

# JOINT BUDGET COMMITTEE



## STAFF BUDGET BRIEFING FY 2017-18

## 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, 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 six divisions/business groups, four of which provide services to the citizens of the State, while the other two provide support for the four service providers.

THE EXECUTIVE DIRECTOR'S OFFICE provides overall leadership and administration for the Department, including the Executive Director, a citizens' advocate, the central budget office, accounting and financial services, internal audit, human resources administration, and the Office of Research and Analysis.

THE INFORMATION TECHNOLOGY DIVISION is responsible for the maintenance and support of the Department's information technology systems that are not maintained and supported by the Governor's Office of Information Technology.

### 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;
- Administers the Old Age Heat and Fuel and Property Tax Rebate Program; and
- Administers the Commercial Vehicle Enterprise Sales Tax Refund.

### THE DIVISION OF MOTOR VEHICLES

- 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 on their licenses;
- 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 ENFORCEMENT BUSINESS GROUP

- Regulates and enforces laws related to the limited stakes gaming industry in three historic mining towns;
- 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;
- Regulates medical and recreational marijuana dispensaries, cultivation, and manufacturing facilities; and
- Conducts hearings regarding driver's license suspensions and other issues that affect the licensing rights of citizens.

## 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 State funds:

- Conservation Trust Fund,
- Colorado Division of Parks and Outdoors Recreation,
- Great Outdoors Colorado, and
- Public schools capital construction fund.

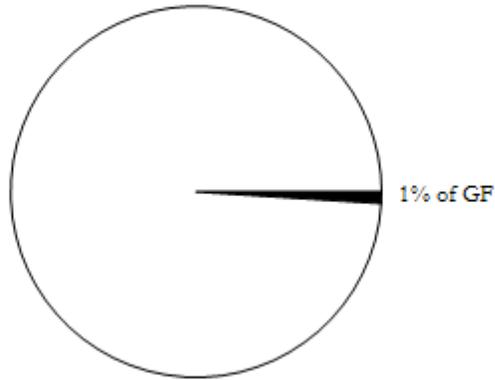
## DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	\$103,605,100	\$97,942,157	\$100,710,413	\$108,393,832
Cash Funds	219,536,248	221,218,250	230,466,408	239,538,931
Reappropriated Funds	5,534,457	5,314,170	6,471,205	6,147,854
Federal Funds	824,388	824,388	824,388	824,388
<b>TOTAL FUNDS</b>	<b>\$329,500,193</b>	<b>\$325,298,965</b>	<b>\$338,472,414</b>	<b>\$354,905,005</b>
Full Time Equiv. Staff	1,332.8	1,371.4	1,430.4	1,436.3

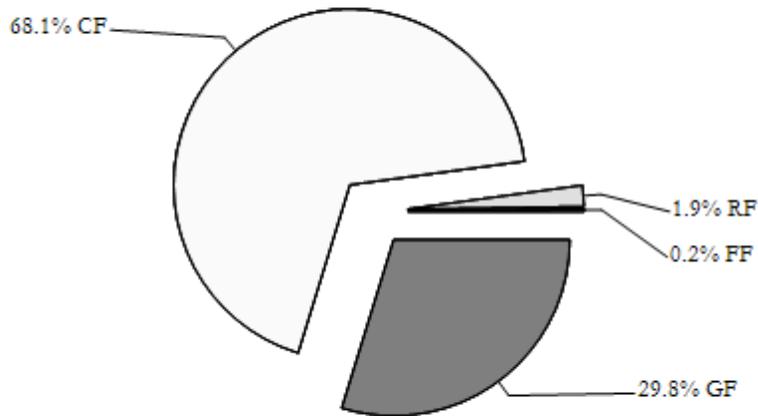
\*Requested appropriation.

# DEPARTMENT BUDGET: GRAPHIC OVERVIEW

**Department's Share of Statewide General Fund**

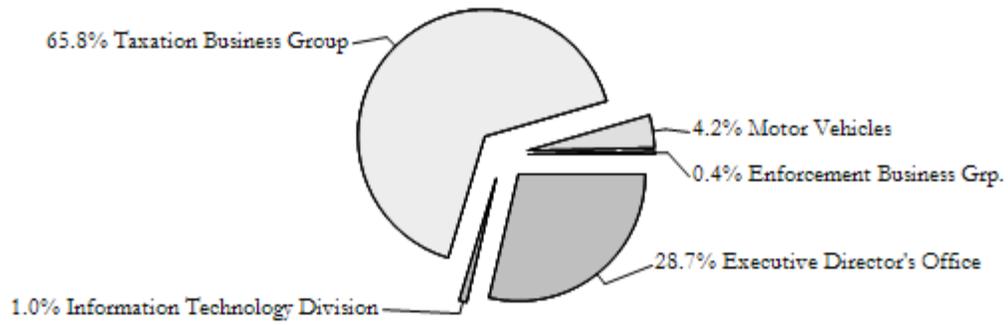


**Department Funding Sources**

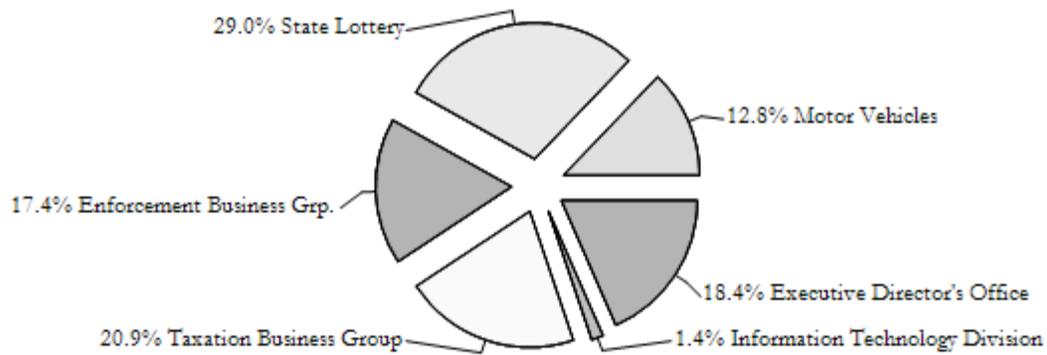


All charts are based on the FY 2016-17 appropriation.

### Distribution of General Fund by Division



### Distribution of Total Funds by Division



All charts are based on the FY 2016-17 appropriation.

## GENERAL FACTORS DRIVING THE BUDGET

The Department's funding for FY 2016-17 consists of 29.8 percent General Fund, 68.1 percent cash funds, 1.9 percent reappropriated funds, and 0.2 percent federal funds. The Department's primary budget drivers are the State's tax structure, population levels, business activity in regulated industries, and technological capabilities. In addition, mineral severance activity and legislative changes related to identification document requirements have increased demands on Department staff and systems in recent years.

### EXECUTIVE DIRECTOR'S OFFICE

#### ADMINISTRATION AND SUPPORT

The Administration and Support sub division is the traditional Executive Director's Office in other agencies and provides overall leadership and administration for the Department, including the Executive Director, a citizens' advocate, the central budget office, accounting and financial services, internal audit, human resources administration, and the Office of Research and Analysis.

#### HEARINGS DIVISION

The Hearings Division conducts administrative hearings regarding various licenses issued by the Department, including driver's licenses, liquor licenses, horse and dog racing licenses, and motor vehicle dealer's licenses. In recent budget years through FY 2016-17, the Hearings Division is part of the Enforcement Business group, however, it has operationally existed under the Executive Director's Office. The Department, with approval from the JBC during the FY 2016-17 budget cycle, is in the middle of a two-year restructure, part of which moves the Hearings Division to the Executive Director's Office as a sub division.

HEARINGS DIVISION WORK INDICATORS					
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Total motor vehicle related hearings <sup>1</sup>	23,526	22,710	21,867	20,390	22,188
Other hearings <sup>2</sup>	125	119	132	95	78
<b>Total hearings</b>	<b>23,651</b>	<b>22,829</b>	<b>21,999</b>	<b>20,485</b>	<b>22,266</b>

<sup>1</sup> Includes hearings related to excessive points, express consent, driving under the influence convictions, habitual traffic offender, insurance related restraints, vehicular assault/homicide, controlled substance crimes, underage drinking and driving, and ignition interlock cases.

<sup>2</sup> Includes hearings related to liquor, racing, tax, tobacco, vehicle emissions, commercial driver's licenses and 3rd party testers, automobile salespersons, gaming, and marijuana.

### TAXATION BUSINESS GROUP

The complexity of Colorado's tax structure affects the resources required by the Taxation Business Group and Information Technology Division. In addition to collecting State taxes, the Department collects local taxes for most counties, cities and special districts in Colorado, and tracks and distributes the collections monthly to the local governments. Local sales taxes collected include, for example: city sales tax, county lodging tax, county transit sales tax, special district taxes, and transportation authority tax.

## SEVERANCE TAX STAKEHOLDER GROUP

As the Committee is aware, the Department is currently working with stakeholders to make a consensus recommendation of definitions of certain tax credits provided to severance tax payers as a result of the *BP America v. Colorado Department of Revenue* Colorado Supreme Court ruling. JBC staff wished to provide the Committee with a more comprehensive summary of the status of the stakeholder process as its own briefing issue. When information was requested the Department provided the following:

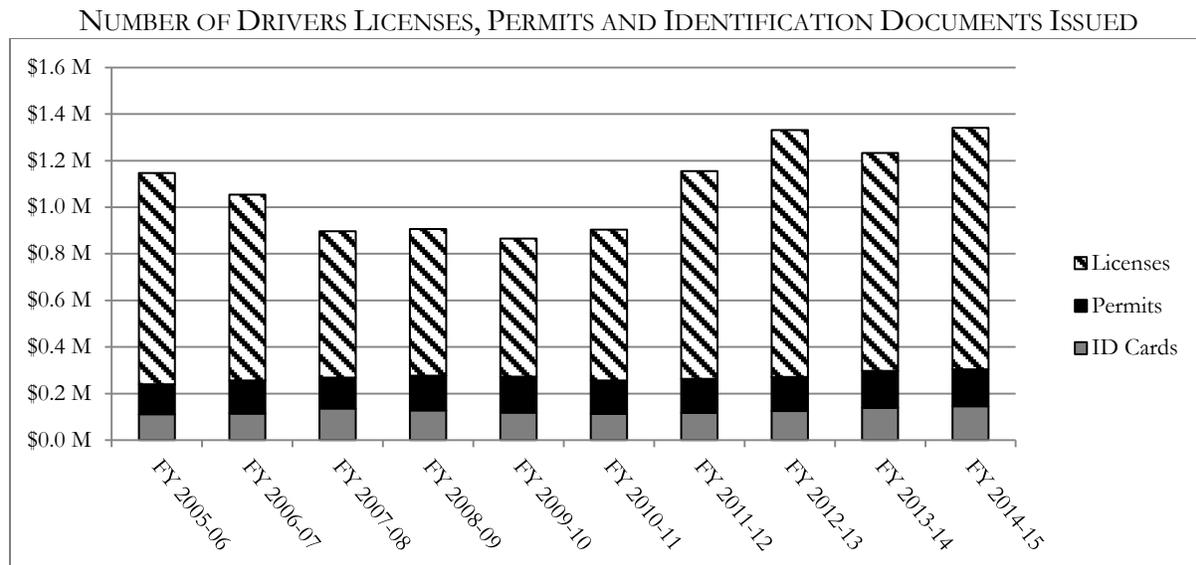
“The Department has concluded meetings with stakeholders. Industry members provided substantive input through this process. The Department is currently evaluating that input along with other severance tax data. Once the Department has concluded its research and prepared recommendations, it plans to present these recommendations to the JBC.”

JBC staff further questioned when to expect these recommendations, the Department responded that there is not a firm estimate at this time.

## DIVISION OF MOTOR VEHICLES

The Division of Motor Vehicles issues driver's licenses and identification cards, maintains driver records and enforces administrative sanctions, suspensions, and reinstatements of driver's licenses, regulates commercial driving schools, oversees the State's vehicle emissions program, provides support for the Statewide Vehicle Titling and Registration System (CSTARS), oversees the motorist insurance identification database program, and administers the Ignition Interlock Subsidy Program.

The Division operates 36 offices throughout the state and the number of identity documents issued yearly is one of the primary drivers of the Division of Motor Vehicles.



Recent changes in state and federal law have increased transaction times for driver's licenses and ID cards. For example, the Department has instituted new policies and procedures to ensure that those documents are secure and verifiable by utilizing databases to confirm residency and legal status.

In addition to issuing driver's licenses, the Driver Services and Vehicle Services sections are responsible for:

- Managing driver's licensing records;
- Verifying documents presented for identification, including proof of the applicant's legal presence in the United States;
- Identifying and administering administrative sanctions, including all restraints for alcohol related driving offenses;
- Investigating fraud related to driver's licenses and identification cards;
- Providing support and coordination for the motor vehicle registration process;
- Administering the Colorado Road and Community Safety (S.B. 13-251) identification program; and
- Supervising license plate ordering and distribution.

DRIVER'S LICENSE SUSPENSIONS					
Type of Violation	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Excessive points	11,299	9,907	8,947	7,380	7,811
Adult impaired driving arrests	26,876	26,062	26,859	24,592	23,581
License restricted by other state	4,146	3,953	3,675	4,071	4,409
DUI convictions	4,515	4,318	4,125	3,944	3,463
Habitual traffic offender	3,387	3,279	3,265	2,887	2,567
Accident without insurance	1,670	1,876	1,258	1,441	1,552
Driving without insurance	27,481	26,075	24,417	21,050	18,448
Vehicle assault/homicide	171	195	156	153	211
Controlled substance convictions	15	4	1	0	0
Underage drinking/driving	1,845	1,693	1,468	1,373	1,178
Underage buy/possess alcohol	1,361	1,149	846	613	422
Child support arrears	18,911	17,834	18,201	18,774	18,645
Unpaid ticket/failure to appear in court	84,370	81,085	78,868	77,519	76,662
Other	39,642	37,678	37,573	48,129	43,503
<b>Total</b>	<b>225,689</b>	<b>215,108</b>	<b>209,659</b>	<b>211,926</b>	<b>202,452</b>

## VEHICLE EMISSIONS PROGRAM

The Vehicle Emissions Program licenses, regulates, and inspects vehicle emissions testing site operators, inspectors, and mechanics; conducts inspections of vehicle emissions testing facilities to insure compliance with statutory requirements; and validates inspector and mechanic performance standards.

VEHICLE EMISSIONS LICENSING				
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Station Licenses Issued	75	87	87	81
Station Licenses Renewed	67	81	51	49
Mechanic's Licenses Issued	355	683	593	496
Mechanic's Licenses Renewed	151	245	173	161

## TITLES PROGRAM

The Titles Program is responsible for the issuance of legal, negotiable certificates of title to protect the public when purchasing motor vehicles. Program staff review all high-risk title applications to verify that the assignment of ownership has been properly made.

TITLE APPLICATIONS RECEIVED				
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Title Applications Received	1,561,184	1,608,557	1,621,277	1,561,035

## MOTORIST INSURANCE IDENTIFICATION DATABASE (MIIDB) PROGRAM

The Motorist Insurance Identification Database Program helps law enforcement officers verify driver compliance with the State's motor vehicle insurance requirements. The Program is authorized to suspend driving privileges for uninsured motorists. Funding for the Program comes from a \$0.10 surcharge on motor vehicle registration fees.

## ENFORCEMENT BUSINESS GROUP

The Enforcement Business Group regulates the liquor, tobacco, medical and retail marijuana, racing, gambling (except games of chance operated for charity, which are regulated by the Secretary of State), and automobile sales industries. The Limited Gaming Control Commission approves the Limited Gaming Division budget.

## LIMITED GAMING DIVISION

The Limited Gaming Division licenses and regulates the limited gaming industry, including gaming devices, facilities, personnel, and activities. The Division also enforces the laws contained in the Limited Gaming Act, as well as the rules and regulations promulgated by the Colorado Limited Gaming Control Commission (Commission). The Commission has constitutional authority to allocate money to the Division. Money remains in the Limited Gaming Fund after the payment of the Division's expenses are distributed according to the Constitution as follows:

- 28.0 percent to the State Historical Society;
- 12.0 percent to the gaming counties (Gilpin and Teller) in amounts proportional to gaming revenues collected in each county;
- 10.0 percent to the gaming cities (Black Hawk, Central City, and Cripple Creek) in amounts proportional to gaming revenues collected in each city; and
- 50.0 percent to the General Fund or such other uses or funds as the General Assembly may provide.

Amendment 50, approved by voter in 2008, expanded limited gaming to include higher limits on bets, extended hours, and new games. The proceeds of expanded gaming, after expenses, are distributed to limited gaming cities (10.0 percent) and counties (12.0 percent), and the State's community colleges (78.0 percent).

State limited gaming revenues, expenses and distributions are detailed in the following table.

## LIMITED GAMING REVENUES, EXPENSES, AND DISTRIBUTIONS

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Limited Gaming Revenue	\$105,949,859	\$103,557,500	\$104,644,974	\$106,322,700	\$111,421,159
Commission/Division Expenses	12,097,096	12,305,062	12,872,721	13,877,185	13,981,725
<b>Total Amount Distributed</b>	<b>\$95,327,351</b>	<b>\$91,197,386</b>	<b>\$92,686,816</b>	<b>\$92,219,372</b>	<b>\$97,218,342</b>
<b>Distributions</b>					
State General Fund	20,400,269	20,304,942	12,102,134	11,820,185	13,571,425
Local Government Gaming Impact Fund	3,600,806	3,314,827	5,000,000	5,000,000	5,000,000
Tourism Promotion Fund	12,002,686	11,049,424	15,000,000	15,000,000	15,000,000
State Historical Society	24,195,009	23,127,355	23,633,195	23,475,304	24,455,998
Film Incentives Cash Fund	240,054	220,989	500,000	500,000	500,000
Bioscience Discovery Evaluation Grant Program	4,320,967	3,977,793	5,500,000	5,500,000	0
Advanced Industries Acceleration Cash Fund	0	0	0	0	5,500,000
Innovative Higher Ed Research Fund	1,680,376	1,546,920	2,100,000	2,100,000	2,100,000
Creative Industries Cash Fund	960,215	883,954	2,000,000	2,000,000	2,000,000
<b>Total</b>	<b>\$67,400,382</b>	<b>\$64,426,204</b>	<b>\$65,835,329</b>	<b>\$65,395,489</b>	<b>\$68,127,423</b>
<b>Limited Gaming Counties</b>					
Gilpin County	8,544,294	8,196,996	8,364,125	8,373,641	8,780,053
Teller County	1,824,995	1,714,728	1,764,387	1,687,203	1,701,089
<b>Total</b>	<b>10,369,289</b>	<b>\$9,911,724</b>	<b>\$10,128,512</b>	<b>\$10,060,844</b>	<b>\$10,481,142</b>
<b>Limited Gaming Cities</b>					
City of Black Hawk	6,352,054	6,048,629	6,174,172	6,244,431	6,592,639
Central City	768,192	782,200	795,932	733,603	724,072
City of Cripple Creek	1,520,829	1,428,940	1,470,322	1,406,003	1,417,574
<b>Total</b>	<b>\$8,641,075</b>	<b>\$8,259,769</b>	<b>\$8,440,426</b>	<b>\$8,384,037</b>	<b>\$8,734,285</b>
<b>Amendment 50 Distributions</b>					
Limited Gaming Counties	1,069,993	1,031,963	993,906	1,005,480	1,185,549
Limited Gaming Cities	891,661	859,969	828,255	837,900	987,059
Community College System	6,954,952	6,707,757	6,460,388	6,535,622	7,702,884
<b>Total</b>	<b>\$8,916,606</b>	<b>\$8,599,689</b>	<b>\$8,282,549</b>	<b>\$8,379,002</b>	<b>\$9,875,492</b>

## LIQUOR AND TOBACCO ENFORCEMENT DIVISION

The Liquor and Tobacco Enforcement Division licenses persons who manufacture, import, distribute or sell alcoholic beverages; regulates the sale and distribution of liquor within the State; and enforces State and federal laws regarding the sale of tobacco products to minors. The Division enforces the provisions of the liquor, beer, and special events codes. The following table details the enforcement actions the Division has undertaken in the last five fiscal years.

LIQUOR AND TOBACCO ENFORCEMENT DIVISION—VIOLATIONS DETECTED					
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Total liquor licenses in force	15,935	13,515	12,816	12,998	13,348
State administrative actions	369	278	424	382	314
State revocations	4	3	0	5	0
State suspensions	163	51	70	44	33
State denials	0	1	1	3	3
Division-filed court cases	784	756	1,042	1,026	988
Division-assisted local hearings	6	6	12	5	3

## MOTOR VEHICLE DEALER LICENSING BOARD

The Motor Vehicle Dealer Licensing Board is responsible for licensing and regulating the sale and distribution of motor vehicles and promulgating consumer protection regulations. Responsibilities include licensing all salespersons and those with ownership interests in new and used auto dealerships.

MOTOR VEHICLE DEALER LICENSING BOARD					
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Total dealer/salesperson licenses issued	17,652	18,059	18,699	19,295	19,952
Complaints received	1,525	1,347	1,234	1,225	1,218
Investigations completed	1,595	1,559	1,304	1,270	1,220
Violations/Founded complaints	858	822	673	656	697
Verbal warnings issued	456	360	326	238	181
Written warnings issued	117	137	175	225	321
Criminal summons issued	60	26	22	11	25
Cases presented to Dealer Board	186	286	135	159	153

## MARIJUANA ENFORCEMENT

The Department of Revenue is the state licensing authority for all regulation of businesses and employees operating under the medical and recreational marijuana laws. The Marijuana Enforcement Division issues licenses to businesses, completes background checks on business owners and employees to verify no relationship with illegal activity, and inspects marijuana businesses for compliance with all state laws. The budget for marijuana enforcement is driven by the number of licensees.

MARIJUANA ENFORCEMENT				
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
<b>MEDICAL MARIJUANA LICENSING ACTIVITY</b>				
Medical marijuana center business licenses issued	273	372	493	512
Medical marijuana infused product business licenses issued	38	80	149	183
Medical marijuana optional premises cultivation business licenses issued		488	729	763
<b>RETAIL MARIJUANA LICENSING ACTIVITY</b>				
Retail licenses issued			221	372
Retail product manufacturer licenses issued			63	132
Retail cultivation			279	471
Testing facility business licenses issued			8	19
<b>MARIJUANA OCCUPATIONAL LICENSING ACTIVITY</b>				
Total active occupational licenses in force			11,084	22,212

## STATE LOTTERY DIVISION

The State Lottery recorded sales of \$538.0 million in FY 2014-15, and net proceeds of \$128.0 million were distributed to the beneficiaries. The table below shows total sales and distributions of net proceeds from the lottery.

SALES AND DISTRIBUTIONS (\$ MILLIONS)					
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Total Sales	\$518.9	\$545.3	\$566.3	\$545.0	\$538.0
Distributions					
Conservation Trust Fund	45.3	49.3	54.2	52.1	51.2
Great Outdoors Colorado	56.0	57.1	59.2	60.3	62.0
Colorado Parks and Wildlife	11.3	12.3	13.6	13.0	12.8
Public School Capital Construction Fund (BEST)	0.7	4.6	8.6	4.7	2.0
<b>Total Distributions</b>	<b>\$113.3</b>	<b>\$123.3</b>	<b>\$135.6</b>	<b>\$130.1</b>	<b>\$128.0</b>

## SUMMARY: FY 2016-17 APPROPRIATION & FY 2017-18 REQUEST

DEPARTMENT OF REVENUE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION:						
H.B. 16-1405 (Long Bill)	\$336,697,926	\$103,760,809	\$225,641,524	\$6,471,205	\$824,388	1,414.7
Other legislation	1,774,488	(3,050,396)	4,824,884	0	0	15.7
<b>TOTAL</b>	<b>\$338,472,414</b>	<b>\$100,710,413</b>	<b>\$230,466,408</b>	<b>\$6,471,205</b>	<b>\$824,388</b>	<b>1,430.4</b>
FY 2017-18 APPROPRIATION:						
FY 2016-17 Appropriation	\$338,472,414	100,710,413	\$230,466,408	\$6,471,205	\$824,388	1,430.4
R1 DMV Waitless system maintenance	183,042	0	183,042	0	0	0.0
R2 License plate and year tab ordering	4,056,720	209,642	3,847,078	0	0	0.0
R3 LED operating increase	52,884	0	52,884	0	0	0.0
R4 DMV leased space	1,090,106	0	1,090,106	0	0	0.0
R5 GenTax maintenance and support	3,858,767	3,858,767	0	0	0	0.0
R6 Auto Industry Division staff increase	361,682	0	361,682	0	0	4.0
R7 Division of Racing Events staff	31,989	0	31,989	0	0	1.0
R8 Amendment 35 Distribution	0	0	0	0	0	0.0
Centrally appropriated line items	4,692,844	2,221,848	2,794,347	(323,351)	0	0.0
Non-prioritized request items	1,024,536	460,069	564,467	0	0	0.0
Adjustment for forecast	895,459	895,459	0	0	0	0.0
Annualize prior year legislation	220,611	3,159,767	(2,939,156)	0	0	0.9
Technical adjustment	0	0	0	0	0	0.0
Annualize prior year budget action	(36,049)	(3,122,133)	3,086,084	0	0	0.0
<b>TOTAL</b>	<b>\$354,905,005</b>	<b>\$108,393,832</b>	<b>\$239,538,931</b>	<b>\$6,147,854</b>	<b>\$824,388</b>	<b>1,436.3</b>
<b>INCREASE/(DECREASE)</b>	<b>\$16,432,591</b>	<b>\$7,683,419</b>	<b>\$9,072,523</b>	<b>(\$323,351)</b>	<b>\$0</b>	<b>5.9</b>
Percentage Change	4.9%	7.6%	3.9%	(5.0%)	n/a	0.4%

**R1 DMV WAITLESS SYSTEM MAINTENANCE:** The request includes \$183,042 cash funds from the Licensing Services Cash Fund in FY 2017-18 and ongoing for the estimated hardware, software, and operating costs for the Waitless queuing systems deployed in 31 drivers licensing offices in the state. The request increases ongoing funding for the system of \$158,638 for a total of \$341,680 cash funds. The request includes three components: (1) ongoing funding for the hardware maintenance contract with the vendor Dynatouch for \$203,170, (2) ongoing software maintenance contract with the Statewide Internet Portal Authority for \$127,970, and (3) annual purchase of paper for Waitless

kiosks. The request figures are based on estimated costs in FY 2020-21, which the Department explains considers escalators in the contract(s).

**R2 LICENSE PLATE AND YEAR TAB ORDERING:** The request includes an increase of \$4,056,720 total funds including \$209,642 General Fund and \$3,847,078 cash funds and legislation to permit the General Assembly to appropriate those cash funds from the Colorado State Titling and Registration Account of the Highway Users Tax Fund. The purpose of the request is to infuse 300,000 license plates into the Department's license plate inventory, growth in plate issuance, and address other structural issues preventing the Department from successfully managing the License Plate Cash Fund. See the issue paper beginning on page 15 for further discussion of this request.

**R3 LIQUOR ENFORCEMENT DIVISION (LED) OPERATING INCREASE:** The request includes an increase of \$52,884 cash funds in FY 2017-18 and ongoing from the Liquor Enforcement Division and State Licensing Authority Cash Fund. The request includes three components: (1) funding for increased staff presence at multi-day festivals to accommodate the need to travel, (2) two-year equipment schedule, and (3) funding for training performed by the National Liquor Law Enforcement Association for three investigators each year.

**R4 DMV LEASED SPACE:** The request includes an increase of \$1,090,106 cash funds from the Licensing Services Cash Fund to allow the Division of Motor Vehicles (DMV) to acquire and build out new leased space to replace three offices it identified as locations where space limits were inhibiting the Department's ability to provide its services. The locations include: Colorado Springs, Fort Morgan, and Northglenn.

**R5 GEN TAX MAINTENANCE AND SUPPORT:** The request includes an increase of \$3,858,767 General Fund for FY 2017-18 and ongoing to providing support and maintenance for the state's tax administration software. The request includes three components: (1) move the GenTax software hosting from the Office of Information Technology to a third party vendor (2) renew the software license and support agree that is expiring, and (3) hire additional vendor staff for strategic initiatives. See the issue paper beginning on page 29 for further discussion of this request.

**R6 AUTO INDUSTRY DIVISION STAFF INCREASE:** The request includes an increase of \$361,682 cash funds and 4.0 FTE in FY 2018-19 and ongoing from the Auto Dealers License Fund to implement two Division initiatives that were discontinued during the economic downturn. The initiatives identified in the request are: (1) dealer compliance inspections and (2) regulatory education for industry.

**R7 DIVISION OF RACING EVENTS STAFF:** The request includes \$31,989 cash funds and 1.0 FTE in FY 2017-18 from the Racing Cash Fund, annualizing to \$27,286 in FY 2018-19, to convert a temporary legal assistant to a permanent position to obtain continuity in institutional knowledge and avoid yearly training of a temporary legal assistant.

**R8 AMENDMENT 35 DISTRIBUTION:** The request includes the addition of an (I) notation to denote the informational appropriation included in the Special Purpose Section of the Division of Taxation, which estimates the amount of Amendment 35 taxes to be distributed to local governments.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes an increase of \$4,692,844 total funds (including \$2,221,848 General Fund) related to employee benefits and other centrally appropriated items. This total includes the following changes:

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Salary survey adjustment	\$2,063,548	\$884,630	\$1,176,480	\$2,438	0.0
Health, life, and dental adjustment	1,167,840	305,035	856,189	6,616	0.0
SAED adjustment	349,714	149,052	200,340	322	0.0
AED adjustment	313,436	133,516	179,641	279	0.0
CORE adjustment	258,075	103,407	154,668	0	0.0
Leased space adjustment	246,319	16,596	229,723	0	0.0
Capitol Complex leased space adjustment	234,460	159,907	74,553	0	0.0
Legal services adjustment	201,111	113,262	87,849	0	0.0
Indirect cost recovery adjustment	168,180	(168,180)	168,180	168,180	0.0
Payments to OIT adjustment	159,082	72,281	86,801	0	0.0
Payment to risk management / property funds adjustment	21,229	8,165	13,064	0	0.0
Short-term disability adjustment	6,745	2,910	3,828	7	0.0
Shift differential adjustment	6,139	(2,227)	8,366	0	0.0
Admin. Law Judge adjustment	2,279	0	2,279	0	0.0
Indirect cost allocation adjustment	(461,864)	462,684	(423,355)	(501,193)	0.0
Workers' compensation adjustment	(43,449)	(19,190)	(24,259)	0	0.0
<b>TOTAL</b>	<b>\$4,692,844</b>	<b>2,221,848</b>	<b>\$2,794,347</b>	<b>(\$323,351)</b>	<b>0.0</b>

**NON-PRIORITIZED REQUEST ITEMS:** The request includes adjustments related to budget requests made by other departments that impact the Department of Revenue in FY 2017-18, which are summarized below.

NON-PRIORITIZED REQUEST ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
NP5 PBX Telephone System Replacement	\$791,172	\$359,479	\$431,693	0.0
NP OIT Secure Colorado	146,808	66,704	80,104	0.0
NP4 OIT Deskside	58,710	26,676	32,034	0.0
Annual fleet vehicle request	27,739	7,210	20,529	0.0
Resources for administrative courts	107	0	107	0.0
<b>TOTAL</b>	<b>\$1,024,536</b>	<b>460,069</b>	<b>\$564,467</b>	<b>0.0</b>

**ADJUSTMENT FOR FORECAST:** The request includes an adjustment to reflect the September 2016 Revenue Forecast projected by the Governor's Office of State Planning and budgeting from

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$220,611 total funds to reflect the FY 2017-18 impact of bills passed in previous sessions, which is summarized in the table below. Short summaries of each can be found in Appendix B.

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Annualize SB 16-040	\$321,199	\$0	\$321,199	2.2
Annualize HB 16-1467	120,672	120,672	0	0.0
Annualize HB 16-1142	45,038	45,038	0	0.0
Annualize HB 16-1194	33,077	33,077	0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Annualize SB 16-090	21,336	0	21,336	0.0
Annualize HB 16-1056	12,525	0	12,525	0.4
Annualize SB 16-197	7,784	0	7,784	1.1
Annualize HB 16-1211	7,565	0	7,565	0.2
Annualize HB 16-1415	0	3,200,000	(3,200,000)	0.0
Annualize HB 14-1072	(100,587)	(100,587)	0	(2.4)
Annualize HB 16-1261	(88,491)	0	(88,491)	(1.3)
Annualize SB 15-282	(42,030)	(42,030)	0	0.0
Annualize HB 16-1332	(37,038)	(37,038)	0	0.0
Annualize HB 15-1181	(26,385)	(26,385)	0	0.0
Annualize HB 14-1311	(20,414)	(20,414)	0	0.7
Annualize SB 16-030	(12,566)	(12,566)	0	0.0
Annualize SB 15-260	(8,480)	0	(8,480)	0.0
Annualize HB 15-1367	(6,351)	0	(6,351)	0.0
Annualize SB 15-260	(5,733)	0	(5,733)	0.0
Annualize HB 16-1136	(510)	0	(510)	0.0
<b>TOTAL</b>	<b>\$220,611</b>	<b>3,159,767</b>	<b>(\$2,939,156)</b>	<b>0.9</b>

**TECHNICAL ADJUSTMENT:** The request includes net-zero adjustments to marijuana-revenue funded programs regarding cash fund splits between the Marijuana Cash Fund and the Marijuana Tax Cash Fund.

**ANNUALIZE PRIOR YEAR BUDGET ACTION:** The request includes a net decrease of \$36,049 total funds for prior year budget actions summarized in the table below:

ANNUALIZE PRIOR YEAR BUDGET ACTION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY13-14 R1 CITA Annual Maintenance and Support	\$116,021	\$116,021	\$0	\$0	0.0
FY16-17 R4 Long Bill alignment	0	0	0	0	0.0
FY16-17 R1 DMV funding deficit	0	(3,200,000)	3,200,000	0	0.0
FY16-17 R4 Marijuana Enforcement FTE	(113,916)	0	(113,916)	0	0.0
FY16-17 BA1 Income Tax Refund Fraud	(38,154)	(38,154)	0	0	0.0
<b>TOTAL</b>	<b>(\$36,049)</b>	<b>(3,122,133)</b>	<b>\$3,086,084</b>	<b>\$0</b>	<b>0.0</b>

## ISSUE: R2 LICENSE PLATE AND YEAR-TAB ORDERING

This issue brief provides a summary of the Department's funding priority request number two, which includes the legislation described in the Governor's transmittal letter to authorize expenditures from the Colorado State Titling and Registration Account of the Highway User's Tax Fund.

### SUMMARY

- The Department's License Plate Ordering line item is appropriated for the Division of Motor Vehicles to purchase license plates from Colorado Correctional Industries (CCi). The primary source of funding for the line item is the License Plate Cash Fund, which has a structural deficit due to restrictions on how the fund may be spent.
- The General Assembly has increasingly directed the Division not to require fees on a number of products it obtains from CCi, for example, placards for persons with disabilities. At the same time, the General Assembly directed the Division to only charge a fee to the license plate registrant for the direct costs to CCi.
- The Division has managed this structural deficit by depleting existing inventory, but toward the end of FY 2015-16, many office locations could only offer print-on-demand plates, since they no longer had standard plates on hand. This leads to additional material costs because the Division must issue more temporary registrations than would otherwise be required.
- The Department proposes a solution that requires legislation authorizing the Colorado State Titling and Registration Account of the Highway User's Tax Fund as a source of funding for license plate ordering. Additionally, the Department requested that the License Plate Cash Fund be provided with continuous spending authority.

### RECOMMENDATION

The Joint Budget Committee has several options for funding license plate purchasing in the Department of Revenue, which are discussed at the end of this briefing issue. JBC staff recommends the Committee discuss these options with the Department.

Regardless of what the Committee agrees to do with regard to legislation, JBC staff recommends the Committee ask the Department to discuss how the CSTAR System Committee reacted to news of this budget request. The Committee may wish to address whether it wishes to invite the CSTAR System Committee to make a presentation regarding the use of funds in the CSTAR Account, as authorized by statute.

JBC staff considered the request to grant continuous spending authority to the License Plate Cash Fund due to the restrictions placed on CCi and the Department. The bigger question is, what is the General Assembly's vision for funding the Division of Motor Vehicles? If the General Assembly wishes the Division to completely fund itself through fees on services it provides, it should consider

the possibility of making it a TABOR enterprise. Making such a change should first be studied prior to any commitment to making it one. At this time, JBC staff does not recommend including a provision for continuous spending authority in any bill on this subject.

Finally, if the Committee agrees to introduce any legislation on this topic, it needs to consider including the following provisions clarifying whether:

- 1 The Department may provide plates to law enforcement at no cost to the law enforcement agency for undercover activities;
- 2 County clerks have authority to exempt plate fees and in which circumstances; and
- 3 County clerks should receive a clerk hire fee when it provides a plate with no fee revenue.

## DISCUSSION

In FY 2015-16, the Department of Revenue issued over 1.4 million plates, 186,000 placards, and 7.8 million year-tabs for over 5.6 million registered vehicles in the State. The License Plate Ordering line item funds payments to the Department of Corrections, Correctional Industries (CCi) for the purchase of license plates and products used to document registered vehicles in the state pursuant to Section 42-3-301, C.R.S. The Department charges a material fee equal to the direct costs to produce the items pursuant to the same section of statute. This fee revenue is deposited into the License Plate Cash Fund and is used to provide funding for the costs to purchase the plates, placards, and year-tabs from CCi.

The License Plate Cash Fund should not be confused with the Licensing Services Cash Fund, the balance of which has been insufficient to cover operations of the DMV in recent years and thus has been focus of previous conversations with the Joint Budget Committee.

The Department requests the Joint Budget Committee sponsor legislation to authorize the Department to purchase license plates from CCi from the Colorado State Titling and Registration (CSTAR) Account and increase total funds in FY 2017-18 by \$4.1 million including \$0.2 million General Fund. The Department further requests the legislation continuously appropriate the License Plate Cash Fund to the Department.

### INCREASED DEMAND FOR LICENSE PLATES

The latest data included in the September Economic Forecast published by the OSPB shows that the population of Colorado has increased at an average rate of 1.7 percent since FY 2012-13. Colorado's population is forecast to grow at a rate of 1.9 percent in FY 2015-16, a rate at which the forecasters assume to continue for FY 2016-17, over double the national average of 0.8 percent. This rate is assumed to reduce only slightly in FY 2017-18 and FY 2018-19.

Logically, population growth alone would suggest more vehicles were being registered in the state, however, the DMV saw the number of registered vehicles rise by 6 percent between FY 2013-14 and FY 2014-15. At the same time, the DMV observed both license plate issuance and year-tab issuance grow by 14 percent.

The Department contends that growth in demand for plates and tabs is the result of consumers replacing vehicles with new purchases, vehicle registrants changing plate types on their currently registered vehicle, and replacements for lost, stolen, or damaged plates and tabs. The Department forecasts a continued average 10.0 percent increase in the number of regular passenger plates year-over-year. Data indicates that the activities observed by the Department are the result of consumers finally being comfortable with their personal finances and making room in the household budget to purchase a vehicle after postponing such things through the Great Recession.

While JBC staff did not analyze the model used by the Department to project license plate, tab, and placard issuances, the model does not utilize all data points that should be available. The primary reason for this is the legacy Colorado State Title and Registration (CSTAR) System does not have dedicated access to license plate inventories at each DMV location. Instead, this data is uploaded monthly. This lag should no longer occur once the IT capital construction project replaces the CSTAR System and the Driver's License System in August 2018 (DRIVES). The Department also does not include data that would identify trends in motor vehicle purchases, which is surprising because another division in the Department regulates the auto dealer's industry.

#### DIVERSION RESULTING FROM PROGRAMMING ISSUE WITH CSTAR SYSTEM

The Department works with the Governor's Office of Information Technology for all of its programming and support needs during the final years on the CSTAR System. In preparing this budget submission, it became clear to the Department that a programming issue with the CSTAR System was improperly allocating fees between the state and counties. The glitch provided by the Department as an example was where revenue from dealer permits was being improperly retained by the county.

The Department does not have any plan to collect this revenue from the counties. The counties are not at fault for the error and JBC staff agrees holding them harmless is appropriate. JBC staff also predicts that the Department is unable to track exactly how much has been diverted. This conclusion is based on information that the Department has been unable to determine when the glitch began occurring.

The Department did express the belief that utilizing the CSTAR Account as a funding source for the License Plate Cash Fund shortfall would make the Department and the State whole due to it being the destination of funding improperly allocated to the counties. More information on the CSTAR Account is provided below.

#### PRODUCTION LEAD TIMES

The Department explains that it takes approximately five-and-a-half months from the time the DMV places an order with CCI to delivery for license plates and tabs. This time frame includes delivery to the final DMV location. Included in this calculation is an entire month buffer to account for potential supply chain disruptions due to things like prison lockdowns. Typically, the Department places orders for plates quarterly. It is unclear whether CCI is constrained by storage, legal, safety, or budget concerns, that would prevent it from storing additional raw material. The Committee may wish to add this discussion to the Department of Corrections Hearing Agenda.

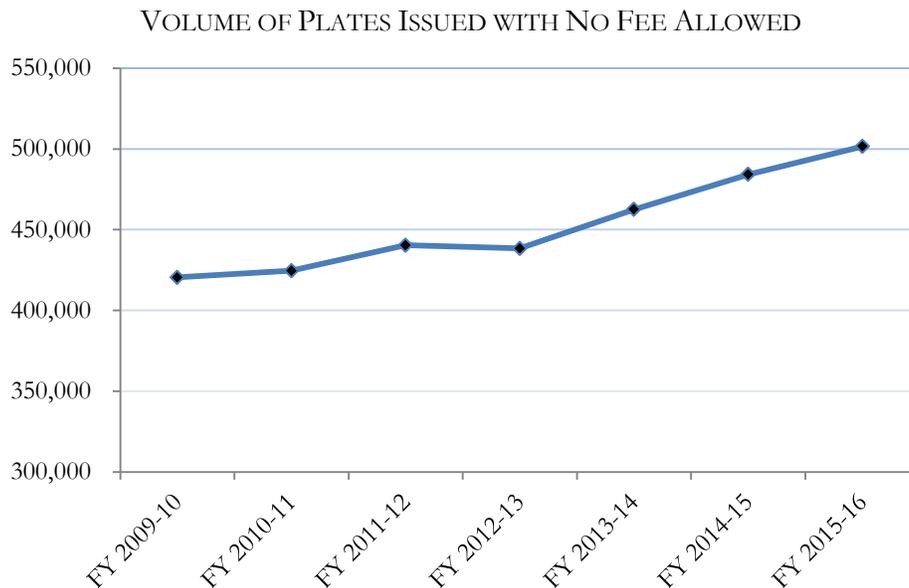
## POLICY AND STATUTE INTERPRETATION

While the Department is consulted on each bill that may have a fiscal impact on it, it correctly notes that statutory changes have significantly impacted the License Plate Cash Fund. In the course of passing legislation, some statutes were not harmonized, whether intentionally or unintentionally. One example provided is where counties effectively retain a portion of the fee that otherwise would be transferred from the county to the Department due to statute directing clerks to retain a \$4 clerk hire fee on all transactions, regardless of revenue generated by the transaction.

## NON-FEE PRODUCTS

To further compound the need for funding, the General Assembly has increasingly directed the DMV not to collect fees on certain license plates, tabs, and placards<sup>1</sup>. The General Assembly has only provided minimal ongoing General Fund appropriations to the License Plate Ordering line item for this purpose. The total volume of products for which the Department may not collect fees has increased at an average rate of 3.3 percent over the past five years. The Department assured JBC staff that it is requesting General Fund on all license plate bills that restrict its ability to collect a fee. Yearly growth is provided in the table below followed by a visual description. Detailed volume by product type is included in Appendix E.

VOLUME OF PLATES ISSUED WITH NO FEE ALLOWED							
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Total Issued	420,490	424,575	440,341	438,361	462,500	484,201	501,485
Percent Change	n/a	1.0 %	3.6 %	(0.5 %)	5.2 %	4.5 %	3.5 %
Revenue Avoided	\$161,074	\$157,626	\$164,814	\$165,483	\$181,912	\$202,091	\$209,122
Plate Ordering GF Appropriation	\$0	\$0	\$0	\$0	\$0	\$70,026	\$16,212



Additionally, the Department states counties are permitted to make exemptions of materials fees at the time of issuance. Once the DRIVES project is completed in August 2018, the DMV will be able

<sup>1</sup> See Appendix E for a list of exempted products.

to track how much revenue was diverted from the License Plate Cash Fund due to county exemptions. The Department reports that anecdotally, the counties most frequently exempt fees for customer service related reasons including year tabs claimed lost in the mail or damaged validating tabs on persons with disabilities placards.

In an effort to mitigate this in future license plate bills, JBC staff intends to include a point to consider on all JBC Analysis documents to bills that are routed to the Appropriations Committee. Important note: if a bill's fiscal note has no fiscal impact, it may not be routed to the appropriations committees and therefore elude JBC staff.

The Department also provides plates to law enforcement agencies at no cost for undercover operations. The Department of Revenue cannot direct, and JBC staff is unable to identify, what statutory authority provides the Department with this authority. All of these plates are issued at the Department's Lakewood DMV location. Since FY 2009-10, the Department has issued 39,610 undercover license plates at an estimated revenue loss of \$160,816 or an average of \$22,973.

To manage the structural deficit in the License Plate Cash Fund, the only authorized source of funding for this line item besides General Fund, the Department utilized its stockpiled inventory to satisfy the demand since FY 2012-13. Toward the end of FY 2015-16 the Department shuffled license plates from offices that still had inventory to locations with higher demand. Moving plates from site-to-site has its own avoidable operational costs. The table below illustrates inventory changes throughout the state DMV system assuming no change is made.

SUMMARY OF LICENSE PLATE INVENTORY ACTIVITY						
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 <sup>a</sup>	FY 2017-18 <sup>a</sup>
Beginning Inventory	1,031,690	882,629	605,625	449,525	113,745	113,745
Issued	997,006	1,031,427	1,121,558	1,181,457	1,535,894	1,996,662
Purchased	847,945	754,423	965,458	845,677	1,535,894	1,996,662
Ending Inventory	882,629	605,625	449,525	113,745	113,745	113,745
<b>Change in Inventory</b>	<b>(149,061)</b>	<b>(277,004)</b>	<b>(156,100)</b>	<b>(335,780)</b>	<b>0</b>	<b>0</b>

<sup>a</sup> Department's projected license plate needs

The Committee will notice that on FY 2016-17 and FY 2017-18 the Division appears to be providing plates on a just-in-time supply chain basis; what the table does not describe are the additional costs of temporary tags for plates printed just-in-time. The Department communicated that DMVs throughout the state historically maintained an inventory of standard passenger<sup>2</sup> vehicle license plates to satisfy about six months of demand. Maintaining an inventory of license plates is not required by any statute, but provides better customer service at a lower cost to the vehicle registrant than “print-on-demand” services.

“Print-on-demand” is the service utilized by all but the most popular special license plates and most standard plates. For example, when a vehicle registrant visits a DMV to register a special license plate, the DMV will issue a new temporary tag and place an order for the plate with CCI. Once the plate has been manufactured, CCI mails the plate directly to the individual who registered the vehicle.

<sup>2</sup> Standard plates include those for passenger vehicles, light trucks, and trailers.

The Department considers the minimum number of plates to have on hand in inventory to be six months of supply. This amount allows the necessary three-months of lead time for Corrections to manufacture and ship license plates to the counties while maintaining no less than three months of supply to allow for unforeseen supply chain anomalies.

#### THE LICENSE PLATE ORDERING LINE ITEM

The License Plate Ordering line item funds payments to Colorado Correctional Industries (CCI) for the direct costs of plates, decals, and placards required to serve the vehicle identification needs of Colorado residents. The line item is primarily funded by fees passed through the Department of Revenue to individuals registering vehicles.

Created in Section 42-3-301, C.R.S., the License Plate Cash Fund is the primary source of funding for the products purchased with the License Plate Ordering line item spending authority. The cash fund receives part of the vehicle registration fee, which statute directs is equal to the “direct costs of [providing] such plates, decals, or tabs.” The direct costs are calculated annually by the Colorado Correction Industries Advisory Committee (CCIAC). The CCIAC considers advice from the Governor’s Office of State Planning and Budgeting (OSPB) and the Department of Revenue when setting the direct cost rate.

Section 42-3-301, C.R.S., requires that CCI only charge the Department for the direct costs of producing the different products and allows the Department to include this exact amount as a portion of the fee included in the vehicle registration fee. This requirement acts as a moderate limit on the amount the Department of Revenue can spend purchasing these products. The General Assembly has provided no guidance to the DMV on its expectations for license plate, tab, and placard inventory and therefore management of that inventory is a programmatic decision for the Department. Due to this spending limit inherent in the cash fund, the Department also requested that the License Plate Ordering line item be continuously appropriated to the Department of this narrow purpose.

#### COLORADO STATE TITLING AND REGISTRATION ACCOUNT

The Colorado State Titling and Registration (CSTAR) Account of the Highway Users Tax Fund, created in Section 42-1-211, C.R.S., obtained its current name as a result of H.B. 01-1100 (Swenson and May). The bill increased fees for issuing motor vehicle titles and directs that the fees be used to administer and upgrade the state’s motor vehicle registration system. The CSTAR System was initially developed between 1983 and 1998. Since the 2001 legislative session, a number of other fee diversions were added as a source of revenue for the fund.

The primary source of funding today comes from a portion of vehicle title and registration fees. If the Committee approves the Department request, which likely includes a supplemental request for FY 2016-17 of \$2.0 million, the uncommitted reserve is forecast to be \$13.0 million at the end of FY 2017-18.

Statute instructs the Department use the funds in the Account for development and operation of the CSTAR system, operating the titles program, and the motorist insurance identification database program. The Department plans and budgets for these functions with assistance from the CSTAR System Committee.

Statutorily, the purpose of the CSTAR System Committee is to:

- 1 Assist in the development of operational plans and budget proposals regarding the Colorado State Titling and Registration System and the CSTAR Account;
- 2 Provide final approval of all plans for the development and operation of the CSTAR System and the annual budget and any supplemental budget requests funded by the CSTAR Account; and
- 3 Make presentations with the Department to the appropriate legislative committees regarding the use of funds in the CSTAR Account.

Based on documentation on the CSTAR System Committee website, it appears this budget request was presented to the CSTAR System Committee in September or October, however, Joint Budget Committee may wish to confirm this with the Department.

As a reminder, the IT capital construction budgets in FY 2014-15 and FY 2015-16 included a total of \$93.4 million for the Department to develop a replacement for the CSTAR System. The source of funding was the capital construction fund. The project, named Driver license, Record, Identification and Vehicle Enterprise Solution (DRIVES), will be fully deployed in August 2018. One way the Committee could choose to view this request is the CSTAR Account repaying the Capital Construction Fund, which is funding deployment of the CSTAR System replacement.

#### RECOMMENDATION

The Joint Budget Committee has several options for funding license plate purchasing in the Department of Revenue, outlined below. The first few paragraphs are the same from the recommendation at the beginning of the issue, new information begins at the first Option heading.

Regardless of what the Committee agrees to do with regard to legislation, JBC staff recommends the Committee ask the Department to discuss how the CSTAR System Committee reacted to news of this budget request. The Committee may wish to address whether it wishes to invite the CSTAR System Committee to make a presentation regarding the use of funds in the CSTAR Account, as authorized by statute.

JBC staff considered the request to grant continuous spending authority to the License Plate Cash Fund due to the restrictions placed on CCI and the Department. The bigger question is, what is the General Assembly's vision for funding the Division of Motor Vehicles? If the General Assembly wishes the Division to completely fund itself through fees on services it provides, it should consider the possibility of making it a TABOR enterprise. Making such a change should first be studied prior to any commitment to making it one. At this time, JBC staff does not recommend including a provision for continuous spending authority in any bill on this subject.

Finally, if the Committee agrees to introduce any legislation on this topic, it needs to consider including the following provisions clarifying whether:

- 1 The Department may provide plates to law enforcement at no cost to the law enforcement agency for undercover activities;
- 2 County clerks have authority to exempt plate fees and in which circumstances; and
- 3 County clerks should receive a clerk hire fee when it provides a plate with no fee revenue.

**OPTION Σ (SIGMA)**

Approve the Department request to temporarily solve the revenue shortfall. Add legislation to the list of potential JBC bills to authorize the CSTAR Account as a statutorily authorized source of funding for the Department to purchase items from CCI. The legislation requested by the Department also includes a provision to make the License Plate Ordering line item continuously appropriated to the Department.

**OPTION Φ (PHI)**

Add legislation to the list of potential JBC bills to authorize the Department to charge a fee sufficient to cover the direct cost of purchasing all plates it requires from the CCI in a year and not the direct cost of each item. Authorize one-year cash fund transfer from the CSTAR Account to the License Plate Cash Fund to allow infusion of 300,000 plates requested by the Department and to repay the License Plate Cash Fund for improper diversions of funding resulting from CSTAR system glitches.

**OPTION Δ (DELTA)**

Directly appropriate General Fund to the Department to allow infusion of 300,000 plates requested by the Department. This option does not require legislation.

## ISSUE: COLORADO ROAD AND COMMUNITY SAFETY ACT (S.B. 13-251)

This issue brief provides an update on implementation of the Colorado Road and Community Safety Act.

### SUMMARY

- Senate Bill 13-251 (Ulibarri/Morse and Melon) established the Colorado Road and Community Safety Act primarily to encourage Colorado residents who cannot prove their lawful presence in the United States to get a driver's license and thus vehicle insurance. These documents are valid for three years, a shorter renewal cycle than the standard five-year one.
- The program was immensely well received and expectations that the number of Coloradans that qualify for the program were estimated between 66,000 and 212,000. The Final Fiscal Note prepared by Legislative Council Staff relied on the figure of 66,000.
- The Department made a supplemental funding request during the FY 2014-15 funding cycle to convert the temporary staff hired to handle the anticipated first year surge of applicants to full-time employees at five office locations throughout the state. Ultimately, the General Assembly provided funding for the Department to operate the program at three locations, until the time at which 66,000 individuals had been served by the program.
- Once the Department provides services to 66,000 through the program, it is directed to reduce the number of offices that provide the program service to one. The first documents were issued in August 2014 and therefore the first renewals are expected to come as early as August 2017. JBC staff estimates the Department will have served 66,000 new applicants no sooner than March 2018 at current funding levels.

### RECOMMENDATION

JBC staff recommends the Committee discuss providing the Department of Revenue some additional resources in either FY 2016-17 or FY 2017-18 to serve individuals qualified for an identification document under the Colorado Road and Community Safety Act to reach 66,000 persons during the three year renewal cycle. JBC staff also recommends the Committee discuss what will happen in FY 2017-18 if the condition the Committee places on the appropriation the past two fiscal years is continued in FY 2017-18.

### DISCUSSION

Senate Bill 13-251 (Ulibarri/Morse and Melton) enacted the Colorado Road and Community Safety Act (CRCSA). The Act authorized the Department of Revenue and the Division of Motor Vehicles (DMV) to issue a Colorado driver's license, instruction permit, or identification card to qualified individuals who either cannot demonstrate lawful presence in the United States or can demonstrate temporary lawful presence in the United States. This issue discusses primarily the services provided to individuals who are unable to demonstrate their lawful presence because the demand for this

service continues to exceed the resources the General Assembly provides. Additionally, service provided to those who can prove temporary lawful presence is the same as before enactment of CRCSA.

## HISTORY OF PROGRAM

The Division of Motor Vehicles began implementation of CRCSA in FY 2013-14 with a General Fund appropriation of \$436,390. As the Final Fiscal Note anticipated, the Division completed planning activities during the first fiscal year, including creating new documents that specifically state “Not valid for federal identification, voting, or public benefit purposes,” undergoing rulemaking, and programming the Division software to allow issuance of the documents. During this time, the Division undertook a fee setting process that utilized an independently validated cost-accounting study to set the fee for S.B. 13-251 documents. The Division undertook this task to ensure compliance with Section 42-2-508, C.R.S., which requires the fee charged for issuance of S.B. 13-251 documents generate sufficient revenue to fully cover the direct and indirect costs of the program.

Starting in FY 2014-15, the Division began offering services at five of its regional offices throughout the state. The Division was authorized to employ thirteen temporary staff with an appropriation of \$365,737. The Final Fiscal Note forecasted that with the temporary staff, the Division would be able to issue a total of 46,523 documents in the first year and 15,508 in the second and third years, for a total of 77,539 individuals served. This forecast was based on the assumption that issuing documents to residents who are not lawfully present would take the same amount of staff time as issuing documents to citizen residents and residents who have temporary lawful presence. The documents are valid for three-years and the Final Fiscal Note envisioned increasing temporary staffing again in FY 2017-18 through the regular budget process.

After initial success and demand for services exceeding the resources provided by the bill during the FY 2015-16 budget cycle, the Department submitted a supplemental budget request for FY 2014-15 and a budget amendment for FY 2015-16 for approximately \$1.5 million in continuing funding to expand the program to full-time status. The request included converting the temporary staff to permanent staff including increasing FTE by 28.6.

Funding decisions related to both the supplemental request and the budget amendment were postponed until the Joint Budget Committee agreed to provide ongoing funding for three full-time offices to provide CRCSA services. The appropriation, enacted in S.B. 16-234 (Long Bill), was conditioned upon the following Long Bill footnote:

Department of Revenue, Division of Motor Vehicles, Driver Services, Personal Services -- The initial fiscal note estimated a total of 66,000 individuals would request an appointment for a S.B. 13-251 document. Continued operations for this program at more than one office are premised on the need to handle the up-front surge of applicants. It is the intent of the General Assembly that once the annual appointments made available for individuals who are not lawfully present in the United States fall below 5,000 per year or the total appointments served reaches 60,000 the Division will reduce the offices that provide the service to one location.

The Final Fiscal Note estimated that the non-citizen resident population of Colorado is 200,000 as of 2013. Legislative Council staff estimated approximately one-third of the state’s non-citizen

residents (around 66,000) would obtain a document, which it based on the experience of the State of Utah when it enacted a similar law. Because this estimate appears in both the original Fiscal Note and the Final Fiscal Note after provisions concerning those lawfully present were amended into the bill, staff concludes the non-citizen resident population estimated by Legislative Council does not include residents who can prove lawful presence. Unfortunately, the Legislative Council analyst who prepared the Fiscal Note is no longer present and JBC staff could not verify this conclusion.

During the FY 2016-17 budget cycle, the Department did not make any requests related to the CRCSA program. The Committee sponsored legislation, H.B. 16-1415 (Driver and Vehicle Services), which adjusted statutory fees for all those obtaining documents outside of the CRCSA program, however, it also authorized the applicants for a CRCSA document to reopen their application at one of the authorized locations if the applicant passes an examination provided by a third-party tester. Finally, in H.B. 16-1405 (Long Bill), the General Assembly continued the footnote copied above.

### CURRENT PROGRAM OPERATIONS

For individuals unable to demonstrate lawful presence in the United States, the program provides services by appointment only in three locations: Denver Central, Colorado Springs, and Grand Junction driver's license offices. However, the Division can serve those that can demonstrate temporary lawful presence at any of its driver's license offices. All documents issued under this program have a black bar indicating they cannot be used for federal identification, voting, or public benefit purposes. They are also only valid for a total of three years, compared to five for regular licenses.

Appointments for those not lawfully present are released to the online scheduling system 90 days in advance and appointments are available at 8 a.m., 12 p.m., 4 p.m., and 8 p.m. Division staff continue to report appointments are booked nearly immediately after being posted and the appointments are released throughout the day, consistent with appointment time offerings. When a not lawfully present applicant arrives for his or her appointment, Division staff verify the identification documents are valid and acceptable by state law. After the individual completes the written drivers test he or she pays the fee and obtains their instructional permit. Next, applicants are taken on a practical driving exam and, if passed satisfactorily, pay the fee for the driver's license, and are provided a temporary license. The three-year license arrives via U.S. Mail, just like licenses for U.S. Citizens.

Statute requires the program must be fully self-funded, both the direct and indirect costs, by the fees charged to the applicants. The Division initially set fees for the program, after completion of a cost accounting study, and begun charging individuals who are temporarily lawfully present and those not lawfully present the same fee. After operating the program for a few months it became clear that the tasks needed to be completed to license an individual who is not lawfully present drove the majority of the program costs. This is partially due to the variability in the types of documents used to verify the identity of the document applicant. At the beginning of FY 2015-16, the Division implemented new fees for the program. A summary of current fees is provided in the table below:

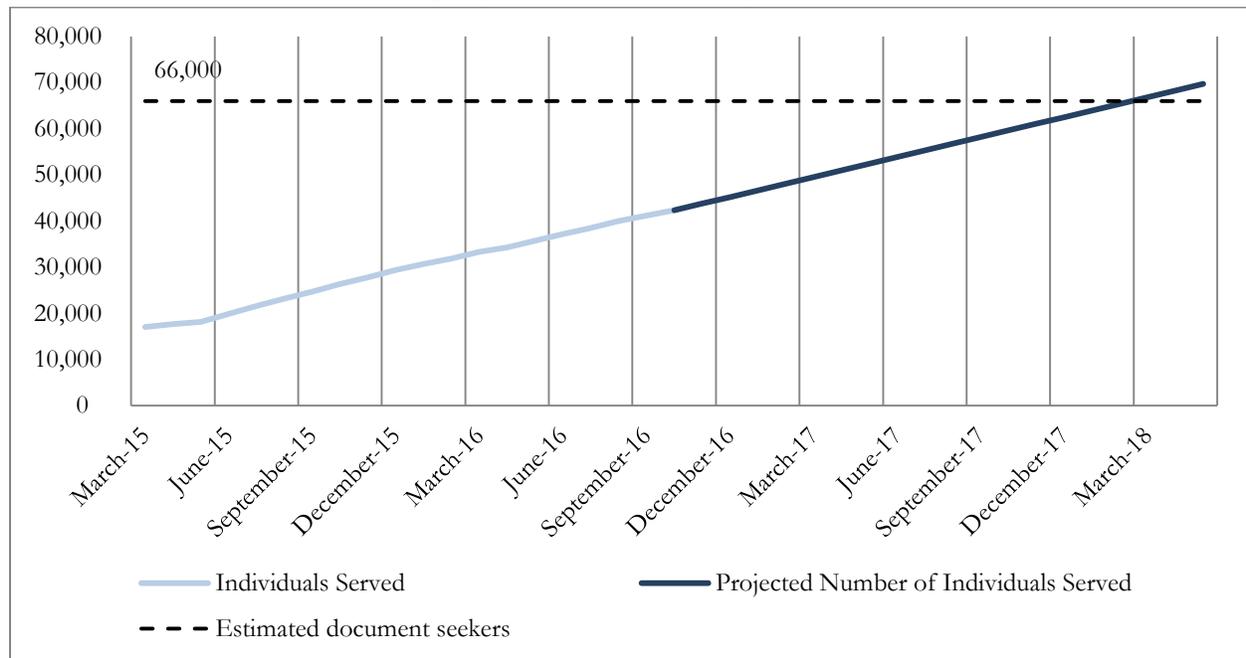
FEES FOR INDIVIDUALS UNABLE TO PROVE LAWFUL PRESENCE		
Document Type	FY 2017-18 Regular Fee <sup>a</sup>	CRCSA Fee
Driver's License	\$27.00	\$79.58
Minor Driver's License	27.00	79.58
Instruction Permit	14.00	48.19
Identification Card	10.50	26.68

<sup>a</sup> Provisions of H.B. 16-1415 incrementally increase driver's license fees to \$28, after which the Department maintains the ability to lower the fee or raise it at a rate of no more than five percent each year.

The process for obtaining an identification document for individuals who are lawfully present is nearly identical to the process United States citizens and the Division adjusted the fee for these individuals to reflect that. Consequently, the Division raised fees for individuals who are unable to demonstrate lawful presence because the process takes significantly more Division resources. Detailed annotation of all activities since October 2015 can be found in Appendix F.

On June 2016, the DMV began implementation of the provision of H.B. 16-1415 (Driver and Vehicle Services) discussed above. In practice, individuals who received an instruction permit during their CRCSA appointment after May 4, 2016, but did not receive a driver's license due to failing the driving test, can retake the driving test at a third-party driving school within 60 days of failure. Individuals have 180 days to return to one of the three offices that offer CRCSA with proof the individual passed a third party driving school. On a space-available basis, individuals may then reopen their application to obtain a driver's license without needing to go through the whole document-verification process again.

ACTUAL AND ESTIMATED CRCSA INDIVIDUALS SERVED OVER LIFE OF PROGRAM



In FY 2015-16, the Division was able to serve, on average, 1,442 individuals in the program. As of the end of October 2016, the Division has served a total of 42,319 individuals. By assuming the average number of individuals served per month and projecting it out, JBC staff estimates the

Division will finish serving 66,000 individuals in March 2018. The above chart is a graphical depiction of this projection.

The Department submits monthly reports to JBC staff and each one contains a statement that demand continues to exist for the program. Appointments for the program, released 90 days in advance, continue to be booked as quickly as they can be change to “open” status.

It appears that under current funding levels, the Department will serve the original, estimated volume of document applicants in March 2018. The Department reports that the first documents issued under this program will expire in August 2017 and thus expects demand for renewal services to exist for those needing to renew.

The renewal process will be very similar to the original process for obtaining a document. Individuals will still need to prove their identity with the previously issued document and Colorado residency is confirmed. As long as the document is not expired for more than one year, no additional driving practice test is required. Due to the need to verify residency and identity, renewals will also need to make appointments at one of the three offices offering CRCSA services. Therefore, the resources required for renewals are similar because the Department is only funded to provide the program at three offices and each can only serve, at most, 31 appointments each day. Renewals will only be able to be processed by offices with the specialized staff because staff need the skills to correctly identify varying documents from nations across the world.

The Department did not request additional resources to fund this program for FY 2017-18. The Department still bases analyses on its estimate, made during the stakeholder process four years ago, that 112,000 eligible persons would seek a document. JBC staff does not have better data than the Department or the former Legislative Council analyst estimating the number of individuals in Colorado who will continue to seek services, however, JBC staff asked the Department to provide the cost of adding one additional “work unit,” and is provided below. The Committee may use this to help calculate costs of adding multiple units. Currently, a work unit represents one office location.

INCREMENTAL COST OF ADDING ADDITIONAL WORK UNITS TO CRCSA PROGRAM		
ANNUAL ON-GOING COST PER WORK UNIT	FTE or Issuance Volume	Amount
Staff	3.6	\$142,953
Operating Supplies		3,420
Document Cost		35,256
<b>Total On-Going Costs</b>	<b>3.6</b>	<b>\$181,629</b>
Average annual document issuance per work unit	8,475	
ONE-TIME START-UP COSTS PER WORK UNIT		
Computer		11,333
Work Area Build out		13,680
<b>Total One-Time Start-Up Costs</b>		<b>\$25,013</b>
<b>Total Incremental Cost of One Work Unit</b>	<b>3.6</b>	<b>\$181,629</b>

## ANALYSIS

The model JBC staff produced to project when 66,000 individuals will have been served by the program estimates the number served at the beginning of August 2017 to be 56,736. If the program was to serve 66,000 in the first three-years of the program, it is currently not on track to reach that goal.

JBC staff recommends providing some additional resources to meet the anticipated demand in the first three years. The Department may have better insight for options for the Committee to consider and JBC staff, therefore, recommends the Committee discuss the program during the hearing.

If the Committee does not wish to provide ongoing funding but does wish to serve the estimated population it intended, JBC staff can work with the Department on a temporary staffing solution to handle the CRCSA renewals so the core staff remains dedicated to serving 66,000 Colorado Residents unable to demonstrate their lawful presence in the United States.

JBC staff can also work with the Department to determine whether providing temporary staff in FY 2016-17 to reach 66,000 during the three year renewal cycle can avoiding any future ongoing funding.

## ISSUE: R5 GENTAX SYSTEM MAINTENANCE, SUPPORT, AND HOSTING

This issue brief discusses the Department's fifth priority change request related to future support and maintenance of the state's tax administration software.

### SUMMARY

- In 2008, the Department undertook a project beginning to modernize and update Colorado's income tax administration software and databases. Completed in 2012, the project resulted in deployment of GenTax, a software solution supported through a five-year maintenance and support contract.
- During the FY 2013-14 budget cycle, the Committee approved a Department request to fund the five-year contract, including approving a five-year escalator in the contract. During the same cycle, the funding approved included hosting by the Governor's Office of Information Technology (OIT) in an enterprise computing environment.
- The five-year maintenance and support contract is ending in FY 2017-18 and the Department reports that the OIT computing environment for the system is reaching the end of its life. The Department decided that the best solution, from its analysis, is to engage the same vendor for another software license and support contract, and engage the vendor in a new contract for hosting the software on behalf of the state.
- The Department requests \$3.9 million General Fund to transfer the technical infrastructure of GenTax to a vendor-hosted solution.

### RECOMMENDATION

Staff recommends the Committee discuss the long-term plan for maintaining GenTax with the Department. The staff recommendation for the requested change will be made during Figure Setting.

### DISCUSSION

The Department is the tax administrator for the state of Colorado and processed \$11.8 billion in tax collections in FY 2014-15. Beginning in September 2007, the Department of Revenue upgraded the computer and database used for all aspects of tax processing through a project called the Colorado Integrated Tax Architecture (CITA) project. Over the next five years, the Department contracted with FAST Enterprises and successfully deployed the system. This upgrade was completed in 2012, at which time the Department exercised a contract option to extend the support and maintenance contract with the vendor. The term of that contract option will end in FY 2017-18.

The Department requests an increase of \$3.9 million General Fund in FY 2017-18 for continued maintenance, support, and new hosting solution for the State's income tax processing technology, GenTax. The Department breaks the request into three components:

- 1 New hosting solution from a third party rather than the Office of Information Technology;
- 2 Software licensing and support from a third party; and
- 3 Adding staff support from the vendor for strategic planning.

The current request does not include any reduction related to this request for OIT costs or the Payments to OIT line item in the Department of Revenue. However, JBC staff intends to work with the Department to better understand the base level funding for GenTax between now and figure setting to determine if an associated reduction should be made.

The components that make up this request are described below:

### VENDOR HOSTING

The first component of the request is for a new hosting solution. The Department proposes an increase of \$1,070,000 General Fund in FY 2017-18 to fund a vendor-hosted hardware platform. This component includes an annual contract escalator of \$50,000.

Under current practice, the Governor’s Office of Information Technology hosts the software for GenTax on state-owned and managed servers. This decision was made through a budget request in FY 2013-14, which moved many of the Department’s mainframe servers to an enterprise computing environment hosted by OIT. It is unclear to JBC staff whether vendor hosting was an option in FY 2013-14, as none of that information was included in the original budget submission or was found in legacy JBC staff documents.

The Department provides the following data estimating a comparison between an OIT hosted hardware platform and one hosted by a vendor. By the Department’s estimates, a vendor-hosted solution will cost \$1.7 million less in the first year, for a total savings over the five-year contract period of \$0.8 million.

FIVE YEAR COST COMPARISON FOR HARDWARE HOSTING			
	Vendor-Hosted	OIT-Hosted	Difference
FY 2017-18	\$1,070,000	\$2,802,794	(\$1,732,794)
FY 2018-19	1,120,000	953,865	166,135
FY 2019-20	1,170,000	953,865	216,135
FY 2020-21	1,220,000	953,865	266,135
FY 2021-22	1,270,000	953,865	316,135
<b>Total</b>	<b>\$5,850,000</b>	<b>\$6,618,254</b>	<b>(\$768,254)</b>

Some of the benefits of vendor hosting highlighted by the Department include:

- Production, disaster recovery, development, testing, and staging environments;
- Monthly security risk assessment by a third party;
- Annual penetration testing by a third party;
- Audit data retention for duration of contract;
- Sufficient bandwidth from hosting data centers;
- All hardware and software costs for data center equipment;
- Five years maintenance for both hardware and software;
- Backups of critical data including off-site copies on disk and/or tape;

- Base level disaster response failover testing;
- Contractually guaranteed system availability;
- Contractually guaranteed system transaction call performance on par with other high-performing GenTax sites; and
- 2-factor VPN for on premise development leads and technical staff.

#### LICENSING AND SUPPORT FOR MAIN TAX SYSTEMS

The request includes an increase of \$0.5 million General Fund to fund basic licensing of the software from the vendor and \$1.2 million to fund on-site support staff employed by the vendor. The system support personnel required to maintain a basic level of software support. These personnel address programming issues, such as basic error fixes, bug corrections, and implementing base system updates.

#### STRATEGIC INITIATIVES

The FY 2017-18 request also includes an increase of \$1.1 million for the Department to have three additional vendor staff to address strategic initiatives and other opportunities to improve service levels to taxpayers.

#### ANALYSIS

JBC staff has concerns around this request.

The base level of funding for the CITA Annual Maintenance and Support line item is the amount requested in the original Department request during the FY 2013-14 budget cycle. All of the current request is in addition to the base level of funding, which totaled \$4.6 million General Fund in FY 2016-17.

The Department explains in its current year request that this base level of funding was appropriated to fund eight support staff from the vendor and 6.0 FTE at OIT, but the OIT staff have not been available. In its current request, the Department did state that OIT is incapable of performing tasks required by CITA. As the Department phrases it, "...the skillsets necessary [for staff] to be productive in this support role have more specific experience in identifying and fixing system coding issues."

In addition to the OIT staff, included in the calculations in the FY 2013-14 request was the assumption that the Department would provide 4.0 FTE and the OIT would provide support from between six and eight personnel. The funding for staff identified in the assumptions was neither included in that FY 2013-14 request item nor in the figure setting document. The figure setting document further states the staff assigned to the project were positions already appropriated elsewhere.

The final appropriation in FY 2013-14 reflects exactly the Department request. That request stated it had negotiated a contract with the original vendor, which included an annual escalator equal to 3.0 percent. JBC staff has relied on this calculation in making figure setting recommendations to the CITA Annual Maintenance and Support line item each year since first approving the request.

JBC staff concerns can be summarized in three points.

First, the CITA line item is a program line and can therefore purchase OIT services with appropriations from the line item. Furthermore, JBC staff also has a minor concern that current or former Department of Revenue or OIT staff will be the “new” staff provided to the Department by the vendor.

If the Committee approves this request in all or part, the Committee should consider conditioning the appropriation on a Long Bill footnote that prevents state employees from being the additional vendor staff.

Second, funding for OIT support related to this request may be absorbed in the nebulous Payments to OIT line item. This concern may be premature because JBC staff has not yet been able to look at detailed data on the original funding. JBC staff will continue to work with the Department to ensure proper accounting is made, determine whether any reductions need to be made, and will make recommendations during figure setting.

Finally, it is also curious that requests that historically would be capital requests, because they were infrastructure like mainframes, are now submitted as operational ones, because they are now managed service contracts. At this time, the Department did not provide any notice to the Joint Technology Committee (JTC) regarding this budget request because the request is not a request for a new program or project. The Department did express no objection to having the JTC review this request.

*JBC Staff Budget Briefing: FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Number Pages**

	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Appropriation</b>	<b>FY 2017-18 Request</b>	<b>Request vs. Appropriation</b>
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**DEPARTMENT OF REVENUE**  
**Barbara Brohl, Executive Director**

**(1) EXECUTIVE DIRECTOR'S OFFICE**

**(A) Administration and Support**

Personal Services	<u>9,800,874</u>	<u>8,640,343</u>	<u>9,293,030</u>	<u>9,308,619</u>	
FTE	104.1	118.5	124.1	124.1	
General Fund	5,215,909	4,133,244	3,182,842	3,491,030	
Cash Funds	268,116	116,051	355,980	357,065	
Reappropriated Funds	4,316,849	4,391,048	5,754,208	5,460,524	
Health, Life, and Dental	<u>8,924,637</u>	<u>11,429,894</u>	<u>10,731,918</u>	<u>11,939,393</u>	**
General Fund	3,212,467	4,617,983	4,417,131	4,722,166	
Cash Funds	5,403,539	6,811,911	6,297,694	7,193,518	
Reappropriated Funds	308,631	0	17,093	23,709	
Short-term Disability	<u>153,779</u>	<u>161,525</u>	<u>137,294</u>	<u>144,548</u>	**
General Fund	57,926	67,780	58,839	61,749	
Cash Funds	89,498	93,745	78,292	82,629	
Reappropriated Funds	6,355	0	163	170	
S.B. 04-257 Amortization Equalization Disbursement	<u>2,817,337</u>	<u>3,256,984</u>	<u>3,482,946</u>	<u>3,807,946</u>	**
General Fund	1,060,378	1,364,916	1,491,518	1,625,034	
Cash Funds	1,641,420	1,892,068	1,987,234	2,178,439	
Reappropriated Funds	115,539	0	4,194	4,473	

\*\*Figures represent the final appropriation for this line item, not actual expenditures.

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	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Appropriation</b>	<b>FY 2017-18 Request</b>	<b>Request vs. Appropriation</b>
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>2,641,254</u>	<u>3,145,951</u>	<u>3,446,668</u>	<u>3,807,946</u>	**
General Fund	994,105	1,318,385	1,475,982	1,625,034	
Cash Funds	1,538,832	1,827,566	1,966,535	2,178,439	
Reappropriated Funds	108,317	0	4,151	4,473	
Salary Survey	<u>1,882,386</u>	<u>1,013,694</u>	<u>326,822</u>	<u>2,063,548</u>	
General Fund	984,502	437,145	105,296	884,630	
Cash Funds	897,884	576,549	219,611	1,176,480	
Reappropriated Funds	0	0	1,915	2,438	
Shift Differential	<u>123,439</u>	<u>123,728</u>	<u>124,573</u>	<u>130,712</u>	**
General Fund	3,988	3,858	3,500	1,273	
Cash Funds	119,451	119,870	121,073	129,439	
Reappropriated Funds	0	0	0	0	
Workers' Compensation	<u>932,407</u>	<u>998,853</u>	<u>1,053,760</u>	<u>1,010,311</u>	
General Fund	356,425	381,825	426,628	407,438	
Cash Funds	575,982	617,028	627,132	602,873	
Operating Expenses	<u>2,013,374</u>	<u>2,091,831</u>	<u>2,273,088</u>	<u>2,278,963</u>	*
General Fund	1,475,126	1,427,982	1,570,283	1,570,283	
Cash Funds	538,248	663,849	702,805	708,680	
Postage	<u>3,001,380</u>	<u>3,004,889</u>	<u>3,197,199</u>	<u>3,201,047</u>	
General Fund	2,663,773	2,667,280	2,837,043	2,840,891	
Cash Funds	337,607	337,609	360,156	360,156	

\* This line item contains a requested change.

\*\*Figures represent the final appropriation for this line item, not actual expenditures.

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	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Appropriation</b>	<b>FY 2017-18 Request</b>	<b>Request vs. Appropriation</b>
Legal Services	<u>4,077,024</u>	<u>3,944,797</u>	<u>4,565,981</u>	<u>4,738,573</u>	
General Fund	2,410,984	2,350,878	2,558,122	2,671,384	
Cash Funds	1,666,040	1,593,919	2,007,859	2,067,189	
Administrative Law Judge Services	<u>10,246</u>	<u>8,063</u>	<u>9,077</u>	<u>11,463</u>	*
General Fund	0	0	0	0	
Cash Funds	10,246	8,063	9,077	11,463	
Payment to Risk Management and Property Funds	<u>250,807</u>	<u>265,490</u>	<u>312,968</u>	<u>334,197</u>	
General Fund	97,131	102,817	126,926	135,091	
Cash Funds	153,676	162,673	186,042	199,106	
Vehicle Lease Payments	<u>539,127</u>	<u>494,025</u>	<u>664,080</u>	<u>699,529</u>	*
General Fund	135,959	127,406	169,718	176,928	
Cash Funds	403,168	366,619	494,362	522,601	
Leased Space	<u>3,714,225</u>	<u>3,763,941</u>	<u>4,320,451</u>	<u>4,767,476</u>	*
General Fund	616,949	599,732	775,450	792,046	
Cash Funds	3,097,276	3,164,209	3,545,001	3,975,430	
Capitol Complex Leased Space	<u>1,666,699</u>	<u>2,326,019</u>	<u>2,315,184</u>	<u>2,549,644</u>	
General Fund	1,100,014	1,690,798	1,537,840	1,697,747	
Cash Funds	566,685	635,221	777,344	851,897	
Payments to OIT	<u>16,304,703</u>	<u>15,093,157</u>	<u>15,567,279</u>	<u>16,709,455</u>	*
General Fund	8,379,236	7,546,246	8,026,495	8,539,069	
Cash Funds	7,925,467	7,546,911	7,540,784	8,170,386	
Reappropriated Funds	0	0	0	0	

\* This line item contains a requested change.

*JBC Staff Budget Briefing: FY 2017-18*  
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
CORE Operations	<u>340,291</u>	<u>245,456</u>	<u>422,525</u>	<u>680,600</u>	
General Fund	151,912	121,242	171,064	274,471	
Cash Funds	188,379	124,214	251,461	406,129	
Utilities	<u>79,354</u>	<u>72,279</u>	<u>143,703</u>	<u>143,703</u>	
Cash Funds	79,354	72,279	143,703	143,703	
Merit Pay	<u>640,667</u>	<u>726,034</u>	<u>0</u>	<u>0</u>	
General Fund	253,483	296,561	0	0	
Cash Funds	387,184	429,473	0	0	
Reappropriated Funds	0	0	0	0	
<b>SUBTOTAL - (A) Administration and Support</b>	59,914,010	60,806,953	62,388,546	68,327,673	9.5%
FTE	<u>104.1</u>	<u>118.5</u>	<u>124.1</u>	<u>124.1</u>	0.0%
General Fund	29,170,267	29,256,078	28,934,677	31,516,264	8.9%
Cash Funds	25,888,052	27,159,827	27,672,145	31,315,622	13.2%
Reappropriated Funds	4,855,691	4,391,048	5,781,724	5,495,787	(4.9%)

**(B) Hearings Division**

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,366,482</u>	
FTE	0.0	0.0	0.0	29.6	
General Fund	0	0	0	178,955	
Cash Funds	0	0	0	2,187,527	
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>101,408</u>	
General Fund	0	0	0	2,470	
Cash Funds	0	0	0	98,938	

*JBC Staff Budget Briefing: FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>176,307</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	0	0	176,307	
<b>SUBTOTAL - (B) Hearings Division</b>	0	0	0	2,644,197	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>29.6</u>	<u>0.0%</u>
General Fund	0	0	0	181,425	0.0%
Cash Funds	0	0	0	2,462,772	0.0%
<b>TOTAL - (1) Executive Director's Office</b>	59,914,010	60,806,953	62,388,546	70,971,870	13.8%
FTE	<u>104.1</u>	<u>118.5</u>	<u>124.1</u>	<u>153.7</u>	<u>23.9%</u>
General Fund	29,170,267	29,256,078	28,934,677	31,697,689	9.5%
Cash Funds	25,888,052	27,159,827	27,672,145	33,778,394	22.1%
Reappropriated Funds	4,855,691	4,391,048	5,781,724	5,495,787	(4.9%)

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*Staff Working Document - Does Not Represent Committee Decision*

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
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**(2) INFORMATION TECHNOLOGY DIVISION**

**(A) System Support**

Personal Services	<u>540,752</u>	<u>89,020</u>	<u>147,506</u>	<u>147,506</u>	
General Fund	540,752	81,870	147,506	147,506	
Cash Funds	0	7,150	0	0	
Operating Expenses	<u>1,339,879</u>	<u>839,981</u>	<u>885,318</u>	<u>885,318</u>	
General Fund	1,265,178	771,084	809,759	809,759	
Cash Funds	74,701	68,897	75,559	75,559	

<b>SUBTOTAL - (A) System Support</b>	1,880,631	929,001	1,032,824	1,032,824	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	1,805,930	852,954	957,265	957,265	0.0%
Cash Funds	74,701	76,047	75,559	75,559	0.0%

**(B) Colorado State Titling and Registration System**

Personal Services	<u>59,882</u>	<u>0</u>	<u>442,688</u>	<u>442,688</u>	
Cash Funds	59,882	0	442,688	442,688	
Operating Expenses	<u>2,555,941</u>	<u>2,372,171</u>	<u>2,617,535</u>	<u>2,617,535</u>	
Cash Funds	2,555,941	2,372,171	2,617,535	2,617,535	
County Office Asset Maintenance	<u>554,614</u>	<u>568,230</u>	<u>568,230</u>	<u>568,230</u>	
Cash Funds	554,614	568,230	568,230	568,230	
County Office Improvements	<u>34,983</u>	<u>33,627</u>	<u>40,000</u>	<u>40,000</u>	
Cash Funds	34,983	33,627	40,000	40,000	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
<b>SUBTOTAL - (B) Colorado State Titling and Registration System</b>	3,205,420	2,974,028	3,668,453	3,668,453	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	3,205,420	2,974,028	3,668,453	3,668,453	0.0%
<b>TOTAL - (2) Information Technology Division</b>	5,086,051	3,903,029	4,701,277	4,701,277	0.0%
<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	1,805,930	852,954	957,265	957,265	0.0%
Cash Funds	3,280,121	3,050,075	3,744,012	3,744,012	0.0%

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
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**(3) TAXATION BUSINESS GROUP**

**(A) Administration**

Personal Services	<u>496,954</u>	<u>486,373</u>	<u>536,661</u>	<u>532,823</u>	
FTE	5.0	5.0	5.0	5.0	
General Fund	495,254	484,159	507,524	505,100	
Cash Funds	1,700	2,214	29,137	27,723	
Operating Expenses	<u>9,280</u>	<u>7,079</u>	<u>13,100</u>	<u>13,100</u>	
General Fund	9,280	7,079	13,100	13,100	
Colorado Integrated Tax Architecture Maintenance and Support	<u>3,715,658</u>	<u>4,206,750</u>	<u>4,656,751</u>	<u>8,604,570</u> *	
General Fund	3,715,658	4,206,750	4,609,682	8,594,570	
Cash Funds	0	0	47,069	10,000	

<b>SUBTOTAL - (A) Administration</b>	4,221,892	4,700,202	5,206,512	9,150,493	75.8%
<i>FTE</i>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	0.0%
General Fund	4,220,192	4,697,988	5,130,306	9,112,770	77.6%
Cash Funds	1,700	2,214	76,206	37,723	(50.5%)

**(B) Taxation and Compliance Division**

Personal Expenses	<u>15,231,360</u>	<u>16,186,684</u>	<u>17,391,180</u>	<u>17,426,840</u>	
FTE	227.0	218.8	234.6	234.6	
General Fund	14,561,621	15,782,065	16,172,068	16,207,728	
Cash Funds	669,739	254,312	1,065,027	1,065,027	
Reappropriated Funds	0	150,307	154,085	154,085	

\* This line item contains a requested change.

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	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Appropriation</b>	<b>FY 2017-18 Request</b>	<b>Request vs. Appropriation</b>
Operating Expenses	<u>858,018</u>	<u>878,457</u>	<u>1,057,353</u>	<u>1,057,353</u>	
General Fund	853,582	862,789	1,031,212	1,031,212	
Cash Funds	4,436	15,668	26,141	26,141	
Joint Audit Program	<u>131,244</u>	<u>131,244</u>	<u>131,244</u>	<u>131,244</u>	
General Fund	131,244	131,244	131,244	131,244	
Mineral Audit Program	<u>40,815</u>	<u>40,784</u>	<u>890,388</u>	<u>890,388</u>	
FTE	10.0	11.3	10.2	10.2	
General Fund	0	0	0	0	
Reappropriated Funds	40,815	40,784	66,000	66,000	
Federal Funds	0	0	824,388	824,388	
<b>SUBTOTAL - (B) Taxation and Compliance Division</b>	<b>16,261,437</b>	<b>17,237,169</b>	<b>19,470,165</b>	<b>19,505,825</b>	<b>0.2%</b>
FTE	<u>237.0</u>	<u>230.1</u>	<u>244.8</u>	<u>244.8</u>	<u>(0.0%)</u>
General Fund	15,546,447	16,776,098	17,334,524	17,370,184	0.2%
Cash Funds	674,175	269,980	1,091,168	1,091,168	0.0%
Reappropriated Funds	40,815	191,091	220,085	220,085	0.0%
Federal Funds	0	0	824,388	824,388	0.0%

**(C) Taxpayer Service Division**

Personal Services	<u>5,808,828</u>	<u>6,440,031</u>	<u>8,482,054</u>	<u>8,424,420</u>	
FTE	103.2	99.7	140.0	137.6	
General Fund	5,642,180	6,282,728	8,177,189	8,119,069	
Cash Funds	166,648	157,303	304,865	305,351	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Operating Expenses	<u>316,073</u>	<u>468,082</u>	<u>568,656</u>	<u>524,961</u>	
General Fund	313,986	464,749	563,976	520,281	
Cash Funds	2,087	3,333	4,680	4,680	
Seasonal Tax Processing	<u>320,638</u>	<u>295,238</u>	<u>296,391</u>	<u>296,391</u>	
General Fund	320,638	295,238	296,391	296,391	
Document Management	<u>2,907,883</u>	<u>2,915,171</u>	<u>3,045,371</u>	<u>3,064,572</u>	
General Fund	2,905,724	2,907,060	3,006,852	3,026,053	
Cash Funds	2,159	8,111	38,519	38,519	
Fuel Tracking System	<u>518,220</u>	<u>540,146</u>	<u>494,598</u>	<u>495,569</u>	
FTE	1.5	6.1	1.5	1.5	
General Fund	0	0	0	0	
Cash Funds	518,220	540,146	494,598	495,569	
Indirect Cost Assessment	<u>7,332</u>	<u>9,797</u>	<u>9,708</u>	<u>9,800</u>	
Cash Funds	7,332	9,797	9,708	9,800	
<b>SUBTOTAL - (C) Taxpayer Service Division</b>	9,878,974	10,668,465	12,896,778	12,815,713	(0.6%)
FTE	<u>104.7</u>	<u>105.8</u>	<u>141.5</u>	<u>139.1</u>	(1.7%)
General Fund	9,182,528	9,949,775	12,044,408	11,961,794	(0.7%)
Cash Funds	696,446	718,690	852,370	853,919	0.2%

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
<b>(D) Tax Conferee</b>					
Personal Services	<u>1,214,326</u>	<u>1,252,067</u>	<u>2,699,033</u>	<u>2,727,972</u>	
FTE	12.4	13.1	12.9	13.6	
General Fund	1,214,326	1,252,067	2,699,033	2,727,972	
Cash Funds	0	0	0	0	
Operating Expenses	<u>29,060</u>	<u>25,940</u>	<u>64,772</u>	<u>62,504</u>	
General Fund	29,060	25,940	64,772	62,504	
Cash Funds	0	0	0	0	
<b>SUBTOTAL - (D) Tax Conferee</b>	1,243,386	1,278,007	2,763,805	2,790,476	1.0%
FTE	12.4	13.1	12.9	13.6	5.4%
General Fund	1,243,386	1,278,007	2,763,805	2,790,476	1.0%
Cash Funds	0	0	0	0	0.0%

**(E) Special Purpose**

Cigarette Tax Rebate	<u>10,461,631</u>	<u>10,542,818</u>	<u>10,900,000</u>	<u>8,913,977</u>	
General Fund	10,461,631	10,542,818	10,900,000	8,913,977	
Cash Funds	0	0	0	0	
Amendment 35 Distribution to Local Governments	<u>1,304,900</u>	<u>1,301,300</u>	<u>1,297,770</u>	<u>1,297,770</u> *	
General Fund	1,304,900	0	0	0	
Cash Funds	0	1,301,300	1,297,770	1,297,770	
Old Age Heat and Fuel and Property Tax Assistance Grant	<u>5,622,987</u>	<u>5,807,240</u>	<u>6,900,000</u>	<u>8,700,000</u>	
General Fund	5,622,987	5,807,240	6,900,000	8,700,000	

\* This line item contains a requested change.

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Commercial Vehicle Enterprise Sales Tax Refund	<u>55,586</u>	<u>0</u>	<u>120,524</u>	<u>120,524</u>	
Cash Funds	55,586	0	120,524	120,524	
Retail Marijuana Sales Tax Distribution to Local Governments	<u>5,908,308</u>	<u>9,858,697</u>	<u>11,200,000</u>	<u>12,281,482</u>	
General Fund	5,908,308	9,858,697	11,200,000	12,281,482	
Cash Funds	0	0	0	0	
<b>SUBTOTAL - (E) Special Purpose</b>	23,353,412	27,510,055	30,418,294	31,313,753	2.9%
<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	23,297,826	26,208,755	29,000,000	29,895,459	3.1%
Cash Funds	55,586	1,301,300	1,418,294	1,418,294	0.0%
<b>TOTAL - (3) Taxation Business Group</b>	54,959,101	61,393,898	70,755,554	75,576,260	6.8%
<i>FTE</i>	<u>359.1</u>	<u>354.0</u>	<u>404.2</u>	<u>402.5</u>	<u>(0.4%)</u>
General Fund	53,490,379	58,910,623	66,273,043	71,130,683	7.3%
Cash Funds	1,427,907	2,292,184	3,438,038	3,401,104	(1.1%)
Reappropriated Funds	40,815	191,091	220,085	220,085	0.0%
Federal Funds	0	0	824,388	824,388	0.0%

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
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**(4) DIVISION OF MOTOR VEHICLES**

**(A) Administration**

Personal Services	<u>1,489,513</u>	<u>1,438,633</u>	<u>1,591,393</u>	<u>1,591,393</u>	
FTE	9.6	18.9	18.9	18.9	
General Fund	29,761	229,494	234,776	234,707	
Cash Funds	1,413,009	1,161,790	1,305,272	1,305,341	
Reappropriated Funds	46,743	47,349	51,345	51,345	
Operating Expenses	<u>81,190</u>	<u>77,496</u>	<u>85,244</u>	<u>85,244</u>	
General Fund	1,670	12,340	12,478	12,475	
Cash Funds	76,221	62,071	69,376	69,379	
Reappropriated Funds	3,299	3,085	3,390	3,390	

<b>SUBTOTAL - (A) Administration</b>	1,570,703	1,516,129	1,676,637	1,676,637	0.0%
FTE	<u>9.6</u>	<u>18.9</u>	<u>18.9</u>	<u>18.9</u>	<u>0.0%</u>
General Fund	31,431	241,834	247,254	247,182	(0.0%)
Cash Funds	1,489,230	1,223,861	1,374,648	1,374,720	0.0%
Reappropriated Funds	50,042	50,434	54,735	54,735	0.0%

**(B) Driver Services**

Personal Services	<u>15,482,311</u>	<u>16,808,829</u>	<u>19,812,451</u>	<u>20,010,265</u>	
FTE	355.1	392.8	399.1	399.1	
General Fund	9,035,849	7,148,247	3,031,041	3,064,873	
Cash Funds	6,403,097	9,551,463	16,672,291	16,834,358	
Reappropriated Funds	43,365	109,119	109,119	111,034	

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	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Appropriation</b>	<b>FY 2017-18 Request</b>	<b>Request vs. Appropriation</b>
Operating Expenses	<u>1,737,745</u>	<u>2,096,586</u> 0.0	<u>2,096,686</u>	<u>3,190,728</u> *	
General Fund	355,113	418,104	418,104	418,104	
Cash Funds	1,372,158	1,668,312	1,668,412	2,762,454	
Reappropriated Funds	10,474	10,170	10,170	10,170	
Drivers License Documents	<u>4,304,131</u>	<u>4,888,229</u>	<u>5,201,840</u>	<u>5,201,840</u>	
Cash Funds	4,304,131	4,888,229	5,201,840	5,201,840	
Ignition Interlock Program	<u>835,857</u>	<u>943,613</u>	<u>1,231,243</u>	<u>1,231,832</u>	
FTE	6.2	6.5	6.9	6.9	
Cash Funds	835,857	943,613	1,231,243	1,231,832	
Indirect Cost Assessment	<u>1,641,119</u>	<u>2,313,099</u>	<u>2,271,782</u>	<u>2,292,025</u>	
Cash Funds	1,641,119	2,313,099	2,271,782	2,292,025	
<b>SUBTOTAL - (B) Driver Services</b>	24,001,163	27,050,356	30,614,002	31,926,690	4.3%
FTE	<u>361.3</u>	<u>399.3</u>	<u>406.0</u>	<u>406.0</u>	(0.0%)
General Fund	9,390,962	7,566,351	3,449,145	3,482,977	1.0%
Cash Funds	14,556,362	19,364,716	27,045,568	28,322,509	4.7%
Reappropriated Funds	53,839	119,289	119,289	121,204	1.6%

**(C) Vehicle Services**

Personal Services	<u>2,489,250</u>	<u>2,228,530</u>	<u>2,620,004</u>	<u>2,640,590</u>	
FTE	44.0	44.3	49.6	50.0	
General Fund	436,648	446,139	453,247	453,247	
Cash Funds	2,052,602	1,782,391	2,166,757	2,187,343	

\* This line item contains a requested change.

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Operating Expenses	<u>454,034</u>	<u>367,451</u>	<u>461,661</u>	<u>459,882</u>	
General Fund	27,169	27,169	27,169	27,169	
Cash Funds	426,865	340,282	434,492	432,713	
License Plate Ordering	<u>5,224,811</u>	<u>5,922,519</u>	<u>6,117,753</u>	<u>10,195,299</u> *	
General Fund	70,026	9,539	6,673	216,315	
Cash Funds	5,154,785	5,912,980	6,111,080	9,978,984	
Motorist Insurance Identification Database Program	<u>231,109</u>	<u>234,656</u>	<u>337,006</u>	<u>337,006</u>	
FTE	0.6	1.0	1.0	1.0	
Cash Funds	231,109	234,656	337,006	337,006	
Emissions Program	<u>1,063,814</u>	<u>998,658</u>	<u>1,253,399</u>	<u>1,256,439</u>	
FTE	13.9	13.6	15.0	15.0	
Cash Funds	1,063,814	998,658	1,253,399	1,256,439	
Indirect Cost Assessment	<u>572,040</u>	<u>345,973</u>	<u>377,228</u>	<u>386,449</u>	
Cash Funds	572,040	345,973	377,228	386,449	
<b>SUBTOTAL - (C) Vehicle Services</b>	10,035,058	10,097,787	11,167,051	15,275,665	36.8%
FTE	<u>58.5</u>	<u>58.9</u>	<u>65.6</u>	<u>66.0</u>	0.6%
General Fund	533,843	482,847	487,089	696,731	43.0%
Cash Funds	9,501,215	9,614,940	10,679,962	14,578,934	36.5%
<b>TOTAL - (4) Division of Motor Vehicles</b>	35,606,924	38,664,272	43,457,690	48,878,992	12.5%
FTE	<u>429.4</u>	<u>477.1</u>	<u>490.5</u>	<u>490.9</u>	0.1%
General Fund	9,956,236	8,291,032	4,183,488	4,426,890	5.8%
Cash Funds	25,546,807	30,203,517	39,100,178	44,276,163	13.2%
Reappropriated Funds	103,881	169,723	174,024	175,939	1.1%

\* This line item contains a requested change.

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
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**(5) ENFORCEMENT BUSINESS GROUP**

**(A) Administration**

Personal Services	<u>659,909</u>	<u>677,192</u>	<u>716,238</u>	<u>716,238</u>	
FTE	7.6	7.6	8.0	8.0	
General Fund	19,864	21,821	5,931	5,418	
Cash Funds	375,925	400,441	420,113	459,266	
Reappropriated Funds	264,120	254,930	290,194	251,554	
Operating Expenses	<u>12,078</u>	<u>11,420</u>	<u>12,780</u>	<u>12,780</u>	
General Fund	369	397	106	97	
Cash Funds	6,898	6,751	7,496	8,194	
Reappropriated Funds	4,811	4,272	5,178	4,489	

<b>SUBTOTAL - (A) Administration</b>	671,987	688,612	729,018	729,018	0.0%
<i>FTE</i>	<u>7.6</u>	<u>7.6</u>	<u>8.0</u>	<u>8.0</u>	<u>0.0%</u>
General Fund	20,233	22,218	6,037	5,515	(8.6%)
Cash Funds	382,823	407,192	427,609	467,460	9.3%
Reappropriated Funds	268,931	259,202	295,372	256,043	(13.3%)

**(B) Limited Gaming Division**

Personal Services	<u>6,304,904</u>	<u>6,731,954</u>	<u>7,061,007</u>	<u>7,066,096</u>	
FTE	81.6	83.2	91.0	91.0	
Cash Funds	6,304,904	6,731,954	7,061,007	7,066,096	
Operating Expenses	<u>525,112</u>	<u>561,843</u>	<u>1,032,595</u>	<u>1,032,595</u>	
Cash Funds	525,112	561,843	1,032,595	1,032,595	

*JBC Staff Budget Briefing: FY 2017-18*  
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Payments to Other State Agencies	<u>3,807,263</u>	<u>4,067,179</u>	<u>4,497,011</u>	<u>4,497,011</u>	
Cash Funds	3,807,263	4,067,179	4,497,011	4,497,011	
Distribution to Gaming Cities and Counties	<u>97,201,481</u>	<u>103,675,404</u>	<u>23,788,902</u>	<u>23,788,902</u>	
Cash Funds	97,201,481	103,675,404	23,788,902	23,788,902	
Indirect Cost Assessment	<u>682,531</u>	<u>573,006</u>	<u>599,627</u>	<u>599,370</u>	
Cash Funds	682,531	573,006	599,627	599,370	
<b>SUBTOTAL - (B) Limited Gaming Division</b>	108,521,291	115,609,386	36,979,142	36,983,974	0.0%
FTE	<u>81.6</u>	<u>83.2</u>	<u>91.0</u>	<u>91.0</u>	<u>(0.0%)</u>
Cash Funds	108,521,291	115,609,386	36,979,142	36,983,974	0.0%

**(C) Liquor and Tobacco Enforcement Division**

Personal Services	<u>2,125,114</u>	<u>2,349,715</u>	<u>2,538,307</u>	<u>2,585,643</u>	
FTE	27.1	28.6	28.9	30.0	
General Fund	90,031	162,183	167,277	168,589	
Cash Funds	2,035,083	2,187,532	2,371,030	2,417,054	
Operating Expenses	<u>93,679</u>	<u>90,448</u>	<u>115,382</u>	<u>164,521</u> *	
General Fund	6,744	7,201	7,201	7,201	
Cash Funds	86,935	83,247	108,181	157,320	
Indirect Cost Assessment	<u>131,668</u>	<u>122,089</u>	<u>165,085</u>	<u>187,063</u>	
Cash Funds	131,668	122,089	165,085	187,063	

\* This line item contains a requested change.

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
<b>SUBTOTAL - (C) Liquor and Tobacco Enforcement</b>					
<b>Division</b>	2,350,461	2,562,252	2,818,774	2,937,227	4.2%
<i>FTE</i>	<u>27.1</u>	<u>28.6</u>	<u>28.9</u>	<u>30.0</u>	<u>3.8%</u>
General Fund	96,775	169,384	174,478	175,790	0.8%
Cash Funds	2,253,686	2,392,868	2,644,296	2,761,437	4.4%
<b>(D) Division of Racing Events</b>					
Personal Services	<u>847,841</u>	<u>781,663</u>	<u>925,806</u>	<u>942,670</u> *	
FTE	8.1	6.6	7.7	8.7	
Cash Funds	847,841	781,663	925,806	942,670	
Operating Expenses	<u>162,207</u>	<u>180,576</u>	<u>221,627</u>	<u>227,280</u> *	
Cash Funds	162,207	180,576	221,627	227,280	
Purses and Breeders Awards	<u>1,400,000</u>	<u>1,327,703</u>	<u>1,400,000</u>	<u>1,400,000</u>	
Cash Funds	1,400,000	1,327,703	1,400,000	1,400,000	
Indirect Cost Assessment	<u>65,834</u>	<u>46,199</u>	<u>50,283</u>	<u>50,716</u>	
Cash Funds	65,834	46,199	50,283	50,716	
<b>SUBTOTAL - (D) Division of Racing Events</b>					
	2,475,882	2,336,141	2,597,716	2,620,666	0.9%
<i>FTE</i>	<u>8.1</u>	<u>6.6</u>	<u>7.7</u>	<u>8.7</u>	<u>13.0%</u>
Cash Funds	2,475,882	2,336,141	2,597,716	2,620,666	0.9%

\* This line item contains a requested change.

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
<b>(E) Hearings Division</b>					
Personal Services	<u>1,864,858</u>	<u>1,729,875</u>	<u>2,365,531</u>	<u>0</u>	
FTE	26.6	24.8	29.6	0.0	
General Fund	0	0	178,955	0	
Cash Funds	1,864,858	1,729,875	2,186,576	0	
Operating Expenses	<u>92,217</u>	<u>77,457</u>	<u>101,408</u>	<u>0</u>	
General Fund	0	0	2,470	0	
Cash Funds	92,217	77,457	98,938	0	
Indirect Cost Assessment	<u>423,379</u>	<u>134,019</u>	<u>174,821</u>	<u>0</u>	
Cash Funds	423,379	134,019	174,821	0	
<b>SUBTOTAL - (E) Hearings Division</b>	2,380,454	1,941,351	2,641,760	0	(100.0%)
FTE	<u>26.6</u>	<u>24.8</u>	<u>29.6</u>	<u>0.0</u>	<u>(100.0%)</u>
General Fund	0	0	181,425	0	(100.0%)
Cash Funds	2,380,454	1,941,351	2,460,335	0	(100.0%)

**(F) Motor Vehicle Dealer Licensing Board**

Personal Services	<u>1,815,118</u>	<u>1,952,304</u>	<u>2,005,769</u>	<u>2,254,070</u> *
FTE	26.1	26.4	27.2	31.2
Cash Funds	1,815,118	1,952,304	2,005,769	2,254,070
Operating Expenses	<u>296,999</u>	<u>132,645</u>	<u>134,684</u>	<u>174,626</u> *
Cash Funds	296,999	132,645	134,684	174,626
Indirect Cost Assessment	<u>142,643</u>	<u>176,258</u>	<u>177,626</u>	<u>179,152</u>
Cash Funds	142,643	176,258	177,626	179,152

\* This line item contains a requested change.

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
<b>SUBTOTAL - (F) Motor Vehicle Dealer Licensing</b>					
<b>Board</b>	2,254,760	2,261,207	2,318,079	2,607,848	12.5%
<i>FTE</i>	<u>26.1</u>	<u>26.4</u>	<u>27.2</u>	<u>31.2</u>	<u>14.7%</u>
Cash Funds	2,254,760	2,261,207	2,318,079	2,607,848	12.5%
<b>(G) Marijuana Enforcement</b>					
Marijuana Enforcement	<u>4,734,175</u>	<u>5,740,461</u>	<u>9,591,548</u>	<u>9,752,353</u>	
<i>FTE</i>	46.6	56.5	102.1	103.2	
Cash Funds	4,734,175	5,740,461	9,591,548	9,752,353	
Indirect Cost Assessment	<u>414,853</u>	<u>414,853</u>	<u>1,181,072</u>	<u>825,052</u>	
General Fund	0	0	0	0	
Cash Funds	414,853	414,853	1,181,072	825,052	
<b>SUBTOTAL - (G) Marijuana Enforcement</b>					
<i>FTE</i>	<u>46.6</u>	<u>56.5</u>	<u>102.1</u>	<u>103.2</u>	(1.8%)
General Fund	0	0	0	0	0.0%
Cash Funds	5,149,028	6,155,314	10,772,620	10,577,405	(1.8%)
<b>TOTAL - (5) Enforcement Business Group</b>					
<i>FTE</i>	<u>223.7</u>	<u>233.7</u>	<u>294.5</u>	<u>272.1</u>	<u>(7.6%)</u>
General Fund	117,008	191,602	361,940	181,305	(49.9%)
Cash Funds	123,417,924	131,103,459	58,199,797	56,018,790	(3.7%)
Reappropriated Funds	268,931	259,202	295,372	256,043	(13.3%)

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
<b>(6) STATE LOTTERY DIVISION</b>					
Personal Services	<u>8,047,988</u>	<u>7,529,311</u>	<u>9,490,911</u>	<u>9,491,527</u>	
FTE	116.7	109.5	117.1	117.1	
Cash Funds	8,047,988	7,529,311	9,490,911	9,491,527	
Operating Expenses	<u>1,039,886</u>	<u>1,056,396</u>	<u>1,203,156</u>	<u>1,203,156</u>	
Cash Funds	1,039,886	1,056,396	1,203,156	1,203,156	
Payments to Other State Agencies	<u>95,569</u>	<u>92,338</u>	<u>239,410</u>	<u>239,410</u>	
Cash Funds	95,569	92,338	239,410	239,410	
Travel	<u>103,705</u>	<u>103,110</u>	<u>113,498</u>	<u>113,498</u>	
Cash Funds	103,705	103,110	113,498	113,498	
Marketing and Communications	<u>13,692,689</u>	<u>11,138,537</u>	<u>14,700,000</u>	<u>14,700,000</u>	
Cash Funds	13,692,689	11,138,537	14,700,000	14,700,000	
Multi-State Lottery Fees	<u>127,709</u>	<u>111,812</u>	<u>177,433</u>	<u>177,433</u>	
Cash Funds	127,709	111,812	177,433	177,433	
Vendor Fees	<u>9,182,204</u>	<u>10,764,406</u>	<u>12,571,504</u>	<u>12,571,504</u>	
Cash Funds	9,182,204	10,764,406	12,571,504	12,571,504	
Retailer Compensation	<u>39,815,292</u>	<u>1,598,814</u>	<u>52,241,350</u>	<u>52,241,350</u>	
Cash Funds	39,815,292	1,598,814	52,241,350	52,241,350	
Ticket Costs	<u>3,354,635</u>	<u>3,807,654</u>	<u>6,578,000</u>	<u>6,578,000</u>	
Cash Funds	3,354,635	3,807,654	6,578,000	6,578,000	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Research	<u>130,765</u>	<u>156,225</u>	<u>250,000</u>	<u>250,000</u>	
Cash Funds	130,765	156,225	250,000	250,000	
Indirect Cost Assessment	<u>529,826</u>	<u>434,425</u>	<u>746,976</u>	<u>754,590</u>	
Cash Funds	529,826	434,425	746,976	754,590	
<b>TOTAL - (6) State Lottery Division</b>	76,120,268	36,793,028	98,312,238	98,320,468	NaN
<i>FTE</i>	<u>116.7</u>	<u>109.5</u>	<u>117.1</u>	<u>117.1</u>	0.0%
Cash Funds	76,120,268	36,793,028	98,312,238	98,320,468	0.0%
<b>TOTAL - Department of Revenue</b>	355,490,217	333,115,443	338,472,414	354,905,005	4.9%
<i>FTE</i>	<u>1,233.0</u>	<u>1,292.8</u>	<u>1,430.4</u>	<u>1,436.3</u>	0.4%
General Fund	94,539,820	97,502,289	100,710,413	108,393,832	7.6%
Cash Funds	255,681,079	230,602,090	230,466,408	239,538,931	3.9%
Reappropriated Funds	5,269,318	5,011,064	6,471,205	6,147,854	(5.0%)
Federal Funds	0	0	824,388	824,388	0.0%

## APPENDIX B

### RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

#### 2015 SESSION BILLS

**S.B. 15-014 (MEDICAL MARIJUANA):** Requires all transporting and cultivating primary caregivers to register with the state medical marijuana licensing authority (Department of Revenue). Places registration requirements on a cultivating primary caregiver and transporting primary caregivers. DOR may verify patient registration numbers and extended plant count numbers with the state health agency to confirm that a patient does not have more than one primary caregiver, or does not have both a designated caregiver and medical marijuana center, cultivating medical marijuana on his or her behalf at any given time. The bill prohibits any registering as a primary caregiver if the person is licensed as medical or retail marijuana business. A cultivating or transporting primary caregiver shall maintain a list of his or her patients including the registry identification card number of each patient and a recommended total plant count at all times.

Requires DOR and the Department of Public Health and Environment to share the minimum amount of information necessary to ensure that a medical marijuana patient has only one caregiver and is not using a primary caregiver and a medical marijuana center. Encourages patients cultivating more than 6 medical marijuana plants for their own medical use to register with the state licensing authority. Prohibits a patient and primary caregiver from cultivating more than 99 plants. A cultivating primary caregiver who grows more than 36 plants must register with the state licensing authority including the location of his or her cultivation operation, the patient registration identification number for each of the primary caregiver's patients, and any extended plant count numbers and their corresponding patient registry numbers. DOR must verify the location of extended plant counts for primary caregiver cultivation operations and homebound patient registration for transporting caregivers to a local government or law enforcement agency upon receiving a request for verification. The location of the cultivation operation shall comply with all applicable local laws, rules, or regulations. Sunsets the medical marijuana program on September 1, 2019. Adds an exception to the student possession policy for medical marijuana. Permits money in the Marijuana Tax Cash Fund to be used to fund the implementation of any costs for law enforcement audits. Appropriates \$113,704 cash funds and 1.0 FTE from the Marijuana Tax Cash Fund to the Department of Revenue in FY 2015-16. For additional information, see the "Recent Legislation" section at the end of the Department of Public Health and Environment.

**S.B. 15-090 (TEMPORARY REGISTRATION DOCUMENT STANDARDS):** Requires that temporary motor vehicle registration plates and certificates meet the same statutory requirements regarding attachment, visibility, and readability as permanent plates, except that a temporary plate is only required to be affixed to the rear of the vehicle. The bill takes effect January 1, 2016, if the Department of Revenue receives enough gifts, grants, or donations to cover the materials, start-up costs, and computer programming necessary to implement the legislation. If that condition is met, the new temporary tags will be issued effective July 1, 2016. Requires the Department of Revenue to create an electronic issuance system for temporary plates and to promulgate rules for dealers printing temporary certificates. County clerk and recorder offices are no longer required to issue dealer blocks to dealers; rather, the blocks may be issued directly to the dealers from Colorado

Correctional Industries (CCi) in the Department of Corrections (DOC). Appropriates \$506,487 to the Department of Revenue contingent upon the Department receiving at least \$355,595 from gifts, grants, and donations and limited to the amount received by the Department.

**S.B. 15-115 (SUNSET MEDICAL MARIJUANA PROGRAMS):** Continues the Medical Marijuana Code (Medical Code) from July 1, 2015, until September 1, 2019, and implements some of the recommendations from the Department of Regulatory Agencies' 2014 sunset review. The changes include:

- Aligning the sunset date of the medical marijuana program administered by the Department of Public Health and Environment with the Medical Code;
- Prohibiting the infusion of trademarked items with medical marijuana;
- Allowing optional premises cultivation licensees to sell medical marijuana directly to other medical marijuana licensees within the context of vertical integration;
- Harmonizing the license disqualifiers with the Retail Marijuana Code (Retail Code);
- Requiring a seed-to-sale tracking system for medical marijuana and medical marijuana products;
- Harmonizing the destruction of unauthorized medical marijuana or medical marijuana products with the Retail Code;
- Repealing the hours during which medical marijuana centers can sell medical marijuana and authorizing the Department of Revenue (DOR) to set the hours in rule;
- Clarifying that the DOR must keep medical or retail marijuana licensee data confidential; and
- Allowing the executive director of the DOR to administratively continue a license renewal application.

**S.B. 15-167 (MODIFY 2014-15 APPROPRIATION FROM MARIJUANA REVENUE):** Reduces the difference between appropriations made from the Marijuana Tax Cash Fund (MTCF) for FY 2014-15 and the actual money collected and deposited in the MTCF during FY 2013-14 by creating a one-year exception to the prohibition on appropriating money in the MTCF for the current fiscal year, authorizing the general assembly to appropriate, in FY 2014-15, a certain amount of money in the MTCF received by the State during FY 2014-15, and by reducing appropriations for marijuana-related programs and services for FY 2014-15 in four principal departments of the executive branch of State government as follows:

- Reduces the appropriation from the MTCF to the Department of Law for optional training for certified peace officers who will act as trainers in advanced roadside impaired driving enforcement by \$76,000;
- Reduces the appropriation from the MTCF to the Department of Revenue for the Marijuana Enforcement Division by \$6.4 million and increases the appropriation from the Marijuana Cash Fund (MCF) to the Department of Revenue for the Marijuana Enforcement Division by the same amount;
- Reduces the General Fund appropriation to the Department of Health Care Policy and Financing (HCPF) for the School-based Substance Abuse Prevention and Intervention Grant Program by \$1,081,344 to reflect the actual amount of grants HCPF awarded plus \$50,000 for HCPF's administrative costs. In addition, the act reduces the amount that the State Treasurer is required to transfer from the MTCF to the General Fund by \$1,151,631 to offset the General Fund appropriation for the grant program for the associated 6.5% statutory reserve.

- Reduces the appropriation from the MTCF to the Department of Human Services (DHS) for jail-based behavioral health services to offenders, including screening and providing treatment for adult inmates with a substance use disorder and providing continuity of care within the community after the inmate's release from jail. The appropriation is reduced by \$452,787 to reflect actual allocations to counties for the fiscal year.

In addition, the act authorizes DHS to use money appropriated from the MTCF for FY 2014-15 for the provision of substance use disorder treatment services for adolescents and pregnant women for the expanded purposes of providing substance use disorder treatment and prevention services and intensive wrap around services for adolescents and pregnant women. The act also authorizes DHS to spend such appropriated money in FY 2014-15 if necessary.

For more information about bills related to the topic of marijuana and the disposition of marijuana taxes made through the 2015 Long Bill, please refer to Appendix L – Marijuana.

**S.B. 15-188 (TOBACCO SETTLEMENT DEFENSE ACCOUNT ALLOCATION):** Beginning in FY 2016-17, makes a new annual statutory allocation of 2.0 percent of tobacco litigation settlement money to the Tobacco Settlement Defense Account (Account) of the Litigation Settlement Cash Fund and an offsetting 2.0 percent reduction in the annual statutory allocation of such money to the Children's Basic Health Plan Trust. Under previous law, only the Department of Law was authorized to use money in the account. The act authorizes the Department of Revenue to also use money in the Account to help administer, coordinate, and support the activities of the Departments of Revenue and Law, including the investigation of and response to settlement agreement manufacture and distribution reporting irregularities identified by the Department of Law. For FY 2015-16, \$69,453 is appropriated from the Account to the Department of Revenue to help administer, coordinate, and support the activities of the Departments of Revenue and Law in relation to the tobacco litigation settlement agreements. Appropriates \$69,453 and 1.0 FTE to the Department of Revenue for FY 2015-16. For additional information, see the "Recent Legislation" section at the end of the Department of Public Health and Environment.

**S.B. 15-206 (IMPLEMENT CONSERVATION EASEMENT AUDIT):** Makes two changes to the gross conservation easement income tax credit beginning tax year 2015 through tax year 2017. First, credit awarded for the first \$100,000 of a donated conservation easement is increased to 75.0 percent of the easement's fair market value, up from 50.0 percent in current law. Second, the maximum credit that may be awarded to a donor for a single donation is increased to \$1,000,000 from the \$375,000 cap in current law. Appropriates \$5,300 General Fund to the Department of Revenue to modify the State's tax administration software in FY 2015-16.

**S.B. 15-229 (ALS MOTOR VEHICLES LICENSE PLATE):** The bill creates the Amyotrophic Lateral Sclerosis (ALS) license plate. The license plate will be available—to any applicant who pays the standard license plate taxes and fees and a one-time additional special license plate fee of \$50—on January 1, 2016, or when the Rocky Mountain Chapter of the ALS Association has collected 3,000 signatures of individuals committing to purchase the plate, whichever is later. Appropriates \$5,304 cash funds to the Department of Revenue for FY 2015-16. Of this amount, \$4,120 is reappropriated to the Governor's Office of Information Technology.

**S.B. 15-234 (LONG BILL):** General appropriations act for FY 2015-16.

**H.B. 15-1004 (FIREFIGHTER MOTORCYCLE LICENSE PLATE):** The act directs the Department of Revenue to issue firefighter license plates for motorcycles, passenger cars, trucks, or recreational motor vehicles that do not exceed 16,000 pounds empty weight. This adds motorcycles to the list of vehicles that may use a firefighter license plate. Appropriates \$4,120 cash funds from the Colorado State Titling and Registration Account in the Highway Users Tax Fund and reappropriated \$4,120 to the Governor's Office of Information and Technology.

**H.B. 15-1026 (RESERVED PARKING DISABLED MILITARY LICENSE PLATES):** Allows the Division of Motor Vehicles (DMV) within the Department of Revenue to create and issue a people with disabilities version for each of the 36 other military special license plates. The DMV will also create a people with disabilities version of each of the 36 military motorcycle special license plates. In total, 72 new people with disabilities military veterans license plates will be created. Appropriates \$58,132 cash funds to the Department of Revenue in FY 2015-16. Of this amount, \$52,942 is reappropriated to the Governor's Office of Information Technology.

**H.B. 15-1136 (PARKING PRIVILEGES FOR DISABLES VETERANS LICENSE PLATE):** Increases from one to two the number of special license plates with an identifying figure that may be issued to a disabled veteran to indicate the owner of the vehicle is authorized to use reserved parking for persons with disabilities.

**H.B. 15-1180 (SALES & USE TAX REFUND MEDICAL AND CLEAN TECHNOLOGY):** Recreates a sales and use tax refund for clean technology and medical device firms with 35 employees or less. The refund must be claimed between January 1 and April 1 in the year following when the sales taxes were paid. The refund is for sales taxes paid on equipment used for the research and development of clean technology or medical technology and is limited to \$50,000 per taxpayer per year. Taxpayers will be allowed to claim the refund for sales taxes paid between January 1, 2015, and December 31, 2019.

**H.B. 15-1217 (LOCAL GOVERNMENT INPUT ON LIQUOR SALES ROOMS APPLICATIONS):** The act requires a licensed winery, limited winery, distillery, or beer wholesaler that applies to the State licensing authority for approval to operate a sales room to send a copy of the application submitted to the State licensing authority, to the local licensing authority in whose jurisdiction the proposed sales room is located. The local licensing authority has 45 days to provide input on the sales room application if it chooses to do so. Appropriates \$3,060 cash funds from the Liquor Enforcement Division Cash Fund.

**H.B. 15-1219 (ENTERPRISE ZONE INVESTMENT TAX CREDIT FOR RENEWABLE ENERGY PROJECTS):** Allows a taxpayer who places a renewable energy project in an enterprise zone and receives certification to claim an Enterprise Zone Investment Tax Credit (ITC) for the project an option to receive a refund of the credit. The amount of the refund is equal to 80 cents for every one dollar of ITC credit and is capped at \$750,000 per tax year and taxpayer. Renewable energy investments completed on or after January 1, 2015 may elect to receive a refund. A taxpayer can only receive a refund from one new renewable investment at a time. The taxpayer must exhaust the full amount of the refund from one project before electing to receive a refund from another renewable energy investment that generated ITC credits. Requires the Governor's Office of Economic Development and International Trade to annual post on its website the level of renewable energy investment and other information resulting from the refund. Appropriates \$33,000

General Fund to the Department of Revenue in FY 2015-16. Of this amount, \$1,200 is reappropriated to the Department of Personnel.

**H.B. 15-1228 (SPECIAL FUEL TAX ON LIQUEFIED PETROLEUM GAS):** Makes several changes to the administration and collection of the special fuel excise tax (tax) on liquefied petroleum gas (LPG), beginning in calendar year 2016. These changes include:

- Limiting the imposition of the tax on LPG so that, in most instances, the tax is levied when LPG is placed in a motor vehicle's fuel tank, instead of when the LPG is acquired, sold, offered for sale, or used for any purpose whatsoever;
- Requiring a distributor that places LPG in a fuel tank to pay the tax;
- Allowing a retailer not to be considered as a distributor, provided it files an affidavit with the Department of Revenue (DOR) and posts a notice stating that the LPG it sells is not for vehicle use;
- Designating the operator of a private commercial fleets that uses LPG as a distributor where no other distribution contract is in place;
- Requiring a distributor that uses LPG to propel a cargo tank motor vehicle to pay the tax on the LPG used for this purpose, based on odometer readings of the mileage traveled by the vehicle;
- Assessing the tax on the volume of net gallons, rather than gross gallons, of LPG;
- Eliminating the 2 percent allowance for LPG lost in transit or handling;
- Eliminating the minimum amount, currently \$25,000, of a surety bond that an LPG distributor may deposit with the DOR in lieu of evidence of a savings account, deposit, or certificate of deposit; and
- Prohibiting the DOR from collecting any penalties or interest related to the tax on LPG sold in calendar years 2014 and 2015.

Appropriates \$73,440 cash funds from the Highway Users Tax Fund in FY 2015-16.

**H.B. 15-1313 (ROCKY MOUNTAIN NATIONAL PARK LICENSE PLATE):** The act creates the Rocky Mountain National Park License Plate. For FY 2015-16, it appropriates \$5,452 cash funds to the Department of Revenue and reappropriates \$4,120 of this amount to the Governor's Office of Information Technology.

**H.B. 15-1366 (EXPAND JOB GROWTH TAX CREDIT FOR HIGHER EDUCATION PROJECTS):** Changes the job growth incentive tax credit for taxpayers who enter into a partnership with a state institution of higher education. In particular, this bill allows the credit to be refundable under certain conditions and relaxes the requirements to qualify for the credit. Firms must create at least five jobs with wages of at least 100 percent of the average wage within the county in which the new jobs are located, and retain those jobs for one year. For FY 2015-16, appropriates \$36,000 General Fund to the Department of Revenue to program the State's tax administration software.

**H.B. 15-1367 (RETAIL MARIJUANA TAXES):** The act refers a ballot issue to voters on November 3, 2015, asking whether the State may retain and spend revenue collected from the Proposition AA excise and special sales taxes on retail marijuana in FY 2014-15. Further, it creates a Proposition AA Refund Account (Refund Account) in the General Fund. The Refund Account comprises \$58.0 million, the amount expected to be collected from Proposition AA taxes in FY 2014-15. Of this amount, \$27.7 million is a transfer from the Marijuana Tax Cash Fund (MTCF)

pursuant to Senate Bill 15-249, and \$30.3 million is from the General Fund. If voters approve the ballot issue, the bill apportions the amount in the Refund Account for expenditure during FY 2015-16. If voters reject the ballot issue, the bill establishes mechanisms to refund money in the Account to taxpayers in FY 2015-16.

Independent of whether the voters approve the ballot issue, the act:

- lowers the retail marijuana excise and special sales tax rates to zero effective September 16, 2015, and raises them back to 15.0 percent and 10.0 percent, respectively, effective September 17, 2015;
- lowers the retail marijuana special sales tax rate from 10.0 percent to 8.0 percent beginning July 1, 2017;
- repeals current law requiring the Finance Committees of the General Assembly to review tax rates by April 1, 2016;
- transfers any marijuana excise tax revenue collected in excess of \$40.0 million during a single fiscal year to the Public School Fund rather than the MTCF;
- broadens purposes for which funds in the MTCF can be expended and requires the Marijuana Enforcement Division to report on its website how tax revenue is spent;
- requires that appropriations from the MTCF for jail-based behavioral health services be made through the Correctional Treatment Cash Fund;
- creates the Local Government Retail Marijuana Impact Grant Program (described below); and
- makes conforming adjustments to appropriations in the 2015 Long Bill, as detailed in the following table.

SECTION 22 APPROPRIATIONS NOT DEPENDENT ON OUTCOME OF BALLOT QUESTION			
DEPARTMENT/RECIPIENT	FUND SOURCE	DOLLAR AMOUNT	FTE
Department of Agriculture	Marijuana Tax Cash Fund	\$314,633	4.3
Department of Law	Reappropriated funds from Department of Local Affairs	1,890	0.0
Department of Law	Reappropriated funds from Department of Agriculture	24,703	0.1
Department of Local Affairs	Marijuana Tax Cash Fund	71,342	1.0
Department of Revenue	Marijuana Tax Cash Fund	25,440	0.0
<b>TOTAL</b>		<b>\$438,008</b>	<b>1.1</b>
<i>2015 Long Bill Conforming Adjustments</i>			
Department of Human Services	Marijuana Tax Cash Fund	(\$1,550,000)	0.0
Department of Human Services	Reappropriated funds from Correctional Treatment Cash Fund	1,550,000	0.0
Correctional Treatment Cash Fund	Marijuana Tax Cash Fund	1,550,000	0.0
Judicial Department	Correctional Treatment Cash Fund	1,550,000	0.0

The act requires that the General Fund be reimbursed between FY 2014-15 and FY 2019-20 for the \$30.3 million deposited in the Proposition AA Refund Account. The schedule and amount of the reimbursement depends on whether voters approve or reject the ballot issue.

**CONTINGENCIES IN ACT RELATED TO THE OUTCOME OF THE BALLOT ISSUE**

IF APPROVED	AMOUNT	IF REJECTED	AMOUNT
Explicitly describes how the funds identified for the refund (\$58.0 million) would be spent:		Describes how the Proposition AA Refund will be made:	
\$40.0 million is transferred to the Public School Capital Construction Fund, known as the BEST Fund	\$40,000,000	\$25.0 million refunded via the six-tier sales tax refund mechanism	\$25,000,000
\$2.5 million to the Department of Public Health and Environment (CDPHE) for the marijuana education campaign	2,500,000	\$19.7 million refunded to marijuana cultivators who paid a retail marijuana excise tax in FY 2014-15	19,700,000
\$1.0 million to CDPHE for the dissemination of information from poison control centers	1,000,000	\$13.3 million refunded via a special sales tax rate reduction	13,300,000
\$2.0 million to the School Bullying Prevention and Education Cash Fund administered by the Colorado Department of Education (CDE)	2,000,000	DOLA will not begin making grants through the Local Government Retail Marijuana Impact Grant Program until FY 2016-17	
\$2.0 million to CDE via the Student Re-Engagement Program Cash Fund for costs associated with the student re-engagement program	2,000,000	In FY 2015-16, \$6.06 million is retained in the General Fund from revenue that would have been transferred to the MTCF to repay \$30.3 million General Fund identified for the refund	<u>6,060,000</u>
\$1.0 million to the Department of Human Services (DHS) via the Youth Mentoring Services Cash Fund for costs associated with youth mentoring services	1,000,000	Total <sup>1</sup>	\$64,060,00
\$1.0 million to DHS for the provision of grants through the Tony Grampsas youth mentoring program	1,000,000		
\$0.5 million to the Department of Health Care Policy and Financing for grants to substance the substance abuse screening, brief intervention, and referral to treatment (SBIRT) program	500,000		
\$0.3 million to the Department of Agriculture for Future Farmers of American and 4-H programs at the state fair	300,000		
\$1.0 million to the Department of Local Affairs (DOLA) for grants through the Local Government Retail Marijuana Impact (LGRMI) Grant Program	1,000,000		
\$0.5 million to DHS for treatment and detoxification contracts	500,000		
\$0.2 million to the Department of Law (DOL) for Peace Officers Standards and Training (POST) Board	200,000		
\$6.0 retained in the General Fund to begin repayment of the \$30.3 million General Fund identified for the refund	6,000,000		
Appropriates \$82,132 and 1.0 FTE from the MTCF to DOLA for additional expenditures requires to make grants through the LGRMI Grant Program	82,132		
Of the \$82,132 to DOLA, \$21,803 is reappropriated to the Office of Information Technology	21,803		
Of the \$82,132 to DOLA, \$2,835 is reappropriated to the Office of Information Technology	<u>2,835</u>		
<b>TOTAL<sup>1</sup></b>	<b>\$58,106,770</b>		

<sup>1</sup> Does not total \$58.0 million due to inclusion of reappropriated funds and FY 2015-16 appropriations in totals.

The Local Government Retail Marijuana Impact Program is to be administered by the Division of Local Government in the Department of Local Affairs. Local governments eligible to receive grants from the program are those that:

- Permit the sale of retail marijuana but do not impose a tax, except sales taxes that apply uniformly to all products;
- Counties where no retail marijuana is sold in unincorporated areas, but where retail marijuana is sold in one of more municipalities within the county;
- Counties where no marijuana is sold, but where retail marijuana is sold in a contiguous county; and
- Municipalities where no retail marijuana is sold, but where retail marijuana is sold in another municipality or unincorporated area of the same county, or in any part of a contiguous county.

For more information about bills related to the topic of marijuana and the disposition of marijuana taxes made through the 2015 Long Bill, please refer to Appendix L – Marijuana.

**H.B. 15-1379 (MARIJUANA PERMITTED ECONOMIC INTEREST):** Allows people who are not residents of Colorado to apply to the Marijuana Enforcement Division (MED) in the Department of Revenue for the authorization to hold a Permitted Economic Interest (PEI) in a regulated medical or retail marijuana business. Only a natural person who is a lawful United States resident may obtain a PEI, and the interest is limited to an unsecured debt instrument, option agreement, warrant, or any other right to obtain an ownership interest. The MED is required to promulgate rules regarding the PEI by January 1, 2016, including a process for, and a requirement to, submit to, and pass, a criminal history record check, divestiture, and other agreements that would qualify as PEIs. In FY 2015-16, appropriates \$166,305 and 1.4 FTE from the Marijuana Cash Fund to the Department of Revenue. Of this amount, \$33,254 and 0.2 FTE is reappropriated to the Department of Law and \$15,999 is reappropriated to the Department of Public Safety.

## 2016 SESSION BILLS

**S.B. 16-030 (MOTOR VEHICLE WEIGHT VIOLATION SURCHARGES):** Changes the variable surcharge rate for overweight vehicle violations to a flat 16 percent of the penalty for all violations. Previously, individuals convicted of violating motor vehicle weight limits or the terms of overweight permits paid a variable penalty and a surcharge, depending on the level of excess weight. In FY 2016-17, appropriates \$12,566 General Fund to the Department of Revenue.

**S.B. 16-036 (SURETY REQUIREMENT FOR APPEALING TAX BILLS CLAIMED):** Changes the circumstances under which a taxpayer is required to set aside money when he or she files a notice of appeal of a tax decision with a court. The bill repeals the requirement that a taxpayer set aside money for all appeals to a district court, except in cases of a frivolous tax claim submission as determined by the Department of Revenue (DOR). Rather than setting aside money before a tax case is heard by the district court, a taxpayer does not have to set aside money unless he or she appeals a district court decision to an appellate court or to the Colorado Supreme Court. In FY 2016-17, appropriates \$100,000 General Fund to the Department of Revenue.

**S.B. 16-040 (MARIJUANA OWNER CHANGES):** Replaces the current statutory definition for owner of a licensed medical or retail marijuana business (marijuana business) with two new ownership

categories: direct beneficial interest owners (direct owners) and indirect beneficial interest owners (indirect owners).

A direct owner is a person or closely held business entity that owns a share or shares of stock in a licensed marijuana business, including the officers, directors, managing members, or partners of the licensed marijuana business or closely held business entity, or a qualified limited passive investor. A licensed marijuana business can be comprised of an unlimited number of direct owners if all owners are Colorado residents, but is limited to 15 direct owners if the business has any out-of-state owners. The Marijuana Enforcement Division (MED) in the Department of Revenue (DOR) may increase the number of direct owners based on developments in state and federal financial regulations, market conditions, and the licensee's ability to access legitimate sources of capital.

A direct owner who is a natural person must be a resident of Colorado for at least one year or a U.S. citizen prior to applying for a license. A person who intends to apply as a direct owner who has not been a Colorado resident for at least one year must submit a request for a finding of suitability from the MED and receive a finding of suitability prior to applying for a license. A direct owner that is a closely held business entity must consist entirely of natural persons who are U.S. citizens including all parent and subsidiary entities, prior to applying for a license.

A qualified limited passive investor is a natural person, a U.S. citizen and a passive investor who owns less than a 5 percent share or shares of stock in a marijuana business. A qualified limited passive investor is a direct owner but is subject to a limited background investigation. If the initial background check provides reasonable cause for additional investigation, the MED may require a full background check. The MED may promulgate rules on the parameters and qualifications of a qualified limited passive investor.

The category of indirect owner includes permitted economic interest holders (PEIs), royalty recipients, licensed employees who receive profit sharing, and qualified institutional investors. The bill allows qualified institutional investors to own up to 30 percent of a marijuana business. Institutional investors includes banks, insurance companies, investment companies, investment advisers, collective trust funds, employee benefit plans, pension funds, and a group comprised of these. The MED may promulgate rules on the parameters and qualifications of indirect owners and expand the list of persons or entities through rule.

In FY 2016-17, appropriates \$995,738 cash funds from the Marijuana Cash Fund and 9.8 FTE to the Department of Revenue.

**S.B. 16-197 (LIQUOR-LICENSED DRUGSTORES MULTIPLE LOCATIONS):** Allows a liquor-licensed drugstore to obtain additional liquor-licensed drugstore licenses, under which drugstores are permitted to sell malt, vinous, and spirituous liquors in sealed containers for consumption off the licensed premises, if the liquor-licensed drugstore licensee:

- Applies to the state and local licensing authorities, as part of a single application, to transfer ownership of at least 2 retail liquor stores that were licensed or for which a license application was pending as of the May 1, 2016, change the location of one of the retail liquor stores, and merge and convert the 2 retail liquor store licenses into a single liquor-licensed drugstore license;

- Applies to transfer retail liquor stores located within the same local licensing jurisdiction as the drugstore premises for which a license is sought, or if there are no retail liquor stores or only one retail liquor store within the same jurisdiction, applies to transfer ownership of one or 2 retail liquor store licenses, as necessary, that are located in the local licensing jurisdiction nearest to the jurisdiction in which the drugstore premises is located; and
- If any retail liquor stores are located within 1,500 feet of the drugstore premises for which a license is sought or, in municipalities with a population of 10,000 or fewer, within 3,000 feet of the drugstore premises, the applicant transfers ownership of all retail liquor stores within that radius.

In making its determination on the application, the local licensing authority is required to consider the reasonable requirements of the neighborhood. Additionally, new liquor-licensed drugstores must be open to the public and must demonstrate that at least 20% of their total annual gross revenues are derived from the sale of food items.

A liquor-licensed drugstore may obtain additional liquor-licensed drugstore licenses as follows:

- On or after January 1, 2017, and before January 1, 2022, 4 additional liquor-licensed drugstore licenses for a maximum of 5 total liquor-licensed drugstore licenses;
- On or after January 1, 2022, and before January 1, 2027, 7 additional liquor-licensed drugstore licenses for a maximum of 8 total liquor-licensed drugstore licenses;
- On or after January 1, 2027, and before January 1, 2032, 12 additional liquor-licensed drugstore licenses for a maximum of 13 total liquor-licensed drugstore licenses;
- On or after January 1, 2032, and before January 1, 2037, 19 additional liquor-licensed drugstore licenses for a maximum of 20 total liquor-licensed drugstore licenses; and
- On or after January 1, 2037, an unlimited number of additional liquor-licensed drugstore licenses.

A liquor-licensed drugstore shall:

- Not sell alcohol beverages at a price that is lower than the drugstore's cost to purchase the products;
- Ensure that an employee completes alcohol beverage transactions with customers directly rather than through a self-checkout register;
- Maintain certification as a responsible alcohol beverage vendor;
- Not sell clothing or accessories imprinted with advertising, logos, or slogans related to alcohol beverages;
- Not store alcohol products off the licensed premises; and
- Designate a manager who has been permitted by the state licensing authority to conduct the store's alcohol beverage purchases with licensed wholesalers.

Additionally, a drugstore that obtains a liquor license on or after January 1, 2017, must effect payment upon delivery and cannot purchase alcohol beverages on credit.

The state licensing authority may issue a manager's permit to a liquor-licensed drugstore manager who controls the drugstore's alcohol beverage operations if the permit applicant satisfies specified criteria.

A liquor-licensed drugstore must pay an application fee to both the state licensing authority and the local licensing authority and, if the application is granted, is subject to applicable annual liquor-licensed drugstore licensing fees.

Effective January 1, 2019, the bill removes the maximum alcohol content of fermented malt beverages, thereby allowing licensed fermented malt beverage retailers to sell beer with an alcohol content in excess of 3.2% by weight or 4% by volume. The state licensing authority is to convene a working group of industry and state and local government representatives to develop an implementation process for transitioning to the sale of malt liquor by fermented malt beverage retailers.

The bill removes restrictions on the sale of nonalcohol products by a retail liquor store but caps the annual gross revenue from sale of nonalcohol products as 20 percent of the retail liquor store's total annual gross revenue.

The bill permits a retail liquor store owner who is a Colorado resident and who obtained a retail liquor store license on or before January 1, 2016 to have an interest in additional retail liquor store licenses as follows, if the premises for which the additional license is sought satisfies the radius requirements:

- On or after January 1, 2017, and before January 1, 2022, one additional retail liquor store license, for a maximum of 2 total retail liquor store licenses;
- On or after January 1, 2022, and before January 1, 2027, 2 additional retail liquor store licenses, for a maximum of 3 total retail liquor store licenses; and
- On or after January 1, 2027, 3 additional retail liquor store licenses, for a maximum of 4 total retail liquor store licenses.

All licensed retailers will have to verify that each customer attempting to purchase alcohol beverages is at least 21 years of age by requiring the customer to present a valid, government-issued document that includes the customer's photograph and date of birth.

Additionally, liquor-licensed drugstores and retail liquor store licensees are prohibited from allowing an employee under 21 years of age to sell, deliver, or otherwise have contact with malt, vinous, or spirituous liquors offered for sale on, or sold and removed from, the licensed premises.

Finally, for FY 2016-17, appropriates \$398,682 to the Department of Revenue from the Liquor Enforcement Division and State Licensing Authority Cash Fund.

**H.B. 16-1056 (TOW OPERATOR ABANDONED VEHICLE TITLE SEARCH):** Broadens the records search employed by the Department of Revenue (DOR) to locate owners and lienholders of abandoned motor vehicles. Previously, only Colorado records were searched in order to locate the owner or lienholder of an abandoned vehicle. The act requires the DOR to perform a national records search using a qualified entity that has a national database and that can retrieve records based both on the vehicle's VIN (vehicle identification number) and registration number (license plate). The qualified entity must also be able to provide appropriate owner and lienholder contact information. The DOR may charge tow operators a fee for the national search not to exceed the lesser of \$5 or its direct and indirect costs.

The act also increases the notification deadline, from three to five days, in which tow operators must determine whether there is an owner or lienholder registered with the DOR and send notice to those parties, and clarifies that the time spent by the DOR conducting the national records search does not count against the tow operator's 10-day deadline to contact the motor vehicle's owner or lienholder. In FY 2016-17, appropriates \$21,929 cash funds to the Department of Revenue.

**H.B. 16-1211 (MARIJUANA TRANSPORTER LICENSE):** Creates state medical and retail marijuana transporter (marijuana transporter) licenses to be issued by the Marijuana Enforcement Division (MED) in the Department of Revenue (DOR), and allows for the issuance of a local medical marijuana transporter license. A marijuana transporter provides logistics, distribution, and storage of medical and retail marijuana and marijuana-infused products, but is not authorized to sell marijuana under any circumstances. All marijuana transporters must be licensed by July 1, 2017, with the exception of a marijuana transporter for a medical marijuana business or retail marijuana establishment that provides its own distribution. In FY 2016-17, appropriates \$76,284 to the Department of Revenue.

**H.B. 16-1261 (RETAIL MARIJUANA SUNSET):** Continues the Colorado Retail Marijuana Code until September 1, 2019, and makes changes regarding licensing, rulemaking, industry operations, county-initiated ballot measures, and criminal provisions, as outlined below.

#### *LICENSING*

- Creates licenses for retail marijuana transporters and retail marijuana establishment operators; and
- repeals the requirement that a license application be denied based on a previous denial at the same location.

#### *RULEMAKING*

- Clarifies that standards pertaining to packaging and labeling of retail marijuana is a matter of statewide concern and regulated by the Marijuana Enforcement Division (MED) in the Department of Revenue (DOR);
- repeals the requirement that marijuana-themed magazines only be sold in retail marijuana stores or behind the counter in stores where people under 21 are present; and
- repeals the DOR's authority to promulgate rules prohibiting misrepresentation and unfair practices.

#### *INDUSTRY OPERATIONS*

- Harmonizes the mandatory testing provisions for retail marijuana with those in the Colorado Medical Marijuana Code;
- allows a licensee the opportunity to remediate a product that has tested positive for a microbial;
- allows for performance-based incentives for employees of cultivation facilities and products manufacturers;
- exempts non-edible, non-psychoactive retail marijuana products from the one ounce per transaction limit;
- repeals the one-quarter ounce limitation on the amount of retail marijuana that can be sold to a non-resident;

- requires that a display case containing marijuana concentrate include the potency of the concentrate next to the name of the product; and
- allows trade craftspeople to be reasonably monitored rather than accompanied on a full-time basis while working in a limited access area.

*COUNTY-INITIATED BALLOT MEASURES*

- Requires that not less than 15 percent of the registered electors in a county sign a petition for a county-initiated measure related to retail marijuana in order for it to be placed on the ballot.

*CRIMINAL PROVISIONS*

- Creates a new level 1 drug misdemeanor for the transfer of marijuana or marijuana concentrate at no cost if the transfer is related to remuneration for any other service or product.

*APPROPRIATION:*

- Appropriates \$132,251 cash funds to the Department of Revenue for FY 2016-17.

**H.B. 16-1332 (ALTERNATIVE FUEL MOTOR VEHICLE INCOME TAX CREDITS):** Changes the computation of the income tax credit from being based on the vehicle's cost and battery capacity to fixed credit amounts for each category and truck weight class beginning tax year 2017. Beginning in tax year 2017, repeals the credit previously available for purchase, lease, or conversion of Category 2 and Category 3 vehicles, which are diesel-electric hybrid vehicles with a fuel economy of at least 70 miles per gallon. Authorizes the taxpayer to transfer the entire tax credit allowed to a financing entity when a purchase or lease is finalized. In FY 2016-17, appropriates \$37,038 General Fund to the Department of Revenue.

**H.B. 16-1405 (LONG BILL):** General appropriations act for FY 2016-17.

**H.B. 16-1415 (DRIVER AND MOTOR VEHICLES SERVICES):** Provides a process to eventually cash fund the Division of Motor Vehicles (DMV) with fees. Specifically, this bill makes the following changes:

- Exempts the Licensing Services Cash Fund, which receives the fee revenue from DMV activities, from the statutory limit on cash fund reserves to allow the Department to build a cash fund balance in years where issuance cycles are high so the DMV can fund activities for fiscal years when issuance cycles are low;
- Clarifies that the surcharge on retaking either the written driving test or the practical drive test applies regardless of whether an applicant retakes the examination with the DMV or an approved third-party vendor;
- Eliminates the end of year sweep of money in the Licensing Services Cash Fund to the Highway Users Tax Fund to allow the Department to plan for issuance cycles it forecasts and manage the fund in a manner to fully cash fund the DMV;
- Makes changes to a number of the DMV fees to more closely approximate the actual cost of providing the service. The fee for driver's licenses includes increases over three years to \$26 in FY 2016-17, \$27 in FY 2017-18, and \$28 in FY 2018-19; and
- Allows counties issuing driver's licenses to retain an increased amount of the fee charged for driver's licenses based on the size of the issuing county.

In FY 2016-17, reduces the Long Bill appropriation to the DMV by \$3.2 million General Fund and increases the cash fund appropriation to the DMV by \$3.2 million consisting of \$2.0 million from the Highway Users Tax Fund and \$1.2 million from the Licensing Services Cash Fund.

## APPENDIX C FOOTNOTES AND INFORMATION REQUESTS

### UPDATE ON LONG BILL FOOTNOTES

- 90 Department of Revenue, Division of Motor Vehicles, Driver Services, Personal Services -- The initial fiscal note estimated a total of 66,000 individuals would request an appointment for a S.B. 13-251 document. Continued operations for this program at more than one office are premised on the need to handle the up-front surge of applicants. It is the intent of the General Assembly that once the annual appointments made available for individuals who are not lawfully present in the United States fall below 5,000 per year or the total appointments served reaches 60,000 the Division will reduce the offices that provide the service to one location.

**COMMENT:** The Department submitted each requested report on time.

### UPDATE ON REQUESTS FOR INFORMATION

1. Department of Revenue, Division of Motor Vehicles, Driver Services, Operating Expenses - - The Department is requested to continue to submit, to the Joint Technology Committee and Joint Budget Committee, quarterly reports about the progress of installation of the Wait Less technology the Department is implementing in 31 of its offices.

**COMMENT:** The Department failed to supply the October 2016 quarterly report. Staff requested comment from the Department, which responded with the four reports from the previous year. The project was reported successfully completed in the July 2016 report and under budget by about \$300,000. Staff will not be recommending continuation of this footnote at figure setting.

2. Department of Revenue, Division of Motor Vehicles, Driver Services, Personal Services -- The Department is requested to submit to the Joint Budget Committee by the first of every month, beginning May 1, 2015, a report about the progress made on meeting the demand for services offered under S.B. 13-251, which was estimated at 66,000 individuals. For individuals served who are not lawfully present, the report should include the number of appointments made available, the number of “no shows” for appointments, the number of appointments that resulted in no document issuance, the number of documents issued, and a justification based in data for why there is a continued need to offer services for individuals who cannot demonstrate a lawful presence in the United States at more than one location.

**COMMENT:** The Department supplied all requested reports. See the issue paper beginning on page 23 for further discussion of this program.

## APPENDIX D

# DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Department of Revenue by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2015-16 report dated October 2016 can be found at the following link:

<https://sites.google.com/a/state.co.us/colorado-performance-management/department-performance-plans/revenue>

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Revenue is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the undated FY 2016-17 plan can be found at the following link:

<https://www.colorado.gov/pacific/sites/default/files/FY16-17%20Performance%20Management%20System%20thru%203rd%20qtr%20-%20rev%20org%20chart%208-8-16.pdf>

# APPENDIX E: STATUTORY EXEMPTIONS FOR FEES ON PLATES, PLACARDS, AND TABS

Unrecovered Material Fees (Statutory Exemption)			FY'10		FY'11		FY'12	
Plate/Product	C.R.S. Authorizing Exemption	Material Fee	Issued	\$ Unrecovered	Issued	\$ Unrecovered	Issued	\$ Unrecovered
Air Force Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	1	\$5.64	1	\$5.64
Air Force Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Air Force Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	2	\$5.64	0	\$0.00
Air Force Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Disabled Veteran - Passenger	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$5.64	4,864	\$27,432.96	5,388	\$30,388.32	6,128	\$34,561.92
Disabled Veteran - Motorcycle	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$2.82	139	\$391.98	159	\$448.38	192	\$541.44
Distinguished Flying Cross - Passenger	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Flying Cross - Passenger Handicap	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Flying Cross - Motorcycle	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Flying Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Service Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	2	\$11.28	2	\$11.28	3	\$16.92
Distinguished Service Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Service Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Service Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Handicap Disabled Veteran - Passenger	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$5.64	895	\$5,047.80	965	\$5,442.60	1,160	\$6,542.40
Handicap Disabled Veteran - Motorcycle	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$2.82	18	\$50.76	37	\$104.34	31	\$87.42
Medal of Honor - Passenger	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$5.64	1	\$5.64	0	\$0.00	1	\$5.64
Medal of Honor - Passenger Handicap	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Medal of Honor - Motorcycle	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Medal of Honor - Motorcycle Handicap	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Navy Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	1	\$5.64	1	\$5.64
Navy Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Navy Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Navy Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Pearl Harbor - Passenger	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$5.64	7	\$39.48	7	\$39.48	11	\$62.04
Pearl Harbor - Passenger Handicap	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Pearl Harbor - Motorcycle	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$2.82	0	\$0.00	3	\$8.46	6	\$16.92
Pearl Harbor - Motorcycle Handicap	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Prisoner of War - Passenger	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$5.64	34	\$191.76	38	\$214.32	47	\$265.08
Prisoner of War - Passenger Handicap	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Prisoner of War - Motorcycle	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$2.82	23	\$64.86	22	\$62.04	17	\$47.94
Prisoner of War - Motorcycle Handicap	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Purple Heart - Passenger	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$5.64	932	\$5,256.48	1,019	\$5,747.16	1,139	\$6,423.96
Purple Heart - Passenger Handicap	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Purple Heart - Motorcycle	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$2.82	64	\$180.48	67	\$188.94	173	\$487.86
Purple Heart - Motorcycle Handicap	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Silver Star - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	36	\$203.04	35	\$197.40	46	\$259.44
Silver Star - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Silver Star - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	1	\$2.82	1	\$2.82	1	\$2.82
Silver Star - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.85	0	\$0.00	0	\$0.00	0	\$0.00
World War II - Passenger	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	98	\$552.72
World War II - Passenger Handicap	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
World War II - Motorcycle	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	3	\$8.46
World War II - Motorcycle Handicap	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Validation Tab - Year (New Issued License Plates)	See License Plate exemption C.R.S.'s above	\$0.17	7,016	\$1,192.72	7,747	\$1,316.99	9,058	\$1,539.86
Validation Tab - Month (New Issued License Plates)	See License Plate exemption C.R.S.'s above	\$0.11	7,016	\$771.76	7,747	\$852.17	9,058	\$996.38
Validation Tab - Year (Renewed License Plates)	See License Plate exemption C.R.S.'s above	\$0.17	22,797	\$3,875.49	24,714	\$4,201.38	26,704	\$4,539.68
Validation Tab - Month (Renewed License Plates)	See License Plate exemption C.R.S.'s above	\$0.11	22,797	\$2,507.67	24,714	\$2,718.54	26,704	\$2,937.44
Placard Three-Year - Person with Disability	42-3-204(4)	\$0.32	139,614	\$44,676.48	138,112	\$44,195.84	146,341	\$46,829.12
Placard Temporary - Person with Disability	42-3-204(4)	\$0.32	44,276	\$14,168.32	45,424	\$14,535.68	35,239	\$11,276.48
Validation Tab - Placard	42-3-204(4)	\$0.15	162,411	\$24,361.65	162,826	\$24,423.90	173,045	\$25,956.75
Undercover License Plates	N/A	\$4.06	7,547	\$30,640.82	5,544	\$22,508.64	5,134	\$20,844.04
<b>Total</b>			<b>420,490</b>	<b>\$161,074.25</b>	<b>424,575</b>	<b>\$157,625.60</b>	<b>440,341</b>	<b>\$164,814.01</b>
<b>Year Over Year Growth Rate</b>						<b>0.97%</b>		<b>3.71%</b>

Unrecovered Material Fees (Statutory Exemption)			FY'13		FY'14		FY'15	
Plate/Product	C.R.S. Authorizing Exemption	Material Fee	Issued	\$ Unrecovered	Issued	\$ Unrecovered	Issued	\$ Unrecovered
Air Force Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	3	\$16.51
Air Force Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Air Force Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Air Force Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Disabled Veteran - Passenger	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$5.64	7,245	\$40,861.80	7,520	\$42,412.80	10,013	\$56,475.50
Disabled Veteran - Motorcycle	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$2.82	205	\$578.10	190	\$535.80	237	\$669.26
Distinguished Flying Cross - Passenger	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$5.64	22	\$124.08	32	\$180.48	45	\$253.62
Distinguished Flying Cross - Passenger Handicap	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Flying Cross - Motorcycle	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$2.82	1	\$2.82	0	\$0.00	2	\$4.94
Distinguished Flying Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Service Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	4	\$22.56	1	\$5.64	5	\$26.75
Distinguished Service Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Service Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Distinguished Service Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Handicap Disabled Veteran - Passenger	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$5.64	1,268	\$7,151.52	1,437	\$8,104.68	1,628	\$9,181.62
Handicap Disabled Veteran - Motorcycle	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$2.82	51	\$143.82	25	\$70.50	48	\$135.01
Medal of Honor - Passenger	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Medal of Honor - Passenger Handicap	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Medal of Honor - Motorcycle	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Medal of Honor - Motorcycle Handicap	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Navy Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Navy Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Navy Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Navy Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Pearl Harbor - Passenger	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$5.64	13	\$73.32	7	\$39.48	5	\$30.86
Pearl Harbor - Passenger Handicap	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Pearl Harbor - Motorcycle	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$2.82	1	\$2.82	0	\$0.00	0	\$0.00
Pearl Harbor - Motorcycle Handicap	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Prisoner of War - Passenger	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$5.64	42	\$236.88	48	\$270.72	51	\$289.70
Prisoner of War - Passenger Handicap	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Prisoner of War - Motorcycle	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$2.82	25	\$70.50	29	\$81.78	28	\$77.85
Prisoner of War - Motorcycle Handicap	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Purple Heart - Passenger	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$5.64	1,228	\$6,925.92	1,072	\$6,046.08	1,306	\$7,365.84
Purple Heart - Passenger Handicap	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Purple Heart - Motorcycle	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$2.82	93	\$262.26	78	\$219.96	129	\$362.99
Purple Heart - Motorcycle Handicap	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Silver Star - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	50	\$282.00	45	\$253.80	45	\$254.74
Silver Star - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
Silver Star - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	1	\$2.82	1	\$2.82	1	\$3.01
Silver Star - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.85	0	\$0.00	0	\$0.00	0	\$0.00
World War II - Passenger	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	84	\$473.76	43	\$242.52	27	\$0.00
World War II - Passenger Handicap	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00	0	\$0.00
World War II - Motorcycle	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	1	\$2.82	0	\$0.00
World War II - Motorcycle Handicap	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00	0	\$0.00
Validation Tab - Year (New Issued License Plates)	See License Plate exemption C.R.S.'s above	\$0.17	10,333	\$1,756.61	10,529	\$1,789.93	13,529	\$2,299.90
Validation Tab - Month (New Issued License Plates)	See License Plate exemption C.R.S.'s above	\$0.11	10,333	\$1,136.63	10,529	\$1,158.19	13,529	\$1,488.17
Validation Tab - Year (Renewed License Plates)	See License Plate exemption C.R.S.'s above	\$0.17	27,678	\$4,705.26	29,719	\$5,052.23	8,511	\$1,446.91
Validation Tab - Month (Renewed License Plates)	See License Plate exemption C.R.S.'s above	\$0.11	27,678	\$3,044.58	29,719	\$3,269.09	8,511	\$936.24
Placard Three-Year - Person with Disability	42-3-204(4)	\$0.32	146,743	\$46,957.76	154,666	\$49,493.12	187,807	\$60,098.24
Placard Temporary - Person with Disability	42-3-204(4)	\$0.32	26,929	\$8,617.28	25,834	\$8,266.88	22,783	\$7,290.48
Validation Tab - Placard	42-3-204(4)	\$0.15	174,421	\$26,163.15	184,385	\$27,657.75	210,590	\$31,588.46
Undercover License Plates	N/A	\$4.06	3,913	\$15,886.78	6,590	\$26,755.40	5,368	\$21,794.08
<b>Total</b>			<b>438,361</b>	<b>\$165,483.03</b>	<b>462,500</b>	<b>\$181,912.47</b>	<b>484,201</b>	<b>\$202,090.66</b>
<b>Year Over Year Growth Rate</b>				<b>-0.45%</b>		<b>5.51%</b>		<b>4.69%</b>

Unrecovered Material Fees (Statutory Exemption)			FY'16		Total FY'10 - FY'16	
Plate/Product	C.R.S. Authorizing Exemption	Material Fee	Issued	\$ Unrecovered	Issued	\$ Unrecovered
Air Force Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	5	\$27.79
Air Force Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00
Air Force Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	2	\$5.64
Air Force Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00
Disabled Veteran - Passenger	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$5.64	11,488	\$64,792.32	52,646	\$296,925.62
Disabled Veteran - Motorcycle	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$2.82	413	\$1,164.66	1,535	\$4,329.62
Distinguished Flying Cross - Passenger	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$5.64	39	\$219.96	138	\$778.14
Distinguished Flying Cross - Passenger Handicap	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$5.64	0	\$0.00	0	\$0.00
Distinguished Flying Cross - Motorcycle	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$2.82	3	\$8.46	6	\$16.22
Distinguished Flying Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(I), 42-3-301(2)(b)	\$2.82	0	\$0.00	0	\$0.00
Distinguished Service Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	3	\$16.92	20	\$111.35
Distinguished Service Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00
Distinguished Service Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	1	\$2.82	1	\$2.82
Distinguished Service Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00
Handicap Disabled Veteran - Passenger	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$5.64	1,659	\$9,356.76	9,012	\$50,827.38
Handicap Disabled Veteran - Motorcycle	42-3-213(1)(b)(II)(B), 42-3-301(2)(b), 42-3-304(3)(a)	\$2.82	39	\$109.98	249	\$701.83
Medal of Honor - Passenger	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$5.64	1	\$5.64	3	\$16.92
Medal of Honor - Passenger Handicap	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$5.64	0	\$0.00	0	\$0.00
Medal of Honor - Motorcycle	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$2.82	0	\$0.00	0	\$0.00
Medal of Honor - Motorcycle Handicap	42-3-213(1)(b)(II)(C), 42-3-301(2)(b), 42-3-304(3)(f)	\$2.82	0	\$0.00	0	\$0.00
Navy Cross - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	2	\$11.28	4	\$22.56
Navy Cross - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00
Navy Cross - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00
Navy Cross - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00
Pearl Harbor - Passenger	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$5.64	4	\$22.56	54	\$307.22
Pearl Harbor - Passenger Handicap	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$5.64	0	\$0.00	0	\$0.00
Pearl Harbor - Motorcycle	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$2.82	0	\$0.00	10	\$28.20
Pearl Harbor - Motorcycle Handicap	42-3-213(1)(b)(II)(F), 42-3-301(2)(b), 42-3-304(3)(h)	\$2.82	0	\$0.00	0	\$0.00
Prisoner of War - Passenger	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$5.64	27	\$152.28	287	\$1,620.74
Prisoner of War - Passenger Handicap	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$5.64	1	\$5.64	1	\$5.64
Prisoner of War - Motorcycle	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$2.82	9	\$25.38	153	\$430.35
Prisoner of War - Motorcycle Handicap	42-3-213(1)(b)(II)(A), 42-3-301(2)(b), 42-3-304(3)(d)	\$2.82	0	\$0.00	0	\$0.00
Purple Heart - Passenger	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$5.64	1,337	\$7,540.68	8,033	\$45,306.12
Purple Heart - Passenger Handicap	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$5.64	6	\$33.84	6	\$33.84
Purple Heart - Motorcycle	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$2.82	75	\$211.50	679	\$1,913.99
Purple Heart - Motorcycle Handicap	42-3-213(1)(b)(II)(D), 42-3-301(2)(b), 42-3-304(3)(e)	\$2.82	0	\$0.00	0	\$0.00
Silver Star - Passenger	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	35	\$197.40	292	\$1,647.82
Silver Star - Passenger Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	0	\$0.00	0	\$0.00
Silver Star - Motorcycle	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	6	\$17.11
Silver Star - Motorcycle Handicap	42-3-213(1)(b)(II)(E), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.85	0	\$0.00	0	\$0.00
World War II - Passenger	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	23	\$129.72	275	\$1,398.72
World War II - Passenger Handicap	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$5.64	2	\$11.28	2	\$11.28
World War II - Motorcycle	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	4	\$11.28
World War II - Motorcycle Handicap	42-3-213(1)(b)(II)(G), 42-3-301(2)(b), 42-3-304(3)(g)	\$2.82	0	\$0.00	0	\$0.00
Validation Tab - Year (New Issued License Plates)	See License Plate exemption C.R.S.'s above	\$0.17	15,167	\$2,578.39	73,379	\$12,474.40
Validation Tab - Month (New Issued License Plates)	See License Plate exemption C.R.S.'s above	\$0.11	15,167	\$1,668.37	73,379	\$8,071.67
Validation Tab - Year (Renewed License Plates)	See License Plate exemption C.R.S.'s above	\$0.17	38,901	\$6,613.17	179,024	\$30,434.12
Validation Tab - Month (Renewed License Plates)	See License Plate exemption C.R.S.'s above	\$0.11	38,901	\$4,279.11	179,024	\$19,692.67
Placard Three-Year - Person with Disability	42-3-204(4)	\$0.32	165,020	\$52,806.40	1,078,303	\$345,056.96
Placard Temporary - Person with Disability	42-3-204(4)	\$0.32	21,314	\$6,820.48	221,799	\$70,975.60
Validation Tab - Placard	42-3-204(4)	\$0.15	186,334	\$27,950.10	1,254,012	\$188,101.76
Undercover License Plates	N/A	\$4.06	5,514	\$22,386.84	39,610	\$160,816.60
<b>Total</b>			<b>501,485</b>	<b>\$209,121.94</b>	<b>3,171,953</b>	<b>\$1,242,121.96</b>
<b>Year Over Year Growth Rate</b>			<b>3.57%</b>		<b>19%</b>	

# APPENDIX F: MONTHLY RESULTS OF CRCSA PROGRAM

