



Memo

To: Colorado Limited Gaming Control Commission

From: Dan Hartman, Division of Gaming Director

Date: November 21, 2019

Re: Sports Betting License Fee Analysis and Background Investigation Hourly Rate for FY2019-20

Licensing Fee Analysis

The Division has reviewed and completed an analysis of license fees for the advent of sports betting in the state of Colorado. The fee setting model is based on the average time it currently takes to process similar gaming licenses by the Division.

The Division's review indicates an estimated time of 11.4 hours to complete the processing of a new sports betting license application, with a total cost of review of \$1200. For a Master License, however, due to the abbreviated nature of the background review required, a new license application flat fee of \$2000 will be required. The required flat fee includes approximately nine hours of contract review, deemed necessary by the Division to determine licensing requirements of associated individuals and businesses.

Additionally, the Division will complete an abbreviated application process for Vendor Minor License applicants that will include a limited background check and review of associated individuals and businesses. The time required to complete the processing of Vendor Minor License applications, including the limited background review, is estimated to be 4.5 hours, for a total cost to the applicant of \$350.

Background Investigation Hourly Rate

The Division expects to complete background investigations for new sports betting licenses in the same manner as those completed for limited gaming. In May of 2019, the Commission approved an increase of the hourly rate to \$77, based on the direct cost of performing background investigations in fiscal year 2019-20 of \$69.77, and the indirect costs of \$6.88,

rounded to the nearest dollar. A deposit of \$10,000 is typically required to cover initial background investigation costs.

Based on the abovementioned analysis, the Division requests the Commission approve the following licensing fees:

- Master: \$2000
- Sports Betting Operator: \$1200
- Internet Sports Betting Operator: \$1200
- Vendor Major: \$1200
- Vendor Minor: \$350

In addition, the Division requests the Commission approve a background investigation hourly rate of \$77.