

Final
STAFF SUMMARY OF MEETING
COMMITTEE ON JOINT FINANCE

Date: 12/11/2015

Time: **09:06 AM to 12:33 PM**

Place: HCR 0112

This Meeting was called to order by
Senator Neville T.

This Report was prepared by
Kori Donaldson

ATTENDANCE

Becker K.	X
Conti	X
Foote	E
Garnett	X
Hill	E
Holbert	X
Johnston	*
Kagan	*
Kerr	*
Pabon	*
Priola	X
Roupe	*
Van Winkle	X
Wilson	A
Neville T.	X
Court	X

X = Present, E = Excused, A = Absent, * = Present after roll call

Bills Addressed:	Action Taken:
Department of the Treasury	Witness Testimony and/or Committee Discussion Only
Public Employees' Retirement Association	Witness Testimony and/or Committee Discussion Only
Department of Revenue	Witness Testimony and/or Committee Discussion Only

09:07 AM -- Department of the Treasury

The committee was called to order. Mr. Jon Forbes, Deputy State Treasurer, presented to the committee about the Department of Treasury budget and the state's investment portfolio. He discussed some pending changes regarding the department. In response to a question about department goals for the next year, he said the department will be installing a new software management system for its Unclaimed Property division. He also mentioned goals related to growing returns on investments. Mr. Forbes discussed benchmarks met in last year's performance plan. He also responded to a question about the Unclaimed Property Trust Fund. The committee members received a copy of the department's FY 2015-16 Performance Plan (Attachment A).

09:21 AM

Discussion returned to the anticipated return on investments for the state for the current budget year. Mr. Forbes clarified that the strategies that guide the department's investments differ than those strategies that guide the Public Employees' Retirement Association (PERA).

09:23 AM -- Public Employees' Retirement Association

Mr. Greg Smith, Executive Director, PERA, presented about PERA's financial health and agency goals. Mr. Smith walked the committee through the information included in a packet of information provided to the committee (available upon request to Legislative Council Staff). He discussed the annual audit of PERA and said no concerns were raised in the audit. Committee members received a copy of Mr. Smith's presentation (Attachment B). He spoke to recent studies completed either by or about PERA, including studies required under Senate Bill 14-214 and published by the Office of the State Auditor.

09:37 AM

Mr. Smith continued to present from Attachment B. He provided a legislative update regarding bills passed during the 2015 legislative session that impacted PERA. Mr. Smith addressed a question about the number of inactive members listed in a graph in page 8 of Attachment B. He also responded to a question about whether the Denver Public Schools division will be rolled into the public school division. Discussion continued on the topic of the Denver Public Schools division. Mr. Smith next addressed a question about reporting obligations related to new Governmental Accounting Standards Board (GASB) standards.

09:55 AM

Discussion turned to the ratio of active to retired members and how this ratio affects PERA's solvency. Mr. Smith continued to present from Attachment B.

10:11 AM

Mr. Smith addressed a question about reporting associated with private equity fees. Discussion ensued on the fees paid by PERA and how this information is disclosed to PERA members. Mr. Smith spoke about the returns for individual investment asset categories. Discussion ensued on the assumed rate of return on PERA's investments and the long term expectations for solvency. In response to a question for the committee, Mr. Smith said that if the expectation for the return on investment is changed, it will likely have an immediate impact on employee and employer contributions.

10:32 AM

Mr. Smith addressed questions about short term investments made by PERA. He also answered a question about the PERA policy regarding investing in companies active in Iran. Mr. Smith continued to present from Attachment B. Mr. Smith explained the difference between the various types of retirement plans available to members. He addressed a question about the target date for fund solvency.

10:54 AM

Mr Smith continued to present from Attachment B. In response to a question from the committee, Mr. Smith said that based on the results of the Senate Bill 10-001 study, the PERA Board does not think any changes are needed to its current approach to managing its investments.

11:06 AM -- Department of Revenue

The committee took a brief recess.

11:09 AM

The committee returned to order. Executive Director Barbara Brohl and Ms. Heidi Humphries, Deputy Executive Director, both representing the Department of Revenue (DOR) presented about the state of the department. Committee members received a copy of the the department's presentation (Attachment C) and a handout illustrating the design of the new Colorado Driver's License (Attachment D) and temporary registration tags (Attachment E).

Mr. Mike Dixon, representing the DOR, came to the table to discuss the Division of Motor Vehicles within DOR. He discussed the Colorado DRIVES program. In response to committee questions, Mr. Dixon stated that DOR does not have a marketing campaign for the program, but the division is working on a process to create more demographic outreach. He also discussed the move to the new driver's license and identification card vendor. In addition he discussed the wait-list program.

11:33 AM

Mr. Dixon responded to a question about international driver's licenses. Director Brohl addressed a question about whether there are sufficient resources to renew licenses for those that are not lawfully present in the country on a three-year cycle. Discussion continued on the implementation and roll out of the DRIVES program.

11:38 AM

Director Brohl continued to present from Attachment C. She spoke about the implementation of outstanding audit recommendations. Ms. Laura Solano, Lottery Director, DOR, discussed the current status of the Colorado Lottery. Mr. Ron Kammerzell, Deputy Senior Director of Enforcement, DOR, discussed the number of licenses issued for and revenue collected from the sale of medical and retail marijuana. He responded to questions about where licenses are issued and the testing of marijuana products.

11:53 AM

Mr. Paul Northrop, Deputy Director of Taxation, DOR, discussed tax fraud detection. He presented from Attachment C. Director Brohl discussed the four budget decision items DOR requested for FY 2016-17. She also discussed legislation the department plans to pursue during the 2016 legislative session. Mr. Northrop discussed his division's goals related to the timely processing of calls to the Tax Call Center, the electronic filing of tax returns,

12:10 PM

Director Brohl and Mr. Northrop addressed questions about the use of electronic tax filing and wait times associated with processing tax calls and returns. Mr. Dixon returned to the table to talk about his division's goals related to the timely processing of calls to the Title and Registration Call Center and Drivers Services Call Center. He also discussed goals associated with timely service for walk-in customers at Driver License offices and online renewal and payment of driver's licenses.

12:22 PM

Ms. Solano returned to the table to discuss the FY 2015-16 goals for the Colorado Lottery. Mr. Kammerzell presented the FY 2015-16 goals for the Enforcement Division. He responded to a question about home brewers. Ms. Humphries presented the FY 2015-16 goals for the Executive Director's Office.

12:33 PM

The committee adjourned.