

JOINT BUDGET COMMITTEE



SUPPLEMENTAL BUDGET REQUESTS FY 2022-23 & FY 2023-24

DEPARTMENT OF REVENUE

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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DEPARTMENT OF REVENUE

DEPARTMENT OVERVIEW

The Department of Revenue regulates, enforces, and administers the state's tax laws. The Department also issues and maintains records related to drivers' licenses, vehicle emission testing stations, registration and titling of motor vehicles, limited stakes gaming, liquor and tobacco retailers, horse racing and pari-mutuel betting, the automobile sales industry, and medical and recreational marijuana retailers, growing facilities, and manufacturing facilities. In addition, the Department operates the State Lottery, including state and multi-state games. The Department is divided into five divisions or business groups, four of which provide direct services to the citizens of the State, and one that provides support for the four direct-service providers.

THE EXECUTIVE DIRECTOR'S OFFICE

- Provides overall leadership and administration for the Department, including the central budget office, accounting and financial services, information technology, internal audit, human resources administration, and includes the Office of Research and Analysis, a citizens' advocate, and the Hearings Division.

THE TAXATION BUSINESS GROUP

- Is responsible for the collection, administration, and enforcement of individual and corporate income taxes, sales and use taxes, gasoline and special fuel taxes, and severance taxes, as well as all other taxes collected by the State;
- Provides assistance and information to taxpayers about compliance with Colorado's tax laws;
- Attempts to resolve taxpayer disputes before they reach the court system;
- Administers the cigarette tax rebate and the Amendment 35 distribution of cigarette taxes to the cities and counties; and
- Administers the Old Age Heat and Fuel and Property Tax Rebate Program.

THE DIVISION OF MOTOR VEHICLES (DMV)

- Is responsible for enforcement and administration of the laws governing driver licensing and vehicle registration;
- Licenses drivers, maintains records of licensed drivers, and applies administrative sanctions against drivers who violate traffic laws, including for drunk driving and for excessive points;
- Oversees the vehicle emissions testing stations (including mobile testing stations);
- Registers and titles motor vehicles; and
- Administers the motor vehicle insurance identification database to prevent the registration of vehicles that are not insured.

THE SPECIALIZED BUSINESS GROUP

- Regulates and enforces laws related to the limited stakes gaming industry in three historic mining towns;
- Regulates and enforces laws related to the sports betting industry;

- Enforces laws regarding liquor and tobacco retailers, including laws against selling those products to minors, and licenses retailers and special events where alcohol is served;
- Regulates horse racing (dog racing is currently inactive) and pari-mutuel betting (including off-track betting);
- Regulates retailers and sales agents in the motor vehicle sales industry; and
- Regulates medical and recreational marijuana dispensaries, cultivation, and manufacturing facilities.

THE STATE LOTTERY DIVISION

Operates the State Lottery, which sells scratch ticket games and tickets for jackpot games (e.g. Powerball, Lotto, Cash 5, Pick 3, and Mega Millions). The net proceeds of the Lottery benefit the following funds and programs:

- The Conservation Trust Fund;
- Colorado Parks and Wildlife;
- The Outdoor Equity Grant Fund;
- Great Outdoors Colorado; and
- The Public School Capital Construction Assistance Fund.

SUMMARY: FY 2022-23 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF REVENUE: RECOMMENDED CHANGES FOR FY 2022-23						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION						
FY 2022-23 Appropriation	\$470,580,844	\$143,404,525	\$317,263,756	\$8,752,841	\$1,159,722	1,691.6
CURRENT FY 2022-23 APPROPRIATION:	\$470,580,844	\$143,404,525	\$317,263,756	\$8,752,841	\$1,159,722	1,691.6
RECOMMENDED CHANGES						
Current FY 2022-23 Appropriation	\$470,580,844	143,404,525	\$317,263,756	\$8,752,841	\$1,159,722	1,691.6
ES1 Lottery Vendor Fees	2,000,000	0	2,000,000	0	0	0.0
RECOMMENDED FY 2022-23 APPROPRIATION:	\$472,580,844	\$143,404,525	\$319,263,756	\$8,752,841	\$1,159,722	1,691.6
RECOMMENDED INCREASE/(DECREASE)	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.0
Percentage Change	0.4%	0.0%	0.6%	0.0%	0.0%	0.0%
FY 2022-23 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

The Department of Revenue requested and received an increase of \$2.0 million in spending authority from the State Lottery Cash Fund for FY 2022-23 for Lottery Vendor Fees. The rise in vendor fees was driven by record-high lottery sales during the fiscal year and reflects the associated increase in operating costs.

SUMMARY: FY 2023-24 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF REVENUE: RECOMMENDED CHANGES FOR FY 2023-24						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2023-24 APPROPRIATION						
SB 23-214 (Long Bill)	\$494,194,408	\$148,514,239	\$336,350,158	\$7,882,293	\$1,447,718	1,701.7
Other legislation	8,417,507	7,273,116	749,367	395,024	0	13.9
HB23B-1002 Increase EITC	51,483	51,483	0	0	0	0.0
CURRENT FY 2023-24 APPROPRIATION:	\$502,663,398	\$155,838,838	\$337,099,525	\$8,277,317	\$1,447,718	1,715.6
RECOMMENDED CHANGES						
Current FY 2023-24 Appropriation	\$502,663,398	155,838,838	\$337,099,525	\$8,277,317	\$1,447,718	1,715.6
Staff-Initiated Letternote Technical Adjustment	0	0	0	0	0	0.0
Common Policy Supplemental Requests	1,448,201	1,633,132	(184,931)	0	0	0.0
RECOMMENDED FY 2023-24 APPROPRIATION:	\$504,111,599	\$157,471,970	\$336,914,594	\$8,277,317	\$1,447,718	1,715.6
RECOMMENDED INCREASE/(DECREASE)	\$1,448,201	\$1,633,132	(\$184,931)	\$0	\$0	0.0
Percentage Change	0.3%	1.0%	(0.1%)	0.0%	0.0%	0.0%
FY 2023-24 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

STAFF-INITIATED SUPPLEMENTAL REQUESTS

STAFF-INITIATED – EXECUTIVE DIRECTOR’S OFFICE LETTERNOTE CORRECTION

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$0
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

[A net-zero technical error in drafting a Long Bill letternote]

Explanation: JBC staff identified a technical error in letternote “A” in the Executive Director’s Office of the Department of Revenue’s section of the FY 2023-24 Long Bill (S.B. 23-214).

DEPARTMENT REQUEST: The Department did not request this technical correction. However, the Department is aware of staff’s recommendation.

STAFF RECOMMENDATION: Staff recommends that the Committee approve a technical correction to Letternote A in the Executive Director’s Office in the FY 2023-24 Long Bill (S.B. 23-214), striking the appropriation from the Marijuana Tax Cash Fund and replacing it with an equal appropriation from the Marijuana Cash Fund.

STAFF ANALYSIS: Staff incorrectly attributed a \$408,612 appropriation from the Marijuana Tax Cash Fund to the Executive Director’s Office rather than from the Marijuana Cash Fund during the drafting of the FY 2023-24 Long Bill. This request is to correct a drafting error, as the Committee did not approve any appropriation from the Marijuana Tax Cash Fund to the Executive Director’s Office in the Department of Revenue in FY 2023-24 or any prior year.

STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE COMMON POLICY SUPPLEMENTAL REQUEST						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Real time billing	\$878,576	\$878,576	\$0	\$0	\$0	0.0
Risk management	847,842	847,842	0	0	0	0.0
DPA Annual fleet supplemental	(184,931)	0	(184,931)	0	0	0.0
DTRS supplemental adjustment	(93,286)	(93,286)	0	0	0	0.0
TOTAL	\$1,448,201	\$1,633,132	(\$184,931)	\$0	\$0	0.0

STAFF RECOMMENDATION: The staff recommendation for this request is pending Committee action on common policy supplementals. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

NUMBERS PAGES

JBC Staff Supplemental Recommendations - FY 2023-24
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2023-24 Requested Change	FY 2023-24 Rec'd Change	FY 2023-24 Total w/Rec'd Change
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DEPARTMENT OF REVENUE
Mark Ferrandino, Executive Director

Staff initiated cash fund technical adjustment

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) Administration and Support

Health, Life, and Dental	<u>19,145,346</u>	<u>20,790,040</u>	<u>0</u>	<u>0</u>	<u>20,790,040</u>
General Fund	8,514,392	9,035,999	0	0	9,035,999
Cash Funds	10,626,881	11,333,648	0	0	11,333,648
Reappropriated Funds	4,073	105,704	0	0	105,704
Federal Funds	0	314,689	0	0	314,689
 S.B. 04-257 Amortization Equalization Disbursement	 <u>5,128,566</u>	 <u>5,557,539</u>	 <u>0</u>	 <u>0</u>	 <u>5,557,539</u>
General Fund	2,344,687	2,396,407	0	0	2,396,407
Cash Funds	2,782,485	3,044,623	0	0	3,044,623
Reappropriated Funds	1,394	31,620	0	0	31,620
Federal Funds	0	84,889	0	0	84,889
 S.B. 06-235 Supplemental Amortization Equalization	 <u>5,128,566</u>	 <u>5,557,539</u>	 <u>0</u>	 <u>0</u>	 <u>5,557,539</u>
Disbursement	2,344,687	2,396,407	0	0	2,396,407
General Fund	2,782,485	3,044,623	0	0	3,044,623
Cash Funds	1,394	31,620	0	0	31,620
Reappropriated Funds	0	84,889	0	0	84,889
Federal Funds					

JBC Staff Supplemental Recommendations - FY 2023-24
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	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2023-24 Requested Change	FY 2023-24 Rec'd Change	FY 2023-24 Total w/Rec'd Change
Total for Staff initiated cash fund technical adjustment	29,402,478	31,905,118	0	0	31,905,118
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	13,203,766	13,828,813	0	0	13,828,813
Cash Funds	16,191,851	17,422,894	0	0	17,422,894
Reappropriated Funds	6,861	168,944	0	0	168,944
Federal Funds	0	484,467	0	0	484,467
Totals Excluding Pending Items					
REVENUE					
TOTALS for ALL Departmental line items	552,449,832	502,663,398	0	0	502,663,398
<i>FTE</i>	<u>1,691.6</u>	<u>1,715.6</u>	<u>0.0</u>	<u>0.0</u>	<u>1,715.6</u>
General Fund	138,039,199	155,838,838	0	0	155,838,838
Cash Funds	406,187,568	337,099,525	0	0	337,099,525
Reappropriated Funds	8,223,065	8,277,317	0	0	8,277,317
Federal Funds	0	1,447,718	0	0	1,447,718