to criminal activity, such as embezzlement, fraud and money laundering. In 2017, a man in Michigan was charged with embezzling over \$38,000 in funds from charitable games

held for the benefit of a church and school.⁹³ In 2010, three people were charged in a bingo-hall scheme, in which they used another church to siphon \$830,000 from the church's charities for their own use.⁹⁴

The Act also protects the public by ensuring that nonprofit organizations involved in charitable gaming are legitimate and meet the requirements established in the state constitution. In 2022, the program had 847 active bingo-raffle licenses.

The Act protects the public by requiring a bingo-raffle licensee to designate at least one games manager to be on the premises during every bingo game occasion, overseeing and administering the conduct of the games.⁹⁵ To act as a games manager, an individual must obtain certification from the Secretary. A games manager must also be at least 18 years of age and be knowledgeable about the Act. An individual may not qualify for certification as a games manager if they have been convicted of a misdemeanor related to gambling or any felony.⁹⁶

The Secretary provides free courses to ensure that games managers are knowledgeable about the laws governing charitable gaming and by testing their knowledge of these laws. To obtain certification as a games manager, an individual must pass a jurisprudence examination, and they must renew their certification every four years by retaking and passing a jurisprudence examination again.

In 2022, the Secretary administered 480 jurisprudence examinations for initial games manager certification and 298 jurisprudence examinations for games manager certification renewal.

The Act also protects the public by establishing licensing requirements for landlords, who lease space to nonprofit organizations, and suppliers and manufacturers, and their agents, who make bingo and raffles supplies and equipment and provide them to bingo-raffle licenses.

Anyone who has been convicted of a felony, theft by deception or any gambling related offense within the previous 10-year period is disqualified from obtaining a license as a landlord, supplier, manufacturer or an agent.

Licensees are prohibited from engaging in any fraudulent or deceptive activity.

⁹³ Michigan Gaming Control Board. Flint man charged with embezzling charitable gaming proceeds following Michigan Attorney General and Gaming Control Board investigation. Retrieved September 5, 2023, from www.michigan.gov/mgcb/news/2017/08/15/flint-man-charged-with-embezzling-charitable-gaming-proceeds-following-michigan-attorney-general-an

⁹⁴ Ray Rivera, "Fraud, Theft and Other Charges for Operators of a Queens Bingo Hall," *The New York Times*, August 18, 2010.

⁹⁵ 8 CCR 1505-2 § 2.3, Bingo and Raffle Games Rules.

⁹⁶ § 24-21-610, C.R.S.

Inspections and audits of bingo-raffle licensees help to protect the public by ensuring that the games are conducted honestly and fairly and that proceeds of charitable games are being used for purposes authorized in the laws governing charitable gaming.

In fiscal year 21-22, the Secretary conducted 49 inspections and 2 audits of bingo-raffle licensees. The COVID-19 pandemic significantly affected the ability of nonprofits to engage in charitable gaming since the games must be held in person. Likewise, the ability for the Secretary to conduct inspections was significantly hampered by the COVID-19 pandemic. While in fiscal years 17-18 and 18-19, the Secretary conducted 104 and 108 inspections, respectively, in fiscal years 19-20 and 21-22, the Secretary conducted 44 and 45 inspections, respectively, and no inspections were conducted in fiscal year 20-21.

During the COVID-19 pandemic, the Secretary increased the number of audits that were conducted. In fiscal year 17-18 and 18-19, the Secretary conducted one audit each year and in the following three fiscal years, the Secretary conducted two audits each year.

The Secretary protects the public by investigating consumer complaints. The Secretary may require a bingo-raffle licensee to reimburse a player who lost money in a bingo game in which a ball was not called or the game was otherwise played unfairly. The Secretary may also fine a bingo-raffle licensee or require the games manager to obtain additional education in the laws governing charitable gaming. Over a five-year period, from 2018 to 2022, the Secretary took 34 such enforcement actions against bingo-raffle licensees and games managers.

The Secretary's rules are structured to bring bingo-raffle licensees into compliance when violations are found. For instance, if a license fails to comply with the Act or the Secretary's rules and no one profits from the violation, a \$20 fine may be imposed. If the violation is repeated within a two-year period, a \$50 fine may be imposed.

The bulk of the enforcement actions taken by the Secretary result from fines imposed for administrative reasons, such as filing a quarterly report late or recordkeeping problems uncovered during an inspection or audit. Over a five-year period, from 2018 to 2022, the Secretary collected 2,332 fines, totaling \$163,550. It is unknown how many fines the Secretary actually assessed over this period or the total amount of fines assessed since the program staff does not track these data.

Finally, the Secretary has the authority to waive a fine or reduce the amount of an assessed fine. It is unknown how many fines were waived or reduced, however, since the Secretary also does not track this information.

While many issues were raised during the sunset review, most of these issues related to rulemaking or the administration of the program and few issues related to the Act. Several issues raised during the sunset review were related to the state constitution, such as:

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- Authorizing volunteers to be compensated for conducting the games,
 - Reducing the number of years that a nonprofit must be operating in Colorado before obtaining a license to engage in charitable gaming, and
 - Moving the regulation of charitable gaming to the Department of Revenue (Revenue).

Since the above issues all concern provisions established in the state constitution, each change would require a vote of the people to pass into law. In fact, amendments to the constitution have been proposed for each of the above issues, and all of these attempts to amend the constitution have failed.

The first two issues have been voted on in recent years. The last issue concerning the location of the regulatory program was voted on in 2010.

As Recommendation 2 considers the question of relocating the enforcement functions of the program to a different department, it would be reasonable to review this program again in five years to provide the General Assembly with an opportunity to see how well the program is functioning under a new regulator.

Therefore, the General Assembly should continue the regulation of charitable gaming for five years, until 2029.

Recommendation 2 – Effective January 1, 2025, move the regulation of charitable gaming to Revenue, with the exception of the approval of bingo-raffle licenses by the Secretary; authorize Revenue to promulgate rules and assess fees connected to Revenue’s duties; authorize the Secretary to promulgate rules and assess fees connected to the Secretary’s duties; and require Revenue to abide by the approval of nonprofit organizations by the Secretary, require the Secretary to abide by the enforcement decisions of Revenue, and require both agencies to enter into an memorandum of understanding regarding how this will be accomplished, along with other matters.

Under the state constitution, the Secretary is responsible for licensing organizations that, according to the constitutional requirements, are eligible to conduct games of chance.⁹⁷ Only those nonprofit organizations licensed by the Secretary (bingo-raffle licensees) may conduct games of chance, which are limited to bingo, raffles and pull tabs.⁹⁸

However, the state constitution clearly authorizes the General Assembly to grant enforcement authority to any state official or department.⁹⁹ Therefore, another

⁹⁷ Colo. Const. Art. XVIII, Section 2 (2).

⁹⁸ Colo. Const. Art. XVIII, Section 2 (3).

⁹⁹ Colo. Const. Art. XVIII, Section 2 (6).

regulatory agency could be responsible for enforcing the Act and the following constitutional requirements:¹⁰⁰

- Ensuring that the net proceeds of a game are devoted to the lawful purposes of licensed organizations,
- Ensuring that only *bona fide* members of licensed organizations participate in the management or operation of any such game, and
- Ensuring that no one is paid or allowed to profit for participating in the management or operation of any such game.

The sixth sunset criterion questions whether the agency performs its statutory duties efficiently and effectively.

During the sunset review, obtaining data from the Secretary was sometimes difficult. This was due to the fact that the Secretary does not track basic information related to the program's regulatory activity.

Data that was requested during the sunset review that was not available includes:

- The number of online and in-person games manager courses given each year,
- The number of participants attending online and in-person games manager courses,
- The games manager examinations pass rates,
- The number of licenses denied and the reasons for the denials,
- The total number and value of fines that were imposed, and
- The total number and value of fines that were waived or reduced.

Even though the agency had this information available in some form, staff could not easily retrieve or provide it to COPRRR for inclusion in the sunset report. Consequently, it was not available for analysis as part of this sunset review.

While the Secretary is not statutorily required to track such data, the fact that the agency does not track these basic statistics raises the question of whether the agency is effectively managing the program.

Additionally, during the sunset review, bingo-raffle licensees raised numerous issues related to regulation by the Secretary. For example, they mentioned that they almost never see an investigator and would welcome more inspections. They expressed frustration when they are cited for violating the Act or the rules while similar nonprofits around the state continue to operate in violation of the Act or rules since they have not been corrected through an inspection and, therefore, do not realize that they are doing anything wrong.

¹⁰⁰ Colo. Const. Art. XVIII, Section 2 (4).

At this time, the program only has one investigator. This is problematic for several reasons. As games may be held anywhere in the state, it is questionable whether one investigator is sufficient to effectively enforce the Act, especially since the investigator is also tasked with conducting audits. Also, if the sole investigator gets sick or has personal issues, no other investigators are available. In this case, no inspections or investigations are being conducted anywhere in the state.

The question of whether the program would be better placed in Revenue has arisen repeatedly over the years, and during this sunset review, the issue was raised again.

The reason why some have sought to move the program to Revenue is simple. Revenue regulates all other types of gaming in the state, including for-profit gaming, racing and sports betting. It also regulates liquor, tobacco and marijuana and is home to the Colorado lottery.

Because Revenue regulates other similar programs, it already has staff with sufficient knowledge to regulate charitable gaming. It also has more resources dedicated to regulating gaming, and the program could benefit since some of the program's functions could be centralized and absorbed by other existing regulatory programs.

Moving the program to Revenue would create a more flexible and effective regulatory program, so that if one investigator becomes ill or takes leave for other reasons, investigations, inspections and other duties of the investigative staff would not come to a complete standstill.

Furthermore, the Secretary also relies on the program's one investigator to conduct audits. Because of this, staff are only able to conduct one or two audits a year, which is unlikely to be adequate to detect fraud and other misconduct throughout the state. Revenue, however, already has qualified staff who audit other types of gaming organizations, and using the existing auditing staff in Revenue would free investigators to focus on other responsibilities.

Moving the program to Revenue would streamline the regulation of charitable gaming and strengthen the program's ability to protect the public and the nonprofits that rely on revenue from charitable games.

This may be accomplished in one of two ways.

- First, the legislature could pass a bill to move the entire program to Revenue, but ultimately, such a change would require voters to approve a measure to amend the constitution.
- Second, the legislature could pass a bill to move all the functions of the program to Revenue, except for approving nonprofits to participate in charitable gaming, a duty that the constitution requires the Secretary to execute.

The first option is a possibility, but it would require passage of a bill and approval by the voters, which could prove difficult. The second option would be easier to accomplish, but it does have at least one important obstacle. The Secretary would still be charged with approving nonprofit organizations to engage in charitable gaming.

Moving part of the program to Revenue would, therefore, split the regulation of charitable gaming between two different state departments. However, it need not weaken it.

Since regulatory enforcement of charitable gaming is primarily achieved through education, fines and restitution, Revenue should have no difficulty enforcing the Act or the rules most of the time.

In case other enforcement actions are required, such as suspending or revoking a license, the Secretary could be required to abide by the enforcement decisions of Revenue. Similarly, Revenue could be required to abide by the licensing decisions of the Secretary, and both agencies could be required to enter into a memorandum of understanding (MOU) to establish the details of how this might be accomplished.

The Secretary would still be responsible for ensuring that nonprofit organizations meet the qualifications established in the state constitution and the Act, but Revenue would be responsible for enforcing the Act, enforcing certain provisions in the constitution and issuing all other licenses enumerated in the Act.

It would be ideal if a constitutional amendment to move the licensing functions to Revenue were approved by voters, and the legislature may decide, at some point in the future, to refer such a measure to voters again, but it need not do so to move the vast majority of the regulatory program to Revenue.

To allow the two departments time to develop the MOU and the new regulatory structure, the transfer should take effect on January 1, 2025.

Therefore, effective January 1, 2025, the General Assembly should:

- Move the regulation of charitable gaming to Revenue, with the exception of the approval of non-profit organizations by the Secretary;
- Authorize Revenue to promulgate rules and assess fees connected to Revenue's duties;
- Authorize the Secretary to promulgate rules and assess fees connected to the Secretary's duties; and
- Require Revenue to abide by the approval of nonprofit organizations by the Secretary, require the Secretary to abide by the enforcement decisions of Revenue, and require both agencies to enter into an MOU regarding how this will be accomplished, along with other matters.

Recommendation 3 – Sunset the Bingo-Raffle Advisory Board.

The Advisory Board was established to make recommendations concerning the Act and the implementation of the Act to the regulatory program and the General Assembly. While the Secretary has rulemaking authority, the program is required to consult with the Advisory Board when engaging in rulemaking.

The Advisory Board is made up of nine members, which must include five members from the following bingo-raffle licensees:¹⁰¹

- Three members from an organization classified as religious, charitable, labor, educational or voluntary firefighters (only one member may be appointed from any of the classifications);
- One member from a veterans organization; and
- One member from a fraternal organization.

The additional four members must be:¹⁰²

- A supplier licensee;
- Two landlord licensees; and
- One registered voter, who may not be an employee or a director of a licensee, have any financial interest in a licensee or actively participate in the conduct or management of games of chance.

The appointments to the Advisory Board are divided between the President of the Senate and the Speaker of the House of Representatives.¹⁰³

Members serve four-year terms and are limited to two consecutive terms.¹⁰⁴

While the Advisory Board is statutorily required to meet twice a year, it has not met since 2019. Program staff reported that they emailed the Advisory Board members several times to schedule meetings, but not enough board members responded to email queries about meeting dates for meetings to be scheduled.

Also, nearly all of the Advisory Board seats have been vacated, but new members have not been appointed to fill the empty seats. The last time program staff contacted the appointing authorities to let them know Advisory Board seats were open was in June 2022, and program staff has not followed up with the appointing authorities since that time. During the sunset review, only one seat on the Advisory Board was filled.

As the Advisory Board has not met in several years and only one of the nine seats has been appointed, the Advisory Board is no longer functional.

¹⁰¹ § 24-21-630(2)(a), C.R.S.

¹⁰² § 24-21-630(2)(a), C.R.S.

¹⁰³ § 24-21-630(2)(b), C.R.S.

¹⁰⁴ § 24-21-630(2)(c), C.R.S.

Sunset criteria question whether the program is necessary to protect the health, safety and welfare of the public.

An advisory board is typically created to provide advice and guidance to the regulatory agency. However, the program staff are trained and knowledgeable about bingo, raffles and pull tabs, so they are qualified to understand the games and issues related to the conduct of the games. Considering this, the Advisory Board is not necessary and could be sunset without compromising public protection.

Further, a stakeholder process is established under the Administrative Procedure Act (APA), so stakeholders already have an opportunity to weigh in on any rules or amendments to rules proposed by the Secretary. Stakeholders also have the ability to reach out to the program if they want to propose changes to the rules.

Some stakeholders can and do contact members of the legislature to propose changes to the Act, and the General Assembly has adopted several bills to amend the Act based on these proposals.

Some have suggested that the Advisory Board should be transformed into a board with rulemaking authority. However, as the current staff have sufficient knowledge of charitable gaming to make decisions about rulemaking, such a change is unnecessary.

Additionally, Recommendation 2 proposes moving the regulation of charitable gaming to Revenue. Whether the program is moved or not, the regulator could always convene an *ad hoc* advisory committee, if one is needed, to provide guidance on rulemaking or for other purposes.

Therefore, the General Assembly should sunset the Advisory Board.

Recommendation 4 – Modernize the fining authority by increasing the maximum fine to \$250 per violation.

Currently, the Secretary may assess a maximum fine of \$100 per violation, and the Secretary has established a schedule of fines that range from \$20 to \$100 depending on the severity of the violation. The Secretary also allows a fine to be waived or reduced for good cause.

However, the Secretary’s fining authority has not increased in several decades.

Sunset criteria ask whether the agency operates in the public interest and whether its operation is impeded by existing statutes.

The purpose of issuing a fine is to deter misconduct in games of chance, which can be harmful to players and to the nonprofit organizations that depend on the funds from charitable gaming.

Sunset reviews are guided by statutory criteria found in section 24-34-104, C.R.S., and the fifth criterion questions whether the agency operates in the public interest and whether its operation is impeded by existing statutes.

The fining authority should be modernized to ensure that the Act continues to effectively protect the public from misconduct. Several decades ago, a fine of \$100 was a much stronger deterrent than it is today. In order to ensure that the fines issued for violations of the Act continue to act as a deterrent, the maximum fine amount should be adjusted for inflation.

The program should continue to maintain a schedule of fines based on the severity of the fine, and licensees should continue to be able to request that fines be waived or reduced for good cause.

Therefore, the General Assembly should modernize the fining authority by increasing the maximum fine to \$250 per violation.

Recommendation 5 – Amend the fining authority so that fines may not be issued “in lieu of suspension or revocation.”

Under the Act, the Secretary has the authority to impose a maximum fine of \$100 per violation *in lieu of a suspension or revocation*.

Sunset criteria question whether the agency operates in the public interest and whether its operation is impeded by existing statutes.

The “in lieu of a suspension or revocation” language is problematic for a number of reasons. First of all, it is contrary to the regulatory duty to protect the public. This language essentially provides that, if a licensee has engaged in conduct that is so egregious that suspension or revocation is warranted, the Secretary may decide to impose a fine instead.

It also creates the perception that a licensee can buy their way out of a suspension or revocation. Considering, the maximum fine allowed is only \$100, it would be a bargain compared to the prospect of losing thousands of dollars in potential revenue from charitable games.

In practice, fines are most commonly imposed for mundane administrative violations, as opposed to more serious issues, as would be reasonable to expect when suspension or revocation are also possible sanctions. For this reason, the “in lieu of a suspension” provision should be repealed.

In practice, the Secretary has already uncoupled fining from suspensions and revocations. However, if the language is not repealed, another regulator could always

change course and assess fines for serious violations when a suspension or revocation is warranted.

Therefore, the General Assembly should amend the fining authority so that fines may not be issued “in lieu of suspension or revocation.”

Recommendation 6 – Make technical amendments.

The Act has been in place several decades. As with any law, it contains instances of outdated, duplicative and confusing language, and the Act should be revised to eliminate obsolete references and to reflect current terminology and administrative practices. The following change is technical in nature, so it will have no substantive impact on the regulation of charitable gaming.

The General Assembly should make the following technical change:

- Amend the Act to make it gender neutral by replacing terms such as “him,” “her,” “he” and “she” with a gender-neutral term; and
- Move section 24-21-604(4), C.R.S., which authorizes a bingo-raffle licensee to presell tickets to a charitable gaming event, to section 24-21-617, C.R.S., since this provision applies to all charitable games and not just prize promotion.

Administrative Recommendation 1 – The regulator should improve the program’s recordkeeping practices.

During the sunset review, obtaining data from the Secretary was, at times, difficult. This was due to the simple fact that the Secretary does not track basic information related to the program’s regulatory activity.

Data that was requested during the sunset review that was not available includes:

- The number of online and in-person games manager courses given each year,
- The number of participants attending online and in-person games manager courses,
- The games manager examination pass rates,
- The number of licenses denied and the reasons for the denials,
- The total number and value of fines that were imposed, and
- The total number and value of fines that were waived or reduced.

Even though the agency had this information available in some form, staff could not easily retrieve or provide it to COPRRR for inclusion in the sunset report. Consequently, it was not available for analysis as part of this sunset review.

While the Secretary is not statutorily required to track such data, the fact that the agency does not track these basic statistics raises the question of whether the agency is effectively managing the program.

Tracking statistics such as these is important for a state agency for several reasons. First, and perhaps most importantly, they provide a certain level of accountability. They inform policymakers, the regulated community and members of the public of what the agency is accomplishing.

Second, they can help the agency identify areas where it may need to improve. For example, if the examination pass rates are unusually low, it may indicate that examinees are not well prepared to take the examination and changes need to be made to the training courses.

Third, they can provide important information to policymakers about changes that should be made to the Act. For instance, if certain nonprofits are being denied licenses based on statutory language and a change would not conflict with the constitution, the General Assembly may seek to pass legislation to remedy the situation.

Finally, measures, such as the total number and value of fines imposed and the total number and value of fines waived, are important to the overall management of a regulatory program, and tracking this information should be a priority.

The fifth sunset criterion questions whether the agency operates in the public interest and whether its operation is impeded by existing practices.

In order to create a more effective and transparent regulatory program, the regulator should improve the program's recordkeeping practices by tracking basic information concerning its regulatory activity, including data that was requested by COPRRR and not provided.

Therefore, the regulator should enhance its recordkeeping practices so that such data are more readily available.

Administrative Recommendation 2 – The regulator should hire additional investigators.

During the sunset review, bingo-raffle licensees raised numerous issues related to how the Act is enforced. For example, they mentioned that they almost never see an investigator and would welcome more inspections. They expressed frustration when they are cited for violating the Act or the rules while similar nonprofits around the state continue to operate in violation of the Act or rules since they have not been corrected through an inspection and do not realize that they are doing anything wrong.

Sunset criteria question whether the agency performs its statutory duties efficiently and effectively.

At this time, the program has only one investigator. This is problematic for several reasons. As games may be held anywhere in the state, it is questionable whether one investigator is sufficient to effectively enforce the Act, especially since the investigator is also tasked with conducting audits and providing training courses for games manager certification.

If the sole investigator gets sick or has personal issues, there are no other investigators available. In this case, no inspections or investigations are being conducted anywhere in the state. Finally, no one is being trained to take over in case the investigator retires or leaves for other reasons.

In order to effectively regulate charitable gaming, the regulator should hire additional investigators.

Appendix A – Customer Service Survey

In July 2023, COPRRR staff conducted a survey of all games managers and bingo-affle licensees. The survey was sent to 1,206 individuals including games managers and other representatives of bingo-affle licensees and 23 were returned as undeliverable. The survey received 225 responses, which is a 19 percent response rate. Survey results may be found below.

What is your relationship to the Bingo and Raffles program?

Relationship	Percentage
Landlord	0.36%
Manufacturer	0.72%
Supplier	0%
Nonprofit Organization	44.4%
Games Manager	54.5%
Other	0%

Please indicate your years of experience.

Years of Experience	Percentage
1 to 2 years	22.2%
3 to 5 years	24.4%
6 to 9 years	18.7%
10 to 14 years	17.3%
15 to 20 years	10.7%
20 plus years	6.7%

In the past year, how many times have you interacted with the Bingo and Raffles program? Please count all forms of interaction (telephone, e-mail, internet or website, regular mail, in person).

Number of Interactions	Percentage
I have not interacted	4%
1 to 2 times	17%
3 to 4 times	26.8%
5 to 6 times	17.4%
7 to 8 times	8.9%
9 or more times	25.9%

If you have interacted with the Bingo and Raffles program, what was your primary purpose in interacting with the program?

Purpose of Interaction	Percentage
Licensing or registration	42%
Inspection, audit or examination	3.6%
To file a complaint	0%
To learn about the requirements for a profession/occupation	0%
To learn about the functions of (insert name of program/agency)	0%
To obtain help with an issue	33.5%
Respond to a complaint	0.9%
Respond to a request made to you	4.9%
Participate in a board, committee, commission, taskforce or working group for the agency	0.9%
Comment on or learn about existing/proposed rules or legislation	0.4%
Continuing education	1.3%
Update my information	4.9%
Questions about the scope of practice	2.2%
Not applicable	5.4%
Other	0%

Overall please rate the service provided by the Bingo and Raffles program.

Service Provided	Percentage
Excellent	42.4%
Good	46.2%
Fair	7.1%
Poor	3.1%
Unacceptable	0.4%
Not Applicable	0.9%

Please rate the usefulness of the Bingo and Raffles program website in answering your questions or providing needed information.

Website Usefulness	Percentage
Excellent	22.8%
Good	50%
Fair	17%
Poor	5.8%
Unacceptable	0.9%
Not Applicable	3.6%

Please rate the usefulness of the Bingo and Raffles program's communications in answering your questions or providing needed information.

Communications Usefulness	Percentage
Excellent	40.6%
Good	42%
Fair	9.8%
Poor	3.6%
Unacceptable	0.4%
Not Applicable	3.6%

Regardless of the outcome of your most recent issue, do you feel the Bingo and Raffles program listened to your concerns?

Listening to Concerns	Percentage
Excellent	46.2%
Good	34.2%
Fair	5.3%
Poor	2.7%
Unacceptable	1.8%
Not Applicable	9.8%

Please rate the timeliness of the Bingo and Raffles program in responding to your issues.

Response Timeliness	Percentage
Excellent	40.6%
Good	37.5%
Fair	10.3%
Poor	6.3%
Unacceptable	0.4%
Not Applicable	4.9%

Please provide the number and types of interactions that were required to resolve or address your most recent issue. (Please select all applicable types of interactions used AND the number times for each type OF interaction selected.)

Number of Interactions	Type of Interaction				
	Phone	Website	E-mail	In Person	Regular Mail
0 times	54	36	23	110	98
1 to 2 times	85	66	81	4	16
3 to 4 times	31	30	50	1	1
5 to 6 times	10	10	17	0	0
7 or more times	1	11	19	0	0

Please rate the helpfulness of the Bingo and Raffles program in resolving your issue or need.

Helpfulness	Percentage
Excellent	43.8%
Good	37.5%
Fair	8.5%
Poor	4%
Unacceptable	0.4%
Not Applicable	5.8%

Please rate the professionalism of the program's staff.

Professionalism	Percentage
Very professional	53.3%
Professional	34.7%
Somewhat professional	5.8%
Not very professional	0.9%
Unprofessional	0.4%
Not applicable	4.9%

Please rate the accuracy of information provided by the Bingo and Raffles program.

Professionalism	Percentage
Very accurate	46.9%
Accurate	36.6%
Somewhat accurate	11.2%
Not very accurate	2.7%
Inaccurate	0.4%
Not applicable	2.2%

Are the Bingo and Raffles program staff available and responsive when questions about the games are raised?

Professionalism	Percentage
Yes	71.9%
Somewhat	16.5%
No	2.2%
I have never reached out with questions	9.4%

Do the Bingo and Raffles program staff provide helpful and consistent information when questions about the games are raised?

Professionalism	Percentage
Yes	72%
Somewhat	14.7%
No	3.1%
I have never reached out with questions	10.2%

Are the Bingo and Raffles program staff knowledgeable about the games?

Professionalism	Percentage
Yes	81.7%
Somewhat	9.8%
No	0.4%
I'm not sure.	8%

Are the Bingo and Raffles program staff fair when conducting inspections?

Professionalism	Percentage
Yes	42.1%
Somewhat	3.2%
No	0%
I'm not sure.	54.8%

Are the Bingo and Raffles program staff consistent when conducting inspections?

Professionalism	Percentage
Yes	35%
Somewhat	4%
No	0.9%
I'm not sure.	60.1%

Do the Bingo and Raffles program staff work to bring licensees into compliance with the laws before issuing fines or taking other disciplinary actions against licensees?

Professionalism	Percentage
Yes	58.3%
Somewhat	4%
No	0%
I'm not sure.	37.7%

Are the Bingo and Raffles Rules generally fair and reasonable?

Professionalism	Percentage
Yes	71.5%
Somewhat	15.8%
No	3.2%
I'm not sure.	9.5%

Do the Bingo and Raffles Rules need to be modernized?

Professionalism	Percentage
Yes	22.1%
Somewhat	21.2%
No	22.5%
I'm not sure.	34.2%

The Bingo-Raffle Advisory Board is a nine-member board made up of bingo-raffle licensees, landlords, a supplier and a public member that advises the programs staff on the regulation of bingo and raffles. Is this board necessary?

Professionalism	Percentage
Yes	46.2%
No	4.5%
I'm not sure.	49.3%

Appendix B – Charitable Gaming Net Profit

The following five tables illustrate, by type of game, the total amount wagered, total net profit and net profit by percent of amount wagered each year in charitable gaming from 2018 to 2022.

Net Profit by Amount Wagered 2018

Type of Game	Total Amount Wagered	Net Profit	Net Profit by Percent of Amount Wagered
Raffles	\$29,261,926	\$15,434,555	53%
Progressive Raffles	\$600,198	\$193,792	32%
Bingo	\$28,229,222	\$2,573,829	9%
Progressive Bingo	\$9,863,345	\$3,297,486	33%
Pull Tabs Sold at Bars or Club Rooms	\$17,885,652	\$2,810,990	16%
Pull Tabs Sold at Bingo Occasions	\$36,301,825	\$2,579,338	7%
Progressive Pull Tabs	\$5,194,736	\$817,380	16%
Total	\$127,336,904	\$27,707,370	22%

Net Profit by Amount Wagered 2019

Type of Game	Total Amount Wagered	Net Profit	Net Profit by Percent of Amount Wagered
Raffles	\$29,653,217	\$15,500,700	52%
Progressive Raffles	\$710,267	\$292,473	41%
Bingo	\$28,376,791	\$2,894,850	10%
Progressive Bingo	\$10,236,344	\$3,535,620	35%
Pull Tabs Sold at Bars or Club Rooms	\$18,045,245	\$2,893,127	16%
Pull Tabs Sold at Bingo Occasions	\$37,942,199	\$2,580,889	7%
Progressive Pull Tabs	\$5,640,846	\$812,313	14%
Total All Charitable Games	\$130,604,909	\$28,509,972	22%

**Net Profit by Amount Wagered
2020**

Type of Game	Total Amount Wagered	Net Profit	Net Profit by Percent of Amount Wagered
Raffles	\$27,899,184	\$17,442,627	63%
Progressive Raffles	\$285,720	\$102,995	36%
Bingo	\$12,861,839	\$799,815	6%
Progressive Bingo	\$5,065,172	\$1,625,981	32%
Pull Tabs Sold at Bars or Club Rooms	\$11,346,170	\$1,844,068	16%
Pull Tabs Sold at Bingo Occasions	\$20,225,336	\$1,451,624	7%
Progressive Pull Tabs	\$3,247,888	\$442,788	14%
Total All Charitable Games	\$80,931,309	\$22,526,716	28%

**Net Profit by Amount Wagered
2021**

Type of Game	Total Amount Wagered	Net Profit	Net Profit by Percent of Amount Wagered
Raffles	\$32,246,196	\$22,826,176	71%
Progressive Raffles	\$671,836	\$360,543	54%
Bingo	\$15,881,060	\$1,796,561	11%
Progressive Bingo	\$6,576,865	\$2,235,839	34%
Pull Tabs Sold at Bars or Club Rooms	\$17,817,365	\$3,188,762	18%
Pull Tabs Sold at Bingo Occasions	\$27,320,099	\$2,172,862	8%
Progressive Pull Tabs	\$4,740,748	\$700,851	15%
Total All Charitable Games	\$105,254,169	\$33,281,594	33%

**Net Profit by Amount Wagered
2022**

Type of Game	Total Amount Wagered	Net Profit	Net Profit by Percent of Amount Wagered
Raffles	\$31,365,824	\$21,663,754	69%
Progressive Raffles	\$489,724	\$187,146	38%
Bingo	\$16,840,419	\$1,872,648	11%
Progressive Bingo	\$7,029,717	\$2,476,645	35%
Pull Tabs Sold at Bars or Club Rooms	\$15,130,159	\$2,487,403	16%
Pull Tabs Sold at Bingo Occasions	\$27,209,892	\$1,945,280	7%
Progressive Pull Tabs	\$4,908,069	\$678,553	14%
Total All Charitable Games	\$102,973,804	\$31,311,429	30%