

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2024-25

DEPARTMENT OF REVENUE

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

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2022 and 2023 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: <https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2023-24>.

The online version of the briefing document, which includes the Numbers Pages, may be found by searching the budget documents on the General Assembly's website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

DEPARTMENT OF REVENUE

DEPARTMENT OVERVIEW

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

THE EXECUTIVE DIRECTOR'S OFFICE

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

THE TAXATION BUSINESS GROUP

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

THE DIVISION OF MOTOR VEHICLES (DMV)

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

THE SPECIALIZED BUSINESS GROUP

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

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

THE STATE LOTTERY DIVISION

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

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

The following table outlines the sum of recent appropriations.

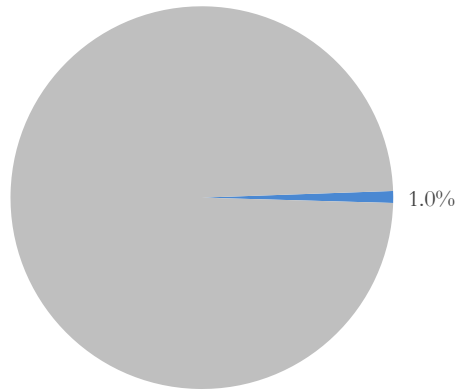
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

| FUNDING SOURCE | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 * |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | \$141,512,775 | \$143,404,525 | \$155,787,355 | \$158,093,105 |
| Cash Funds | 288,041,442 | 317,263,756 | 337,099,525 | 358,913,792 |
| Reappropriated Funds | 8,469,940 | 8,752,841 | 8,277,317 | 9,610,209 |
| Federal Funds | 1,064,586 | 1,159,722 | 1,447,718 | 852,132 |
| TOTAL FUNDS | \$439,088,743 | \$470,580,844 | \$502,611,915 | \$527,469,238 |
| | | | | |
| Full Time Equiv. Staff | 1,626.2 | 1,691.6 | 1,715.6 | 1,739.4 |

Funding for the Department of Revenue in FY 2023-24 consists of 31.0 percent General Fund, 67.1 percent cash funds, 1.6 percent reappropriated funds, and 0.3 percent federal funds. The Department's primary budget drivers are the State's tax structure and business activity in regulated industries.

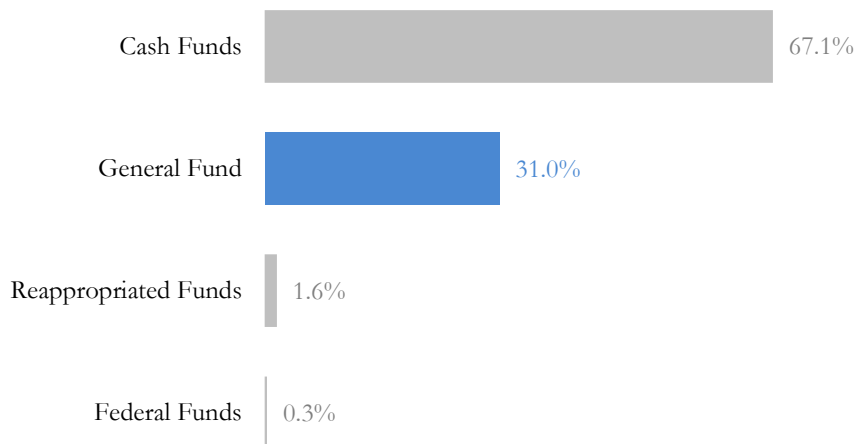
DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund



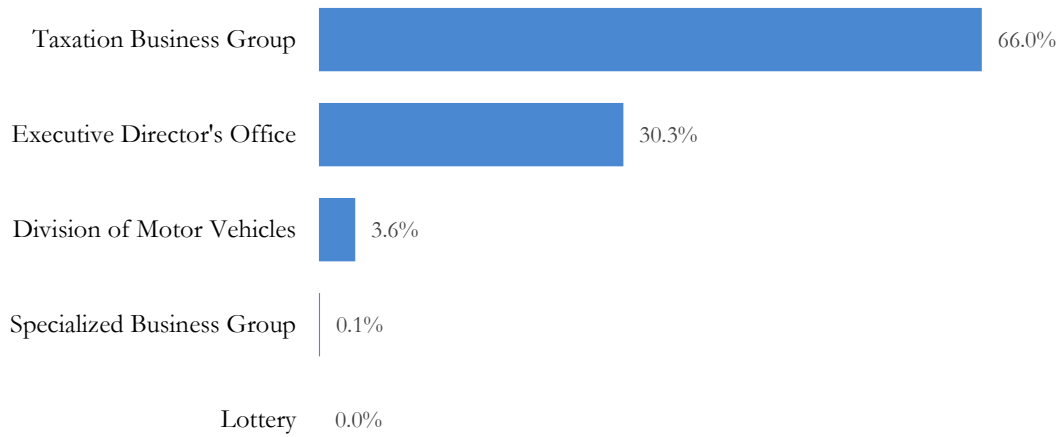
Based on the FY 2023-24 appropriation.

Department Funding Sources



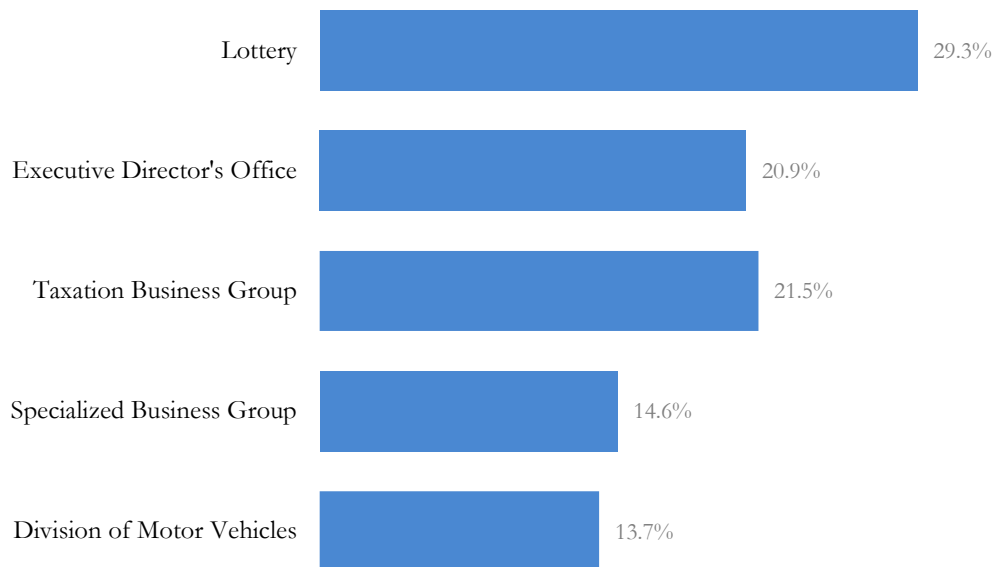
Based on the FY 2023-24 appropriation.

Distribution of General Fund by Division



Based on the FY 2023-24 appropriation.

Distribution of Total Funds by Division



Based on the FY 2023-24 appropriation.

CASH FUND DETAIL

| DEPARTMENT OF REVENUE CASH FUNDS APPROPRIATION DETAIL | | | | |
|---|-----------------------|--------------|--|---|
| FUND NAME OR GROUP | FY 2023-24 APPROP. | | PRIMARY SOURCES OF FUND REVENUE | PRIMARY USES IN THIS DEPARTMENT |
| Lottery Fund | \$147,208,719 | ¹ | Lottery ticket sales | Lottery prizes, and lottery division operating expenses |
| Limited Gaming Fund | \$37,776,594 | ² | Licensing and application fees, background investigation deposit fees; as well as Gaming Adjusted Gross Proceeds (AGP) Tax, fines and interest | Fund all operating expenses including direct and indirect costs of both the Colorado Limited Gaming Control Commission and the Limited Gaming Division. |
| Colorado DRIVES Vehicle Services Account | \$19,471,677 | | Driver's license fees, vehicle title fees, personal license plate fees, specific ownership taxes, motor vehicle reg fees, MIDB fees, and mobile machinery fees | Pay the direct and indirect expenses of the Division of Motor Vehicles. |
| Marijuana Cash Fund | \$18,248,911 | | Marijuana licensing fees | Regulating the cultivation, manufacture, distribution and sale, of medical and retail marijuana. |
| License Plate Cash Fund | \$10,747,068 | | Fees for direct costs of license plates, decals or tabs | Purchasing license plates, decals and validating tabs |
| Liquor Enforcement Division and State Licensing Authority | \$5,816,346 | | Licensing, application, and permit fees | Pay direct and indirect expenses of the Liquor Enforcement Division, which regulates the sale and distribution of alcoholic beverages in Colorado. |
| Auto Dealers License Fund | \$3,156,517 | | Licensing fees | Pay direct and indirect expenses of the Auto Industry Division within the Specialized Business Group |
| Responsible Gaming Grant Program | \$2,500,000 | ¹ | Annual transfer from the Limited Gaming Fund | Grant program to promote responsible gaming and address problem gaming in the state. |
| Highway Users Tax Fund | \$1,886,592 | | Gas tax, vehicle and driver's registrations, GTM taxes, and other highway related taxes | Fund the Hearings Division in the EDO as well as some centrally appropriated costs in the EDO. |
| Other | \$85,772,599 | | Various | |
| Total | \$337,099,525 | | | |

¹ Exempt from TABOR

² At least partially TABOR exempt. Some revenue deposited in these funds are statutorily exempt from TABOR pursuant to Section 24-77-102 (17)(b), C.R.S.

GENERAL FACTORS DRIVING THE BUDGET

TAXATION BUSINESS GROUP

TAX COLLECTIONS

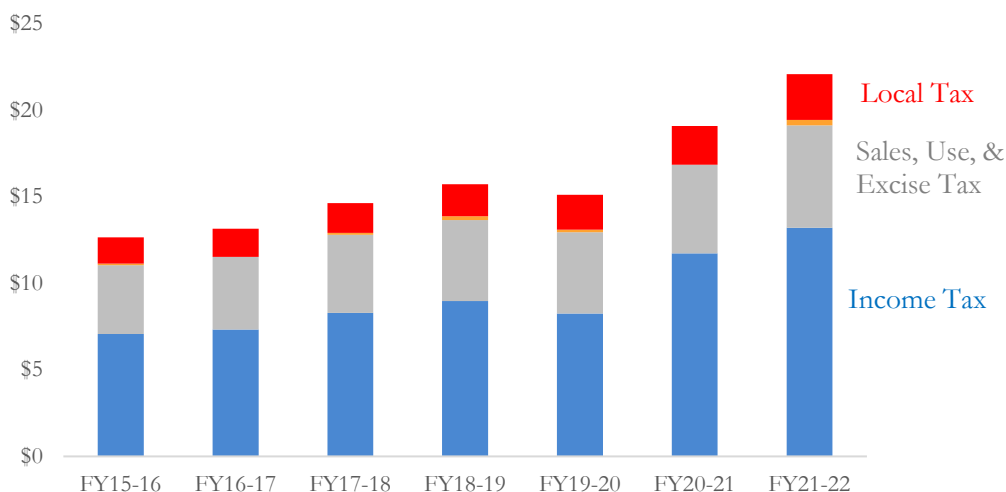
The complexity of Colorado's tax structure affects the resources required by the Taxation Business Group, the Department's tax division. In addition to collecting state taxes, the Department collects local taxes for most counties, cities, and special districts in Colorado, and tracks and distributes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

In FY 2021-22, the most recent year with finalized and audited data, \$13.2 billion dollars in corporate and individual incomes taxes and \$5.9 billion in sales, use, and excise taxes were collected. An additional \$2.7 billion in local taxes were also collected by the Department.

The following table and chart outline net collections by the Department of state and local taxes and represents the most recent available audited tax data.

| STATE AND LOCAL TAXES - NET COLLECTIONS BY SOURCE (MILLIONS) | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY15-16 | FY16-17 | FY17-18 | FY18-19 | FY19-20 | FY20-21 | FY21-22 |
| Income tax | \$7,077 | \$7,321 | \$8,293 | \$8,966 | \$8,241 | \$11,731 | \$13,195 |
| Sales, use, and excise taxes | 3,971.6 | 4,205.5 | 4,504.4 | 4,678.3 | 4,710.7 | 5,102.8 | 5,919.5 |
| Severance tax | 84.1 | -7.2 | 102.7 | 217.9 | 147.9 | -15.3 | 306.8 |
| Total state tax collections | \$11,133 | \$11,519 | \$12,900 | \$13,862 | \$13,100 | \$16,819 | \$19,420.8 |
| Local taxes | 1,508.0 | 1,612.4 | 1,726.7 | 1,849.9 | 2,006.0 | 2,240.0 | 2,655.0 |
| Total tax collections | \$12,640.6 | \$13,131.2 | \$14,626.9 | \$15,712.4 | \$15,106.0 | \$19,058.9 | \$22,075.8 |

Tax Collection by Source (billions)



TAXATION BUSINESS GROUP

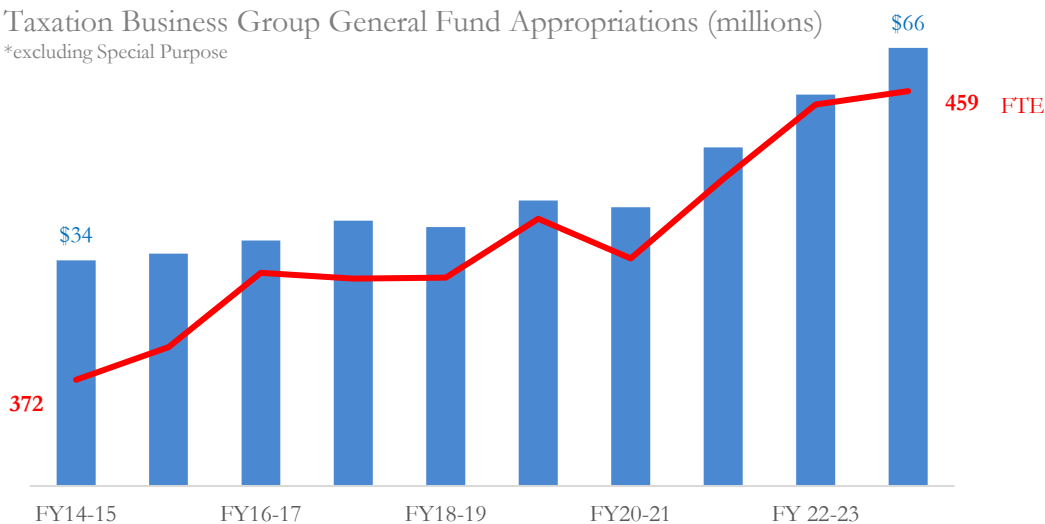
The following table outlines Taxation Business Group appropriations, excluding the Special Purpose subdivision, which is comprised of pass-through revenue distributions. Taxation Business Group appropriations generally represent the administrative cost of the state tax administration system.

| TAXATION BUSINESS GROUP GENERAL FUND APPROPRIATIONS (EXCLUDING SPECIAL PURPOSE ¹) | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|----------|----------|
| | FY15-16 | FY16-17 | FY17-18 | FY18-19 | FY19-20 | FY20-21 | FY21-22 | FY 22-23 | FY 23-24 |
| General Fund (millions) | \$35.2 | \$37.2 | \$39.9 | \$39.0 | \$42.8 | \$42.1 | \$50.6 | \$59.0 | \$65.8 |
| GF annual % change | 3.8% | 5.7% | 7.3% | -2.3% | 9.7% | -1.6% | 20.2% | 16.7% | 11.5% |
| FTE | 381.9 | 404.2 | 402.5 | 402.8 | 420.5 | 408.6 | 432.5 | 455 | 458.6 |
| FTE annual % change | 2.7% | 5.8% | -0.4% | 0.1% | 4.4% | -2.8% | 5.8% | 5.2% | 0.8% |

¹ The Special Purpose subdivision comprises pass-through revenue distributions exclusively.

Taxation Business Group General Fund Appropriations (millions)

*excluding Special Purpose



The following table represents the relative cost of the state tax administration system using Taxation Business Group (TBG) actual expenditure data from FY 2014-15 through FY 2021-22, the most recent year with finalized and audited data.

| RELATIVE COST OF THE STATE TAX ADMINISTRATION SYSTEM | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | FY14-15 | FY15-16 | FY16-17 | FY17-18 | FY18-19 | FY19-20 | FY 20-21 | FY 21-22 |
| Total tax collections (millions) | \$12,606 | \$12,641 | \$13,131 | \$14,627 | \$15,712 | \$15,106 | \$19,059 | \$22,076 |
| CAGR | | | | | | | | 8.3% |
| TBG ¹ - GF expenditures (millions) | \$33.90 | \$35.20 | \$37.20 | \$39.90 | \$39.00 | \$42.80 | \$42.10 | \$50.60 |
| CAGR | | | | | | | | 5.9% |
| TBG percent of total tax collections | 0.27% | 0.28% | 0.28% | 0.27% | 0.25% | 0.28% | 0.22% | 0.23% |

¹TBG excluding Special Purpose

As illustrated in the table above, the General Fund cost for administration of the Taxation Business Group equated to 0.23 percent of all tax collections in the most recent fiscal year. The percentage cost of administration, particularly as compared over time, provides a reasonable assessment of the relative administrative cost of the state's tax system and whether it is becoming more or less expensive over time relative to tax collections.

Also, as reflected in the table, the compound annual growth rate (CAGR) over the eight-year period totals 5.9 percent for the cost of tax administration. This compares to a CAGR of 8.3 percent for total tax collections. Although not conclusively represented in the data, this slightly diminished cost of tax administration over time and comparatively lower CAGR is likely attributable to the significant increases in tax collections in the previous two fiscal years.

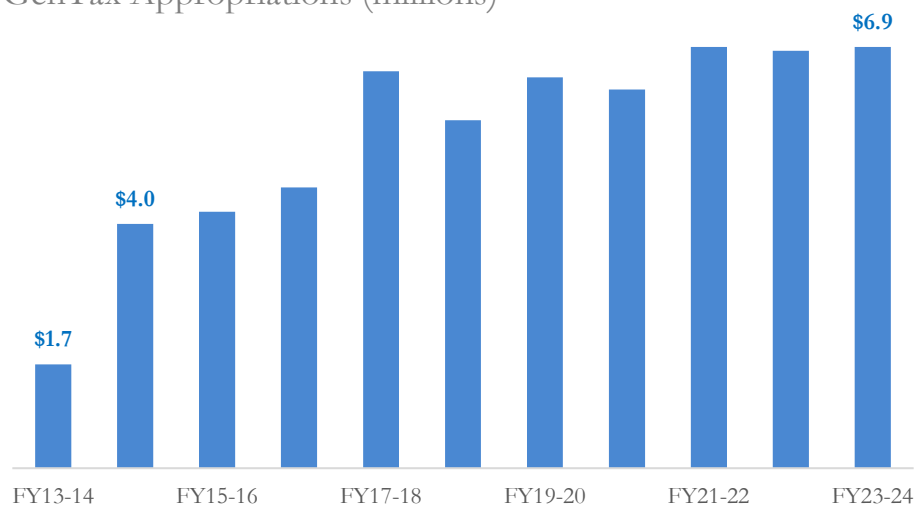
GenTAX

GenTax received capital construction fund appropriations totaling \$54.0 million from FY 2006-07 through FY 2012-13 to replace the Department's legacy tax administration systems.

The following table outlines the annual operating appropriations since FY 2014-15 for the GenTax system, which are included in the previously outlined Taxation Business Group budget data. Additional staff resources for managing the GenTax system are also located in the Executive Director's Office and are not included in the table. Nevertheless, the operating, maintenance, and vendor contract costs of the IT system are included in this appropriation and illustrate the relative cost and change in cost over time for GenTax.

| GenTAX APPROPRIATIONS | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------|
| | FY14-15 | FY15-16 | FY16-17 | FY17-18 | FY18-19 | FY19-20 | FY20-21 | FY21-22 | FY22-23 | FY23-24 |
| General Fund (in millions) | \$4.0 | \$4.2 | \$4.6 | \$6.5 | \$5.7 | \$6.4 | \$6.2 | \$6.9 | \$6.8 | \$6.9 |
| GF annual percentage change | 128.3% | 5.7% | 9.0% | 40.8% | -11.6% | 13.0% | -3.9% | 10.6% | -0.9% | 0.9% |
| GenTax percent of Tax Bus Group ¹ | 11.8% | 12.0% | 12.3% | 16.2% | 14.6% | 15.1% | 14.7% | 13.5% | 11.0% | 10.5% |
| <i>GenTax CAAGR (since FY 14-15)</i> | | | | | | | | | | <i>6.2%</i> |
| ¹ excludes Special Purpose Division | | | | | | | | | | |

GenTax Appropriations (millions)

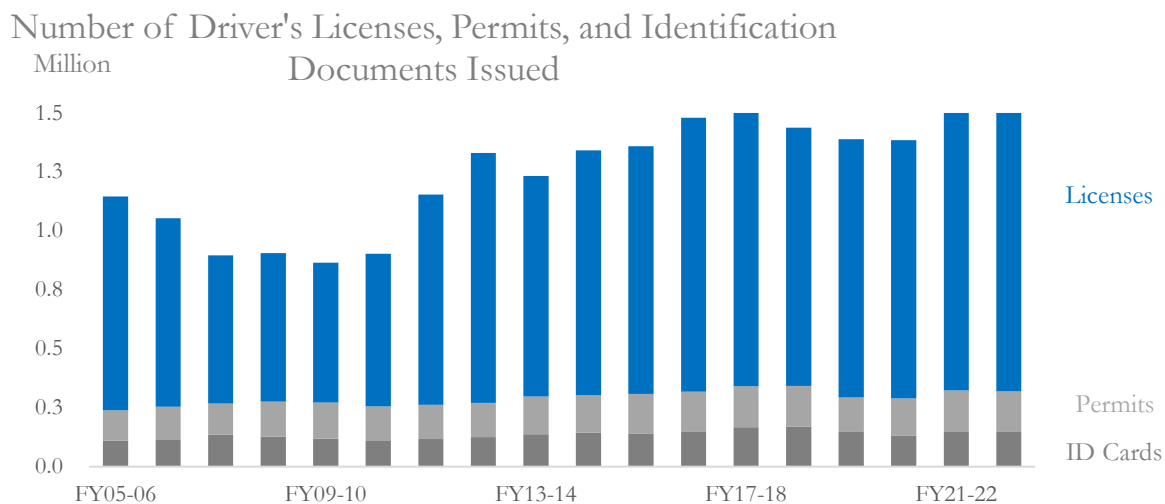


In addition to \$54.0 million in capital construction appropriations, operating appropriations total \$59.9 million through FY 2023-24. Operating appropriations average \$5.8 million through FY 2023-24, representing an annual operating cost of 9.3 percent of the capital construction appropriation. This is consistent with standard cost ratios for ongoing IT system operating and maintenance costs.

As illustrated in the table, GenTax appropriations represent about 12 to 16 percent of tax administration costs. Since FY 2014-15, GenTax has experienced a CAGR of 6.2 percent – higher than the CAGR of 3.7 percent for the Taxation Business Group.

DIVISION OF MOTOR VEHICLES

There are 57 driver's license offices (37 operated by the State and 20 operated by the counties) that issue driver's licenses and state identification (ID) cards. Legislation on both the state and federal levels is a significant budget driver for this division. In 2001, the term of a driver's license was increased from five to ten years. The number of driver's licenses issued dropped in FY 2006-07 as the first drivers who were issued ten-year licenses did not have to renew their licenses. As a result of subsequent legislation passed in order to comply with federal law, the State returned to five-year renewals beginning in 2005. Starting in January 2011, the first five-year driver's licenses that were issued starting in 2005, along with the ten-year licenses that were issued in 2001, were due for renewal at the same time, resulting in an increase in the number of documents issued. Recent changes in state and federal law have also increased transaction times for driver's licenses and ID cards.



The DMV is primarily cash funded, with the majority of funds coming from the Colorado DRIVES Vehicle Services Account (which was merged with the Licensing Services Cash Fund through JBC-sponsored legislation in FY 2022-23). Historical General Fund appropriations to the Division are shown below. General Fund support increased significantly in FY 2021-22 due to one-time funding for the Department's R8 (DMV Digital Transformation) request, which included initiatives to improve services available online and reduce trips to driver's license and motor vehicle offices.

| DMV - GENERAL FUND APPROPRIATIONS | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 | FY 23-24 |
| General Fund appropriation (all bills) | \$4,426,890 | \$4,535,028 | \$4,853,648 | \$4,255,177 | \$9,010,415 | \$5,134,155 | \$5,078,862 |
| Total appropriation (all bills) | \$51,024,345 | \$55,878,270 | \$65,787,634 | \$64,641,558 | \$67,650,600 | \$66,370,730 | \$69,056,588 |
| General Fund % of total appropriations | 8.7% | 8.1% | 7.4% | 6.6% | 13.3% | 7.7% | 7.4% |

The DMV's ability to leverage recent technological investments, such as the FY 2021-22 R8 (DMV R8 Digital Transformation) request, which included a one-time increase of \$2.5 million General Fund to support the DMV's digital expansion. The initiative included funding to expand self-service kiosks to include new transaction types, the creation of cloud-based virtual call centers with artificial intelligence technology, the expansion of vehicle titling and registration services to third parties, a statewide marketing campaign to promote online services, and establishment of mobile driver's license offices to reach residents with limited mobility and in remote areas. The ability of the Department to generate efficiency returns from this investment, as well as its ability to continue to leverage technology to increase efficiencies across the DMV, will be a crucial determinant of the Division's long-term success.

SPECIALIZED BUSINESS GROUP

The Specialized Business Group regulates the liquor, tobacco, medical and retail marijuana, limited gaming, sports betting, horseracing, and the automobile sales industry. The programs in the Specialized Business Group are almost entirely cash funded, with General Fund appropriations accounting for less than one percent of the division's budget.

Legislation has been a substantial driver of FTE growth in the Specialized Business Group in recent years primarily due to bills pertaining to alcohol, marijuana and sports betting. Since FY 2017-18, FTE in the Specialized Business Group has grown by 42.9 percent from 273 FTE in FY 2017-18 to 390 FTE in FY 2023-24. Significant drivers of this growth have been H.B. 19-1090 (Publicly Licensed Marijuana Companies), H.B. 19-1090 (Marijuana Hospitality Establishments), H.B. 19-1234 (Regulated Marijuana Delivery), H.B. 19-1327 (Authorize and Tax Sports Betting), and H.B. 20-1001 (Nicotine Product Regulation), S.B. 22-178 (Licensees Ability to Change Marijuana Designation), S.B. 23-290 (Natural Medicine Regulation And Legalization), S.B. 23-271 (Intoxicating Cannabinoid Hemp And Marijuana), H.B. 23-1061 (Alcohol Beverage Retail Establishment Permit).

The table below illustrates FTE trends by each Division within the Department of Revenue.

| Department of Revenue FTE Appropriations by Division | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 | FY 23-24 | CAGR |
| Lottery | 117 | 117 | 102 | 102 | 102 | 102 | 102 | -2.3% |
| Taxation Business Group | 403 | 403 | 421 | 409 | 433 | 455 | 459 | 2.1% |
| DMV | 491 | 521 | 557 | 559 | 546 | 545 | 541 | 1.6% |
| Executive Director's Office | 154 | 156 | 164 | 172 | 178 | 210 | 224 | 6.4% |
| Specialized Business Group | 273 | 276 | 320 | 350 | 368 | 377 | 390 | 6.1% |
| Department Total | 1,437 | 1,472 | 1,564 | 1,592 | 1,626 | 1,689 | 1,716 | 3.0% |

SUMMARY: FY 2023-24 APPROPRIATION & FY 2024-25 REQUEST

| DEPARTMENT OF REVENUE | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|--------------------|----------------|
| | TOTAL FUNDS | GENERAL FUND | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS | FTE |
| FY 2023-24 APPROPRIATION: | | | | | | |
| Other legislation | 8,417,507 | 7,273,116 | 749,367 | 395,024 | 0 | 13.9 |
| SB 23-214 (Long Bill) | 494,194,408 | 148,514,239 | 336,350,158 | 7,882,293 | 1,447,718 | 1,701.7 |
| TOTAL | \$502,611,915 | \$155,787,355 | \$337,099,525 | \$8,277,317 | \$1,447,718 | 1,715.6 |
| FY 2024-25 REQUESTED APPROPRIATION: | | | | | | |
| FY 2023-24 Appropriation | \$502,611,915 | 155,787,355 | \$337,099,525 | \$8,277,317 | \$1,447,718 | 1,715.6 |
| R1 GenTax & DRIVES support funding | 866,221 | 547,734 | 318,487 | 0 | 0 | 8.3 |
| R2 Department space planning | 365,000 | 365,000 | 0 | 0 | 0 | 0.0 |
| R3 DMV fraud investigation resources | 343,923 | 0 | 343,923 | 0 | 0 | 3.7 |
| R4 AID criminal investigation resources | 200,742 | 0 | 200,742 | 0 | 0 | 0.0 |
| R5 MED support funding | 0 | 0 | 0 | 0 | 0 | 0.0 |
| R6 Lottery modernization | 5,000,000 | 0 | 5,000,000 | 0 | 0 | 0.0 |
| R7 Alignment of existing appropriations | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Centrally appropriated line items | 15,306,215 | 8,611,779 | 7,103,939 | 90,292 | (499,795) | 0.0 |
| Technical adjustments | 5,011,708 | (2,382,127) | 7,489,626 | 0 | (95,791) | 0.0 |
| Non-prioritized requests | 1,960,917 | 804,274 | 1,156,643 | 0 | 0 | 0.0 |
| Indirect cost assessment | 1,537,623 | (1,537,624) | 1,537,623 | 1,537,624 | 0 | 0.0 |
| Annualize prior year legislation | (3,059,834) | (4,133,368) | 1,368,558 | (295,024) | 0 | 11.8 |
| Annualize prior year budget actions | (2,675,192) | 30,082 | (2,705,274) | 0 | 0 | 0.0 |
| TOTAL | \$527,469,238 | \$158,093,105 | \$358,913,792 | \$9,610,209 | \$852,132 | 1,739.4 |
| INCREASE/(DECREASE) | \$24,857,323 | \$2,305,750 | \$21,814,267 | \$1,332,892 | (\$595,586) | 23.8 |
| Percentage Change | 4.9% | 1.5% | 6.5% | 16.1% | (41.1%) | 1.4% |

R1 GENTAX & DRIVES SUPPORT FUNDING: The request includes an increase of \$866,221 total funds comprised of \$547,734 General Fund, \$318,487 cash funds from the CO DRIVES Vehicle Services Account and 8.3 FTE in FY 2024-25. This request annualizes to \$866,979 total funds including \$548,187 General Fund, \$318,792 cash funds and 9.0 FTE in FY 2025-26. The request aims to address the backlog of upgrades and system enhancements to the DRIVES and GenTax systems stemming from legislative, user experience, and system operational demands.

R2 DEPARTMENT OF REVENUE SPACE PLANNING: The request includes \$365,000 General Fund in FY 2024-25, annualizing to \$365,000 General Fund and a reduction of \$210,742 cash funds in FY 2025-26. The shift to a hybrid work environment has changed the needs of the Department's workspace, and the Department states that reconfiguring existing space is financially and logistically challenging due to the age of the building. This request aims to reduce office space and enhance the work environment for departmental in-office employees. It is situated in a more centralized location, closer to public transportation options. This operational request was submitted in tandem with a capital request being reviewed by the Capital Development Committee and is contingent upon its approval.

R3 DMV FRAUD INVESTIGATION: The request includes an increase of \$343,923 cash funds from the Colorado DRIVES Vehicle Services Account and 3.7 FTE in FY 2024-25. This request would

annualize to \$343,393 cash funds and 4.0 FTE in FY 2025-26. The State of Colorado has seen a significant increase in vehicle theft in recent years, and currently has the country's highest rate of auto thefts per capita. This request aims to reduce fraudulent activity related to motor vehicle systems, vehicle titles, license plates, and identification documents.

R4 AID CRIMINAL INVESTIGATION RESOURCES: The request includes an increase of \$200,742 cash fund spending authority from the Auto Dealers License Cash Fund in FY 2024-25 and ongoing. The Auto Industry Division (AID) regulates motor and powersports vehicle salespersons, dealers, wholesalers, wholesale auction dealers, manufacturers, distributors, and manufacturer representatives.

The request aims to address the 42.0 percent increase in consumer complaints submitted to the division over the last three years. The investigations conducted by investigators have grown in complexity in recent years due to rapid technological advancement, which requires additional training. The AID is requesting a permanent increase in cash fund spending authority to reclassify its investigators from Criminal Investigator I to Criminal Investigator II. According to the Department this would more accurately align wages within the Department, and more accurately reflect the duties and expertise needed to conduct these investigations.

R5 MED SUPPORT FUNDING: The request includes a net zero funding realignment in the Marijuana Enforcement Division (MED). This restructuring consists of a \$3 million increase in spending authority from the Marijuana Tax Cash Fund (MTCF) and a simultaneous decrease of \$3.0 million in spending authority from the Marijuana Cash Fund (MCF).

The MCF, purposed exclusively to fund the MED, has experienced declining revenues and increased responsibilities in recent years. According to the Department, recent legislation, as well as costs driven by the Partnership Agreement, have driven demands on the MED which has increased personnel and operational costs. These demands and additional expenses have been met with no corresponding increase in revenue. The Department states that in coordination with the Office of State Planning and Budgeting (OSPB), it has determined that the MTCF is in a fiscal position to fund this request on an ongoing basis and is aligned with MTCF statutory funding authority.

Legislative Council Staff's most recent revenue forecast projects Colorado marijuana tax revenue to be approximately \$40 million less than OSPB's projection over the next two fiscal years.

R6 LOTTERY MODERNIZATION: The request includes an increase of \$5.0 million in Lottery Cash Fund Spending authority in FY 2024-25 and FY 2025-26 to continue purchasing modern Lottery vending and merchandising equipment. This is a continuation of a request approved in FY 2023-24. The original FY 20243-24 request included three years of spending authority. However, the JBC tabled additional funding for future years to allow the Committee to consider the findings of the Lottery Performance Audit by the Colorado State Auditor's Office, scheduled to be released in December 2024.

R7 ALIGNMENT OF EXISTING APPROPRIATIONS: The request includes a net zero funding realignment that shifts \$1.2 million General Fund appropriation from the Payments to OIT Long Bill line item to the Tax Administration IT System (GenTax) Support Long Bill line item. This request is in response to OIT informing DOR that they will no longer provide support to the GenTax system server hosting for DOR's Taxation Division. Therefore, the Taxation Division will be required to pay

the GenTax system server hosting charges directly to the third-party vendor rather than having the billing go to OIT and then be passed through to the Taxation Division.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$15.3 million in total funds, which includes an \$8.6 million General Fund increase 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 | FEDERAL FUNDS | FTE |
| Salary survey | \$7,788,765 | \$3,760,339 | \$3,987,839 | \$40,587 | \$0 | 0.0 |
| Health, life, and dental | 2,657,504 | 1,906,598 | 1,028,952 | 36,643 | (314,689) | 0.0 |
| Payments to OIT | 2,221,989 | 1,215,312 | 1,006,677 | 0 | 0 | 0.0 |
| PERA Direct Distribution | 2,056,426 | 982,075 | 1,068,865 | 10,801 | (5,315) | 0.0 |
| AED | 583,256 | 495,874 | 171,240 | 1,031 | (84,889) | 0.0 |
| SAED | 583,256 | 495,874 | 171,240 | 1,031 | (84,889) | 0.0 |
| Capitol Complex leased space | 354,791 | 146,891 | 207,900 | 0 | 0 | 0.0 |
| Paid Family and Medical Leave Insurance | 64,587 | 48,942 | 22,984 | 155 | (7,494) | 0.0 |
| Workers' compensation | 59,449 | 27,941 | 31,508 | 0 | 0 | 0.0 |
| Shift differential | 24,083 | 0 | 24,083 | 0 | 0 | 0.0 |
| Leased space | 23,766 | 23,766 | 0 | 0 | 0 | 0.0 |
| Short-term disability | 19,950 | 15,717 | 6,708 | 44 | (2,519) | 0.0 |
| AIJ services | 471 | 0 | 471 | 0 | 0 | 0.0 |
| Prior year salary survey | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Legal services | (519,640) | (274,122) | (245,518) | 0 | 0 | 0.0 |
| CORE adjustment | (443,552) | (169,214) | (274,338) | 0 | 0 | 0.0 |
| Risk management & property adjustment | (168,886) | (64,214) | (104,672) | 0 | 0 | 0.0 |
| TOTAL | \$15,306,215 | \$8,611,779 | \$7,103,939 | \$90,292 | (\$499,795) | 0.0 |

TECHNICAL ADJUSTMENTS: The request includes technical adjustments with a net increase of \$5.0 million total funds, and includes a decrease of \$2.3 million General Fund.

| TECHNICAL ADJUSTMENTS | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|-------------------|------------|
| | TOTAL FUNDS | GENERAL FUND | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS | FTE |
| License plate ordering technical adj | \$5,004,286 | \$11,800 | \$4,992,486 | \$0 | \$0 | 0.0 |
| Contract escalator fast enterprises | 1,308,969 | 182,631 | 1,126,338 | 0 | 0 | 0.0 |
| Responsible gaming grant escalator | 700,000 | 0 | 700,000 | 0 | 0 | 0.0 |
| Document solutions technical adjustment | 695,578 | 695,578 | 0 | 0 | 0 | 0.0 |
| Driver's license documents | 387,631 | 0 | 387,631 | 0 | 0 | 0.0 |
| HISA contract escalator | 259,622 | 0 | 259,622 | 0 | 0 | 0.0 |
| Technical adjustment for postage | 83,228 | 59,679 | 23,549 | 0 | 0 | 0.0 |
| Hearings technical adjustment | 0 | 0 | 0 | 0 | 0 | 0.0 |
| IDS print production technical adj | (3,331,815) | (3,331,815) | 0 | 0 | 0 | 0.0 |
| EDO federal funds technical adj | (95,791) | 0 | 0 | 0 | (95,791) | 0.0 |
| TOTAL | \$5,011,708 | (\$2,382,127) | \$7,489,626 | \$0 | (\$95,791) | 0.0 |

NON-PRIORITIZED REQUESTS: The request includes a net increase of \$2.0 million total funds for decision items driven by other agencies that impact the Department of Revenue, summarized in the following table.

| NON-PRIORITIZED REQUESTS | | | | | | |
|----------------------------------|--------------------|------------------|--------------------|----------------------|---------------|------------|
| | TOTAL FUNDS | GENERAL FUND | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS | FTE |
| Central Services Omnibus Request | \$2,016,771 | \$855,402 | \$1,161,369 | \$0 | \$0 | 0.0 |
| Non-prioritized decision items | 44,540 | 44,540 | 0 | 0 | 0 | 0.0 |
| DPS Digital trunk radio | (95,668) | (95,668) | 0 | 0 | 0 | 0.0 |
| Annual fleet vehicle request | (4,726) | 0 | (4,726) | 0 | 0 | 0.0 |
| TOTAL | \$1,960,917 | \$804,274 | \$1,156,643 | \$0 | \$0 | 0.0 |

ANNUALIZE PRIOR-YEAR BUDGET ACTIONS: The request includes a net decrease of \$2.7 million total funds and is summarized in the following table.

| ANNUALIZE PRIOR YEAR BUDGET ACTIONS | | | | | | |
|--|----------------------|-----------------|----------------------|----------------------|---------------|------------|
| | TOTAL FUNDS | GENERAL FUND | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS | FTE |
| FY22 R1 Lottery reimagined for beneficiaries | \$2,294,726 | \$0 | \$2,294,726 | \$0 | \$0 | 0.0 |
| FY24 R1 taxation call center | 30,082 | 30,082 | 0 | 0 | 0 | 0.0 |
| FY24 R2 Lottery modernization | (5,000,000) | 0 | (5,000,000) | 0 | 0 | 0.0 |
| TOTAL | (\$2,675,192) | \$30,082 | (\$2,705,274) | \$0 | \$0 | 0.0 |

INDIRECT COST ASSESSMENT: The request includes a net increase of \$1.5 million total funds and a \$1.5 million decrease in cash funds to reflect net adjustments to indirect costs across the Department.

ANNUALIZE PRIOR-YEAR LEGISLATION: The request includes a net decrease of \$3.1 million total funds, including a decrease of \$4.1 million General Fund, to reflect the FY 2024-25 impact of bills passed in previous sessions, summarized in the following table.

| ANNUALIZE PRIOR YEAR LEGISLATION | | | | | | |
|--|-------------|--------------|-------------|----------------------|---------------|-------|
| | TOTAL FUNDS | GENERAL FUND | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS | FTE |
| HB 23-1272 Tax policy that advances decarbonization | \$1,620,431 | \$0 | \$1,620,431 | \$0 | \$0 | 11.0 |
| SB 23-290 Natural medicine regulation and leg | 924,598 | 924,598 | 0 | 0 | 0 | 10.8 |
| HB 23-1008 Food accessibility | 276,052 | 276,052 | 0 | 0 | 0 | 1.4 |
| HB 23-1189 Employer assist for home purchase tax | 154,680 | 154,680 | 0 | 0 | 0 | 0.9 |
| SB 23-016 Greenhouse gas reduction measures | 147,818 | 147,818 | 0 | 0 | 0 | 0.7 |
| HB 23-1309 Film industry tax credit | 115,399 | 115,399 | 0 | 0 | 0 | 0.6 |
| SB 23-251 Revoke driver's license appeal ag | 111,027 | 111,027 | 0 | 0 | 0 | 0.0 |
| HB 23-1112 Earned income & child tax credit | 76,168 | 76,168 | 0 | 0 | 0 | 0.0 |
| HB 23-1277 Reporting adjust to taxable income | 76,080 | 76,080 | 0 | 0 | 0 | 0.6 |
| HB 23-1281 Advance use of clean hydrogen | 61,754 | 61,754 | 0 | 0 | 0 | 0.0 |
| SB 23-172 Protecting opportunities & workers' rights | 22,669 | 22,669 | 0 | 0 | 0 | 0.0 |
| HB 23-1061 Alcohol beverage retail establishment | 12,835 | 0 | 12,835 | 0 | 0 | 0.3 |
| SB 23-156 Sunset private letter ruling | 10,729 | 0 | 10,729 | 0 | 0 | 0.2 |
| HB 23-1017 SUTS simplification | (4,158,468) | (4,158,468) | 0 | 0 | 0 | 0.0 |
| SB 22-124 SALT parity act | (537,647) | (537,647) | 0 | 0 | 0 | (4.4) |
| SB 23-271 Intoxicating cannabinoid hemp & mj | (493,924) | (295,024) | 96,124 | (295,024) | 0 | (0.5) |
| HB 22-1007 Assist landowner wildfire mitigation | (381,945) | (381,945) | 0 | 0 | 0 | (6.7) |
| HB 23-1260 Advanced industry & semi | (285,452) | (285,452) | 0 | 0 | 0 | (1.4) |
| HB 23-1414 Healthy meals for all public school | (99,971) | (99,971) | 0 | 0 | 0 | (0.8) |
| SB 22-051 Policies to reduce emissions | (76,817) | (76,817) | 0 | 0 | 0 | 0.0 |
| HB 23-1265 Born to be wild lic plate | (72,763) | 0 | (72,763) | 0 | 0 | 0.0 |
| HB 23-1091 Continuation of child care tax credit | (70,926) | (70,926) | 0 | 0 | 0 | (0.5) |
| SB 23-012 Commercial motor carrier enforcement | (61,110) | 0 | (61,110) | 0 | 0 | 0.0 |
| HB 23-1267 Double fines speeding trucks | (54,073) | 0 | (54,073) | 0 | 0 | 0.0 |
| SB 23-049 Special mobile machinery | (50,059) | 0 | (50,059) | 0 | 0 | 0.1 |
| SB 22-006 Sales tax assistance for small bus | (44,380) | (44,380) | 0 | 0 | 0 | 0.0 |

| ANNUALIZE PRIOR YEAR LEGISLATION | | | | | | |
|---|----------------------|----------------------|--------------------|-------------------------|------------------|-------------|
| | TOTAL FUNDS | GENERAL FUND | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS | FTE |
| HB 23-1083 Colorado homeless contribution | (33,218) | (33,218) | 0 | 0 | 0 | 0.0 |
| HB 23-1391 Modifications to severance tax | (31,172) | (31,172) | 0 | 0 | 0 | (0.5) |
| SB 23-280 Hazardous material mitigation | (28,944) | (28,944) | 0 | 0 | 0 | 0.0 |
| SB 23-145 Stegosaurus lic plate | (28,909) | 0 | (28,909) | 0 | 0 | 0.0 |
| SB 23-097 Motor vehicle theft | (24,409) | 0 | (24,409) | 0 | 0 | 0.0 |
| SB 23-025 In God we trust lic plate | (23,080) | (4,293) | (18,787) | 0 | 0 | 0.0 |
| HB 23-1007 Assistance landowner wildfire mitigation | (18,822) | (18,822) | 0 | 0 | 0 | 0.0 |
| SB 22-217 Programs that benefit persons | (17,216) | 0 | (17,216) | 0 | 0 | 0.0 |
| SB 23-143 Retail delivery fees | (17,086) | 0 | (17,086) | 0 | 0 | 0.0 |
| HB 23-1361 Oil & gas reporting | (12,300) | (12,300) | 0 | 0 | 0 | 0.0 |
| SB 23-212 US Navy Seabees lic plate | (8,144) | 0 | (8,144) | 0 | 0 | 0.0 |
| HB 23-1240 Sales tax use exempt wildfire disaster | (6,734) | (6,734) | 0 | 0 | 0 | 0.0 |
| SB 22-107 Pikes peak international lic plate | (6,722) | 0 | (6,722) | 0 | 0 | 0.0 |
| HB 23-1025 Repeal of infrequent tax expenditures | (6,400) | (6,400) | 0 | 0 | 0 | 0.0 |
| HB 22-1406 Qualified retailer retain sales tax | (6,400) | (6,400) | 0 | 0 | 0 | 0.0 |
| HB 22-1241 Court appointed special advocate | (3,530) | 0 | (3,530) | 0 | 0 | 0.0 |
| HB 22-1103 Delta sigma theta lic plate | (2,869) | 0 | (2,869) | 0 | 0 | 0.0 |
| HB 23-1022 Regulation of fleet motor vehicles | (2,700) | 0 | (2,700) | 0 | 0 | 0.0 |
| HB 22-1014 Epilepsy awareness lic plate | (1,435) | 0 | (1,435) | 0 | 0 | 0.0 |
| SB 22-190 US Space Force lic plate | (1,201) | 0 | (1,201) | 0 | 0 | 0.0 |
| HB 22-1010 Early childhood educator tax credit | (700) | (700) | 0 | 0 | 0 | 0.0 |
| HB 22-1154 CO rotary lic plate | (548) | 0 | (548) | 0 | 0 | 0.0 |
| TOTAL | (\$3,059,834) | (\$4,133,368) | \$1,368,558 | (\$295,024) | \$0 | 11.8 |

INFORMATIONAL ISSUE: R1 GENTAX & DRIVES SUPPORT FUNDING

The Department of Revenue requests funding for ongoing support of the DRIVES and GenTax system, including \$866,221 total funds comprised of \$547,734 General Fund, \$318,487 cash funds from the Colorado DRIVES Vehicle Services Account (DRIVES), and 8.3 FTE in FY 2024-25. This request annualizes to \$866,979 total funds, including \$548,187 General Fund, \$318,792 DRIVES cash funds, and 9.0 FTE in FY 2025-26.

SUMMARY:

- Over the previous two fiscal years, the Department of Revenue's DRIVES and GenTax support teams have made operating enhancements which address how to prioritize the backlog of SQRs (service change requests). Despite incremental improvement, the level of demand still significantly outweighs current capacity. Consequently, even the highest priority requests are only sometimes completed. This backlog hinders the department's ability to meet customer needs and ensure compliance with all federal and state laws and regulations.
- The DRIVES system is slated for a significant upgrade beginning on July 1, 2024, and running through March 31, 2026. This effort will approach 70,000 hours of programming and testing, spanning 18-24 months. Funding for this upgrade is included in the vendor contract; however, there will be substantial challenges to any updates made to the DRIVES system during this upgrade.
- Included in this request, is the Department's proposal to contract with a third party to perform live translation services for the taxation call center. According to the Department, without appropriate translation services, the State risks taxpayers who speak a language other than English not being voluntarily compliant with tax law. This service is estimated to cost \$70,000 General Fund in FY 2024-25 and is ongoing.

RECOMMENDATION:

Staff recommends that the Committee refer this request to the Joint Technology Committee (JTC), pursuant to Joint Rule 45(b). JTC can perform a technical review of this request and return a recommendation to JBC staff in time for figure setting. JBC staff for Information Technology Projects will present this recommendation in a single document for Committee action on December 14th.

Staff recommends that this request remain for consideration in the operating budget as submitted; however, staff requests a JTC review and recommendation as an IT-related operating request item. Staff additionally recommends potential JTC progress tracking or oversight as determined by the JTC; commonly this is quarterly check-ins with JTC.

DISCUSSION:

The Department of Revenue is requesting ongoing funding in support of the DRIVES and GenTax system including \$866,221 total funds comprised of \$547,734 General Fund and \$318,487 cash funds from the DRIVES Cash Fund and 8.3 FTE in FY 2024-25. This request is a continuation of a two-year phased build-out of an internal IT team in the Executive Director's office that consolidated two Fast Enterprises IT systems, DRIVES and GenTax, that were formerly located in the Division of Motor Vehicles and the Taxation Business Group, respectively.

The Department provides the following cost information related to the request.

| R1: GEN TAX & DRIVES SUPPORT FUNDING | | | | |
|--------------------------------------|------------|------------------|------------|------------------|
| | FY 2024-25 | | FY 2025-26 | |
| | FTE | Cost | FTE | Cost |
| Analyst III | 5.5 | \$447,217 | 6.0 | \$485,461 |
| Analyst IV | 1.8 | 173,569 | 2.0 | 189,091 |
| Analyst V | 0.9 | 106,349 | 1.0 | 115,812 |
| Operating Expenses | | 69,086 | | 6,615 |
| Translation services | | 70,000 | | 70,000 |
| Total | 8.3 | \$866,221 | 9.0 | \$866,979 |

DRIVES is Colorado's Driver and Motor Vehicle services software platform, owned and developed by FAST Enterprises. This platform supports the needs of a diverse stakeholder population, including the Division of Motor Vehicles (DMV), 64 counties title and registration delegates, DOR's Hearings Division, the Department of Public Safety, local Law Enforcement, and others. The Colorado DRIVES system provides state and county employees with a standardized system, which the Department reports has minimal outages and downtime in driver's license offices across the State. Additionally, the system offers opportunities to standardize and centralize DMV printing and mailing operations.

GenTax is the State of Colorado's tax administration software platform. It is a customizable off-the-shelf application critical to the State's tax administration responsibilities, which performs vital and diverse functions, including the following:

- Return and payment processing;
- Revenue distribution;
- Return adjusting;
- Billing and collections;
- Auditing;
- Customer correspondence; and
- E-services for electronic filing and customer self-service account management.

The Department's contract with FAST Enterprises was negotiated initially to be conservative with the objective of using early learnings to better understand the legislative and strategic demands from the multitude of stakeholder groups that currently benefit from the DRIVES system. Therefore, the contract was focused on keeping the existing DRIVES system operational in the form of service packs, version upgrades, and correcting inevitable programming flaws. It only includes 2,000 hours/year for other requests, such as enhancements necessary to support both user requests and new legislation, data requests, etc. which would roughly translate to resolving 60 small requests per year

In FY 2022-23 the JBC approved the Department's R1 (DMV DRIVES System Support) which provided \$3.1 million in DRIVES Cash Fund support and 11.0 FTE to staff and build out teams using a cross-functional, sub-team approach. Additionally, in FY 2022-23 the JBC approved the Department's R4 (Operational Funding Realignment) request. According to the Department, this net-zero funding realignment improved operational management, and matched the budget structure closer to the Department's operating realities. The two components of this request were:

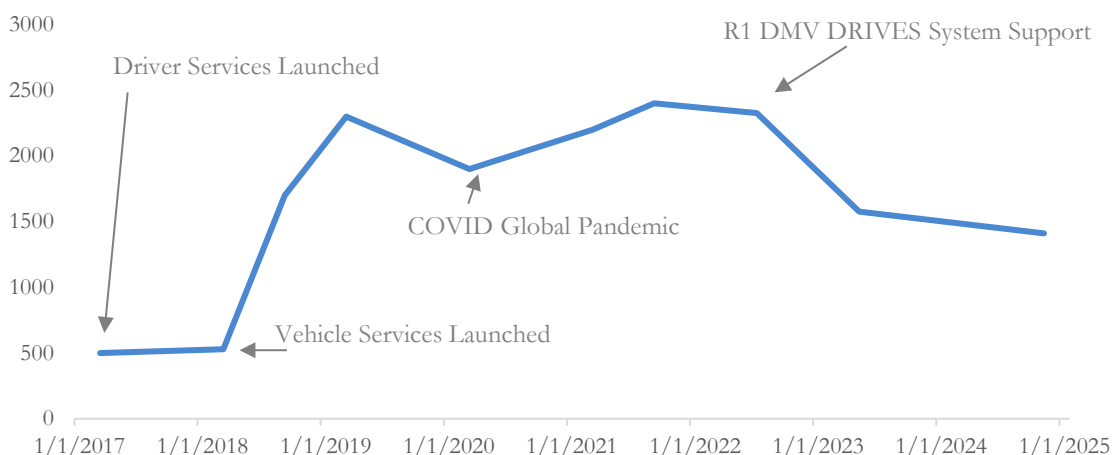
- 1 A permanent Long Bill relocation of the GenTax System Support Office (SSO) team from the Taxation Business Group (Tax) to the Executive Director's Office (EDO).
- 2 A permanent realignment of the Colorado DRIVES Development Support (DDS) team from the Division of Motor Vehicles (DMV) to EDO in the Long Bill.

The following year, FY 2023-24, the JBC approved the Departments R4 (DRIVES and GenTax Operational Realignment). This request finalized the consolidation of resources for the SSO and the DDS teams into the EDO begun in FY 2022-23.

The DRIVES and GenTax system support teams have made improvements over the past year, strategically addressing how to prioritize the backlog of requests through the Agile development process. However, the level of demand significantly outweighs the current capacity, resulting in the reality that at times the highest priority requests can only sometimes be completed. The increased demand hinders the Department's ability to meet customer needs and ensure compliance with all federal and state laws and regulations.

The graph below shows the trend in programming change requests (SQRs) since the roll-out of the DRIVES system. Various internal and external factors have significantly impacted the backlog of requests. Note that the Department's FY 2022-23 R1 (DMV DRIVE System Support) funding did yield a significant reduction in the SQR backlog.

Open SQRs for the DRIVES system have trended down since the FY 2022-23 R1 DRIVES Support funding, though significant work remains to be done.



The DRIVES system is slated for a major upgrade beginning in July 1, 2024 and running through March 31, 2026. The Department states that this upgrade is necessary to stay compliant with FAST Enterprises minimum version requirements and also to take advantage of new features and

functionality. This functionality includes enhancing the online DMV customer experience. According to the Department, this work effort will approach 70,000 hours of programming and testing, spanning 18-24 months. High-level planning is currently underway at the Department to coordinate with the 1,500 county users of the system as well as finalize the approach and confirm if any additional incremental funding will benefit the success of the upgrade.

Additionally, the Tax and ISD Divisions continue to feel the workload impacts from the 2022 and 2023 legislative sessions which, combined, equate to over 45,000 hours of required programming. While funding did accompany the legislation that passed, it is the volume of work that has created a situation in which the Taxation and ISD Divisions do not have the capacity to address the backlog of technical changes that need to be made to optimize the system. These additional resources are needed so that both legislative implementation and normal system issues that have been identified can be corrected to reduce time-consuming manual workarounds.

According to the Department, the ISD Division continues to navigate hiring challenges in Colorado's competitive tech job market, which has slowed the intended progress to date. With many vacancies throughout FY 2022-23, teams did not achieve all goals outlined in the fiscal year, but ISD is seeing a positive trend in support for the many demands for both GenTax and DRIVES systems. On November 28, 2023, the Department reported 64 FTE in the ISD, with 5 vacancies currently cited, equating to a vacancy rate of 7.8 percent.

REQUEST(S)

DRIVES & GEN TAX

The Department of Revenue requests six Business Analyst III, two Business Analyst IV, and one Business Analyst V in the Innovation, Strategy, and Delivery (ISD) team. This request would create two additional teams to support the DRIVES and GenTax systems if approved. One team would comprise of three Business Analysts III, one Business Analyst IV, and one Business Analyst V. These members would support the Tax Division and the GenTax application and be funded via \$477,734 General Fund and 4.6 FTE in FY 2024-25 and ongoing. These additional resources will stand up another team to address the backlog associated with continued system correction in the GenTax system.

Three Business Analysts III and one Business Analyst IV are requested to support the DMV and the DRIVES application via \$318,487 DRIVES Cash Fund spending authority and 3.7 FTE in FY 2024-25 and ongoing. The Department states that an additional Business Analyst IV will increase project leadership capacity for the substantial backlog demand associated with State and County Vehicle Services. The Business Analyst III resources will support the ongoing development efforts; their team assignments depend upon backlog distribution and emergent stakeholder needs.

TRANSLATION SERVICES

The Department of Revenue proposes contracting with a third party to perform live translation services for the taxation call center. The Department is requesting \$70,000 General Fund in FY 2024-25 and ongoing to offer language translation services to taxpayers who call the taxation services call center and do not speak English. According to the Department, other states provide live call translation services. Extrapolating from their experience, the Department estimates that just over 2,000 Colorado taxpayers would use translation services. Any caller electing live translation services

will require more time to complete the call, and to ensure that other taxpayers are not negatively affected, additional agents are needed. According to the Department, without translation services funding, taxpayers will continue to be turned away until the taxpayer can find someone to translate for them.

The Department has consulted with the IRS and confirmed that using live translation services does not violate federal confidentiality requirements as long as the taxpayer verbally acknowledges the use of the services at the outset. The Department will implement that protocol when translation services are requested. Moreover, this funding will allow the Department to offer American Sign Language (ASL) translation services as well.

ONE-TIME FUNDING AUTHORIZED IN RECENT LEGISLATIVE SESSIONS

During the 2020B and 2021 legislative sessions, the General Assembly allocated significant one-time funding to the Department of Revenue that included \$1.9 million originating as state General Fund and \$6.2 million originating as federal Coronavirus State Fiscal Recovery funds (ARPA funds).

RECOMMENDATION

Staff recommends that the Committee seek updates from all departments during their budget hearings on the use of significant one-time allocations of federal and state funding.

DISCUSSION

During the 2020B and 2021 legislative sessions, the General Assembly allocated \$1,993,375 in one-time funding to the Department of Revenue through appropriations and transfers. For many programs, authority was provided to expend the funds beyond FY 2023-24. To assist the Committee in tracking the use of these funds, the tables below show the sum of allocations provided for FY 2020-21, FY 2021-22, FY 2022-23, and FY 2023-24 and expenditures through FY 2022-23 by the original source of the funds (General Fund, federal Coronavirus State Fiscal Recovery Funds, and other funds).

ALLOCATION AND EXPENDITURE OF ONE-TIME GENERAL FUND

| DEPARTMENT OF REVENUE ONE-TIME GENERAL FUND | | | |
|--|--|---|--|
| BILL NUMBER AND SHORT TITLE | APPROPRIATION/ TRANSFER OF FUNDS | ACTUAL EXPENDITURE OF FUNDS THROUGH FY 2023 | BRIEF DESCRIPTION OF PROGRAM AND ANTICIPATED USE OF THE FUNDS |
| S.B. 20B-001 Relief Small And Minority Businesses Arts Organizations | \$1,891,775 | \$1,891,775 | Appropriation included \$1,878,000 to the Liquor Enforcement Division to backfill lost revenue as a result of a one-year hiatus on application and renewal fees for liquor licensees. Additionally, provided \$13,775 in computer programming and testing costs to facilitate information sharing with DOLA related to relief eligibility. |
| H.B. 21-1265 Restaurant Sales Tax Relief | 101,600 | 101,600 | Appropriation included \$101,600 for programing costs associated with a temporary net taxable sales deduction for restaurants, bars, and mobile food vendors for three months in 2021. |
| TOTAL | \$1,993,375 | \$1,993,375 | |

ALLOCATION AND EXPENDITURE OF ONE-TIME FEDERAL CORONAVIRUS STATE FISCAL RECOVERY FUNDS (ARPA FUNDS)

| DEPARTMENT OF REVENUE ONE-TIME FEDERAL ARPA FUNDS | | | |
|---|--|---|--|
| BILL NUMBER AND SHORT TITLE | APPROPRIATION/ TRANSFER OF FUNDS | ACTUAL EXPENDITURE OF FUNDS THROUGH FY 2023 | BRIEF DESCRIPTION OF PROGRAM AND ANTICIPATED USE OF THE FUNDS |
| S.B. 21-288 American Rescue Plan Act of 2021 Cash Fund | \$0 | \$6,220,000 | Funding for DMV DRIVES system support, OIT DRIVES system support, Tax Policy and call center support, mobile driver's license program, and the liquor task force. |
| TOTAL | \$0 | \$6,220,000 | |

APPENDIX A NUMBERS PAGES

Appendix A details actual expenditures for the last two fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source.

Appendix A: Numbers Pages

| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

DEPARTMENT OF REVENUE Mark Ferrandino, Executive Director

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) Administration and Support

| | | | | |
|--------------------------|-------------------|-------------------|-------------------|---------------------|
| Personal Services | <u>12,103,851</u> | <u>15,480,799</u> | <u>17,923,576</u> | <u>19,705,547</u> * |
| FTE | 145.0 | 176.7 | 190.9 | 211.2 |
| General Fund | 4,557,291 | 6,628,542 | 8,422,921 | 7,873,612 |
| Cash Funds | 301,236 | 1,312,185 | 2,692,620 | 3,454,825 |
| Reappropriated Funds | 7,245,324 | 7,540,072 | 6,803,638 | 8,377,110 |
| Federal Funds | 0 | 0 | 4,397 | 0 |
| Health, Life, and Dental | <u>16,884,143</u> | <u>19,145,346</u> | <u>20,790,040</u> | <u>23,591,359</u> * |
| General Fund | 6,547,644 | 8,514,392 | 9,035,999 | 11,009,270 |
| Cash Funds | 10,328,497 | 10,626,881 | 11,333,648 | 12,439,742 |
| Reappropriated Funds | 8,002 | 4,073 | 105,704 | 142,347 |
| Federal Funds | 0 | 0 | 314,689 | 0 |
| Short-term Disability | <u>162,697</u> | <u>162,852</u> | <u>164,274</u> | <u>185,400</u> * |
| General Fund | 73,725 | 74,569 | 71,051 | 87,262 |
| Cash Funds | 88,898 | 88,239 | 89,768 | 97,158 |
| Reappropriated Funds | 74 | 44 | 936 | 980 |
| Federal Funds | 0 | 0 | 2,519 | 0 |

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|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| S.B. 04-257 Amortization Equalization Disbursement | <u>4,786,269</u> | <u>5,128,566</u> | <u>5,557,539</u> | <u>6,177,555</u> | * |
| General Fund | 1,997,077 | 2,344,687 | 2,396,407 | 2,907,718 | |
| Cash Funds | 2,786,870 | 2,782,485 | 3,044,623 | 3,237,186 | |
| Reappropriated Funds | 2,322 | 1,394 | 31,620 | 32,651 | |
| Federal Funds | 0 | 0 | 84,889 | 0 | |
| S.B. 06-235 Supplemental Amortization Equalization Disbursement | <u>4,786,269</u> | <u>5,128,566</u> | <u>5,557,539</u> | <u>6,177,555</u> | * |
| General Fund | 1,997,077 | 2,344,687 | 2,396,407 | 2,907,718 | |
| Cash Funds | 2,786,870 | 2,782,485 | 3,044,623 | 3,237,186 | |
| Reappropriated Funds | 2,322 | 1,394 | 31,620 | 32,651 | |
| Federal Funds | 0 | 0 | 84,889 | 0 | |
| PERA Direct Distribution | <u>2,240,773</u> | <u>1,193,374</u> | <u>347,261</u> | <u>2,403,687</u> | |
| General Fund | 919,342 | 0 | 150,048 | 1,132,123 | |
| Cash Funds | 1,320,327 | 1,192,776 | 189,918 | 1,258,783 | |
| Reappropriated Funds | 1,104 | 598 | 1,980 | 12,781 | |
| Federal Funds | 0 | 0 | 5,315 | 0 | |
| Salary Survey | <u>3,192,094</u> | <u>3,511,891</u> | <u>6,352,638</u> | <u>7,788,765</u> | |
| General Fund | 1,282,289 | 1,571,176 | 2,629,467 | 3,760,339 | |
| Cash Funds | 1,908,289 | 1,939,792 | 3,595,929 | 3,987,839 | |
| Reappropriated Funds | 1,516 | 923 | 35,848 | 40,587 | |
| Federal Funds | 0 | 0 | 91,394 | 0 | |

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|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Shift Differential | <u>102,026</u> | <u>123,194</u> | <u>115,151</u> | <u>139,234</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 102,026 | 123,194 | 115,151 | 139,234 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Temporary Employees Related to Authorized Leave | <u>0</u> | <u>0</u> | <u>488,085</u> | <u>555,980</u> | * |
| General Fund | 0 | 0 | 211,363 | 261,694 | |
| Cash Funds | 0 | 0 | 266,444 | 291,347 | |
| Reappropriated Funds | 0 | 0 | 2,784 | 2,939 | |
| Federal Funds | 0 | 0 | 7,494 | 0 | |
| Workers' Compensation | <u>544,852</u> | <u>487,490</u> | <u>487,491</u> | <u>546,940</u> | |
| General Fund | 207,799 | 185,922 | 185,922 | 213,863 | |
| Cash Funds | 337,053 | 301,568 | 301,569 | 333,077 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>3,026,135</u> | <u>2,669,062</u> | <u>3,655,011</u> | <u>3,595,152</u> | * |
| General Fund | 2,036,482 | 2,150,506 | 2,449,664 | 2,297,401 | |
| Cash Funds | 989,653 | 515,772 | 1,177,447 | 1,269,851 | |
| Reappropriated Funds | 0 | 2,784 | 27,900 | 27,900 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Postage | <u>97,221</u> | <u>149,579</u> | <u>221,480</u> | <u>304,708</u> | |
| General Fund | 52,165 | 52,165 | 99,175 | 158,854 | |
| Cash Funds | 45,056 | 97,414 | 122,305 | 145,854 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Legal Services | <u>4,894,253</u> | <u>5,846,609</u> | <u>5,738,927</u> | <u>5,288,546</u> | |
| General Fund | 2,410,120 | 2,896,468 | 2,937,593 | 2,789,830 | |
| Cash Funds | 2,484,133 | 2,950,141 | 2,744,234 | 2,498,716 | |
| Reappropriated Funds | 0 | 0 | 57,100 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Administrative Law Judge Services | <u>12,770</u> | <u>322</u> | <u>1,196</u> | <u>1,667</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 12,770 | 322 | 1,196 | 1,667 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Payment to Risk Management and Property Funds | <u>425,409</u> | <u>749,074</u> | <u>729,517</u> | <u>560,631</u> | |
| General Fund | 162,245 | 285,671 | 277,376 | 213,162 | |
| Cash Funds | 263,164 | 463,403 | 452,141 | 347,469 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Vehicle Lease Payments | <u>579,595</u> | <u>624,642</u> | <u>943,837</u> | <u>939,111</u> | * |
| General Fund | 111,224 | 95,379 | 131,717 | 131,717 | |
| Cash Funds | 468,371 | 529,263 | 812,120 | 807,394 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Leased Space | <u>4,192,283</u> | <u>4,194,639</u> | <u>6,690,079</u> | <u>7,078,845</u> | * |
| General Fund | 375,003 | 407,567 | 520,972 | 909,738 | |
| Cash Funds | 3,817,280 | 3,787,072 | 6,169,107 | 6,169,107 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Capitol Complex Leased Space | <u>902,493</u> | <u>866,374</u> | <u>894,871</u> | <u>1,249,662</u> | |
| General Fund | 336,367 | 322,906 | 370,496 | 517,387 | |
| Cash Funds | 566,126 | 543,468 | 524,375 | 732,275 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Payments to OIT | <u>6,671,718</u> | <u>8,513,982</u> | <u>21,059,247</u> | <u>22,016,901</u> | * |
| General Fund | 6,292,566 | 7,977,684 | 11,509,374 | 11,476,686 | |
| Cash Funds | 379,152 | 536,298 | 9,549,873 | 10,540,215 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| IT Accessibility | <u>0</u> | <u>0</u> | <u>2,329,986</u> | <u>2,329,986</u> | |
| General Fund | 0 | 0 | 1,596,040 | 1,596,040 | |
| Cash Funds | 0 | 0 | 733,946 | 733,946 | |
| Digital Trunk Radio Payments | <u>0</u> | <u>0</u> | <u>234,160</u> | <u>138,492</u> | * |
| General Fund | 0 | 0 | 234,160 | 138,492 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| CORE Operations | <u>987,111</u> | <u>1,680,683</u> | <u>804,958</u> | <u>405,946</u> | * |
| General Fund | 376,468 | 640,985 | 307,090 | 182,416 | |
| Cash Funds | 610,643 | 1,039,698 | 497,868 | 223,530 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|-------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Utilities | <u>82,905</u> | <u>83,678</u> | <u>83,703</u> | <u>83,703</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 82,905 | 83,678 | 83,703 | 83,703 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| DPA Administration Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>189,672</u> | * |
| General Fund | 0 | 0 | 0 | 80,448 | |
| Cash Funds | 0 | 0 | 0 | 109,224 | |
| Office of the State Architect | <u>0</u> | <u>0</u> | <u>0</u> | <u>5,358</u> | * |
| General Fund | 0 | 0 | 0 | 2,273 | |
| Cash Funds | 0 | 0 | 0 | 3,085 | |
| DHR State Agency Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>270,837</u> | * |
| General Fund | 0 | 0 | 0 | 114,874 | |
| Cash Funds | 0 | 0 | 0 | 155,963 | |
| DHR Training Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>54,593</u> | * |
| General Fund | 0 | 0 | 0 | 23,156 | |
| Cash Funds | 0 | 0 | 0 | 31,437 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| DHR Labor Relations Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>385,744</u> | * |
| General Fund | 0 | 0 | 0 | 163,611 | |
| Cash Funds | 0 | 0 | 0 | 222,133 | |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Financial Ops and Reporting Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>685,826</u> * | |
| General Fund | 0 | 0 | 0 | 290,889 | |
| Cash Funds | 0 | 0 | 0 | 394,937 | |
| Procurement and Contracts Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>424,741</u> * | |
| General Fund | 0 | 0 | 0 | 180,151 | |
| Cash Funds | 0 | 0 | 0 | 244,590 | |
| Statewide training | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (A) Administration and Support | 66,674,867 | 75,740,722 | 101,170,566 | 113,282,143 | 12.0% |
| <i>FTE</i> | <u>145.0</u> | <u>176.7</u> | <u>190.9</u> | <u>211.2</u> | <u>10.6%</u> |
| General Fund | 29,734,884 | 36,493,306 | 45,933,242 | 51,420,724 | 11.9% |
| Cash Funds | 29,679,319 | 31,696,134 | 47,542,608 | 53,191,473 | 11.9% |
| Reappropriated Funds | 7,260,664 | 7,551,282 | 7,099,130 | 8,669,946 | 22.1% |
| Federal Funds | 0 | 0 | 595,586 | 0 | (100.0%) |

(B) Hearings Division

| | | | | | |
|----------------------|------------------|------------------|------------------|------------------|--|
| Personal Services | <u>2,263,947</u> | <u>2,683,496</u> | <u>3,384,028</u> | <u>3,501,207</u> | |
| FTE | 33.3 | 33.3 | 33.3 | 33.3 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 2,263,947 | 2,683,496 | 3,384,028 | 3,501,207 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Operating Expenses | <u>88,523</u> | <u>90,946</u> | <u>110,412</u> | <u>110,412</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 88,523 | 90,946 | 110,412 | 110,412 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>242,870</u> | <u>246,130</u> | <u>240,603</u> | <u>248,241</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 242,870 | 246,130 | 240,603 | 248,241 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (B) Hearings Division | 2,595,340 | 3,020,572 | 3,735,043 | 3,859,860 | 3.3% |
| <i>FTE</i> | <u>33.3</u> | <u>33.3</u> | <u>33.3</u> | <u>33.3</u> | (0.0%) |
| General Fund | 0 | 0 | 0 | 0 | 0.0% |
| Cash Funds | 2,595,340 | 3,020,572 | 3,735,043 | 3,859,860 | 3.3% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |
| TOTAL - (1) Executive Director's Office | 69,270,207 | 78,761,294 | 104,905,609 | 117,142,003 | 11.7% |
| <i>FTE</i> | <u>178.3</u> | <u>210.0</u> | <u>224.2</u> | <u>244.5</u> | 9.1% |
| General Fund | 29,734,884 | 36,493,306 | 45,933,242 | 51,420,724 | 11.9% |
| Cash Funds | 32,274,659 | 34,716,706 | 51,277,651 | 57,051,333 | 11.3% |
| Reappropriated Funds | 7,260,664 | 7,551,282 | 7,099,130 | 8,669,946 | 22.1% |
| Federal Funds | 0 | 0 | 595,586 | 0 | (100.0%) |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

(2) INFORMATION TECHNOLOGY DIVISION

(A) System Support

| | | |
|----------------------|----------|--|
| Personal Services | <u>0</u> | |
| General Fund | 0 | |
| Cash Funds | 0 | |
| Reappropriated Funds | 0 | |
| Federal Funds | 0 | |
| Operating Expenses | <u>0</u> | |
| General Fund | 0 | |
| Cash Funds | 0 | |
| Reappropriated Funds | 0 | |
| Federal Funds | 0 | |

| | | |
|--------------------------------------|------------|-------------|
| SUBTOTAL - (A) System Support | 0 | 0.0% |
| <i>FTE</i> | <u>0.0</u> | <u>0.0%</u> |
| General Fund | 0 | 0.0% |
| Cash Funds | 0 | 0.0% |
| Reappropriated Funds | 0 | 0.0% |
| Federal Funds | 0 | 0.0% |

(B) DMV IT System (DRIVES) Support

| | | |
|----------------------|----------|--|
| Personal Services | <u>0</u> | |
| General Fund | 0 | |
| Cash Funds | 0 | |
| Reappropriated Funds | 0 | |
| Federal Funds | 0 | |

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| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Operating Expenses | <u>0</u> | | | | |
| General Fund | 0 | | | | |
| Cash Funds | 0 | | | | |
| Reappropriated Funds | 0 | | | | |
| Federal Funds | 0 | | | | |
| County Office Asset Maintenance | <u>0</u> | | | | |
| General Fund | 0 | | | | |
| Cash Funds | 0 | | | | |
| Reappropriated Funds | 0 | | | | |
| Federal Funds | 0 | | | | |
| County Office Improvements | <u>0</u> | | | | |
| General Fund | 0 | | | | |
| Cash Funds | 0 | | | | |
| Reappropriated Funds | 0 | | | | |
| Federal Funds | 0 | | | | |
| SUBTOTAL - (B) DMV IT System (DRIVES) Support | 0 | 0.0% | | | |
| <i>FTE</i> | <u>0.0</u> | <u>0.0%</u> | | | |
| General Fund | 0 | 0.0% | | | |
| Cash Funds | 0 | 0.0% | | | |
| Reappropriated Funds | 0 | 0.0% | | | |
| Federal Funds | 0 | 0.0% | | | |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| TOTAL - (2) Information Technology Division | 0 | 0.0% | | | |
| <i>FTE</i> | <u>0.0</u> | <u>0.0%</u> | | | |
| General Fund | 0 | 0.0% | | | |
| Cash Funds | 0 | 0.0% | | | |
| Reappropriated Funds | 0 | 0.0% | | | |
| Federal Funds | 0 | 0.0% | | | |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

(3) TAXATION BUSINESS GROUP

(A) Administration

| | | | | | |
|---|------------------|------------------|------------------|------------------|---|
| Personal Services | <u>444,892</u> | <u>470,378</u> | <u>600,427</u> | <u>613,930</u> | |
| FTE | 5.0 | 5.0 | 5.0 | 5.0 | |
| General Fund | 425,448 | 454,257 | 580,634 | 593,579 | |
| Cash Funds | 19,444 | 16,121 | 19,793 | 20,351 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>5,830</u> | <u>12,360</u> | <u>12,543</u> | <u>12,543</u> | |
| General Fund | 5,830 | 12,360 | 12,543 | 12,543 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Tax Administration IT System (GenTax) Support | <u>5,834,558</u> | <u>6,781,476</u> | <u>6,948,165</u> | <u>8,977,497</u> | * |
| General Fund | 5,834,558 | 6,781,476 | 6,809,009 | 8,128,657 | |
| Cash Funds | 0 | 0 | 139,156 | 848,840 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| IDS Print Production | <u>4,624,048</u> | <u>6,997,973</u> | <u>9,363,133</u> | <u>6,031,318</u> | |
| General Fund | 4,624,048 | 6,997,973 | 9,316,354 | 5,984,539 | |
| Cash Funds | 0 | 0 | 46,779 | 46,779 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|--------------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| SUBTOTAL - (A) Administration | 10,909,328 | 14,262,187 | 16,924,268 | 15,635,288 | (7.6%) |
| <i>FTE</i> | <u>5.0</u> | <u>5.0</u> | <u>5.0</u> | <u>5.0</u> | <u>0.0%</u> |
| General Fund | 10,889,884 | 14,246,066 | 16,718,540 | 14,719,318 | (12.0%) |
| Cash Funds | 19,444 | 16,121 | 205,728 | 915,970 | 345.2% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

(B) Taxation Services

| | | | | | |
|----------------------|-------------------|-------------------|-------------------|-------------------|---|
| Personal Services | <u>26,365,691</u> | <u>29,863,523</u> | <u>33,167,466</u> | <u>34,732,189</u> | |
| FTE | 401.5 | 424.7 | 429.8 | 418.9 | |
| General Fund | 25,574,685 | 28,881,583 | 31,457,664 | 32,495,093 | |
| Cash Funds | 683,269 | 827,855 | 1,455,717 | 1,983,011 | |
| Reappropriated Funds | 107,737 | 154,085 | 254,085 | 254,085 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>3,176,971</u> | <u>3,505,045</u> | <u>8,574,942</u> | <u>4,777,323</u> | * |
| General Fund | 3,169,428 | 3,496,236 | 8,556,009 | 4,721,465 | |
| Cash Funds | 7,543 | 8,809 | 18,933 | 55,858 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| 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 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|--------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Mineral Audit Program | <u>0</u> | <u>0</u> | <u>918,132</u> | <u>918,132</u> | |
| FTE | 10.2 | 10.2 | 10.2 | 10.2 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 66,000 | 66,000 | |
| Federal Funds | 0 | 0 | 852,132 | 852,132 | |
| Document Management | <u>4,618,015</u> | <u>4,714,433</u> | <u>4,382,650</u> | <u>5,026,670</u> | |
| General Fund | 4,618,015 | 4,714,433 | 4,318,729 | 5,019,080 | |
| Cash Funds | 0 | 0 | 63,921 | 7,590 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Fuel Tracking System | <u>528,139</u> | <u>74,361</u> | <u>0</u> | <u>0</u> | |
| FTE | 1.5 | 1.5 | 0.0 | 0.0 | |
| General Fund | 126 | 0 | 0 | 0 | |
| Cash Funds | 528,013 | 74,361 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>10,870</u> | <u>11,228</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 10,870 | 11,228 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| SUBTOTAL - (B) Taxation Services | 34,830,930 | 38,299,834 | 47,174,434 | 45,585,558 | (3.4%) |
| <i>FTE</i> | <u>413.2</u> | <u>436.4</u> | <u>440.0</u> | <u>429.1</u> | <u>(2.5%)</u> |
| General Fund | 33,493,498 | 37,223,496 | 44,463,646 | 42,366,882 | (4.7%) |
| Cash Funds | 1,229,695 | 922,253 | 1,538,571 | 2,046,459 | 33.0% |
| Reappropriated Funds | 107,737 | 154,085 | 320,085 | 320,085 | 0.0% |
| Federal Funds | 0 | 0 | 852,132 | 852,132 | 0.0% |

(C) Tax Conferee

| | | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|-------------|
| Personal Services | <u>1,441,786</u> | <u>1,385,778</u> | <u>1,636,930</u> | <u>1,680,753</u> | |
| <i>FTE</i> | <u>13.6</u> | <u>13.6</u> | <u>13.6</u> | <u>13.6</u> | |
| General Fund | 1,441,786 | 1,385,778 | 1,539,647 | 1,583,470 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 97,283 | 97,283 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>24,326</u> | <u>43,149</u> | <u>60,905</u> | <u>60,905</u> | |
| General Fund | 60,905 | 43,149 | 60,905 | 60,905 | |
| Cash Funds | (36,579) | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (C) Tax Conferee | 1,466,112 | 1,428,927 | 1,697,835 | 1,741,658 | 2.6% |
| <i>FTE</i> | <u>13.6</u> | <u>13.6</u> | <u>13.6</u> | <u>13.6</u> | <u>0.0%</u> |
| General Fund | 1,502,691 | 1,428,927 | 1,600,552 | 1,644,375 | 2.7% |
| Cash Funds | (36,579) | 0 | 0 | 0 | 0.0% |
| Reappropriated Funds | 0 | 0 | 97,283 | 97,283 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

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|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| (D) Special Purpose | | | | | |
| Cigarette Tax Rebate | <u>8,223,947</u> | <u>7,651,146</u> | <u>6,512,685</u> | <u>6,512,685</u> | |
| General Fund | 8,223,947 | 7,651,146 | 6,512,685 | 6,512,685 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Amendment 35 Distribution to Local Governments | <u>1,092,394</u> | <u>965,329</u> | <u>1,046,637</u> | <u>1,046,637</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 1,092,394 | 965,329 | 1,046,637 | 1,046,637 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Old Age Heat and Fuel and Property Tax Assistance | <u>7,198,621</u> | <u>12,004,423</u> | <u>8,721,000</u> | <u>8,721,000</u> | |
| General Fund | 7,198,621 | 12,004,423 | 8,721,000 | 8,721,000 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Commercial Vehicle Enterprise Sales Tax Refund | <u>90,028</u> | <u>31,053</u> | <u>120,524</u> | <u>120,524</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 90,028 | 31,053 | 120,524 | 120,524 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Retail Marijuana Sales Tax Distribution to Local Governments | | | | | |
| General Fund | 25,620,732 | 21,916,172 | 25,720,418 | 25,720,418 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (D) Special Purpose | 42,225,722 | 42,568,123 | 42,121,264 | 42,121,264 | 0.0% |
| <i>FTE</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| General Fund | 41,043,300 | 41,571,741 | 40,954,103 | 40,954,103 | 0.0% |
| Cash Funds | 1,182,422 | 996,382 | 1,167,161 | 1,167,161 | 0.0% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

(E) Taxation and Compliance Division

| | | | |
|----------------------|-----|-----|-----|
| Personal Services | 0 | 0 | 0 |
| FTE | 0.0 | 0.0 | 0.0 |
| General Fund | 0 | 0 | 0 |
| Cash Funds | 0 | 0 | 0 |
| Reappropriated Funds | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 |
| Operating Expenses | 0 | 0 | 0 |
| General Fund | 0 | 0 | 0 |
| Cash Funds | 0 | 0 | 0 |
| Reappropriated Funds | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Joint Audit Program | <u>0</u> | <u>0</u> | <u>0</u> | | |
| General Fund | 0 | 0 | 0 | | |
| Cash Funds | 0 | 0 | 0 | | |
| Reappropriated Funds | 0 | 0 | 0 | | |
| Federal Funds | 0 | 0 | 0 | | |
| Mineral Audit Program | <u>0</u> | <u>0</u> | <u>0</u> | | |
| FTE | 0.0 | 0.0 | 0.0 | | |
| General Fund | 0 | 0 | 0 | | |
| Cash Funds | 0 | 0 | 0 | | |
| Reappropriated Funds | 0 | 0 | 0 | | |
| Federal Funds | 0 | 0 | 0 | | |
| SUBTOTAL - (E) Taxation and Compliance Division | 0 | 0 | 0 | 0.0% | |
| <i>FTE</i> | <u>0.0</u> | <u>NaN</u> | <u>NaN</u> | <u>0.0%</u> | |
| General Fund | 0 | 0 | 0 | 0.0% | |
| Cash Funds | 0 | 0 | 0 | 0.0% | |
| Reappropriated Funds | 0 | 0 | 0 | 0.0% | |
| Federal Funds | 0 | 0 | 0 | 0.0% | |
| (F) Taxpayer Service Division | | | | | |
| Personal Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| FTE | 0.0 | 0.0 | 0.0 | 0.0 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|-------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Operating Expenses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Seasonal Tax Processing | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Document Management | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Fuel Tracking System | <u>(27,449)</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| FTE | 0.0 | 0.0 | 0.0 | 0.0 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | (27,449) | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Indirect Cost Assessment | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (F) Taxpayer Service Division | (27,449) | 0 | 0 | 0 | 0.0% |
| <i>FTE</i> | <u>0.0</u> | <u>0.0</u> | <u>NaN</u> | <u>NaN</u> | 0.0% |
| General Fund | 0 | 0 | 0 | 0 | 0.0% |
| Cash Funds | (27,449) | 0 | 0 | 0 | 0.0% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |
| TOTAL - (3) Taxation Business Group | 89,404,643 | 96,559,071 | 107,917,801 | 105,083,768 | (2.6%) |
| <i>FTE</i> | <u>431.8</u> | <u>455.0</u> | <u>458.6</u> | <u>447.7</u> | (2.4%) |
| General Fund | 86,929,373 | 94,470,230 | 103,736,841 | 99,684,678 | (3.9%) |
| Cash Funds | 2,367,533 | 1,934,756 | 2,911,460 | 4,129,590 | 41.8% |
| Reappropriated Funds | 107,737 | 154,085 | 417,368 | 417,368 | 0.0% |
| Federal Funds | 0 | 0 | 852,132 | 852,132 | 0.0% |

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|---------------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| (4) DIVISION OF MOTOR VEHICLES | | | | | |
| (A) Administration | | | | | |
| Personal Services | <u>2,986,061</u> | <u>2,910,648</u> | <u>3,280,272</u> | <u>3,681,192</u> * | |
| FTE | 48.9 | 42.9 | 36.9 | 40.6 | |
| General Fund | (66,196) | 584,878 | 617,237 | 647,247 | |
| Cash Funds | 3,000,747 | 2,274,260 | 2,611,249 | 2,982,159 | |
| Reappropriated Funds | 51,510 | 51,510 | 51,786 | 51,786 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>322,599</u> | <u>390,736</u> | <u>527,728</u> | <u>558,434</u> * | |
| General Fund | 63,682 | 63,731 | 63,731 | 63,731 | |
| Cash Funds | 255,527 | 323,615 | 460,607 | 491,313 | |
| Reappropriated Funds | 3,390 | 3,390 | 3,390 | 3,390 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| DRIVES Maintenance and Support | <u>7,239,443</u> | <u>7,614,051</u> | <u>8,433,817</u> | <u>9,317,558</u> | |
| General Fund | 841,219 | 735,356 | 22,293 | 18,000 | |
| Cash Funds | 6,398,224 | 6,770,495 | 8,411,524 | 9,299,558 | |
| Reappropriated Funds | 0 | 108,200 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (A) Administration | 10,548,103 | 10,915,435 | 12,241,817 | 13,557,184 | 10.7% |
| FTE | <u>48.9</u> | <u>42.9</u> | <u>36.9</u> | <u>40.6</u> | <u>10.0%</u> |
| General Fund | 838,705 | 1,383,965 | 703,261 | 728,978 | 3.7% |
| Cash Funds | 9,654,498 | 9,368,370 | 11,483,380 | 12,773,030 | 11.2% |
| Reappropriated Funds | 54,900 | 163,100 | 55,176 | 55,176 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

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|----------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| (B) Driver Services | | | | | |
| Personal Services | <u>22,310,627</u> | <u>24,450,299</u> | <u>25,605,964</u> | <u>27,258,120</u> | |
| FTE | 428.5 | 426.9 | 426.9 | 426.9 | |
| General Fund | 3,771,293 | 2,900,377 | 3,030,850 | 3,228,433 | |
| Cash Funds | 18,418,515 | 21,427,587 | 22,452,132 | 23,906,705 | |
| Reappropriated Funds | 120,819 | 122,335 | 122,982 | 122,982 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>2,700,636</u> | <u>2,427,751</u> | <u>2,534,299</u> | <u>2,534,299</u> | |
| General Fund | 1,524,707 | 414,260 | 414,260 | 414,260 | |
| Cash Funds | 1,165,759 | 2,003,321 | 2,109,869 | 2,109,869 | |
| Reappropriated Funds | 10,170 | 10,170 | 10,170 | 10,170 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Drivers License Documents | <u>6,303,098</u> | <u>6,242,357</u> | <u>7,756,108</u> | <u>8,143,739</u> | |
| General Fund | 3,498 | 3,498 | 3,498 | 3,498 | |
| Cash Funds | 6,299,600 | 6,238,859 | 7,752,610 | 8,140,241 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Ignition Interlock Program | <u>569,871</u> | <u>599,144</u> | <u>695,945</u> | <u>728,379</u> | |
| FTE | 6.9 | 6.9 | 6.9 | 6.9 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 569,871 | 599,144 | 695,945 | 728,379 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|---------------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Indirect Cost Assessment | <u>3,228,570</u> | <u>3,127,093</u> | <u>2,819,339</u> | <u>3,569,437</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 3,228,570 | 3,127,093 | 2,819,339 | 3,569,437 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (B) Driver Services | 35,112,802 | 36,846,644 | 39,411,655 | 42,233,974 | 7.2% |
| FTE | <u>435.4</u> | <u>433.8</u> | <u>433.8</u> | <u>433.8</u> | (0.0%) |
| General Fund | 5,299,498 | 3,318,135 | 3,448,608 | 3,646,191 | 5.7% |
| Cash Funds | 29,682,315 | 33,396,004 | 35,829,895 | 38,454,631 | 7.3% |
| Reappropriated Funds | 130,989 | 132,505 | 133,152 | 133,152 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

(C) Vehicle Services

| | | | | | |
|----------------------|------------------|------------------|------------------|------------------|--|
| Personal Services | <u>2,503,725</u> | <u>2,925,140</u> | <u>3,228,613</u> | <u>3,482,267</u> | |
| FTE | 46.6 | 52.1 | 54.1 | 54.2 | |
| General Fund | 580,442 | 656,752 | 662,406 | 711,899 | |
| Cash Funds | 1,923,283 | 2,268,388 | 2,566,207 | 2,770,368 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>431,882</u> | <u>339,834</u> | <u>402,237</u> | <u>394,712</u> | |
| General Fund | 431,882 | 50,362 | 28,587 | 28,587 | |
| Cash Funds | 0 | 289,472 | 373,650 | 366,125 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| License Plate Ordering | <u>6,796,932</u> | <u>7,618,115</u> | <u>8,865,221</u> | <u>13,730,582</u> | |
| General Fund | 610,468 | 216,315 | 236,000 | 247,800 | |
| Cash Funds | 6,186,464 | 7,401,800 | 8,629,221 | 13,482,782 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Motorist Insurance Identification Database Program | <u>342,442</u> | <u>244,323</u> | <u>346,332</u> | <u>354,702</u> | |
| FTE | 1.0 | 1.0 | 1.0 | 1.0 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 342,442 | 244,323 | 346,332 | 354,702 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Emissions Program | <u>1,029,793</u> | <u>1,074,031</u> | <u>1,230,606</u> | <u>1,283,266</u> | |
| FTE | 15.0 | 15.0 | 15.0 | 15.0 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 1,029,793 | 1,074,031 | 1,230,606 | 1,283,266 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>426,885</u> | <u>430,805</u> | <u>426,142</u> | <u>539,234</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 426,885 | 430,805 | 426,142 | 539,234 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| SUBTOTAL - (C) Vehicle Services | 11,531,659 | 12,632,248 | 14,499,151 | 19,784,763 | 36.5% |
| <i>FTE</i> | <u>62.6</u> | <u>68.1</u> | <u>70.1</u> | <u>70.2</u> | <u>0.1%</u> |
| General Fund | 1,622,792 | 923,429 | 926,993 | 988,286 | 6.6% |
| Cash Funds | 9,908,867 | 11,708,819 | 13,572,158 | 18,796,477 | 38.5% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

(D) County Support Services

| | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|
| Operating Expenses | <u>1,712,863</u> | <u>2,017,757</u> | <u>2,356,535</u> | <u>2,356,535</u> |
| General Fund | 0 | 0 | 0 | 0 |
| Cash Funds | 1,712,863 | 2,017,757 | 2,356,535 | 2,356,535 |
| Reappropriated Funds | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 |
| County Office Asset Maintenance | <u>247,369</u> | <u>511,430</u> | <u>511,430</u> | <u>511,430</u> |
| General Fund | 0 | 0 | 0 | 0 |
| Cash Funds | 247,369 | 511,430 | 511,430 | 511,430 |
| Reappropriated Funds | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 |
| County Office Improvements | <u>2,330</u> | <u>26,129</u> | <u>36,000</u> | <u>36,000</u> |
| General Fund | 0 | 0 | 0 | 0 |
| Cash Funds | 2,330 | 26,129 | 36,000 | 36,000 |
| Reappropriated Funds | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 |

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|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| SUBTOTAL - (D) County Support Services | 1,962,562 | 2,555,316 | 2,903,965 | 2,903,965 | 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 | 0 | 0 | 0 | 0 | 0.0% |
| Cash Funds | 1,962,562 | 2,555,316 | 2,903,965 | 2,903,965 | 0.0% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |
| TOTAL - (4) Division of Motor Vehicles | 59,155,126 | 62,949,643 | 69,056,588 | 78,479,886 | 13.6% |
| <i>FTE</i> | <u>546.9</u> | <u>544.8</u> | <u>540.8</u> | <u>544.6</u> | <u>0.7%</u> |
| General Fund | 7,760,995 | 5,625,529 | 5,078,862 | 5,363,455 | 5.6% |
| Cash Funds | 51,208,242 | 57,028,509 | 63,789,398 | 72,928,103 | 14.3% |
| Reappropriated Funds | 185,889 | 295,605 | 188,328 | 188,328 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

(5) SPECIALIZED BUSINESS GROUP

(A) Administration

| | | | | | |
|----------------------|----------------|----------------|------------------|------------------|--|
| Personal Services | <u>731,876</u> | <u>733,685</u> | <u>1,141,167</u> | <u>1,176,030</u> | |
| FTE | 11.0 | 11.0 | 11.0 | 11.0 | |
| General Fund | 7,694 | 7,871 | 8,121 | 8,427 | |
| Cash Funds | 500,759 | 508,416 | 803,417 | 837,974 | |
| Reappropriated Funds | 223,423 | 217,398 | 329,629 | 329,629 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>7,918</u> | <u>13,253</u> | <u>13,934</u> | <u>13,934</u> | |
| General Fund | 111 | 111 | 111 | 111 | |
| Cash Funds | 5,018 | 8,447 | 8,885 | 8,885 | |
| Reappropriated Funds | 2,789 | 4,695 | 4,938 | 4,938 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

| | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|------|
| SUBTOTAL - (A) Administration | 739,794 | 746,938 | 1,155,101 | 1,189,964 | 3.0% |
| FTE | <u>11.0</u> | <u>11.0</u> | <u>11.0</u> | <u>11.0</u> | 0.0% |
| General Fund | 7,805 | 7,982 | 8,232 | 8,538 | 3.7% |
| Cash Funds | 505,777 | 516,863 | 812,302 | 846,859 | 4.3% |
| Reappropriated Funds | 226,212 | 222,093 | 334,567 | 334,567 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

Appendix A: Numbers Pages

| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| (B) Limited Gaming Division | | | | | |
| Personal Services | <u>8,664,625</u> | <u>9,946,497</u> | <u>9,269,350</u> | <u>9,604,145</u> | |
| FTE | 106.0 | 106.0 | 106.0 | 106.0 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 8,664,625 | 9,946,497 | 9,269,350 | 9,604,145 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>778,202</u> | <u>857,237</u> | <u>1,129,997</u> | <u>1,129,997</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 778,202 | 857,237 | 1,129,997 | 1,129,997 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Payments to Other State Agencies | <u>3,805,206</u> | <u>3,691,143</u> | <u>4,066,253</u> | <u>4,066,253</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 3,805,206 | 3,691,143 | 4,066,253 | 4,066,253 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Distribution to Gaming Cities and Counties | <u>148,635,902</u> | <u>156,570,957</u> | <u>23,788,902</u> | <u>23,788,902</u> | |
| General Fund | 0 | 1,250,000 | 0 | 0 | |
| Cash Funds | 148,635,902 | 155,320,957 | 23,788,902 | 23,788,902 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

Appendix A: Numbers Pages

| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Responsible Gaming Grant Program | <u>0</u> | <u>2,499,816</u> | <u>2,500,000</u> | <u>3,200,000</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 2,499,816 | 2,500,000 | 3,200,000 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>992,866</u> | <u>1,024,730</u> | <u>780,302</u> | <u>932,431</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 992,866 | 1,024,730 | 780,302 | 932,431 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (B) Limited Gaming Division | 162,876,801 | 174,590,380 | 41,534,804 | 42,721,728 | 2.9% |
| <i>FTE</i> | <u>106.0</u> | <u>106.0</u> | <u>106.0</u> | <u>106.0</u> | 0.0% |
| General Fund | 0 | 1,250,000 | 0 | 0 | 0.0% |
| Cash Funds | 162,876,801 | 173,340,380 | 41,534,804 | 42,721,728 | 2.9% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

(C) Liquor and Tobacco Enforcement Division

| | | | | | |
|----------------------|------------------|------------------|------------------|------------------|--|
| Personal Services | <u>4,456,684</u> | <u>3,411,889</u> | <u>5,046,430</u> | <u>5,286,470</u> | |
| FTE | 58.7 | 63.7 | 65.1 | 65.4 | |
| General Fund | 2,058,228 | 185,187 | 191,363 | 199,790 | |
| Cash Funds | 2,398,456 | 3,226,702 | 4,855,067 | 5,086,680 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

Appendix A: Numbers Pages

| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Operating Expenses | <u>453,893</u> | <u>458,722</u> | <u>559,151</u> | <u>539,856</u> | |
| General Fund | 6,965 | 6,965 | 6,965 | 6,965 | |
| Cash Funds | 446,928 | 451,757 | 552,186 | 532,891 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>364,720</u> | <u>473,590</u> | <u>459,608</u> | <u>539,978</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 364,720 | 473,590 | 459,608 | 539,978 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (C) Liquor and Tobacco Enforcement | | | | | |
| Division | 5,275,297 | 4,344,201 | 6,065,189 | 6,366,304 | 5.0% |
| <i>FTE</i> | <u>58.7</u> | <u>63.7</u> | <u>65.1</u> | <u>65.4</u> | <u>0.5%</u> |
| General Fund | 2,065,193 | 192,152 | 198,328 | 206,755 | 4.2% |
| Cash Funds | 3,210,104 | 4,152,049 | 5,866,861 | 6,159,549 | 5.0% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |
| (D) Division of Racing Events | | | | | |
| Personal Services | <u>965,745</u> | <u>1,017,565</u> | <u>1,357,817</u> | <u>1,452,119</u> | |
| FTE | 7.7 | 10.7 | 11.7 | 11.7 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 965,745 | 1,017,565 | 1,357,817 | 1,452,119 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

Appendix A: Numbers Pages

| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Operating Expenses | <u>166,554</u> | <u>309,629</u> | <u>301,344</u> | <u>505,026</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 166,554 | 309,629 | 301,344 | 505,026 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Purses and Breeders Awards | <u>741,302</u> | <u>1,010,470</u> | <u>1,400,000</u> | <u>1,400,000</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 741,302 | 1,010,470 | 1,400,000 | 1,400,000 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>58,972</u> | <u>58,305</u> | <u>56,682</u> | <u>67,734</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 58,972 | 58,305 | 56,682 | 67,734 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (D) Division of Racing Events | 1,932,573 | 2,395,969 | 3,115,843 | 3,424,879 | 9.9% |
| <i>FTE</i> | <u>7.7</u> | <u>10.7</u> | <u>11.7</u> | <u>11.7</u> | 0.0% |
| General Fund | 0 | 0 | 0 | 0 | 0.0% |
| Cash Funds | 1,932,573 | 2,395,969 | 3,115,843 | 3,424,879 | 9.9% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

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| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

Hearings Division

| | | | | | |
|-------------------------------------|------------|-------------|--|--|--|
| Personal Services | <u>0</u> | | | | |
| FTE | 0.0 | | | | |
| General Fund | 0 | | | | |
| Cash Funds | 0 | | | | |
| Reappropriated Funds | 0 | | | | |
| Federal Funds | 0 | | | | |
| Operating Expenses | <u>0</u> | | | | |
| General Fund | 0 | | | | |
| Cash Funds | 0 | | | | |
| Reappropriated Funds | 0 | | | | |
| Federal Funds | 0 | | | | |
| Indirect Cost Assessment | <u>0</u> | | | | |
| General Fund | 0 | | | | |
| Cash Funds | 0 | | | | |
| Reappropriated Funds | 0 | | | | |
| Federal Funds | 0 | | | | |
| SUBTOTAL - Hearings Division | 0 | 0.0% | | | |
| <i>FTE</i> | <u>0.0</u> | <u>0.0%</u> | | | |
| General Fund | 0 | 0.0% | | | |
| Cash Funds | 0 | 0.0% | | | |
| Reappropriated Funds | 0 | 0.0% | | | |
| Federal Funds | 0 | 0.0% | | | |

Appendix A: Numbers Pages

| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| (F) Motor Vehicle Dealer Licensing Board | | | | | |
| Personal Services | <u>2,092,857</u> | <u>2,370,911</u> | <u>2,593,299</u> | <u>2,905,640</u> | * |
| FTE | 32.3 | 32.3 | 32.3 | 32.3 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 2,092,857 | 2,370,911 | 2,593,299 | 2,905,640 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>198,851</u> | <u>292,893</u> | <u>325,446</u> | <u>325,446</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 198,851 | 292,893 | 325,446 | 325,446 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>247,372</u> | <u>244,578</u> | <u>237,772</u> | <u>283,669</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 247,372 | 244,578 | 237,772 | 283,669 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (F) Motor Vehicle Dealer Licensing Board | | | | | |
| Board | 2,539,080 | 2,908,382 | 3,156,517 | 3,514,755 | 11.3% |
| FTE | <u>32.3</u> | <u>32.3</u> | <u>32.3</u> | <u>32.3</u> | 0.0% |
| General Fund | 0 | 0 | 0 | 0 | 0.0% |
| Cash Funds | 2,539,080 | 2,908,382 | 3,156,517 | 3,514,755 | 11.3% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

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| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| (G) Marijuana Enforcement | | | | | |
| Marijuana Enforcement | <u>9,879,646</u> | <u>8,612,671</u> | <u>17,208,597</u> | <u>17,141,443</u> * | |
| FTE | 152.0 | 156.0 | 163.8 | 163.3 | |
| General Fund | (2,719,323) | 0 | 831,850 | 536,826 | |
| Cash Funds | 12,598,969 | 8,612,671 | 16,138,823 | 16,604,617 | |
| Reappropriated Funds | 0 | 0 | 237,924 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>1,168,700</u> | <u>1,290,841</u> | <u>1,287,147</u> | <u>2,391,711</u> 10.8 | |
| General Fund | 0 | 0 | 0 | 872,129 | |
| Cash Funds | 1,168,700 | 1,290,841 | 1,287,147 | 1,519,582 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Transfers to Other Departments | <u>200,991</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 200,991 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| SUBTOTAL - (G) Marijuana Enforcement | 11,249,337 | 9,903,512 | 18,495,744 | 19,533,154 | 5.6% |
| FTE | <u>152.0</u> | <u>156.0</u> | <u>163.8</u> | <u>174.1</u> | 6.3% |
| General Fund | (2,719,323) | 0 | 831,850 | 1,408,955 | 69.4% |
| Cash Funds | 13,968,660 | 9,903,512 | 17,425,970 | 18,124,199 | 4.0% |
| Reappropriated Funds | 0 | 0 | 237,924 | 0 | (100.0%) |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

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| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

(G) Natural Medicine Division

| | | | | | |
|---------------------------|----------|----------|--|--|--|
| Natural Medicine Division | <u>0</u> | <u>0</u> | | | |
| General Fund | 0 | 0 | | | |
| Cash Funds | 0 | 0 | | | |
| Reappropriated Funds | 0 | 0 | | | |
| Federal Funds | 0 | 0 | | | |

| | | | | | |
|---|------------|------------|-------------|--|--|
| SUBTOTAL - (G) Natural Medicine Division | 0 | 0 | 0.0% | | |
| <i>FTE</i> | <u>0.0</u> | <u>0.0</u> | <u>0.0%</u> | | |
| General Fund | 0 | 0 | 0.0% | | |
| Cash Funds | 0 | 0 | 0.0% | | |
| Reappropriated Funds | 0 | 0 | 0.0% | | |
| Federal Funds | 0 | 0 | 0.0% | | |

| | | | | | |
|---|--------------|--------------|--------------|--------------|-------------|
| TOTAL - (5) Specialized Business Group | 184,612,882 | 194,889,382 | 73,523,198 | 76,750,784 | 4.4% |
| <i>FTE</i> | <u>367.7</u> | <u>379.7</u> | <u>389.9</u> | <u>400.5</u> | <u>2.7%</u> |
| General Fund | (646,325) | 1,450,134 | 1,038,410 | 1,624,248 | 56.4% |
| Cash Funds | 185,032,995 | 193,217,155 | 71,912,297 | 74,791,969 | 4.0% |
| Reappropriated Funds | 226,212 | 222,093 | 572,491 | 334,567 | (41.6%) |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |

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|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

(6) STATE LOTTERY DIVISION

| | | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|--|
| Personal Services | <u>7,544,037</u> | <u>8,588,284</u> | <u>9,362,056</u> | <u>9,726,496</u> | |
| FTE | 102.1 | 102.1 | 102.1 | 102.1 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 7,544,037 | 8,588,284 | 9,362,056 | 9,726,496 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Operating Expenses | <u>881,580</u> | <u>1,123,203</u> | <u>1,540,533</u> | <u>1,540,533</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 881,580 | 1,123,203 | 1,540,533 | 1,540,533 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Payments to Other State Agencies | <u>134,212</u> | <u>137,868</u> | <u>239,410</u> | <u>239,410</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 134,212 | 137,868 | 239,410 | 239,410 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Marketing and Communications | <u>14,680,192</u> | <u>14,837,053</u> | <u>14,900,000</u> | <u>14,900,000</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 14,680,192 | 14,837,053 | 14,900,000 | 14,900,000 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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|--------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Multi-State Lottery Fees | <u>90,878</u> | <u>119,622</u> | <u>177,433</u> | <u>177,433</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 90,878 | 119,622 | 177,433 | 177,433 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Vendor Fees | <u>19,832,699</u> | <u>27,887,826</u> | <u>35,254,852</u> | <u>37,549,578</u> | * |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 19,832,699 | 27,887,826 | 35,254,852 | 37,549,578 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Retailer Compensation | <u>62,184,571</u> | <u>65,841,424</u> | <u>85,000,000</u> | <u>85,000,000</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 62,184,571 | 65,841,424 | 85,000,000 | 85,000,000 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Indirect Cost Assessment | <u>729,711</u> | <u>755,162</u> | <u>734,435</u> | <u>879,347</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 729,711 | 755,162 | 734,435 | 879,347 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| Ticket Costs | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | |
| General Fund | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |

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| | FY 2021-22 Actual | FY 2022-23 Actual | FY 2023-24 Appropriation | FY 2024-25 Request | Request vs. Appropriation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| TOTAL - (6) State Lottery Division | 106,077,880 | 119,290,442 | 147,208,719 | 150,012,797 | 1.9% |
| <i>FTE</i> | <u>102.1</u> | <u>102.1</u> | <u>102.1</u> | <u>102.1</u> | <u>0.0%</u> |
| General Fund | 0 | 0 | 0 | 0 | 0.0% |
| Cash Funds | 106,077,880 | 119,290,442 | 147,208,719 | 150,012,797 | 1.9% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 0 | 0 | 0 | 0 | 0.0% |
| TOTAL - Department of Revenue | 508,520,738 | 552,449,832 | 502,611,915 | 527,469,238 | 4.9% |
| <i>FTE</i> | <u>1,626.8</u> | <u>1,691.6</u> | <u>1,715.6</u> | <u>1,739.4</u> | <u>1.4%</u> |
| General Fund | 123,778,927 | 138,039,199 | 155,787,355 | 158,093,105 | 1.5% |
| Cash Funds | 376,961,309 | 406,187,568 | 337,099,525 | 358,913,792 | 6.5% |
| Reappropriated Funds | 7,780,502 | 8,223,065 | 8,277,317 | 9,610,209 | 16.1% |
| Federal Funds | 0 | 0 | 1,447,718 | 852,132 | (41.1%) |

APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2022 Long Bill (H.B. 22-1329) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/hb22-1329>. The Long Bill footnotes relevant to this document are listed below.

The Department had no footnotes in the FY 2023-24 Long Bill.

UPDATE ON LONG BILL REQUESTS FOR INFORMATION

The Joint Budget Committee annually submits requests for information to executive departments and the judicial branch via letters to the Governor, the Chief Justice, and other elected officials. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as Appendix L of the annual Appropriations Report. The requests for information relevant to this document are listed below.

Please find the Department's responses attached.

1. All Departments - The Departments are requested to provide by November 1 of each fiscal year responses to the following:
 - a. Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE, and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE?

The Department of Revenue turnover and vacancy rates for FY 2022-23:

| Division/Program | Long Bill FTE | Turnover Rate | Vacancy Rate |
|--|----------------|---------------|--------------|
| (1) Executive Director's Office | 210.0 | 12.2% | 13.8% |
| (A) Administration and Support | 176.7 | 14.1% | 16.4% |
| (B) Hearings | 33.3 | 2.2% | 0.0% |
| (2) Taxation Business Group | 455.0 | 10.2% | 14.3% |
| (A) Administration | 5.0 | 0.0% | 0.0% |
| (B) Taxation Services | 436.4 | 10.3% | 14.4% |
| (C) Conferee | 13.6 | 12.3% | 14.7% |
| (3) Division of Motor Vehicles | 544.8 | 21.3% | 8.4% |
| (A) Administration | 42.9 | 17.8% | 11.7% |
| (B) Driver Services | 433.8 | 21.2% | 5.3% |
| (C) Vehicle Services | 68.1 | 23.7% | 26.4% |
| (4) Specialized Business Group | 379.7 | 15.0% | 21.3% |
| (A) Administration | 11.0 | 8.6% | 0.0% |
| (B) Limited Gaming Division | 106.0 | 11.5% | 22.2% |
| (C) Liquor and Tobacco Enforcement | 63.7 | 22.9% | 24.3% |
| (D) Division of Racing | 10.7 | 45.4% | 0.0% |
| (E) Auto Industry Division | 32.3 | 20.1% | 18.6% |
| (F) Marijuana Enforcement Division | 156.0 | 12.4% | 23.1% |
| (5) State Lottery Division | 102.1 | 7.2% | 5.9% |
| Total Department of Revenue | 1,691.6 | 15.1% | 13.4% |

Job Classes Containing at Least 20 FTE

| Job Class | Title | FTE* | Vacant positions* | Vacancy rate* | # separated in FY 2022-23 | # separated divided by # of FTE |
|-----------|--------------------------|-------|-------------------|---------------|---------------------------|---------------------------------|
| A2A2TX | Criminal Investigator I | 79.5 | 30.5 | 38% | 2.0 | 3% |
| A2A3XX | Criminal Investigator II | 63.0 | 8.0 | 13% | 2.0 | 3% |
| G3A3XX | Admin Assistant II | 156.5 | 15.0 | 10% | 32.0 | 20% |
| G3A4XX | Admin Assistant III | 95.7 | 12.0 | 13% | 9.0 | 9% |
| G3A5XX | Office Manager I | 26.0 | 7.0 | 27% | 5.0 | 19% |
| H1C3XX | Analyst III | 50.0 | 17.0 | 34% | 5.0 | 10% |
| H1C4XX | Analyst IV | 27.0 | 7.0 | 26% | 2.0 | 7% |
| H4M1IX | Technician I | 75.5 | 21.5 | 28% | 35.0 | 46% |
| H4M2TX | Technician II | 108.5 | 19.5 | 18% | 17.0 | 16% |
| H4M3XX | Technician III | 86.0 | 6.0 | 7% | 17.0 | 20% |
| H4M4XX | Technician IV | 57.0 | 1.0 | 2% | 5.0 | 9% |
| H4M5XX | Technician V | 24.0 | 0.0 | 0% | 6.0 | 25% |
| H4R2XX | Program Assistant II | 29.0 | 6.0 | 21% | 4.0 | 14% |
| H6G8XX | Management | 24.0 | 1.0 | 4% | 2.0 | 8% |
| H6K3XX | Compl Investigator II | 36.0 | 7.0 | 19% | 2.0 | 6% |
| H6O2XX | Retail Bus Analyst II | 23.0 | 0.0 | 0% | 1.0 | 4% |
| H8D3XX | Auditor II | 23.0 | 5.0 | 22% | 3.0 | 13% |
| H8D4XX | Auditor III | 45.5 | 6.5 | 14% | 1.0 | 2% |
| H8N1XX | Tax Examiner I | 163.0 | 25.5 | 16% | 27.0 | 17% |
| H8N2XX | Tax Examiner II | 71.1 | 12.0 | 17% | 4.0 | 6% |
| H8N3XX | Tax Examiner III | 36.0 | 3.0 | 8% | 2.0 | 6% |

*as of 6/30/2023

2. To what does the Department attribute this turnover/vacancy experience?
 - a. The Department vacancy rate is primarily due to statewide hiring challenges, along with current salary levels that struggle to be competitive in the market. The Department has

made significant progress in recouping the FTE that departed during the pandemic, but there continue to be challenges due to widespread labor shortages and the increased competition of compensation. The fact that the States salary levels being less than the private sector coupled with tougher economic conditions are both contributing to difficulty in recruiting new employees to fill vacant positions.

3. Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?
 - a. Historically some compensation mechanisms do create challenges. For example, the ability for in-range salary movement to raise the compensation for top performers is very restricted. It is difficult to make meaningful salary adjustments to deal with turnover without additional funding. While retention issues certainly exist, the recent new salary ranges and the step plan seek to make the state a more competitive employer which may alleviate turnover and vacancies the department has been experiencing.



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To: Joint Budget Committee
From: Department of Revenue
RE: RFI of Marijuana Cash Fund Outlook
November 1, 2023

Introduction

This memo is intended to provide a status update of the Marijuana Cash Fund (MCF) and to highlight the key factors that contribute to the fund's financial position and its ability to meet its current and future financial obligations.

The MCF supports the operations of the Marijuana Enforcement Division (MED) which operates a robust regulatory framework that governs licensing, production, distribution, and sales ensuring public safety and business compliance while preventing illicit activities. The fund's revenue is generated from business and employee licensing fees. Sound fiscal management practices including efficient budgeting, expenditure control, revenue analysis, and financial planning are integral to the fund's long-term solvency.

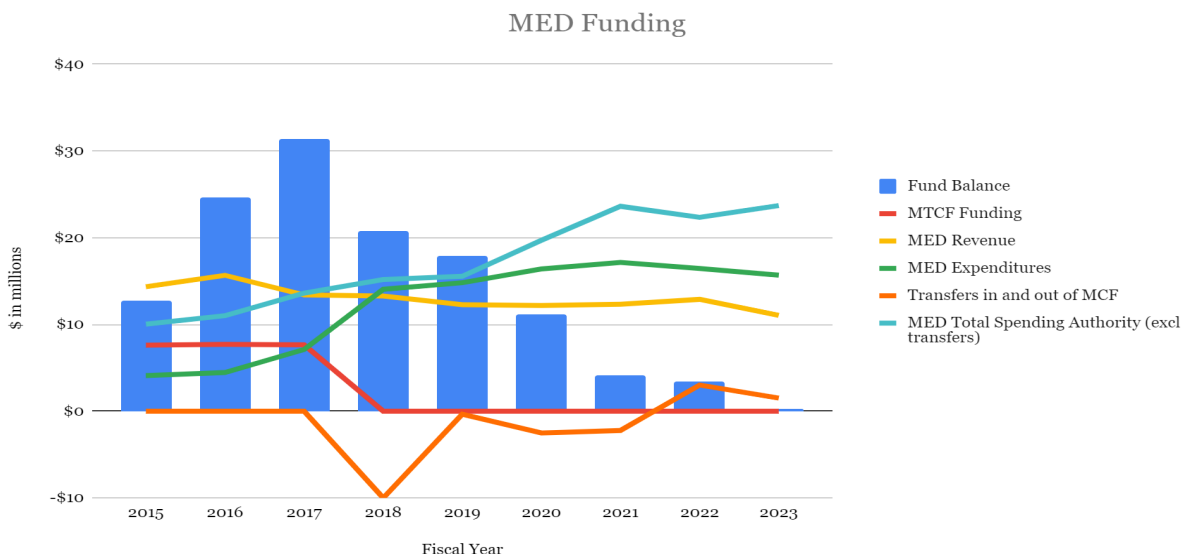
History

The MCF had a significant fund balance from the start of its existence due to the level of revenue from initial licensing activity and the comparatively slower ramp-up of expenditures. For several fiscal years, the MCF balance had exceeded the statutory limit for excess uncommitted reserves. The fund balance has been drawn down over the years through three items: 1) the shift of all MED costs being funded exclusively from the MCF as a result of the elimination of transfer from the Marijuana Tax Cash Fund (MTCF) which averaged \$7.6 million per year for three years; 2) the transfer of \$15.3 million to other Departments in the State for marijuana-related programs as directed by the Joint Budget Committee and the legislature; and 3) intentionally holding down fees to a level lower than the level of expenditures including instituting a 22 percent fee reduction in FY 2016-17 to rectify the excess uncommitted reserve. MED has operated at a deficit since FY 2017-18.



The plan, developed over six years ago, was first to draw down the fund balance and then do an analysis of fees and workload to align revenue to expenditures and ensure sustainable funding. That plan, which included fee increases to right-size revenue, was supposed to go into effect in 2021 but was delayed due to the pandemic. In 2021, the Division initiated emergency rulemaking to reinstate fees to the 2016 levels (i.e., removing the effects of the 22 percent fee reduction).

As you can see from the chart below, MED's spending authority (the amount that decision items, salary survey, and fiscal notes anticipated new and existing program implementation would cost) has grown faster than actual expenses. This demonstrates the cost containment that MED has achieved. The MED has worked hard to find efficiencies and has contained growth in actual expenses by 25 percent less than the level of the total spending authority available, most notably by holding 50 authorized positions vacant within the Division. Since revenue has not kept pace with expenditures, MED has had to tap into the fund balance to support the increase in spending authority and to cover the cost of the increased workload generated by industry trends and innovation and legislation implementation.



MED cash fund transfers to other programs: 1) \$10 million to the Dept. of Agriculture [SB17-254]; 2) \$360K to CDPHE and CDPS [SB19-120]; 3) \$1.6 million to the Treasury and \$914K to CBI [HB20-1406]; 4) \$1.4 million to CDPHE and \$890K to CBI [HB20-1360]; 5) \$201K to CDPHE [SB21-205]



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Since 2016 there have been 53 bills passed impacting MED. Those bills had an increase in ongoing spending authority of nearly \$7 million and an increase of 62.8 FTE. Also since 2016, the annual growth in salaries have added expenses without new revenue. Between 2016 to 2024, salary costs have grown by 24 percent through salary survey increases and FTE added through legislation, growing payroll by an estimated \$2.6 million.

Fiscal Year 2022-23 Actions Taken

Due to all of these increasing demands and operational costs with no corresponding change to revenue, the MCF fell into a negative cash position in FY 2022-23. The Department of Revenue (DOR) obtained a cash fund loan through the Office of the State Controller (OSC) from the Cash Fund Solvency Fund established in SB21-283 in the amount of \$1.5 million. This loan has a repayment plan with OSC of \$500,000 per year during FY 2024-25 through FY 2026-27. This cost is an additional burden on the cash fund beyond the normal operating expenses again with no corresponding additional revenue.

An additional action taken during the 2023 legislative session to temporarily bolster the position of the cash fund was to transfer \$4 million of existing funding that was available through DOR underspending to the MCF as directed by SB23-199. This was a one-time action.

Fiscal Year 2023-24 Outlook

Fees will be adjusted effective in FY 2023-24. Until this increase, fees had not been increased beyond 2016 levels. Since 2016, however, inflation has cumulatively risen by more than 30 percent, yet the inflationary fee increases implemented only considered inflation over the prior calendar year which resulted in an eight percent fee increase for the majority of fee types. This decision was made as a balance between the need for fee increases while being sensitive to the impact on businesses and the current conditions of the marijuana industry in Colorado.

Beyond the inflationary cost driver, the scope and complexities of Colorado's cannabis framework has significantly increased over time, including new programs established via legislation (publicly traded company investment, hospitality, delivery, and social equity). Industry innovation has also increased the MED's workload to keep pace with innovation,



including the development of new product categories (which would otherwise be subject to FDA oversight), and decontamination and testing practices. Further, the structure, size, financing, and complexity of marijuana businesses (including allowances for publicly traded company ownership and investment, which prior to 2019 was statutorily prohibited) have all increased significantly over time, requiring more investigative and time-intensive resources from the MED.

There were several parameters decided upon during the fee setting discussions that resulted in the revised fee schedule.

- A. More complex types of licensing that required more time, personnel, and resources to process should have associated fees reflective of the level of effort.
- B. Many fees were restructured into levels with higher fees being applied to larger businesses and lower fees being applied to smaller operations based on plant counts.
- C. There are additional fees that were newly established for new programs and/or processes such as product testing for example. Licensees may opt into a reduced testing program if the optional fee is paid. This leaves the decision up to each business individually.

The fee changes were informed by time estimates and areas of increased workload as identified by MED for the work performed and comparative analysis of other adult-use states. A prior independent study also engaged in an analysis of the MED's workflow, costs, and comparisons to other states.

Below is the forecast for the MCF. Cost increases are primarily driven by the statewide negotiated salary survey, increases in OIT costs for common policy, other state agencies providing services that set rates and bill department cash funds without supporting revenue, and the repayment of the Cash Fund Solvency Fund loan.



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Marijuana Cash Fund Forecast

| | FY 2022-23 Actual | FY 2023-24 Budget | FY 2023-24 Projected | Variance Over/(Under) | FY 2024-25 Projected | FY 2025-26 Projected | FY 2026-27 Projected | FY 2027-28 Projected |
|---|----------------------|----------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Beginning Fund Balance | 3,367,766 | 236,067 | 236,067 | - | 1,548,363 | 175,940 | (1,574,560) | (3,711,864) |
| Revenue | | | | | | | | |
| SB 23-199 Transfer | - | 4,094,849 | 4,094,849 | - | - | - | - | - |
| SB 23-271 Transfer | - | 295,024 | 295,024 | - | - | - | - | - |
| Fees, fines, interest, misc. | 11,028,764 | 15,461,675 | 14,240,543 | (1,221,132) | 14,240,543 | 14,240,543 | 14,240,543 | 14,240,543 |
| Total Revenue | 11,028,764 | 19,851,548 | 18,630,416 | (1,221,132) | 14,240,543 | 14,240,543 | 14,240,543 | 14,240,543 |
| Expense | | | | | | | | |
| Operating Expense | 15,660,463 | 24,143,463 | 17,318,120 | (6,825,343) | 18,112,965 | 18,491,042 | 18,877,847 | 19,278,530 |
| FY 2024-25 R-05 MED Support Funding (Pending) | - | - | - | - | (3,000,000) | (3,000,000) | (3,000,000) | (3,000,000) |
| Total Expense | 15,660,463 | 24,143,463 | 17,318,120 | (6,825,343) | 15,112,965 | 15,491,042 | 15,877,847 | 16,278,530 |
| <i>Surplus/Deficit</i> | <i>(4,631,699)</i> | <i>(4,291,915)</i> | <i>1,312,296</i> | - | <i>(872,422)</i> | <i>(1,250,500)</i> | <i>(1,637,304)</i> | <i>(2,037,987)</i> |
| Cash Fund Insolvency Loan/(Repayment) | 1,500,000 | - | - | - | (500,000) | (500,000) | (500,000) | - |
| Ending Fund Balance | 236,067 | (4,055,849) | 1,548,363 | 5,604,211 | 175,940 | (1,574,560) | (3,711,864) | (5,749,851) |

As this forecast indicates, the MCF is not solvent at this time. DOR continues to work with the Office of State Planning and Budgeting to consider all options and potential actions that could be taken to remedy this situation and re-establish a stable financial outlook for the MCF. To that end, DOR with OSPB support, is submitting the R-05 MED Support Funding budget request to restore \$3 million of ongoing funding support from the Marijuana Tax Cash Fund. That action would result in the cash fund ending FY 2024-25 with a positive fund balance.

Heidi Humphreys
Executive Director
Department of Revenue

Cc: Senator Rachel Zenzinger, Chair, Joint Budget Committee
Senator Jeff Bridges, Joint Budget Committee
Senator Barbara Kirkmeyer, Joint Budget Committee
Representative Shannon Bird, Vice Chair, Joint Budget Committee



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Representative Rod Bockenfeld, Joint Budget Committee
Representative Emily Sirota, Joint Budget Committee
Jon Catlett, staff, Joint Budget Committee, Colorado General Assembly
Mark Ferrandino, Director, Governor's Office of State Planning and Budgeting
Edward Crandall, staff, Governor's Office of State Planning and Budgeting
Jimmy Reed, Legislative Liaison, Department of Revenue

APPENDIX C

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of *Revenue* is required to publish an **Annual Performance Report** for the *previous fiscal year* 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 the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* 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 FY 2024-25 budget request, the FY 2022-23 Annual Performance Report and the FY 2023-24 Performance Plan can be found at the following link:

<https://operations.colorado.gov/performance-management/departments-performance-plans>