

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2009-10 STAFF BUDGET BRIEFING**

**DEPARTMENT OF REVENUE**

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

**Prepared By:  
David Meng, JBC Staff  
December 16, 2008**

For Further Information Contact:

Joint Budget Committee Staff  
200 E. 14th Avenue, 3rd Floor  
Denver, Colorado 80203  
Telephone: (303) 866-2061  
TDD: (303) 866-3472

**FY 2009-10 BUDGET BRIEFING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

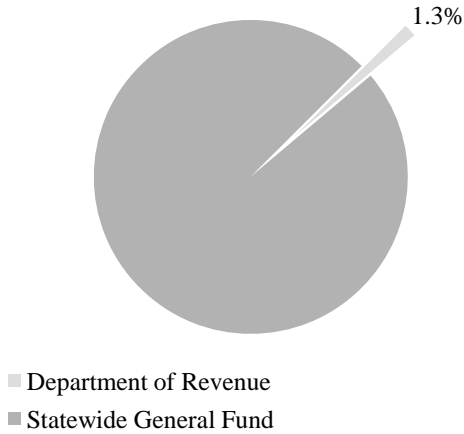
**DEPARTMENT OF REVENUE**

**Table of Contents**

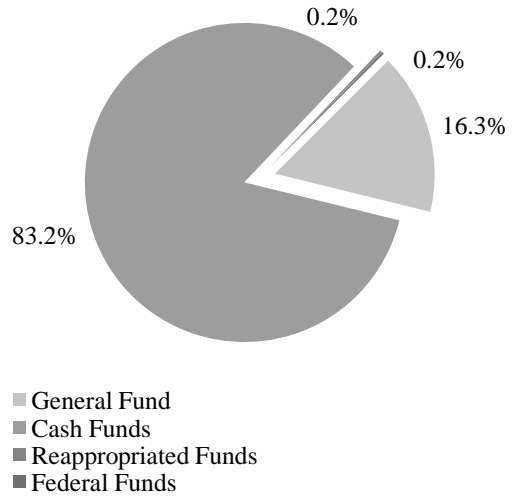
Graphic Overview. . . . .	1
Department Overview . . . . .	3
Decision Items. . . . .	7
Overview of Numbers Pages . . . . .	10
Issues:	
Colorado State Titling and Registration System Rewrite Update. . . . .	14
Colorado State Titling and Registration Account. . . . .	19
Out-of-State Tax Law Compliance and Enforcement. . . . .	25
Refinance of Driver Control Section. . . . .	29
Programming Costs for Session Legislation. . . . .	31
Appendices:	
A - Numbers Pages. . . . .	34
B - Summary of Major Legislation from 2008 Legislative Session.. . . .	57
C - Update on Long Bill Footnotes and Requests for Information. . . . .	60

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue  
GRAPHIC OVERVIEW**

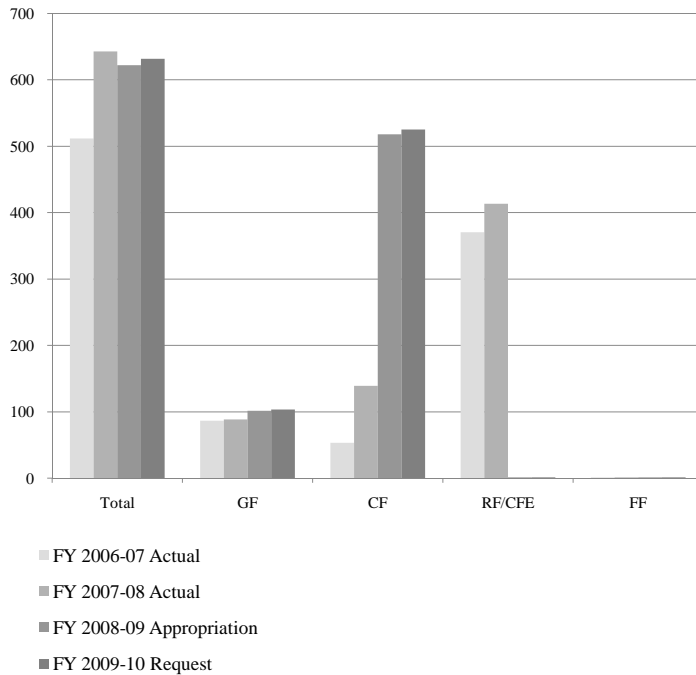
**Department's Share of Statewide General Fund**



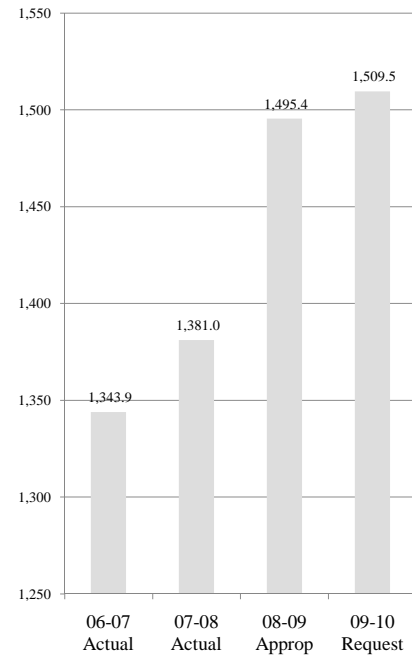
**Department Funding Sources**



**Budget History  
(Millions of Dollars)**

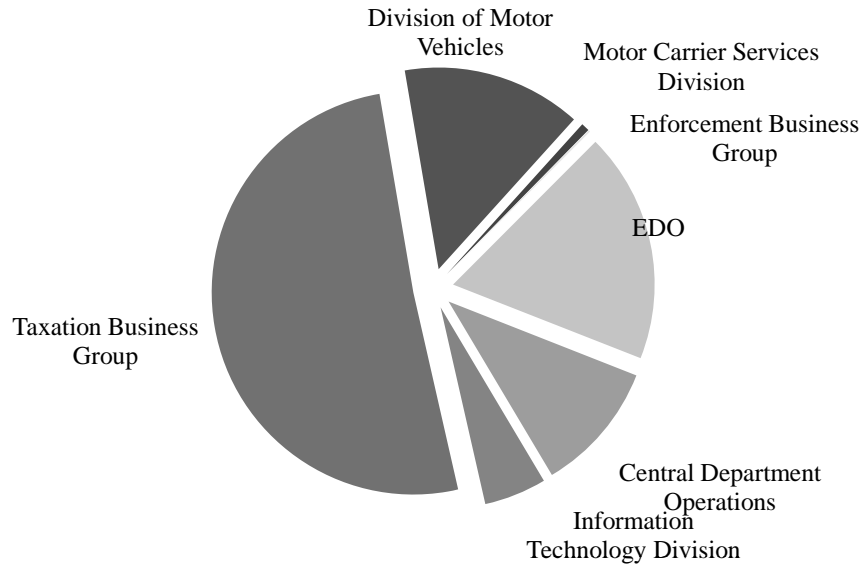


**FTE History**

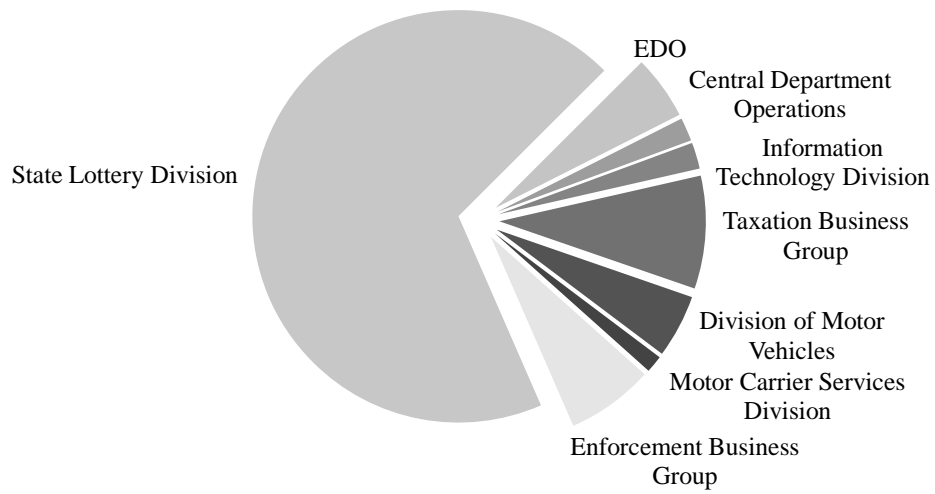


Unless otherwise noted, all charts are based on the FY 2008-09 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



**FY 2009-10 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, alcoholic beverages
  
- ▶ Operates the State Lottery.
  
- ▶ Oversee 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 in areas of 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.
  
- ▶ Oversee 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 (\$13.3 million); the Amendment 35 Distribution to Local Governments (\$1.5 million); the Old Age Heat and Fuel and Property Tax Assistance Grant (\$17.3 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. Electronic funds transfer payments now make up about 61 percent of total payments (although the total number of checks continues to increase); electronically filed individual income tax returns are 55 percent of the total; and direct deposit of individual income tax refunds is about 52 percent of the total.

### **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.

### **Motor Vehicles Business Group**

This group 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.

This last year, the Driver and Vehicle Services Division opened three new driver's license offices in Lakewood, Northeast Denver and the Fort Collins area, as authorized in S.B. 07-241. Also included was the hiring of 53 new employees to staff those offices and other understaffed offices.

### **Motor Carrier Services Division**

The Motor Carrier Services Division, which is administered by the Motor Vehicles Business Group, 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.

### **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. The Commission also approves budget requests for gaming-related purposes for the Department of Public Safety. For FY 2007-08, gaming tax revenues were \$108 million, down \$3.8 million from FY 2006-07. Funding for the Division operations is from the Limited Gaming Fund.

### **Liquor Enforcement Division**

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 2007, the Board issued and renewed more than 19,000 licenses of dealers, wholesalers, and sales persons. Funding for the Board is from the Auto Dealer License 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 for FY 2007-08 were \$505.8 million. After expenses, the Lottery proceeds of \$122.3 million were distributed according to the Constitution and statutes.



**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue**

**DECISION ITEM PRIORITY LIST**

Decision Item	GF	CF	RF	FF	Total	FTE
<p>1</p> <p style="text-align: right;">957,418</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">957,418</p> <p style="text-align: right;">10.1</p> <p><b>Out-of-State Tax Law Compliance and Enforcement</b></p> <p><b>Taxation and Compliance Division.</b> The Department requests \$957,418 General Fund and 10.1 FTE for FY 2009-10, which will annualize to \$1,765,637 General Fund and 20 FTE in FY 2010-11. This request will increase the number of tax auditors and offices it has located outside of the state. The Department estimates that General Fund revenues will be enhanced by approximately \$18.7 million when the initiative matures in FY 2012-13. <i>Statutory authority: Section 24-35-108, C.R.S.</i></p>						
<p>2</p> <p style="text-align: right;">141,579</p> <p style="text-align: right;">(141,579)</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0.0</p> <p><b>Leased Space Funding Mix Adjustment</b></p> <p><b>Executive Director's Office.</b> The Department requests \$141,579 General Fund, and a corresponding decrease in cash funds for a funding mix adjustment to the Leased Space Line. The cash funds affected are the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Licensing Services Cash Fund, the Driver's License Administrative Revocation Account, and the State Lottery Fund. <i>Statutory authority: Section 24-35-105, C.R.S.</i></p>						
<p>3</p> <p style="text-align: right;">154,423</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">154,423</p> <p style="text-align: right;">0.0</p> <p><b>Data Entry Rate Increase and Data Capture Expansion</b></p> <p><b>Central Department Operations.</b> The Department requests a total of \$154,423 General Fund for data entry services from the Department of Personnel and Administration. The proposal has two components: 1) \$90,409 for a 3 percent rate increase from DPA, and 2) \$60,014 to capture additional data fields from the severance tax oil and gas withholding form. <i>Statutory authority: Sections 24-30-1104, and 24-35-108, C.R.S.</i></p>						
<p>4</p> <p style="text-align: right;">61,739</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">61,739</p> <p style="text-align: right;">0.0</p> <p><b>Microfilm Rate Increase</b></p> <p><b>Central Department Operations.</b> The Department requests \$61,739 General Fund for an increase in rates charged by the Department of Personnel and Administration for microfilming and an increase in the number of documents that need to be stored on microfilm. <i>Statutory authority: Sections 24-30-1104, 39-21-113, and 24-80-102.7, C.R.S.</i></p>						
<p>5</p> <p style="text-align: right;">0</p> <p style="text-align: right;">152,469</p> <p style="text-align: right;">0</p> <p style="text-align: right;">0</p> <p style="text-align: right;">152,469</p> <p style="text-align: right;">0.0</p> <p><b>Digital Images Storage for Titles and Driver and Vehicle Services</b></p> <p><b>Division of Motor Vehicles, Driver and Vehicle Services and Division of Motor Vehicle, Titles.</b> The Department requests \$146,214 cash funds from the Licensing Services Cash Fund and \$6,255 cash funds from the Colorado State Titling and Registration Account. The request is necessary to fund increased costs of digital storage. <i>Statutory authority: Section 24-80-102.7 (2) (a), C.R.S.</i></p>						

Decision Item	GF	CF	RF	FF	Total	FTE
6	0	86,290	0	0	86,290	0.0
<p><b>Imaging Equipment for Motor Vehicle Dealer Licensing Board</b></p> <p><b>Enforcement Business Group, Motor Vehicle Licensing Board.</b> The Department is requesting \$86,290 cash funds from the Auto Dealers License Fund. The request is to image the Department's five year backlog of documents and all subsequent documents. Of the total request, \$61,770 is to eliminate the backlog, and \$24,520 is to image the request year and future years' documents. <i>Statutory authority: Sections 12-6-104, 12-6-106, 12-6-504, and 12-6-506, C.R.S.</i></p>						
7	182,921	(778)	0	0	182,143	0.0
<p><b>Department Postage Increase</b></p> <p><b>Central Department Operations.</b> The Department requests \$182,921 General Fund and a decrease of \$778 cash funds from various cash funds to account for United State Postal Service rate increases effective May 12, 2008 and expected in May 2009. <i>Statutory authority: Section 24-35-105, C.R.S.</i></p>						
8	0	290,820	0	0	290,820	0.0
<p><b>VIPER Update for CSTARS</b></p> <p><b>Information Technology Division, Colorado State Titling and Registration System.</b> The Department requests \$290,820 cash funds from the CSTAR Account to update the VIPER program which operates the Titles section of the Colorado State Titling and Registration System. The current system maintenance is time consuming, unreliable, has experienced multiple failures (system has been down for as long as two months). <i>Statutory authority: Section 41-1-211, C.R.S.</i></p>						
9	38,000	0	0	0	38,000	0.0
<p><b>Document Transport Lease</b></p> <p><b>Central Department Operations.</b> The Department requests \$38,000 General Fund to lease a document transport for the Central Department Operations Remittance Processing system. The current system is ten years old, cannot be upgraded and is on an operating system that is no longer supported. <i>Statutory authority: Sections 24-35-101 and 24-35-110, C.R.S.</i></p>						
10	0	118,352	0	0	118,352	2.0
<p><b>Increase Liquor Enforcement Division Staff</b></p> <p><b>Executive Director's Office and the Enforcement Business Group, Liquor Enforcement Division.</b> The Department requests \$118,352 cash funds from the Liquor Enforcement Division and State Licensing Authority Cash Fund and 2.0 FTE. The request will fund a Criminal Investigator at the Grand Junction Office and an Administrative Assistant at the Division's main office. The Investigator will give the Division bring the Grand Junction office up to the level that other offices have with similar workloads. The Administrative Assistant will assist in handling business licenses. <i>Statutory authority: Sections 12-47-201 (1) and 12-47-201 (2), C.R.S.</i></p>						
11	0	47,377	0	0	47,377	0.0
<p><b>County Office Improvements</b></p> <p><b>Information Technology Division, Colorado State Titling and Registration.</b> The Department requests \$47,377 cash funds from the Colorado State Titling and Registration Account of the HUTF for titling equipment for a new branch office in Pueblo. <i>Statutory authority: Sections 41-1-210 (2) and 41-1-211, C.R.S.</i></p>						

<b>Decision Item</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
12	0	127,623	0	0	127,623	0.0
<b>Variable Vehicle Base Rate Increase</b>						
<b>Executive Director's Office.</b> The Department requests \$127,623 cash funds from the Limited Gaming Fund (\$59,109) and the State Lottery Fund (\$68,514) to address unfunded rate increases in January and July 2006. <i>Statutory authority: Section 24-30-1104 (2) (k), C.R.S.</i>						
13	(1,865,928)	2,021,590	0	0	155,662	0.0
<b>Refinance Driver Control</b>						
<b>Division of Motor Vehicles, Driver and Vehicle Services.</b> The Department requests a reduction of \$1,865,928 General Fund and an increase of \$2,021,950 cash funds from the Drivers License Administrative Revocation Account. The request is to increase cash funding of the Driver Control Section. <i>Statutory authority: Sections 42-2-132 (4) (b) (I) (A) and (B), C.R.S..</i>						
Non Prioritized Statewide Decision Items	74,626	242,363	0	0	316,989	0.0
<b>Statewide Common Policy Decision Items</b>						
<b>Executive Director's Office and Central Department Operations.</b> Statewide Decision Items (Workers' Compensation, Variable Vehicle Expense, Administrative Law Judge Services, Vehicle Lease Payments, and Postage)						
<b>Total</b>	<b>(255,222)</b>	<b>2,944,527</b>	<b>0</b>	<b>0</b>	<b>2,689,305</b>	<b>12.1</b>

**FY 2009-10 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 2008-09 appropriation and its FY 2009-10 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 2008-09 to FY 2009-10 (millions of dollars)**

Category	GF	CF	RF	FF	Total	HUTF	FTE
FY 2008-09 Appropriation	\$101.6	\$517.7	\$1.4	\$1.5	\$622.1	\$9.7	1,495.4
FY 2009-10 Request	103.6	525.2	1.4	1.5	631.6	10.0	1,509.5
Increase / (Decrease)	\$2.0	\$7.5	\$0.0	\$0.0	\$9.5	\$0.2	14.1
Percentage Change	2.0%	1.5%	1.1%	-0.1%	1.5%	2.3%	0.9%

The following table highlights the individual changes contained in the Department's FY 2009-10 budget request, as compared with the FY 2008-09 appropriation. For additional detail, see the numbers pages in Appendix A.

**Requested Changes, FY 2008-09 to FY 2009-10**

Category	GF	CF	RF	FF	Total	HUTF	FTE
<b>Executive Director</b>							
Non-prioritized Statewide Decision Items	\$71,932	\$242,363	\$0	\$0	\$314,295	\$29,006	0.0
Personal Services (Annualize Salary Survey and Performance-based Pay)	\$164,495	\$0	\$0	\$0	\$164,495	\$0	0.0
DI#12-Variable Vehicle Base Increase	0	127,623	0	0	127,623	0	0.0
DI#1-Out-of-State Tax Law Compliance and Enforcement	80,000	0	0	0	80,000	0	0.0
DI#10-Increase Liquor Enforcement Division Staff	0	12,544	0	0	12,544	0	0.0
Annualize S.B. 07-228 (Vendor Perform State Contracts)	5,862	0	0	0	5,862	0	0.1
DPA DI (Statewide Indirect Costs)	74,294	(68,041)	(6,253)	0	0	(38,139)	0.0
Departmental Indirect Costs	(277,082)	128,129	148,953	0	0	42,551	0.0

Category	GF	CF	RF	FF	Total	HUTF	FTE
DI #2-Leased Space Funding Mix Adjustment	141,579	(1 41,579)	0	0	0	0	0.0
Employee Benefits <sup>1</sup>	(280,387)	(1 52,623)	0	0	(433,010)	(19,432)	0.0
Operating Expenses (Annualize Prior Year Expenses)	(17,728)	(1,803)	0	0	(19,531)	0	0.0
Shift Differential	<u>(3,931)</u>	<u>(11,374)</u>	<u>0</u>	<u>0</u>	<u>(15,305)</u>	<u>(9,301)</u>	<u>0.0</u>
<b>Subtotal</b>	<b>(\$40,966)</b>	<b>\$135,239</b>	<b>\$142,700</b>	<b>\$0</b>	<b>\$236,973</b>	<b>\$4,685</b>	<b>0.1</b>
<b>Central Department Operations</b>							
Personal Services (Annualize Salary Survey and Performance-based Pay)	\$270,337	\$0	\$0	\$0	\$270,337	\$0	0.0
DI#7-Department Postage Increase	182,921	(778)	0	0	182,143	5,538	0.0
DI#3-Data Entry Rate Increase and Data Capture Expansion	154,423	0	0	0	154,423	0	0.0
DI#4-Microfilm Rate Increase	61,739	0	0	0	61,739	0	0.0
DI#9-Document Transport Lease	38,000	0	0	0	38,000	0	0.0
H.B. 07-1106 (Annualization of PTC eligibility changes)	15,274	0	0	0	15,274	0	0.0
Non-prioritized Statewide Decision Items	2,694	0	0	0	2,694	0	0.0
S.B. 08-016 9Health Fair Appropriation	343	0	0	0	343	0	0.0
Statewide Indirect Costs	42,719	(16,547)	(26,172)	0	0	(9,310)	0.0
Department Indirect Cost	<u>(22,826)</u>	<u>32,078</u>	<u>(9,252)</u>	<u>0</u>	<u>0</u>	<u>10,645</u>	<u>0.0</u>
<b>Subtotal</b>	<b>\$745,624</b>	<b>\$14,753</b>	<b>(\$35,424)</b>	<b>\$0</b>	<b>\$724,953</b>	<b>6,873</b>	<b>0.0</b>

<sup>1</sup> Employee Benefits include Health, Life and Dental insurance, Short-term Disability insurance, Amortization Equalization Disbursement (AED) and Supplemental AED, Salary Survey and Senior Executive Service, and Performance-based Pay Awards.

Category	GF	CF	RF	FF	Total	HUTF	FTE
<b>Information Technology Division</b>							
Personal Services (Annualize Salary Survey and Performance-based Pay)	\$282,210	\$95,426	\$0	\$0	\$377,636	\$0	0.0
DI#8-VIPER Update for CSTARS	0	290,820	0	0	290,820	0	0.0
DI#11-County Office Improvements	0	47,377	0	0	47,377	0	0.0
Operating Expenses (Annualization of 2008 DI)	0	10,252	0	0	10,252	0	0.0
Statewide Indirect Costs	220,487	(1 39,752)	(80,735)	0	0	(62,957)	0.0
Departmental Indirect Costs	126,498	(1 40,353)	13,855	0	0	(44,755)	0.0
County Office Improvements (Annualization of 2008 DI)	<u>0</u>	<u>(63,578)</u>	<u>0</u>	<u>0</u>	<u>(\$63,578)</u>	<u>0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>\$629,195</b>	<b>\$100,192</b>	<b>(\$66,880)</b>	<b>\$0</b>	<b>\$662,507</b>	<b>(107,712)</b>	<b>0.0</b>
<b>Taxation Business Group</b>							
Personal Services (Annualize Salary Survey and Performance-based Pay)	\$946,928	\$3,317	\$0	\$0	\$950,245	\$0	0.0
DI#1 Out-of-State Tax Law Compliance and Enforcement	877,418	0	0	0	877,418	0	10.1
Departmental Indirect Costs	33,065	169	(33,234)	0	0	0	0.0
Annualization of H.B. 08-1353 (Conservation Tax Credit Verification)	(6,910)	0	0	0	(6,910)	0	0.0
Mineral Audit Program (Federal Funding Adjustment)	<u>0</u>			<u>(1,034)</u>	<u>(1,034)</u>	<u>0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>\$1,850,501</b>	<b>\$3,486</b>	<b>(\$33,234)</b>	<b>(\$1,034)</b>	<b>\$1,819,719</b>	<b>\$0</b>	<b>10.1</b>
<b>Division of Motor Vehicles</b>							
Personal Services (Annualize Salary Survey and Performance-base Pay)	\$641,107	\$206,927	\$0	\$0	\$848,034	\$0	0.0
Annualize 2008 Special Bills	0	355,120	0	0	355,120	0	0.9
DI#13-Refinance Driver Control Section	(1,865,928)	2,021,590	0	0	155,662	0	0.0

Category	GF	CF	RF	FF	Total	HUTF	FTE
DI#5-Digital Imaging Storage for Titles and Driver and Vehicle Services and Annualize 2008 Decision Item)	0	161,357	0	0	161,357	0	0.0
Departmental Indirect Costs	11,473	(11,473)	0	0	0	(4,704)	0.0
License Plate Ordering	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>(\$1,213,348)</b>	<b>\$2,733,521</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,520,173</b>	<b>(4,704)</b>	<b>0.9</b>
<b>Motor Carrier Services Division</b>							
Personal Services (Annualize Salary Survey and Performance-based Pay)	\$30,875	\$328,935	\$0	\$0	\$359,810	321,088	0.0
Department Indirect Costs	<u>(9,598)</u>	<u>0</u>	<u>9,598</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>\$21,277</b>	<b>\$328,935</b>	<b>\$9,598</b>	<b>\$0</b>	<b>\$359,810</b>	<b>321,088</b>	<b>0.0</b>
<b>Enforcement Business Group</b>							
Personal Services (Annualize Salary Survey and Performance-based Pay)	\$16,687	\$525,682	\$0	\$0	\$542,369	0	0.0
DI#10-Increase Liquor Enforcement Division Staff	0	105,808	0	0	105,808	0	2.0
DI#6-Imaging Costs for Motor Vehicle Dealer Licensing Board	0	86,290	0	0	86,290	0	0.0
Indirect Cost Assessment	4,688	48,935	(962)	0	52,661	0	0.0
S.B. 08-026 (Cigarette Ignition Propensity Standards) Appropriation	<u>0</u>	<u>33,347</u>	<u>0</u>	<u>0</u>	<u>33,347</u>	<u>0</u>	<u>1.0</u>
<b>Subtotal</b>	<b>\$21,375</b>	<b>\$800,062</b>	<b>(\$962)</b>	<b>\$0</b>	<b>\$820,475</b>	<b>\$0</b>	<b>3.0</b>
<b>State Lottery Division</b>							
Marketing and Communications (2008 Decision Item)	\$0	\$3,028,290	\$0	\$0	\$3,028,290	0	0.0
Personal Services (Annualize Salary Survey and Performance-based Pay)	0	378,646	0	0	378,646	0	0.0
Indirect Cost Assessment	<u>0</u>	<u>(13,229)</u>	<u>0</u>	<u>0</u>	<u>(13,229)</u>	<u>0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>0</b>	<b>\$3,393,707</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,393,707</b>	<b>\$0</b>	<b>0.0</b>
<b>Total Change</b>	<b>\$2,013,658</b>	<b>\$7,509,895</b>	<b>\$15,798</b>	<b>(\$1,034)</b>	<b>\$9,538,317</b>	<b>220,230</b>	<b>14.1</b>

**FY 2009-10 JBC Staff Budget Briefing  
Department of Revenue**

**INFORMATIONAL BRIEFING ISSUE:**

Status of the Colorado State Titling and Registration System (CSTARS) Rewrite Project.

**SUMMARY:**

- ❑ Started in the fall of 2002, the CSTARS Rewrite Project was expected to result in (1) decreased training time, (2) improved transaction processing and accuracy through streamlined processes, consistency of screen design and data validation, (3) improved ability to implement legislative mandates and requested functional enhancements, and (4) improved system maintainability through the use of innovative system design and flexible database architecture.
- ❑ The system was deployed to the state offices in the fall of 2006.
- ❑ When deployed to the counties, problems developed and the "go live" has been postponed indefinitely.

**DISCUSSION:**

In the fall of 2002, the Department moved forward with the Colorado State Titling and Registration System Rewrite Project. The justification for the project was:

- ✓ The "Green Screen" presentation for users and inconsistent flow of data entry screens made it difficult and time consuming to train new users.
- ✓ The complexity of the program code, flat-file database structure and distributed processing presented difficulty in delivering modifications on a timely basis.
- ✓ Distributed processing presented difficult challenges in maintaining databases for 64 counties and in information sharing.
- ✓ Audits had identified a number of areas where system controls could be improved, including (1) ensuring that collection and distributions are made in accordance with statutes, (2) improving oversight of revenue collection and distribution, and (3) improving cash controls.

The expectations for the project were:

- ✓ Decreased training time
- ✓ Improved transaction processing/accuracy through streamlined processes, consistency of screen design, and data validation.
- ✓ Improved ability to implement legislative mandates and requested functional enhancements.
- ✓ Improved system maintainability through the use of innovative system design and a flexible database.



The system was deployed in the Department of Revenue in the fall of 2006, however, problems when the system was deployed to the counties resulted in the Department making the decision, in the spring of 2007, to postpone indefinitely the "go-live" implementation of the project. The Department hired a consultant to provide an assessment of the project, what went wrong, and what the options are for proceeding forward.

According to the consultant, the project did not deliver the fundamental functionality or business requirements. Rated on a score of one to ten, with ten being high, the system measured at best a six in some measurements of the expected outcomes, with a low of three in one area. The table below shows how the consultant rated the various components of the project.

Expected Outcome	Score 10-high 1-low	Explanation
Decreased training time for end users	6	<ul style="list-style-type: none"> <li>• GUI is more intuitive to today's workforce than the "green screen" presentation</li> <li>• Business knowledge is necessary since it is not completely integrated into system design</li> </ul>
Improved transaction processing/ accuracy	6	<ul style="list-style-type: none"> <li>• Consistent processes across all 64 counties once system is fully deployed</li> <li>• Built-in data validation</li> <li>• Business process redesign initiative could have reaped further enhancements.</li> </ul>
Improved ability to implement legislative mandates and requested functional enhancements	3	<ul style="list-style-type: none"> <li>• Burdensome to implement system updates</li> <li>• Business rule administration requires support from IT</li> </ul>
Improved system maintainability	5	<ul style="list-style-type: none"> <li>• System is built on a maintainable platform</li> <li>• DOR does not have the number of resources or the technical expertise to maintain the CSTARS application</li> </ul>
System traceability and audit capabilities	5	<ul style="list-style-type: none"> <li>• Although these deficiencies were identified in the State Auditor's report, these requirements were not incorporated into RFP</li> <li>• Required functionality was a change request, Development is nearly complete</li> </ul>

While the system was deployed to the State, there were some improvements noted, such that the system was easier to use and there were better audit controls. However, since the system was not deployed to the counties, those benefits did not translate to an improvement over the previous system. There are numerous functional issues that remain to be resolved.

The consultants identified five options for moving forward, each with advantages and disadvantages. These options are:

1. Deploy the existing system to the counties. This option would entail rolling out the current CSTARS rewrite with completed change requests. The advantage of this plan is that the system is already available for state users. The disadvantages are that the counties will object, and there are fundamental gaps in functionality, there is no expertise available to manage the project and coexistence is still a problem. This option is unlikely to be successful. The issues that caused the project to be put on hold are still present with this option.
2. Rewrite the CSTARS program utilizing the current programming, but correcting the deficiencies that exist in the programming. The benefits of this option are that the state functions could be implemented on a time line and hardware purchased for the project could likely be used. Disadvantages are that the Department does not have the expertise to rewrite the application, so a new vendor would have to be hired to finish the system, and recruiting would take longer than to start over. In addition, the counties will still resist the roll-out, and coexistence will still be a problem. **This is one of the options that the consultant considers to be feasible.**
3. Create a new application. This has a much greater chance of meeting the user requirements, provides an opportunity to redesign the titling and registration processes, allows the Department to select a vendor with expertise who can leverage other states' best practices, has a higher chance of county approval and the hardware already purchased could likely be reused. Concerns with this option are that if the project is not properly managed, it could repeat the problems experienced with the first rewrite, there would be additional costs and the existing rewrite investment would have to be written off. **This is the second feasible option for the project.**
4. Create a new CSTARS application utilizing a commercial, off-the-shelf (COTS) solution. **The consultant does not feel that there is a viable COTS solution in the marketplace.**
5. Continue to maintain and use the existing CSTARS system (called DDP). The benefits are that it utilizes the existing system, which has in-house expertise, and state and county users are trained on the system and using it today. The disadvantages are some of the same ones that caused the Department to order the original project rewrite. The system does not have sufficient auditing and logging capabilities, the operating environment is an older one that is no longer supported, the system is complicated and is not documented, single points of failure exist for the support of the application based on the knowledge of technical resources, the architecture and data issues are still significant and the state would have to write off the existing investment in the CSTARS project. Finally, the State would, in any event, have to develop a new application within five or fewer years. **The consultant does not believe this is a viable option given the continuing risk associated with maintaining or extending this system.**

The consultant recommended a five-step process for the Department to use in deciding the best course to take going forward. The steps are described below:

- **Align the Organization**

This involves assessing the organization to determine the best model to manage and support the project; reset the project objectives and mission and begin to align stakeholders on the benefits and value; make internal management and staffing changes as necessary; determine the best governance model for the project; identify a project sponsor who is accountable for the project; staff and build the necessary components for the project team; and identify external resources for key project components.

- **Optimize the County Governance Model**

The county governance model needs to focus on locking in county involvement and commitment; a county governance board should have logical representation and this representation should be approved by all counties; counties need to commit to approving the business process and improving the registration and titling process; counties need to commit resources to the project, especially personnel; acceptance criteria should be clearly defined by the county governance board for quality assurance and production releases; and counties should agree and approve the production release schedule.

- **Understand the Business Process**

The business processes should be developed with a dedicated team of expert business personnel, with a focus on improvements.

- **Determine the Best Technological Solution to Meet the Business Process Needs**

The stakeholders need to select from among the two viable options. If there are major changes in the business processes, then the existing vendor's solution is unlikely to work. If there are not major changes, it is possible that the existing vendor's (Avanade) solution may work.

- **Rebuild the System using the chosen option.**

## UPDATE

Staff requested an update from the Department on the status of the project.

- The project has been cancelled. The State and the contractor (Avanade) have reached a "mutual and amicable" agreement to terminate the project, with neither side admitting nor alleging fault on either side. The terms of the agreement are confidential.
- The Department has completed the "stabilization plan" as recommended by the contractor the Department hired (Northhighland) and described in Option 5 on the previous page.
- The Department has not established a timeline for the next step. They state that "prior to issuing any direction or guidelines for moving forward, the Department will be working with Governor's Office of Information Technology and the Counties via the CSTARS Committee to develop such a plan, including timelines and action items."

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue**

**BRIEFING ISSUE**

**ISSUE: Colorado State Titling and Registration Account**

Projections show that the Colorado State Titling and Registration Account will have a negative fund balance by the end of FY 2010-11. The Department of Revenue has requested three decision items to be funded from The Colorado State Titling and Registration Account (a sub-account of the Highway Users Tax Fund) for FY 2009-10.

**SUMMARY:**

- The Department has requested three decision items that will be funded from the Colorado State Titling and Registration Account (Account). These are: (5) \$60,014 for Digital Imaging and Storage; (8) \$290,820 for VIPER Update for CSTARs; and (11) \$47,377 for County Office Improvements.
- In the last year, the projected fund balance of the Account has been significantly reduced, such that, if the three Decision Items, totaling \$344,452, are funded, the fund balance at the end of FY 2009-10 will be only \$344,902. Even without funding these decision items, the fund balance will only be about 689,000. At this time last year, the fund balance for the end of FY 2009-10 was projected to be about \$3.8 million.
- At this time the projected fund balance for the Account at the end of FY 2010-11 is about (\$2.5 million).

**RECOMMENDATION:**

The General Assembly will have to either increase fees that flow to the Colorado State Titling and Registration Account, fund the services provided by the funds from some other source of funding, cut services provided under the Colorado State Titling and Registration System. Without some action, the fund will not be solvent by some time in FY 2010-11, or earlier, if titling activity falls off more than the latest projections indicate.

**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. This system 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 the transactions with customers who are registering or titling vehicles.

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 the \$3.20 portion of the Title Application Fee which is charged to citizens wishing to title vehicles. According to the Department, two-thirds of the total fees for the Account come from this source.

The Account funds CSTARs associated central appropriations in the Executive Directors Office (Health, Life, and Dental Insurance, Short-term Disability Insurance, the Supplemental Amortization Equalization Disbursements, Salary Survey and Performance-based pay awards), CSTAR associated personal services in the Central Department Operations Division, the Colorado State Titling and Registration System section of the Information Technology Division (supports and maintains the CSTARs system itself, including supporting the county offices), and the Titles Section in the Division of Motor Vehicles

In its FY 2008-09 budget submission, the Department projected a FY 2009-10 year end fund balance of \$3,797,240, while in the FY 2009-10 budget submission, the fund balance, after decision items are funded, is projected to be \$344,902, a difference of (\$3,452,338).

Staff requested the Department to explain the differences in the fund balance projections. The revenue shortfall can be traced to the fall off in vehicles being bought and sold, which leads to less titling activity. The Department stated that the primary reason for the increased projections of expenditures is that the Multi-use Network figures were adjusted after the November 2007 budget submission. The following table shows how the Account balance has changed from the 2007 projections to the 2008 projections:

<b>CSTAR Account: Differences From 2007 to 2008 Projections</b>			
	11/2007 Projection	11/2008 Projection	Variance
<u>FY 2007-08</u>	<u>Estimated</u>	<u>Actual</u>	
Beginning Fund Balance	7,225,970	7,225,970	0
Revenues	9,532,062	8,985,785	(546,277)
Expenditures	10,204,254	10,582,843	(378,589)
Ending Fund Balance	6,553,778	5,628,912	(924,866)
Net Annual Change in Fund Balance	(672,192)	(1,597,058)	(924,866)
<u>FY 2008-09</u>	<u>Requested</u>	<u>Estimated</u>	
Beginning Fund Balance	6,553,778	5,628,912	(924,866)
Revenues	9,465,812	8,886,962	(578,850)
Expenditures	10,849,256	11,239,157	(389,901)
Ending Fund Balance	5,170,334	3,276,717	(1,893,617)
Net Annual Change in Fund Balance	(1,383,444)	(2,352,195)	(968,751)
<u>FY 2009-10</u>	<u>Projected</u>	<u>Requested</u>	
Beginning Fund Balance	5,170,334	3,276,717	(1,893,617)
Revenues	9,431,582	8,823,598	(607,984)
Expenditures (Including Decision Items)	10,804,676	11,755,413	(950,737)
<b>Ending Fund Balance</b>	<b>3,797,240</b>	<b>344,902</b>	<b>(3,452,338)</b>
Net Annual Change in Fund Balance	(1,373,094)	(2,931,815)	(1,558,721)
<u>FY 2010-11</u>		<u>Projected</u>	
Beginning Fund Balance		344,902	
Revenues		8,786,353	
Expenditures		11,632,872	
Ending Fund Balance		(2,501,617)	
Net Annual Change in Fund Balance		(2,846,519)	

As can be seen in the bolded line in the table, the projected fund balance for the Account as of June 30, 2010 has gone from \$3.8 million to \$345,000 in the year since the November 2007 budget submission. The projected fund balance as of June 30, 2011 is (\$2.5 million).

Prior to this year, the Account's fund balance had been declining for several years, as the fund balance was well above the targeted fund balance of 16.5 percent of annual expenditures. This decline would have left the fund at about \$2 million above its target fund balance at the end of FY 2009-10. The General Assembly would eventually have needed to approve a modest increase in the fee. Because of the large decrease in revenues, and increases in expenditures, the Account will drop through the target reserves during FY 2009-10 and drop into negative fund balance in FY 2010-11.

To deal with the projected deficit in the Account's fund balance, the Department has proposed an increase in the Title Application Fee of \$2.50, all of which would be dedicated to the CSTAR Account. Since these fees are set in statutes, it would require an act of the General Assembly to do so. The Department's estimate is that this would raise approximately \$3.5 million annually.

Staff believes that if increased revenue is the option for addressing the declining fund balance, that a revenue increase of at most \$2.5 to \$2.8 million is needed, which corresponds to a fee increase of \$1.75 to \$2.00 on each title application. This amount of new revenue would keep the fund balance stable, with small declines bringing the Account closer to its target fund balance.

The Department states that it is exploring other options and "that it is likely that the Department will raise revenue through a different mechanism." According to the Department, this different mechanism has yet to be finalized.

### **Decision Items**

The Department has three decision items for the Colorado State Titling and Registration System totaling \$344,542. These are: (DI#5) Digital Imaging Storage for Titles and Driver and Vehicle Services; (DI#8) VIPER Update for CSTARS; and (DI#11) County Office Improvements.

#### Digital Imaging Storage for Titles and Driver and Vehicle Services (Decision Item #5)

The Department is requesting \$6,255 from the CSTAR Account (in addition to \$146,214 from the Licensing Services Cash Fund) to accommodate the increased costs of digital imaging storage. The Titles program is the repository for records relating to evidentiary support of vehicle ownership for lien holders, estate disposition, the resolution of disputes involving record ownership of certain personal property, and source documentation by the public for the titling of vehicles upon transfer of ownership, and as the official record for salvage title declaration and odometer statements. Prior to FY 2004-05, these records were stored on microfilm in a central location.

In order to expedite retrieval times and improve customer service to citizens and the courts, in FY 2004-05, the Department began migrating from microfilm to digital storage. The Department of Personnel and Administration (DPA) allows the Department to scan the images, but maintains responsibility for storing those images. DPA determines the rate charged per kilobyte of storage per month on an annual basis.

The table below shows the Departments actual and projected costs for digital storage of Titles documents.



Actual and Projected Digital Storage Costs for Titles Section						
	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Projected	FY 2009-10 Projected	FY 2010-11 Projected
Number of Images	2,106,709	3,709,782	5,263,914	6,818,046	8,372,178	9,926,310
Storage Costs	\$14,253	\$57,361	\$67,336	\$84,209	\$104,929	\$125,650
Cost per Image	\$0.0068	\$0.0155	\$0.0128	\$0.0124	\$0.0125	\$0.0127

There has been a steady increase in the costs of digital storage as the number of documents has increased. The Department has decreased the image resolution to the lowest setting possible, and in response to continuous increases in the amount of images stored, DPA has lowered the per kilobyte charges for FY 2007-08.

VIPER Update for CSTARs (Decision Item #8)

The Department is requesting \$290,820 cash funds in FY 2009-10 and \$12,000 cash funds in FY 2010-11 from the CSTAR Account for the migration of and updates to the VIPER program of the CSTARs system. This is the program that runs the titles programs for the state and it requires critical updates to remain current.

The titling data warehouse application is housed on an eight-year-old server that is no longer supported, and the programs for it are written in application languages that do not meet current industry standards. The system is unreliable, having experienced multiple failures and being down for as long as two months. Maintaining the system is time consuming and expensive.

Simply put, the existing system can no longer meet the requirements for conducting motor vehicle titling. It has outlived its productive life cycle.

The Department request is for two servers and software packages at \$30,400 each, and programming for application upgrade and migration to the new operating system of \$230,020. The system will require \$12,000 per year in annual system maintenance costs for future years. The Governor's Office of Information Technology has signed off on the request.

County Office Improvements (Decision Item # 11)

The Department is requesting \$47,377 cash funds from the CSTAR Account to fund improvements related to expansion of county offices. This is for the hardware and software necessary to support the opening of a new county office in Pueblo County. This is a one-time funding request in this line item, but approval will require an increase in the base of 11,174 for maintenance of these assets beginning in FY 2010-11.

The state is responsible for providing the infrastructure to county offices to deploy the CSTARs system to county offices that provide titling and registration services. The General Assembly established this line item during the 2008 session for the purpose of funding asset purchases for county offices.

This line item funds expansions of county offices. Section 42-1-211 (1), C.R.S. states that "This system [CSTARS] is to provide the necessary data processing equipment, software, and support and training to: (a) Aid the authorized agents of the department in processing motor vehicle registration and title documents." Without the funding, the additional office could not open with the ability to process registration and title applications.

The Governor's Office of Information Technology has signed off on this request.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue**

**INFORMATIONAL BRIEFING ISSUE**

**ISSUE: Out-of-State Tax Law Compliance and Enforcement (Decision Item #1)**

**SUMMARY:**

- ❑ The Department is requesting \$957,418 and 10.1 FTE for FY 2009-10 for an enhanced out-of-state audit presence that will expand current out-of-state offices and establish new ones. The request annualizes to \$1,765,637 and 20.0 FTE in FY 2010-11.
- ❑ The Department states that Colorado is far behind other states in auditing the tax returns of corporations doing business in Colorado, but headquartered out-of-state.
- ❑ The Department estimates that the revenue produced by this Decision Item will be \$18.7 million,

**DISCUSSION:**

The Department's request, which annualizes to \$1,765,637 and 20 FTE, enhances its out-of-state tax compliance and auditing. The Department states that the proposal will enhance state General Fund revenues by \$18.7 million. Audits are conducted for the purposes of determining if the correct tax liability has been calculated and paid and are focused on retail sales taxes, consumer use taxes and corporate income taxes.

During the FY 2008-09 budget cycle, the Department requested and the General Assembly approved an increase of \$180,234 in operating expenses to the Department to fund its requirement that senior auditors travel out-of-state to conduct audits on out-of-state companies. This proposal was estimated by the Department to result in an additional \$5.6 million in revenue the first year and \$22.2 million in subsequent years. That program was approved to start on July 1, 2008.

The proposal is to add staff to the existing offices in New York, Dallas, and San Francisco, and to establish offices in Houston, Chicago and Los Angeles. Each office would be staffed by a minimum of 2.0 FTE, with the New York office having 6.0 FTE, and Chicago 3.0 FTE. In addition, there will a national out-of-state audit manager (1.0 FTE), 4.0 FTE for regional managers and 1.0 FTE for an administrative assistant to be located in Denver to provide administrative support to the auditors.

The Department estimates that the additional auditors will generate additional General Fund revenue of \$3.5 million in FY 2009-10, additional General Fund revenue of \$12 million in FY 2010-11, and, at program maturity, additional General Fund revenue of \$17.8 million in FY 2011-12 and in subsequent fiscal years. At maturity, the request provide a 10 to 1 returns of revenues to expenses.

The Department's request is broken out between Personal Services and Operating Expenses in the Taxation and Compliance Division, and Leased Space in the Executive Director's Office. The breakout of the request is shown in the following table.

<b>Out-of-State Tax Law Compliance and Enforcement</b>			
	Base Request (FY 2009-10)	Decision Item FY 2009-10)	Decision Item (FY 2010-11)
Personal Services - GF	\$14,290,847	\$730,040	\$1,473,388
FTE	216.4	10.1	20.0
Operating Expenses - GF	821,978	147,378	212,249
Leased Space - GF	1,408,853	<u>80,000</u>	<u>80,000</u>
Total		\$959,437	\$1,767,667

Colorado's lack of resources applied to out-of-state tax audits puts the fairness of Colorado's tax laws at risk. The lack of audit and compliance resources translates to foregone revenues that the state should be receiving from companies headquartered out-of-state. The Department surveyed ten other states besides Colorado to determine the number of out-of-state auditors those states had in comparison to the 2006 gross tax revenue. The results of the survey are shown in the table below:

Out-of-State Tax Auditors and Gross Tax Revenues			
State	Auditors	2006 Gross Tax Revenue (000)	Auditors/Revenue
California	170	\$62,335,848	\$366,681
Florida	221	34,749,986	157,240
Indiana	51	8,704,232	170,671
Iowa	14	3,627,019	259,073
Louisiana	45	9,272,352	206,052
Massachusetts	75	7,951,359	106,018
Missouri	19	7,438,336	391,491
New York	40	40,647,366	1,016,184
Washington	45	15,413,138	342,514
Wisconsin	<u>15</u>	<u>7,090,858</u>	<u>472,724</u>
Average of States Sampled	70	\$19,723,049	\$348,865
Current Colorado (only auditors located out-of-state)	3	\$6,673,902	\$2,224,634
Current Colorado (includes senior auditors traveling 8 weeks a year)	10	\$6,673,902	\$667,390
Proposed	30	\$6,673,902	\$222,463

As a comparison, Colorado has only three out-of-state auditors, with gross tax revenues of \$6.7 billion, for an average of \$2.2 billion per out-of-state auditor, compared to the average of the states sampled of approximately \$350,000 per auditor. The Department's proposal would bring the average per auditor down to a little less than \$400 million per auditor, slightly higher than the average of the state's surveyed.

The Department states that it has only 3.0 FTE based outside of Colorado, however, the Department has a travel requirement for senior auditors to travel up to eight weeks out-of-state each year. The decision item last year was approved to fund travel expenses for thirty auditors each to travel out-of-state eight weeks per year, which amount to 240 weeks of out-of-state auditors time each year. In its budget submission last year, the Department estimated that the request would generate an additional 118 weeks of travel, yielding 2,857 hours of audit work and 3,541 hours of follow up work back in the office.

Extrapolating these numbers to 240 weeks of travel gives 5,811 hours of audit production per year and 7,202 hours of follow-up work per year, or approximately 7.0 FTE conducting out-of-state audits in addition to the 3.0 FTE physically located in the out-of-state offices. This changes the number of FTE engaged in out-of-state audit work to 10, and brings the current ratio of auditors to gross tax revenue down to about \$670 million per auditor. That figure is still significantly higher than the average of the

ten states surveyed (\$348 million), but not as far out of range. The ratio of tax revenue to auditors is still higher than all but one of the ten states surveyed.

Staff has concerns about the level of supervision in this request. The Department is requesting a national out-of-state audit manager, to be located in Denver. The Department is also requesting four regional audit managers. The four managers would supervise 17 auditors. The auditors should be professional employees needing minimal supervision beyond their training.

The Department's rationale is that these field supervisors who would each conduct audits. One each would be assigned to the New York and Chicago offices, as well as one of the Texas and California offices. This raises the actual number of auditors in the out-of-state offices to 21. When added to the Colorado-based auditors who also travel out-of state, this raises the effective number of FTE conducting audits to 30. If the full request is approved, this will result in the gross tax revenue divided by number of auditors would be \$222,500, which would move Colorado into the higher echelons of the States with regards to out-of-state auditors.

As a final note, staff raised the issue of whether the Department had considered utilizing home offices for the auditors, thus saving a good portion of the expenses for leasing office space in high rent metropolitan areas. The Department stated that they had not considered that option.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue**

**INFORMATIONAL BRIEFING ISSUE**

**ISSUE: Refinance Driver Control (Decision Item # 13)**

**SUMMARY:**

- The Department is requesting to partially refinance the Driver Control section of the Division of Motor Vehicles, in the Driver and Vehicle Services section, reducing General Fund by \$1,865,928 and increasing cash funds from the Drivers License Administrative Revocation Account by \$2,021,590.
- The proposal uses fund balance in the Driver's License Administrative Revocation Account, which will reduce the funds going to the Highway Users Tax Fund.

**DISCUSSION:**

The Department's request is to use some of the fund balance in the Driver's License Administrative Revocation Account to reduce General Fund in support of the Driver Control Section of the Driver and Vehicle Services section of the Division of Motor Vehicles. These are funds that are, by statute, transferred to the Highway Users Tax Fund at the end of the fiscal year. The General Fund freed up by the refinancing can be used to support other priorities of the State.

The Driver Control Section is the repository of official records for all drivers in the State of Colorado. It supplies evidentiary copies to internal and external customers. The DCS identifies, assesses, and records administrative sanctions against drivers including all restraints for alcohol-related driving offenses. Based on data received from courts, law enforcement, or other authorized agencies, the DCS also revokes driving privileges administratively. The Motor Vehicle Investigations Unit is located in this section and is responsible for investigation of fraud involving driver's licenses or identification documents.

The Driver Control Section is funded from a mix of General Fund and cash funds. The total allocation for FY 2008-09 for the Section is \$6,134,360 and 131.0 FTE. Of this total, \$5,757,114 is personal services and \$377,246 is operating expenses. The funding allocation includes \$314,828 from the Driver's License Administrative Revocation Account.

The Driver's License Administrative Revocation Account is funded by the \$95.00 fee charged for the restoration of the drivers licenses of drivers whose licenses have been suspended, cancelled or revoked. This fee is divided between the Driver's License Administrative Revocation Account (\$60.00) and the First Time Drunk Driving Offender Account (\$35.00) which was created by H.B. 08-1194.

The Driver's License Administrative Revocation Account funds about \$2.9 million in appropriations in the Department, while receiving \$5.5 million in fee income. The balance of the fund at the end of each fiscal year is transferred to the Highway Users Tax Fund. The Account provides partial funding for the Executive Director's Office, Central Department Operations, Systems Support in the Information Technology Division, Administrative and Driver and Vehicle Services in the Division of Motor Vehicles, and all funding for the Hearing Division in the Enforcement Business Group.

This proposal shifts \$2,021,590 and 46.0 FTE from the General Fund to the Driver's License Administrative Revocation Account. Because of the pay-date shift for General Fund personal services, the first year savings to the General Fund is \$1,865,928. The remaining \$155,662 will be saved in subsequent years.

If this decision item is approved, the funds transferred to the Highway Users Tax Fund will be reduced by approximately \$2.0 million.



**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue**

**BRIEFING ISSUE**

**ISSUE:**

Programming Costs for Session Legislation Line in The Department of Revenue.

**SUMMARY:**

- ❑ Current JBC policy for the Department of Revenue is that the Department will submit with its annual budget a request for the estimated costs incurred for the programming costs for session legislation. The Department would then submit a supplemental bill for the difference between the estimated costs and the actual costs. This policy has been in effect for eight years.
- ❑ The basis for the policy is that there are so many bills affecting the Department. The JBC considered the issue in 2001 and again in 2008 and decided on the current policy. As this is a new General Assembly, staff believes that the Committee should revisit the issue and make a determination at this time for the next two legislative years.

**RECOMMENDATION:**

During the 2008 legislative session, the Joint Budget Committee took explicit action to approve this practice. Staff's recommendation is that the Joint Budget Committee take formal action to continue or discontinue this policy. **Staff's recommendation is that the JBC approve the policy as currently formulated regarding programming costs for session legislation.**

**DISCUSSION:**

A number of special bills that apply to the Department of Revenue involve programming costs to implement. For example, if the bill alters the tax system, changes or adds a special license plate, the bill will have programming costs.

Prior to about 1998, the Department had a long-standing policy of absorbing up to 900 hours of programming costs for special legislation. At that time, a new Director was appointed and began indicating that the Department would no longer absorb the programming costs. Bills with the smallest programming costs would require fiscal notes for the costs of programming. This resulted in the need for an appropriation. Each bill had to be considered on its own merits and cost, even though there might be economies of scale from similar bills. For example, if there are two license plate bills, the programming costs might only be one and one-half times the expense, rather than two times for each bill individually.

Since most of the bills at that time were funded from the General Fund, this meant that bills would now have to compete for the small amount of set-asides that were left after the budget was submitted. Bills were now dying because there was no money available to fund the programming costs. General Assembly Members complained to the Joint Budget Committee Members at the time about the bills dying for a relatively small amount of money and programming hours. Around 2000, the JBC asked staff to come up with a solution that would eliminate the need for fiscal notes on special legislation affecting the Department.

At about the same time, a targeted base review at the Department revealed that they had three programmers on staff who were assigned to implement new legislation. Together the three programmers cost about \$250,000.

Two solutions were presented to the JBC. The first, and the one ultimately adopted, was to add a line item to the Department's Information Technology Division to the 2001 Long Bill called Programming Costs for 2001 Session Legislation and to eliminate the funding for the three programmers. If the costs differed from the estimate that was put in the bill, the Department was expected to present a supplemental bill for the difference. The major problem identified with this approach was that bills were not required to undergo fiscal scrutiny to determine if the merits of a bill outweigh the estimated costs. The JBC considered the arguments for and against and approved the recommendation for implementation in the 2001 Long Bill.

The second option presented would have had the Department submit a supplemental request for any costs it could not absorb. The Committee would then have the option to approve or deny the request exercising its discretion whether or not the costs are reasonable. The Department's problem with this approach was that there may not have been any funds left over to fund the Supplementals.

In each year since the adoption of this line item, in addition to the appropriation line in the Long Bill, there has been a supplemental submitted to reflect the true costs of implementing legislation from the session. These supplementals have either increased or decreased the annual appropriation. The history of this appropriation line and supplementals is shown in the table below:

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Budgeted
<b>Long Bill</b>							
General Fund	\$100,662	\$16,936	\$16,744	\$16,744	\$16,744	\$66,846	\$66,846
Cash Funds Exempt	78,463	78,951	78,951	78,951	78,951	159,942	159,942
Total	179,125	95,887	95,695	95,695	95,695	226,788	226,788
<b>Supplemental Bill</b>							
General Fund	(84,366)	25,304	4,816	63,052	50,102	19,930	N/A*
Cash Funds / Cash Funds Exempt	129,770	186,841	7,922	28,619	80,991	(93,505)	N/A*
Total	45,404	212,145	12,738	91,671	131,093	(73,575)	N/A*
<b>Long + Supplemental Bills</b>							
General Fund	16,296	42,240	21,560	79,796	66,846	86,776	66,846
Cash Funds Exempt	208,233	265,792	86,873	107,570	159,942	66,437	159,942
Total FY Appropriation	\$224,529	\$308,032	\$108,433	\$187,366	\$226,788	\$153,213	\$226,788
* Note: Department has not yet submitted a supplemental for FY 2008-09							

In years past, there have been issues raised about the equity of this approach. Bills requiring programming costs that affect other departments must have appropriations clauses. Some of those bills died because of the lack of available funds for programming costs. In 2001, the JBC's rationale for the "special" treatment of bills with programming costs was that so many of the bills that impact the Department have programming costs. The same rationale was approved by the JBC for the 2008 legislative session.

The Department of Revenue is neutral with regard to this line item. If it is eliminated then the Joint Budget Committee staff will communicate this to Legislative Council Staff so funding can be properly included in fiscal notes and subsequent appropriations clauses. Legislators are used to seeing the fiscal note reflect that programming costs are included in the Long Bill. The Department's main concern is that it receives the funding to implement the change in its information technology systems.

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>DEPARTMENT OF REVENUE</b>					
<b>Roxy Huber, Executive Director</b>					
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>					
The 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, 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	3,237,684	3,589,577	3,894,610	4,064,967	
FTE	<u>42.4</u>	<u>40.7</u>	<u>48.7</u>	<u>48.8</u>	
General Fund	1,759,607	1,936,698	2,208,295	2,175,864	
HUTF	406,824	385,567	418,445	422,857	
Cash Funds	511,231	637,112	841,991	897,667	
Cash Funds Exempt/Reappropriated Funds	560,022	630,200	425,879	568,579	
Health, Life and Dental	<u>4,741,478</u>	<u>5,686,292</u>	<u>6,934,265</u>	<u>7,938,822</u>	
General Fund	2,941,944	3,327,659	4,082,651	4,674,099	
HUTF	490,796	544,057	687,100	786,639	
Cash Funds	487,905	835,086	2,164,514	2,478,084	
Cash Funds Exempt	820,833	979,490	0	0	
Short-term Disability	<u>76,061</u>	<u>88,567</u>	<u>102,416</u>	<u>102,275</u>	
General Fund	47,850	54,145	61,368	61,284	
HUTF	6,102	6,995	7,905	7,894	
Cash Funds	8,813	11,971	33,143	33,097	
Cash Funds Exempt	13,296	15,456	0	0	
S.B. 04-257 Amortization Equalization Disbursement	<u>484,663</u>	<u>823,798</u>	<u>1,246,959</u>	<u>1,573,461</u>	
General Fund	296,278	501,784	743,635	938,347	
HUTF	39,485	63,499	95,405	120,386	
Cash Funds	56,821	110,066	407,919	514,728	
Cash Funds Exempt	92,079	148,449	0		

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
S.B. 06-235 Supplemental Amortization Equalization	<u>0</u>	<u>153,458</u>	<u>573,932</u>	<u>983,414</u>	
General Fund	0	89,428	339,477	581,683	
HUTF	0	13,063	43,243	74,095	
Cash Funds	0	19,868	191,212	327,636	
Cash Funds Exempt	0	31,099	0	0	
Salary Survey and Senior Executive Service	<u>2,037,928</u>	<u>2,276,350</u>	<u>2,970,519</u>	<u>1,948,425</u>	
General Fund	1,215,030	1,360,465	1,801,622	1,181,721	
HUTF	177,569	198,318	250,096	164,043	
Cash Funds	250,355	283,747	918,801	602,661	
Cash Funds Exempt	394,974	433,820	0	0	
Performance-based Pay Awards	<u>0</u>	<u>1,073,081</u>	<u>1,151,316</u>	<u>0</u>	
General Fund	0	668,192	688,768	0	
HUTF	0	83,000	88,740	0	
Cash Funds	0	127,543	373,808	0	
Cash Funds Exempt	0	194,346	0	0	
Shift Differential	<u>209,777</u>	<u>166,518</u>	<u>187,287</u>	<u>171,982</u>	
General Fund	59,068	52,100	48,105	44,174	
HUTF	127,483	96,277	113,815	104,514	
Cash Funds	8,115	5,408	25,367	23,294	
Cash Funds Exempt	15,111	12,733	0	0	
Workers' Compensation	<u>636,413</u>	<u>575,405</u>	<u>733,857</u>	<u>734,971</u>	
General Fund	408,845	369,652	452,719	453,406	
HUTF	54,538	49,198	60,464	60,556	
Cash Funds	63,213	57,153	220,674	221,009	
Cash Funds Exempt	109,817	99,402	0	0	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
Operating Expenses	<u>917,761</u>	<u>955,754</u>	<u>1,009,448</u>	<u>1,371,053</u>	
General Fund	446,919	512,582	519,565	553,588	
HUTF	102,442	99,923	119,633	138,513	
Cash Funds	137,887	134,865	370,250	678,952	
Cash Funds Exempt	230,513	208,384	0	0	
Legal Services for 11,165 hours	<u>756,653</u>	<u>867,793</u>	<u>838,492</u>	<u>838,492</u>	
General Fund	436,254	521,473	451,261	451,261	
HUTF	2,007	26,289	11,731	11,731	
Cash Funds	261,098	291,876	375,500	375,500	
Cash Funds Exempt	57,294	28,155	0	0	
Administrative Law Judge Services	<u>824</u>	<u>7,532</u>	<u>7,896</u>	<u>8,249</u>	
Cash Funds	0	7,532	7,896	8,249	
Cash Funds Exempt	824	0	0	0	
Purchase of Services from Computer Center	<u>1,845,865</u>	<u>3,251,582</u>	<u>3,627,411</u>	<u>3,627,411</u>	
General Fund	1,844,078	3,248,330	3,624,283	3,624,283	
Cash Funds	0	0	3,128	3,128	
Cash Funds Exempt	1,787	3,252	0	0	
Multiuse Network Payments	<u>1,921,365</u>	<u>2,584,122</u>	<u>2,670,532</u>	<u>2,670,532</u>	
General Fund	728,696	621,998	642,797	642,797	
HUTF	36,706	49,357	51,007	51,007	
Cash Funds	58,730	70,547	1,976,728	1,976,728	
Cash Funds Exempt	1,097,233	1,842,220	0	0	
Payment to Risk Management and Property Funds	<u>289,287</u>	<u>211,060</u>	<u>273,165</u>	<u>273,165</u>	
General Fund	163,277	120,775	148,997	148,997	
HUTF	34,454	24,140	31,822	31,822	
Cash Funds	29,523	21,398	92,346	92,346	
Cash Funds Exempt	62,033	44,747	0	0	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
Vehicle Lease Payments	<u>350,686</u>	<u>373,184</u>	<u>410,371</u>	<u>482,230</u>	
General Fund	103,286	90,004	97,574	117,068	
HUTF	40,175	42,829	40,458	50,492	
Cash Funds	82,498	99,402	272,339	314,670	
Cash Funds Exempt	124,727	140,949	0	0	
Leased Space	<u>2,025,368</u>	<u>2,191,507</u>	<u>2,641,446</u>	<u>2,721,446</u>	
General Fund	1,271,962	1,349,369	1,408,853	1,630,432	
Cash Funds	79,742	127,132	1,232,593	1,091,014	
Cash Funds Exempt	673,664	715,006	0	0	
Capitol Complex Leased Space	<u>1,794,521</u>	<u>1,680,002</u>	<u>1,676,337</u>	<u>1,676,337</u>	
General Fund	1,296,891	1,293,280	1,301,729	1,301,729	
HUTF	34,775	26,691	25,916	25,916	
Cash Funds	227,210	176,581	348,692	348,692	
Cash Funds Exempt	235,645	183,450	0	0	
Lease Purchase of 1881 Pierce Street	<u>805,214</u>	<u>0</u>	<u>0</u>	<u>0</u>	
HUTF	74,871	0	0	0	
Cash Funds	337,324	0	0	0	
Cash Funds Exempt	393,019	0	0	0	
Communications Services Payments	<u>72,354</u>	<u>60,849</u>	<u>63,557</u>	<u>63,557</u>	
General Fund	21,045	16,659	19,321	19,321	
HUTF	5,209	4,164	4,576	4,576	
Cash Funds	42,834	38,175	39,660	39,660	
Cash Funds Exempt	3,266	1,851	0	0	
Utilities	<u>198,161</u>	<u>208,367</u>	<u>247,119</u>	<u>247,119</u>	
General Fund	82,619	88,317	104,440	104,440	
HUTF	97,577	103,689	103,416	103,416	
Cash Funds	17,965	16,361	39,263	39,263	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
					<i>Request v. Approp.</i>
<b>SUBTOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE</b>	<b>22,402,063</b>	<b>26,824,798</b>	<b>31,260,935</b>	<b>31,497,908</b>	<b>0.76%</b>
<b>FTE</b>	<b><u>42.4</u></b>	<b><u>40.7</u></b>	<b><u>48.7</u></b>	<b><u>48.8</u></b>	<b><u>0.21%</u></b>
General Fund	13,123,649	16,222,910	18,745,460	18,704,494	-0.22%
HUTF	1,731,013	1,817,056	2,153,772	2,158,457	0.22%
Cash Funds	2,661,264	3,071,823	9,935,824	10,066,378	1.31%
Cash Funds Exempt/Reappropriated Funds	4,886,137	5,713,009	425,879	568,579	33.51%

**(2) CENTRAL DEPARTMENT OPERATIONS DIVISION**

Central Department Operation 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, Outstanding Judgements and Warrants, the Licensing Services Cash Fund, the Drivers 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	5,072,769	5,219,536	5,388,194	5,645,835
FTE	<u>105.1</u>	<u>106.6</u>	<u>109.9</u>	<u>109.9</u>
General Fund	4,698,898	4,881,995	4,974,535	5,252,069
HUTF	0	91,984	102,646	103,981
Cash Funds	65,984	95,726	206,543	220,739
Cash Funds Exempt/Reappropriated Funds	307,887	149,831	104,470	69,046
Seasonal Tax Processing - GF	365,368	374,767	384,849	397,545
Operating Expenses	<u>3,316,772</u>	<u>1,128,968</u>	<u>1,132,101</u>	<u>1,171,617</u>
General Fund	3,316,772	992,501	995,214	1,034,730
Cash Funds	0	0	136,887	136,887
Cash Funds Exempt	0	136,467	0	0
Postage	<u>0</u>	<u>2,415,697</u>	<u>2,398,337</u>	<u>2,594,656</u>
General Fund	0	2,156,462	2,131,911	2,329,008
HUTF	0	8,371	8,371	13,909
Cash Funds	0	31,569	258,055	251,739
Cash Funds Exempt	0	219,295	0	0
Pueblo Data Entry Center Payments	<u>1,695,135</u>	<u>1,770,469</u>	<u>1,793,504</u>	<u>1,950,377</u>



**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
General Fund	1,694,049	1,768,878	1,789,495	1,946,368	
Cash Funds	0	0	4,009	4,009	
Cash Funds Exempt	1,086	1,591	0	0	
Microfilm Services - General Fund	343,264	382,772	383,187	445,095	
					<i>Request v. Approp.</i>
<b>SUBTOTAL - (2) CENTRAL DEPARTMENT OPERATIONS</b>	<b>10,793,308</b>	<b>11,292,209</b>	<b>11,480,172</b>	<b>12,205,125</b>	<b>6.31%</b>
<b>FTE</b>	<b><u>105.1</u></b>	<b><u>106.6</u></b>	<b><u>109.9</u></b>	<b><u>109.9</u></b>	<b><u>0.00%</u></b>
General Fund	10,418,351	10,557,375	10,659,191	11,404,815	7.00%
HUTF	0	100,355	111,017	117,890	n/a
Cash Funds	65,984	127,295	605,494	613,374	1.30%
Cash Funds Exempt/Reappropriated Funds	308,973	507,184	104,470	69,046	-33.91%

**(3) INFORMATION TECHNOLOGY DIVISION**  
**(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 Drivers 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 Air Account of the HUTF. The reappropriated funds sources are the Limited Gaming Fund and the State Lottery Fund.

Personal Services	5,896,682	5,723,274	6,353,445	6,635,655
FTE	<u>77.2</u>	<u>74.6</u>	<u>79.9</u>	<u>79.9</u>
General Fund	4,238,729	3,981,028	4,300,497	4,929,692
HUTF	0	427,990	465,580	357,868
Cash Funds	257,376	445,397	1,113,516	941,123
Cash Funds Exempt/Reappropriated Funds	1,400,577	868,859	473,852	406,972
Operating Expenses- General Fund	709,333	722,189	724,313	724,313

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
Programming Costs for Session Legislation	142,898	67,728	226,788	226,788	
FTE	<u>0.8</u>	<u>1.0</u>	<u>2.2</u>	<u>2.2</u>	
General Fund	8,968	12,731	66,846	66,846	
Cash Funds	0	0	159,942	159,942	
Cash Funds Exempt	133,930	54,997	0	0	
					<i>Request v. Approp.</i>
(A) SUBTOTAL - SYSTEMS SUPPORT	6,748,913	6,513,191	7,304,546	7,586,756	3.86%
FTE	<u>77.9</u>	<u>75.6</u>	<u>82.1</u>	<u>82.1</u>	<u>0.00%</u>
General Fund	4,957,030	4,715,948	5,091,656	5,720,851	12.36%
HUTF	0	427,990	465,580	357,868	n/a
Cash Funds	257,376	445,397	1,273,458	1,101,065	-13.54%
Cash Funds Exempt/Reappropriated Funds	1,534,507	923,856	473,852	406,972	-14.11%

**Colorado State Titling & 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). Source of cash funds is the Colorado State Titling and Registration Account.

Personal Services	2,008,819	2,164,931	2,330,535	2,655,981	
FTE	<u>28.0</u>	<u>28.4</u>	<u>31.5</u>	<u>31.5</u>	
Cash Funds	0	0	2,330,535	2,655,981	
Cash Funds Exempt	2,008,819	2,164,931	0	0	
Operating Expenses	<u>2,531,381</u>	<u>2,553,845</u>	<u>2,596,109</u>	<u>2,667,161</u>	
Cash Funds	0	0	2,596,109	2,667,161	
Cash Funds Exempt	2,531,381	2,553,845	0	0	
County Office Asset Maintenance	<u>555,541</u>	<u>567,478</u>	<u>568,230</u>	<u>568,230</u>	
Cash Funds	0	0	568,230	568,230	
Cash Funds Exempt	555,541	567,478	0	0	
County Office Improvements - Cash Funds	0	0	103,578	87,377	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
					<i>Request v. Approp.</i>
(B) SUBTOTAL - COLORADO STATE TITLING AND REGISTRATION SYSTEM	5,095,741	5,286,254	5,598,452	5,978,749	6.79%
FTE	<u>28.0</u>	<u>28.4</u>	<u>31.5</u>	<u>31.5</u>	<u>0.00%</u>
Cash Funds	0	0	5,598,452	5,978,749	6.79%
Cash Funds Exempt	5,095,741	5,286,254	0	0	n/a
					<i>Request v. Approp.</i>
<b>SUBTOTAL - (3) INFORMATION TECHNOLOGY DIVISION</b>	<b>11,844,654</b>	<b>11,799,445</b>	<b>12,902,998</b>	<b>13,565,505</b>	<b>5.13%</b>
<b>FTE</b>	<b><u>105.9</u></b>	<b><u>104.0</u></b>	<b><u>113.6</u></b>	<b><u>113.6</u></b>	<b><u>0.00%</u></b>
General Fund	4,957,030	4,715,948	5,091,656	5,720,851	12.36%
HUTF	0	427,990	465,580	357,868	n/a
Cash Funds	257,376	445,397	6,871,910	7,079,814	3.03%
Cash Funds Exempt/Reappropriated Funds	6,630,248	6,210,110	473,852	406,972	-14.11%

**(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 an administrative section, the Taxation and Compliance Division, Taxpayer Service Division, the Tax Conferee, and a Special Purpose section. All divisions but Special Purpose carry out programmatic functions.

**(A) Administration**

Personal Services	551,572	545,901	593,853	624,837
FTE	<u>6.8</u>	<u>6.8</u>	<u>7.0</u>	<u>7.0</u>
General Fund	551,572	542,347	587,832	618,647
Cash Funds	0	714	6,021	6,190
Cash Funds Exempt	0	2,840	0	0
Operating Expenses - General Fund	13,199	6,787	15,000	15,000

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
					<i>Request v. Approp.</i>
(A) SUBTOTAL - ADMINISTRATION	564,771	552,688	608,853	639,837	5.09%
FTE	<u>6.8</u>	<u>6.8</u>	<u>7.0</u>	<u>7.0</u>	<u>0.00%</u>
General Fund	564,771	549,134	602,832	633,647	5.11%
Cash Funds	0	714	6,021	6,190	2.81%
Cash Funds Exempt	0	2,840	0	0	n/a
<b>(B) Taxation and Compliance Division</b>					
Provides auditing services and enforces compliance with Colorado tax laws. The Division maintains five sections 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. 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	13,346,449	13,213,501	13,767,421	15,157,984	
FTE	<u>207.0</u>	<u>202.7</u>	<u>216.4</u>	<u>226.5</u>	
General Fund	13,213,086	13,087,248	13,630,324	15,054,121	
Cash Funds	1,269	1,269	1,269	1,269	
Cash Funds Exempt/Reappropriated Funds	132,094	124,984	135,828	102,594	
Operating Expenses - General Fund	616,470	604,392	825,433	969,356	
Joint Audit Program - General Fund	131,244	131,244	131,244	131,244	
Mineral Audit Program	743,515	769,092	791,828	790,794	
FTE	<u>7.7</u>	<u>9.1</u>	<u>11.0</u>	<u>11.0</u>	
Cash Funds Exempt/Reappropriated Funds	65,916	65,975	66,000	66,000	
Federal Funds	677,599	703,117	725,828	724,794	
					<i>Request v. Approp.</i>
(B) SUBTOTAL - TAXATION AND COMPLIANCE	14,837,678	14,718,229	15,515,926	17,049,378	9.88%
DIVISION	14,837,678	14,718,229	15,515,926	17,049,378	9.88%
FTE	<u>214.7</u>	<u>211.8</u>	<u>227.4</u>	<u>237.5</u>	<u>4.44%</u>
General Fund	13,960,800	13,822,884	14,587,001	16,154,721	10.75%
Cash Funds	1,269	1,269	1,269	1,269	0.00%
Cash Funds Exempt/Reappropriated Funds	198,010	190,959	201,828	168,594	-16.47%
Federal Funds	677,599	703,117	725,828	724,794	-0.14%

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(C) Taxpayer Service Division</b>					
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 fuel with the goal of expediting the collection 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	4,142,626	4,309,826	4,531,838	4,746,481	
FTE	<u>72.7</u>	<u>73.4</u>	<u>80.1</u>	<u>80.1</u>	
General Fund	4,122,044	4,289,246	4,439,506	4,654,149	
Cash Funds	20,582	20,580	92,332	92,332	
Operating Expenses	<u>398,173</u>	<u>386,077</u>	<u>405,490</u>	<u>402,035</u>	
General Fund	398,173	386,077	404,990	401,535	
Cash Funds	0	0	500	500	
Fuel Tracking System	476,949	474,284	483,277	486,594	
FTE	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	
Cash Funds	0	0	483,277	486,594	
Cash Funds Exempt	476,949	474,284	0	0	
					<i>Request v. Approp.</i>
(C) SUBTOTAL - TAXPAYER SERVICES DIVISION	5,017,748	5,170,187	5,420,605	5,635,110	3.96%
FTE	<u>74.2</u>	<u>74.9</u>	<u>81.6</u>	<u>81.6</u>	0.00%
General Fund	4,520,217	4,675,323	4,844,496	5,055,684	4.36%
Cash Funds	20,582	20,580	576,109	579,426	0.58%
Cash Funds Exempt	476,949	474,284	0	0	n/a
<b>(D) Tax Conferee</b>					
Resolve protest to tax adjustments, reviews issues related 'home rule' city sales taxes and city and county use taxes.					
Personal Services - General Fund	755,215	854,723	981,960	1,022,738	
FTE	8.2	8.8	9.0	9.0	
Operating Expenses - General Fund	14,958	21,610	21,754	21,754	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
					<i>Request v. Approp.</i>
(D) SUBTOTAL - TAX CONFEREE - General Fund	770,173	876,333	1,003,714	1,044,492	4.06%
FTE	8.2	8.8	9.0	9.0	0.00%
<b>(E) Special Purpose</b>					
Distributes applicable percentage of gross cigarette taxes to counties, cities, and towns; distributes grants to low-income, disabled, and elderly citizens; provides rebate moneys to entities with alternative fuels programs. All funds are continuously appropriated by constitutional or statutory provision.					
Cigarette Tax Rebate - General Fund	13,213,188	12,703,162	13,300,000	13,300,000	
Amendment 35 Distribution to Local Government:	<u>1,548,108</u>	<u>1,472,654</u>	<u>1,543,432</u>	<u>1,543,432</u>	
Cash Funds	0	0	1,543,432	1,543,432	
Cash Funds Exempt	1,548,108	1,472,654	0	0	
Old Age Heat & Fuel and Property Tax Assistance Grant - General Fund	8,378,083	10,422,728	17,300,000	17,300,000	
Alternative Fuels Rebate	<u>382,813</u>	<u>299,611</u>	<u>310,601</u>	<u>310,601</u>	
Cash Funds	0	0	310,601	310,601	
Cash Funds Exempt	382,813	299,611	0	0	
					<i>Request v. Approp.</i>
(E) SUBTOTAL - SPECIAL PURPOSE	<u>23,522,192</u>	<u>24,898,155</u>	<u>32,454,033</u>	<u>32,454,033</u>	0.00%
General Fund	21,591,271	23,125,890	30,600,000	30,600,000	0.00%
Cash Funds	0	0	1,854,033	1,854,033	0.00%
Cash Funds Exempt	1,930,921	1,772,265	0	0	n/a
					<i>Request v. Approp.</i>
<b>SUBTOTAL - (4) TAXATION BUSINESS GROUP</b>	<b>44,712,562</b>	<b>46,215,592</b>	<b>55,003,131</b>	<b>56,822,850</b>	<b>3.31%</b>
<b>FTE</b>	<b><u>303.9</u></b>	<b><u>302.3</u></b>	<b><u>325.0</u></b>	<b><u>335.1</u></b>	<b><u>3.11%</u></b>
General Fund	41,407,232	43,049,564	51,638,043	53,488,544	3.58%
Cash Funds	21,851	22,563	2,437,432	2,440,918	0.14%
Cash Funds Exempt/Reappropriated Funds	2,605,880	2,440,348	201,828	168,594	-16.47%
Federal Funds	677,599	703,117	725,828	724,794	-0.14%

**(5) DIVISION OF MOTOR VEHICLES**

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(A) Administration</b>					
The Division is responsible for licensing drivers and issuing identification documents, administering driver records and administrative sanctions, titling and registering motor vehicles traveling of Colorado roadways, enforcing the state's emissions program and administering the Motorist Insurance Identification Database. Major cash funds sources are the Highway Users Tax Fund, the Licensing Services Cash Fund, the Colorado State Titling and Registration Account, and the DOR subaccount of the AIR Account of the HUTF.					
Personal Services	656,830	854,679	888,380	928,919	
FTE	<u>8.2</u>	<u>10.4</u>	<u>11.0</u>	<u>11.0</u>	
General Fund	294,343	513,510	490,755	519,883	
HUTF	362,487	207,469	196,173	201,794	
Cash Funds	0	158	201,452	207,242	
Cash Funds Exempt	0	133,542	0		
Operating Expenses	<u>50,014</u>	<u>50,580</u>	<u>54,250</u>	<u>54,250</u>	
General Fund	47,679	29,281	31,366	54,250	
HUTF	2,335	13,069	10,325	0	
Cash Funds	0	10	12,559	0	
Cash Funds Exempt	0	8,220	0	0	
(A) SUBTOTAL - ADMINISTRATION	706,844	905,259	942,630	983,169	<i>Request v. Approp.</i> 4.30%
FTE	<u>8.2</u>	<u>10.4</u>	<u>11.0</u>	<u>11.0</u>	<u>0.00%</u>
General Fund	342,022	542,791	522,121	574,133	9.96%
HUTF	364,822	220,538	206,498	201,794	-2.28%
Cash Funds	0	168	214,011	207,242	-3.16%
Cash Funds Exempt	0	141,762	0	0	n/a

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(B) Driver and Vehicle Services</b>					
The Division administers driver's licensing and records management, vehicle registration, and regulation of commercial driving schools. The primary cash fund sources are the License Plate Cash Fund, the Licensing Services Cash Fund, the Identification Security Fund, the Colorado State Titling and Registration Account, the Drivers License Administrative Revocation Account, the Outstanding Judgments and Warrants account, and the Penalty Assessment Account.					
Personal Services	13,531,973	14,999,824	16,297,007	17,045,235	
FTE	<u>313.6</u>	<u>345.9</u>	<u>382.3</u>	<u>383.2</u>	
General Fund	12,490,643	10,001,755	10,969,972	9,704,612	
Cash Funds	3,842	4,064,634	5,327,035	7,340,623	
Cash Funds Exempt	1,037,488	933,435	0	0	
Operating Expenses	<u>1,201,503</u>	<u>2,195,205</u>	<u>2,557,401</u>	<u>3,208,685</u>	
General Fund	1,196,379	1,071,604	1,214,937	1,214,937	
Cash Funds	2,000	1,121,112	1,342,464	1,993,748	
Cash Funds Exempt	3,124	2,489	0	0	
Drivers License Documents	<u>2,369,475</u>	<u>2,372,080</u>	<u>2,437,320</u>	<u>2,437,320</u>	
General Fund	1,891,789	1,860,196	1,913,728	1,913,728	
Cash Funds	0	0	523,592	523,592	
Cash Funds Exempt	477,686	511,884	0	0	
License Plate Ordering - Cash Funds	5,041,069	5,449,138	5,465,550	5,422,670	
					<i>Request v. Approp.</i>
<b>(B) SUBTOTAL - DRIVER AND VEHICLE SERVICES</b>	22,144,020	25,016,247	26,757,278	28,113,910	5.07%
FTE	<u>313.6</u>	<u>345.9</u>	<u>382.3</u>	<u>383.2</u>	<u>0.24%</u>
General Fund	15,578,811	12,933,555	14,098,637	12,833,277	-8.98%
Cash Funds	5,046,911	10,634,884	12,658,641	15,280,633	20.71%
Cash Funds Exempt	1,518,298	1,447,808	0	0	n/a



**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(C) Vehicle Emissions</b>					
The Emission Sections 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 Automobile Inspection and Readjustment Account of the HUTF.					
Personal Services	728,876	958,305	1,016,699	1,053,283	
FTE	<u>11.6</u>	<u>14.8</u>	<u>15.5</u>	<u>15.5</u>	
Cash Funds	0	0	1,016,699	1,053,283	
Cash Funds Exempt	728,876	958,305	0	0	
Operating Expenses	<u>68,379</u>	<u>76,566</u>	<u>80,215</u>	<u>80,215</u>	
Cash Funds	0	0	80,215	80,215	
Cash Funds Exempt	68,379	76,566	0	0	
(C) SUBTOTAL - VEHICLE EMISSIONS	797,255	1,034,871	1,096,914	1,133,498	<i>Request v. Approp.</i> 3.34%
FTE	<u>11.6</u>	<u>14.8</u>	<u>15.5</u>	<u>15.5</u>	<u>0.00%</u>
Cash Funds	0	0	1,096,914	1,133,498	3.34%
Cash Funds Exempt	797,255	1,034,871	0	0	n/a
<b>(D) Titles</b>					
Provides administrative and accounting support for issuing 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	1,480,387	1,544,397	1,603,458	1,672,848	
FTE	<u>32.6</u>	<u>32.8</u>	<u>34.5</u>	<u>34.5</u>	
Cash Funds	0	0	1,603,458	1,672,848	
Cash Funds Exempt	1,480,387	1,544,397	0	0	
Operating Expenses	<u>125,005</u>	<u>146,782</u>	<u>174,711</u>	<u>189,854</u>	
Cash Funds	0	0	174,711	189,854	
Cash Funds Exempt	125,005	146,782	0	0	
(D) SUBTOTAL - TITLES	1,605,392	1,691,179	1,778,169	1,862,702	<i>Request v. Approp.</i> 4.75%
FTE	<u>32.6</u>	<u>32.8</u>	<u>34.5</u>	<u>34.5</u>	<u>0.00%</u>
Cash Funds	0	0	1,778,169	1,862,702	4.75%
Cash Funds Exempt	1,605,392	1,691,179	0	0	n/a

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(E) Motorist Insurance Identification Database Program</b>					
Maintains 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 (MIIDB).					
Personal Services	669,938	315,318	328,132	330,017	
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds	0	0	328,132	330,017	
Cash Funds Exempt	669,938	315,318	0	0	
Operating Expenses	<u>69,514</u>	<u>278</u>	500	500	
Cash Funds	0	0	500	500	
Cash Funds Exempt	69,514	278	0	0	
					<i>Request v. Approp.</i>
<b>(E) SUBTOTAL - MOTORIST INSURANCE IDENTIFICATION DATABASE PROGRAM -</b>					
	739,452	315,596	328,632	330,517	0.57%
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>0.00%</u>
Cash Funds	0	0	328,632	330,517	0.57%
Cash Funds Exempt	739,452	315,596	0	0	n/a
					<i>Request v. Approp.</i>
<b>SUBTOTAL - (5) DIVISION OF MOTOR VEHICLES</b>					
	<b>25,992,963</b>	<b>28,963,152</b>	<b>30,903,623</b>	<b>32,423,796</b>	<b>4.92%</b>
FTE	<b><u>367.0</u></b>	<b><u>404.9</u></b>	<b><u>444.3</u></b>	<b><u>445.2</u></b>	<b><u>0.20%</u></b>
General Fund	15,920,833	13,476,346	14,620,758	13,407,410	-8.30%
HUTF	364,822	220,538	206,498	201,794	-2.28%
Cash Funds	5,046,911	10,635,052	16,076,367	18,814,592	17.03%
Cash Funds Exempt	4,660,397	4,631,216	0	0	n/a

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(6) MOTOR CARRIER SERVICES DIVISION</b>					
Monitors compliance with statutory weight and size restrictions for commercial vehicles, monitors safety compliance through driver and vehicle inspections at fixed and mobile port stations, inspects transporters of hazardous materials, and collects fuel taxes. The cash funds sources are the 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	6,313,011	6,453,166	6,916,812	7,268,775	
FTE	<u>125.1</u>	<u>124.6</u>	<u>131.2</u>	<u>131.2</u>	
General Fund	467,528	571,758	623,589	644,866	
HUTF	5,807,154	5,800,056	6,184,910	6,505,998	
Cash Funds	38,329	20,572	34,067	34,067	
Cash Funds Exempt/Reappropriated Funds	0	60,780	74,246	83,844	
Operating Expenses	<u>419,133</u>	<u>414,765</u>	<u>433,811</u>	<u>433,811</u>	
General Fund	29,480	31,688	38,045	38,045	
HUTF	389,653	383,077	395,766	395,766	
Cash Funds	0	0	0	0	
Fixed and Mobile Port Maintenance - HUTF	83,784	83,784	221,545	221,545	
Motor Carrier Safety Assistance Program - Federal Funds	652,512	733,068	745,770	745,770	
FTE	8.3	8.2	9.0	9.0	
Hazardous Materials Permitting Program - Cash Funds	170,674	163,187	202,363	210,210	
FTE	3.7	3.7	4.0	4.0	
					<i>Request v. Approp.</i>
<b>SUBTOTAL (6) - MOTOR CARRIER SERVICES DIVI</b>	<b>7,639,114</b>	<b>7,847,970</b>	<b>8,520,301</b>	<b>8,880,111</b>	<b>4.22%</b>
FTE	<u>137.1</u>	<u>136.5</u>	<u>144.2</u>	<u>144.2</u>	<b>0.00%</b>
General Fund	497,008	603,446	661,634	682,911	3.22%
HUTF	6,280,591	6,266,917	6,802,221	7,123,309	4.72%
Cash Funds	209,003	183,759	236,430	244,277	3.32%
Cash Funds Exempt/Reappropriated Funds	0	60,780	74,246	83,844	12.93%
Federal Funds	652,512	733,068	745,770	745,770	0.00%

**(7) ENFORCEMENT BUSINESS GROUP**

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(A) Administration</b>					
Administers the functions of the Enforcement Business Group: Limited Gaming, Liquor and Tobacco Law Enforcement, Racing Events (horse and dog racing), the Hearings Division, and Motor Vehicle Dealer Licensing. The cash funds sources are the Drivers License Administrative Revocation Account, the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, and the Racing Cash Fund. The reappropriated funds source is the Limited Gaming Fund.					
Personal Services	477,423	455,609	512,166	539,579	
FTE	<u>5.9</u>	<u>5.6</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	31,203	(14,394)	27,856	23,336	
Cash Funds	256,695	252,098	374,470	405,032	
Cash Funds Exempt/Reappropriated Funds	189,525	217,905	109,840	111,211	
Operating Expenses	<u>9,848</u>	<u>9,286</u>	<u>10,880</u>	<u>10,880</u>	
General Fund	(335)	(988)	592	10,880	
Cash Funds	5,885	5,511	7,955	0	
Cash Funds Exempt/Reappropriated Funds	4,298	4,763	2,333	0	
<b>(A) SUBTOTAL - ADMINISTRATION</b>	487,271	464,895	523,046	550,459	<i>Request v. Approp.</i> 5.24%
FTE	<u>5.9</u>	<u>5.6</u>	<u>6.0</u>	<u>6.0</u>	<u>0.00%</u>
General Fund	30,868	(15,382)	28,448	34,216	20.28%
Cash Funds	262,580	257,609	382,425	405,032	5.91%
Cash Funds Exempt/Reappropriated Funds	193,823	222,668	112,173	111,211	-0.86%

**(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 - Cash Funds	4,376,087	4,932,751	5,410,628	5,634,719	
FTE	64.1	70.6	76.0	76.0	
Operating Expenses - Cash Funds	388,297	502,982	575,734	575,734	
Licensure Activities - Cash Funds	108,296	93,525	181,497	181,497	
Investigations - Cash Funds	69,233	64,177	263,964	263,964	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
Payments to Other State Agencies - Cash Funds	2,499,548	3,134,187	2,429,848	2,429,848	
Distribution to Gaming Cities and Counties - Cash Funds	23,398,477	100,591,698	23,788,902	23,788,902	
Indirect Cost Assessment - Cash Funds	640,919	553,509	559,702	612,363	
<i>Request v. Approp.</i>					
<b>(B) SUBTOTAL - LIMITED GAMING DIVISION -</b>					
Cash Funds	31,480,857	109,872,829	33,210,275	33,487,027	0.83%
FTE	64.1	70.6	76.0	76.0	0.00%
<b>(C) Liquor Enforcement Division</b>					
Enforces alcohol laws; issues licenses and permits to manufacturers, importers, distributors, and sellers of alcoholic beverages. Enforcement Division & State Licensing Authority Fund.				Cash funds source is the Liquor	
Personal Services - Cash Funds	1,388,684	1,432,924	1,536,236	1,687,853	
FTE	17.9	17.3	19.0	21.0	
Operating Expenses - Cash Funds	49,450	50,840	51,616	61,296	
<i>Request v. Approp.</i>					
<b>(C) SUBTOTAL - LIQUOR ENFORCEMENT DIVISION -</b>					
Cash Funds	1,438,134	1,483,764	1,587,852	1,749,149	10.16%
FTE	17.9	17.3	19.0	21.0	10.53%
<b>(D) Tobacco Enforcement Program</b>					
Enforces laws prohibiting the sale of tobacco to minors. The source of cash funds is the Tobacco Education Programs Fund.					
Personal Services	368,662	376,242	458,969	504,487	
FTE	<u>5.9</u>	<u>6.3</u>	<u>7.0</u>	<u>8.0</u>	
General Fund	127,508	71,959	129,711	145,318	
Cash Funds	0	0	329,258	359,169	
Cash Funds Exempt	241,154	304,283	0	0	
Operating Expenses	<u>26,322</u>	<u>27,328</u>	<u>27,943</u>	<u>31,379</u>	
General Fund	5,240	7,042	7,201	7,201	
Cash Funds	0	0	20,742	24,178	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
Cash Funds Exempt	21,082	20,286	0	0	
(D) SUBTOTAL - TOBACCO ENFORCEMENT	394,984	403,570	486,912	535,866	<i>Request v. Approp.</i> 10.05%
FTE	<u>5.9</u>	<u>6.3</u>	<u>7.0</u>	<u>8.0</u>	<u>14.29%</u>
General Fund	132,748	79,001	136,912	152,519	11.40%
Cash Funds	0	0	350,000	383,347	9.53%
Cash Funds Exempt	262,236	324,569	0	0	n/a
<b>(E) Division of Racing Events</b>					
Licenses racetracks and individuals in dog and horse racing, allocates race days among racetracks, test animals for drugs and oversees wagering. The cash funds source is the Racing Cash Fund.					
Personal Services - Cash Funds	1,250,316	1,241,429	1,410,197	1,467,605	
FTE	15.9	16.8	18.5	18.5	
Operating Expenses - Cash Funds	91,214	88,840	97,845	97,845	
Laboratory Services - Cash Funds	100,574	101,510	104,992	104,992	
Commission Meeting Costs - Cash Funds	450	750	1,200	1,200	
Racetrack Applications - Cash Funds	3,822	3,191	25,000	25,000	
Purses and Breeders Awards - Cash Funds	998,558	1,089,485	1,106,142	1,106,142	
(E) SUBTOTAL - DIVISION OF RACING EVENTS -					<i>Request v. Approp.</i>
Cash Funds	2,444,934	2,525,205	2,745,376	2,802,784	2.09%
FTE	<u>15.9</u>	<u>16.8</u>	<u>18.5</u>	<u>18.5</u>	0.00%

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
<b>(F) Hearings Division</b>					
Conducts hearings on drivers 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 Drivers License Administrative Revocation Account.					
Personal Services	1,802,578	1,793,734	1,996,235	2,092,012	
FTE	<u>26.8</u>	<u>26.7</u>	<u>29.0</u>	<u>29.0</u>	
Cash Funds	0	0	1,996,235	2,092,012	
Cash Funds Exempt	1,802,578	1,793,734	0	0	
Operating Expenses	<u>69,587</u>	<u>70,295</u>	<u>73,750</u>	<u>73,750</u>	
Cash Funds	0	0	73,750	73,750	
Cash Funds Exempt	69,587	70,295	0	0	
(F) SUBTOTAL - HEARINGS DIVISION -	1,872,165	1,864,029	2,069,985	2,165,762	<i>Request v. Approp.</i> 4.63%
FTE	<u>26.8</u>	<u>26.7</u>	<u>29.0</u>	<u>29.0</u>	<u>0.00%</u>
Cash Funds	0	0	2,069,985	2,165,762	4.63%
Cash Funds Exempt	1,872,165	1,864,029	0	0	n/a
<b>(G) Motor Vehicle Dealer Licensing Board</b>					
Licenses automobile dealers, wholesalers, and salespeople, regulates the distribution and sale of motor vehicles, investigates and resolves complaints against Board licensees and legal violations. The source of cash funds is the Auto Dealers License Fund.					
Personal Services	1,556,334	1,640,481	1,761,096	1,827,680	
FTE	<u>24.3</u>	<u>25.0</u>	<u>28.2</u>	<u>28.2</u>	
Cash Funds	1,249,159	1,640,481	1,761,096	1,827,680	
Cash Funds Exempt	307,175	0	0	0	
Operating Expenses	<u>68,946</u>	<u>69,636</u>	<u>72,003</u>	<u>158,293</u>	
Cash Funds	55,174	69,636	72,003	158,293	
Cash Funds Exempt	13,772	0	0	0	

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
					<i>Request v. Approp.</i>
(G) SUBTOTAL - MOTOR VEHICLE DEALER BOARD	1,625,280	1,710,117	1,833,099	1,985,973	8.34%
FTE	<u>24.3</u>	<u>25.0</u>	<u>28.2</u>	<u>28.2</u>	<u>0.00%</u>
Cash Funds	1,304,333	1,710,117	1,833,099	1,985,973	8.34%
Cash Funds Exempt	320,947	0	0	0	n/a
					<i>Request v. Approp.</i>
<b>SUBTOTAL (7) - ENFORCEMENT BUSINESS</b>	<b>39,743,625</b>	<b>118,324,409</b>	<b>42,456,545</b>	<b>43,277,020</b>	<b>1.93%</b>
<b>FTE</b>	<b><u>160.8</u></b>	<b><u>168.3</u></b>	<b><u>183.7</u></b>	<b><u>186.7</u></b>	<b><u>1.63%</u></b>
General Fund	163,616	63,619	165,360	186,735	12.93%
Cash Funds	36,930,838	115,849,524	42,179,012	42,979,074	1.90%
Cash Funds Exempt/Reappropriated Funds	2,649,171	2,411,266	112,173	111,211	-0.86%

**(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.

Personal Services - CFE	8,105,683	8,175,629	8,718,974	9,097,620
FTE	<u>122.3</u>	<u>117.8</u>	<u>126.0</u>	<u>126.0</u>
Cash Funds	0	0	8,718,974	9,097,620
Cash Funds Exempt	8,105,683	8,175,629	0	0
Operating Expenses - CFE	<u>1,202,442</u>	<u>1,201,046</u>	<u>1,203,156</u>	<u>1,203,156</u>
Cash Funds	0	0	1,203,156	1,203,156
Cash Funds Exempt	1,202,442	1,201,046	0	0
Payments to Other State Agencies - CFE	<u>119,290</u>	<u>121,335</u>	<u>239,410</u>	<u>239,410</u>
Cash Funds	0	0	239,410	239,410
Cash Funds Exempt	119,290	121,335	0	0
Travel - CFE	<u>76,442</u>	<u>112,329</u>	<u>113,498</u>	<u>113,498</u>
Cash Funds	0	0	113,498	113,498
Cash Funds Exempt	76,442	112,329	0	0
Marketing and Communications - CFE	<u>8,636,185</u>	<u>8,642,972</u>	<u>11,671,710</u>	<u>14,700,000</u>



**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Decision Items
Cash Funds	0	0	11,671,710	14,700,000	
Cash Funds Exempt	8,636,185	8,642,972	0	0	
Multi-State Lottery Fees - CFE	<u>172,275</u>	<u>161,811</u>	<u>177,433</u>	<u>177,433</u>	
Cash Funds	0	0	177,433	177,433	
Cash Funds Exempt	172,275	161,811	0	0	
Vendor Fees - CFE	<u>6,656,479</u>	<u>9,363,475</u>	<u>10,875,511</u>	<u>10,875,511</u>	
Cash Funds	0	0	10,875,511	10,875,511	
Cash Funds Exempt	6,656,479	9,363,475	0	0	
Prizes - CFE	<u>280,000,739</u>	<u>313,796,804</u>	<u>336,721,380</u>	<u>336,721,380</u>	
Cash Funds	0	0	336,721,380	336,721,380	
Cash Funds Exempt	280,000,739	313,796,804	0	0	
Powerball Prize Variance - CFE	<u>7,264,940</u>	<u>8,047,280</u>	<u>9,752,000</u>	<u>9,752,000</u>	
Cash Funds	0	0	9,752,000	9,752,000	
Cash Funds Exempt	7,264,940	8,047,280	0	0	
Retailer Compensation - CFE	<u>33,668,382</u>	<u>38,392,178</u>	<u>41,773,750</u>	<u>41,773,750</u>	
Cash Funds	0	0	41,773,750	41,773,750	
Cash Funds Exempt	33,668,382	38,392,178	0	0	
Ticket Costs - CFE	<u>2,142,602</u>	<u>2,558,910</u>	<u>7,529,350</u>	<u>7,529,350</u>	
Cash Funds	0	0	7,529,350	7,529,350	
Cash Funds Exempt	2,142,602	2,558,910	0	0	
Research - CFE	<u>249,852</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	
Cash Funds	0	0	250,000	250,000	
Cash Funds Exempt	249,852	250,000	0	0	
Indirect Cost Assessment - CFE	<u>358,373</u>	<u>458,880</u>	<u>556,672</u>	<u>543,443</u>	
Cash Funds	0	0	556,672	543,443	
Cash Funds Exempt	358,373	458,880	0	0	
<b>SUBTOTAL - (8) STATE LOTTERY DIVISION</b>	<b>348,653,683</b>	<b>391,282,649</b>	<b>429,582,844</b>	<b>432,976,551</b>	<i>Request v. Approp.</i> <b>0.79%</b>

**FY 2008-09 Joint Budget Committee Staff Budget Briefing**  
**Department of Revenue**  
**APPENDIX A: NUMBERS PAGES**

	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>Decision Items</b>
	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	
<b>FTE</b>	<b>122.3</b>	<b>117.8</b>	<b>126.0</b>	<b>126.0</b>	<b><u>0.00%</u></b>
Cash Funds	0	0	429,582,844	432,976,551	0.79%
Cash Funds Exempt	348,653,683	391,282,649	0	0	n/a
					<i>Request v. Approp.</i>
<b>TOTAL - DEPARTMENT OF REVENUE</b>	<b>511,781,972</b>	<b>642,550,224</b>	<b>622,110,549</b>	<b>631,648,866</b>	<b>1.53%</b>
<b>FTE</b>	<b><u>1,344.5</u></b>	<b><u>1,381.1</u></b>	<b><u>1,495.4</u></b>	<b><u>1,509.5</u></b>	<b><u>0.94%</u></b>
General Fund	86,487,719	88,689,208	101,582,102	103,595,760	1.98%
HUTF	8,376,426	8,832,856	9,739,088	9,959,318	2.26%
Cash Funds	45,193,227	130,335,413	507,925,313	515,214,978	1.44%
Cash Funds Exempt/Reappropriated Funds	370,394,489	413,256,562	1,392,448	1,408,246	1.13%
Federal Funds	1,330,111	1,436,185	1,471,598	1,470,564	-0.07%

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue**

**APPENDIX B: SUMMARY OF MAJOR LEGISLATION**

- ❑ **S.B. 08-016 (Spence/Benefield): 9Health Fair Voluntary Contributions:** Adds a line to state income tax forms for taxpayers to donate to the 9Health Fair Fund.
- ❑ **S.B. 08-50 (Windels/Gagliardi): Elderly Driver's License Renewal by Mail or Electronic Means.** Raises the age limit from 60 to 65 for persons renewing a driver's license by mail or electronic means, provided that the applicant has had an eye examination within the last three years; requires applicants who are 66 and older, and who are renewing by mail, to have an eye examination within the last six months and provide the results of the examination; and requires applicants renewing by electronic means who require vision correction to provide the extent of the vision correction.
- ❑ **S.B. 08-59 (Johnson/Kefalas): Commercial Drivers License Test Fee.** Clarifies that the current statutory cap of \$100 for licensing commercial driver's testing facilities shall apply only to government testing facilities.
- ❑ **S.B. 08-82 (Veiga/Jahn): Retail Liquor Sales on Sundays.** Allows for the purchase of alcoholic beverages in sealed containers on Sundays.
- ❑ **S.B. 08-101 (Schultheis/Gardner B.): NORAD Commemorative License Plates.** Creates the "North American Aerospace Defense" special license plate to commemorate NORAD's 50<sup>th</sup> anniversary.
- ❑ **S.B. 08-178 (Isgar/Looper): Horse Authority Special License Plates.** Creates the "Colorado Horse Development Authority" special license plate.
- ❑ **S.B. 08-186 (Johnson/Levy): Colorado Carbon Fund Special License Plates.** Creates the "Colorado Carbon Fund" special license plate.
- ❑ **H.B. 08-1013 (Sonnenberg/Morse): School-related Sales Tax Exemption.** Provides a sales tax exemption for items sold by schools, parent or teacher organizations, booster clubs, and other groups or clubs whose primary purpose is to support a school activity provided that all of the proceeds from the sale go to the school or school activities.
- ❑ **H.B. 08-1033 (Levy/Sandoval): Historic Preservation Tax Credit.** Extends the tax credit for costs incurred in the preservation of historic properties through the tax year starting January 1, 2019.

- ❑ **H.B. 08-1049 (Benfield/Groff): Extend Child Care Income Tax Credit.** Extends the period for which taxpayers can claim a credit for donating money to promote child care through the tax year starting January 1, 2019.
- ❑ **H.B. 08-1050 (Marostica/Tochtrop): Motorcycle Driver's License Endorsements.** Requires the Department to establish motorcycle driver's license endorsements for driver's licenses, minor driver's licenses, and instruction permits; divides the current motorcycle license endorsement into general and limited endorsements; and provides a penalty for violation.
- ❑ **H.B. 08-1056 (White/Morse): Emergency Contact Information Driver's License Database.** Requires the Department to set up a system for any person holding a driver's license or identification card to designate who should be contacted by law enforcement in case of an emergency.
- ❑ **H.B. 08-1102 (Labuda/Johnson): Liquor Enforcement Division & State Licensing Authority Cash Fund.** Provides that any funds in the Liquor Enforcement Division and State Licensing Authority Cash Fund left over at the end of the fiscal year shall not revert to the General Fund or any other fund, and that the Fund reserves shall be maintained in accordance with Section 24-75-402, C.R.S.
- ❑ **H.B. 08-1105 (Frangas/Sandoval): Art Gallery Liquor Permit to Serve Alcohol.** Allows an art gallery to obtain an annual permit to serve alcoholic beverages on the premises up to 15 days per year, and sets fees for obtaining the permit.
- ❑ **H.B. 08-1110 (Witwer/Kopp): Income Tax Deduction For Wildfire Mitigation.** Establishes a state income tax deduction for up to 50 percent of a homeowner's direct costs in performing wildfire mitigation measures on his or her property for the tax years 2009 through 2014.
- ❑ **H.B. 08-1127 (Liston/Gibbs): Developmentally Disabled Employee Tax Credit.** Establishes a state income tax credit for taxpayers who hire individuals with a developmental disability for the tax years 2009 through 2011.
- ❑ **H.B. 08-1136 (Summers/Boyd): Stolen Motor Vehicle Identification.** Requires the Department to verify that a vehicle being registered has not been reported stolen using the Colorado Motor Vehicle Verification System.
- ❑ **H.B. 08-1151 (Lambert/Schultheis): Boy Scouts Centennial License Plates.** Creates the "Boy Scouts Centennial" special license plate to be available from July 1, 2009 to June 30, 2011, should at least 3,000 commitments to purchase the license plate be obtained.
- ❑ **H.B. 08-1171 (Casso/Gibbs): Purchase Price to Exclude Federal Excise Tax.** Specifies that the federal excise tax on certain heavy trucks, trailers, and tractors be excluded from the purchase price of the vehicle for the purpose of calculating the sales tax due.

- ❑ **H.B. 08-1175 (Garza-Hicks/Kopp): Fourth Infantry Special License Plate.** Creates the "United States Army 4<sup>th</sup> Infantry Division" special license plate.
- ❑ **H.B. 08-1194 (Judd/Veiga): Increasing Penalties for Drunk Driving.** Increases the fee for reinstatement of driver's license after a drunk driving suspension; deposits those increased fees into the newly created First Time Drunk Driving Offenders Account; increases administrative revocations of driver's licenses for first time offenders; and expands the ability for drivers to use an ignition interlock device when they apply for reinstatement and requires the Department to establish a program to assist certain offenders with the partial payment of such a device.
- ❑ **H.B. 08-1269 (White/Gibbs): Incentives For Sale of Beetle Pine Products.** Provides a sales and use tax exemption for the sale, storage, and use of wood products that use wood salvaged from trees killed or infested in the state by mountain pine beetles through July 1, 2014, and permits cities and counties the option of also exempting such products.
- ❑ **H.B. 08-1299 (Buescher/Keller): Supplemental Appropriation act to modify appropriations for FY 2007-08.**
- ❑ **H.B. 08-1375 (Buescher/Keller): General Appropriations act for FY 2008-09.**
- ❑ **H.B. 08-1353 (Madden/Isgar): Verify Conservation Easement Tax Credits.** Appropriates funds and 2.0 FTE to the Department to review gross conservation easements.
- ❑ **H.B. 08-1380 (Jahn/Shaffer): Method of Attributing Income to Colorado.** Changes the method by which net income is apportioned to Colorado for the purposes of determining Colorado taxable income.
- ❑ **H.B. 08-1395 (Marostica/Windels): Property Tax Exemption For Government Leases.** Extends the property tax exemption to any real property that is leased or rented for at least a one-year term by state and local governments.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Revenue**

**APPENDIX C: UPDATE OF FY 2008-09  
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

**Long Bill Footnotes**

---

N/A None applied to Department.

**Requests for Information**

---

**67 Department of Revenue, State Lottery Division** -- The Department is requested to submit a report to the Joint Budget Committee, by September 30, 2008, 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  
Tom Kitts, Deputy Director - Primary office located in Denver