

# Colorado Limited Gaming Control Commission

Minutes of Public Session  
May 21, 2015

## Public Session

### **I. Call to Order**

The May 21, 2015 meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Roger Hutson at approximately 9:30 a.m. at the Division of Gaming office, 17301 W. Colfax Ave, #135, Golden, Colorado. Commissioners Jannine Mohr and Bill Hughes were present and a quorum existed. Commissioner Chuck Murphy was excused for good cause.

### Officials & Administrators in Attendance

Roger Hutson, Chairman  
Jannine Mohr, Vice-Chairman  
Bill Hughes, Commissioner  
Ron Kammerzell, Deputy Senior Director, Enforcement Business Group  
Flavio Quintana, Director  
Kenya Collins, Director of Administration  
Doug Darr, Chief of Investigations  
Ceri Williams, Senior Assistant Attorney General  
Geri Clerkin, Chief Auditor  
Eric Shannon, Accountant  
Jill Vaughan, Budget Director  
Steve Paine, Budget Analyst  
Kirsten Gregg, Agent in Charge, Golden  
Lad Sullivan, Agent in Charge, Central City  
Chris Moore, Agent in Charge, Cripple Creek  
Ronni Hunter, Rules Manager  
Allison Yunko, Secretary to the Commission

### **II. Opportunity for the Public to Address the Commission**

The Chairman extended an opportunity for the public in attendance to address the Commission on any topic not on the agenda. No one came forward.

### **III. Continuation of Hearing on Colorado Gaming Regulation 47.1-1401, Gaming Tax**

The Commission voted unanimously to re-open the hearing on proposed amendments to Colorado Gaming Regulation 47.1-1401, Gaming Tax. Representatives of the cities and counties impacted by gaming provided the following information which was admitted into the rulemaking record:

Cripple Creek – Paul Harris, Finance Director, presented the City of Cripple Creek’s annual report and stated that Cripple Creek supports maintaining the current tax structure to help keep stability within the industry and city.

Gilpin County – County Commission Chairman, Buddy Schmalz, presented Gilpin County’s annual report and stated that Gilpin County supports maintaining the current tax structure to help keep stability within the industry and the county.

Black Hawk – Geri Clerkin, Chief Auditor, Division of Gaming, submitted the annual report provided by the City of Black Hawk into the record, as a representative from the city was not in attendance to present the information. In its report, the city did not provide a recommendation for FY2016 gaming taxes.

Central City – Geri Clerkin, Chief Auditor, Division of Gaming, submitted the report provided by the City of Central into the record, as a representative from the city was not in attendance to present the information. In its report, the city requested the tax rates remain unchanged for FY2016.

Advanced Industries Accelerator Program – Geri Clerkin, Chief Auditor, Division of Gaming, submitted the presentation provided by the Colorado Office of Economic Development & International Trade into the record, as a representative from the program was not in attendance to make the presentation. In its submitted materials, the program did not provide a recommendation for FY2016 gaming taxes.

Additional presentations were made by the following:

Department of Revenue – Jill Vaughan, Budget Director, and Steve Paine, Budget Analyst, presented the Division of Gaming’s FY 2015, FY 2016, and FY 2017 revenue projections. The estimated FY 2015 revenue projections are based on 9 months of actual data and 3 months of projected data for the balance of the year. Total AGP is estimated to be just over \$756 million, with estimated total tax revenue of nearly \$106 million. The FY 2016 revenues are projected to be nearly \$106 million, with AGP estimated to decrease by just under \$1 million. The FY 2017 revenues are projected to be nearly \$107 million, with AGP estimated just over \$763 million.

Anton Collins Mitchell LLP – Kristen Holthus, CPA, and Brian Zales, Partner, presented an overview of the Colorado gaming industry performance, gaming industry trends and compared the net revenues of the six tax tiers. Information was also provided regarding other components by tax tier including, AGP by device, average EBITDA, operating, payroll and marketing expenses and device fees.

Colorado Gaming Association (CGA) – Steve Roark, President, presented the association’s position on the tax rate. Mr. Roark presented the CGA’s request to retain the current tax rate structure for Fiscal Year 2016.

Double Eagle Hotel – Michael Smith, President, presented Double Eagle’s position on the current tax rate. Mr. Smith proposed an adjustment to the tax tiers for Fiscal Year 2016.

Public Testimony – Members of the public were given the opportunity to testify regarding gaming taxes. Paul Harris, Finance Director, returned before the Commission to provide testimony and clarification, regarding Cripple Creek device fees.

### Certifications

The Commission certified that the following continuation budget requests for Fiscal Year 2016 were being considered by the Commission in setting the gaming tax rate beginning July 1, 2015: Department of Local Affairs, Colorado Bureau of Investigation, Colorado State Patrol, Colorado Division of Fire Prevention and Control, and the Colorado Division of Gaming. The Commission certified that the state agency program impacts were being considered by the Commission in setting the gaming tax rate, starting July 1, 2015, and were deemed to be gaming-related.

### Executive Session

The Commission voted unanimously to go into Executive Session pursuant to sections 24-6-402(3)(a)(II) and (III) and 12-47.1-527(1)(a) of the Colorado Revised Statutes to receive confidential data related to tax information of individual casinos, including a presentation from Double Eagle Hotel & Casino, reports from Anton Collins Mitchell, LLP and the Division of Gaming, and to receive legal advice, if necessary.

### Public Session (reconvened)

The Public Session reconvened at approximately 10:44 a.m.

The Commission voted unanimously to close the hearing on proposed amendments to Colorado Gaming Regulation 47.1-1401, Gaming Tax. The Commission publicly deliberated on the information and testimony it had received in April and May from the various state and local agencies, the testimony presented by the Colorado Gaming Association, and information received from Anton Collins Mitchell, LLP, regarding the current state of affairs in the Colorado gaming industry. Each Commissioner expressed his and her thoughts and considerations of the issue.

The Commission voted unanimously to retain the current gaming tax rates.

### **IV. Consideration of Disciplinary Actions**

Ceri Williams, Senior Assistant Attorney General, presented the Findings, Conclusions and Order in Case No. DOG15000582, In the Matter of Michael Anthony Arroyo II, Support License No. 43251, the Order to Show Cause in Case No. DOG15000586, In the Matter of Natasha Sophia Balczarek, Support License No. 43688 and the Order of Summary Suspension in Case No. DOG14003863, In the Matter of Stephen John Kreutzer, Support License No. 37295.

The Commission voted unanimously to approve and authorize the Chairman to sign the disciplinary actions.

### **V. Consideration of Colorado Gaming Rule 3 – Applications, Investigations, and Licensure**

The Commission voted unanimously to open the hearing on Colorado Gaming Regulation, Rule 3.

Jill Vaughan, Budget Director, and Steve Paine, Budget Analyst, presented information regarding Colorado Limited Gaming Regulations 47.1-303 for Fiscal Year 2016.

The public was given an opportunity to address the Commission on the proposed amendments; no one came forward.

The Commission voted unanimously to close the hearing on Colorado Gaming Regulation, Rule 3, and adopt the following changes:

Retail Type 1	\$5500
Retail Type 2	\$8000
Operator Type 1	\$3700
Operator Type 2	\$7400
Mfg/Distributor Type 1	\$3700
Mfg/Distributor Type 2	\$7400
Associated Equipment Supplier Type 1	\$3700
Associated Equipment Supplier Type 2	\$7400
Table Games	\$2250
Support License New	\$115
Support License Renewal	\$70
Key License New	\$275
Key License Renewal	\$215
Duplicate License	\$5

#### **VI. Division Financial Statement**

Eric Shannon, Accountant, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the nine (9) months ending March 31, 2015.

The Commission voted unanimously to approve the financial statement and authorize its distribution.

#### **VII. Consideration of Organizational Matters**

Approval of Minutes – Minutes of the April 16, 2015 Public Session of the Colorado Limited Gaming Control Commission were approved as presented.

Directors' Update:

Ron Kammerzell – Deputy Senior Director, Enforcement Business Group, made no comment.

Flavio Quintana – Director, Division of Gaming, introduced Amanda Karger, who is the new Department of Revenue Budget Director. Next, Director Quintana reminded the Commission that a tour of the Colorado Bureau of Investigation facility has been scheduled following the June 18th Commission meeting.

#### **Executive Session**

The Commission voted unanimously to go into Executive Session pursuant to sections 24-6-402(3)(a)(III), 12-47.1-522(1)(a), and 12-47.1-527(1) of the Colorado Revised Statutes to review confidential reports from the Division of Gaming.

**Public Session** (Reconvened)

The Chairman extended a final opportunity for the public in attendance to address the Commission on any topic not on the agenda. No one came forward.

Adjournment – The meeting was adjourned at approximately 11:09 a.m.



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Allison Yunko, Secretary to the Colorado Limited Gaming Control Commission