

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF BUDGET BRIEFING

DEPARTMENT OF REVENUE

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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**FY 2010-11 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

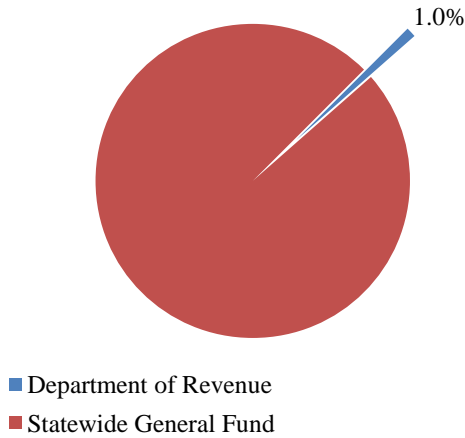
DEPARTMENT OF REVENUE

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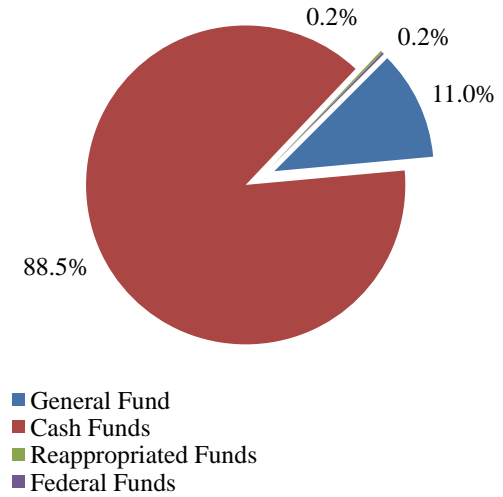
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**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Revenue
GRAPHIC OVERVIEW**

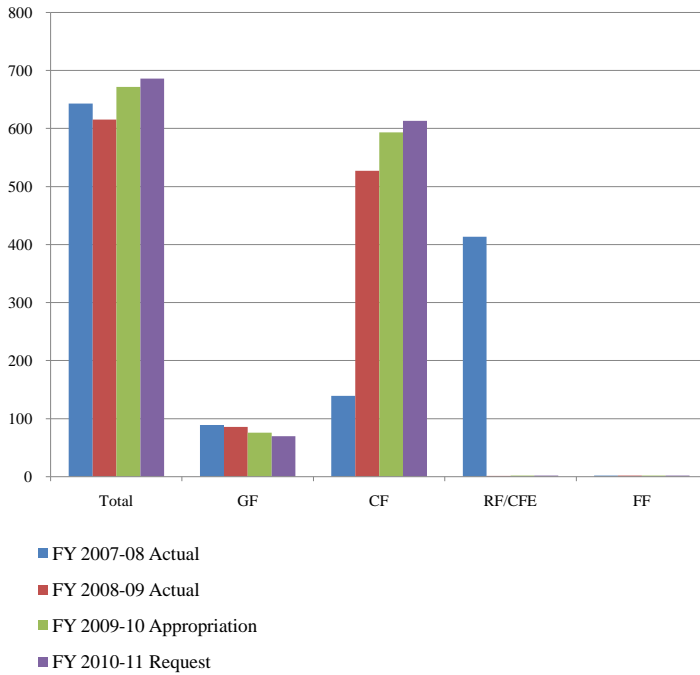
Department's Share of Statewide General Fund



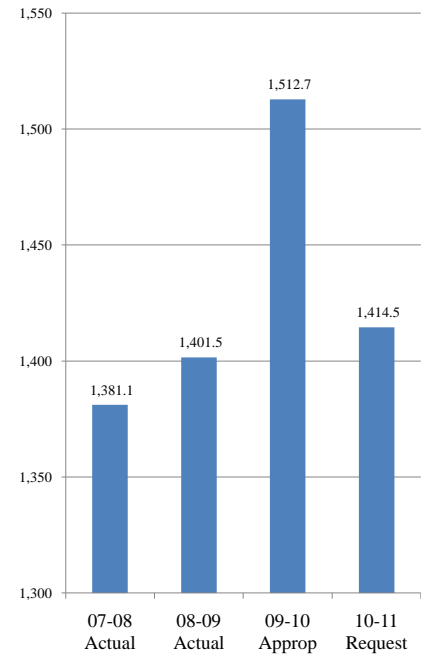
Department Funding Sources



**Budget History
(Millions of Dollars)**

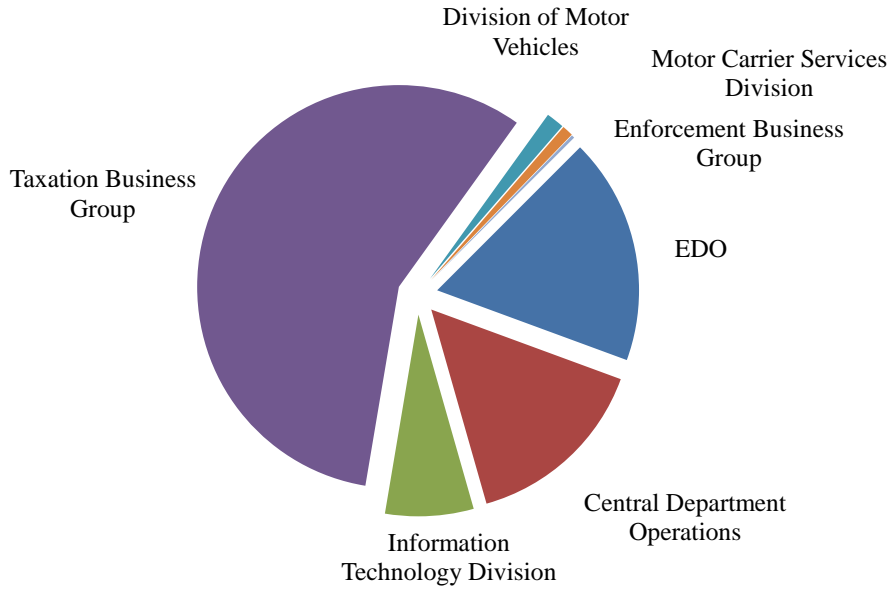


FTE History

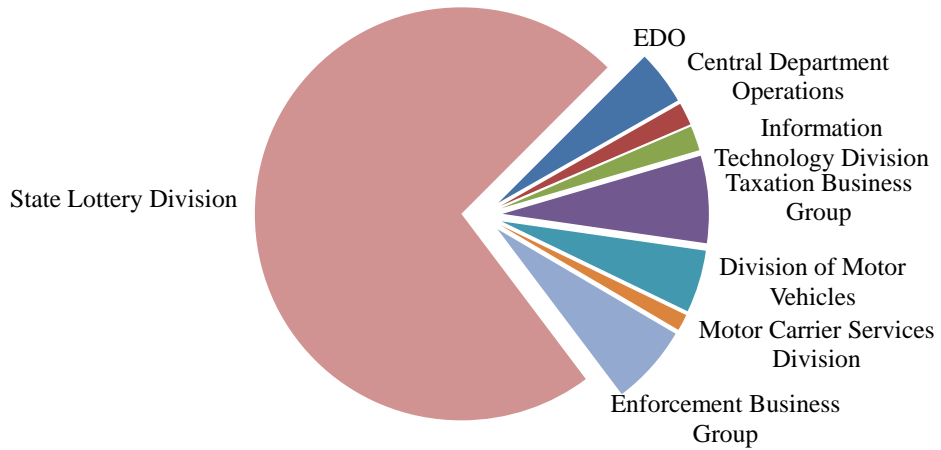


Unless otherwise noted, all charts are based on the FY 2009-10 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

DEPARTMENT OVERVIEW

Key Responsibilities

- ▶ Collect, administer, and enforce the following taxes and license fees.
 - Income tax, including withholding
 - Sales and use tax
 - Gasoline and special fuel tax
 - Tobacco and cigarette tax
 - Severance tax
 - Estate tax (does not apply when date of death was on or after January 1, 2005)
 - Driver's licences, ID cards, and vehicle titling fees
 - Automobile dealers, commercial driving schools, vehicles and traffic
 - Fermented malt beverages and alcoholic beverage taxes

- ▶ Operates the State Lottery.

- ▶ Oversees the Colorado State Titling and Registration System (CSTARS), which is the state's centralized system for titling of vehicles, and the distribution of registration taxes between the state, the counties, and the Highway Users Tax Fund (HUTF).

- ▶ Operates the Hearings Division, which conducts hearings for drivers license suspensions, revocations, habitual traffic offenders, probationary licenses, cancellation or denial of medical and physical disability, horse and dog racing licenses, and other actions that affect the licensing rights of citizens.

- ▶ Oversees the state's vehicle emission testing program, the motorist insurance identification database program, and the motor vehicle dealer licensing board.

- ▶ Conduct audits of oil, gas, and mineral rents and royalties, the mill levy revenue from oil and gas production, and severance taxes accruing from federal, state, and private lands.

- ▶ Oversee the motor carrier services division, the liquor enforcement division, the tobacco enforcement program, the division of racing events, and the division of gaming.

- ▶ Administers the following state programs:
 - The Cigarette Tax Rebate
 - The Amendment 35 Distribution to Local Governments
 - The Old Age Heat and Fuel and Property Tax Assistance Grant
 - The Alternative Fuels Rebate

Factors Driving the Budget

The Department's primary budget drivers are the state tax structure, population levels, business activity in regulated industries, and technological capabilities. The State Lottery, including prizes, represents about 70 percent of the Department's budget.

The Department is organized into three functional groups: Taxation, Motor Vehicles, and Enforcement. The Department also administers the Motor Carrier Services Division and the State Lottery Division. These functional areas are supported by the Executive Director's Office, Central Department Operations, and the Information Technology Division.

The Department is responsible for collecting and distributing moneys for the Cigarette Tax Rebate (\$11.5 million); the Amendment 35 Distribution to Local Governments (\$1.5 million); the Old Age Heat and Fuel and Property Tax Assistance Grant (\$8.5 million); and the Alternative Fuels Rebate (\$310,000).

In addition, the Department operates the State Lottery. Including prizes, the Lottery accounts for over two-thirds of the Department's total budget.

TAXATION BUSINESS GROUP

The Taxation Business Group administers business taxes; income taxes; severance taxes; estate and transfer taxes; special taxes, including gasoline, special fuel, aviation fuel, cigarette, tobacco, and liquor excise taxes; public utility assessments; and food service licensing fees.

The Taxation Business Group includes an Administration section, the Taxation and Compliance Division (which includes the Mineral Audit Program), the Taxpayer Service Division, and the Tax Conferee, which attempts to resolve protests to tax adjustments, and reviews issues related to home rule city sales taxes and city and county use taxes. This group also administers, through a special purpose section, the Old Age Heat & Fuel and Property Tax Assistance grants for approximately 36,000 applicants each year; the Cigarette Tax Rebate to local governments; the Amendment 35 Distribution to Local Governments from the proceeds from the Tobacco Tax Fund; and the Alternative Fuels Rebate.

Electronic tax filing, in which taxpayers enter their own data onto an online form, and other associated electronic transactions, reduces forms processing and data entry expense. The Department has promoted electronic filing through many communication channels, resulting in higher levels of electronic transactions. In the 2008 tax year, 1.4 million (out of 2.5 million) individual tax forms were filed electronically and 924,000 payments were made with Electronic Funds Transfer (EFT).

The Mineral Audit Program

This unit audits oil, gas, and mineral rents and royalties; the mill levy from oil and gas production; and severance taxes from federal, state, and private lands. It receives funding from the U.S. Department of Interior's Minerals Management Service under a cooperative agreement for delegated authority to audit federal minerals production in Colorado. Federal royalties are shared 50/50 with the state.

DIVISION OF MOTOR VEHICLES

This division is responsible for issuing driver's licenses and state identification cards; issuing titles and registering motor vehicles; regulating commercial driving schools; enforcing interstate trucking laws through the Ports of Entry system; enforcing the state's auto emissions program; and overseeing the Motorist Insurance Identification Database.

Driver and Vehicle Services

This section administers drivers licensing and records management, motor vehicle registration, the regulation of commercial driving schools, and ordering and distribution of license plates for all county and state offices. This section operates 37 drivers license offices and oversees 17 county drivers license offices statewide. The offices also perform non-driver related tasks, including registering voters, sending file information to the U.S. Selective Service System for prospective registrants, verifying social security numbers with the Social Security Administration, registering organ and tissue donors, and soliciting donations for the Donor Awareness Council.

The Driver Control Program maintains the official records of all drivers in the state; records administrative sanctions against drivers; takes administrative action revoking driving privileges when information is received from courts, law enforcement agencies, or other appropriate agencies; and investigates fraud.

Vehicle Emissions

This unit conducts inspections of emissions stations to ensure compliance with vehicle emissions testing standards under the Automobile Inspection and Readjustment (AIR) program. Staff is responsible for licensing all emissions stations and inspectors, and overseeing station operations to prevent fraud and abuse. All funding for the program is from the Automobile Inspection and Readjustment (AIR) Account, a subaccount of the Highway Users Tax Fund.

Titles

The Titles program is responsible for the issuance of legal, negotiable certificates of title to prove vehicle ownership and protect the public when purchase motor vehicles. Program staff reviews all high-risk title applications to verify that the assignment of ownership has been properly made. The program also assists the public, counties, law enforcement agencies and other state agencies by responding to other information requests and is responsible for managing and maintaining all title records. The program is funded through the Colorado State Titling and Registration (CSTARS) Account, a sub-account of the Highway Users Tax Fund.

Motorist Insurance Identification Database Program

This program helps law enforcement officials verify owner compliance with motor vehicle insurance requirements and authorizes administrative suspension of driver's licenses that are held by motorists suspected of being uninsured. A \$0.50 motorist insurance identification fee is credited to the Motorist Insurance Identification Database (MIIDB) Account, a special purpose account within the Highway Users Tax Fund (HUTF), whenever a motor vehicle is registered. All funding for the program is from the MIIDB Account

Ignition Interlock Program

This is a new program, established by H.B. 08-1194, that oversees the ignition interlock program, which was created to require first-time drunk-driving offenders to install ignition interlocks in their vehicles as a condition of regaining their driving privileges. The majority of the funding for the program is to subsidize those drivers who cannot afford the ignition interlocks. The funding for the program comes from the First-Time Drunk Driving Offender Account.

MOTOR CARRIER SERVICES DIVISION

The Motor Carrier Services Division, which is administered by the Division of Motor Vehicles, registers motor carriers, collects fuel taxes, collects registration fees from fuel distributors, petroleum storage companies, and interstate carriers, ensures compliance with vehicle safety regulations, operates the state's ports of entry, and enforces laws governing owners and operators of motor carriers.

The Department has requested four capital construction projects using the Highway Users Tax Fund "Off-the-top" appropriation totaling \$2.3 million. These projects are for (1) replacements for portable scales; (2) Repair of the Scale Lane at the Dumont Port of Entry; (3) Replacement of the Scale Lane at Limon; and (4) Replacement of the Westbound Limon Building.

Highway Users Tax Fund "Off-the-Top" Appropriation

Pursuant to Section 43-4-201 (3) (a) (III) (C), the portion of the Highway Users Tax Fund (HUTF) appropriated to the Department of Revenue for the operations of the Ports of Entry program in the Motor Carrier Services Division, as well as for the Colorado State Patrol in the Department of Public Safety shall not be more than six percent more than the previous years appropriation. This "off-the-top" appropriation is permitted to grow by six percent each year regardless of the growth of overall HUTF collections.

To address budget shortfalls in FY 2008-09 and FY 2009-10, legislation was passed to allow HUTF "off-the-top" funding of Driver and Vehicle Services (Driver's License offices) in addition to the Ports of Entry in the Department of Revenue. This was used to offset General Fund in the Division of Motor Vehicles, Driver and Vehicle Services.

The Governor has proposed extending the authority for the Department to use off-the-top funding in Driver and Vehicle Services for FY 2010-11 and FY 2011-12. The off-the-top funding for Driver

and Vehicle Services was available primarily because of the elimination of Salary Survey and Performance-based Pay for FY 2009-10 and FY 2010-11.

Recent HUTF off-the-top appropriations and requests are detailed in the table below.

| Highway Users Tax Fund Recent "Off-the-top" Appropriation History | | | | |
|--|--|---|------------------|--|
| Fiscal Year | 6% Growth of "Off-the-top" Appropriation | Total "Off-the-top" Appropriation | Under/Over | "Off-the-top" Annual Growth Percentage |
| 2007-08 Appropriated | \$96,932,326 | \$96,932,326 | \$0 | 6.0% |
| 2008-09 Appropriated | 102,748,266 | 102,748,266 | 0 | 6.0% |
| FY 2009-10 Appropriated | 108,913,162 | 107,665,713 | 1,247,449 | 4.8% |
| FY 2010-11 Request <a> | 114,125,656 | 113,889,402 | 236,254 | 5.8% |
| <i>FY 2010-11 Request </i> | <i>115,447,952</i> | <i>113,889,402</i> | <i>1,558,550</i> | <i>4.6%</i> |

<a> This request is under the assumption that supplementals do not increase "off-the-top" appropriations in FY 2009-10

 This request is under the assumption that supplementals do increase "off-the-top" appropriations to maximum 6 percent growth in FY 2009-10.

The next table details the appropriations of HUTF "Off-the-top" moneys.

| Highway Users Tax Fund "Off-the-top" Appropriation by Category | | | | | |
|---|---|--------------------------------|--|-------------------------|--------------|
| Fiscal Year | Public Safety (Colorado State Patrol) | Revenue (Ports of Entry) | Revenue (Driver and Vehicle Services) | Capital Construction | Total |
| 2007-08 Appropriated | \$87,229,897 | \$9,184,023 | \$0 | \$518,406 | \$96,932,326 |
| 2008-09 Appropriated | 92,484,755 | 9,614,130 | 649,381 | 0 | 102,748,266 |
| 2009-10 Appropriated | 92,811,631 | 9,571,524 | 4,064,839 | 1,217,719 | 107,665,713 |
| 2010-11 Request | 99,045,063 | 9,764,632 | 2,750,671 | 2,329,036 | 113,889,402 |

ENFORCEMENT BUSINESS GROUP

The Enforcement Business Group regulates the liquor, tobacco, racing, gambling (except for games of chance operated for charity) and automobile sales industry.

Limited Gaming Division

In 1991, the Colorado Constitution was amended to allow limited stakes gaming in three Colorado cities: Black Hawk, Central City, and Cripple Creek. Gaming taxes, fees, and other revenues are paid into the Limited Gaming Fund. The Limited Gaming Control Commission approves the Division's annual budget and oversees the regulation of the casinos. Funding for the Division is from the Limited Gaming Fund. The Commission also approves budget requests for gaming-related purposes for the Department of Public Safety. For FY 2008-09, gaming tax revenues were \$94.9 million, down \$13.3 million from FY 2007-08.

According to the State Constitution, the proceeds, net of the Division's expenses, from pre-Amendment 50 limited gaming are distributed as follows: 28 percent goes to the State Historical Society; 12 percent goes to limited gaming counties (Gilpen and Teller); and 10 percent to limited gaming cities (Black Hawk, Central City, Cripple Creek). The remaining 50 percent goes to the General Fund or to such funds as may be determined by the General Assembly. Currently, 13.0 percent of the 50.0 percent is transferred to the Local Government Impact Fund. If General Fund revenues permit, the remainder is transferred to the following funds: the Colorado Tourism Promotion Fund; the New Jobs Incentives Fund; the State Council on the Arts Fund; the Film Incentives Fund; the Bioscience Discovery Evaluation Fund; the Innovative Higher Education Research Fund; and the Clean Energy Fund.

In 2008, voters approved Amendment 50, expanding limited gaming, increasing the maximum bet from \$5 to \$100, increasing the number of games allowed, and increasing the casino hours of operation. After expenses for the Limited Gaming Division, 78 percent of the *additional* revenues from the expansion of gaming go to the State's community colleges, with 22 percent going to the gaming cities and counties. According to the Limited Gaming Division forecast, \$4.2 million will go to community colleges in FY 2009-10, rising to \$6.3 million in FY 2012-13.

Liquor Enforcement Division/Tobacco Enforcement Program

The Liquor Enforcement Division is responsible for enforcing the laws prohibiting serving and selling to minors and underage consumption, and includes licensing of liquor dealers statewide. The Division also manages the Tobacco Enforcement Program which enforces laws prohibiting sales to minors. Funding is from the General Fund and the Tobacco Education Programs Fund.

Division of Racing Events

The first major function of the Division of Racing Events and the Colorado Racing Commission is to promote racing. The Department oversees the racing operations of greyhound and horse racetracks. The Division is cash funded primarily from the Racing Cash Fund, which is funded by pari-mutual taxes.

Motor Vehicle Dealer Licensing Board

The Motor Vehicle Dealer Licensing Board is responsible for the oversight of the automobile sales industry, including licensing dealers and sales persons, and investigating complaints about them. In 2008, the Board issued and renewed almost 22,000 licenses of dealers, wholesalers, and sales persons. Funding for the Board is from the Auto Dealer License Fund.

This division conducts hearings in a variety of areas including drivers license suspensions, revocations, probationary licenses, cancellation or denial of medical and physical disability, habitual traffic offenders, horse and dog racing licenses, and other actions that affect the licensing rights of citizens. The division also provides computer support and data analysis for public awareness programs related to traffic safety. Funding for the Division is provided by the Drivers License Administrative Revocation Account, a sub-account of the Highway Users Tax Fund.

STATE LOTTERY DIVISION

The State Lottery Division is responsible for operations of the State Lottery, which includes scratch games and jackpot games, which includes Cash 5, Lotto, and the multi-state PowerBall games. Total Lottery sales and distributions for the last five years are shown in the table below.

| State Lottery Division Total Sales and Distributions to State Recipients (Millions) | | | | | | |
|--|------------------------|------------------------------------|--|--|----------------|--------------|
| Fiscal Year | Total Sales | Distributions | | | | |
| | | Conservation Trust Fund | Great Outdoors Colorado | Parks & Outdoors Recreation | Schools | Total |
| 2004-05 | \$417.0 | \$41.5 | \$50.1 | \$10.4 | \$1.7 | \$103.7 |
| 2005-06 | 468.0 | 50.2 | 50.2 | 12.6 | 12.6 | 125.6 |
| 2006-07 | 455.7 | 47.6 | 51.3 | 11.9 | 8.2 | 118.1 |
| 2007-08 | 505.8 | 48.9 | 53.1 | 12.2 | 8.1 | 122.3 |
| 2008-09 | 493.4 | 54.3 | 47.8 | 12.0 | 5.5 | 119.6 |

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

DECISION ITEM PRIORITY LIST

| Decision Item | GF | CF | HUTF | RF | FF | Total | FTE |
|--|--------------|------------|-------------|-----------|-----------|--------------|------------|
| 1 | 158,680 | 0 | 0 | 0 | 0 | 158,680 | 0.0 |
| <p>Treasury Offset Program.</p> <p>Central Department Operations-Operating Expenses and Postage; Taxation and Compliance Division-Operating Expenses. Allows the Department of Revenue to intercept federal tax refunds to satisfy income tax debts owed to the state. <i>Statutory authority: Section 24-35-108 C.R.S., and 26 U.S.C. §6402 (e)(4).</i></p> | | | | | | | |
| 1b | (20,113,225) | 17,362,554 | 2,750,671 | 0 | 0 | 0 | 0.0 |
| <p>Extension of DMV Refinance from HUTF License Fee Collections.</p> <p>Executive Director's Office-Multiple line items; Central Department Operations-Personal Services; and Division of Motor Vehicles-Multiple sections and line items. Extends temporary refinance of Drivers License offices from the Highway Users Tax Fund and subaccounts thereof. <i>Statutory authority: Requires changes to Section 42-2-114 and 43-4-201 (3), C.R.S..</i></p> | | | | | | | |
| 2 | 163,849 | 0 | 0 | 0 | 0 | 163,849 | 0.0 |
| <p>Delinquency Billings</p> <p>Central Department Operations-Operating Expenses and Postage. Continues billing customers after current efforts to collect delinquent taxes have ceased, but before the account is turned over for collections. <i>Statutory Authority: Sections 24-35-108 and 39-21-114, C.R.S.</i></p> | | | | | | | |
| 3 | 0 | 128,360 | 0 | 0 | 0 | 128,360 | 2.0 |
| <p>Vehicle Emissions Enhanced Service Area Expansion.</p> <p>Executive Director's Office-Operating Expenses and Division of Motor Vehicles, Vehicle Emissions-Personal Services and Operating Expenses. Implements the Air Quality Control Commission inclusion of Larimer and Weld Counties in the State's enhanced emission program area, requiring the testing of 290,000 additional vehicles. <i>Statutory Authority: Sections 42-4-305 (2); Sections 42-4-306 (9) (a) (II); and 42-4-306 (9) (b), C.R.S., and Titles I - III of the Federal Clear Air Act, 42 U.S.C..</i></p> | | | | | | | |
| 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| <p>Interactive Voice Response Phone System - Hearing Division</p> <p>Executive Director's Office-Operating Expenses and Enforcement Business Group, Hearings Division-Personal Services and Operating Expenses. Budget neutral request to transfer Personal Services cash fund spending authority to Operating Expenses in both the EDO and the Hearings Division to purchase, deploy, and maintain an interactive voice response system to conduct hearings by telephone. <i>Statutory Authority: Section 42-1-218.5, C.R.S.</i></p> | | | | | | | |
| 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| <p>Creation of a Program Section for Ignition Interlock Subsidy Program</p> <p>Division of Motor Vehicles, Driver and Vehicle Services-Personal Services and Operating Expenses, Ignition Interlock Program-Personal Services and Operating Expenses. Budget neutral request to create a new program section for the Ignition Interlock Subsidy Program in the Division of Motor Vehicles. <i>Statutory Authority: Section 42-2-132.5, C.R.S.</i></p> | | | | | | | |

| Decision Item | GF | CF | HUTF | RF | FF | Total | FTE |
|---|---------------------|-------------------|------------------|-----------------|-----------|------------------|----------------|
| Non-Prioritized | (476,021) | (358,758) | (37,399) | (49,482) | 0 | (921,660) | (106.2) |
| Statewide Information Technology Staff Consolidation | | | | | | | |
| Multiple Divisions. Statewide Decision Item. | | | | | | | |
| Non-Prioritized | 15,413 | (1,660) | (1,600) | 0 | 0 | 12,153 | 0.0 |
| Statewide Annual Fleet Vehicle Replacements | | | | | | | |
| Executive Directors Office-Vehicle Lease Payments. Statewide Decision Item | | | | | | | |
| Total | (20,251,304) | 17,130,496 | 2,711,672 | (49,482) | 0 | (458,618) | (104.2) |

BASE REDUCTION PRIORITY LIST

| Base Reduction | GF | CF | HUTF | RF | FF | Total | FTE |
|--|-----------|-----------|-----------------|-----------|-----------|-----------------|------------|
| 1 | 0 | 0 | (52,704) | 0 | 0 | (52,704) | 0.0 |
| Transfer of Motor Carrier Services Operating for Dispatch Services Program Cuts | | | | | | | |
| Motor Carrier Services-Operating Expenses. Department of Public Safety decision item affecting the Department of Revenue. | | | | | | | |
| Total | 0 | 0 | (52,704) | 0 | 0 | (52,704) | 0.0 |

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2009-10 appropriation and its FY 2010-11 request. The column titled HUTF, (Highway Users Tax Fund) breaks out the appropriation for the HUTF "Off-the-top" appropriation, which is included in the Cash Funds column.

Total Requested Change, FY 2009-10 to FY 2010-11 (millions of dollars)

| Category | GF | CF | RF | FF | Total | HUTF | FTE |
|--------------------------|---------|---------|-------|-------|---------|---------|---------|
| FY 2009-10 Appropriation | \$75.7 | \$607.2 | \$1.4 | \$1.5 | \$685.8 | \$13.6 | 1,512.7 |
| FY 2010-11 Request | 69.7 | 613.1 | 1.5 | 1.5 | 685.8 | 12.5 | 1,414.5 |
| Increase / (Decrease) | (\$6.0) | \$5.9 | \$0.1 | \$0.0 | \$0.0 | (\$1.1) | (98.2) |
| Percentage Change | -8.0% | 1.0% | 8.0% | -0.3% | 0.0% | -8.2% | -6.5% |

The following table highlights the individual changes contained in the Department's FY 2010-11 budget request, as compared with the FY 2009-10 appropriation. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2009-10 to FY 2010-11

| Category | GF | CF | RF | FF | Total | HUTF | FTE |
|---|-----------|-----------|---------|-----|-----------|----------|-----|
| Executive Director | | | | | | | |
| Non-Prioritized Decision Item: Statewide Information Technology Staff Consolidation | 3,610,310 | 2,855,193 | 445,339 | 0 | 6,910,842 | 336,590 | 0.0 |
| Total Compensation Adjustment | 706,791 | (279,874) | 0 | 0 | 426,917 | (15,856) | 0.0 |
| Annualize 2009 Personal Services Reduction | 41,301 | 25,066 | 10,793 | 0 | 77,160 | 8,026 | 0.0 |
| Annualize 2009 Decision Items | \$19,429 | \$9,844 | \$0 | \$0 | 29,273 | \$0 | 0.0 |
| Non-Prioritized Decision Item: Annual Fleet Vehicle Replacements | 15,413 | (3,260) | 0 | 0 | 12,153 | (1,600) | 0.0 |
| Decision Item #3: Vehicle Emission Enhanced Service Area Expansion | 0 | 9,340 | 0 | 0 | 9,340 | 0 | 0.0 |
| Decision Item #4: Interactive Voice Response Phone System for Hearings Division | 0 | 4,840 | 0 | 0 | 4,840 | 0 | 0.0 |

| Category | GF | CF | RF | FF | Total | HUTF | FTE |
|---|--------------------|--------------------|------------------|------------|--------------------|--------------------|--------------|
| Operating Common Policy Base Adjustment | (1,274,571) | 605,864 | 0 | 0 | (668,707) | 141,777 | 0.0 |
| Annualize August 2009 Budget Reductions | (301,643) | (53,401) | 0 | 0 | (355,044) | (6,199) | (1.0) |
| Annualize 2009 Special Bills | \$3,980,851 | (\$3,998,740) | \$0 | \$0 | (\$17,889) | \$0 | 0.0 |
| Decision Item #1b: Extension of DMV Refinance from HUTF License Fee Collections | (6,736,368) | 6,736,368 | 0 | 0 | 0 | 1,930,471 | 0.0 |
| Statewide Indirect Costs Adjustment | (33,379) | 16,792 | 16,587 | 0 | 0 | 5,641 | 0.0 |
| Department Indirect Costs Adjustment | 15,506 | (31,339) | 15,833 | 0 | 0 | (8,860) | 0.0 |
| Subtotal | \$43,640 | \$5,896,693 | \$488,552 | \$0 | \$6,428,885 | \$2,389,990 | (1.0) |
| Central Department Operations | | | | | | | |
| Decision Item #2: Delinquency Billings | \$163,849 | \$0 | \$0 | \$0 | \$163,849 | \$0 | 0.0 |
| Decision Item#1: Treasury Offset Program | 152,230 | 0 | 0 | 0 | 152,230 | 0 | 0.0 |
| Adjustment from 2009 Personal Services Reduction | 99,693 | 6,164 | 1,311 | 0 | 107,168 | 1,974 | 0.0 |
| Annualize August 2009 Budget Reductions | (451,697) | 0 | 0 | 0 | (451,697) | 0 | (7.9) |
| Annualize 2009 Special Bills | (\$47,011) | \$0 | \$0 | \$0 | (\$47,011) | \$0 | 0.0 |
| Decision Item #1b: Extension of DMV Refinance from HUTF License Fee Collections | (253,177) | 253,177 | 0 | 0 | 0 | 253,177 | 0.0 |
| Statewide Indirect Costs Adjustment | (10,017) | 5,452 | 4,565 | 0 | 0 | 1,812 | 0.0 |
| Department Indirect Costs Adjustment | (8,667) | (2,311) | 10,978 | 0 | 0 | (445) | 0.0 |
| Subtotal | (\$354,797) | \$262,482 | \$16,854 | \$0 | (\$75,461) | 256,518 | (7.9) |
| Information Technology Division | | | | | | | |
| Adjustment from 2009 Personal Services Reduction | \$88,241 | \$75,072 | \$7,725 | \$0 | \$171,038 | \$6,793 | 0.0 |
| Non-prioritized Decision Item: Statewide Information Technology Consolidation | (4,086,331) | (3,201,868) | (494,821) | 0 | (7,783,020) | (373,989) | (106.2) |

| Category | GF | CF | RF | FF | Total | HUTF | FTE |
|---|----------------------|----------------------|--------------------|------------------|----------------------|------------------|----------------|
| Annualize August 2009 Budget Reductions | (462,916) | 0 | 0 | 0 | (462,916) | 0 | (5.2) |
| Annualize 2009 Decision Items | 0 | (327,023) | 0 | 0 | (327,023) | 0 | 0.0 |
| Annualize 2009 Special Bills | 0 | (50,589) | 0 | 0 | (50,589) | 0 | 0.0 |
| Statewide Indirect Costs | (64,330) | 31,684 | 32,646 | 0 | 0 | 10,390 | 0.0 |
| Departmental Indirect Costs | <u>5,733</u> | <u>(73,709)</u> | <u>67,976</u> | <u>0</u> | <u>0</u> | <u>15,385</u> | <u>0.0</u> |
| Subtotal | (\$4,519,603) | (\$3,546,433) | (\$386,474) | \$0 | (\$8,452,510) | (341,421) | (111.4) |
| Taxation Business Group | | | | | | | |
| Annualize 2009 Decision Item | \$808,219 | \$0 | \$0 | \$0 | \$808,219 | \$0 | 9.9 |
| Adjustment from 2009 Personal Services Reduction | 360,237 | 1,777 | 0 | 0 | 362,014 | 0 | 0.0 |
| Decision Item #1: Treasury Offset Program | 6,450 | 0 | 0 | 0 | 6,450 | 0 | 0.0 |
| Adjustments to Cigarette Tax Rebate and Old Age Heat & Fuel & Property Tax Assistance - per OSPB Forecast | (800,000) | 0 | 0 | 0 | (800,000) | 0 | 0.0 |
| Annualize August 2009 Budget Reductions | (404,441) | 0 | 0 | 0 | (404,441) | 0 | (4.5) |
| Annualize 2009 Special Bills | (21,401) | 12,461 | 0 | 0 | (8,940) | 0 | (0.6) |
| Federal Funding Adjustment | 0 | 0 | 0 | (4,544) | (4,544) | 0 | 0.0 |
| Departmental Indirect Costs | <u>864</u> | <u>(864)</u> | <u>(411)</u> | <u>0</u> | <u>(411)</u> | <u>0</u> | <u>0.0</u> |
| Subtotal | (\$50,072) | \$13,374 | (\$411) | (\$4,544) | (\$41,653) | 0.0 | 4.8 |
| Division of Motor Vehicles | | | | | | | |
| Adjustment from 2009 Personal Services Reduction | \$0 | \$355,299 | \$0 | \$0 | \$355,299 | \$0 | 0.0 |
| Decision Item #3: Emission Program Enhancement | 0 | 119,020 | 0 | 0 | 119,020 | 0 | 2.0 |
| Annualize 2009 Special Bills | 12,196,407 | (12,915,866) | (21,549) | 0 | (741,008) | (4,064,839) | 0.3 |
| Annualize 2009 Decision Items | (155,662) | (2,800) | 0 | 0 | (158,462) | 0 | 0.0 |
| Decision Item #1b: Extension of DMV Refinance from HUTF License Fee Collections | (13,123,680) | 13,123,680 | 0 | 0 | 0 | 567,023 | 0.0 |
| Decision Item #5: Creation of Program Section for Ignition Interlock Subsidy Program | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Departmental Indirect Costs | <u>(7,110)</u> | <u>7,110</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>233</u> | <u>0.0</u> |

| Category | GF | CF | RF | FF | Total | HUTF | FTE |
|--|----------------------|--------------------|-------------------|------------------|--------------------|--------------------|---------------|
| Subtotal | (\$1,090,045) | \$686,443 | (\$21,549) | \$0 | (\$425,151) | (3,497,583) | 2.3 |
| Motor Carrier Services Division | | | | | | | |
| Adjustment from 2009 Personal Services Reduction | \$12,241 | \$124,141 | \$0 | \$0 | \$136,382 | 124,141 | 0.0 |
| Annualize August 2009 Budget Reductions | (77,296) | 0 | 0 | 0 | (77,296) | 0 | (1.0) |
| Budget Reduction #1: Transfer of MCS Operating for Dispatch Services Program Costs | <u>0</u> | <u>(52,704)</u> | <u>0</u> | <u>0</u> | <u>(52,704)</u> | <u>(52,704)</u> | <u>0.0</u> |
| Subtotal | (\$65,055) | \$71,437 | \$0 | \$0 | \$6,382 | 71,437 | (1.0) |
| Enforcement Business Group | | | | | | | |
| Limited Gaming Commission Adjustment | \$0 | \$1,467,468 | \$0 | \$0 | \$1,467,468 | 0 | 16.0 |
| Annualize FY 2009-10 Limited Gaming Commission Adjustment | 0 | 620,032 | 0 | 0 | 620,032 | 0 | 0.0 |
| Adjustment from 2009 Personal Services Reduction | 0 | 222,818 | 0 | 0 | 222,818 | 0 | 0.0 |
| Departmental Indirect Costs | (1,610) | 88,961 | 15,807 | 0 | 103,158 | 0 | 0.0 |
| Statewide Indirect Costs | 0 | 35,332 | 0 | 0 | 35,332 | 0 | 0.0 |
| Annualize 2009 Decision Items | 0 | (66,740) | 0 | 0 | (66,740) | 0 | 0.0 |
| Non-prioritized Decision Item: Statewide Information Technology Consolidation | 0 | (30,029) | 0 | 0 | (30,029) | 0 | 0.0 |
| Decision Item #4: IVR Phone System | 0 | (4,840) | 0 | 0 | (4,840) | 0 | 0.0 |
| Annualize 2009 Special Bills | <u>0</u> | <u>(3,138)</u> | <u>0</u> | <u>0</u> | <u>(3,138)</u> | <u>0</u> | <u>0.0</u> |
| Subtotal | (\$1,610) | \$2,329,864 | \$15,807 | \$0 | \$2,344,061 | \$0 | 16.0 |
| State Lottery Division | | | | | | | |
| Adjustment from 2009 Personal Services Reduction | \$0 | \$182,826 | \$0 | \$0 | \$182,826 | 0 | 0.0 |
| Statewide Indirect Costs | 0 | 18,465 | 0 | 0 | 18,465 | 0 | 0.0 |
| Departmental Indirect Costs | 0 | 7,435 | 0 | 0 | 7,435 | 0 | 0.0 |
| Non-prioritized Decision Item: Statewide Information Technology Consolidation | <u>0</u> | <u>(19,453)</u> | <u>0</u> | <u>0</u> | <u>(19,453)</u> | <u>0</u> | <u>0.0</u> |
| Subtotal | \$0 | \$189,273 | \$0 | \$0 | \$189,273 | 0.0 | 0.0 |
| Total Change | (\$6,037,542) | \$5,903,133 | \$112,779 | (\$4,544) | (\$26,174) | (1,121,059) | (98.2) |

**FY 2010-11 JBC Staff Budget Briefing
Department of Revenue**

BRIEFING ISSUE:

ISSUE: Effectiveness of increased appropriation for audits of out-of-state companies doing business in Colorado.

For FY 2008-09, the General Assembly approved an increase for out-of-state travel for Colorado-based auditors. The Department estimated that audit production would increase by \$22.2 million, resulting in increased General Fund revenues of \$8.9 million in FY 2008-09. Actual audit production increased by \$18.0 million, resulting in additional General Fund revenues of \$7.2 million.

SUMMARY:

- ❑ The General Assembly provided \$180,234 to the Department in FY 2008-09 to increase the Department out-of-state audit presence by allowing senior auditors to travel eight weeks per year. The Department projected that General Fund revenue would increase by \$8.9 million in FY 2008-09.
- ❑ Actual revenue generated by the program was estimated at \$7.2 million.
- ❑ The General Assembly provided \$957,418 and 10.1 FTE in FY 2009-10 to expand out-of-state audits by expanding the three current out-of-state offices and opening three new out-of-state offices. This proposal annualized to \$1.8 million and 20 FTE in FY 2010-11. The Department projected increased revenues of \$3.5 million in FY 2009-10, \$12.0 million in FY 2010-11, and \$17.8 million in FY 2011-12 and thereafter.

RECOMMENDATION:

Staff recommends that the Committee request actual data regarding taxes collected as a result of the expansion of out-of-state tax audits, as opposed to estimates based upon audit production. This request will help the JBC more accurately determine the effectiveness of these programs.

DISCUSSION:

In the 2008 legislative session, the General Assembly approved full funding of the Department of Revenue policy of having senior tax auditors, based in Colorado, travel out-of-state to conduct audits of businesses headquartered out-of-state who conduct business operations in the State. The General Assembly provided an appropriation for this purpose of \$180,234 General Fund for FY 2008-09. The Department estimated that General Fund revenues would be enhanced by \$8.9 million per year.

The second expansion, which was approved for FY 2009-10, was a phased two-year plan appropriating \$957,418 General Fund and 10.1 employees, annualizing to \$1,765,637 General Fund and 20.0 FTE.

The Department estimated that General Fund revenue would be enhanced by \$3.5 million in the first year (FY 2009-10), increasing to \$17.8 million when the plan is fully implemented and mature in FY 2011-12. Because the benefit/cost ratio was much lower than the FY 2008-09 enhancement, staff recommended that the JBC request a report from the Department regarding the effectiveness of the programs and to measure how well the Department has projected the benefits.

That report was submitted as requested on September 30, 2009. The report showed that where the Department had projected an increase in General Fund revenue of \$8.9 million, the actual revenue increase was estimated at \$7.2 million. The Department's report states that the Department scheduled ten fewer trips than originally planned because of the hiring freeze and allocation of resources. That along with lower than anticipated travel expenses resulted in a small reversion of the funding provided. The scheduling of ten fewer trips than planned (out of 240) explains part of the shortfall in expected revenue. It is also true that the economy has been in a recession since December, 2007, which also explains part of the shortfall. **Staff's conclusion is that the Department's enhanced revenue estimates for FY 2008-09 were reasonable and justified the program.**

During the 2009 session, the General Assembly approved a two-year request to expand out-of-state auditing offices in the New York City metro area, Dallas, and Los San Francisco, and to open new offices in Houston, Chicago, and Los Angeles. Total staffing of out-of-state based auditors will grow from three in FY 2008-09, to a total of 19 in FY 2010-11. There would also be a out-of-state audit program manager, and an administrative assistant for the out-of-state auditors. Table 1 shows the increased appropriation for hiring the new auditors and the projected General Fund increases anticipated by the Department.

| Table 1 Projection of Increased Revenue from FY 2009-10 Decision Item: Out-of-State Tax Law Compliance and Enforcement | | | |
|---|----------------------|------------------------------------|---------------------------|
| Fiscal Year | Appropriation | Projected Increased Revenue | Benefit/Cost Ratio |
| 2009-10 | \$957,418 | \$3,460,758 | 3.6 |
| 2010-11 | 1,765,637 | 11,972,352 | 6.8 |
| 2011-12 | 1,765,637 | 17,771,460 | 10.1 |

The reasons that the increases are not realized in the first year are twofold. First, the program is phased in over a two-year period. Second, it will take time to hire and train the auditors to become effective auditors based on Colorado tax laws.

From the data obtained from the Department of Revenue, the enhancement of the out-of-state tax law compliance and enforcement returned far more revenue than was expended. **Staff is confident that the Department's estimates are reasonable with regards to the amount of revenue the program will generate**, though staff would like to see validation of the figure of 40 percent of audit production being realized as revenue.

Audit Production

Staff is concerned with the Department's use of "audit production" as a means of evaluating the effectiveness of the program. Audit production, as used by the Department, means the "absolute value of all assessments and refunds generated by audit findings." The Department has provided audit production as the measurement criteria and then estimated the revenue from that number, based on historical data. Staff understands the reluctance to measure revenue enhancements as a measure of an individual auditor's performance, however, in the aggregate, the Department should be able to show the committee the actual revenue increases as a result of the program. In the current economic climate, when corporate profits are reduced, it is important to ask the Department to justify its use of 40 percent of audit production being returned to the state as revenue.

When dealing with the out-of-state audit expansion, the expenses for the initiative were relatively low. It dealt with existing auditor's transferring their auditing time from relatively low return in-state audits to potentially higher return out-of-state audits. The second phase of the out-of-state audit expansion carries much more risk to the State, since it involves hiring 20 new FTE and expands or opens out-of-state offices. According to the Department, the benefit/cost ratio of this program is about 10 to, providing a much lower margin of error if the Department's estimates are off, especially if the ratio of revenues generated by audit production is too high.

In the absence of data specifically showing how much revenue is produced by the initiatives to increase out-of-state audits, staff would recommend that the Committee ask the Department to provide justification for the use of the "40 percent of audit production realized as revenue" as its benchmark in justifying the expansion of these programs.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

BRIEFING ISSUE

INFORMATIONAL ISSUE: Colorado State Titling and Registration Account

Current projections show that the Colorado State Titling and Registration (CSTAR) Account will have a negative fund balance by the end of FY 2010-11. This has occurred as titling activity, especially for new vehicles, has fallen dramatically as the economy has worsened over the last several years.

SUMMARY:

- Fee income for the Colorado State Titling and Registration (CSTAR) Account, has dropped by more than 15 percent in the last two years, as auto sales have been reduced during the current recession.
- At current income and spending levels, by the end of FY 2010-11, the CSTAR Account will be insolvent.
- The Department and OSPB are preparing a plan to prevent the fund from going insolvent.

DISCUSSION:

The Colorado State Titling and Registration Account is a sub-account of the Highway Users Tax Fund, established in Section 42-1-211 (2), C.R.S. It is used to fund the operations of the Colorado State Titling and Registration System (CSTARS), also established by Section 42-1-211, C.R.S. CSTARS is a statewide system to coordinate the management of vehicle registration and titling. This coordination goes between the State and the County Clerks, who handle most transactions with customers who are registering or titling vehicles.

As the economy has worsened since the current recession started, the fee income to the CSTAR account has fallen. According to the Department, fee revenue has fallen about \$1.5 million from FY 2006-07. This reduction in income is primarily the result of fewer new vehicles being titled in the State.

Table 1 shows actual revenues and expenditures for fiscal years 2006-07, 2007-08, and 2008-09, as well as the estimated revenues and expenditures (based on the appropriation) for the current fiscal year and the next two fiscal years. The table shows that the account will have a negative fund balance by the end of FY 2010-11.

| Table 1 Changes in Fund Balance (Actual and Projected) Colorado State Titling and Registration Account | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
| | Actual | Actual | Actual | Estimated | Projected | Projected |
| Beginning Fund Balance | \$9,194,024 | \$7,225,970 | \$5,628,913 | \$4,291,113 | \$1,484,695 | (\$1,531,841) |
| Revenues | 9,739,358 | 8,985,785 | 8,343,392 | 8,057,198 | 7,991,710 | 7,986,800 |
| Expenditures | 11,707,412 | 10,582,842 | 9,681,192 | 10,863,616 | 11,008,246 | 11,169,434 |
| Ending Fund Balance | 7,225,970 | 5,628,913 | 4,291,113 | 1,484,695 | (1,531,841) | (4,714,475) |
| Change in Fund Balance | (\$1,968,054) | (\$1,597,057) | (\$1,337,800) | (\$2,806,418) | (\$3,016,536) | (\$3,182,634) |

The account is funded through fees charged to people who register and title motor vehicles (and manufactured homes) in the State. When paid at an authorized agent, the fees credited to the Account are as follows:

- \$0.10 of the fee charged to furnish any specified record (Section 42-1-206 (2), C.R.S.).
- \$0.50 of the Specific Ownership Tax (Section 42-3-107 (22), C.R.S.).
- \$1.15 of each additional fee collected from the purchaser of a special license plate (Section 42-3-213 (1) (b) (IV), C.R.S.).
- \$3.20 of the fee charged for an application for title to a motor vehicle or manufactured home, recording of a mortgage (Section 42-6-138 (1) (a), C.R.S.).
- \$1.70 of the fee charged for a copy of a recorded certificate of title (Section 42-6-138 (2) (a), C.R.S.).
- \$1.00 of the fee charged for assignment of a new identifying number to a motor vehicle or manufactured home (Section 42-6-138 (2) (b)). When the Department issues such number, the entire fee (\$3.50) shall be credited to the Account.
- The entire fee of \$25.00 paid by a motor vehicle dealer who applies to receive a certificate of title within one working day after application.

Most of the fee income for the Account is from a portion of the Title Application Fee, which is charged to citizens wishing to title vehicles. The total fee is \$7.20, with \$3.20 of the fee being credited to the CSTAR account. According to the Department, two-thirds of the total fees for the Account come from this source.

In the 2009 legislative session, a bill was introduced into the General Assembly that would have increased fees going into the CSTAR account, however, that bill was not enacted. That bill would have raised the registration fee by \$0.60 for each vehicle registered and raised approximately \$3 million each year.

The Department states that it is in the process of developing a plan that will provide a solution for the pending insolvency, and at this time, that plan does not involve a fee increase. This plan will need to be implemented for the coming fiscal year in order to forestall the pending insolvency.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

BRIEFING ISSUE

INFORMATIONAL ISSUE: Status of Colorado Integrated Tax Architecture Project

The Colorado Integrated Tax Architecture (CITA) project is an information technology (IT) project to replace the Department of Revenue's aging tax systems and infrastructure. At \$56.4 million, it is one of the most expensive IT projects the State has ever undertaken. The project is scheduled to be completed in five phases, over about a five year period.

SUMMARY:

- Phase 1 included the Estate Tax, Severance Tax, and Property Tax Credit modules. It was successfully completed and implemented on time in November 2008.
- Phase 2 included the Income Tax module. It was successfully completed and implemented on time in November 2009.
- Phases 3 includes the Sales and Use Tax, Wage Withholding, Fuel and Vehicle Tax modules. It is currently under development and scheduled to be implemented in November 2010. This module is funded with Capital Construction Funds in the amount of \$7.5 million in FY 2009-10.
- Phase 4 includes the Taxpayer Access Point, Discovery, and Bankruptcy modules. The module is scheduled to be implemented in September 2011. The Department is requesting \$10.2 million Capital Construction Fund moneys in FY 2010-11 to complete this module.
- Phase 5 includes the Food Service, Gaming, Tobacco, Alcohol, Pubic Utilities Commission, and Off-Highway modules. The module is scheduled to be implemented in June 2012 and will require an appropriation in FY 2011-12 to complete.

DISCUSSION:

In FY 2006-07, the Department of Revenue requested authority to move forward with a new information technology system to replace the existing tax system. The existing system consisted of a number of discrete and stand-alone tax systems that had been developed over a 40 year period. In 1994, the Department attempted to develop an in-house program, however, the program could not meet its deadlines and was cancelled in 1998 after the expenditure of \$12 million. The existing systems' continuing inadequacies prompted the funding of a feasibility study completed in 2005, which recommended the purchase of Commercial-Off-the-Shelf/Modify-Off-the-Shelf Solution.

The advantage of this proposed solution was that it would be purchasing a system already in use in other states, thus reducing the risk that the system would not work as projected. When the project was bid, the winning vendor was GenTax software from Fast Enterprises. The project is to cost \$56.4 million.

Phase 1

The first phase of the project was successfully completed and implemented as scheduled in November 2008. In the Information Technology Audit conducted by the Office of the State Auditor, and released September 2009, the Auditor found one control deficiency that was quickly corrected, and several significant deficiencies, which the Department is in the process of correcting.

The control deficiency was that the same person could initiate and approve a tax return. The deficiency was identified on March 4, 2009 and involved about 20 returns. It was corrected by March 11, 2009, and the Department has not identified any indication of error or fraud. The other deficiencies that were identified by the audit regarded data migration, the risks to the project's success, and general computer controls. The audit identified these findings as moderate risk controls and the Department, and the Department of Revenue, the Governor's Office of Information Technology (OIT), and Colorado Office of Cyber Security (OCS) agreed with all but one recommendation and began implementing those recommendations.

The one element of the auditor's recommendation that the Department of Revenue did not agree with regarded not accepting future phases from the contractor until the recommended changes have been made. The recommended changes would require OCS to certify the security of the underlying IT infrastructure, including servers and network components. The Department stated it will work with OCS to ensure that the servers meet required standards, but that it can not refuse to accept future phases if the contractor has met its contractual obligations.

Phase 2

The Department reports that Phase 2, the Income Tax module, was successfully completed and implemented in November, 2009, on time. While it is still early, and the Department has not gone through income tax season, the Department reports that this module is working as expected.

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Appendix A: Numbers Pages

| | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | Change |
|--|-------------------|-------------------|----------------------|---------------------------|-----------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| DEPARTMENT OF REVENUE | | | | | |
| Roxy Huber, Executive Director | | | | | |
| (1) Executive Director's Office | | | | | |
| Provides administrative, accounting, budgeting, auditing, planning, and research support for the Department, and is comprised of the following programs: Administration, Policy Analysis and Financial Services, Internal Auditor, Office of Human Resources, and Office of Research and Analysis. Major cash funds sources include the Highway Users Tax Fund (HUTF), the Colorado State Titling and Registration Account, the Licensing Services Cash Fund, the Driver's License Administrative Revocation Account, the Auto Dealers License Fund, the Limited Gaming Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, the State Lottery Fund, and the Department of Revenue subaccount of the Automobile Inspection and Readjustment Account. The reappropriated funds sources are the State Lottery Fund and the Limited Gaming Fund | | | | | |
| Personal Services | 3,589,577 | 3,836,529 | 3,987,807 | 3,920,566 | |
| FTE | <u>40.7</u> | <u>44.4</u> | <u>48.8</u> | <u>47.8</u> | |
| General Fund | 1,936,698 | 2,150,214 | 2,134,563 | 1,005,103 | DI#1b |
| Cash Funds | 637,112 | 841,991 | 880,627 | 886,339 | |
| HUTF | 385,567 | 418,445 | 414,831 | 1,428,125 | DI#1b |
| Cash Funds Exempt/Reappropriated Funds | 630,200 | 425,879 | 557,786 | 600,999 | |
| Health, Life and Dental | <u>5,686,292</u> | <u>6,799,391</u> | <u>7,938,822</u> | <u>7,039,652</u> | |
| General Fund | 3,327,659 | 4,021,098 | 3,142,676 | 2,472,982 | DI#1b,NP |
| Cash Funds | 835,086 | 2,098,897 | 4,009,507 | 3,885,604 | DI#1b,NP |
| HUTF | 544,057 | 679,396 | 786,639 | 681,066 | |
| Cash Funds Exempt | 979,490 | 0 | 0 | 0 | |
| Short-term Disability | <u>88,567</u> | <u>96,514</u> | <u>110,773</u> | <u>101,046</u> | |
| General Fund | 54,145 | 58,495 | 50,299 | 38,326 | DI#1b,NP |
| Cash Funds | 11,971 | 30,677 | 51,924 | 53,807 | DI#1b,NP |
| HUTF | 6,995 | 7,342 | 8,550 | 8,913 | |
| Cash Funds Exempt | 15,456 | 0 | 0 | 0 | |

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Appendix A: Numbers Pages

| | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | Change |
|---|------------------|------------------|------------------|--------------------|----------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| S.B. 04-257 Amortization Equalization Disbursement | <u>823,798</u> | <u>1,168,037</u> | <u>1,474,071</u> | <u>1,570,025</u> | |
| General Fund | 501,784 | 699,439 | 667,484 | 598,449 | DI#1b,NP |
| Cash Funds | 110,066 | 373,125 | 695,869 | 833,593 | DI#1b,NP |
| HUTF | 63,499 | 95,473 | 110,718 | 137,983 | |
| Cash Funds Exempt | 148,449 | 0 | 0 | 0 | |
| S.B. 06-235 Supplemental Amortization Equalization Disbursement | <u>153,458</u> | <u>534,011</u> | <u>905,680</u> | <u>1,144,831</u> | |
| General Fund | 89,428 | 319,123 | 412,795 | 436,377 | DI#1b,NP |
| Cash Funds | 19,868 | 174,257 | 424,859 | 607,838 | DI#1b,NP |
| HUTF | 13,063 | 40,631 | 68,026 | 100,616 | |
| Cash Funds Exempt | 31,099 | 0 | 0 | 0 | |
| Salary Survey and Senior Executive Service | <u>2,276,350</u> | <u>2,970,519</u> | <u>0</u> | <u>0</u> | |
| General Fund | 1,360,465 | 1,801,622 | 0 | 0 | |
| Cash Funds | 283,747 | 918,801 | 0 | 0 | |
| HUTF | 198,318 | 250,096 | 0 | 0 | |
| Cash Funds Exempt | 433,820 | 0 | 0 | 0 | |
| Performance-based Pay Awards | <u>1,073,081</u> | <u>1,151,316</u> | <u>0</u> | <u>0</u> | |
| General Fund | 668,192 | 688,768 | 0 | 0 | |
| Cash Funds | 127,543 | 373,808 | 0 | 0 | |
| HUTF | 83,000 | 88,740 | 0 | 0 | |
| Cash Funds Exempt | 194,346 | 0 | 0 | 0 | |
| Shift Differential | <u>166,518</u> | <u>187,287</u> | <u>133,215</u> | <u>151,331</u> | |
| General Fund | 52,100 | 48,105 | 16,357 | 3,921 | DI#1b,NP |
| Cash Funds | 5,408 | 25,367 | 39,836 | 40,889 | DI#1b,NP |
| HUTF | 96,277 | 113,815 | 77,022 | 106,521 | |
| Cash Funds Exempt | 12,733 | 0 | 0 | 0 | |

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Appendix A: Numbers Pages

| | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | Change |
|---|-------------------|-------------------|----------------------|---------------------------|-----------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| Workers' Compensation | <u>575,405</u> | <u>733,857</u> | <u>595,515</u> | <u>621,680</u> | |
| General Fund | 369,652 | 452,719 | 248,690 | 240,219 | DI#1b |
| Cash Funds | 57,153 | 220,674 | 298,376 | 331,910 | DI#1b |
| HUTF | 49,198 | 60,464 | 48,449 | 49,551 | |
| Cash Funds Exempt | 99,402 | 0 | 0 | 0 | |
| Operating Expenses | <u>955,754</u> | <u>954,585</u> | <u>1,086,864</u> | <u>1,076,245</u> | |
| General Fund | 512,582 | 496,337 | 461,084 | 457,071 | DI#1b |
| Cash Funds | 134,865 | 341,588 | 506,147 | 499,541 | DI#1b,3,4 |
| HUTF | 99,923 | 116,660 | 119,633 | 119,633 | |
| Cash Funds Exempt | 208,384 | 0 | 0 | 0 | |
| Legal Services for 11,165 hours | <u>867,793</u> | <u>813,059</u> | <u>849,128</u> | <u>849,128</u> | |
| General Fund | 521,473 | 450,445 | 452,943 | 318,429 | DI#1b |
| Cash Funds | 291,876 | 350,883 | 384,410 | 518,924 | DI#1b |
| HUTF | 26,289 | 11,731 | 11,775 | 11,775 | |
| Cash Funds Exempt | 28,155 | 0 | 0 | 0 | |
| Administrative Law Judge Services - CF | 7,532 | 7,238 | 8,808 | 14,968 | |
| Purchase of Services from Computer Center | <u>3,251,582</u> | <u>3,627,411</u> | <u>3,627,411</u> | <u>9,353,987</u> | |
| General Fund | 3,248,330 | 3,624,283 | 3,624,283 | 5,392,263 | DI#1b,NP |
| Cash Funds | 0 | 3,128 | 3,128 | 2,445,210 | DI#1b,NP |
| HUTF | 0 | 0 | 0 | 1,126,978 | DI#1b,NP |
| Cash Funds Exempt/Reappropriated Funds | 3,252 | 0 | 0 | 389,536 | |
| Multiuse Network Payments | <u>2,584,122</u> | <u>2,670,532</u> | <u>2,670,532</u> | <u>3,527,352</u> | |
| General Fund | 621,998 | 642,797 | 137,362 | 329,806 | DI#1b,NP |
| Cash Funds | 70,547 | 1,976,728 | 2,482,163 | 2,905,435 | DI#1b,NP |
| HUTF | 49,357 | 51,007 | 51,007 | 266,460 | DI#1b,NP |
| Cash Funds Exempt/Reappropriated Funds | 1,842,220 | 0 | 0 | 25,651 | |

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|---|-------------------|-------------------|----------------------|---------------------------|-----------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| Management and Administration of OIT | <u>0</u> | <u>423,337</u> | <u>444,804</u> | <u>1,037,799</u> | |
| General Fund | 0 | 423,337 | 444,804 | 751,165 | DI#1b |
| Cash Funds | 0 | 0 | 0 | 187,681 | DI#1b,NP |
| HUTF | 0 | 0 | 0 | 68,801 | DI#1b |
| Reappropriated Funds | 0 | 0 | 0 | 30,152 | |
| Payment to Risk Management and Property Funds | <u>211,060</u> | <u>273,165</u> | <u>189,086</u> | <u>68,350</u> | |
| General Fund | 120,775 | 148,997 | 64,676 | 25,029 | DI#1b |
| Cash Funds | 21,398 | 92,346 | 101,242 | 36,938 | DI#1b |
| HUTF | 24,140 | 31,822 | 23,168 | 6,383 | |
| Cash Funds Exempt | 44,747 | 0 | 0 | 0 | |
| Vehicle Lease Payments | <u>373,184</u> | <u>389,471</u> | <u>489,402</u> | <u>501,555</u> | |
| General Fund | 90,004 | 100,409 | 86,706 | 92,976 | NP |
| Cash Funds | 99,402 | 247,995 | 352,250 | 359,733 | DI#1b,NP |
| HUTF | 42,829 | 41,067 | 50,446 | 48,846 | DI#1b,NP |
| Cash Funds Exempt | 140,949 | 0 | 0 | 0 | |
| Leased Space | <u>2,191,507</u> | <u>2,434,150</u> | <u>2,721,446</u> | <u>2,757,629</u> | |
| General Fund | 1,349,369 | 1,315,622 | 594,981 | 512,451 | DI#1b |
| Cash Funds | 127,132 | 1,118,528 | 2,126,465 | 2,245,178 | DI#1b |
| Cash Funds Exempt | 715,006 | 0 | 0 | 0 | |
| Capitol Complex Leased Space | <u>1,680,002</u> | <u>1,676,337</u> | <u>1,697,841</u> | <u>1,621,366</u> | |
| General Fund | 1,293,280 | 1,301,729 | 1,137,711 | 1,055,065 | DI#1b |
| Cash Funds | 176,581 | 348,692 | 534,395 | 542,149 | DI#1b |
| HUTF | 26,691 | 25,916 | 25,735 | 24,152 | |
| Cash Funds Exempt | 183,450 | 0 | 0 | 0 | |

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|---|-------------------|-------------------|----------------------|---------------------------|---------------------------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| Communication Services Payments | <u>60,849</u> | <u>63,557</u> | <u>63,557</u> | <u>66,137</u> | |
| General Fund | 16,659 | 19,321 | 19,321 | 20,105 | |
| Cash Funds | 38,175 | 39,660 | 39,660 | 41,270 | |
| HUTF | 4,164 | 4,576 | 4,576 | 4,762 | |
| Cash Funds Exempt | 1,851 | 0 | 0 | 0 | |
| Utilities | <u>208,367</u> | <u>203,490</u> | <u>247,119</u> | <u>247,119</u> | |
| General Fund | 88,317 | 85,037 | 9,362 | 0 | DI#1b |
| Cash Funds | 16,361 | 16,849 | 134,341 | 143,703 | DI#1b |
| HUTF | 103,689 | 101,604 | 103,416 | 103,416 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE | 26,824,798 | 31,013,793 | 29,241,881 | 35,670,766 | 22.0% |
| FTE | <u>40.7</u> | <u>44.4</u> | <u>48.8</u> | <u>47.8</u> | <u>-2.0%</u> |
| General Fund | 16,222,910 | 18,847,897 | 13,706,097 | 13,749,737 | 0.3% |
| Cash Funds | 3,071,823 | 9,601,232 | 13,074,007 | 16,580,710 | 26.8% |
| HUTF | 1,817,056 | 2,138,785 | 1,903,991 | 4,293,981 | 125.5% |
| Cash Funds Exempt/Reappropriated Funds | 5,713,009 | 425,879 | 557,786 | 1,046,338 | 87.6% |

(2) CENTRAL DEPARTMENT OPERATIONS

Provides centralized departmental support for mail processing, forms development, transaction processing and records management. Major cash fund sources include the Identification Security Fund, the Colorado State Titling and Registration Account, the Outstanding Judgment and Warrants Account, the Licensing Services Cash Fund, the Driver's License Administrative Revocation Account, and the Auto Dealers License Fund. The sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.

| | | | | | |
|--|--------------|--------------|--------------|--------------|-------|
| Personal Services | 5,219,536 | 5,300,202 | 5,568,788 | 5,323,097 | |
| FTE | <u>106.6</u> | <u>106.7</u> | <u>109.9</u> | <u>102.0</u> | |
| General Fund | 4,881,995 | 4,886,543 | 5,182,497 | 4,657,470 | DI#1b |
| Cash Funds | 95,726 | 206,543 | 216,549 | 222,513 | |
| HUTF | 91,984 | 102,646 | 102,007 | 358,525 | DI#1b |
| Cash Funds Exempt/Reappropriated Funds | 149,831 | 104,470 | 67,735 | 84,589 | |

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|---|------------------|------------------|------------------|--------------------|-------------------------------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| Seasonal Tax Processing - General Fund | 374,767 | 375,029 | 397,545 | 397,545 | |
| Operating Expenses | <u>1,128,968</u> | <u>1,165,323</u> | <u>1,173,173</u> | <u>1,190,240</u> | |
| General Fund | 992,501 | 1,028,494 | 1,036,286 | 1,053,353 | DI#1,2 |
| Cash Funds | 0 | 136,829 | 136,887 | 136,887 | |
| Cash Funds Exempt/Reappropriated Funds | 136,467 | 0 | 0 | 0 | |
| Postage | <u>2,415,697</u> | <u>2,364,881</u> | <u>2,607,241</u> | <u>2,881,858</u> | |
| General Fund | 2,156,462 | 2,134,475 | 2,344,342 | 2,618,959 | DI#1,2 |
| Cash Funds | 31,569 | 216,993 | 248,990 | 248,990 | |
| HUTF | 8,371 | 13,413 | 13,909 | 13,909 | |
| Cash Funds Exempt/Reappropriated Funds | 219,295 | 0 | 0 | 0 | |
| Pueblo Data Entry Center Payments | <u>1,770,469</u> | <u>1,669,560</u> | <u>1,950,377</u> | <u>1,879,728</u> | |
| General Fund | 1,768,878 | 1,669,560 | 1,946,368 | 1,875,719 | |
| Cash Funds | 0 | 0 | 4,009 | 4,009 | |
| Cash Funds Exempt/Reappropriated Funds | 1,591 | 0 | 0 | 0 | |
| Document Imaging and Storage - General Fund | 382,772 | 383,187 | 445,095 | 394,290 | <i>Request v. Appropriation</i> |
| SUBTOTAL - (1) CENTRAL DEPARTMENT OPERATIONS | 11,292,209 | 11,258,182 | 12,142,219 | 12,066,758 | -0.6% |
| FTE | <u>106.6</u> | <u>106.7</u> | <u>109.9</u> | <u>102.0</u> | -7.2% |
| General Fund | 10,557,375 | 10,477,288 | 11,352,133 | 10,997,336 | -3.1% |
| Cash Funds | 127,295 | 560,365 | 606,435 | 612,399 | 1.0% |
| HUTF | 100,355 | 116,059 | 115,916 | 372,434 | 221.3% |
| Cash Funds Exempt/Reappropriated Funds | 507,184 | 104,470 | 67,735 | 84,589 | 24.9% |

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|---|----------------|----------------|----------------|--------------------|----------------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| (3) INFORMATION TECHNOLOGY | | | | | |
| (A) Systems Support | | | | | |
| Systems Support is responsible for the maintenance of Department systems for three business groups and the Executive Director's Office. Major cash fund sources include the Colorado State Titling and Registration Account, the Highway Users Tax Fund, the Licensing Services Cash Fund, the Driver's License Administrative Revocation Account, the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, and the Department of Revenue Subaccount of the Automobile Inspection and Readjustment Account of the HUTF. The reappropriated funds sources are the Limited Gaming Fund and the State Lottery Fund. | | | | | |
| Personal Services | 5,723,274 | 6,079,488 | 6,323,342 | 149,887 | |
| FTE | <u>74.6</u> | <u>75.9</u> | <u>79.9</u> | <u>0.0</u> | NP |
| General Fund | 3,981,028 | 4,026,540 | 4,560,533 | 105,484 | NP |
| Cash Funds | 445,397 | 1,113,516 | 1,012,487 | 21,976 | |
| HUTF | 427,990 | 465,580 | 351,075 | 9,654 | |
| Cash Funds Exempt/Reappropriated Funds | 868,859 | 473,852 | 399,247 | 12,773 | |
| Operating Expenses | <u>722,189</u> | <u>723,970</u> | <u>724,313</u> | <u>698,398</u> | |
| General Fund | 722,189 | 723,970 | 724,313 | 659,759 | |
| Cash Funds | 0 | 0 | 0 | 38,639 | |
| Programming Costs for Session Legislation | 67,728 | 118,103 | 226,788 | 226,788 | |
| FTE | <u>1.0</u> | <u>1.3</u> | <u>2.2</u> | <u>2.2</u> | |
| General Fund | 12,731 | 81,024 | 66,846 | 66,846 | |
| Cash Funds | 0 | 37,079 | 159,942 | 159,942 | |
| Cash Funds Exempt/Reappropriated Funds | 54,997 | 0 | 0 | 0 | |
| | | | | | <i>Request v.</i> |
| | | | | | <i>Appropriation</i> |
| SUBTOTAL - (A) Systems Support | 6,513,191 | 6,921,561 | 7,274,443 | 1,075,073 | -85.2% |
| FTE | <u>75.6</u> | <u>77.2</u> | <u>82.1</u> | <u>2.2</u> | -97.3% |
| General Fund | 4,715,948 | 4,831,534 | 5,351,692 | 832,089 | -84.5% |
| Cash Funds | 445,397 | 1,150,595 | 1,172,429 | 220,557 | -81.2% |
| HUTF | 427,990 | 465,580 | 351,075 | 9,654 | -97.3% |
| Cash Funds Exempt/Reappropriated Funds | 923,856 | 473,852 | 399,247 | 12,773 | -96.8% |

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|--|------------------|------------------|------------------|--------------------|-------------------------------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| (B) Colorado State Titling and Registration System | | | | | |
| The Colorado State Titling and Registration System is the State's centralized database for the distribution of registration taxes between the State, all its counties, and the Highway Users Tax Fund (HUTF). Cash funds are from the Colorado State Titling and Registration Account of the HUTF (Prior to FY 2008-09, the fund was classified as cash funds exempt). | | | | | |
| Personal Services | 2,164,931 | 2,008,149 | 2,605,566 | 449,429 | |
| FTE | <u>28.4</u> | <u>27.9</u> | <u>31.5</u> | <u>0.0</u> | |
| Cash Funds | 0 | 2,008,149 | 2,605,566 | 449,429 | |
| Cash Funds Exempt | 2,164,931 | 0 | 0 | 0 | |
| Operating Expenses | <u>2,553,845</u> | <u>2,366,374</u> | <u>2,667,161</u> | <u>2,617,535</u> | |
| Cash Funds | 0 | 2,366,374 | 2,667,161 | 2,617,535 | |
| Cash Funds Exempt | 2,553,845 | 0 | 0 | 0 | |
| County Office Asset Maintenance | <u>567,478</u> | <u>410,569</u> | <u>568,230</u> | <u>568,230</u> | |
| Cash Funds | 0 | 410,569 | 568,230 | 568,230 | |
| Cash Funds Exempt | 567,478 | 0 | 0 | 0 | |
| County Office Improvements - Cash Funds | 0 | 100,750 | 87,377 | 40,000 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL - (B) Colorado State Titling and Registration System | 5,286,254 | 4,885,842 | 5,928,334 | 3,675,194 | -38.0% |
| FTE | <u>28.4</u> | <u>27.9</u> | <u>31.5</u> | <u>0.0</u> | -100.0% |
| Cash Funds | 0 | 4,885,842 | 5,928,334 | 3,675,194 | -38.0% |
| Cash Funds Exempt | 5,286,254 | 0 | 0 | 0 | 0.0% |

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|--|--------------|--------------|---------------|--------------------|---------------------------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL - (3) INFORMATION TECHNOLOGY | | | | | |
| DIVISION | 11,799,445 | 11,807,403 | 13,202,777 | 4,750,267 | -64.0% |
| FTE | <u>104.0</u> | <u>105.1</u> | <u>113.6</u> | <u>2.2</u> | <u>-98.1%</u> |
| General Fund | 4,715,948 | 4,831,534 | 5,351,692 | 832,089 | -84.5% |
| Cash Funds | 445,397 | 6,036,437 | 7,100,763 | 3,895,751 | -45.1% |
| HUTF | 427,990 | 465,580 | 351,075 | 9,654 | -97.3% |
| Cash Funds Exempt/Reappropriated Funds | 6,210,110 | 473,852 | 399,247 | 12,773 | -96.8% |
| (4) TAXATION BUSINESS GROUP | | | | | |
| The Taxation Business Group is charged with the collection, administration, auditing, and enforcement responsibilities for all taxes, fees, bonds, and licenses covered under Colorado tax laws. This group includes and administrative section, the Taxation and Compliance Division, the Taxpayer Service Division, the Tax Conferee, and a Special Purpose Section. All divisions but Special Purpose carry out programmatic functions. | | | | | |
| (A) Administration | | | | | |
| Personal Services | 545,901 | 553,547 | 624,837 | 565,792 | |
| FTE | <u>6.8</u> | <u>6.2</u> | <u>7.0</u> | <u>6.0</u> | |
| General Fund | 542,347 | 547,526 | 618,647 | 560,466 | |
| Cash Funds | 714 | 6,021 | 6,190 | 5,326 | |
| Cash Funds Exempt/Reappropriated Funds | 2,840 | 0 | 0 | 0 | |
| Operating Expenses - General Fund | 6,787 | 14,998 | 15,000 | 14,050 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (A) - Administration | 552,688 | 568,545 | 639,837 | 579,842 | -9.4% |
| FTE | <u>6.8</u> | <u>6.2</u> | <u>7.0</u> | <u>6.0</u> | <u>-14.3%</u> |
| General Fund | 549,134 | 562,524 | 633,647 | 574,516 | -9.3% |
| Cash Funds | 714 | 6,021 | 6,190 | 5,326 | -14.0% |
| Cash Funds Exempt/Reappropriated Funds | 2,840 | 0 | 0 | 0 | 0.0% |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| (B) Taxation and Compliance Division | | | | | |
| Provides auditing services and enforces compliance with Colorado tax laws. The Division maintains five section and six district offices throughout Colorado and conducts audits of individual and corporate tax returns. The Mineral Audit Program audits royalties associated with oil, gas, and mineral mining activity of federal, state, and private land. The Reappropriated Funds sources are from the Mineral Audit Program, the State Land Board Administrative Fund, and indirect cost recoveries transferred from the Department of Natural Resources | | | | | |
| Personal Services | 13,213,501 | 13,646,904 | 14,935,542 | 15,876,381 | |
| FTE | <u>202.7</u> | <u>204.1</u> | <u>227.3</u> | <u>235.9</u> | |
| General Fund | 13,087,248 | 13,548,691 | 14,782,227 | 15,713,561 | |
| Cash Funds | 1,269 | 1,269 | 50,721 | 60,637 | |
| Cash Funds Exempt/Reappropriated Funds | 124,984 | 96,944 | 102,594 | 102,183 | |
| Operating Expenses | <u>604,392</u> | <u>789,660</u> | <u>977,253</u> | <u>1,049,718</u> | |
| General Fund | 604,392 | 789,660 | 969,356 | 1,039,252 | DI#1 |
| Cash Funds | 0 | 0 | 7,897 | 10,466 | |
| Joint Audit Program - General Fund | 131,244 | 131,244 | 131,244 | 131,244 | |
| Mineral Audit Program | 769,092 | 659,323 | 790,794 | 786,250 | |
| FTE | <u>9.1</u> | <u>7.3</u> | <u>11.0</u> | <u>11.0</u> | |
| Cash Funds Exempt/Reappropriated Funds | 65,975 | 55,410 | 66,000 | 66,000 | |
| Federal Funds | 703,117 | 603,913 | 724,794 | 720,250 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (B) - Taxation and Compliance Division | 14,718,229 | 15,227,131 | 16,834,833 | 17,843,593 | 6.0% |
| FTE | <u>211.8</u> | <u>211.4</u> | <u>238.3</u> | <u>246.9</u> | 3.6% |
| General Fund | 13,822,884 | 14,469,595 | 15,882,827 | 16,884,057 | 6.3% |
| Cash Funds | 1,269 | 1,269 | 58,618 | 71,103 | 21.3% |
| Cash Funds Exempt/Reappropriated Funds | 190,959 | 152,354 | 168,594 | 168,183 | -0.2% |
| Federal Funds | 703,117 | 603,913 | 724,794 | 720,250 | -0.6% |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| (C) Taxpayer Service Division | | | | | |
| Assists individual and business taxpayers through regional service centers and a call center; issues tax licenses and permits to businesses; collects local sales taxes for many cities, counties, and special districts; issues individual and business tax refunds. The Fuel Tracking System tracks the movement of gasoline and special fuels with the goal of expediting the collection of excise taxes. The primary sources of cash funds are the Highway Users Tax Fund (exempt from the 6% limit), the Aviation Fund, and Private Letter Rulings. | | | | | |
| Personal Services | 4,309,826 | 4,431,631 | 4,690,626 | 4,684,969 | |
| FTE | <u>73.4</u> | <u>76.5</u> | <u>81.2</u> | <u>79.4</u> | |
| General Fund | 4,289,246 | 4,411,169 | 4,600,047 | 4,592,637 | |
| Cash Funds | 20,580 | 20,462 | 90,579 | 92,332 | |
| Operating Expenses | <u>386,077</u> | <u>390,973</u> | <u>402,035</u> | <u>401,085</u> | |
| General Fund | 386,077 | 390,973 | 401,535 | 400,585 | |
| Cash Funds | 0 | | 500 | 500 | |
| Fuel Tracking System | 474,284 | 472,133 | 486,594 | 486,594 | |
| FTE | <u>1.5</u> | <u>1.5</u> | <u>1.5</u> | <u>1.5</u> | |
| Cash Funds | 0 | 472,133 | 486,594 | 486,594 | |
| Cash Funds Exempt | 474,284 | 0 | 0 | 0 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (C) - Taxpayer Service Division | 5,170,187 | 5,294,737 | 5,579,255 | 5,572,648 | -0.1% |
| FTE | <u>74.9</u> | <u>78.0</u> | <u>82.7</u> | <u>80.9</u> | <u>-2.2%</u> |
| General Fund | 4,675,323 | 4,802,142 | 5,001,582 | 4,993,222 | -0.2% |
| Cash Funds | 20,580 | 492,595 | 577,673 | 579,426 | 0.3% |
| Cash Funds Exempt | 474,284 | 0 | 0 | 0 | 0.0% |

(D) Tax Conferee

Resolves protests to tax adjustments, review issues related to "home rule" city sales taxes and city and county sales and use taxes.

| | | | | |
|----------------------------------|---------|---------|-----------|---------|
| Personal Services - General Fund | 854,723 | 883,400 | 1,022,738 | 839,877 |
| FTE | 8.8 | 8.3 | 9.0 | 8.0 |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| Operating Expenses - General Fund | 21,610 | 21,750 | 21,754 | 20,804 | <i>Request v. Appropriation</i> |
| SUBTOTAL (D) - Tax Conferee - General Fund | 876,333 | 905,150 | 1,044,492 | 860,681 | -17.6% |
| FTE | 8.8 | 8.3 | 9.0 | 8.0 | -11.1% |
| (E) Special Purpose | | | | | |
| Distributes applicable percentage of gross cigarette taxes to counties, cities, and towns; distributes grants to low-income, disabled, and elderly citizens; provides moneys to entities with alternative fuel programs. All funds are continuously appropriated by constitutional or statutory provisions. | | | | | |
| Cigarette Tax Rebate - General Fund | 12,703,162 | 12,114,946 | 12,200,000 | 11,500,000 | |
| Amendment 35 Distribution to Local Governments | <u>1,472,654</u> | <u>1,409,292</u> | <u>1,512,000</u> | <u>1,512,000</u> | |
| Cash Funds | 0 | 1,409,292 | 1,512,000 | 1,512,000 | |
| Cash Funds Exempt | 1,472,654 | 0 | 0 | 0 | |
| Old Age Heat & Fuel & Property Tax Assistance - General Fund | 10,422,728 | 5,264,129 | 8,600,000 | 8,500,000 | |
| Alternative Fuels Rebate | <u>299,611</u> | <u>329,032</u> | <u>310,601</u> | <u>310,601</u> | |
| Cash Funds | 0 | 329,032 | 310,601 | 310,601 | |
| Cash Funds Exempt | 299,611 | 0 | 0 | 0 | |
| SUBTOTAL (E) - Special Purpose | <u>24,898,155</u> | <u>19,117,399</u> | <u>22,622,601</u> | <u>21,822,601</u> | -3.5% |
| General Fund | 23,125,890 | 17,379,075 | 20,800,000 | 20,000,000 | <u>-3.8%</u> |
| Cash Funds | 0 | 1,738,324 | 1,822,601 | 1,822,601 | 0.0% |
| Cash Funds Exempt | 1,772,265 | 0 | 0 | 0 | 0.0% |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (4) - TAXATION BUSINESS GROUP | 46,215,592 | 41,112,962 | 46,721,018 | 46,679,365 | -0.1% |
| FTE | <u>302.3</u> | <u>303.9</u> | <u>337.0</u> | <u>341.8</u> | <u>1.4%</u> |
| General Fund | 43,049,564 | 38,118,486 | 43,362,548 | 43,312,476 | -0.1% |
| Cash Funds | 22,563 | 2,238,209 | 2,465,082 | 2,478,456 | 0.5% |
| Cash Funds Exempt/Reappropriated Funds | 2,440,348 | 152,354 | 168,594 | 168,183 | -0.2% |
| Federal Funds | 703,117 | 603,913 | 724,794 0 | 720,250 | -0.6% |

(5) DIVISION OF MOTOR VEHICLES

(A) Administration

The Division is responsible for licensing drivers and issuing identification documents, administering driver records and administrative sanctions, titling and registering motor vehicles traveling on Colorado's roadways, enforcing the state's vehicle emissions testing program, and administering the Motorist Insurance Identification database program. Major cash funds sources are detailed in each division.

| | | | | | |
|--|---------------|---------------|---------------|---------------|-------|
| Personal Services | 854,679 | 801,661 | 928,919 | 928,919 | |
| FTE | <u>10.4</u> | <u>9.2</u> | <u>11.0</u> | <u>11.0</u> | |
| General Fund | 513,510 | 404,036 | 540,336 | 0 | DI#1b |
| Cash Funds | 158 | 202,364 | 198,326 | 204,823 | |
| HUTF | 207,469 | 195,261 | 190,257 | 724,096 | DI#1b |
| Cash Funds Exempt/Reappropriated Funds | 133,542 | 0 | 0 | 0 | |
| Operating Expenses | <u>50,580</u> | <u>50,349</u> | <u>54,250</u> | <u>54,250</u> | |
| General Fund | 29,281 | 27,465 | 33,797 | 0 | DI#1b |
| Cash Funds | 10 | 11,647 | 9,337 | 9,717 | |
| HUTF | 13,069 | 11,237 | 11,116 | 44,533 | DI#1b |
| Cash Funds Exempt/Reappropriated Funds | 8,220 | 0 | 0 | 0 | |

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| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (A) - Administration | 905,259 | 852,010 | 983,169 | 983,169 | 0.0% |
| FTE | <u>10.4</u> | <u>9.2</u> | <u>11.0</u> | <u>11.0</u> | <u>0.0%</u> |
| General Fund | 542,791 | 431,501 | 574,133 | 0 | -100.0% |
| Cash Funds | 168 | 214,011 | 207,663 | 214,540 | 3.3% |
| HUTF | 220,538 | 206,498 | 201,373 | 768,629 | 281.7% |
| Cash Funds Exempt/Reappropriated Funds | 141,762 | 0 | 0 | 0 | 0.0% |

(B) Driver and Vehicle Services

Driver and Vehicle Services administers driver's licensing and records management, vehicle registration, and regulation of commercial driving schools. The primary cash funds sources are the Licensing Services Cash Fund, the Identification Security Fund, the Colorado State Titling and Registration Account, the Driver's License Administrative Revocation Account, the License Plate Cash Fund, the Outstanding Judgments and Warrants Account, and the Penalty Assessment Account. Pursuant to S.B. 09-275, for fiscal years 2008-09 and 2009-10 only, the Highway User's Tax Fund (Off-the-top) appropriation is permitted to be used in this section.

| | | | | | |
|--|------------------|------------------|------------------|------------------|---------|
| Personal Services | 14,999,824 | 16,367,648 | 17,607,092 | 16,949,344 | |
| FTE | <u>345.9</u> | 362.8 | <u>384.7</u> | <u>379.3</u> | |
| General Fund | 10,001,755 | 9,260,606 | 808,719 | 0 | DI#1b |
| Cash Funds | 4,064,634 | 7,107,042 | 12,733,534 | 16,949,344 | DI#1b,5 |
| HUTF | 0 | 0 | 4,064,839 | 0 | |
| Cash Funds Exempt/Reappropriated Funds | 933,435 | 0 | 0 | 0 | |
| Operating Expenses | <u>2,195,205</u> | <u>1,458,742</u> | <u>2,673,902</u> | <u>1,679,482</u> | |
| General Fund | 1,071,604 | 1,172,812 | 0 | 0 | DI#1b |
| Cash Funds | 1,121,112 | 285,930 | 2,652,353 | 1,679,482 | DI#1b,5 |
| Cash Funds Exempt/Reappropriated Funds | 2,489 | 0 | 21,549 | 0 | |
| Driver's License Documents | <u>2,372,080</u> | <u>2,309,381</u> | <u>2,437,320</u> | <u>2,437,320</u> | |
| General Fund | 1,860,196 | 1,690,039 | (292,807) | 0 | DI#1b |
| Cash Funds | 0 | 619,342 | 2,730,127 | 2,437,320 | DI#1b |
| Cash Funds Exempt/Reappropriated Funds | 511,884 | 0 | 0 | 0 | |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| License Plate Ordering - Cash Funds | 5,449,138 | 5,979,714 | 6,580,143 | 6,468,896 | <i>Request v. Appropriation</i> |
| SUBTOTAL (B) - Driver and Vehicle Services | 25,016,247 | 26,115,485 | 29,298,457 | 27,535,042 | -6.0% |
| FTE | <u>345.9</u> | <u>362.8</u> | <u>384.7</u> | <u>379.3</u> | -1.4% |
| General Fund | 12,933,555 | 12,123,457 | 515,912 | 0 | -100.0% |
| Cash Funds | 10,634,884 | 13,992,028 | 24,696,157 | 27,535,042 | 11.5% |
| HUTF | 0 | 0 | 4,064,839 | 0 | -100.0% |
| Cash Funds Exempt/Reappropriated Funds | 1,447,808 | 0 | 21,549 | 0 | -100.0% |
| (C) Vehicle Emissions | | | | | |
| The Emissions section conducts audits of inspection and readjustment stations and facilities to ensure compliance with vehicle emissions testing standards under the Automobile Inspection and Readjustment Program. Cash funds source is the DOR subaccount of the Automobile Inspection and Readjustment Account. | | | | | |
| Personal Services | 958,305 | 921,870 | 1,082,565 | 1,217,254 | |
| FTE | <u>14.8</u> | <u>14.2</u> | <u>16.0</u> | <u>18.3</u> | |
| Cash Funds | 0 | 921,870 | 1,082,565 | 1,217,254 | DI#3 |
| Cash Funds Exempt | 958,305 | 0 | 0 | 0 | |
| Operating Expenses | <u>76,566</u> | <u>67,040</u> | <u>87,623</u> | <u>88,725</u> | |
| Cash Funds | 0 | 67,040 | 87,623 | 88,725 | DI#3 |
| Cash Funds Exempt | 76,566 | 0 | 0 | 0 | |
| SUBTOTAL (C) - Vehicle Emissions | 1,034,871 | 988,910 | 1,170,188 | 1,305,979 | 11.6% |
| FTE | <u>14.8</u> | <u>14.2</u> | <u>16.0</u> | <u>18.3</u> | 14.4% |
| Cash Funds | 0 | 988,910 | 1,170,188 | 1,305,979 | 11.6% |
| Cash Funds Exempt | 1,034,871 | 0 | 0 | 0 | 0.0% |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| (D) Titles | | | | | |
| Provides administrative and accounting support for the issuance of motor vehicle titles. Certifies vehicle ownership for tax assessment and other purposes. Ensures uniformity among the State's county clerks. Cash funds source is the Colorado State Titling and Registration Account. | | | | | |
| Personal Services | 1,544,397 | 1,481,298 | 1,641,095 | 1,672,848 | |
| FTE | <u>32.8</u> | <u>32.6</u> | <u>34.5</u> | <u>34.5</u> | |
| Cash Funds | 0 | 1,481,298 | 1,641,095 | 1,672,848 | |
| Cash Funds Exempt | 1,544,397 | 0 | 0 | 0 | |
| Operating Expenses | <u>146,782</u> | <u>170,979</u> | <u>189,854</u> | <u>210,574</u> | |
| Cash Funds | 0 | 170,979 | 189,854 | 210,574 | |
| Cash Funds Exempt | 146,782 | 0 | 0 | 0 | |
| | | | | | <i>Request v.</i> |
| | | | | | <i>Appropriation</i> |
| SUBTOTAL (D) - Titles | 1,691,179 | 1,652,277 | 1,830,949 | 1,883,422 | 2.9% |
| FTE | <u>32.8</u> | <u>32.6</u> | <u>34.5</u> | <u>34.5</u> | <u>0.0%</u> |
| Cash Funds | 0 | 1,652,277 | 1,830,949 | 1,883,422 | 2.9% |
| Cash Funds Exempt | 1,691,179 | 0 | 0 | 0 | 0.0% |

(E) Motorist Insurance Identification Database Program

Maintains the database to compare motor vehicle registration records against insured motorist records to authorize the accurate license suspension of uninsured drivers. The cash funds source is the Motorist Insurance Identification Database Account.

| | | | | | |
|--------------------|------------|------------|------------|------------|--|
| Personal Services | 315,318 | 285,770 | 330,017 | 330,017 | |
| FTE | <u>1.0</u> | <u>1.0</u> | <u>1.0</u> | <u>1.0</u> | |
| Cash Funds | 0 | 285,770 | 330,017 | 330,017 | |
| Cash Funds Exempt | 315,318 | 0 | 0 | 0 | |
| Operating Expenses | <u>278</u> | <u>433</u> | <u>500</u> | <u>500</u> | |
| Cash Funds | 0 | 433 | 500 | 500 | |
| Cash Funds Exempt | 278 | 0 | 0 | 0 | |

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| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (E) - Motorist Insurance Identification | | | | | |
| Database Program | 315,596 | 286,203 | 330,517 | 330,517 | 0.0% |
| FTE | <u>1.0</u> | <u>1.0</u> | <u>1.0</u> | <u>1.0</u> | <u>0.0%</u> |
| Cash Funds | 0 | 286,203 | 330,517 | 330,517 | 0.0% |
| Cash Funds Exempt | 315,596 | 0 | 0 | 0 | 0.0% |
| (F) Ignition Interlock Program | | | | | |
| Program assists first time drunk driving offenders with obtaining ignition interlock devices to allow those offenders to drive with restrictions. | | | | | |
| Personal Services - Cash Funds | 0 | 0 | 0 | 215,158 | DI#5 |
| FTE | 0.0 | 0.0 | 0.0 | 5.4 | DI#5 |
| Operating Expenses - Cash Funds | 0 | 0 | 0 | 934,842 | DI#5 |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (F) - Ignition Interlock Program - CF | | | | | |
| FTE | 0.0 | 0.0 | 0.0 | 5.4 | |
| SUBTOTAL (5) - DIVISION OF MOTOR VEHICLES | | | | | |
| FTE | <u>404.9</u> | <u>419.8</u> | <u>447.2</u> | <u>449.5</u> | <u>0.5%</u> |
| General Fund | 13,476,346 | 12,554,958 | 1,090,045 | 0 | -100.0% |
| Cash Funds | 10,635,052 | 17,133,429 | 28,235,474 | 32,419,500 | 14.8% |
| HUTF | 220,538 | 206,498 | 4,266,212 | 768,629 | -82.0% |
| Cash Funds Exempt/Reappropriated Funds | 4,631,216 | 0 | 21,549 | 0 | -100.0% |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| (6) MOTOR CARRIER SERVICES DIVISION | | | | | |
| Monitors compliance with statutory weight and size restrictions for commercial vehicles, monitors safety compliance through driver and vehicle inspections at fixed and mobile port station, inspects transporters of hazardous materials, and collects fuel taxes. The cash funds sources are the Highway Users Tax Fund "off-the-top", the Hazardous Materials Safety Fund, and the Nuclear Materials Transportation Fund. The reappropriated funds source is the Motor Carrier Safety Assistance Program. | | | | | |
| Personal Services | 6,453,166 | 6,749,253 | 7,132,393 | 7,191,479 | |
| FTE | <u>124.6</u> | <u>125.3</u> | <u>131.2</u> | <u>130.2</u> | |
| General Fund | 571,758 | 607,691 | 632,625 | 567,570 | |
| Cash Funds | 20,572 | 19,055 | 34,067 | 34,067 | |
| HUTF | 5,800,056 | 6,054,184 | 6,381,857 | 6,505,998 | |
| Cash Funds Exempt/Reappropriated Funds | 60,780 | 68,323 | 83,844 | 83,844 | |
| Operating Expenses | <u>414,765</u> | <u>432,186</u> | <u>433,811</u> | <u>381,107</u> | |
| General Fund | 31,688 | 37,736 | 38,045 | 38,045 | |
| Cash Funds | 0 | 0 | 0 | 0 | |
| HUTF | 383,077 | 394,450 | 395,766 | 343,062 | |
| Fixed and Mobile Ports Maintenance - HUTF | 83,784 | 213,597 | 221,545 | 221,545 | |
| Motor Carrier Safety Assistance Program - FF | 733,068 | 794,273 | 762,950 | 762,950 | |
| FTE | 8.2 | 8.7 | 9.0 | 9.0 | |
| Hazardous Materials Permitting Program - CF | 163,187 | 174,661 | 210,210 | 210,210 | |
| FTE | 3.7 | 3.8 | 4.0 | 4.0 | |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (6) - MOTOR CARRIER SERVICES | 7,847,970 | 8,363,970 | 8,760,909 | 8,767,291 | 0.1% |
| FTE | <u>136.5</u> | <u>137.8</u> | <u>144.2</u> | <u>143.2</u> | -0.7% |
| General Fund | 603,446 | 645,427 | 670,670 | 605,615 | -9.7% |
| Cash Funds | 183,759 | 193,716 | 244,277 | 244,277 | 0.0% |
| HUTF | 6,266,917 | 6,662,231 | 6,999,168 | 7,070,605 | 1.0% |
| Cash Funds Exempt/Reappropriated Funds | 60,780 | 68,323 | 83,844 | 83,844 | 0.0% |
| Federal Funds | 733,068 | 794,273 | 762,950 | 762,950 | 0.0% |
| (7) ENFORCEMENT BUSINESS GROUP | | | | | |
| (A) Administration | | | | | |
| Administers the functions of the Enforcement Business Group, which includes the Limited Gaming, Liquor and Tobacco law enforcement, Racing events (Horse and Dog Racing), the Hearing Division, and Motor Vehicle Dealer Licensing. Cash funds sources are detailed in the Divisions. | | | | | |
| Personal Services | 455,609 | 506,406 | 539,579 | 539,579 | |
| FTE | <u>5.6</u> | <u>6.0</u> | <u>6.0</u> | <u>6.0</u> | |
| General Fund | (14,394) | 46,689 | 33,660 | 32,082 | |
| Cash Funds | 252,098 | 349,877 | 396,932 | 383,016 | |
| Cash Funds Exempt/Reappropriated Funds | 217,905 | 109,840 | 108,987 | 124,481 | |
| Operating Expenses | <u>9,286</u> | <u>9,800</u> | <u>10,880</u> | <u>10,880</u> | |
| General Fund | (988) | 0 | 556 | 524 | |
| Cash Funds | 5,511 | 7,467 | 8,100 | 7,819 | |
| Cash Funds Exempt/Reappropriated Funds | 4,763 | 2,333 | 2,224 | 2,537 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (A) - Administration | 464,895 | 516,206 | 550,459 | 550,459 | 0.0% |
| FTE | <u>5.6</u> | <u>6.0</u> | <u>6.0</u> | <u>6.0</u> | 0.0% |
| General Fund | (15,382) | 46,689 | 34,216 | 32,606 | -4.7% |
| Cash Funds | 257,609 | 357,344 | 405,032 | 390,835 | -3.5% |
| Cash Funds Exempt/Reappropriated Funds | 222,668 | 112,173 | 111,211 | 127,018 | 14.2% |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| (B) Limited Gaming Division | | | | | |
| Licenses limited gaming establishments. Conducts background investigations on all gaming employees and monitors compliance with State gaming laws. Conducts audits to ensure that tax remittances from gaming facilities are correct. The cash funds source is the Limited Gaming Fund. Line allocations are determined by the Limited Gaming Control Commission and are not subject to appropriation by the General Assembly. | | | | | |
| Personal Services - CF | 4,932,751 | 5,705,604 | 5,527,763 | 6,776,091 | |
| FTE | 70.6 | 77.0 | 76.0 | 92.0 | |
| Operating Expenses - CF | 502,982 | 527,947 | 575,734 | 613,084 | |
| Licensure Activities - CF | 93,525 | 130,520 | 181,497 | 181,497 | |
| Investigations - CF | 64,177 | 28,712 | 263,964 | 263,964 | |
| Payments to other State Agencies - CF | 3,134,187 | 3,027,091 | 2,429,848 | 3,338,626 | |
| Distribution to Gaming Cities and Counties - CF | 100,591,698 | 85,281,086 | 23,788,902 | 23,788,902 | |
| Indirect Cost Assessment - CF | 553,509 | 579,221 | 602,941 | 720,824 | NP Request v. Appropriation |
| SUBTOTAL (B) - Limited Gaming Division - Cash Funds | 109,872,829 | 95,280,181 | 33,370,649 | 35,682,988 | 6.9% |
| FTE | 70.6 | 77.0 | 76.0 | 92.0 | 21.1% |

(C) Liquor Enforcement Division

Enforces alcohol laws; issues licenses and permits to manufacturers, imports, distributors, and sellers of alcoholic beverages. Cash funds source is the Liquor Enforcement Division and State Licensing Authority Cash Fund.

| | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|
| Personal Services - Cash Funds | 1,432,924 | 1,358,291 | 1,655,815 | 1,687,853 |
| FTE | 17.3 | 17.7 | 21.0 | 21.0 |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| Operating Expenses - Cash Funds | 50,840 | 50,509 | 61,296 | 56,326 | <i>Request v. Appropriation</i> |
| SUBTOTAL (C) - Liquor Enforcement Division - Cash | | | | | |
| Funds | 1,483,764 | 1,408,800 | 1,717,111 | 1,744,179 | 1.6% |
| FTE | 17.3 | 17.7 | 21.0 | 21.0 | 0.0% |
| (D) Tobacco Enforcement Program | | | | | |
| Enforces laws prohibiting the sale of tobacco to minors. The cash funds sources are the Tobacco Education Programs Fund and the Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Enforcement Fund. | | | | | |
| Personal Services | 376,242 | 452,645 | 504,487 | 504,487 | |
| FTE | <u>6.3</u> | <u>6.5</u> | <u>7.5</u> | <u>7.5</u> | |
| General Fund | 71,959 | 127,764 | 145,318 | 145,318 | |
| Cash Funds | 0 | 324,881 | 359,169 | 359,169 | |
| Cash Funds Exempt | 304,283 | 0 | 0 | 0 | |
| Operating Expenses | <u>27,328</u> | <u>27,473</u> | <u>31,379</u> | <u>31,379</u> | |
| General Fund | 7,042 | 7,080 | 7,201 | 7,201 | |
| Cash Funds | 0 | 20,393 | 24,178 | 24,178 | |
| Cash Funds Exempt | 20,286 | 0 | 0 | 0 | |
| <i>Request v. Appropriation</i> | | | | | |
| SUBTOTAL (D) - Tobacco Enforcement Program | | | | | |
| FTE | <u>6.3</u> | <u>6.5</u> | <u>7.5</u> | <u>7.5</u> | <u>0.0%</u> |
| General Fund | 79,001 | 134,844 | 152,519 | 152,519 | 0.0% |
| Cash Funds | 0 | 345,274 | 383,347 | 383,347 | 0.0% |
| Cash Funds Exempt | 324,569 | 0 | 0 | 0 | 0.0% |

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| (E) Division of Racing Events | | | | | |
| Licenses racetracks and individuals in dog and horse racing, allocates race days among racetracks, tests animals for drugs and oversees wagering. The cash funds sources are the Racing Cash Fund and Horse Breeders' and Owners' Awards and Supplement Purse Fund. | | | | | |
| Personal Services - Cash Funds | 1,241,429 | 774,349 | 1,467,605 | 1,467,605 | |
| FTE | 16.8 | 10.5 | 18.5 | 18.5 | |
| Operating Expenses - Cash Funds | 88,840 | 54,383 | 97,845 | 97,845 | |
| Laboratory Services - Cash Funds | 101,510 | 27,875 | 104,992 | 104,992 | |
| Commission Meeting Costs - Cash Funds | 750 | 1,200 | 1,200 | 1,200 | |
| Racetrack Applications - Cash Funds | 3,191 | 18,274 | 25,000 | 25,000 | |
| Purses and Breeders Awards - Cash Funds | 1,089,485 | 1,052,555 | 1,106,142 | 1,106,142 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (E) - Division of Racing Events - Cash Funds | 2,525,205 | 1,928,636 | 2,802,784 | 2,802,784 | 0.0% |
| FTE | 16.8 | 10.5 | 18.5 | 18.5 | 0.0% |

(F) Hearings Division

Conducts hearings on driver's license suspensions and revocations, probationary licenses, habitual traffic offenders, misuse of temporary registration permits, and horse and dog racing licenses. Provides computer support and data analysis for traffic safety programs. Cash funds source is the Driver's License Administrative Revocation Account.

| | | | | | |
|-------------------|-------------|-------------|-------------|-------------|------|
| Personal Services | 1,793,734 | 1,828,927 | 2,042,763 | 2,049,307 | |
| FTE | <u>26.7</u> | <u>27.1</u> | <u>28.8</u> | <u>28.8</u> | |
| Cash Funds | 0 | 1,828,927 | 2,042,763 | 2,049,307 | DI#4 |
| Cash Funds Exempt | 1,793,734 | 0 | 0 | 0 | |

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| | Actual | Actual | Appropriation | Department Request | Requests |
| Operating Expenses | <u>70,295</u> | <u>69,235</u> | <u>73,750</u> | <u>98,938</u> | |
| Cash Funds | 0 | 69,235 | 73,750 | 98,938 | DI # 4 |
| Cash Funds Exempt | 70,295 | 0 | 0 | 0 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (F) - Hearings Division | 1,864,029 | 1,898,162 | 2,116,513 | 2,148,245 | 1.5% |
| FTE | <u>26.7</u> | <u>27.1</u> | <u>28.8</u> | <u>28.8</u> | <u>0.0%</u> |
| Cash Funds | 0 | 1,898,162 | 2,116,513 | 2,148,245 | 1.5% |
| Cash Funds Exempt | 1,864,029 | 0 | 0 | 0 | 0.0% |
| (G) Motor Vehicle Dealer Licensing Board | | | | | |
| Licenses automobile dealers, wholesalers, and salespeople, regulates the distribution and sales of motor vehicles, investigates and resolves complaints and legal violations against Board licensees. Cash funds source is the Auto Dealers License Fund. | | | | | |
| Personal Services - Cash Funds | 1,640,481 | 1,553,445 | 1,792,988 | 1,827,680 | |
| FTE | 25.0 | 23.5 | 28.2 | 28.2 | |
| Operating Expenses - Cash Funds | 69,636 | 77,689 | 180,793 | 119,023 | |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (G) - Motor Vehicle Dealer Licensing Board - | | | | | |
| Cash Funds | 1,710,117 | 1,631,134 | 1,973,781 | 1,946,703 | -1.4% |
| FTE | 25.0 | 23.5 | 28.2 | 28.2 | 0.0% |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (7) - ENFORCEMENT BUSINESS GROUP | | | | | |
| FTE | <u>168.3</u> | <u>168.3</u> | <u>186.0</u> | <u>202.0</u> | <u>8.6%</u> |
| General Fund | 63,619 | 181,533 | 186,735 | 185,125 | 99429.6% |
| Cash Funds | 115,849,524 | 102,849,531 | 42,769,217 | 45,099,081 | 24051.4% |
| Cash Funds Exempt/Reappropriated Funds | 2,411,266 | 112,173 | 111,211 | 127,018 | -99.7% |

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| | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | Change |
|--|------------------|-------------------|-------------------|--------------------|----------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| (8) STATE LOTTERY DIVISION | | | | | |
| Operates the State's Lottery through the sale of scratch tickets and online tickets, including tickets for the multi-state lottery (PowerBall). The source of cash funds is the State Lottery Fund. Prior to FY 2008-09, the Lottery Fund was classified as Cash Funds Exempt. | | | | | |
| Personal Services | 8,175,629 | 7,764,011 | 8,924,932 | 9,097,620 | |
| FTE | <u>117.8</u> | <u>115.5</u> | <u>126.0</u> | <u>126.0</u> | |
| Cash Funds | 0 | 7,764,011 | 8,924,932 | 9,097,620 | |
| Cash Funds Exempt | 8,175,629 | 0 | 0 | 0 | |
| Operating Expenses | <u>1,201,046</u> | <u>1,181,797</u> | <u>1,203,156</u> | <u>1,203,156</u> | |
| Cash Funds | 0 | 1,181,797 | 1,203,156 | 1,203,156 | |
| Cash Funds Exempt | 1,201,046 | 0 | 0 | 0 | |
| Payments to Other State Agencies | <u>121,335</u> | <u>141,733</u> | <u>239,410</u> | <u>239,410</u> | |
| Cash Funds | 0 | 141,733 | 239,410 | 239,410 | |
| Cash Funds Exempt | 121,335 | 0 | 0 | 0 | |
| Travel | <u>112,329</u> | <u>109,457</u> | <u>113,498</u> | <u>113,498</u> | |
| Cash Funds | 0 | 109,457 | 113,498 | 113,498 | |
| Cash Funds Exempt | 112,329 | 0 | 0 | 0 | |
| Marketing and Communications | <u>8,642,972</u> | <u>11,664,439</u> | <u>14,700,000</u> | <u>14,700,000</u> | |
| Cash Funds | 0 | 11,664,439 | 14,700,000 | 14,700,000 | |
| Cash Funds Exempt | 8,642,972 | 0 | 0 | 0 | |
| Multi-state Lottery Fees | <u>161,811</u> | <u>101,002</u> | <u>177,433</u> | <u>177,433</u> | |
| Cash Funds | 0 | 101,002 | 177,433 | 177,433 | |
| Cash Funds Exempt | 161,811 | 0 | 0 | 0 | |

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Appendix A: Numbers Pages

| | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | Change |
|---------------------------|--------------------|--------------------|----------------------|---------------------------|-----------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| Vendor Fees | <u>9,363,475</u> | <u>8,659,163</u> | <u>12,677,849</u> | <u>12,677,849</u> | |
| Cash Funds | 0 | 8,659,163 | 12,677,849 | 12,677,849 | |
| Cash Funds Exempt | 9,363,475 | 0 | 0 | 0 | |
| Prizes | <u>313,796,804</u> | <u>301,506,498</u> | <u>392,580,940</u> | <u>392,580,940</u> | |
| Cash Funds | 0 | 301,506,498 | 392,580,940 | 392,580,940 | |
| Cash Funds Exempt | 313,796,804 | 0 | 0 | 0 | |
| Powerball Prize Variance | <u>8,047,280</u> | <u>7,289,207</u> | <u>12,708,000</u> | <u>12,708,000</u> | |
| Cash Funds | 0 | 7,289,207 | 12,708,000 | 12,708,000 | |
| Cash Funds Exempt | 8,047,280 | 0 | 0 | 0 | |
| Retailer Compensation | <u>38,392,178</u> | <u>36,480,909</u> | <u>48,894,160</u> | <u>48,894,160</u> | |
| Cash Funds | 0 | 36,480,909 | 48,894,160 | 48,894,160 | |
| Cash Funds Exempt | 38,392,178 | 0 | 0 | 0 | |
| Ticket Costs | <u>2,558,910</u> | <u>2,763,037</u> | <u>6,070,880</u> | <u>6,070,880</u> | |
| Cash Funds | 0 | 2,763,037 | 6,070,880 | 6,070,880 | |
| Cash Funds Exempt | 2,558,910 | 0 | 0 | 0 | |
| Research | <u>250,000</u> | <u>250,000</u> | <u>250,000</u> | <u>250,000</u> | |
| Cash Funds | 0 | 250,000 | 250,000 | 250,000 | |
| Cash Funds Exempt | 250,000 | 0 | 0 | 0 | |
| Indirect Costs Assessment | <u>458,880</u> | <u>556,672</u> | <u>533,305</u> | <u>549,890</u> | |
| Cash Funds | 0 | 556,672 | 533,305 | 549,890 | NP |
| Cash Funds Exempt | 458,880 | 0 | 0 | 0 | |

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Appendix A: Numbers Pages

| | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | Change |
|--|-------------------|-------------------|----------------------|---------------------------|---------------------------------|
| | Actual | Actual | Appropriation | Department Request | Requests |
| | | | | | <i>Request v. Appropriation</i> |
| SUBTOTAL (8) - STATE LOTTERY DIVISION | 391,282,649 | 378,467,925 | 499,073,563 | 499,262,836 | 0.0% |
| FTE | <u>117.8</u> | <u>115.5</u> | <u>126.0</u> | <u>126.0</u> | <u>0.0%</u> |
| Cash Funds | 0 | 378,467,925 | 499,073,563 | 499,262,836 | 0.0% |
| Cash Funds Exempt | 391,282,649 | 0 | 0 | 0 | 0.0% |
| | | | | | <i>Request v. Appropriation</i> |
| TOTAL - DEPARTMENT OF REVENUE | 642,550,224 | 615,062,357 | 685,822,810 | 685,796,636 | 0.0% |
| FTE | <u>1,381.1</u> | <u>1,401.5</u> | <u>1,512.7</u> | <u>1,414.5</u> | <u>-6.5%</u> |
| General Fund | 88,689,208 | 85,657,123 | 75,719,920 | 69,682,378 | -8.0% |
| Cash Funds | 130,335,413 | 517,080,844 | 593,568,818 | 600,593,010 | 1.2% |
| HUTF | 8,832,856 | 9,589,153 | 13,636,362 | 12,515,303 | -8.2% |
| Cash Funds Exempt/Reappropriated Funds | 413,256,562 | 1,337,051 | 1,409,966 | 1,522,745 | 8.0% |
| Federal Funds | 1,436,185 | 1,398,186 | 1,487,744 | 1,483,200 | -0.3% |

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 09-003 (Bacon/Fischer): Motor Vehicle Emissions Programs.** Removes Weld and Larimer Counties from the basic motor vehicle emissions program and expands the enhanced emissions program to include most of Larimer and Weld counties. Vehicles registered in Larimer and Weld Counties are not required to pass emission testing for registration until July 1, 2010 (the diesel inspection program remains unaltered). Changes the definition of a collector's item for the purposes of motor vehicle registration and emission testing. Requires the Air Quality Control Commission to review the boundaries of the program. After review, the Commission may exclude regions from either the basic or enhanced program areas. Requires the Department of Public Health and Environment to cooperate with the Legislative Audit Committee's review of the remote sensing program and to delay deployment of the program until validity and viability of the program is determined. Appropriated \$41,119 cash funds and 0.5 FTE to the Department to perform licensing and auditing functions for testing facilities, mechanics, and inspectors for the enhanced emissions program in Larimer and Weld counties and \$67,027 cash funds for the purchase of license plates from Correctional Industries. In addition, appropriated \$99,726 cash funds and 1.5 FTE to the Department of Public Health and Environment.

- ❑ **S.B. 09-006 (Boyd/Solano): County Jail ID Unit.** Creates a new County Jail Mobile Identification Unit within the Division of Motor Vehicles to travel to jails in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties on a regular basis to issue new identification cards to prisoners who do not have an identification card, but do possess the proper documentation. Allows jail personnel to assist prisoners in obtaining documentation. Appropriated \$186,160 cash funds and 1.2 FTE to the Department for implementation, assuming that sufficient gifts, grants and donations can be identified to establish the unit. The Department of Revenue is required to submit an annual report to the House and Senate Judiciary committees beginning July 1, 2011 regarding the number of identification cards processed or denied, the costs, the level of in-kind contributions made by participating counties, and the successes and challenges of the unit.

- ❑ **S.B. 09-025 (Spence/Benefield): Identification Document Security Fee.** Extends the \$0.60 surcharge on driver's licenses and identification documents until July 1, 2014. The surcharge is deposited into the Identification Security Fund, which is used to partially offset the expenses related to issuing driver's licenses and identification documents.

- ❑ **S.B. 09-075 (Schwartz/Marostica): Low-Speed Electric Self-propelled Vehicles.** Defines two types of vehicles, low-speed electric vehicles and golf carts, replacing and expanding upon the current regulation of neighborhood electric vehicles. Once the U.S. Department of Transportation issues safety standards for them, specifies where low-speed electric vehicles can

be operated, requires registration with the Department of Revenue, specifies mechanical standards and provides penalties for violation of the statute. Creates the Electric Vehicle Grant Fund in the Governor's Energy Office, which may make grants to local governments for the installation of electric recharging stations.

- ❑ **S.B. 09-085 (Scheffel/Rice): Phase Out Business Personal Property Tax:** Creates a legislative task force to study the Business Personal Property Tax in Colorado. At a minimum, the task force will study (1) business personal property tax exemptions that eliminate or phase out the tax; (2) an analysis of the fiscal impact on the state and local governments; and (3) methods to reimburse local governments for the loss of revenue from the elimination of the tax.
- ❑ **S.B. 09-98 (Schwartz/Vigil): Tax Exempt Blended Diesel Products.** Permits dyed diesel fuel to be blended by a licensed distributor with biodiesel fuel after withdrawal at a terminal or refinery rack up to the maximum federally allowed blend and still retain exemption from the state's special fuel tax, specifies that only licensed fuel blenders are permitted to blend these fuels after withdrawal from the rack and provides penalties for violation. Provides that up to \$37,630 of moneys received by the Governor's Energy Office from the U.S. Department of Transportation may be used for computer programming expenses to monitor and track blended diesel fuel.
- ❑ **S.B. 09-121 (White/Marostica): Taxation of Restaurant Employee Meals.** Eliminates the requirement that free or reduced-price meals provided to employees of restaurants be considered part of their wages in order for the meals to be exempt from sales and use taxes.
- ❑ **S.B. 09-150 (Heath/Levy): Motor Vehicle Lien Perfection.** Changes the priority of repayment such that the party that made the original loan, the party with a purchase-money security interest, receives first priority for repayment. This is conditioned upon the vehicle loan being perfected (filed with the County Clerk) within 30 days of possession of the motor vehicle. This arrangement aligns motor vehicle purchases with the Uniform Commercial Code.
- ❑ **S.B. 09-174 (Kester/Casso): Horse and Greyhound Racing Regulation.** Eliminates the statutory cap on simulcast race days and authorizes the Colorado Racing Commission to make that determination. The bill also makes the following modifications to the regulation of pari-mutuel racing:
 - the graduated system that determines the number of required live racing days for horse tracks depending on the track's historical year of operation is eliminated and replaced with a standard requirement of 30 race days per year;
 - the north and south circuits for greyhound racing are eliminated;
 - if live greyhound racing is not being conducted in the state, simulcast greyhound racing may be held through a Class B horse track on the same terms as simulcast horse racing;
 - the director of the Division of Racing Events in the Department of Revenue is granted the authority to establish and collect license and registration fees administratively;

- the requirement that an annual budget be prepared and submitted by the director of the Division of Racing Events to the Colorado Racing Commission in advance of each fiscal year is eliminated; and
- the requirement for monthly commission meetings is changed to quarterly meetings;
- any moneys credited to the Horse Breeders' and Owners' Awards and Supplemental Purse Fund that have not been distributed within three years must be paid as purses for races held at live race meets in Colorado.

Requires that Class B horse tracks that take wagers on greyhound racing simulcasts deposit one-quarter of one percent of the gross pari-mutuel wagers to a fund that will either distribute those funds either to purses for live greyhound races in Colorado, or in the absence of such races, to greyhound welfare and adoption organizations (or other entities or organizations) that promote or participate in greyhound racing or promote the welfare of racing greyhounds.

Finally the bill requires the Director of the Division of Racing Events to prepare a report annually for the next three years on the status of the pari-mutuel industry, including information on the financial status of horse and greyhound racing in the state. The report will be delivered to the Agriculture committees of the House and the Senate.

- **S.B. 09-212 (White/Pommer): State Sales Tax Vendor Fee Cap.** Temporarily reduces the vendor fee (the amount that vendors can retain from sales tax collected to compensate for the expenses incurred in collecting the sales tax) from 3 1/3 percent to 1.35 percent for those vendors who file monthly. Vendors received a one-month grace period upon implementation of the bill from penalties and interest that are waived for errors in remitting sales tax revenues. Appropriates \$140,000 General Fund to provide moneys for the Department to notify vendors of the change.
- **S.B. 09-222 (Lundberg/Vaad): Traffic Automated Vehicle Identification.** Requires photo traffic enforcement signs used for traffic signal and other non-speeding infractions meet the following requirements: the sign must be placed in a conspicuous location between 200 and 500 feet before the device; and sign lettering must be 4 inches tall for capital letters and 2.9 inches tall for lowercase lettering.
- **S.B. 09-254 (Bacon/Scanlon): Common Licenses Premises Manufacturing of Beer.** Authorizes licensed brew pubs and licensed manufacturers of beer products to obtain approval from the Department of Revenue to use a common licensed premise to manufacture their product; authorizes the Executive Director to establish fees, rules for the implementation, standardization and enforcement of alternating proprietor licensed premises; authorizes the wholesale sale of malt liquors and fermented malt beverages from an alternating proprietor licensed premises, but prohibits retail sales from those premises.
- **S.B. 09-274 (Keller/Pommer): Use HUTF in the Division of Motor Vehicles Driver's License Offices.** For FY 2008-09, authorizes the use of Highway Users Tax Fund (HUTF) "off-

the-top" and Motorist Insurance Identification Account (MIIDBA) moneys in the Division of Motor Vehicles, Driver and Vehicle Services, reduces by \$130,000 the HUTF "off-the-top" appropriation to the Motor Carrier Services Division, refinances \$649,381 of the appropriation from the Licensing Services Cash Fund (LSCF) with HUTF "off-the-top" moneys, and refinances \$765,000 of the appropriation from the LSCF with MIIDBA moneys. These adjustments, along with funds "earned" by the LSCF in FY 2009-10, allow a \$2.6 million transfer from the LSCF to the General Fund in FY 2009-10.

For FY 2009-10, diverts driver's license fee revenues previously credited to the HUTF to the LSCF, allowing for a refinance of \$16.2 million of General Fund from the LSCF. Modified the 2009 Long Bill by reducing General Fund appropriations to the Division of Motor Vehicles (including centrally-appropriated expenses) by \$16.2 million, increasing the LSCF appropriation by \$12.9 million, and appropriating \$4.0 million from the HUTF "off-the-top".

- ❑ **S.B. 09-275 (Tapia/Ferrandino): Eliminate State Sales Tax Vendor Fee.** Suspends the Sales Tax vendor fee, for FY 2009-10 and FY 2010-11. Appropriates \$185,000 General Fund to notify vendors of the change. Provides that if the September 2010 Legislative Council economic forecast projects sufficient revenues to fund a six percent increase in General Fund expenditures for FY 2010-11, the vendor fee will be restored six months earlier, on January 1, 2011.
- ❑ **H.B. 09-1001 (Rice/Heath): Income Tax Credit for Colorado Job Growth.** Provides an income tax credit equal to one-half of a firm's federal Social Security and Medicare taxes for jobs created pursuant to this act for firms that create jobs in Colorado. The tax credit is effective for tax years 2009 through 2018. For jobs created within an enhanced rural enterprise zone, firms must create at least five jobs and retain them for one year; for jobs not within those zones, at least 20 jobs must be created and retained for one year. Jobs must bring wages of at least 110 percent of the average wage of the county in which the new jobs are located. Grants the Colorado Economic Development Commission authority to deny any initial application and authorizes the Commission to audit the accounts of each firm with twelve months following the receipt of the credit by the firm.
- ❑ **H.B. 09-1026 (Marostica/Williams): Low-power Self Propelled Vehicles:** Removes from state statute several categories of self-propelled vehicles and defines low-power scooter, electric personal assistive mobility device, and electrical assisted bicycles. Provides penalties for low-power scooters exceeding 40 miles per hour, applies compulsory liability insurance laws to operators of such vehicles, and specifies that drug and alcohol driving offenses apply to operators of such vehicles. Requires persons selling low-power scooter to obtain a powersports vehicle distributor license.
- ❑ **H.B. 09-1035 (Riesberg/Heath): Clean Tech Medical Device Tax Refund.** Allows certain Colorado headquartered clean technology and medical device firms to receive refunds on sales and use taxes paid on the purchase of equipment used in research and development. Refunds

may not exceed \$50,000 and are contingent upon the State being able to fund a six percent increase in General Fund appropriations during any fiscal year.

- ❑ **H.B. 09-1089 (Primavera/Spence): Motor Vehicle Lien Filing.** Deletes the requirement that a motor vehicle lien filing include the vehicle model and color, adds a requirement that the filing include the year the vehicle was manufactured. Authorizes a separate lien release to remove the notation of security interest on a vehicle title instead of requiring the lienholder to sign the physical title. Extends the duration of a lien filing from 8 years to 10 years, but exempts multipurpose trailers.
- ❑ **H.B. 09-1093 (Levy/Veiga): Corporate Taxpayer Reporting Requirements.** Establishes administrative and auditing measures to allow the Department of Revenue (DOR) to improve compliance with Colorado's corporate income tax reporting requirements; adopts definitions of a real estate investment trust, a captive real estate investment trust, a regulated investment company, and a captive regulated investment company that are similar to those established by the Multistate Tax Commission; requires the disclosure of transactions that are described by specific sections of the Internal Revenue Code, the Code of Federal Regulations, and DOR rules; and establishes penalties ranging from \$15,000 to \$50,000 for a company that fails to disclose these transactions. Establishes penalties of up to \$20,000 for material advisors that fail to disclose reportable transactions to the department.
- ❑ **H.B. 09-1094 (Levy/Bacon): Cell Phone Prohibitions for Drivers.** Prohibits a person under 18 years of age from using a wireless telephone while operating a motor vehicle, prohibits a person 18 years of age or older from using a wireless telephone to text message while operating a motor vehicle, and provides penalties for violations.
- ❑ **H.B. 09-1101 (Benfield/Veiga): State Sales Tax Collection Requirements:** Imposes a penalty on sales tax vendors who are delinquent in filing their returns or incorrectly account for the amount of sales tax due on their return.
- ❑ **H.B. 09-1105 (Kefalas/Scheffel): Colorado Innovation Investment Tax Credit.** Allows certain investors to receive an income tax credit equal to 15 percent of an investment, up to \$20,000, made during tax year 2010 in businesses involved in the research and development or manufacturing of new technologies, products, or processes and creates the Colorado Innovation Investment Tax Credit Cash Fund. The extension of the credit is conditional on the deposit of \$832,055 into the Colorado Innovation Investment Tax Credit Cash Fund by the Colorado Office of Economic Development. In addition, any other gifts, grants, and donations deposited into this fund are authorized to be used to defray the costs of the tax credit. There is a maximum of \$750,000 available for the credit, which will be apportioned on a first come, first served basis. Requires the Office of Economic Development and the Department of Revenue to share information and specifies penalties for the misrepresentation of qualifications for the credit.

- ❑ **H.B. 09-1126 (Hullingshorst/Shafer B.): Encourage Solar Thermal Installations.** For FY 2009-10 through FY 2016-17, makes all sales, storage and use of components used in solar thermal systems exempt from the state sales and use tax; specifies various components for solar thermal systems that are affected; and defines such a system as one whose primary purpose is to use energy from the sun to produce heat or cold for: (1) heating or cooling a residential or commercial building or water; or (2) any industrial, commercial, or manufacturing process. Allows local governments to provide the same financial incentives for solar thermal installations as are now be provided for solar electric installations.
- ❑ **H.B. 09-1133 (Sonnenberg/Kester): Setting Fees for License Plates.** Authorizes the Director of the Division of Correctional Industries, with input from the Department of Revenue and the Governor's Office of State Planning and Budgeting, to set fees to recover license plate production costs. Appropriates \$528,000 cash funds to the Department of Revenue from the License Plate Cash Fund and reappropriates those funds to the Department of Corrections.
- ❑ **H.B. 09-1137 (Judd/Newell): Gambling and Refund Intercepts.** Expands the Gambling Payment Intercept Act so that outstanding assessment of restitution is to be treated in the same manner that unpaid child support debt and certain arrearages of child and medical support are currently treated under the act. Requires limited gaming or pari-mutuel wagering establishments who make a payment for cash winning for which a federal form W-2G must be filed to determine if the individual is listed in the registry that identifies individuals with an outstanding assessment of restitution or unpaid child support. If the winning are intercepted under this act, the registry operator will add a fee of \$25 to be withheld by the casino operator. Requires the Judicial Department to apply for a grant from the Victims Assistance and Law Enforcement Fund for the purpose of expanding the Gambling Payment Intercept Act. Removes the conditional repeal clause in the current act.
- ❑ **H.B. 09-1173 (Riesberg/Hodge): Contraband Cigarettes and Tobacco Products.** Requires the Department to audit retailers' compliance with laws related to "other tobacco products," to determine the level of compliance with the laws of the State and appropriates \$75,000 cash funds from the Tobacco Tax Litigation Settlement Cash Fund to the Department of Revenue for that purpose.
- ❑ **H.B. 09-1219 (Judd/Sandoval): Interest on Tax Overpayments.** Reduces the interest the Department will pay on overpayments associated with corporate tax returns; prohibits the payment of interest on overpayments of corporate income taxes that are not made to satisfy a bona fide estimate of tax liability; and equates the calculation of interest on overpayments for corporate taxpayers with the calculation for individual income taxpayers.
- ❑ **H.B. 09-1230 (Summers/Tapia): Motor Vehicle Registration.** Specifies that auto dealers will be "held harmless" for any tax, charge or fee due to a local government in cases in which a dealers proves that the money was not collected solely because a consumer provided an incorrect address, provided that several conditions be satisfied. Requires the Transportation Legislation

Review Committee to study, during the 2009 interim, best practices for the collection of sales taxes on vehicle purchases.

- ❑ **H.B. 09-1234 (Kerr J., Tochtrop): Driver's License Suspension Hearing.** Provides that the suspension of a driver's license be immediate in cases where a person fails to appear at a hearing and eliminates certain notification requirements for the suspension. Specifies that persons can request a hearing delay if necessary.
- ❑ **H.B. 09-1242 (Summers, King K.) Tax Credit Donations to Research Institutions.** Allows Colorado higher education institutions to create a venture development investment fund, into which gifts, grants, and donations from individuals, businesses, and other entities would be deposited. The money in the fund is to be used to facilitate the commercialization of products culminating from the research conducted at the university. Allows the venture development investment fund to be administered by a nonprofit entity.
- ❑ **H.B. 09-1246 (Peniston/Morse): Court-ordered Defensive Driving Schools.** Requires the Department to contract with a private business to monitor and evaluate the curriculum and effectiveness of driver improvement schools and classes. Requires, with the exception of tickets for driving under the influence and related offenses, the courts to offer a defendant the opportunity to take driver improvement classes if the driver has not had a ticket in the most recent 18 months. Courts may require the driver improvement classes of all drivers, regardless of the most recent ticket. Upon completion of the course, the courts may suspend all or a portion of the fine or sentence of imprisonment associated with the traffic infraction. To pay for the contract costs, driver improvement class providers will collect a fee from drivers sentenced to attend their classes beginning on January 1, 2010, and remit this fee to the Department to be deposited in the Defensive Driving School Fund. The Department will use this fund to pay for the contracts and direct and indirect administrative costs. The Department will set the fee, promulgate rules for the process, handle fee moneys, and manage the contract. Appropriates \$29,170 cash funds and 0.5 FTE.
- ❑ **H.B. 09-1266 (McCann/Carroll M.): Loss Driving Privileges for Criminal Offenses.** Removes the revocation of driving Privileges as a penalty for certain crimes, including: criminal mischief; defacing property; offences related to the forgery of a traffic ticket issued to a minor; unlawful use of a controlled substance; unlawful distribution, manufacturing, dispensing, sale or possession of a controlled substance; offenses related to marijuana; and offenses related to possession of alcohol by minors (does not apply when the minor fails to complete a court-ordered treatment program). Reduces the appropriation to the Department by \$17,425 and 0.4 FTE in FY 2009-10.
- ❑ **H.B. 09-1272 (Massey/Tapia): Limited Gaming Amendment 50 Community College Funding.** Implements Amendment 50, the initiative approved by Colorado voters in the November 2008 general election to increase the maximum bet allowed, increase the number of games that can be offered, and repeal the limitation of casino hours of operation. Provides that

the additional revenues as a result of this measure will benefit the community colleges in Colorado. Creates the Extended Limited Gaming Fund (ELGF), which receives revenues derived from the expanding gaming and requires that moneys from the ELGF be used to cover the portion of the ongoing expense of the Colorado Limited Gaming Commission and other state agencies related to the administration of extended limited gaming. After expenses, the funds in the ELGF be distributed as follows: 78 percent to the State's community colleges, junior colleges, and local district colleges; 10 percent to the governing bodies of the cities of Central, Black Hawk, and Cripple Creek; and 12 percent to the governing bodies of Gilpin and Teller Counties.

- ❑ **H.B. 09-1298 (McFadyen/Mitchell): Economic Development for Trucking Industry in Colorado.** Refunds a portion of state sales and use taxes paid on the sale, storage, or use of Class A motor vehicles, expands the enterprise zone 3 percent investment tax credit, and creates the Green Truck Grant Program.
- ❑ **H.B. 09-1331 (Gagliardi/Boyd): Incentives for Efficient Motor Vehicles.** Changes the types of vehicles that qualify for the existing State income tax credit for the purchase of alternative fuel vehicles, conversion of existing vehicles to allow for the use of alternative fuels, or replacement of a vehicle's power source with a power source that uses an alternative fuel. Changes the tax credit amount for certain types of alternative fuel vehicles. Creates a new tax credit for tax years 2012 through 2015 for the same types of alternative fuel vehicles, and makes similar changes to the State's alternative fuel rebate program available to governmental and nonprofit entities.
- ❑ **H.B. 09-1342 (Benefield/Boyd): Eliminate Cigarette Sales Tax Exemption.** Eliminates the State sales and use tax exemption on the sale of cigarettes for FY 2009-10 and FY 2010-11, while maintaining the exemption for counties, statutory municipalities, and special districts. Appropriates \$177,815 General Fund in FY 2008-09 and \$12,840 General Fund in FY 2009-10.
- ❑ **H.B. 09-1366 (Pommer/Romer): Eliminate Colorado Capital Gains Income Tax Modification.** Eliminates the Colorado source capital gains subtraction for gains on stock and ownership interests beginning in tax year 2010 for Colorado real property purchased between May 5, 1994; and out-of-state tangible property purchased after the effective date of the act. Eliminates the TABOR refund mechanisms that expand the annual Colorado source capital gains subtraction.

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**APPENDIX C: UPDATE OF FY 2009-10
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

N/A None applied to Department.

Requests for Information

- All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2009, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2009-10, and that are not otherwise included in the Long Bill.

Comment: This request does not apply to the Department of Revenue.

- Department of Revenue, Information Technology Division, Colorado State Titling and Registration System** -- The Department is requested to provide, for the fiscal year starting July 1, 2009, quarterly reports to the Joint Budget Committee on the fund balance, revenues, and expenditures in the Colorado State Titling and Registration Account created in Section 42-1-211 (2), C.R.S., a sub-account of the Highway Users Tax Fund. The reports should come as soon as possible after the end of the quarters that end on September 30, 2009, December 31, 2009, March 31, 2010, and June 30, 2010.

Comment: The Department submitted the report first quarter report on October 23, 2009. The report is summarized in the following table.

| Colorado State Titling and Registration Account Account Activity | | | | |
|---|------------------------|--------------------------|-----------------------------|----------------------------|
| | July Actual | August Actual | September Actual | Quarterly Total |
| Beginning Fund Balance | \$4,291,113 | \$4,481,801 | \$4,431,749 | \$4,291,113 |
| Revenues | 761,473 | 699,874 | 594,085 | 2,055,432 |
| Expenditures | 570,785 | 749,926 | 806,725 | 2,127,436 |
| Ending Fund Balance | 4,481,801 | 4,431,749 | 4,219,109 | 4,219,109 |
| Net Change in Fund Balance | \$190,688 | (\$50,052) | (\$212,640) | (\$72,004) |

- 65. Department of Revenue, Taxation Business Group, Taxation and Compliance Division --** The Department is requested to provide to the Joint Budget Committee, as soon as possible after the end of the fiscal year that ends on June 30, 2009, but no later than September 30, 2009, a report detailing the amount of additional General Fund revenue realized in during FY 2008-09 by the General Assembly's funding of the program to allow senior auditors to travel eight weeks each out-of-state to audit companies that are based out-of-state. The Department is requested to provide a similar report for the fiscal year that ends June 30, 2010.

Comment: The Department provided the required report. Please see a detailed discussion in the Issues section on Page 16

- 66. Department of Revenue, Taxation Business Group, Taxation and Compliance Division --** The Department is requested to provide to the Joint Budget Committee, as soon as possible after the end of the fiscal year that ends on June 30, 2010, but no later than September 30, 2010, a report detailing the amount of additional General Fund revenue realized in FY 2009-10 by the General Assembly's funding of an expanded out-of-state tax compliance and enforcement program.

Comment: This report is not due until September 30, 2010.

- 67. Department of Revenue, State Lottery Division --** The Department is requested to submit a report to the Joint Budget Committee, by September 30, 2009, on the employment location of senior management employees of the State Lottery Division, pursuant to Section 24-35-202 (1), C.R.S., which requires the Lottery headquarters to be located in the city of Pueblo. This report should identify each position in senior management of the Division, and where the primary offices of the incumbents in those positions are located.

Comment: The Department has responded that the following primary officers of the Lottery are located as follows:

Jack Boehm, Director- Primary office located in Pueblo
J.E. Lewellan, Chief Operating Officer - Primary office located in Pueblo
Patrick Maroney, Security Director - Primary office located in Pueblo
Tom Kitts, Deputy Director - Primary office located in Denver