DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 7

The purpose of Rule 7 is to establish a Sports Betting Operations Fee to defray the cost of regulating the sports betting industry, specify the requirements regarding the certification, assessment and security of sports betting systems and kiosks, direct Sports Betting Operations to establish internal control procedures, including accounting controls, outline reporting requirements and the computation of taxes, establish geofence and sports betting account requirements, and to outline procedures for change control. The statutory basis for Rule 7 is found in sections 44-30-102, C.R.S., 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-503, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S., 44-30-1501, C.R.S., 44-30-1511, C.R.S., and part 15 of article 30 of title 44, C.R.S.

7.8 Sports betting reports; betting revenue; computation of taxes; reconciliation.

(2) Calculation of taxes.

(a) Remittance of betting taxes shall be the sole responsibility of the licensee that accepts, calculates, and is responsible for settlement of the sports wager. Such responsibility shall be included in the operating agreements between parties.

(b) In determining sports betting tax liability for a reporting period, a sports betting operator shall take the sum of taxable proceeds for all gaming days in the period and multiply by the decimal representation of the sports betting tax percentage. *Amended 5/15/22*

Taxable proceeds for a gaming day are the net sports betting proceeds for the gaming day minus the absolute value of any carry over loss from the previous gaming day. If the taxable proceeds for a gaming day result in a negative number, the taxable proceeds for that gaming day is zero and the resulting negative number is the carry over loss applied to the next gaming day. *Effective 5/15/22*

(c) Sports Betting Free Bets ~~Reduction~~ Deduction.

(i) ~~Until January 1, 2023, when calculating "net sports betting proceeds" each month,~~ On and after July 1, 2026, a Sports Betting Operator or Internet Sports Betting Operator ~~may:~~ shall not deduct any free bets placed by players with the Sports Betting Operator or carry forward any unused free bet credits.

~~(A) Include all free bets placed by players with the Sports Betting Operator or; and~~

~~(B) Carry forward any unused free bet credits accumulated on or before November 30, 2022.~~

~~(ii) On and after January 1, 2023, when calculating "net sports betting proceeds" each month, a sports betting operator or Internet Sports Betting Operator shall include only a portion of the total free bets placed by players with the sports betting operator or Internet Sports Betting Operator, as follows:~~

~~(A) On and after January 1, 2023, through June 30, 2024, no more than two and one-half percent of the total amount of all bets placed by players with that sports betting operator or Internet Sports Betting Operator each month;~~

~~(B) On and after July 1, 2024, through June 30, 2025, no more than two and one-fourth percent of the total amount of all bets placed by players with that sports betting operator or Internet Sports Betting Operator each month;~~

~~(C) On and after July 1, 2025, through June 30, 2026, no more than two percent of the total amount of all bets placed by players with that sports betting operator or Internet Sports Betting Operator each month; and~~

~~(D) On and after July 1, 2026, no more than one and three-quarters percent of the total amount of all bets placed by players with that sports betting operator or Internet Sports Betting Operator each month.~~

~~(iii) On or after January 1, 2023, a sports betting operator or Internet Sports Betting Operator shall not:~~

~~(A) Carry over to the next month any free bets placed in excess of the deduction allowed for any month; or~~

~~(B) Carry forward any unused free bet credits accumulated before January 1, 2023.~~