

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF FIGURE SETTING

DEPARTMENT OF REVENUE

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

**Prepared By:
David Meng, JBC Staff
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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

**DEPARTMENT OF REVENUE
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JBC WORKING DOCUMENT - ALL DECISIONS SUBJECT TO CHANGE
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TABLE OF CONTENTS	Numbers Pages	Narrative
Summary of Major Staff Recommendations	N/A	1-2
Summary of Budget Balancing Options	N/A	2
Executive Directors Office	3-7	29-37
Central Department Operations	7-8	37-40
Information Technology Division	9-11	40-48
Systems Support	9	41-43
Colorado State Titling and Registration System (CSTARS)	10	43-48
Insolvency of Colorado State Titling and Registration Account	N/A	44-45
Taxation Business Group	11-15	48-63
Administration	11	48-49
Taxation and Compliance Division	12	49-58
Taxpayer Service Division	13	58-60
Tax Conferee	14	60-61
Special Purpose	14-15	61-63
Division of Motor Vehicles	15-20	63-73
Administration	15-16	63-64
Driver and Vehicle Services	16-17	64-68
Vehicle Emissions	17-18	68-69
Titles	18	69-71
Motorist Insurance Identification Database Program	19	71-72
Ignition Interlock Program	19-20	72-73
Motor Carrier Services	20-21	73-75

TABLE OF CONTENTS	Numbers Pages	Narrative
Enforcement Business Group	21-26	75-88
Administration	21-22	76
Limited Gaming Division	22-23	77-79
Liquor Enforcement Division	23	79-80
Tobacco Enforcement Program	23-24	80-81
Division of Racing Events	24-25	81-84
Hearings Division	25	84-87
Motor Vehicle Dealer Licensing Board	26	87-88
State Lottery Division	26-28	88-92
Department Totals	28	N/A
Footnotes and Requests For Information	N/A	93-94
Budget Balancing Options	N/A	95-96
Refinance of Division of Motor Vehicles, Driver and Vehicle Services	N/A	95-96

DEPARTMENT OF REVENUE FY 2010-11 FIGURE SETTING

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

The following table provides a summary of the staff recommendations included in this packet.

Summary of Staff Recommendations						
	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2009-10 Long Bill	\$621,136,308	\$101,482,374	\$516,789,888	\$1,392,448	\$1,471,598	1,493.4
Special Bills	967,331	92,818	874,513	0	0	2.0
Supplementals	64,697,885	(1,428,538)	66,126,423	0	0	0.0
Current FY 2009-10 Appropriation	686,801,524	100,146,654	583,790,824	1,392,448	1,471,598	1,495.4
<i>Recommended Changes from FY 2009-10 appropriation in Department Revised Priority Number</i>						
Treasury Offset Program (Decision Item # 1)	158,680	158,680	0	0	0	0.0
Delinquency Billings (Decision Item # 2)	163,849	163,849	0	0	0	0.0
Conservation Easement Backlog (Budget Amendment #4)	Pending					
Revision to August 2009 Budget Reductions (Budget Amendment #4)	Pending					
Tax Code Compliance Initiatives (Budget Amendment #5)	300,130	300,130	0	0	0	5.5
Vehicle Emission Enhanced Service Area Expansion (Decision Item # 3)	128,360	0	128,360	0	0	2.0
Programming Costs for 2010 Session Legislation (Budget Amendment # 1a)	17,392	6,242	11,150	0	0	0.0
Lottery Variable Costs Adjustments (Budget Amendment # 1)	8,243,485	0	8,243,485	0	0	0.0
Interactive Voice Response System (Decision Item # 4)	0	0	0	0	0	0.0

Summary of Staff Recommendations						
	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Creation of Program Section for Ignition Interlock Program (Decision Item # 5)	0	0	0	0	0	0.0
Eliminate Division of Racing Events FTE (Budget Amendment # 2)	(332,823)	0	(332,823)	0	0	(6.8)
Titles Operating Increase (National Motor Vehicle Theft Information System) (Budget Amendment # 3)	<u>71,250</u>	<u>0</u>	<u>71,250</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total of Recommended Changes	8,750,323	628,901	8,121,422	0	0	0.7

Summary of Budget Balancing Options						
	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Extend Refinance of Driver and Vehicle Services	\$0	(\$20,113,225)	\$20,113,225	\$0	\$0	0.0

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
DEPARTMENT OF REVENUE						
Roxy Huber, Executive Director						
(1) Executive Director's Office						
Provides administrative, accounting, budgeting, auditing, planning, and research support for the Department, and is comprised of the following programs: Administration, Policy Analysis and Financial Services, Internal Auditor, Office of Human Resources, and Office of Research and Analysis. Major cash funds sources include the Highway Users Tax Fund (HUTF), the Colorado State Titling and Registration Account, the Licensing Services Cash Fund, the Driver's License Administrative Revocation Account, the Auto Dealers License Fund, the Limited Gaming Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, the State Lottery Fund, and the Department of Revenue subaccount of the Automobile Inspection and Readjustment Account. The reappropriated funds sources are the State Lottery Fund and the Limited Gaming Fund						
Personal Services	3,589,577	3,836,529	3,827,405	3,833,467	3,833,467	
FTE	<u>40.7</u>	<u>44.4</u>	<u>47.9</u>	<u>47.8</u>	<u>47.8</u>	
General Fund	1,936,698	2,150,214	1,989,206	982,774	1,991,261	DI 1b
Cash Funds	637,112	841,991	873,475	866,648	866,648	
HUTF	385,567	418,445	411,465	1,396,398	387,911	DI 1b
Cash Funds Exempt/Reappropriated Funds	630,200	425,879	553,259	587,647	587,647	
Health, Life, and Dental	<u>5,686,292</u>	<u>6,799,391</u>	<u>7,938,822</u>	<u>6,971,749</u>	<u>Pending</u>	
General Fund	3,327,659	4,021,098	3,030,034	2,450,435		DI 1b
Cash Funds	835,086	2,098,897	4,122,149	3,858,224		DI 1b
HUTF	544,057	679,396	786,639	663,090		
Cash Funds Exempt	979,490	0	0	0		
Short-term Disability	<u>88,567</u>	<u>96,514</u>	<u>106,354</u>	<u>101,161</u>	<u>106,075</u>	
General Fund	54,145	58,495	46,417	38,944	65,504	DI 1b
Cash Funds	11,971	30,677	51,426	53,431	32,133	DI 1b
HUTF	6,995	7,342	8,511	8,786	8,438	
Cash Funds Exempt	15,456	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
S.B. 04-257 Amortization Equalization Disbursement	<u>823,798</u>	<u>1,168,037</u>	<u>1,417,044</u>	<u>1,571,842</u>	<u>1,632,146</u>	
General Fund	501,784	699,439	616,134	608,026	1,009,844	DI 1b
Cash Funds	110,066	373,125	690,699	827,774	492,865	DI 1b
HUTF	63,499	95,473	110,211	136,042	129,437	
Cash Funds Exempt	148,449	0	0	0	0	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>153,458</u>	<u>534,011</u>	<u>870,038</u>	<u>1,146,135</u>	<u>1,184,747</u>	
General Fund	89,428	319,123	381,074	443,349	733,022	DI 1b
Cash Funds	19,868	174,257	421,255	603,589	357,762	DI 1b
HUTF	13,063	40,631	67,709	99,197	93,963	
Cash Funds Exempt	31,099	0	0	0	0	
Salary Survey and Senior Executive Service	<u>2,276,350</u>	<u>2,970,519</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	1,360,465	1,801,622	0	0	0	
Cash Funds	283,747	918,801	0	0	0	
HUTF	198,318	250,096	0	0	0	
Cash Funds Exempt	433,820	0	0	0	0	
Performance-based Pay Awards	<u>1,073,081</u>	<u>1,151,316</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	668,192	688,768	0	0	0	
Cash Funds	127,543	373,808	0	0	0	
HUTF	83,000	88,740	0	0	0	
Cash Funds Exempt	194,346	0	0	0	0	
Shift Differential	<u>166,518</u>	<u>187,287</u>	<u>133,215</u>	<u>151,331</u>	<u>146,473</u>	
General Fund	52,100	48,105	14,494	3,921	37,622	DI 1b
Cash Funds	5,408	25,367	41,699	40,889	19,839	DI 1b
HUTF	96,277	113,815	77,022	106,521	89,012	
Cash Funds Exempt	12,733	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Workers' Compensation	<u>575,405</u>	<u>733,857</u>	<u>562,242</u>	<u>621,680</u>	<u>Pending</u>	
General Fund	369,652	452,719	228,206	240,219		DI 1b
Cash Funds	57,153	220,674	289,314	331,910		DI 1b
HUTF	49,198	60,464	44,722	49,551		
Cash Funds Exempt	99,402	0	0	0		
Operating Expenses	<u>955,754</u>	<u>954,585</u>	<u>1,086,864</u>	<u>1,076,245</u>	<u>1,076,245</u>	
General Fund	512,582	496,337	458,086	457,071	501,837	DI 1b
Cash Funds	134,865	341,588	509,145	499,541	454,775	DI 1b,3,4
HUTF	99,923	116,660	119,633	119,633	119,633	
Cash Funds Exempt	208,384	0	0	0	0	
Legal Services for 11,165 hours	<u>867,793</u>	<u>813,059</u>	<u>849,128</u>	<u>1,256,180</u>	<u>Pending</u>	
General Fund	521,473	450,445	452,943	725,481		DI 1b, BA 4
Cash Funds	291,876	350,883	384,410	518,924		DI 1b
HUTF	26,289	11,731	11,775	11,775		
Cash Funds Exempt	28,155	0	0	0		
<i>Hours</i>	<i>11,165</i>	<i>11,165</i>	<i>11,165</i>	<i>16,565</i>	<i>11,165</i>	
Administrative Law Judge Services - CF	7,532	7,238	8,808	14,968	Pending	
Purchase of Services from Computer Center	<u>3,251,582</u>	<u>3,627,411</u>	<u>3,627,411</u>	<u>9,353,987</u>	<u>Pending</u>	<u>OIT</u>
General Fund	3,248,330	3,624,283	3,624,283	5,392,263		DI 1b
Cash Funds	0	3,128	3,128	2,445,210		DI 1b
HUTF	0	0	0	1,126,978		DI 1b
Cash Funds Exempt/Reappropriated Funds	3,252	0	0	389,536		
Multiuse Network Payments	<u>2,584,122</u>	<u>2,670,532</u>	<u>2,670,532</u>	<u>3,527,352</u>	<u>Pending</u>	<u>OIT</u>
General Fund	621,998	642,797	100,185	329,806		DI 1b
Cash Funds	70,547	1,976,728	2,519,340	2,905,435		DI 1b
HUTF	49,357	51,007	51,007	266,460		DI 1b
Cash Funds Exempt/Reappropriated Funds	1,842,220	0	0	25,651		

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Management and Administration of OIT	<u>0</u>	<u>423,337</u>	<u>381,749</u>	<u>1,037,799</u>	<u>Pending</u>	OIT
General Fund	0	423,337	381,749	751,165		DI 1b
Cash Funds	0	0	0	187,681		DI 1b
HUTF	0	0	0	68,801		DI 1b
Reappropriated Funds	0	0	0	30,152		
Payment to Risk Management and Property Funds	<u>211,060</u>	<u>273,165</u>	<u>177,414</u>	<u>68,350</u>	<u>Pending</u>	
General Fund	120,775	148,997	66,176	25,029		DI 1b
Cash Funds	21,398	92,346	89,794	36,938		DI 1b
HUTF	24,140	31,822	21,444	6,383		
Cash Funds Exempt	44,747	0	0	0		
Vehicle Lease Payments	<u>373,184</u>	<u>389,471</u>	<u>461,838</u>	<u>523,468</u>	<u>Pending</u>	
General Fund	90,004	100,409	91,330	110,514		DI 1b
Cash Funds	99,402	247,995	322,004	365,559		DI 1b
HUTF	42,829	41,067	48,504	47,395		
Cash Funds Exempt	140,949	0	0	0		
Leased Space	<u>2,191,507</u>	<u>2,434,150</u>	<u>2,721,446</u>	<u>2,791,629</u>	<u>2,757,629</u>	
General Fund	1,349,369	1,315,622	518,820	546,451	1,649,861	DI 1b, BA 4,5
Cash Funds	127,132	1,118,528	2,202,626	2,245,178	1,107,768	DI 1b
Cash Funds Exempt	715,006	0	0	0	0	
Capitol Complex Leased Space	<u>1,680,002</u>	<u>1,676,337</u>	<u>1,664,094</u>	<u>1,621,366</u>	<u>Pending</u>	
General Fund	1,293,280	1,301,729	1,106,163	1,055,065		DI 1b
Cash Funds	176,581	348,692	532,944	542,149		DI 1b
HUTF	26,691	25,916	24,987	24,152		
Cash Funds Exempt	183,450	0	0	0		

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Communication Services Payments	<u>60,849</u>	<u>63,557</u>	<u>63,557</u>	<u>66,137</u>	<u>Pending</u>	
General Fund	16,659	19,321	19,321	20,105		
Cash Funds	38,175	39,660	39,660	41,270		
HUTF	4,164	4,576	4,576	4,762		
Cash Funds Exempt	1,851	0	0	0		
Utilities	<u>208,367</u>	<u>203,490</u>	<u>247,119</u>	<u>247,119</u>	<u>247,119</u>	
General Fund	88,317	85,037	2,369	0	104,440	DI 1b
Cash Funds	16,361	16,849	141,334	143,703	39,263	DI 1b
HUTF	103,689	101,604	103,416	103,416	103,416	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL - (1) EXECUTIVE DIRECTOR'S						
OFFICE	26,824,798	31,013,793	28,815,080	35,981,965	10,983,901	-61.9%
FTE	<u>40.7</u>	<u>44.4</u>	<u>47.9</u>	<u>47.8</u>	<u>47.8</u>	<u>-0.2%</u>
General Fund	16,222,910	18,847,897	13,126,990	14,180,618	6,093,391	-53.6%
Cash Funds	3,071,823	9,601,232	13,243,210	16,529,021	3,371,053	-74.5%
HUTF	1,817,056	2,138,785	1,891,621	4,239,340	931,810	-50.7%
Cash Funds Exempt/Reappropriated Funds	5,713,009	425,879	553,259	1,032,986	587,647	6.2%
(2) CENTRAL DEPARTMENT OPERATIONS						
Provides centralized departmental support for mail processing, forms development, transaction processing and records management. Major cash fund sources include the Identification Security Fund, the Colorado State Titling and Registration Account, the Outstanding Judgment and Warrants Account, the Licensing Services Cash Fund, the Driver's License Administrative Revocation Account, and the Auto Dealers License Fund. The sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.						
Personal Services	5,219,536	5,300,202	5,261,635	5,210,827	5,210,827	
FTE	<u>106.6</u>	<u>106.7</u>	<u>103.6</u>	<u>102.0</u>	<u>102.0</u>	
General Fund	4,881,995	4,886,543	4,878,085	4,559,239	4,812,416	DI 1b
Cash Funds	95,726	206,543	215,011	217,820	217,820	DI 1b
HUTF	91,984	102,646	101,285	350,963	97,786	DI 1b
Cash Funds Exempt/Reappropriated Funds	149,831	104,470	67,254	82,805	82,805	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Seasonal Tax Processing - General Fund	374,767	375,029	397,545	397,545	397,545	
Operating Expenses	<u>1,128,968</u>	<u>1,165,323</u>	<u>1,167,260</u>	<u>1,191,888</u>	<u>1,191,888</u>	
General Fund	992,501	1,028,494	1,030,373	1,055,001	1,055,001	DI1,2, BA 5
Cash Funds	0	136,829	136,887	136,887	136,887	
Cash Funds Exempt/Reappropriated Funds	136,467	0	0	0	0	
Postage	<u>2,415,697</u>	<u>2,364,881</u>	<u>2,605,842</u>	<u>2,902,699</u>	<u>2,902,699</u>	
General Fund	2,156,462	2,134,475	2,342,943	2,639,800	2,639,800	DI1,2, BA 5
Cash Funds	31,569	216,993	248,990	248,990	248,990	
HUTF	8,371	13,413	13,909	13,909	13,909	
Cash Funds Exempt/Reappropriated Funds	219,295	0	0	0	0	
Pueblo Data Entry Center Payments	<u>1,770,469</u>	<u>1,669,560</u>	<u>1,879,728</u>	<u>1,879,728</u>	<u>1,879,728</u>	
General Fund	1,768,878	1,669,560	1,875,719	1,875,719	1,875,719	
Cash Funds	0	0	4,009	4,009	4,009	
Cash Funds Exempt/Reappropriated Funds	1,591	0	0	0	0	
Document Imaging and Storage - General Fund	382,772	383,187	394,290	394,290	394,290	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL - (1) CENTRAL DEPARTMENT OPERATIONS	11,292,209	11,258,182	11,706,300	11,976,977	11,976,977	2.3%
FTE	<u>106.6</u>	<u>106.7</u>	<u>103.6</u>	<u>102.0</u>	<u>102.0</u>	-1.5%
General Fund	10,557,375	10,477,288	10,918,955	10,921,594	11,174,771	2.3%
Cash Funds	127,295	560,365	604,897	607,706	607,706	0.5%
HUTF	100,355	116,059	115,194	364,872	111,695	-3.0%
Cash Funds Exempt/Reappropriated Funds	507,184	104,470	67,254	82,805	82,805	23.1%

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
(3) INFORMATION TECHNOLOGY						
(A) Systems Support						
Systems Support is responsible for the maintenance of Department systems for three business groups and the Executive Director's Office. Major cash fund sources include the Colorado State Titling and Registration Account, the Highway Users Tax Fund, the Licensing Services Cash Fund, the Driver's License Administrative Revocation Account, the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, and the Department of Revenue Subaccount of the Automobile Inspection and Readjustment Account of the HUTF. The reappropriated funds sources are the Limited Gaming Fund and the State Lottery Fund.						
Personal Services	5,723,274	6,079,488	5,918,143	25,235	<u>Pending</u>	OIT
FTE	<u>74.6</u>	<u>75.9</u>	<u>75.1</u>	<u>0.0</u>		
General Fund	3,981,028	4,026,540	4,167,936	17,760		
Cash Funds	445,397	1,113,516	1,004,714	3,700		
HUTF	427,990	465,580	349,249	1,625		
Cash Funds Exempt/Reappropriated Funds	868,859	473,852	396,244	2,150		
Operating Expenses	<u>722,189</u>	<u>723,970</u>	<u>659,759</u>	<u>698,398</u>	<u>698,398</u>	
General Fund	722,189	723,970	659,759	659,759	659,759	
Cash Funds	0	0	0	38,639	38,639	
Programming Costs for Session Legislation	67,728	118,103	358,767	244,180	244,180	
FTE	<u>1.0</u>	<u>1.3</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	
General Fund	12,731	81,024	132,316	73,088	73,088	
Cash Funds	0	37,079	226,451	171,092	171,092	
Cash Funds Exempt/Reappropriated Funds	54,997	0	0	0	0	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL - (A) Systems Support	6,513,191	6,921,561	6,936,669	967,813	942,578	-86.4%
FTE	<u>75.6</u>	<u>77.2</u>	<u>77.3</u>	<u>2.2</u>	<u>2.2</u>	<u>-97.2%</u>
General Fund	4,715,948	4,831,534	4,960,011	750,607	732,847	-85.2%
Cash Funds	445,397	1,150,595	1,231,165	213,431	209,731	-83.0%
HUTF	427,990	465,580	349,249	1,625	0	-100.0%
Cash Funds Exempt/Reappropriated Funds	923,856	473,852	396,244	2,150	0	-100.0%

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

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
(B) Colorado State Titling and Registration System						
The Colorado State Titling and Registration System is the State's centralized database for the distribution of registration taxes between the State, all its counties, and the Highway Users Tax Fund (HUTF). Cash funds are from the Colorado State Titling and Registration Account of the HUTF (Prior to FY 2008-09, the account was classified as cash funds exempt).						
Personal Services	2,164,931	2,008,149	2,601,488	405,152	<u>Pending</u>	OIT
FTE	<u>28.4</u>	<u>27.9</u>	<u>31.5</u>	<u>0.0</u>		
Cash Funds	0	2,008,149	2,601,488	405,152		
Cash Funds Exempt	2,164,931	0	0	0		
Operating Expenses	<u>2,553,845</u>	<u>2,366,374</u>	<u>2,667,161</u>	<u>2,617,535</u>	<u>2,617,535</u>	
Cash Funds	0	2,366,374	2,667,161	2,617,535	2,617,535	
Cash Funds Exempt	2,553,845	0	0	0	0	
County Office Asset Maintenance	<u>567,478</u>	<u>410,569</u>	<u>568,230</u>	<u>568,230</u>	<u>568,230</u>	
Cash Funds	0	410,569	568,230	568,230	568,230	
Cash Funds Exempt	567,478	0	0	0	0	
County Office Improvements - Cash Funds	0	100,750	87,377	40,000	40,000	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL - (B) Colorado State Titling and Registration System	5,286,254	4,885,842	5,924,256	3,630,917	3,225,765	-45.5%
FTE	<u>28.4</u>	<u>27.9</u>	<u>31.5</u>	<u>0.0</u>	<u>0.0</u>	-100.0%
Cash Funds	0	4,885,842	5,924,256	3,630,917	3,225,765	-45.5%
Cash Funds Exempt	5,286,254	0	0	0	0	0.0%

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
						<i>Recommend. v. Appropriation</i>
SUBTOTAL - (3) INFORMATION						
TECHNOLOGY DIVISION	11,799,445	11,807,403	12,860,925	4,598,730	4,168,343	-67.6%
FTE	104.0	105.1	108.8	2.2	2.2	-98.0%
General Fund	4,715,948	4,831,534	4,960,011	750,607	732,847	-85.2%
Cash Funds	445,397	6,036,437	7,155,421	3,844,348	3,435,496	-52.0%
HUTF	427,990	465,580	349,249	1,625	0	-100.0%
Cash Funds Exempt/Reappropriated Funds	6,210,110	473,852	396,244	2,150	0	-100.0%
(4) TAXATION BUSINESS GROUP						
The Taxation Business Group is charged with the collection, administration, auditing, and enforcement responsibilities for all taxes, fees, bonds, and licenses covered under Colorado tax laws. This group includes and administrative section, the Taxation and Compliance Division, the Taxpayer Service Division, the Tax Conferee, and a Special Purpose Section. All divisions but Special Purpose carry out programmatic functions.						
(A) Administration						
Personal Services	545,901	553,547	555,360	553,319	553,319	
FTE	6.8	6.2	6.1	6.0	6.0	
General Fund	542,347	547,526	549,338	548,110	548,110	
Cash Funds	714	6,021	6,022	5,209	5,209	
Cash Funds Exempt/Reappropriated Funds	2,840	0	0	0	0	
Operating Expenses - General Fund	6,787	14,998	14,129	14,050	14,050	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (A) - Administration	552,688	568,545	569,489	567,369	567,369	-0.4%
FTE	6.8	6.2	6.1	6.0	6.0	-1.6%
General Fund	549,134	562,524	563,467	562,160	562,160	-0.2%
Cash Funds	714	6,021	6,022	5,209	5,209	-13.5%
Cash Funds Exempt/Reappropriated Funds	2,840	0	0	0	0	0.0%

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
(B) Taxation and Compliance Division						
Provides auditing services and enforces compliance with Colorado tax laws. The Division maintains five section and six district offices throughout Colorado and conducts audits of individual and corporate tax returns. The Mineral Audit Program audits royalties associated with oil, gas, and mineral mining activity of federal, state, and private land. The Reappropriated Funds sources are from the Mineral Audit Program, the State Land Board Administrative Fund, and indirect cost recoveries transferred from the Department of Natural Resources						
Personal Services	13,213,501	13,646,904	14,770,085	15,800,991	15,838,278	
FTE	<u>202.7</u>	<u>204.1</u>	<u>226.1</u>	<u>240.4</u>	<u>241.4</u>	
General Fund	13,087,248	13,548,691	14,616,778	15,639,260	15,676,547	BA 4, 5
Cash Funds	1,269	1,269	50,713	59,548	59,548	
Cash Funds Exempt/Reappropriated Funds	124,984	96,944	102,594	102,183	102,183	
Operating Expenses	<u>604,392</u>	<u>789,660</u>	<u>977,253</u>	<u>1,082,488</u>	<u>1,083,438</u>	
General Fund	604,392	789,660	969,356	1,072,022	1,072,972	DI 1, BA 4, 5
Cash Funds	0	0	7,897	10,466	10,466	
Joint Audit Program - General Fund	131,244	131,244	131,244	131,244	131,244	
Mineral Audit Program	769,092	659,323	790,794	786,250	786,250	
FTE	<u>9.1</u>	<u>7.3</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	
Cash Funds Exempt/Reappropriated Funds	65,975	55,410	66,000	66,000	66,000	
Federal Funds	703,117	603,913	724,794	720,250	720,250	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (B) - Taxation and Compliance						
Division	14,718,229	15,227,131	16,669,376	17,800,973	17,839,210	7.0%
FTE	<u>211.8</u>	<u>211.4</u>	<u>237.1</u>	<u>251.4</u>	<u>252.4</u>	<u>6.5%</u>
General Fund	13,822,884	14,469,595	15,717,378	16,842,526	16,880,763	7.4%
Cash Funds	1,269	1,269	58,610	70,014	70,014	19.5%
Cash Funds Exempt/Reappropriated Funds	190,959	152,354	168,594	168,183	168,183	-0.2%
Federal Funds	703,117	603,913	724,794	720,250	720,250	-0.6%

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
(C) Taxpayer Service Division						
Assists individual and business taxpayers through regional service centers and a call center; issues tax licenses and permits to businesses; collects local sales taxes for many cities, counties, and special districts; issues individual and business tax refunds. The Fuel Tracking System tracks the movement of gasoline and special fuels with the goal of expediting the collection of excise taxes. The primary sources of cash funds are the Highway Users Tax Fund (exempt from the 6% limit), the Aviation Fund, and Private Letter Rulings.						
Personal Services	4,309,826	4,431,631	4,555,237	4,681,666	4,597,269	
FTE	<u>73.4</u>	<u>76.5</u>	<u>80.8</u>	<u>80.4</u>	<u>79.4</u>	
General Fund	4,289,246	4,411,169	4,465,009	4,591,062	4,506,665	BA 4
Cash Funds	20,580	20,462	90,228	90,604	90,604	
Operating Expenses	<u>386,077</u>	<u>390,973</u>	<u>401,687</u>	<u>402,035</u>	<u>401,085</u>	
General Fund	386,077	390,973	401,187	401,535	400,585	BA 4
Cash Funds	0	0	500	500	500	
Fuel Tracking System	474,284	472,133	484,747	485,386	485,386	
FTE	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	
Cash Funds	0	472,133	484,747	485,386	485,386	
Cash Funds Exempt	474,284	0	0	0	0	
Federal Funds	0	0	0	0	0	
						<i>Recommend. v.</i>
						<i>Appropriation</i>
SUBTOTAL (C) - Taxpayer Service Division	5,170,187	5,294,737	5,441,671	5,569,087	5,483,740	0.8%
FTE	<u>74.9</u>	<u>78.0</u>	<u>82.3</u>	<u>81.9</u>	<u>80.9</u>	-1.7%
General Fund	4,675,323	4,802,142	4,866,196	4,992,597	4,907,250	0.8%
Cash Funds	20,580	492,595	575,475	576,490	576,490	0.2%
Cash Funds Exempt	474,284	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0	0.0%

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
(D) Tax Conferee						
Resolves protests to tax adjustments, review issues related to "home rule" city sales taxes and city and county sales and use taxes.						
Personal Services - General Fund	854,723	883,400	924,136	1,497,602	821,663	BA 4
FTE	8.8	8.3	8.1	11.7	8.0	
Operating Expenses - General Fund	21,610	21,750	20,883	43,284	20,804	BA 4
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (D) - Tax Conferee - General Fund	876,333	905,150	945,019	1,540,886	842,467	-10.9%
FTE	8.8	8.3	8.1	11.7	8.0	-1.2%
(E) Special Purpose						
Distributes applicable percentage of gross cigarette taxes to counties, cities, and towns; distributes grants to low-income, disabled, and elderly citizens; provides moneys to entities with alternative fuel programs. All funds are continuously appropriated by constitutional or statutory provisions.						
Cigarette Tax Rebate - General Fund	12,703,162	12,114,946	12,200,000	11,500,000	11,300,000	
Amendment 35 Distribution to Local Governments	<u>1,472,654</u>	<u>1,409,292</u>	<u>1,512,000</u>	<u>1,512,000</u>	<u>1,341,000</u>	
Cash Funds	0	1,409,292	1,512,000	1,512,000	1,341,000	
Cash Funds Exempt	1,472,654	0	0	0	0	
Old Age Heat & Fuel & Property Tax Assistance - General Fund	10,422,728	5,264,129	8,600,000	8,500,000	8,600,000	
Alternative Fuels Rebate	<u>299,611</u>	<u>329,032</u>	<u>375,906</u>	<u>310,601</u>	<u>310,601</u>	
Cash Funds	0	329,032	375,906	310,601	310,601	
Cash Funds Exempt	299,611	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (E) - Special Purpose	<u>24,898,155</u>	<u>19,117,399</u>	<u>22,687,906</u>	<u>21,822,601</u>	<u>21,551,601</u>	-5.0%
General Fund	23,125,890	17,379,075	20,800,000	20,000,000	19,900,000	-4.3%
Cash Funds	0	1,738,324	1,887,906	1,822,601	1,651,601	-12.5%
Cash Funds Exempt	1,772,265	0	0	0	0	0.0%
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (4) - TAXATION BUSINESS GROUP						
	46,215,592	41,112,962	46,313,461	47,300,916	46,284,387	-0.1%
FTE	<u>302.3</u>	<u>303.9</u>	<u>333.6</u>	<u>351.0</u>	<u>347.3</u>	4.1%
General Fund	43,049,564	38,118,486	42,892,060	43,938,169	43,092,640	0.5%
Cash Funds	22,563	2,238,209	2,528,013	2,474,314	2,303,314	-8.9%
Cash Funds Exempt/Reappropriated Funds	2,440,348	152,354	168,594	168,183	168,183	-0.2%
Federal Funds	703,117	603,913	724,794	720,250	720,250	-0.6%

(5) DIVISION OF MOTOR VEHICLES

(A) Administration

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

Personal Services	854,679	801,661	905,351	909,201	909,201	
FTE	<u>10.4</u>	<u>9.2</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	
General Fund	513,510	404,036	185,504	0	522,292	DI 1b
Cash Funds	158	202,364	193,294	200,475	200,475	
HUTF	207,469	195,261	526,553	708,726	186,434	DI 1b
Cash Funds Exempt/Reappropriated Funds	133,542	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Operating Expenses	<u>50,580</u>	<u>50,349</u>	<u>54,250</u>	<u>54,250</u>	<u>54,250</u>	
General Fund	29,281	27,465	33,797	0	33,404	DI 1b
Cash Funds	10	11,647	9,337	9,717	9,717	
HUTF	13,069	11,237	11,116	44,533	11,129	DI 1b
Cash Funds Exempt/Reappropriated Funds	8,220	0	0	0	0	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (A) - Administration	905,259	852,010	959,601	963,451	963,451	0.4%
FTE	<u>10.4</u>	<u>9.2</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>0.0%</u>
General Fund	542,791	431,501	219,301	0	555,696	153.4%
Cash Funds	168	214,011	202,631	210,192	210,192	3.7%
HUTF	220,538	206,498	537,669	753,259	197,563	-63.3%
Cash Funds Exempt/Reappropriated Funds	141,762	0	0	0	0	0.0%

(B) Driver and Vehicle Services

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

Personal Services	14,999,824	16,367,648	17,482,319	16,605,333	16,605,333	
FTE	<u>345.9</u>	<u>362.8</u>	<u>384.0</u>	<u>379.3</u>	<u>379.3</u>	
General Fund	10,001,755	9,260,606	761,096	0	9,351,125	DI 1b
Cash Funds	4,064,634	7,107,042	12,753,376	16,605,333	7,254,208	DI 1b,5
HUTF	0	0	3,967,847	0	0	
Cash Funds Exempt/Reappropriated Funds	933,435	0	0	0	0	
Operating Expenses	<u>2,195,205</u>	<u>1,458,742</u>	<u>2,673,902</u>	<u>1,679,482</u>	<u>1,679,482</u>	
General Fund	1,071,604	1,172,812	0	0	1,214,937	DI 1b
Cash Funds	1,121,112	285,930	2,652,353	1,679,482	464,545	DI 1b,5
Cash Funds Exempt/Reappropriated Funds	2,489	0	21,549	0	0	

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

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Driver's License Documents	<u>2,372,080</u>	<u>2,309,381</u>	<u>2,666,345</u>	<u>2,437,320</u>	<u>2,437,320</u>	
General Fund	1,860,196	1,690,039	0	0	1,792,770	DI 1b
Cash Funds	0	619,342	2,666,345	2,437,320	644,550	DI 1b
Cash Funds Exempt/Reappropriated Funds	511,884	0	0	0	0	
License Plate Ordering - Cash Funds	5,449,138	5,979,714	6,580,143	6,468,896	6,468,896	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (B) - Driver and Vehicle Services	25,016,247	26,115,485	29,402,709	27,191,031	27,191,031	-7.5%
FTE	<u>345.9</u>	<u>362.8</u>	<u>384.0</u>	<u>379.3</u>	<u>379.3</u>	-1.2%
General Fund	12,933,555	12,123,457	761,096	0	12,358,832	1523.8%
Cash Funds	10,634,884	13,992,028	24,652,217	27,191,031	14,832,199	-39.8%
HUTF	0	0	3,967,847	0	0	-100.0%
Cash Funds Exempt/Reappropriated Funds	1,447,808	0	21,549	0	0	-100.0%

(C) Vehicle Emissions

The Emissions section conducts audits of inspection and readjustment stations and facilities to ensure compliance with vehicle emissions testing standards under the Automobile Inspection and Readjustment Program. Cash funds source is the DOR subaccount of the Automobile Inspection and Readjustment Account.

Personal Services	958,305	921,870	1,054,531	1,194,476	1,194,476	
FTE	<u>14.8</u>	<u>14.2</u>	<u>16.0</u>	<u>18.3</u>	<u>18.3</u>	
Cash Funds	0	921,870	1,054,531	1,194,476	1,194,476	DI 3
Cash Funds Exempt	958,305	0	0	0	0	
Operating Expenses	<u>76,566</u>	<u>67,040</u>	<u>87,623</u>	<u>88,725</u>	<u>88,725</u>	
Cash Funds	0	67,040	87,623	88,725	88,725	DI 3
Cash Funds Exempt	76,566	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (C) - Vehicle Emissions	1,034,871	988,910	1,142,154	1,283,201	1,283,201	12.3%
FTE	<u>14.8</u>	<u>14.2</u>	<u>16.0</u>	<u>18.3</u>	<u>18.3</u>	<u>14.4%</u>
Cash Funds	0	988,910	1,142,154	1,283,201	1,283,201	12.3%
Cash Funds Exempt	1,034,871	0	0	0	0	0.0%
(D) Titles						
Provides administrative and accounting support for the issuance of motor vehicle titles. Certifies vehicle ownership for tax assessment and other purposes. Ensures uniformity among the State's county clerks. Cash funds source is the Colorado State Titling and Registration Account.						
Personal Services	1,544,397	1,481,298	1,632,274	1,639,881	1,639,881	
FTE	<u>32.8</u>	<u>32.6</u>	<u>34.5</u>	<u>34.5</u>	<u>34.5</u>	
Cash Funds	0	1,481,298	1,632,274	1,639,881	1,639,881	
Cash Funds Exempt	1,544,397	0	0	0	0	
Operating Expenses	<u>146,782</u>	<u>170,979</u>	<u>189,854</u>	<u>281,824</u>	<u>281,824</u>	
Cash Funds	0	170,979	189,854	281,824	281,824	BA 3
Cash Funds Exempt	146,782	0	0	0	0	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (D) - Titles	1,691,179	1,652,277	1,822,128	1,921,705	1,921,705	5.5%
FTE	<u>32.8</u>	<u>32.6</u>	<u>34.5</u>	<u>34.5</u>	<u>34.5</u>	<u>0.0%</u>
Cash Funds	0	1,652,277	1,822,128	1,921,705	1,921,705	5.5%
Cash Funds Exempt	1,691,179	0	0	0	0	0.0%

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

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
(E) Motorist Insurance Identification Database Program						
Maintains the database to compare motor vehicle registration records against insured motorist records to authorize the accurate license suspension of uninsured drivers. The cash funds source is the Motorist Insurance Identification Database Account.						
Personal Services	315,318	285,770	328,824	329,048	329,048	
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds	0	285,770	328,824	329,048	329,048	
Cash Funds Exempt	315,318	0	0	0	0	
Operating Expenses	<u>278</u>	<u>433</u>	<u>500</u>	<u>500</u>	<u>500</u>	
Cash Funds	0	433	500	500	500	
Cash Funds Exempt	278	0	0	0	0	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (E) - Motorist Insurance Identification						
Database Program	315,596	286,203	329,324	329,548	329,548	0.1%
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	0.0%
Cash Funds	0	286,203	329,324	329,548	329,548	0.1%
Cash Funds Exempt	315,596	0	0	0	0	0.0%
(F) Ignition Interlock Program						
Program assists first time drunk driving offenders with obtaining ignition interlock devices to allow those offenders to drive with restrictions.						
Personal Services - Cash Funds	0	0	0	215,158	215,158	DI 5
FTE	0.0	0.0	0.0	5.4	5.4	DI 5
Operating Expenses - Cash Funds	0	0	0	934,842	934,842	DI 5

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (F) - Ignition Interlock Program - CF	0	0	0	1,150,000	1,150,000	n/a
FTE	0.0	0.0	0.0	5.4	5.4	n/a
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (5) - DIVISION OF MOTOR VEHICLES						
	28,963,152	29,894,885	33,655,916	32,838,936	32,838,936	-2.4%
FTE	<u>404.9</u>	<u>419.8</u>	<u>446.5</u>	<u>449.5</u>	<u>449.5</u>	<u>0.7%</u>
General Fund	13,476,346	12,554,958	980,397	0	12,914,528	1217.3%
Cash Funds	10,635,052	17,133,429	28,148,454	32,085,677	19,726,845	-29.9%
HUTF	220,538	206,498	4,505,516	753,259	197,563	-95.6%
Cash Funds Exempt/Reappropriated Funds	4,631,216	0	21,549	0	0	-100.0%

(6) MOTOR CARRIER SERVICES DIVISION

Monitors compliance with statutory weight and size restrictions for commercial vehicles, monitors safety compliance through driver and vehicle inspections at fixed and mobile port station, inspects transporters of hazardous materials, and collects fuel taxes. The cash funds sources are the Highway Users Tax Fund "off-the-top", the Hazardous Materials Safety Fund, and the Nuclear Materials Transportation Fund. The reappropriated funds source is the Motor Carrier Safety Assistance Program.

Personal Services	6,453,166	6,749,253	7,240,207	7,040,639	7,040,639	
FTE	<u>124.6</u>	<u>125.3</u>	<u>131.2</u>	<u>130.2</u>	<u>130.2</u>	
General Fund	571,758	607,691	642,474	555,525	555,525	
Cash Funds	20,572	19,055	33,931	33,344	33,344	
HUTF	5,800,056	6,054,184	6,479,958	6,367,926	6,367,926	
Cash Funds Exempt/Reappropriated Funds	60,780	68,323	83,844	83,844	83,844	
Operating Expenses	<u>414,765</u>	<u>432,186</u>	<u>433,811</u>	<u>381,107</u>	<u>381,107</u>	
General Fund	31,688	37,736	38,045	38,045	38,045	
Cash Funds	0	0	0	0	0	
HUTF	383,077	394,450	395,766	343,062	343,062	BR 1

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Fixed and Mobile Ports Maintenance - HUTF	83,784	213,597	221,545	221,545	221,545	
Motor Carrier Safety Assistance Program - FF	733,068	794,273	762,950	762,950	762,950	
FTE	8.2	8.7	9.0	9.0	9.0	
Hazardous Materials Permitting Program - CF	163,187	174,661	207,434	197,258	197,258	
FTE	3.7	3.8	4.0	4.0	4.0	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (6) - MOTOR CARRIER SERVICES	7,847,970	8,363,970	8,865,947	8,603,499	8,603,499	-3.0%
FTE	<u>136.5</u>	<u>137.8</u>	<u>144.2</u>	<u>143.2</u>	<u>143.2</u>	-0.7%
General Fund	603,446	645,427	680,519	593,570	593,570	-12.8%
Cash Funds	183,759	193,716	241,365	230,602	230,602	-4.5%
HUTF	6,266,917	6,662,231	7,097,269	6,932,533	6,932,533	-2.3%
Cash Funds Exempt/Reappropriated Funds	60,780	68,323	83,844	83,844	83,844	0.0%
Federal Funds	733,068	794,273	762,950	762,950	762,950	0.0%

(7) ENFORCEMENT BUSINESS GROUP

(A) Administration

Administers the functions of the Enforcement Business Group, which includes the Limited Gaming, Liquor and Tobacco law enforcement, Racing events (Horse and Dog Racing), the Hearing Division, and Motor Vehicle Dealer Licensing. Cash funds sources are detailed in the Divisions.

Personal Services	455,609	506,406	524,643	527,440	527,440	
FTE	<u>5.6</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	(14,394)	46,689	32,732	31,360	31,360	
Cash Funds	252,098	349,877	385,940	374,399	374,399	
Cash Funds Exempt/Reappropriated Funds	217,905	109,840	105,971	121,681	121,681	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Operating Expenses	<u>9,286</u>	<u>9,800</u>	<u>10,880</u>	<u>10,880</u>	<u>10,880</u>	
General Fund	(988)	0	556	524	524	
Cash Funds	5,511	7,467	8,100	7,819	7,819	
Cash Funds Exempt/Reappropriated Funds	4,763	2,333	2,224	2,537	2,537	
						<i>Recommend. v.</i>
						<i>Appropriation</i>
SUBTOTAL (A) - Administration	464,895	516,206	535,523	538,320	538,320	0.5%
FTE	<u>5.6</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>0.0%</u>
General Fund	(15,382)	46,689	33,288	31,884	31,884	-4.2%
Cash Funds	257,609	357,344	394,040	382,218	382,218	-3.0%
Cash Funds Exempt/Reappropriated Funds	222,668	112,173	108,195	124,218	124,218	14.8%

(B) Limited Gaming Division

Licenses limited gaming establishments. Conducts background investigations on all gaming employees and monitors compliance with State gaming laws. Conducts audits to ensure that tax remittances from gaming facilities are correct. The cash funds source is the Limited Gaming Fund. Line allocations are determined by the Limited Gaming Control Commission and are not subject to appropriation by the General Assembly.

Personal Services - CF	4,932,751	5,705,604	5,469,175	6,643,998	6,643,998	
FTE	70.6	77.0	76.0	92.0	92.0	
Operating Expenses - CF	502,982	527,947	575,734	613,084	613,084	
Licensure Activities - CF	93,525	130,520	181,497	181,497	181,497	
Investigations - CF	64,177	28,712	263,964	263,964	263,964	
Payments to other State Agencies - CF	3,134,187	3,027,091	2,429,848	3,338,626	3,338,626	
Distribution to Gaming Cities and Counties - CF	100,591,698	85,281,086	23,788,902	23,788,902	23,788,902	
Indirect Cost Assessment - CF	553,509	579,221	602,941	720,824	720,824	NP

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (B) - Limited Gaming Division - Cash						
Funds	109,872,829	95,280,181	33,312,061	35,550,895	35,550,895	6.7%
FTE	70.6	77.0	76.0	92.0	92.0	21.1%
(C) Liquor Enforcement Division						
Enforces alcohol laws; issues licenses and permits to manufacturers, imports, distributors, and sellers of alcoholic beverages. Cash funds source is the Liquor Enforcement Division and State Licensing Authority Cash Fund.						
Personal Services - Cash Funds	1,432,924	1,358,291	1,655,841	1,662,312	1,662,312	
FTE	17.3	17.7	21.0	21.0	21.0	
Operating Expenses - Cash Funds	50,840	50,509	61,296	56,326	56,326	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (C) - Liquor Enforcement Division -						
Cash Funds	1,483,764	1,408,800	1,717,137	1,718,638	1,718,638	0.1%
FTE	17.3	17.7	21.0	21.0	21.0	0.0%
(D) Tobacco Enforcement Program						
Enforces laws prohibiting the sale of tobacco to minors. The cash funds sources are the Tobacco Education Programs Fund and the Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Enforcement Fund.						
Personal Services	376,242	452,645	493,255	495,359	495,359	
FTE	<u>6.3</u>	<u>6.5</u>	<u>7.5</u>	<u>7.5</u>	<u>7.5</u>	
General Fund	71,959	127,764	142,086	142,689	142,689	
Cash Funds	0	324,881	351,169	352,670	352,670	
Cash Funds Exempt	304,283	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Operating Expenses	<u>27,328</u>	<u>27,473</u>	<u>31,379</u>	<u>31,379</u>	<u>31,379</u>	
General Fund	7,042	7,080	7,201	7,201	7,201	
Cash Funds	0	20,393	24,178	24,178	24,178	
Cash Funds Exempt	20,286	0	0	0	0	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (D) - Tobacco Enforcement Program	403,570	480,118	524,634	526,738	526,738	0.4%
FTE	<u>6.3</u>	<u>6.5</u>	<u>7.5</u>	<u>7.5</u>	<u>7.5</u>	<u>0.0%</u>
General Fund	79,001	134,844	149,287	149,890	149,890	0.4%
Cash Funds	0	345,274	375,347	376,848	376,848	0.4%
Cash Funds Exempt	324,569	0	0	0	0	0.0%

(E) Division of Racing Events

Licenses racetracks and individuals in dog and horse racing, allocates race days among racetracks, tests animals for drugs and oversees wagering. The cash funds sources are the Racing Cash Fund and Horse Breeders' and Owners' Awards and Supplement Purse Fund.

Personal Services - Cash Funds	1,241,429	774,349	1,126,630	1,129,370	1,129,370	BA 2
FTE	16.8	10.5	11.7	11.7	11.7	
Operating Expenses - Cash Funds	88,840	54,383	91,385	91,385	91,385	BA 2
Laboratory Services - Cash Funds	101,510	27,875	104,992	104,992	104,992	
Commission Meeting Costs - Cash Funds	750	1,200	1,200	1,200	1,200	
Racetrack Applications - Cash Funds	3,191	18,274	25,000	25,000	25,000	
Purses and Breeders Awards - Cash Funds	1,089,485	1,052,555	1,106,142	1,106,142	1,106,142	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (E) - Division of Racing Events - Cash						
Funds	2,525,205	1,928,636	2,455,349	2,458,089	2,458,089	0.1%
FTE	16.8	10.5	11.7	11.7	11.7	0.0%
(F) Hearings Division						
Conducts hearings on driver's license suspensions and revocations, probationary licenses, habitual traffic offenders, misuse of temporary registration permits, and horse and dog racing licenses. Provides computer support and data analysis for traffic safety programs. Cash funds source is the Driver's License Administrative Revocation Account.						
Personal Services	1,793,734	1,828,927	2,031,657	2,008,018	2,008,018	
FTE	<u>26.7</u>	<u>27.1</u>	<u>28.8</u>	<u>28.8</u>	<u>28.8</u>	
Cash Funds	0	1,828,927	2,031,657	2,008,018	2,008,018	DI 4
Cash Funds Exempt	1,793,734	0	0	0	0	
Operating Expenses	<u>70,295</u>	<u>69,235</u>	<u>73,750</u>	<u>98,938</u>	<u>98,938</u>	
Cash Funds	0	69,235	73,750	98,938	98,938	DI 4
Cash Funds Exempt	70,295	0	0	0	0	
						<i>Recommend. v. Appropriation</i>
SUBTOTAL (F) - Hearings Division	1,864,029	1,898,162	2,105,407	2,106,956	2,106,956	0.1%
FTE	<u>26.7</u>	<u>27.1</u>	<u>28.8</u>	<u>28.8</u>	<u>28.8</u>	<u>0.0%</u>
Cash Funds	0	1,898,162	2,105,407	2,106,956	2,106,956	0.1%
Cash Funds Exempt	1,864,029	0	0	0	0	0.0%

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
(G) Motor Vehicle Dealer Licensing Board						
Licenses automobile dealers, wholesalers, and salespeople, regulates the distribution and sales of motor vehicles, investigates and resolves complaints and legal violations against Board licensees. Cash funds source is the Auto Dealers License Fund.						
Personal Services - Cash Funds	1,640,481	1,553,445	1,780,791	1,789,582	1,789,582	
FTE	25.0	23.5	28.2	28.2	28.2	
Operating Expenses - Cash Funds	69,636	77,689	180,793	119,023	119,023	
						<i>Recommend. v.</i>
						<i>Appropriation</i>
SUBTOTAL (G) - Motor Vehicle Dealer Licensing						
Board - Cash Funds	1,710,117	1,631,134	1,961,584	1,908,605	1,908,605	-2.7%
FTE	25.0	23.5	28.2	28.2	28.2	0.0%
						<i>Recommend. v.</i>
						<i>Appropriation</i>
SUBTOTAL (7) - ENFORCEMENT BUSINESS						
GROUP	118,324,409	103,143,237	42,611,695	44,808,241	44,808,241	5.2%
FTE	<u>168.3</u>	<u>168.3</u>	<u>179.2</u>	<u>195.2</u>	<u>195.2</u>	<u>8.9%</u>
General Fund	63,619	181,533	182,575	181,774	181,774	-0.4%
Cash Funds	115,849,524	102,849,531	42,320,925	44,502,249	44,502,249	5.2%
Cash Funds Exempt	2,411,266	112,173	108,195	124,218	124,218	14.8%
(8) STATE LOTTERY DIVISION						
Operates the State's Lottery through the sale of scratch tickets and online tickets, including tickets for the multi-state lottery (PowerBall). The source of cash funds is the State Lottery Fund. Prior to FY 2008-09, the Lottery Fund was classified as Cash Funds Exempt.						
Personal Services	8,175,629	7,764,011	8,895,196	8,931,192	8,931,192	
FTE	<u>117.8</u>	<u>115.5</u>	<u>126.0</u>	<u>126.0</u>	<u>126.0</u>	
Cash Funds	0	7,764,011	8,895,196	8,931,192	8,931,192	
Cash Funds Exempt	8,175,629	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	Request	Recommendation	
Operating Expenses	<u>1,201,046</u>	<u>1,181,797</u>	<u>1,203,156</u>	<u>1,203,156</u>	<u>1,203,156</u>	
Cash Funds	0	1,181,797	1,203,156	1,203,156	1,203,156	
Cash Funds Exempt	1,201,046	0	0	0	0	
Payments to Other State Agencies	<u>121,335</u>	<u>141,733</u>	<u>239,410</u>	<u>239,410</u>	<u>239,410</u>	
Cash Funds	0	141,733	239,410	239,410	239,410	
Cash Funds Exempt	121,335	0	0	0	0	
Travel	<u>112,329</u>	<u>109,457</u>	<u>113,498</u>	<u>113,498</u>	<u>113,498</u>	
Cash Funds	0	109,457	113,498	113,498	113,498	
Cash Funds Exempt	112,329	0	0	0	0	
Marketing and Communications	<u>8,642,972</u>	<u>11,664,439</u>	<u>14,700,000</u>	<u>14,700,000</u>	<u>14,700,000</u>	
Cash Funds	0	11,664,439	14,700,000	14,700,000	14,700,000	
Cash Funds Exempt	8,642,972	0	0	0	0	
Multi-state Lottery Fees	<u>161,811</u>	<u>101,002</u>	<u>177,433</u>	<u>177,433</u>	<u>177,433</u>	
Cash Funds	0	101,002	177,433	177,433	177,433	
Cash Funds Exempt	161,811	0	0	0	0	
Vendor Fees	<u>9,363,475</u>	<u>8,659,163</u>	<u>12,376,154</u>	<u>12,376,154</u>	<u>12,376,154</u>	
Cash Funds	0	8,659,163	12,376,154	12,376,154	12,376,154	BA 1
Cash Funds Exempt	9,363,475	0	0	0	0	
Prizes	<u>313,796,804</u>	<u>301,506,498</u>	<u>400,264,560</u>	<u>400,264,560</u>	<u>400,264,560</u>	
Cash Funds	0	301,506,498	400,264,560	400,264,560	400,264,560	BA 1
Cash Funds Exempt	313,796,804	0	0	0	0	
Powerball Prize Variance	<u>8,047,280</u>	<u>7,289,207</u>	<u>12,960,000</u>	<u>12,960,000</u>	<u>12,960,000</u>	
Cash Funds	0	7,289,207	12,960,000	12,960,000	12,960,000	BA 1
Cash Funds Exempt	8,047,280	0	0	0	0	

FY 2010-11 Joint Budget Committee Staff Figure Setting
Department of Revenue

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Retailer Compensation	<u>38,392,178</u>	<u>36,480,909</u>	<u>49,290,600</u>	<u>49,290,600</u>	<u>49,290,600</u>	
Cash Funds	0	36,480,909	49,290,600	49,290,600	49,290,600	BA 1
Cash Funds Exempt	38,392,178	0	0	0	0	
Ticket Costs	<u>2,558,910</u>	<u>2,763,037</u>	<u>6,284,000</u>	<u>6,284,000</u>	<u>6,284,000</u>	
Cash Funds	0	2,763,037	6,284,000	6,284,000	6,284,000	BA 1
Cash Funds Exempt	2,558,910	0	0	0	0	
Research	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	
Cash Funds	0	250,000	250,000	250,000	250,000	
Cash Funds Exempt	250,000	0	0	0	0	
Indirect Costs Assessment	<u>458,880</u>	<u>556,672</u>	<u>533,305</u>	<u>549,890</u>	<u>549,890</u>	
Cash Funds	0	556,672	533,305	549,890	549,890	NP
Cash Funds Exempt	458,880	0	0	0	0	
						<i>Recommend. v.</i>
						<i>Appropriation</i>
SUBTOTAL (8) - STATE LOTTERY DIVISION	391,282,649	378,467,925	507,287,312	507,339,893	507,339,893	0.0%
FTE	<u>117.8</u>	<u>115.5</u>	<u>126.0</u>	<u>126.0</u>	<u>126.0</u>	0.0%
Cash Funds	0	378,467,925	507,287,312	507,339,893	507,339,893	0.0%
Cash Funds Exempt	391,282,649	0	0	0	0	0.0%
						<i>Recommend. v.</i>
						<i>Appropriation</i>
TOTAL - DEPARTMENT OF REVENUE	642,550,224	615,062,357	692,116,636	693,449,157	667,004,177	-3.6%
FTE	<u>1,381.1</u>	<u>1,401.5</u>	<u>1,489.8</u>	<u>1,416.9</u>	<u>1,413.2</u>	-5.1%
General Fund	88,689,208	85,657,123	73,741,507	70,566,332	74,783,521	1.4%
Cash Funds	130,335,413	517,080,844	601,529,597	607,613,810	581,517,158	-3.3%
HUTF	8,832,856	9,589,153	13,958,849	12,291,629	8,173,601	-41.4%
Cash Funds Exempt/Reappropriated Funds	413,256,562	1,337,051	1,398,939	1,494,186	1,046,697	-25.2%
Federal Funds	1,436,185	1,398,186	1,487,744	1,483,200	1,483,200	-0.3%

GENERAL NOTE REGARDING DEPARTMENT DECISION ITEM #1b

The Governor has requested, as a component of his Budget Balancing Package for FY 2010-11, a decision item extending the refinance of the Division of Motor Vehicles, Driver and Vehicle Services. The request is to shift \$20,113,225 of General Fund to the Highway Users Tax Fund and the Licensing Services Cash Fund, and to credit all driver's license fees to the Licensing Services Cash Fund. The proposal is an extension of S.B. 09-274, the provisions of which expire at the end of FY 2009-10. Since this bill has not yet become law, staff will figure set to the current law.

The Department has included the refinance in its budget request, so the Committee will see large differences in the fund sources between the Department Request and Staff's recommendation. These differences are concentrated in the Executive Director's Office (common policies and centrally appropriated line items) and the Division of Motor Vehicles. Staff will make a recommendation regarding this issue in the "Options for Budget Balancing" section of this document.

(1) EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office includes a citizens' advocate, a public information officer, and the following units: Central Budget Office, Accounting and Financial Services, Internal Audit, Office of Human Resources, and Office of Research and Analysis. The Executive Director's Office section of the Long Bill includes centrally appropriated direct and indirect costs.

Staffing Summary	Executive Director's Office			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management and Administration	5.0	5.0	5.0	5.0
Central Budget Office	3.8	4.0	4.0	4.0
Accounting and Financial Services	15.8	16.3	16.3	16.3
Internal Auditor	4.4	6.0	6.0	6.0
Human Resources	8.5	9.5	8.5	8.5
Research and Analysis	<u>6.9</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>
Total	44.4	48.8	47.8	47.8

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions.

The Department requests an appropriation of \$3,883,467, including \$982,774 General Fund, \$866,339 cash funds, \$1,396,398 cash funds from the Highway Users Tax Fund (HUTF), and \$587,647 reappropriated funds.

Staff recommends an appropriation of \$3,833,467 and 47.8 FTE including \$1,991,261 General Fund, \$866,648 cash funds, \$387,911 cash funds the HUTF, and \$587,647 reappropriated funds. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Executive Director's Office						
	Total	General Fund	Cash Funds	HUTF	Reapprop. Funds	FTE
FY 2009-10 Long Bill	\$3,987,807	\$2,134,563	\$880,627	\$414,831	\$557,786	48.8
Adjustment for FY 2009-10 Personal Services Cut	77,160	41,301	17,040	8,026	10,793	0.0
August 2009 Budget Reductions	(144,401)	(144,401)	0	0	0	(1.0)
Indirect Costs Adjustments	0	(17,873)	(11,328)	(3,219)	32,420	0.0
PERA Contribution Change (SB 10-146)	<u>(87,099)</u>	<u>(22,329)</u>	<u>(19,691)</u>	<u>(31,727)</u>	<u>(13,352)</u>	<u>0.0</u>
Staff Recommendation	\$3,833,467	\$1,991,261	\$866,648	\$387,911	\$587,647	47.8

Health, Life, and Dental

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees. The Department request is for a total of \$6,971,749, including \$2,450,435 General Fund

Staff recommendation is pending Committee common policy. Staff will ultimately reflect Committee policy in the appropriation for this line item.

Short-term Disability

This line item provides funding for the employer's share of the state employees' short-term disability insurance premiums. The Department's request is for \$101,161, including \$38,944 General Fund.

Pursuant to Committee policy, Staff recommends an appropriation of \$106,075, including \$65,504 General Fund, \$32,133 cash funds, and \$8,438 cash funds from the Highway Users Tax Fund (HUTF).

S.B. 04-257 Amortization Equalization Disbursement

This line item provides additional funding to increase the state contribution for the Public Employees' Retirement Association (PERA). The Department's amended request is for \$1,571,842, including \$608,026 General Fund.

Pursuant to Committee policy, staff recommends, an appropriation of \$1,632,146, including \$1,009,844 General Fund, \$492,865 cash funds, and \$129,437 cash funds from the HUTF.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

This line item provides additional funding to increase the state contribution for PERA. The Department's amended request is for \$1,146,135, including \$443,349 General Fund.

Pursuant to Committee policy, staff recommends, an appropriation of \$1,184,747, including \$733,022 General Fund, \$357,762 cash funds, and \$93,963 cash funds from the HUTF.

Salary Survey and Senior Executive Service

This line item is used to pay for annual increases for salary survey and senior executive service positions. The Department did not request any funding for this line. **Pursuant to Committee policy, staff recommends an appropriation of \$0.**

Performance-based Pay Awards

This line item funds pay increases related to employee performance evaluations. The Department did not request any funding for this line. **Pursuant to Committee policy, staff recommends an appropriation of \$0.**

Shift Differential

This line item funds the adjustment made to compensate employees whose work schedule is outside of the regular Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule. The Department's request is for \$151,331, including \$3,921 General Fund.

Committee policy is to take 80 percent of the FY 2008-09 actuals, less the change contained in the PERA contribution shift. The recommendation is detailed in the table below:

Calculation of Shift Differential				
	General Fund	Cash Funds	HUTF	Total
FY 2008-09 Actual	\$48,105	\$25,367	\$113,815	\$187,287
80 Percent of FY 2008-09 Actual	38,484	20,294	91,052	149,830
Adjustment for PERA Contribution Shift	(862)	(455)	(2,040)	(3,356)
JBC Staff Recommendation	\$37,622	\$19,839	\$89,012	\$146,473

Staff recommends an appropriation of \$146,473, including \$37,622 General Fund, \$19,839 cash funds from various sources and \$89,012 cash funds from the HUTF.

Workers' Compensation

This line item is used to pay the Department's estimated share for inclusion in the State's worker's compensation program for state employees. The program is administered by the Department of

Personnel and Administration. The Department's revised request is for \$621,680, including \$240,219 General Fund.

Staff recommendation is pending Committee common policy. Staff will ultimately reflect Committee policy in the appropriation for this line item.

Operating Expenses (Decision Items 3,4)

This line item provides funding for the Executive Director's Office expenses, including office supplies and materials, telecommunications, travel, training, printing, information technology updates and equipment maintenance and replacement, variable vehicle expenses including maintenance, fuel and insurance for the Department's assigned fleet, and a large portion of the Department capital outlay needs.

The Department has requested an appropriation \$1,076,245, including \$457,071 General Fund, \$499,541 cash funds, and \$119,633 cash funds from the HUTF. The Department's request includes two decision items.

Decision Item # 3 (Vehicle Emissions Enhanced Service Area Expansion)

1. The Department requests a total of \$128,360 cash funds to implement a rule change made by the Air Quality Control Board to expand the Enhanced Emissions Program to portions of Larimer and Weld Counties. The centrally appropriated portion of the request that applies to this line item is \$9,340 cash funds. **Staff recommends approval of this portion of the Decision Item.** The request will be discussed in detail in the Vehicle Emissions section in the Division of Motor Vehicles.

Decision Item # 4 (Interactive Voice Response Phone System for Hearings Division)

The Department requests a transfer \$30,028 cash funds from Personal Services in the Enforcement Business Group, Hearings Division to several line items to purchase, deploy and maintain an interactive voice response system to conduct hearings by telephone. The centrally appropriated portion of the request the applies to this line is \$4,840 cash funds. **Staff recommends approval of this portion of the Decision Item.** The request will be discussed in detail in the Hearing Division of the Enforcement Business Group.

Staff recommends an appropriation of \$1,076,245, including \$501,837 General Fund, \$454,775 cash funds, and \$119,633 cash funds from the HUTF. The calculation of the recommended appropriation is detailed in the following table.

Executive Director's Office - Operating Expenses Appropriation Detail				
	Total	General Fund	Cash Funds	HUTF
FY 2009-10 Long Bill Appropriation	\$1,058,887	\$501,837	\$437,417	\$119,633
HB 09-1173 (Contraband Tobacco Products) appropriation	5,228	0	5,228	0

Executive Director's Office - Operating Expenses Appropriation Detail				
	Total	General Fund	Cash Funds	HUTF
HB 09-1246 (Court-ordered Defensive Driving Schools) appropriation	2,614	0	2,614	0
SB 09-003 (Motor Vehicle Emission Program Expansion) appropriation	2,614	0	2,614	0
SB 09-006 (County Jail ID Unit) appropriation	17,521	0	17,521	0
SB 09-274 (Refinancing of Division of Motor Vehicle)	0	(40,753)	40,753	0
Annualization of 2009 Session bills	(17,889)	40,753	(58,642)	0
Annualization of 2009 Decision Item	(6,910)	0	(6,910)	0
<u>Decision Items recommended by staff</u>				
DI #3 - Vehicle Emissions Enhanced Service Area Expansion	9,340	0	9,340	0
DI #4 - Interactive Voice Response Phone System	<u>4,840</u>	<u>0</u>	<u>4,840</u>	<u>0</u>
Staff Recommendation	1,076,245	501,837	454,775	119,633

Legal Services

This line item funds the cost of purchasing legal services from the Department of Law based of the Department's level of legal service hours and the hourly rate which will be set by the Committee. The Department requests an appropriation for legal service hours of 16,565 hours and \$1,256,180, including \$859,995 General Fund, \$384,410 cash funds from various sources, and \$11,775 cash funds from the HUTF.

Budget Amendment #4 - Conservation Easement Backlog

As part of the Department's request for resources to process the backlog in Conservation Easements, the Department requires an additional 5,400 legal service hours for the next five years. The appropriation will come from the General Fund. **Staff's recommendation on this Budget Amendment is pending.** Staff will present the request and staff recommendation at a later date.

Staff recommendation is for an appropriation of 11,165 legal services hours, pending consideration of Budget Amendment #4. The appropriation recommendation is pending Committee common policy on the rate for legal service hours. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Administrative Law Judge Services

This line item funds the purchase of administrative law judge and paralegal services frm the Division of Administrative Hearings. The Department has requested \$14,968 cash funds.

Staff recommendation is pending Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

General Note Regarding Information Technology Line Items

As part of the consolidation of the State's information technology resources in the Governor's Office of Information Technology (OIT), there are proposed changes to a number of line items in the Department's budget request.

Primarily, these are located in the Executive Director's Office and the Information Technology Division. As personnel are shifted to OIT, the personal services expenses in the Department will be greatly reduced, while the costs of services provided by OIT will increase. Overall, based on the Governor's request, and pending Committee action, the Department will see its overall IT expenditures reduced by \$921,660

Purchase of Services from Computer Center

This line item is for the purchase of services from the Computer Center from the Department of Personnel and Administration. The Department's amended request is for \$9,353,987, including \$5,392,263 General Fund, \$2,445,210 cash funds, \$1,126,978 cash funds from the HUTF, and \$389,536 reappropriated funds.

Staff recommendation is pending Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Multiuse Network Payments

This line item is used to pay the Department's share of the statewide multi-use network. The Department's amended request is for \$3,527,352, including \$329,806 General Fund, \$2,905,435 cash funds, \$266,460 cash funds from the HUTF, and \$25,651 reappropriated funds.

Staff recommendation is pending Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Management and Administration of OIT

This line item provides funding for the Department's share of the expenses of the Administration Division in the Office of Information and Technology (OIT). The Department's request is for \$1,037,799, including \$751,165 General Fund, \$187,681 cash funds, \$68,801 cash funds from the HUTF, and \$30,152 reappropriated funds.

Staff recommendation is pending Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Payment to Risk Management and Property Funds

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program (which provides coverage related to liability claims); and (2) the property program (which provides insurance coverage for state buildings and their contents). The Department's request is for \$68,350, including \$25,029 General Fund, \$36,938 cash funds, and \$6,383 cash funds from the HUTF.

Staff recommendation is pending Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles. The Department requested \$523,468, including \$110,514 General Fund.

The Department's request incorporates an two statewide common policy decision items. The Annual Fleet Vehicle Replacements increases the request by \$12,153, including \$15,413 General Fund and the Annual Fleet Vehicle Replacement Technical True-up increases the request by \$21,913 including \$17,538 General Fund.

The Department requested three replacement vehicles. These are cargo vans used by the Ports of Entry section of Motor Carrier Services for the mobile ports of entry. These vehicles each have will have well over 100,000 miles as of June 2011, and they are driven many miles in search of commercial vehicles avoiding fixed ports of entry. **Staff recommends approval of the replacement of these three vehicles.**

Staff recommendation is pending Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Leased Space (Budget Amendments # 4 & 5)

This line item funds leasing costs for more than 80 office locations throughout the state, mostly for Drivers License Offices and State Lottery Offices. The breakdown of the uses of the leased space is shown in the table below. The Department has requested an appropriation of \$2,791,629, which includes annualization of a 2009 decision item.

The following table shows a breakdown of the Department's leased space *base* request for the various programs within the Department.

	FY 2008-09 Actual		FY 2009-10 Appropriation		FY 2010-11 Request.	
	Sq. Ft.	Total	Sq. Ft.	Total	Sq. Ft.	Total
Cash Documents	13,473	\$ 27,500	13,473	\$ 31,500	13,473	\$ 31,550
Information Technology	264	4,455	264	4,770	264	4,770
Taxation	22,269	292,451	25,311	456,580	25,311	471,798
Motor Vehicle	82,796	1,284,767	82,796	1,401,602	82,796	1,428,055
Enforcement	12,705	153,194	12,705	161,410	20,345	183,014
State Lottery	<u>63,805</u>	<u>671,782</u>	<u>63,805</u>	<u>665,584</u>	<u>62,038</u>	<u>638,442</u>
Total	195,312	\$2,434,149	198,354	\$2,721,446	204,227	\$2,757,629

Budget Amendment # 4

The Department request includes \$13,600 General Fund as part of the budget amendment to deal with the Conservation Easement backlog. **Staff's recommendation is pending.** This budget amendment will be discussed at a later date.

Budget Amendment # 5

As part of its Tax Code Compliance Initiatives, the Department is requesting \$20,400 General Fund for space for the additional FTE. The amendment will be discussed in detail in the Taxation and Compliance section of this document. **In that discussion, staff recommends against approval of this portion of the request.**

Staff recommends an appropriation of \$2,757,629, including \$1,649,861 General Fund, and \$1,107,768 cash funds.

Capitol Complex Leased Space

This line item funds payment to the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the Capitol Complex. The Department has requested a total of \$1,674,939, including \$1,300,313 the following leased space within the Capitol Complex Facilities:

<u>Location</u>	FY 2009-10 Appropriation	FY 2010-11 Recommendation
	Sq. Ft.	Sq. Ft.
Capitol Complex	74,580	74,580
Grand Junction	5,869	5,869
North Campus	5,700	5,700
Pierce Street	<u>116,448</u>	<u>116,448</u>
Total	202,597	202,597

Staff recommends providing sufficient funding to cover the leased space costs for a total of 202,597 square feet, as identified in the table above. Staff recommendation for the appropriation is pending Committee common policy on lease rates. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Communications Services Payments

This line item funds the Department's payments to the Department of Personnel and Administration to support the statewide Digital Trunked Radio system per Common policy. The Department's request is for \$66,137, including \$20,105 General Fund.

Staff recommendation is pending Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Utilities

This line item provides funding to support the cost of utilities at the Departments state-owned facilities that include driver's license offices, ports-of-entry, and gaming offices. The Department has requested a continuation appropriation of \$247,119, including \$104,440 General Fund. This request includes \$2,224 cash funds to annualize the implementation of SB 07-241.

Staff recommends a continuation appropriation of \$247,119, including \$104,440 General Fund, \$103,416 cash funds from the HUTF, and \$39,263 cash funds from various sources.

(2) CENTRAL DEPARTMENT OPERATIONS

This division picks up, receives, sorts, and distributes documents, checks, cash, correspondence and other documents for the Department. It maintains business tax account registrations and prepares business tax documents, validating each non-processable document with an identification number. It batches and prepares processable documents, encodes and endorses checks, assigns validation numbers and captures information from tax documents with scan lines, produces images of all checks and most documents, and prepares checks for deposit.

The division enters tax data into the tax information systems, and reviews and corrects data before it posts to the master files. It establishes taxpayer accounts and taxpayer liability, and deposits payments, including electronic funds transfers, and prepares refunds. Last year the division processed approximately 6.4 million pieces of outgoing mail and approximately \$10 billion in of tax and fee payments. The division also designs and produces the Department's more than 2,448 forms and publications, including web-based forms, and mails motor vehicle titles, income tax refund warrants, tax forms, tax coupon books, notices of driver hearings and other confidential and time sensitive materials. The division ensures proper storage, retention, and disposition of all Department records.

Central Department Operations				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management/Supervisors	7.9	8.0	8.0	8.0
Administrative Support	52.4	54.9	50.0	50.0
Accountants	11.9	12.0	9.0	9.0
Professionals	12.3	12.0	12.0	12.0
Tax Examiners	<u>22.2</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>
Total	106.7	109.9	102.0	102.0

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requests an appropriation of \$5,210,827 and 102.0 FTE, including \$4,559,239 General Fund. The Department's request includes the refinance of DMV (staff recommends against this) and the PERA contribution shift that would result from the passage of SB 10-146 (reducing the appropriation by \$112,270, including \$98,231 General Fund).

Staff recommends an appropriation of \$5,210,827 and 102.0 FTE, including \$4,812,416 General Fund, \$217,820 cash funds from various sources, \$97,786 cash funds from the HUTF, and \$82,805 reappropriated funds from the Limited Gaming Fund and State Lottery Fund. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Central Department Operations						
	FTE	General Fund	HUTF	Cash Funds	Reapprop. Funds	Total
FY 2009-10 Long Bill	109.9	\$5,152,376	\$216,549	\$102,007	\$67,735	\$5,538,667
SB 09-275 Appropriation	0.0	30,121	0	0	0	30,121
Annualize SB 09-275 appropriation	0.0	(30,121)	0	0	0	(30,121)
Adjustment for FY 2009- 10 Personal Service reduction	0.0	99,693	4,190	1,974	1,311	107,168
Annualize August 2009 budget reductions	(7.9)	(322,738)	0	0	0	(322,738)
Indirect Costs Adjustments	0.0	(18,684)	1,774	1,367	15,543	0

Personal Services Calculation Central Department Operations						
	FTE	General Fund	HUTF	Cash Funds	Reapprop. Funds	Total
PERA Contribution Shift (SB 10-146)	0.0	(98,231)	(4,693)	(7,562)	(1,784)	(112,270)
Staff Recommendation	102.0	\$4,812,416	\$217,820	\$97,786	\$82,805	\$5,210,827

Seasonal Tax Processing

While the Department receives and processes tax and fee payments year-round, this line item funds the seasonal processing expenses that occur during the individual income tax filing season. The Department requests an appropriation of \$397,545 General Fund, which is sufficient to fund 13 temporary employees during the tax processing season.

Staff recommends a continuation appropriation of \$397,545 General Fund.

Operating Expenses (Decision Items #1 & 2, Budget Amendment 5)

This line item provides the Department its forms creation and processing (approximately 50% of the line), and general office supplies for the Division. Prior to FY 2007-08, this line included postage, which for FY 2007-08, was broken out in a separate line item. The Department requests \$1,191,888, including \$10,921,594 General Fund. The request includes annualization of special bills and the August 2009 budget reductions (a reduction of \$7,505 General Fund).

Decision Item #1

The Department requests \$2,431 General Fund in FY 2010-11 for the Treasury Offset Program discussed in detail in the Postage line item. Staff will recommend approval of this decision item.

Decision Item #2

The Department requests \$23,697 General Fund in FY 2010-11 for the Delinquency Billings Program discussed in detail in the Postage line item. Staff will recommend approval of this decision item.

Staff recommends an appropriation of \$1,191,888, including \$1,055,001 General Fund and \$136,887 cash funds from various sources.

Postage (Decision Items # 1, 2, & Budget Amendment #5)

Due to the volume of mail that it handles, the Department operates its own mail center, as opposed to most Departments that use the centralized mail center in the Department of Personnel and Administration. The Department mails a wide variety of items to taxpayers and licensees, including tax forms, motor vehicle titles, driver license renewal applications, reminders, bill, refund warrants, inquiries, licenses, hearing notices, tax booklets, and other miscellaneous documents.

The Department has requested \$2,902,699, including \$2,639,800 General Fund, \$248,990 cash funds and \$13,909 cash funds from the HUTF. The request incorporates: 1) Decision Item # 1 (Treasury Offset Program) for \$149,799 General Fund; 2) Decision Item # 2 (Delinquency Billings) for \$140,152 General Fund; 3) Budget Amendment # 5 (Tax Code Initiatives) for \$19,497 General Fund; and a non-prioritized budget amendment (mail equipment upgrade) for \$1,344 General Fund. The Department's decision items/budget amendments will be discussed in the Taxation and Compliance Division section of this document.

Staff recommends an appropriation of \$2,902,699, including \$2,639,800 General Fund, \$248,990 cash funds from various sources, and \$13,909 cash funds the HUTF. This recommendation includes the two decision items described above as well as a Statewide decision item. Staff will adjust the appropriation to reflect Committee action on the statewide decision item.

Pueblo Data Entry Center Payments

This line item provides funding for the data entry services provided by the Department of Personnel and Administration to capture information from paper tax forms and from driver's license documentation. The Department requests \$1,879,728, including \$1,875,719 General Fund. The request includes a reduction of \$70,649 from the August 2009 budget reductions.

Staff recommends an appropriation of \$1,879,728, including \$1,875,719 General Fund, and \$4,009 cash funds from various sources.

DOCUMENT IMAGING AND STORAGE

This line provides funding for the Department to image and store tax returns and related documentation primarily for audit purposes, account error resolutions, or taxpayer requests and inquiries. The Department requests \$394,290 General Fund, which includes a reduction of \$50,805 as a result of the August 2009 budget reductions.

Staff recommends an appropriation of \$394,290 General Fund.

(3) INFORMATION TECHNOLOGY DIVISION

The Division is responsible for the maintenance of the Department systems for three business groups and the Executive Director's Office. The division has two subdivisions, Systems Support, which provides most of the Department's information technology services, and the Colorado State Titling and Registration System (CSTARS) unit, which supports the CSTARS information system.

Due to the consolidation of information technology services into the Governor's Office of Information Technology, most of the appropriations in this Division are being transferred to the Governor's Office. A statewide decision item has been proposed to complete the consolidation in FY 2010-11. The Department will then be charged back for those services through centrally-appropriated line items in

the Executive Director's Office. Overall, the consolidation will reduce the expenses of the Department by \$921,660.

(A) SYSTEMS SUPPORT

This unit currently supports 51 separate tax information systems; systems for driver's licenses, vehicle records, accident statistics, and fuel taxes; the International Registration Plan, the Commercial Vehicle Electronic Credentialing system and ports of entry business system; and enforcement systems for licensing, reporting, tax filing, and case management. It also provides production and enterprise services, data and voice communication infrastructure, information security, personal computer support, and centralized print operations. In addition, this unit responsible for programming that implements session legislation, and has a dedicated budget for that purpose.

Staffing Summary	Information Technology Division System Support			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management and Administration	6.2	6.0	0.0	0.0
Programmer/Analysts	33.5	35.0	0.0	0.0
Database Analysts	6.5	6.0	0.0	0.0
Network Support	5.5	7.8	0.0	0.0
Computer Support	9.3	10.0	0.0	0.0
Other Support	12.9	13.1	0.0	0.0
Telecommunications	2.0	2.0	0.0	0.0
Legislative Programming	<u>1.3</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>
Total	77.2	82.1	2.2	2.2

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requested an appropriation of \$25,235 and 0.0 FTE, including \$17,760 General Fund. This request includes a reduction of \$5,806,488 and 74.7 FTE that is being transferred to OIT, and \$124,652 for the PERA contribution shift.

Staff's recommendation for this line is pending final numbers from the OIT staff consolidation. Staff will reflect the approved Committee decision in the Long Bill.

Personal Services Calculation Information Technology Division - Systems Support						
	FTE	General Fund	HUTF	Cash Funds	Reapprop. Funds	Total
FY 2009-10 Long Bill	79.9	\$4,560,533	\$923,259	\$351,075	\$399,247	\$6,234,114
Adjustment from FY 2009-10 Personal Services Reduction		88,241	17,864	6,793	7,725	120,623
Annualization of August 2009 budget reductions	(5.2)	(398,362)	0	0	0	(398,362)
Indirect Costs Adjustment		(58,597)	(67,800)	25,775	100,622	0
Statewide Information Technology staff consolidation	(74.7)	Pending	Pending	Pending	Pending	Pending
PERA Contribution shift (SB 10-146)		<u>(87,724)</u>	<u>(18,276)</u>	<u>(8,029)</u>	<u>(10,623)</u>	<u>(124,652)</u>
Staff Recommendation	0.0	Pending	Pending	Pending	Pending	Pending

Operating Expenses

This line funds information technology related contracts for the Department, telecommunications expenses, general office supplies, and printing costs. The Department requests an appropriation of \$6,983,989 General Fund.

Staff recommends an appropriation of \$698,398, including \$659,759 General Fund and \$38,639 cash funds.

Programming Costs for 2008 Session Legislation (Budget Amendment 1a)

The line funds the costs for the Department to reprogram its information technology systems. Typically, programming changes are identified in a bill's fiscal note and represent only the changes for that bill. In some cases, where bills deal with similar subjects (such as adding an income tax checkoff line), economies of scale may be achieved in programming costs. This line item eliminates the need for the Department's programming costs to be included as an appropriation to the bill. The General Fund appropriation is used mostly for programming income tax credit and exemption bills, income tax checkoff bills, and special license plate bills. The cash funds appropriation is typically used for programming costs license plate bills and other motor vehicle bills.

The Department requested and received supplemental funding for this line of \$65,470 General Fund and \$66,509 cash funds for FY 2009-10. Economies of scale reduced the funding required by \$30,788, including \$24,646 General Fund.

Budget Amendment 1a

The Department requested a budget amendment to the FY 2010-11 budget request to increase the appropriation by a total of \$17,392, including \$6,242 General Fund and \$11,150 cash funds. The request is based on the already identified the need for programming costs in FY 2010-11 for 2009 session bills. Especially for General Funded bills, the required funding is \$73,088, which exceeds the requested General Fund appropriation for FY 2010-11 by \$6,242. This is a one-time request because of the circumstances surrounding some 2009 session bills that require programming resources in FY 2010-11.

The Department and OSPB are concerned that when it comes time for the supplemental true-up in January 2011, because these costs were known ahead of time, that they would not meet the Joint Budget Committee's supplemental criteria. Based on that concern, **Staff recommends approval of the Department's budget amendment.** There will almost certainly be 2010 session bills that require programming costs from the General Fund, so a true-up supplemental will still be required.

Expenditure History Programming Cost for Session Legislation						
	FY 2003-04	FY 2004-05	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Long Bill						
General Fund	\$16,744	\$16,744	\$16,744	\$66,846	\$66,846	\$66,846
Cash Funds Exempt/ Cash Funds	<u>78,951</u>	<u>78,951</u>	<u>78,951</u>	<u>159,942</u>	<u>159,942</u>	<u>159,942</u>
Total	95,695	95,695	95,695	226,788	226,788	226,788
Supplemental Bill*						
General Fund	4,816	63,052	50,102	19,930	57,234	65,470
Cash Funds Exempt/ Cash Funds	<u>7,922</u>	<u>28,619</u>	<u>80,991</u>	<u>(93,505)</u>	<u>(81,996)</u>	<u>66,509</u>
Total	12,738	91,671	131,093	(73,575)	(24,762)	131,979
Long Bill + Supp. Bills						
General Fund	\$21,560	\$79,796	\$66,846	\$86,776	\$124,080	\$132,316
Cash Funds Exempt/ Cash Funds	<u>\$86,873</u>	<u>\$107,570</u>	<u>\$159,942</u>	<u>\$66,437</u>	<u>\$77,946</u>	<u>\$226,451</u>
Total Appropriation	\$108,433	\$187,366	\$226,788	\$153,213	\$202,026	\$358,767

Staff recommends an appropriation of \$244,180 and 2.2 FTE, including \$73,088 General Fund and \$171,092 cash funds from various sources.

(B) COLORADO STATE TITLING AND REGISTRATION SYSTEM

The Colorado State Titling and Registration System (CSTARS) 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). CSTARS was created in 1983 to automate the distribution of vehicle registration taxes. CSTARS enables Colorado's 64 county clerks offices to issue more than 2 million vehicle titles and 4.3 million vehicle registrations every year. This appropriation funds hardware, software, and technical support to maintain the system and ensure adequate access for the county clerks.

The CSTARS unit is supported by the Colorado State Titling and Registration System account, a subaccount of the Highway Users Tax Fund, under Section 42-1-211 (2), C.R.S. Sources of Revenue include a share of fees and taxes for titling and registering motor vehicles; for titling manufactured homes; and for the sale of some special license plates.

Insolvency of Colorado State Titling and Registration Account.

At the staff briefing for the Department of Revenue in December 2008, and again in December 2009, staff advised the Committee that the Colorado State Titling and Registration Account (Account) of the Highway Users Tax Fund (HUTF) was potentially headed for insolvency. *At that time of the 2008 briefing*, the projection for the fund was that by the end of FY 2009-10, the fund balance in the Account would be down to \$345,000, low for an account that has annual expenditures approaching \$12 million. It was projected that the Account would have a negative fund balance of \$2.5 million at the end of FY 2010-11.

Table 1 below compares the October 2008 projections for FY 2008-09 with the actual data.

Table 1 Colorado State Titling and Registration Account FY 2008-09 Estimated vs Actual Expenditures			
	October 2008 Estimate	Actual	Difference
Beginning Balance	\$5,628,912	\$5,628,913	\$1
Revenues	8,886,962	8,343,392	(543,570)
Expenditures			
EDO Indirect Costs	260,953	260,953	0
EDO Central Appropriations	2,318,499	2,128,473	(190,026)
Central Department Operations	244,681	233,909	(10,772)
Information Technology Division			
CSTARS Personal Services	2,330,535	2,112,904	(217,631)
CSTARS Operating Expenses	2,596,109	2,366,374	(229,735)
County Office Asset Maintenance	568,230	410,569	(157,661)
County Office Improvements	103,578	100,750	(2,828)
Rollforward Expenses	0	11,029	11,029
Legislative Programing	159,942	18,496	(141,446)

Table 1 Colorado State Titling and Registration Account FY 2008-09 Estimated vs Actual Expenditures			
	October 2008 Estimate	Actual	Difference
Indirect Costs	467,029	467,029	0
Division of Motor Vehicles			
Driver & Vehicle Personal Services	339,424	338,647	(777)
Titles Personal Services	1,603,458	1,554,865	(48,593)
Titles Operating Expenses	174,711	170,979	(3,732)
Rollforward Expenses	0	16,134	16,134
Indirect Costs	72,008	72,008	0
Decision Items	0	(581,927)	(581,927)
Total Expenditures	<u>11,239,157</u>	<u>9,681,192</u>	<u>(1,557,965)</u>
Ending Balance	\$3,276,717	\$4,291,113	\$1,014,396

Although revenues declined even more than expected in FY 2008-09 (decline of \$0.54 million), expenditures declined by \$1.56 million. Part of that was the result of a refund of some expenditures for the CSTARS rewrite project that was cancelled. As a result, the Account now has a projected fund balance at the end of FY 2009-10 of \$1.5 million instead of the earlier projection of \$350,000. However, seen in the Table 2, in the "Ending Fund Balance" line, the projected fund balance at the end of FY 2010-11 is a *negative* \$1.5 million.

House Bill 10-1341 (Judd) has been introduced to address the insolvency, at least in the short-term. The bill would transfer the unappropriated balance of the Motorist Insurance Information Database (MIIDB) account to the CSTAR account. The MIIDB account is projected to have a surplus of \$2.2 million in FY 2009-10 and \$2.3 million in FY 2011-12. Under current law, these excess funds are transferred to the Highway Users Tax Fund at the end of the fiscal year. *If this bill is enacted into law*, the short-term insolvency of the CSTAR account is solved. This is shown in the last line of Table 2, "Fund Balance after MIIDB Transfer". However, the problem returns in the first year (FY 2011-12) where the transfer is discontinued.

Table 2 Colorado State Titling and Registration Account Fund Balance Projections (October 2009)					
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	Actual	Actual	Estimate	Request	Projected
Beginning Fund Balance	\$7,225,970	\$5,628,913	\$4,291,113	\$1,484,695	(\$1,531,841)
Revenues	8,985,785	8,343,392	8,057,198	7,991,710	7,986,800
Operating Expenditures	10,582,842	9,681,192	10,863,616	11,008,246	11,169,434
Ending Fund Balance	\$5,628,913	\$4,291,113	\$1,484,695	(\$1,531,841)	(\$4,714,475)
Transfers from the Motorist Insurance Identification Database Account	<u>0</u>	<u>0</u>	<u>2,200,403</u>	<u>2,278,904</u>	<u>0</u>
Ending Fund Balance after MIIDB Transfer (HB 10-1341)	\$5,628,913	\$4,291,113	\$3,685,098	\$2,947,466	(\$235,168)

Staff recommends that the Committee continue the request for Information that the Department provide the Joint Budget Committee with quarterly reports on the status of revenues and expenditures in the Colorado State Titling and Registration Account in FY 2010-11. This Request for Information will be included in the section at the end of the document titled Footnotes and Requests for Information.

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requests funding of \$2,655,981 cash funds and 31.5 FTE.

Information Technology Division Colorado State Titling and Registration System				
Staffing Summary	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-11
	Actual	Appropriation	Request	Recommendation
Management & Administration	2.1	2.2	0.0	0.0
Customer Support	9.2	8.5	0.0	0.0
Computer Support	7.6	7.0	0.0	0.0
Network Support	4.0	5.8	0.0	0.0
Programmers/Analysts	<u>5.0</u>	<u>8.0</u>	<u>0.0</u>	<u>0.0</u>
Total	27.9	31.5	0.0	0.0

Staff's recommendation for this line is pending final numbers from the OIT staff consolidation.
Staff will reflect the approved Committee decision in the Long Bill.

Personal Services Calculation Colorado State Titling and Registration System		
	FTE	Cash Funds
FY 2009-10 Long Bill	31.5	\$2,605,566
Adjustment for FY 2009-10 Personal Services Reduction		50,415
Annualization of FY 2009-10 Decision Item (Update for CSTARS)		(230,020)
PERA Contribution shift (S.B. 10-146)		(44,277)
Information Technology Staff Consolidation	<u>(31.5)</u>	<u>Pending</u>
Staff Recommendation	0.0	Pending

Operating Expenses

This line item funds information technology related contracts for the Department as they relate specifically to the Colorado State Titling and Registration System. Other costs include telecommunications expenses, general office supplies and printing expenses. The Department has requested an appropriation of \$2,617,535 cash funds from the CSTARS account.

The Department request includes annualization of FY 2009-10 decision items for the update for CSTARS (reduction of \$60,800) and for the County Office Improvements decision item (increase of \$11,174). **Staff recommends an appropriation of \$2,617,535 cash funds** from the CSTARS account.

County Office Asset Maintenance

This line item was created in the FY 2006-07 as a way to track the replacement of the counties' CSTARS infrastructure. It is intended to provide funding for replacement of infrastructure every four years (the Office of Information Technology standard for replacement of this type of equipment is every three years). The Department is requesting continuation funding of \$568,230 cash funds from the CSTAR account.

Staff recommends an appropriation of \$568,230 cash funds from the CSTAR Account.

County Office Improvements

This line item was created in FY 2007-08 to provide funding for improvements to and expansion of county offices to provide services related to CSTARS. Counties are required by statute (Section 42-1-210, C.R.S.) to provide motor vehicle title and registration services in a manner that is convenient and easily accessible to the public. The State (Department of Revenue) is required to provide necessary data processing equipment, software, support, and training to support the counties (Section 42-1-211,

C.R.S.) The line item was established to provide for a stable appropriation to fund the expansion and improvements to the CSTAR system.

Funding requests for this line item are based on approval from the CSTARS Advisory Committee (Section 42-1-211 (4), C.R.S.), which receives and prioritized request from the counties for funding the expansions and improvements in county offices. The line was established with a base appropriation of \$40,000 for FY 2008-09.

The request includes annualization of an FY 2009-10 decision item which reduces the appropriation by \$47,377. **Staff recommends an appropriation of \$40,000 cash funds** from the Colorado State Titling and Registration Account.

(4) TAXATION BUSINESS GROUP

This group is charged with 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, the Taxpayer Service Division, the Tax Conferee, which carry out programmatic functions, and a Special Purpose section for administering various rebates, distributions, and grants.

(A) ADMINISTRATION

The Group's administrative functions are located here, including senior management, budgetary and support functions.

Staffing Summary	Taxation Business Group Administration			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management and Administration	2.0	2.0	2.0	2.0
Financial Services	<u>4.2</u>	<u>5.0</u>	<u>4.0</u>	<u>4.0</u>
Total	6.2	7.0	6.0	6.0

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department is requesting an appropriation that incorporates the August budget reductions the reduced funding by \$59,045 General Fund and 1.0 FTE. The request is for an appropriation \$553,319 General Fund and 6.0 FTE. This includes \$618,647 General Fund. The request includes a reduction of \$12,473 for the PERA contribution shift envisioned in S.B. 10-146.

Staff recommends an appropriation of \$553,317 and 6.0 FTE, including \$548,110 General Fund and \$5,209 cash funds. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Taxation Business Group - Administration				
	FTE	General Fund	Cash Funds	Total
FY 2009-10 Long Bill	7.0	\$618,647	\$6,190	\$624,837
Annualization of August budget reductions	(1.0)	(59,045)	0	(59,045)
Indirect Costs Adjustment		864	(864)	0
PERA Contribution Adjustment		<u>(12,356)</u>	<u>(117)</u>	<u>(12,473)</u>
Staff Recommendation	6.0	\$548,110	\$5,209	\$553,319

Operating Expenses

This line item funds the Taxation Group's portion of a high volume printer that several groups share. This printer is capable of producing the forms and mass billings that the Taxation Group requires. The line also funds general office expenses needed for this section. The Department requests an appropriation of \$14,050 General Fund, which incorporates \$950 of reduced funding from the August 2009 budget reductions.

Staff recommends an appropriation of \$14,050 General Fund.

(B) TAXATION AND COMPLIANCE DIVISION

This division enforces Colorado's tax laws. It conducts more than 7,000 field audits each year, primarily for retail sales tax, consumer use tax, corporate income tax, and mineral royalties. Tax agents are located in Denver and in six district offices around Colorado, as well as in San Francisco, Dallas, and New Jersey. The division's new Discovery Unit investigates the nexus or legal presence of taxpayers to determine if their presence in Colorado is sufficient to subject them to Colorado tax laws. Division staff also contacts delinquent taxpayers; verify licensing; issues distraint warrants; file property tax liens, transcripts of judgment, bankruptcy claims, writs of garnishment; and refer cases for criminal prosecution when necessary. The Division also manages the Joint Audit Program, the Joint Federal/State Motor Fuel Tax program and the Mineral Audit Program.

A breakdown of the Division's staffing is shown in the table below.

Taxpayer Business Group Taxation and Compliance (Including Mineral Audit Program)				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 request	FY 2010-11 Recommendation
Management and Administration	18.4	17.4	19.2	19.2
Revenue Agent	77.8	110.8	116.4	116.4
Compliance Agent	36.5	37.8	38.0	38.0
Tax Examiners	67.6	70.3	75.8	Pending
Criminal Investigator	1.0	1.0	1.0	1.0
Program Assistants	<u>2.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total	204.1	238.3	251.4	175.6

*includes Mineral Audit Program

Decision Item #1 - Treasury Offset Program

The Department requests a total of \$158,680 General Fund to fully implement a "treasury offset program" that would notify Colorado taxpayers who owe Colorado taxes of the Department's intent to intercept federal tax returns. The federal program was established in 1996 in 26 U.S.C. §6402 to allow states to intercept federal tax refunds to settle taxes owed to the states. The law requires participating states to notify taxpayers of the State's intent to intercept the federal refunds by certified mail/return receipt required. The costs of these notifications are detailed by line item in the table below:

Decision Item # 1 - Treasury Offset Program				
Line Item Detail				
	Base Request	Change Request	November 1 Request	Purpose
(2) Central Department Operations				
Operating Expenses - Total	\$1,164,112	\$2,431	\$1,166,543	Creation of the forms necessary for the notices
General Fund	1,027,225	2,431	1,029,656	
Cash Funds	136,887	0	136,887	
Postage - Total	2,591,907	149,799	2,741,706	First class postage, certified mail, electronic return receipt.
General Fund	2,329,008	149,799	2,478,807	
Cash Funds	248,990	0	248,990	
HUTF	13,909	0	13,909	
(4)Taxation Business Group (B) Taxation and Compliance Division				

Decision Item # 1 - Treasury Offset Program Line Item Detail				
	Base Request	Change Request	November 1 Request	Purpose
Operating Expenses - Total	<u>1,049,718</u>	<u>6,450</u>	<u>1,056,168</u>	Labeling for electronic return receipt.
General Fund	1,039,252	6,450	1,045,702	
Cash Funds	10,466	0	10,466	
Total for Request	<u>\$4,805,737</u>	<u>\$158,680</u>	<u>\$4,964,417</u>	
General Fund	4,395,485	158,680	4,554,165	
Cash Funds	396,343	0	396,343	
HUTF	13,909	0	13,909	

The Department estimates that full implementation of the program would increase state General Fund revenues by \$4.2 million in FY 2010-11. At any given time, the Department manages over \$200 million in delinquent tax payments. The Department uses a variety of methods to attempt to collect these debts. The Department states that this program is one of the most efficient ways for the State to collect those debts.

The Department states that it collects almost \$120, on average, for each letter of notification sent. In past years, the Department has had a limited participation in the program, mainly as a result of a lack of funds to fully implement. The major cost is for postage to mail letters. The appropriation required is a total of \$158,680 General Fund, spread across three line items. **Staff recommends approval of the decision item for a total of \$158,680 General Fund.** Staff further recommends that the Committee request the Department of Revenue to provide a report assessing the effectiveness of the program. The report will be requested in the Long Bill Footnotes and Requests for Information section of this document. This report will provide the Committee with the information required to assess the effectiveness of the program.

Decision Item #2 - Delinquency Billings

The Department requests a total of \$163,849 General Fund for a delinquency billing program to increase the collections of taxes owed to the State. The major portion of the request (\$140,152) is for postage to mail delinquency notices to taxpayers.

The Department maintains custody of delinquent accounts for up to one year. After that one year has passed, the Department refers the accounts to collection agencies. Most of the Department's efforts at collection are focused in the first 140 days of delinquency. Little is currently done in the remaining seven months. Automated systems look for opportunities to garnish or identify vendor offsets, but no additional mailings are sent.

The Department new Colorado Integrated Tax Architecture system allows the Department to make additional mailings, however, the funding to mail those notices are not sufficient to allow mailings

during the final seven months that the State is in possession of the debt. This request is to appropriate the resources for the Department to expand its delinquency billings efforts before the accounts are turned over to collection agencies. The request is detailed in the following table:

Decision Item # 2 - Funding for Delinquency Billings				
Line Item Detail				
	Base Request	Change Request	November 1 Request	Purpose
<u>(2) Central Department Operations</u>				
Operating Expenses - Total	<u>\$1,164,112</u>	<u>\$23,697</u>	<u>\$1,187,809</u>	Paper, envelopes and other supplies, printing.
General Fund	1,027,225	23,697	1,050,922	
Cash Funds	136,887	0	136,887	
Postage - Total	<u>2,591,907</u>	<u>140,152</u>	<u>2,732,059</u>	Mailing an estimated 338,531 delinquency notices.
General Fund	2,329,008	140,152	2,469,160	
Cash Funds	248,990	0	248,990	
HUTF	13,909	0	13,909	
Total for Request	<u>\$3,756,019</u>	<u>\$163,849</u>	<u>\$3,919,868</u>	
General Fund	3,356,233	163,849	3,520,082	
Cash Funds	385,877	0	385,877	
HUTF	13,909	0	13,909	

The Department has identified approximately 28,000 accounts with balances of \$100 or more that are in the category of older than 140 but less than 365 days delinquent. The total of these delinquencies average more than \$20 million at any given time. The Department estimates that two percent of the delinquent account holders will send in payments each month, and the State would realize a gain in General Fund revenue of approximately \$5 million per year. Because the program will be in effect for 10 months of FY 2010-11, increased revenue is expected to be about \$4 million for that year.

The Department does not actively work accounts aged over 140 days, therefore it has no experience to go on. It states that it has a collection rate of 7.9 percent on the accounts aged less than 140 days. It has extrapolated that a return rate of 2.0 percent for the accounts aged between 140 and 365 days is a reasonable estimate without any data to fall back on. That return rate seems reasonable to staff in the absence of empirical evidence.

It should be noted that some of what is recovered under this program would have been recovered in any event after the accounts are turned over for collection. The program advances the date of collection and reduces the fees associated with collecting the accounts after they are turned over for collection. These numbers are not quantifiable at this time.

Staff recommends approval of Decision Item # 2, Expansion of Delinquency Billing, at a total cost of \$163,849 General Fund, including \$140,152 for this line item. Staff further recommends that the Committee request the Department of Revenue to provide a report assessing the effectiveness of the program. The report will be requested in the Long Bill Footnotes and Requests for Information section of this document. This report will provide the Committee with the information required to assess the effectiveness of the program.

Budget Amendment # 4 - Conservation Easement Appraisals/Backlog

The budget amendment on Friday, February 19, and staff has not had a chance to properly evaluate the request. Staff will come back after Figure Setting to present the request and staff recommendation to the Committee.

Budget Amendment # 5 - Tax Code Compliance Initiatives

The Department is requesting \$326,150 General Fund and 5.5 FTE to implement three initiatives to enhance compliance with Colorado's tax laws and increase General Fund revenues. The proposal annualizes to \$320,937 General Fund and 6.0 FTE. The three initiatives are:

- CITA Data Conversion Program
- 1099 Program
- Voluntary Compliance Program

CITA Data Conversion Program: The Colorado Integrated Tax Architecture (CITA) project to provide an update data processing program to deal with the Department's tax information systems. As the system is implemented, the Department is finding areas that it can use the data from the system to enhance tax code compliance. This initiative would use the system's ability to identify a number of overdue taxpayer accounts that were not detected and were not properly billed under the Department's legacy tax system.

The overdue accounts identified generally fall into two categories: over-claimed estimated tax accounts or unbilled balance due return accounts. Over-claimed estimated tax accounts are accounts for which the taxpayer claimed an estimated payment that was not actually paid to the State. Unbilled balance due return accounts are those accounts in which a taxpayer owed revenue on the tax return as filed but a bill was not recognized under the Department's legacy tax system.

The Department has identified 1,800 accounts with a value of over \$10,000 per account that will be reviewed to determine proper tax liability, with a total value of the accounts of \$134.6 million. The Department will review these accounts and estimates that it will bill 10 percent of these accounts and receive a total of \$13.5 million over two fiscal years. The Department estimates it will receive \$3.4 million in FY 2009-10 and \$10.1 million in FY 2010-11. **The Department estimates that it will cost approximately \$11,100 General Fund, which it will absorb within current FY 2009-10 appropriations.**

1099 Program: The Department requests \$326,150 General Fund and 5.5 FTE for FY 2010-11 to increase tax compliance with taxpayers who receive "1099" forms. "1099" forms are forms where

non-wage income (such as consulting or contracting) is reported. The Department has identified a group of 28,000 taxpayers who have not filed a return with the State, but for whom the Department has income information. The Department will focus on 23,500 accounts that have received "1099-Miscellaneous" forms of over \$1,000 and on 2,800 accounts that have W-2 (regular) income of over \$1,000 but nothing else. The latter group primarily consists of illegal aliens and ex-patriots.

Based on historical collection rates of similar populations in previous years, the Department estimates will collect approximately \$4.9 million General Fund Revenue per year, beginning in FY 2010-11. The Department will require 6.0 FTE tax examiners to review these accounts. The request includes personal services, postage, supplies, leased space and other operating costs to services these accounts. The costs are detailed in the following table:

Budget Amendment #5		
Tax Code Compliance Initiatives - 1099 Program		
	<u>General Fund</u>	
	Department Request	Staff Recomm.
<u>(1) Executive Director's Office</u>		
Leased Space	\$20,400	\$0
<u>(2) Central Department Operations</u>		
Operating Expenses	1,648	1,648
Postage	19,497	19,497
<u>(4) Taxation Business Group, (B) Taxation and Compliance Division</u>		
Personal Services (Adjusted for PERA Contribution Shift)	250,885	245,265
Operating Expenses	<u>33,720</u>	<u>33,720</u>
Total	\$326,150	\$300,130

Staff recommends approval of the Department's request with two modifications. First, the FY 2010-11 personal services needs to be adjusted for the PERA contribution shift included in S.B. 10-146, which reduces the request by \$5,620. Second, the Department has eliminated 3.8 FTE in the Taxation Business Group, and 12.3 FTE elsewhere in the Department as part of the August 2009 budget reductions without reducing leased space costs. The Department states that it wants to keep this group together, and it would do so by expanding the space its lease at its Colorado Boulevard location. Staff understands the usefulness of keeping work groups together, however, in light of the State's current budget situation, expanding leased space in an environment of declining FTE is not cost effective. Staff believes that the Department should address its space needs in a comprehensive manner that takes into account the reduced FTE in the Department, and also looks at the space effects of the IT staff consolidation. **Staff recommends that the Committee deny the portion of this request that deals with increased costs of leased space.**

Voluntary Compliance Program: To augment the 1099 Project discussed above, the Department will conduct a one-time voluntary compliance project, which will target taxpayers not included in the 1099 Program. Specifically, the program would target those whose account values are less than \$1,000. The Department has identified a population of 104,000 taxpayer accounts with a total account value of \$41.3 million.

The Department estimates that \$400,000 in General Fund revenue would be realized as a result of this initiative. The Department states it is being conservative in its revenue estimates because eligible individuals likely have additional itemized deduction, business expenses, or dependents, all of which would serve to lower income tax liability below total estimated account value.

Staff recommends approval of Budget Amendment # 5, with an appropriation of \$300,130. Staff further recommends requesting a report from the Department regarding the effectiveness of this initiative, providing data on how much increased revenue was raised as a result of this amendment. The report should detail, to the extent possible, how much revenue was raised as a result of each initiative described above. The requested report should be prepared at the end of FY 2009-10 and the end of FY 2010-11.

The Department states that it can implement this program within the existing FY 2010-11 appropriation request.

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested an appropriation of \$15,593,013 and 235.9 FTE, including \$15,431,282 General Fund.

The Department's request incorporates annualization of a special bill, annualization of the August budget reductions, adjustments from the furloughs in FY 2009-10, annualization of the 2009 decision item increasing out-of-state auditors (discussed further below), and a reduction of \$12,473 for the PERA contribution shift envisioned in S.B. 10-146.

2009 Decision Item (Out-of-State Tax Law Compliance and Enforcement)

The request includes annualization of a 2009 decision item that increases the request by \$743,348 General Fund and 9.9 FTE. The increased funding and FTE enable the Department to increase its out-of-state audit presence to increase revenues due to the state. In the last two sessions, the General Assembly has increased the appropriation related to the State's out-of-state audits.

In the 2008 session, the General Assembly approved an increase in funding of \$180,234 General Fund to allow the Department to implement a long-standing policy of requiring 30 senior auditors to travel out-of-state to conduct audits on companies headquartered out-of-state but doing business in the State. A report provided by the Department indicated that in the first full year of this program, State General Fund revenues were increased by \$7.2 million for FY 2008-09.

In the 2009 session, the General Assembly approved a two-phase expansion of the out-of-state audit offices. The Department's request was for \$1,8 million and 20.0 FTE over two years to expand the three existing offices, and add three more (Houston, Chicago and Los Angeles). The expansion was phased over two years. The Department estimated that revenue would increase by \$3.5 million in FY 2009-10, \$12 million in FY 2010-11, and by \$18.7 million in FY 2011-12 and thereafter. Mainly because of the hiring freeze, the program did not get started as quickly as the Department had hoped in FY 2009-10, so revenues will not meet the revenue target for FY 2009-10.

Staff recommends an appropriation of \$15,838,278 and 241.4 FTE, including \$15,676,547 General Fund, \$59,548 cash funds and \$102,183 reappropriated funds from the Mineral Audit Program. The recommendation is pending final action on Budget Amendment # 4. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Taxation Business Group - Taxation and Compliance Division					
	FTE	General Fund	Cash Funds	Reappropriated Funds	Total
FY 2009-10 Long Bill	226.5	\$14,782,227	\$1,245	\$102,594	\$14,886,066
HB 09-1173 Appropriation	0.8	0	49,476	0	49,476
Adjustment of FY 2009-10 personal services reduction	0.0	271,894	24	0	271,918
HB 09-1173 Appropriation annualization	0.2	0	9,892	0	9,892
Annualization of 2009 Decision Item (Out-of-state tax law enforcement)	9.9	743,348	0	0	743,348
Annualization of August 2009 budget reductions	(1.5)	(83,908)	0	0	(83,908)
Indirect Costs adjustment	0.0	0	0	(411)	(411)
PERA Contribution Shift	0.0	(282,279)	(1,089)	0	(283,368)
BA # 4 - Conservation Easement Backlog			P E N D I N G		
BA # 5 - Tax Code Compliance Initiatives	<u>5.5</u>	<u>245,265</u>	<u>0</u>	<u>0</u>	<u>245,265</u>
Staff Recommendation	241.4	\$15,676,547	\$59,548	\$102,183	\$15,838,278

Operating Expenses (Decision Item #1, Budget Amendments # 4, 5)

This line item funds the out-of-state travel needs of its senior auditors, as well as providing the general office expenses for the Division, and the expenses of five programs supporting the Division: Office Collection; Office Audit; Protest Resolution; Field Compliance; and Field Audit. The

Department is requesting \$1,082,488, including \$1,072,022 General Fund. The request includes annualization of special bills, the 2009 decision item out-of-state tax enforcement, and the August 2009 budget reductions, as well as the Department's decision items/budget amendments.

Budget Amendment # 4 - Conservation Easement Appraisals/Backlog

The budget amendment was received at the JBC on Friday, February 19, and staff has not had a chance to properly evaluate the request. Staff will come back after Figure Setting to present the request and staff recommendation to the Committee.

Staff recommends an appropriation of \$1,083,438, including \$1,072,972 General Fund and \$10,466 cash funds, which includes the recommended approval of Decision Item # 1 and Budget Amendment # 5. The recommendation is pending final action on Budget Amendment # 4. The recommendation is detailed in the following table:

Operating Expenses Calculation			
Taxation Business Group - Taxation and Compliance Division			
	General Fund	Cash Funds	Total
Department's Base Request	\$1,032,802	\$10,466	\$1,043,268
DI #1 - Treasury Offset Program	6,450	0	6,450
BA # 4 - Conservation Easement Backlog (Pending)	0	0	0
BA # 5 - Tax Code Compliance Initiatives	<u>33,720</u>	<u>0</u>	<u>33,720</u>
JBC Staff Recommendation	\$1,072,972	\$10,466	\$1,083,438

Joint Audit Program

This line item provides funding for the state's membership in the Multi-State Tax Commission (MTC). The MTC conducts audits on out-of-state businesses, which complements the Department's efforts in the Field Audit Program. The Department has had a partnership with the MTC for over 20 years, and over the last five years, the program has produced an average of \$8.5 million in gross tax adjustments each year. The Department requests a continuation appropriation of \$131,244 General Fund.

Staff recommends a continuation appropriation of \$131,244 General Fund.

Mineral Audit Program

Pursuant to Section 24-35-115, C.R.S., the Department audits royalties associated with oil, gas, and mineral mining activity on federal, state, and private land. Audits are conducted by a work group in the Department which statutorily can have no other duties. Federal funds are from the Federal Minerals Management Service (MMS) as the Department conducts audits on their behalf on lands under federal control.

The majority of the funding comes from the federal government, with the remainder coming from the State Land Board and the Oil and Gas Conservation Commission, both in the Department of Natural Resources. The Department is requesting \$786,250 and 11.0 FTE, including \$66,000 reappropriated funds from the State Land Board Administration Fund (\$65,500) and from the Oil and Gas Conservation Fund (\$500), and \$720,250 federal funds. The Department's request reflects a funding adjustment by the Federal Government of a reduction of \$4,544.

Staff recommends an appropriation of \$786,250 and 11.0 FTE, including \$66,000 reappropriated funds from the State Land Board Administration Fund and the Oil and Gas Conservation Fund, and \$720,520 federal funds.

(C) TAXPAYER SERVICE DIVISION

The Taxpayer Services Division is designed to facilitate the process of filing tax returns and understanding the state's tax system by outreach activities and by staffing a call center which answers questions from the taxpaying public. Efforts are also focused on distributing information through the media and by maintaining a website. The division maintains regional service centers in Grand Junction, Fort Collins, Denver, Colorado Springs, and Pueblo to serve walk-in taxpayers. It produces public information and education programs that enhance voluntary compliance. The staff not only provides information but also may resolve problems by updating or correcting a taxpayer's account or by explaining the department's position on the basis of tax law and policy.

This division collects local sales taxes on behalf of 246 cities, counties, and special districts. It ensures that all taxpayer liabilities have been paid to other state agencies, as well as to the U.S. Internal Revenue Service, before a refund is issued. The division administers the property tax/rent heat/fuel grant program; severance taxes; the gasoline, special fuel, and aviation fuel environmental response surcharge; the International Fuel Tax Agreement; cigarette, tobacco, and liquor excise taxes; public utility assessments; and food service licensing. The following table provides information of the Division's personnel assignments.

Staffing Summary	Taxation Business Group Taxpayer Service Division			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management and Administration	6.0	6.0	6.0	6.0
Professionals	7.5	7.1	5.1	5.1
Tax Examiners	<u>64.5</u>	<u>69.6</u>	<u>70.8</u>	<u>Pending</u>
Total	78.0	82.7	81.9	11.1

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested an appropriation of \$4,597,269 and 79.4 FTE, including \$4,506,665 General Fund, and \$90,604 cash funds. This request incorporates the August 2009 budget reductions of \$99,750 for elimination of contracted conservation easement appraisals (in-house staff will conduct them, though perhaps at the cost of delayed appraisals) and \$83,111 and 1.0 FTE for vacancy position eliminations. It also incorporates the PERA contribution shift envisioned in S.B. 10-146 (a reduction of \$74,352 General Fund).

Budget Amendment # 4 - Conservation Easement Appraisals/Backlog

The budget amendment on Friday, February 19, and staff has not had a chance to properly evaluate the request. Staff will come back after Figure Setting to present the request and staff recommendation to the Committee.

Staff recommends an appropriation of \$4,597,269, and 80.1 FTE, including \$4,506,665 General Fund and \$90,604 cash funds from the Aviation Fund and Private Letter Rulings. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation				
Taxation Business Group - Taxpayer Service Division				
	FTE	General Fund	Cash Funds	Total
FY 2009-10 Long Bill	80.1	\$4,565,806	\$90,579	\$4,656,385
Appropriations from 2009 Special Bills	1.1	34,241	0	34,241
Adjustment for FY 2009-10 Personal Services Reduction		88,343	1,753	90,096
Annualize appropriations from 2009 Special Bills	(0.8)	(21,401)	0	(21,401)
Annualize August Budget Reductions	(1.0)	(74,352)	0	(74,352)
PERA Contribution Shift (SB 10-146)		<u>(85,972)</u>	<u>(1,728)</u>	<u>(87,700)</u>
Staff Recommendation	79.4	\$4,506,665	\$90,604	\$4,597,269

Operating Expenses

The largest expenditure in this line is for transaction fees (which are capped at \$13,000 per month) for the automated call system. These fees are assessed per interactive voice response system call and web hit. The Department is requesting \$401,085, including \$400,585 General Fund and \$500 cash funds. This request incorporates a reduction of \$950 from the August 2009 budget reductions.

Budget Amendment # 4 - Conservation Easement Appraisals/Backlog

The budget amendment on Friday, February 19, and staff has not had a chance to properly evaluate the request. Staff will come back after Figure Setting to present the request and staff recommendation to the Committee.

Staff recommends an appropriation of \$401,085, including \$400,585 General Fund and \$500 cash funds from the Aviation Fund.

Fuel Tracking System

Pursuant to Section 39-27-109, C.R.S., the Department of Revenue tracks the movement of gasoline and special fuel with the goal of expediting the collection of excise taxes. Most funding provides an electronic tracking system maintained by a third party. Funding for this program is from the Highway Users Trust Fund exempt from the six percent limit, pursuant to Section 43-4-201 (3) (a) (V), C.R.S. The Department is requesting an appropriation of \$485,386 cash funds and 1.5 FTE.

Staff recommends an appropriation of 485,386 cash funds and 1.5 FTE from the Highway Users Tax Fund (HUTF). This includes a reduction of \$1,208 for the PERA contribution change. Under Section 43-4-201 (3) (a) (V), C.R.S., expenditures to administer this program are exempt from the HUTF six percent growth limit.

(D) TAX CONFEEEE

This section conducts pre-hearing conferences to resolve protests of tax assessments and refund denials, so that the dispute does not need to proceed to a formal administrative hearing. The tax conferee resolves about 95 percent of disputes at a pre-hearing conference. If a pre-hearing fails, tax conferee staff coordinate legal representation in hearings and lawsuits and facilitate settlements at any stage. Under section 29-2-106.1, C.R.S., Department staff may hear appeals of final decisions from home rule cities and counties.

Staffing Summary	Taxpayer Business Group Tax Conferee			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management and Administration	2.0	2.0	2.0	2.0
Tax Conferees	<u>6.3</u>	<u>7.0</u>	<u>9.7</u>	<u>Pending</u>
Total	8.3	9.0	11.7	2.0

Personal Services (Budget Amendment 4)

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested an appropriation of \$1,022,738 General Fund and 9.0 FTE.

Budget Amendment # 4 - Conservation Easement Appraisals/Backlog

The budget amendment on Friday, February 19, and staff has not had a chance to properly evaluate the request. Staff will come back after Figure Setting to present the request and staff recommendation to the Committee.

Staff recommends an appropriation of \$821,663 and 8.0 FTE General Fund. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table. Approval of the pending Budget Amendment will change these numbers and staff will correct them with the numbers approved by the Committee.

Personal Services Calculation Taxation Business Group - Tax Conferee		
	FTE	General Fund
FY 2009-10 Long Bill	9.0	\$1,022,738
Annualization of August budget reductions	(1.0)	(182,861)
PERA Contribution Shift (SB 10-146)		<u>(18,214)</u>
Staff Recommendation	8.0	\$821,663

Operating Expenses

This line item funds subscriptions to legal research materials and phone charges, plus general office supplies. The Department requests continuation funding. The Department request incorporates a reduction of \$950 for the August 2009 budget reductions.

Staff recommends an appropriation of \$20,804 General Fund.

(E) SPECIAL PURPOSE

This section of the Long Bill shows four "pass-through" programs administered by the Department. The oversight costs are relatively small and are absorbed by other divisions within the Taxation Business Group. All funds are continuously appropriated.

Cigarette Tax Rebate

Pursuant to Section 39-22-623, C.R.S., this program distributes 27 percent of the gross state cigarette tax to incorporated cities and towns that levy taxes and adopt formal budgets as well as to counties. These distributions are made according to a state sales tax collection formula, which the Department of Revenue annually certifies to the State Treasurer. In order to qualify for the rebate, units of local government are prohibited from imposing fees, licenses or taxes on cigarettes. This appropriation is exempt from the statutory limit on General Fund appropriations as set forth in Section 24-75-201.1 (1)(a)(III)(C), C.R.S.

Using the September 2009 Legislative Council Staff Economic forecast, the Department requests \$11.5 million. **Staff recommends reflecting Legislative Council staff's December 2009 estimate of \$11.3 million General Fund for this line. Staff requests permission to update and include the March 2009 Legislative Council estimate in the Long Bill.** This figure is included in the Long Bill for informational purposes only.

Amendment 35 Distribution to Local Governments

House Bill 05-1262 implemented Amendment 35, passed by the voters in November 2004. Three percent of the total Revenue and interest earned on proceeds deposited into the Tobacco Tax Cash Fund are earmarked for municipal and county governments to "compensate proportionately for tax Revenue reductions attributable to lower cigarette and tobacco sales resulting from implementation of the tax." These moneys are allocated to local governments according to the provisions set forth in Section 39-22-623, C.R.S. The Department of Revenue is part of the 3 percent allocation to the General Fund (20%), the Old Age Pension Medical Fund (50%), and the Department of Revenue (30%) that this line item funds. The Department requests a continuation budget of \$1,512,000 cash funds.

Due to declining Amendment 35 moneys available for appropriation, the estimate provided for this appropriation has declined to an estimated \$1,350,000 for FY 2009-10 and \$1,341,000 for FY 2010-11. Staff recommends reflecting the latest current estimates for the distributions of cash funds from the Tobacco Tax Cash Fund. This would mean reducing the FY 2009-10 appropriation for this line.

Staff recommends an adjustment to the FY 2009-10 appropriation of (\$162,000), reducing the appropriation to \$1,350,000, and an appropriation of \$1,341,000 for FY 2010-11, based on the latest forecasts of Amendment 35 revenues.

Old Age Heat and Fuel and Property Tax Assistance Grant

Pursuant to Sections 39-31-101 and 104, C.R.S., the Department distributes heat, fuel and property tax assistance grants to qualified low-income individuals age 65 and over or disabled. This appropriation is exempt from the statutory limit on General Fund appropriations as set forth in Section 24-75-201.1 (1)(a)(III)(C), C.R.S.

Using the September 2009 Legislative Council Staff Economic forecast, the Department requests \$8.5 million. **Staff recommends reflecting the Legislative Council staff's December 2009 estimate of \$8.6 million General Fund for this line. Staff requests permission to update and include the March 2009 Legislative Council estimate in the Long Bill.** This figure is included in the Long Bill for informational purposes only.

Alternative Fuels Rebate

Pursuant to Section 39-33-102, C.R.S., the Department of Revenue is authorized to grant a rebate to a governmental unit of the state or a "a person, organization, or other non-governmental entity that is exempt from income taxation under the federal Internal Revenue Code, as amended, for each motor vehicle it owns that is titled and registered in Colorado, used for official business, and uses an alternative fuel." Rebates are delineated in statute and are available until July 1, 2012. Funding

comes from the Alternative Fuels Rebate Fund, established in Section 39-33-105, C.R.S., which aside from gifts, grants, donation, or from transfers from the AIR Account as directed by the Department of Public Health and Environment, earns Revenue through the sales and use tax on alternative fuel vehicles and fueling facilities equipment.

Staff recommends approval of the Department's request for an appropriation of \$310,601 cash funds, from the Alternative Fuels Rebate Fund. The Department received a one-time supplemental in FY 2009-10 to fund increased usage of the program in the past year. The increased need is not expected to continue as sales of alternative fuel vehicles are not growing as fast as they had in previous years.

(5) DIVISION OF MOTOR VEHICLES

The Division of Motor Vehicles issues drivers licenses and state identification cards; issues titles for and registers motor vehicles; regulates commercial driving schools; enforces interstate trucking laws through the ports of entry system; enforces the state's auto emissions program; and oversees the Motorist Insurance Identification Database.

(A) ADMINISTRATION

The Division's administrative functions are contained in this long bill group. Senior management and the budgetary and support functions of the entire division are contained within this section. The personnel of the section are shown in the table below.

Division of Motor Vehicles Administration				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Managers and Administration	1.0	2.0	2.0	2.0
Professionals	<u>8.2</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
Total	9.2	11.0	11.0	11.0

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested a continuation appropriation of \$909,201 cash funds and 11.0 FTE. The request includes the decision item to refinance \$533,619 General Fund with cash funds from the Highway Users Tax Fund (HUTF) Off-the-top appropriation that is not included in staff's recommendation.

Staff recommends an appropriation of \$909,201 and 11.0 FTE, including \$522,292 General Fund, \$200,475 cash funds from various sources, and \$186,434 cash funds from the HUTF. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Division of Motor Vehicles - Administration					
	FTE	General Fund	Cash Funds	HUTF	Total
FY 2009-10 Long Bill	11.0	\$540,336	\$198,326	\$190,257	\$928,919
Indirect Costs Adjustment	0.0	(6,717)	6,497	220	0
PERA Contribution Shift (SB 10-146)	<u>0.0</u>	<u>(11,327)</u>	<u>(4,348)</u>	<u>(4,043)</u>	<u>(19,718)</u>
Staff Recommendation	11.0	\$522,292	\$200,475	\$186,434	\$909,201

Operating Expenses

This line item funds telecommunications, general office supplies and printing costs. The Department requests an appropriation of \$54,250 General Fund. The request includes an indirect costs adjustment that reduces General Fund by \$393.

Staff recommends an appropriation of \$54,250 General Fund, including \$33,404 General Fund, \$9,717 cash funds from various sources, and \$11,129 cash funds from the HUTF.

(B) DRIVER AND VEHICLE SERVICES

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

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

Staffing Summary	Division of Motor Vehicles Driver and Vehicle Services			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Accounting	2.8	3.0	3.0	3.0
Professionals and Managers	39.2	40.3	40.3	40.3
Driver License Managers	12.8	13.0	13.0	13.0
Driver License Examiners	194.9	210.0	210.0	210.0
Administration	104.1	109.4	109.4	109.4
Micrographic Equipment Operators	5.0	5.0	5.0	5.0
Compliance Investigator	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total	362.8	384.7	384.7	384.7

Personal Services (Decision Item #1b, 5)

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requests an appropriation of \$16,605,333 cash funds from various sources and 379.3 FTE.

Decision Item 1b

This decision item was discussed in the Executive Director's Office and Staff recommends not approving this request since it require legislation.

Decision Item 5

This decision item moves \$1,150,000 cash funds from the Driver and Vehicle Services subdivision to a new subdivision in the Division of Motor Vehicles called the Ignition Interlock Subsidy Program. This request is discussed later in this document. Staff will recommend approval. Approval of the decision item reduces this line item by \$215,158 cash funds.

Staff recommends an appropriation of \$16,605,333 and 379.3 FTE, including \$9,351,125 General Fund, and \$7,254,208 cash funds. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

	Personal Services Calculation Division of Motor Vehicles - Driver and Vehicle Services				
	FTE	General Fund	Cash Funds	HUTF	Total
FY 2009-10 Long Bill	383.2	\$9,704,612	\$7,017,077		\$16,721,689
Special Bills Appropriations (Not including SB 09-274)	1.5	0	76,684	0	76,684

Personal Services Calculation Division of Motor Vehicles - Driver and Vehicle Services					
	FTE	General Fund	Cash Funds	HUTF	Total
SB 09-274 Appropriation		(8,895,893)	5,639,773	4,064,839	808,719
Annualization of Special Bill (except SB 09-274)		0	198,245	0	198,245
Annualization of SB 09-274		8,895,893	(5,639,773)	(4,064,839)	(808,719)
Annualization of FY 2009-10 Decision Item		(155,662)	0	0	(155,662)
Adjustment from FY 2009-10 Personal Services Reduction		0	323,546	0	323,546
DI # 5 - Creation of Ignition Interlock Program Section	(5.4)	0	(215,158)	0	(215,158)
PERA Contribution Shift (SB 10-146)		<u>(197,825)</u>	<u>(146,186)</u>	<u>0</u>	<u>(344,011)</u>
Staff Recommendation	379.3	\$9,351,125	\$7,254,208	\$0	\$16,605,333

Operating Expenses (Decision Item #5)

This line item funds costs including telecommunications, general office supplies, and printing costs. The Department has requested an appropriation of \$1,679,482 cash funds. The request includes refinancing of Drivers License Office (staff does not recommend approval), special bills and annualization of those bill, and a decision item.

Decision Item 1b

This decision item was discussed in the Executive Director's Office and Staff recommends not approving this request since it requires legislation.

Decision Item 5

This decision item moves \$1,150,000 cash funds from the Driver and Vehicle Services subdivision to a new subdivision in the Division of Motor Vehicles called the Ignition Interlock Subsidy Program. This request is discussed later in this document. Staff will recommend approval. Approval of the decision item reduces this line item by \$934,842 cash funds.

Staff recommends an appropriation of \$1,679,482, including \$1,214,937 General Fund and \$464,545 cash funds from various sources. The table below provides detail on how staff arrived at its recommendation.

Driver and Vehicle Services - Operating Expenses				
Description	General Fund	Cash Funds	Reapprop. Funds	Total
FY 2009-10 Long Bill	\$1,214,937	\$1,419,491	\$0	\$2,634,428
Special Bills Appropriations (Not including SB 09-274)	0	17,925	21,549	39,474
SB 09-274 Appropriation	(1,214,937)	1,214,937	0	0
Annualization of Special Bills (except SB 09-274)	0	(14,509)	(21,549)	(36,058)
Annualization of SB 09-274	1,214,937	(1,214,937)	0	0
Annualization of FY 2009-10 Decision Item	0	(23,520)	0	(23,520)
DI # 5 - Creation of Section for Ignition Interlock Subsidy Program	<u>0</u>	<u>(934,842)</u>	<u>0</u>	<u>(934,842)</u>
Total	\$1,214,937	\$464,545	\$0	\$1,679,482

Drivers License Documents

This line item funds all material costs associated with the production of driver's licenses, instructional permits, and identification cards including related security features. The line funds fees for verification of Social Security information, and verification of applicants' legal immigration/visa status. The Department requests an appropriation of \$2,437,320, including \$1,913,728 General Fund and \$523,592 from the ID Security Fund, which is funded through a fee of \$0.60 charged for each document issued.

	General Fund	Cash Funds	Total
FY 2009-10 Long Bill	\$2,085,577	\$351,743	\$2,437,320
SB 09-025 Appropriation	(292,807)	292,807	0
SB 09-274 Appropriation	(2,085,577)	2,085,577	0
HB 10-1314 Supplemental Appropriation	292,807	(63,782)	229,025
Annualization of SB 09-274	1,792,770	(1,792,770)	0
Annualization of HB 10-1314 Supplemental Appropriation	<u>0</u>	<u>(229,025)</u>	<u>(229,025)</u>
Total	\$1,792,770	\$644,550	\$2,437,320

Staff recommends an appropriation of \$2,437,570, including \$1,792,770 General Fund and \$644,550 cash funds from the Identification Security Fund, a subaccount of the HUTF.

License Plate Ordering

This line item funds payments to the Department of Correction, Correctional Industries for producing and distributing license plates, permits, placards, tabs, and other related items. These products are distributed to the State's 64 counties and the State offices for timely distribution to customers. The funding comes from the License Plate Cash Fund, which is funded by fees charged for license plates and associated products. The Department requests \$6,468,896 cash funds from the License Plate Cash Fund, which includes 2009 Session special bill appropriations of \$643,267. Annualization of those bills decreases the appropriation by \$111,247.

Staff recommends an appropriation of \$6,468,896 cash funds from the License Plate Cash Fund.

(C) VEHICLE EMISSIONS

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

Staffing Summary	Division of Motor Vehicles Vehicle Emissions			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Administration	2.5	2.5	2.5	2.5
Inspectors	<u>11.7</u>	<u>13.5</u>	<u>15.8</u>	<u>15.8</u>
Total	14.2	16.0	18.3	18.3

Personal Services (Decision Item # 3)

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested an appropriation of \$1,194,476 cash funds and 18.3 FTE. This request includes the appropriation from S.B. 09-003, annualization of that appropriation, Decision Item # 3 (discussed below), and the PERA contribution shift envisioned in SB 10-146.

Decision Item # 3 (Vehicle Emission Enhanced Service Area Expansion)

In November 2007, the U.S. Environmental Protection Agency made a determination that the Denver metro area and northern Front Range were failing to meet the ozone standard. As a result, in December 2008, the Air Quality Control Commission voted to include Larimer and Weld counties in the State's enhanced emission program area. This would require the testing of an additional 290,000 vehicles.

The Department of Revenue is responsible for licensing and auditing of motor vehicle pollution testing facilities, mechanics, and inspectors. The Department will need \$128,360 cash funds and 2.0 FTE to implement the provisions of the Commission's action. Of the requested appropriation, \$117,120 is for Personal Services. **Staff recommends approval of the Department's request for \$128,360 cash funds.** Of this amount, \$9,340 is appropriated to the Executive Director's Office for Operating Expenses, \$117,120 is appropriated to the Division of Motor Vehicles, Vehicle Emissions, Personal Services and \$1,900 is appropriated to Vehicle Emissions, Operating Expenses.

Staff recommends an appropriation of \$1,194,476 cash funds and 18.3 FTE from the Automobile Inspection and Readjustment (AIR) Account. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation		
Division of Motor Vehicles - Vehicle Emissions		
	FTE	Cash Funds
FY 2009-10 Long Bill	15.5	\$1,053,283
SB 09-003 Appropriation & Annualization	0.8	46,851
DI # 3 - Vehicle Emissions Program Service Area Expansion	2.0	117,120
PERA Contribution Shift (SB 10-146)		<u>(22,778)</u>
Staff Recommendation	18.3	\$1,194,476

Operating Expenses (Decision Item # 3)

This line item funds telecommunications, general office supplies, and printing costs. The Department requests an appropriation of \$88,725, cash funds. The request includes the appropriation for and annualization the appropriation from S.B. 09-003 and Decision Item # 3, which implements the action of the Air Quality Control Commission.

Staff recommends an appropriation of \$88,725 cash funds from the AIR Account.

(D) TITLES

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

Staffing Summary	Division of Motor Vehicles Titles			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Professionals and Managers	6.8	7.0	7.0	7.0
Administration	<u>25.8</u>	<u>27.5</u>	<u>27.5</u>	<u>27.5</u>
Total	32.6	34.5	34.5	34.5

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requested an appropriation of \$1,639,881 cash funds and 34.5 FTE. This request includes a reduction \$32,967 for the PERA contribution shift.

Staff recommends a continuation appropriation of \$1,639,881 and 34.5 FTE cash funds from the CSTARS Account. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Division of Motor Vehicles - Titles		
	FTE	Cash Funds
FY 2009-10 Long Bill	34.5	\$1,641,095
Adjustment from FY 2009-10 Personal Services reduction		31,753
PERA contribution shift		<u>(32,967)</u>
Staff Recommendation	34.5	\$1,639,881

Operating Expenses

This line item funds the programs telecommunications costs, general office supplies, and printing costs. In addition this program funds digital imaging costs for titles and titling related documents. The Department request is for \$281,824 cash funds. The request includes an increase of \$20,720 for annualization of a 2009 decision item (Digital Imaging Storage for Titles and DVS) and an increase of \$71,250 for a Budget Amendment (National Motor Vehicle Title Information System Operating Expenses).

Budget Amendment #3

The Department is requesting \$71,250 cash funds from the Colorado State Titling and Registration (CSTAR) Account to fund the State's participation in and use of the National Motor Vehicle Title Information System (NMVTIS). As discussed in the Colorado State Titling and Registration System section of this document, the CSTAR Account is projected to be insolvent by the end of FY 2010-11

if nothing is done to shore up the account. For that reason, the Department is requesting this as a one-time decision. The Department will revisit this decision item in the future.

The Department has recently been informed that, beginning October 1, 2010, and continuing beyond, that it will be charged for maintenance and use of the NMVTIS. The system was created under the Federal Anti Car Theft Act of 1992, which was to deter trafficking in stolen vehicles by strengthening law enforcement against auto theft, combating auto title fraud, preventing "chop shop" related thefts, and inspecting exports for stolen vehicles. In 1996, the act was revised and responsibility for the system was transferred to the U.S. Department of Justice (DOJ).

Federal law allows the DOJ to contract the operation of the system to a third party. The American Association of Motor Vehicle Administrators has been the system operator since 1992. The system was designed to allow the titling agency to verify the information on the paper title with the electronic data from the state that issued the title, and the system provides law enforcement agencies with a tool to assist in reducing auto theft and vehicle title related crimes.

Previously, the system has been funded by the U.S. DOJ. Earlier this fiscal year, the system operator notified the state that it needs to charge a fee for use of the system, which is mandated by federal law. Failure to participate may jeopardize federal highway funds designated for Colorado.

The Department's FY 2009-10 appropriation for Operating Expenses is \$201,574. This request, if not granted, would represent almost one-third of the line item's appropriation, which would cause the Department to forego other actions, primarily the digital imaging and storage of title documents.

Staff recommends approval of Budget Amendment # 3, an increase in the appropriation for FY 2010-11 of \$71,250 cash funds from the Colorado State Titling and Registration Account.

Staff recommends an appropriation of \$281,824 cash funds from the CSTARS Account.

(E) MOTORIST INSURANCE IDENTIFICATION DATABASE PROGRAM

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

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested an appropriation of \$329,048 cash funds and 1.0 FTE (an administrative assistant). The appropriation is primarily for

contract services which pays the Statewide Internet Portal Authority to maintain this database. The request includes the PERA contribution shift, a reduction of \$969.

Staff recommends an appropriation of \$329,048 and 1.0 FTE cash funds from the MIIDB Account. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Division of Motor Vehicles - Motorist Insurance Identification Database Program		
	FTE	General Fund
FY 2009-10 Long Bill	1.0	\$330,017
PERA Contribution Shift		<u>(969)</u>
Staff Recommendation	1.0	\$329,048

Operating Expenses

This line item funds telecommunications, general office supplies, and printing costs. The Department requests a continuation budget of \$500 cash funds.

Staff recommends an appropriation of \$500 cash funds from the MIIDB Account.

(F) IGNITION INTERLOCK PROGRAM (DECISION ITEM # 5)

The Department request to transfer \$1,150,000 cash funds and 5.4 FTE from the Driver and Vehicle Services program to this new program section. The request is budget neutral.

House Bill 08-1194 requires first time drunk driving offenders to obtain an ignition interlock for their vehicle in order to reinstate their licenses. The bill increased the driver's license reinstatement fee by \$35 and credited that increase to the newly created "First Time Drunk Driver Offender account. The moneys in the account were to be used to assist those who cannot afford an ignition interlock system to purchase them so they can continue to drive to work. On an annual basis, H.B. 08-1194 provided an appropriation of \$215,158 cash funds and 5.4 FTE for personal services. The appropriation for operating expenses was \$934,842 cash funds.

This program was first placed in the Driver and Vehicle Services Program section, within the existing personal services and operating expenses line items. This is causing several problems for the Department in managing the appropriation. Driver and Vehicle Services is a program that is primarily personal services compared to operating expenses, while the Ignition Interlock Subsidy program is heavily weighted towards operating expenses. Because the lines share letternotes denoting fund sources, this causes problems in the accounting for the program. Therefore the request to establish the separate program section. An alternative would be to establish a program line (a program line that

combine personal services and operating expenses) within the Driver and Vehicle Services section, however, staff considers that to be a less transparent option.

Staff recommends approval of the Decision Item, reducing the total appropriation in the Driver and Vehicle Services section by \$1,150,000 cash funds and 5.4 FTE, creating a new program section called the "Ignition Interlock Program," and **providing an appropriation of 215,158 cash funds and 5.4 FTE for personal services and an appropriation of \$934,842 cash funds for operating expenses.**

(6) MOTOR CARRIER SERVICES

This Division includes the Port of Entry (POE) Section and the International Registration Plan section. The Port of Entry Section ensures compliance with statutory weight and size restrictions for commercial vehicles and is required to file an annual State Size and Weight Enforcement Plan for approval by the Federal Highway Administration, which qualifies Colorado for Federal funding of its highway infrastructure. The POE also enforces hazardous material transport requirements and verifies compliance with registration requirements for the various state and federal programs.

This division registers motor carriers; collects fuel taxes; collects registration fees charged to fuel distributors, petroleum storage companies, and interstate carriers; enforces vehicle safety regulations; and enforces laws concerning both owners and operators of motor carriers. As part of these responsibilities, the Division operates ten static (with 17 facilities) and ten mobile ports.

House Bill 10-1113 would transfer the Port of Entry section to the Colorado State Patrol in the Department of Public Safety. The move would place responsibility for all of the "off-the-top portion of the Highway Users Tax Fund under the State Patrol. Since staff sets to current statute, for purposes of this document, the Ports of Entry section remain in the Department of Revenue.

Staffing Summary	Motor Carrier Services			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Managers and Professionals	6.9	7.0	7.0	7.0
Administration	3.0	3.0	2.0	2.0
Tax Examiners	4.0	4.0	4.0	4.0
Ports Officers	122.0	128.2	128.2	128.2
Driver's License Examiner	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total	137.8	144.2	143.2	143.2

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requests \$7,040,639 and 130.2 FTE, including \$555,525 General Fund, \$33,344 from various cash funds, \$6,367,926 from the Highway Users Tax Fund "Off-the-Top," and \$83,844 reappropriated funds. The request incorporates a decrease of \$77,396 General Fund and 1.0 FTE, and a decrease of \$150,840 for the PERA contribution shift. The bill, if it passes, will require an appropriation clause that will adjust this appropriation appropriately.

Staff recommends continuation funding of \$7,191,479 and 130.2 FTE, including \$555,525 General Fund, \$33,344 cash funds from the Nuclear Materials Transportation Fund, \$6,367,926 cash funds from the Highway Users Tax Fund (HUTF) "Off-the-Top," \$33,344 cash funds from the Nuclear Materials Transportation Fund, and \$83,844 reappropriated funds from the Motor Carrier Safety Assistance Program. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Motor Carrier Services Division						
	FTE	General Fund	HUTF	Cash Funds	Reapprop. Funds	Total
FY 2009-10 Long Bill	131.2	\$632,625	\$34,067	\$6,381,857	\$83,844	\$7,132,393
Adjustment from FY 2009-10 Personal Services reduction		12,241	0	124,141	0	136,382
August 2009 budget reductions	(1.0)	(77,296)	0	0	0	(77,296)
PERA Contribution Shift (SB 10-146)		<u>(12,045)</u>	<u>(723)</u>	<u>(138,072)</u>	<u>0</u>	<u>(150,840)</u>
Staff Recommendation	130.2	\$555,525	\$33,344	\$6,367,926	\$83,844	\$7,040,639

Operating Expenses (Budget Reduction # 1)

This line item includes funds telecommunications, general office supplies, and printing costs. The Department is requesting \$381,107, including \$38,045 General Fund and \$343,062 from the HUTF "Off-the-Top." This request includes the budget reduction request discussed below.

(Base Reduction # 1 - Transfer of MCS Operating for Dispatch Services Program Costs

The request includes a base reduction request of \$52,704 cash funds from the HUTF for transfer of MCS Operating for Dispatch Services Program Costs. That request will be dealt with in the Department of Public Safety, and if the committee approves an appropriation different from the Department's request, staff will reflect that difference in the Long Bill.

Staff recommends an appropriation of \$381,107, including \$38,045 General Fund, and \$343,062 cash funds from the HUTF "Off-the-Top". Staff's recommendation includes the pending Base Reduction Request.

Fixed and Mobile Port Maintenance

This line item was created to address ongoing maintenance and repair needs the fixed and mobile ports of entry, to ensure that the ports remain safe and operational. The Department requests continuation funding of \$221,545 cash funds from the HUTF "Off-the-Top."

Staff recommends a continuation appropriation of \$221,545 cash funds from the HUTF "Off-the-Top."

Motor Carrier Safety Assistance Program

This line item funds the program for promoting driver and vehicle safety for commercial carriers traveling in Colorado. Program personnel inspect vehicles and drivers a fixed and mobile ports of entry. The funding for this program is from a federal grant from the Motor Carrier Safety Assistance Program. The amounts requested in the Long Bill are for informational purposes and are dependent on the amount authorized by the federal government. There are 9.0 FTE associated with this program.

Staff recommends reflecting \$762,950 and 9.0 FTE federal funds for this line.

Hazardous Materials Permitting Program

The Hazardous Materials Permitting Program monitors compliance with hazardous materials transportation regulations. There are 4.0 FTE associated with this program who perform safety inspections of hazardous materials transported on Colorado roadways. The personal services adjustments are for salary survey and performance awards. The Department has requested a continuation budget of \$197,258 cash funds from the Hazardous Materials Safety Fund. The request includes a reduction of \$12,952 cash funds to reflect the PERA contribution shift in S.B. 10-146.

Staff recommends a continuation appropriation of \$197,258 and 4.0 FTE cash funds from the Hazardous Materials Safety Fund.

(7) ENFORCEMENT BUSINESS GROUP

This group regulates limited gaming; enforces the State's liquor and tobacco laws; licenses liquor retailers, wholesalers, and manufacturers; regulates horse and dog racing events; regulates and licenses the motor vehicle dealer industry; and adjudicates complaints related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes.

(A) ADMINISTRATION

The Enforcement Business Group's administrative functions are contained in this separate long bill group, which contains senior management, budgetary, and support functions of the Enforcement Business Group.

Enforcement Business Group Administration				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management / Administration	2.0	2.0	2.0	2.0
Accounting and Budget	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total	6.0	6.0	6.0	6.0

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy increases or base reductions. The Department has requested \$527,440, including \$31,360 General Fund. The request includes a reduction of \$12,139 to reflect the PERA contribution shift in S.B. 10-146.

Staff recommends funding of \$527,440 and 6.0 FTE, including \$31,360 General Fund, \$374,399 cash funds from various sources, and \$121,681 reappropriated funds from the Limited Gaming Fund. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Enforcement Business Group - Administration					
	FTE	General Fund	Cash Funds	Reappropriated Funds	Total
FY 2009-10 Long Bill	6.0	\$33,660	\$396,932	\$108,987	\$539,579
Indirect Costs Adjustment		(1,578)	(13,916)	15,494	0
PERA Contribution Shift		<u>(722)</u>	<u>(8,617)</u>	<u>(2,800)</u>	<u>(12,139)</u>
Staff Recommendation	6.0	31,360	374,399	121,681	527,440

Operating Expenses

This line item funds expenses such as telecommunications expenses, general office supplies, and printing costs. The Department requests an appropriation of \$10,880, including \$524 General Fund. The request includes an indirect costs adjustment the decreases General Fund by \$32.

Staff recommends an appropriation of \$10,880, including \$524 General Fund, \$7,819 cash funds and \$2,537 reappropriated funds.

(B) LIMITED GAMING DIVISION

This division licenses, regulates, and supervises any devices, persons, locations, and activities related to limited gaming in the cities of Black Hawk, Central City, and Cripple Creek. This includes conducting background checks on gaming license applicants, patrolling casinos to observe potential violations of gaming laws, and conducting audits to verify that regulated businesses remit the proper amount of gaming taxes.

The Colorado Limited Gaming Commission has the constitutional authority to allocate funds for the Division; funding is not subject to appropriation by the General Assembly. However, the Commission has generally adopted the Committee's common policies where applicable. The source of cash funds is the Limited Gaming Fund

The Division's direct costs for Worker's Compensation, Legal Services, Payment to Risk Management and Property Funds, Vehicle Lease Payments, and Leased Space for Gaming Site Offices are shown in the Executive Director's Office centrally-appropriated budget lines.

Staffing Summary	Enforcement Business Group Limited Gaming Division			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management and Administration	13.1	18.0	19.0	19.0
Licensing	4.9	5.0	5.0	5.0
Professionals - Financial Services	15.2	16.0	18.0	18.0
Investigators	<u>43.8</u>	<u>37.0</u>	<u>50.0</u>	<u>50.0</u>
Total	77.0	76.0	92.0	92.0

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Limited Gaming Commission approved an increase of \$1,225,927 and 16.0 FTE to implement the provision of Amendment 50, which expanded limited gaming hours, increased the maximum bet, and added games.

The Department has requested an appropriation of \$6,643,998 cash funds from the Limited Gaming Fund. The request includes a decrease of \$132,093 for the PERA Contribution shift included in S.B. 10-146.

Staff recommends reflecting an appropriation of \$6,643,998 and 92.0 FTE cash funds from the Limited Gaming Fund. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Enforcement Business Group - Limited Gaming Division		
	FTE	Cash Funds
FY 2009-10 Long Bill	76.0	\$5,527,763
Gaming Commission Adjustment (Implementation of Amendment 50)	16.0	1,225,927
Adjustment from FY 2009-10 budget reductions		106,956
Annualization of Gaming Commission Adjustment		(84,555)
PERA Contribution Shift (SB 10-146)		<u>(132,093)</u>
Staff Recommendation	92.0	6,643,998

Operating Expenses

This line item funds such costs as telecommunications expenses, general office supplies, and printing costs. The Department's requests an appropriation of \$613,084. The request includes a Gaming Commission adjustment of \$241,541 for implementation of Amendment 50 and annualization of that adjustment (a decrease of \$204,191).

Staff recommends reflecting the Department request of \$613,084 cash funds.

Licensure Activities

This line item funds costs associated with licensing of individuals associated with the gaming industry, including costs such as issuing badges, collecting applicant fingerprints, conducting computer searches, and other associated background checks. The Department is requesting a continuation appropriation.

Staff recommends reflecting the Department request of \$181,497 cash funds.

Investigations

This line item funds cost associated with conducting background checks prior to licensing casino personnel, owners, and equipment manufacturers. Licensing often requires more detailed background checks and investigations, which is paid for in full by the applicants. The FY 2008-09 request is based on a continuation appropriation.

Staff recommends reflecting the Department request of \$263,964 cash funds.

Payments to Other State Agencies

This line item funds the costs associated with other State agencies performing work for and related to Limited Gaming. These agencies include the Colorado State Patrol, Colorado Bureau of Investigations, Division of Fire Safety, and Department of Local Affairs. The Department requests an appropriation \$3,338,626, which includes a Gaming Commission adjustment of \$908,778.

Staff recommends reflecting the Department request of \$3,338,626 cash funds.

Distribution to Gaming Cities and Counties

The Distribution to Gaming Cities and Counties line item reflects the net proceeds distribution of Limited Gaming Funds to eligible cities and counties, including Gilpin and Teller counties, and the Cities of Black Hawk, Central City, and Cripple Creek. The Constitutional amendments provide directions as to the distribution of revenues: funding for historic preservation in the three gaming cities as well as statewide, funding for the host cities and counties for the impacts of gaming, and the General Fund for state impacts. From the net amount in the Limited Gaming Fund at year-end, the Constitution mandates the following distributions: 28% to the State Historical Fund, 12% to Gilpin and Teller Counties (in proportion to the gaming revenues generated in each county), 10% to the cities of Black Hawk, Central City, and Cripple Creek (in proportion to the gaming revenues generated in each county), and 50% to the General Fund, "or such other fund as the general assembly shall provide." The amount requested by the Department is based on a Revenue estimate for the Limited Gaming Fund and is a continuation appropriation.

Staff recommends reflecting the Department request of \$23,788,902 cash funds.

Indirect Cost Assessment

This line item reflects the total indirect cost assessment against the Limited Gaming Fund for the Department of Revenue. The request is based on the Departmental and Statewide Indirect Cost Allocation Plan. The plan is updated each year to reflect accurate assessments against the Limited Gaming Fund. The Department requests an appropriation of \$720,824, which includes adjustments for the FY 2009-10 personal services reductions, changes in the statewide and departmental indirect costs plans, and the information technology consolidation.

Staff recommends reflecting the Department request of \$720,824 cash funds.

(C) LIQUOR ENFORCEMENT DIVISION

This division regulates the manufacture and distribution of alcoholic beverages and promotes awareness of the liquor, beer, and special events codes. Its primary responsibilities are to license or grant permits to manufacturers, importers, wholesalers, retailers, and public transportation systems; and to enforcing the state's liquor laws. The collection of excise taxes on alcoholic beverages is administered by the Taxpayer Services Division. Five of the division's investigators are assigned to the main office in Denver, while the remainder are assigned to the division's four field offices in Greeley, Grand Junction, Pueblo, and Colorado Springs. Funding for the Division is from the Liquor

Enforcement Division and State Licensing Authority Cash Fund, which is funded from licensing and application fees.

Enforcement Business Group Liquor Enforcement Division				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management/Administration	2.0	2.0	2.0	2.0
Licensing	3.0	4.0	4.0	4.0
Investigators	<u>12.7</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
Total	17.7	21.0	21.0	21.0

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested a continuation budget of \$1,534,576 cash funds.

Staff recommends an appropriation of \$1,662,312 and 21.0 FTE cash funds from the Liquor Enforcement Division and State Licensing Authority Cash Fund. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Enforcement Business Group - Liquor Enforcement Division		
	FTE	Cash Funds
FY 2009-10 Long Bill	21.0	\$1,655,815
Adjustment from FY 2009-10 personal services reductions		32,038
PERA contribution shift (SB 10-146)		<u>(25,541)</u>
Staff Recommendation	21.0	1,662,312

Operating Expenses

This line item funds such costs as telecommunications expenses, general office supplies, and printing costs. The Department requests an appropriation of \$56,326, which includes annualization of the FY 2009-10 decision item that increased Liquor Division staff.

Staff recommends a continuation appropriation of \$56,326 cash funds from the Liquor Enforcement Division and State Licensing Authority Cash Fund.

(D) TOBACCO ENFORCEMENT PROGRAM

This program enforces laws that prohibit the sale of tobacco products to persons less than eighteen years of age. Federal law requires states to enforce laws prohibiting the sale of tobacco products to minors in order to be eligible for certain block grants. Failure to meet federal standards could result in the loss of up to 40 percent of the state's Substance Abuse Prevention and Treatment Block Grant.

In addition to General Fund appropriations, Section 24-22-117 (2) (c) (III) (B), C.R.S., appropriates up to \$350,000 annually to the Department's Tobacco Enforcement Program from the Tobacco Education Programs Fund in the Department of Public Health and the Environment.

Enforcement Business Group Tobacco Enforcement Program				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Administration	1.0	1.0	1.0	1.0
Investigators	<u>5.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>
Total	6.5	7.5	7.5	7.5

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department has requested an appropriation of \$504,487, including \$145,318 General Fund. The request includes \$29,911 cash funds from the Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Enforcement Fund to implement S.B. 08-026 (Cigarette Ignition Propensity Standards)

Staff recommends an appropriation of \$495,359 and 7.5 FTE, including \$142,689 General Fund and \$352,670 cash funds. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Enforcement Business Group - Tobacco Enforcement Program				
	FTE	General Fund	Reappropriated Funds	Total
FY 2009-10 Long Bill	7.5	\$145,318	\$359,169	\$504,487
PERA Contribution Shift (SB 10-146)		<u>(2,629)</u>	<u>(6,499)</u>	<u>(9,128)</u>
Staff Recommendation	7.5	142,689	352,670	495,359

Operating Expenses

This line item funds such costs as telecommunications expenses, general office supplies, and printing costs. The Department has requested \$31,379, including \$7,201 General Fund.

Staff recommends an appropriation of \$31,379, including \$7,201 General Fund and \$24,178 cash funds.

(E) DIVISION OF RACING EVENTS

This division regulates greyhound and horse racing events, and supervises pari-mutuel betting at the race tracks. It is also responsible for allocating race dates to racing associations, and adopting rules for the supervision of racing events, racing officials and licenses. The source of funds is the Division of Racing Cash Fund.

The division had been overseeing four greyhound racetracks and one horse racetrack. All of the greyhound racetracks have discontinued live races, but continue with simulcast racing from other out of state venues. The Department is projecting income of \$2,264,890 in FY 2009-10. A budget amendment to the FY 2009-10 request decreased the request by \$332,823 and 6.8 FTE to account for the reduced responsibilities of the Division with regard to live greyhound racing.

Enforcement Business Group Division of Racing Events				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management and Administration	4.2	8.9	5.0	5.0
Investigators/Auditors	3.9	4.5	4.5	4.5
General Professionals/Field Operations	1.0	3.2	1.2	1.2
Veterinarians	<u>1.4</u>	<u>1.9</u>	<u>1.0</u>	<u>1.0</u>
Total	10.5	18.5	11.7	11.7

Personal Services (Budget Amendment # 2)

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions.

Budget Amendment # 2 - Elimination of Racing Events FTE

The Department requests a decrease of \$332,823 cash funds (Racing Cash Fund) and 6.8 FTE to reflect the workload decreases resulting from the cessation of live dog racing in Colorado. On June 28, 2008, the last live greyhound racing operation in the State ceased operations, with no plans for any entity in Colorado to continue live racing.

The industry has seen declining profitability for years, resulting in fewer facilities funding the Division dog racing responsibilities. Although legislation was passed in the 2009 session to address live dog racing, the Department states that there is currently little prospect of live greyhound racing returning to Colorado. Due to the lack of greyhound racing, the Division of Racing Events laid off 6.8 FTE who were directly involved in the day-to-day regulation and operation of live greyhound racing.

This request will bring the Department's spending authority in line with its actual expenditures without the greyhound racing staff. The reduction will reduce FTE and personal services expenses by approximately one-third of the Division's personal services budget. It should be noted that if live dog racing were to return to Colorado, the Division would not have funding to properly regulate the industry, and would have to seek an appropriation to restore the regulatory positions.

Staff recommends that the Committee approve a reduction of \$332,823 cash funds and 6.8 FTE for FY 2009-10 in the Division of Racing Events.

Staff recommends an appropriation of \$1,129,370 and 11.7 FTE cash funds. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Enforcement Business Group - Division of Racing Events		
	FTE	Cash Funds
FY 2009-10 Long Bill	18.5	\$1,467,605
Budget Amendment to eliminate FTE for the cessation of greyhound racing	(6.8)	(326,363)
PERA Contribution shift (SB 10-146)		<u>(11,872)</u>
Staff Recommendation	11.7	1,129,370

Operating Expenses (Budget Amendment #2)

This line item funds such costs as telecommunications expenses, general office supplies, and printing costs. The Department has requested \$91,385 cash funds, which reflects a decrease of \$6,460 from Budget Amendment # 2 that reduced Division of Racing Events FTE.

Staff recommends an appropriation of \$91,385 cash funds.

Laboratory Services

This line item funds costs associated with performing laboratory examinations of animal samples. Colorado law states that "at least one veterinarian employed or supervised by the Director shall be present at every racetrack during weighing in of animals and at all times that racing is being

conducted." Division staff conduct physical examinations of animals, take blood and urine tests and other tests for the presence of prohibited drugs or medications, and weigh jockeys and greyhounds. The Department requests a continuation appropriation.

Staff recommends a continuation appropriation of \$104,992 cash funds.

Commission Meeting Costs

This line item covers the costs of reimbursement and per diem costs associated with Colorado Racing Commission meetings. The Department requests a continuation appropriation.

Staff recommends a continuation appropriation of \$1,200 cash funds.

Racetrack Applications

This line item funds the costs associated with the conduct of comprehensive background investigations of race meet applicants, the costs of which are paid for by the applicants. The Department requests a continuation appropriation.

Staff recommends a continuation appropriation of \$25,000 cash funds.

Purses and Breeders Awards

This line item represents a pass-through appropriation. The Division does not spend any appropriation associated with this line item. Section 12-60-704, C.R.S., created a trust fund that contains moneys deposited by licensees and operators of in-state simulcast facilities for horse racing. The Racing Commission promulgates rules that allow for distributions from this fund to owners and breeders of Colorado-bred horses. The Department requests a continuation appropriation.

Staff recommends a continuation appropriation of \$1,106,142 cash funds.

(F) HEARINGS DIVISION

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

Enforcement Business Group Hearings Division				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Manager	1.0	1.0	1.0	1.0
Administration	7.8	8.0	8.0	8.0
Hearings Officers	<u>18.3</u>	<u>19.8</u>	<u>19.8</u>	<u>19.8</u>
Total	27.1	28.8	28.8	28.8

Personal Services (Decision Item # 4)

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requests \$2,092,012 cash funds and 29.0 FTE.

Decision Item # 4 - Interactive Voice Response Phone System

The Department is requesting a transfer of \$30,028 funding from this line to the Operating Expenses line in this section and the Operating Expenses line in the Executive Director's Office to purchase, deploy, and maintain an "interactive voice response phone system." This will be discussed in detail in the Operating Expenses line item.

Staff recommends an appropriation of \$2,008,018 and 28.8 FTE cash funds from the Drivers License Revocation account, a sub-account of the Highway Users Tax Fund. Reversions flow to the HUTF at the end of each fiscal year. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation Enforcement Business Group - Hearing Division		
	FTE	Cash Funds
FY 2009-10 Long Bill	29.0	\$2,052,302
2009 Session special bill appropriations and annualizations	(0.2)	(12,677)
Adjustment from FY 2009-10 personal services budget reductions		39,710
Decision Item #4 - Interactive Voice Response System		(30,028)
PERA Contribution shift (SB 10-140)		<u>(41,289)</u>
Staff Recommendation	28.8	2,008,018

Operating Expenses (Decision Item # 4 - Interactive Voice Response Phone System)

This line item funds expenses such as telecommunications costs, general office supplies and printing costs. The Department is requesting a decision item to deploy an interactive voice response phone system. The Department is requesting an appropriation of \$98,938 cash funds.

Decision Item # 4 - Interactive Voice Response Phone System

The Department is requesting a transfer of \$25,188 cash funds from the Drivers License Administrative Revocation Account from the Personal Services line item in the Hearings Division to this line item. Another \$4,840 of cash funds will be transferred to the Operating Expenses line item in the Executive Director's Office. The funding would be used to purchase, deploy, and maintain an interactive voice response phone system (IVR). *The request is budget neutral.*

The interactive voice response system will assist customers calling in for a hearing, obtain the case number, respondent and caller name, as well as the phone number they are calling within a certain time frame for the hearing. Callers then identify their role in the hearing by menu selection. The system will verify all information entered. The contractor will also create a web site so that the hearing officer can access the voice recording of the name along with phone number of caller for a return call.

The systems costs are detailed in the table below:

Interactive Voice Response Phone System Cost Detail		
	FY 2010-11	FY 2011-12 and Beyond
Initial Set-up, testing and training	\$4,840	\$0
System Maintenance Fee	6,000	6,000
Usage Fees		
First 5,000 calls (\$0.15 per call)	9,000	9,000
Next 10,000 calls (\$0.14 per call)	8,988	8,988
(Usage fees decline for additional calls over 15,000 calls. Department does not expect to reach those rates)		
User Reports	<u>1,200</u>	<u>1,200</u>
Total Estimated Costs	30,028	25,188

These costs would be offset by a reduction in personal services expenses in the Division.

According to the Department, many participants would prefer that the hearings be conducted by telephone. Cities and counties prefer telephone hearings because they do not require officers to travel to the hearing sites, incurring travel and per diem expenses, and/or leaving fewer officers to patrol their communities. In addition, cases must be dismissed when an officer is not able to physically

appear at the hearing. In FY 2008-09, 245 alcohol related cases were dismissed because the officer could not appear at the hearing. Some of these dismissals potentially return dangerous drivers to their communities.

Section 42-1-218.5, C.R.S. allows the Division to conduct all types of hearings to be conducted by telephone. Without the abilities provided by this system to handle more telephone check-ins, the expansion of telephone hearings will not be possible without a significant increase in staffing. The Department states that the ability to hold more hearings over the telephone will delay the need for additional staff to support the increased number of hearings the Department is experiencing as Colorado's population grows.

Staff recommends approval of the Department's request, for a transfer of \$30,028 cash funds from the Enforcement Business Group, Hearings Division, Personal Services, with \$4,840 being allocated to the Executive Director's Office, Operating Expenses, and \$25,188 being allocated to the Hearings Division, Operating Expenses.

Staff recommends an appropriation of \$98,938 cash funds from the Drivers License Revocation account.

(G) MOTOR VEHICLE DEALER LICENSING BOARD

The Motor Vehicle Dealer Licensing Board is responsible for licensing and regulation of automobile dealers and sales people as well as promulgating consumer protection regulations. Additionally, the Board conducts licensing and disciplinary hearings, and investigates suspected violations.

Staffing Summary	Enforcement Business Group Motor Vehicle Dealer Licensing			
	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Manager	1.0	1.0	1.0	1.0
Administration	8.0	9.2	9.2	9.2
Professionals	3.0	3.0	3.0	3.0
Investigators	<u>11.5</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
Total	23.5	28.2	28.2	28.2

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. This year, the Department is requesting an appropriation of \$1,789,582 cash funds and 28.2 FTE. The request includes a reduction of \$38,098 to reflect the PERA contribution shift included in S.B. 10-146.

Staff recommends an appropriation of \$1,827,680 and 28.2 FTE cash funds from the Auto Dealers License Fund. This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation		
Enforcement Business Group - Motor Vehicle Dealer Licensing Board		
	FTE	Cash Funds
FY 2009-10 Long Bill	28.2	\$1,792,988
Adjustment from FY 2009-10 budget reductions		34,692
PERA Contribution Shift (SB 10-146)		<u>(38,098)</u>
Staff Recommendation	28.2	1,789,582

Operating Expenses

This line item funds expenses such as telecommunication services, general office supplies and printing expenses. The Department requests an appropriation \$119,023 cash funds, which includes a reduction of \$61,770 for the annualization of a FY 2009-10 decision item, Imaging Costs for MV Dealer Licensing Board.

Staff recommends an appropriation of \$119,023 cash funds from the Auto Dealers License Fund.

(8) STATE LOTTERY DIVISION

The State Lottery Division is a TABOR enterprise under Article X, Section 20, of the Colorado Constitution. Cash funds appropriations are from the State Lottery Fund. Previously, expenditures from the Fund were classified as cash funds exempt, with the reclassification of funds approved by the Committee, these expenditures will now be classified as cash funds.

The Lottery's direct costs for Worker's Compensation, Operating Expenses for variable vehicle expense, Legal Services, Purchase of Services from Computer Center, Multiuse Network Payments, Payments to Risk Management, Vehicle Lease Payments, Leased Space, Capitol Complex Leased Space, and Communications Services Payments are shown in the Executive Director's Office consolidated budget lines. In FY 2006-07, those expenditures totaled \$1,501,662.

State Lottery Division				
Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommendation
Management & Administration	39.0	43.0	43.0	43.0
Sales	40.7	41.0	41.0	41.0
Accounting and Analysis	10.3	12.0	12.0	12.0
Investigators	7.0	8.5	8.5	8.5
Programmers/IT Support	<u>18.5</u>	<u>21.5</u>	<u>21.5</u>	<u>21.5</u>
Total	115.5	126.0	126.0	126.0

Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year, and common policy base reductions. The Department requests a continuation appropriation of \$8,931,192 cash funds and 126.0 FTE.

Staff recommends a continuation appropriation of \$8,931,192 cash funds and 126.0 FTE This recommendation is based on the Personal Services Calculation approved by the Committee and detailed in the following table.

Personal Services Calculation State Lottery Division		
	FTE	Cash Funds
FY 2009-10 Long Bill	126.0	\$8,924,932
Adjustment from FY 2009-10 budget reductions		172,688
PERA Contribution Shift (SB 10-146)		<u>(166,428)</u>
Staff Recommendation	126.0	8,931,192

Operating Expenses

This line item funds hardware/software maintenance, training, freight, disaster recovery insurance, telecommunications expenses, equipment rentals, general office supplies, capital outlay, utilities, and printing costs. The Department requested a continuation appropriation.

Staff recommends a continuation appropriation of \$1,203,156 cash funds.

Payments to Other State Agencies

This line item funds the costs of various audits, fingerprint and name checks through CBI, and data storage fees provided by the Department of Personnel and Administration's Document Solutions Group. In FY 2006-07, \$101,078 was transferred from this line to personal services to enable the

Division to directly procure private auditing firms to audit the lottery, instead of paying the State Auditor's Office to hire the auditing firms. The Department requests a continuation appropriation.

Staff recommends a continuation appropriation of \$239,410 cash funds.

Travel

This line item is used for travel in-state as well as out-of-state expenses including hotel, air, per-diem, and reimbursements for personal vehicle use. The Department is requesting a continuation appropriation.

Staff recommends a continuation appropriation of \$113,498 cash funds.

Marketing and Communications

This line item is used to reimburse vendors for goods and services related to the marketing, sale, advertising, public relations, consumer awareness, retailer awareness, drawings, customer support, and retailer support of Lottery games and products. These include sponsorships, newspaper and television advertising, promotional coupons, free tickets, Lottery Bucks and billboards.

The Department received approval from the General Assembly to increase this line item by \$3,028,290 cash funds in both FY 2008-09 and FY 2009-10 in order to fund an increase in advertising, resulting in an increase of \$6,056,580 over two years. The Department requests a continuation budget of \$14,700,000 cash funds.

Staff recommends a continuation appropriation of \$14,700,000 cash funds.

Multi-State Lottery Fees

This line item is used to pay vendors for goods and services related to administering multi-state games of which Colorado is, or may become, a participating Lottery. These payments include the costs of maintaining compliance with multi-state game rules and policies. These costs vary year to year based on many factors such as per-capita sales of each state participating in a multi-state lottery, the number of states participating, the level of service provided by the multi-state game vendors, changes in multi-state rules and policies, and inflation. The Department has requested a continuation appropriation.

Staff recommends a continuation appropriation of \$177,433 cash funds.

Vendor Fees

This line is used to pay vendors for two categories of services: variable vendor fees, and fixed vendor fees. This is a variable appropriation and is adjusted each year during the supplemental budget process to allow enough spending authority based on the most recent sales projections.

Budget Amendment # 1 - Lottery Variable Costs Adjustment

In January, the Department requested and received approval for a FY 2009-10 supplemental decrease to this line item of \$301,695 to reflect updated sales projections. They are requesting a budget amendment to continue the spending authorization to FY 2010-11. The Department's amended

request is for \$12,376,154 cash funds. The reason this line decreases is because the Department renegotiated the contract with its vendor, and the request reflects the savings in the new contract, as well as the increase as a result of increased sales.

Staff recommends an appropriation of \$12,376,154 cash funds.

Prizes

This line item is used to pay Lottery prizes associated with games approved by the Lottery commission. This is a variable appropriation and is adjusted each year during the supplemental budget process to allow enough spending authority based on the most recent sales projections.

Budget Amendment # 1 - Lottery Variable Costs Adjustment

In January, the Department requested and received approval for a FY 2009-10 supplemental increase to this line item of \$7,683,620 to reflect updated sales projections. They are requesting a budget amendment to continue the spending authorization to FY 2010-11. The Department's amended request is for \$400,264,560 cash funds

Staff recommends an appropriation of \$400,264,560 cash funds. Under Section 24-35-210 (1), C.R.S., this line item is continuously appropriated.

Powerball Prize Variance

This line is used to reimburse the Multi-State Lottery Association (MUSL) for the State's share of the 'lower tier' prize pool, which are any prizes other than the Powerball jackpot. Based on statistical data, if the State's payout is greater than average, this line item will increase to reflect a reimbursement for the difference. Conversely, if the State's payout is less than average, this line item will decrease accordingly. This is a variable appropriation and is adjusted each year during the supplemental budget process to allow enough spending authority based on the most recent sales projections.

Budget Amendment # 1 - Lottery Variable Costs Adjustment

In January, the Department requested and received approval for a FY 2009-10 supplemental increase to this line item of \$252,000 to reflect updated sales projections. They are requesting a budget amendment to continue the spending authorization to FY 2010-11. The Department's amended request is for \$12,960,000 cash funds.

Staff recommends an appropriation of \$12,960,000 cash funds. Under Section 24-35-210 (1), C.R.S., this line item is continuously appropriated.

Retailer Compensation

These payments are commissions, cashing bonuses, and marketing agreement bonuses to compensate retailers for selling State Lottery products. Retailers are paid a 7 percent commission on scratch sales, and a 6 percent commission for online sales. The bonus for selling to a powerball jackpot winner is \$50,000. Retailers receiving these payments include convenience stores; gas stations; supermarkets

such as; tobacco shops; and liquor stores. This is a variable appropriation and is adjusted each year during the supplemental budget process to allow enough spending authority based on the most recent sales projections.

Budget Amendment # 1 - Lottery Variable Costs Adjustment

In January, the Department requested and received approval for a FY 2009-10 supplemental increase to this line item of \$396,440 to reflect updated sales projections. They are requesting a budget amendment to continue the spending authorization to FY 2010-11. The Department's amended request is for \$49,260,600 cash funds.

Staff recommends an appropriation of \$49,290,600 cash funds.

Ticket Costs

This is a variable appropriation and is adjusted each year during the supplemental budget process to allow enough spending authority based on the most recent sales projections.

Budget Amendment # 1 - Lottery Variable Costs Adjustment

In January, the Department requested and received approval for a FY 2009-10 supplemental increase to this line item of \$213,120 to reflect updated sales projections. They are requesting a budget amendment to continue the spending authorization to FY 2010-11. The Department's amended request is for \$6,284,000 cash funds.

Staff recommends an appropriation of \$6,284,000 cash funds.

Research

Staff recommends a continuation appropriation of \$250,000 cash funds. This line funds marketing research.

Indirect Cost Assessment

Based on Department and State-wide indirect cost plans, the Department requests an appropriation of \$549,890 cash funds.

Staff recommends an appropriation of \$549,890 cash funds.

FOOTNOTES and REQUESTS FOR INFORMATION

Staff recommends the following written requests for information. The struck text and small caps indicates the changes.

64 Department of Revenue, Information Technology Division, Colorado State Titling and Registration System -- The Department is request to provide, for the fiscal year starting July 1, 2009, quarterly reports to the Joint Budget Committee on the fund balance, revenues, and expenditures in the Colorado State Titling and Registration Account created in Section 42-1-211 (2), C.R.S., a sub-account of the Highway Users Tax Fund. The reports should come as soon as possible after the end of the quarters that end on September 30, ~~2009~~ 2010, December 31, ~~2009~~ 2010, March 31, ~~2009~~ 2011, and June 30, ~~2009~~ 2011.

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

66 Department of Revenue, Taxation Business Group, Taxation and Compliance Division -- The Department is requested to provide to the Joint Budget Committee, as soon as possible after the end of the fiscal year that ends on June 30, 2010, but no later than September 30, 2010, a report detailing the amount of additional General Fund revenue realized in during FY 2009-10 by the General Assembly's funding of an expanded out-of-state tax compliance and enforcement program. THE DEPARTMENT IS REQUESTED TO PROVIDE A SIMILAR REPORT FOR THE FISCAL YEAR THAT ENDS JUNE 30, 2011.

N DEPARTMENT OF REVENUE, TAXATION BUSINESS GROUP, TAXATION AND COMPLIANCE DIVISION -- THE DEPARTMENT IS REQUESTED TO PROVIDE TO THE JOINT BUDGET COMMITTEE, BY SEPTEMBER 30, 2011, A REPORT ON THE EFFECTIVENESS OF 2010 DECISION ITEM # 1 - "TREASURY OFFSET PROGRAM". THE REPORT SHOULD PROVIDE THE AMOUNT OF ADDITIONAL REVENUE GAINED BY THE STATE BY THE FULL IMPLEMENTATION OF THE PROGRAM AUTHORIZED BY THE GENERAL ASSEMBLY DURING THE 2010 LEGISLATIVE SESSION.

N DEPARTMENT OF REVENUE, TAXATION BUSINESS GROUP, TAXATION AND COMPLIANCE DIVISION -- THE DEPARTMENT IS REQUESTED TO PROVIDE TO THE JOINT BUDGET COMMITTEE, BY SEPTEMBER 30, 2011, A REPORT ON THE EFFECTIVENESS OF 2010 DECISION ITEM # 2 - "DELINQUENCY BILLINGS". THE REPORT SHOULD PROVIDE THE AMOUNT OF ADDITIONAL REVENUE GAINED BY THE STATE BY THE IMPLEMENTATION OF THE PROGRAM AUTHORIZED BY THE GENERAL ASSEMBLY DURING THE 2010 LEGISLATIVE SESSION.

N DEPARTMENT OF REVENUE, TAXATION BUSINESS GROUP, TAXATION AND COMPLIANCE DIVISION -- THE DEPARTMENT OF REVENUE IS REQUESTED TO PROVIDE TO THE JOINT BUDGET COMMITTEE, BY SEPTEMBER 30, 2010 FOR FY 2009-10, AND BY SEPTEMBER 30, 2011 FOR FY 2010-11, A REPORT ON THE EFFECTIVENESS OF 2010 BUDGET AMENDMENT # 5 - "TAX CODE COMPLIANCE INITIATIVE". THE REPORT SHOULD PROVIDE THE AMOUNT OF ADDITIONAL REVENUE GAINED BY THE STATE BY THE IMPLEMENTATION OF THE INITIATIVE AUTHORIZED BY THE GENERAL ASSEMBLY DURING THE 2010 LEGISLATIVE SESSION.

67 Department of Revenue, State Lottery Division-- The Department is requested to submit a report to the Joint Budget Committee, by September 30, ~~2009~~ 2010, 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.

BUDGET BALANCING OPTIONS

REFINANCE GENERAL FUND IN DRIVER'S LICENSE OFFICES WITH CASH FUNDS

The Department requested, as part of the Governor's Budget Balancing Package, a decision item that would extend for two years the refinancing of General Fund for the operations of the Driver's License Offices with cash funds from the Licensing Services Cash Fund (LSCF) and the Highway Users Tax Fund "Off-the-Top appropriation (HUTF). The proposal would reduce General Fund expenditures by \$20 million dollars in FY 2010-11. Staff recommended against this decision item because it is not in current law, and staff figure sets to current law.

The proposal could be enacted as a part of the Joint Budget Committee's budget balancing package to be introduced in the General Assembly. It would require legislation like S.B. 09-274 that refinanced \$16.2 million General Fund in FY 2009-10 with funds from the LSCF and the HUTF. Because of the pay date shift for General Funded employees, the increased cash funds sources were \$12.9 million from the LSCF and \$4.1 million from the HUTF "off-the-top".

The table below shows where the proposed refinance would replace General Fund with cash funds.

Refinance of Driver's License Office General Fund with Cash Funds				
Line Item	Net Change	Reduced General Fund	Increase LSCF	Increase HUTF
<u>(1) Executive Director's Office</u>				
Personal Services	\$0	(\$1,008,487)	\$0	\$1,008,487
Health, Life, and Dental	0	(2,014,968)	2,014,968	0
Short-term Disability	0	(22,276)	22,276	0
S.B. 04-257 Amortization Equalization Disbursement	0	(344,919)	344,919	0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	0	(251,507)	251,507	0
Shift Differential	0	(27,556)	27,556	0
Workers' Compensation	0	(97,947)	97,947	0
Operating Expenses (Variable Vehicle Expenses)	0	(44,766)	44,766	0
Legal Services	0	(134,514)	134,514	0
Purchase of Services from the Computer Center	0	(832,564)	0	832,564
Multiuse Network Payments	0	(485,932)	442,524	43,408
Management and Administration of OIT	0	(46,012)	0	46,012
Payment to Risk Management and Property	0	(10,483)	10,483	0

Refinance of Driver's License Office General Fund with Cash Funds				
Line Item	Net Change	Reduced General Fund	Increase LSCF	Increase HUTF
Funds				
Vehicle Lease Payments	0	(38,533)	38,533	0
Leased Space	0	(1,137,410)	1,137,410	0
Capitol Complex Leased Space	0	(134,054)	134,054	0
Utilities	0	(104,440)	104,440	0
<u>(2) Central Department Operations</u>				
Personal Services	0	(253,177)	0	253,177
<u>(5) Division of Motor Vehicles, (A) Administration</u>				
Personal Services	0	(533,619)	0	533,619
Operating Expenses	0	(33,404)	0	33,404
<u>(5) Division of Motor Vehicles, (B) Driver and Vehicle Services</u>				
Personal Services	0	(9,548,950)	9,548,950	0
Operating Expenses	0	(1,214,937)	1,214,937	0
Drivers License Documents	0	(1,792,770)	1,792,770	0
Proposed FY 2010-11 Refinancing	\$0	(\$20,113,225)	\$17,362,554	\$2,750,671
Proposed FY 2011-12 Refinancing	\$0	(\$20,113,225)	\$20,113,225	\$0

These figures assume that the staff consolidation for Information Technology passes the General Assembly. These figures are based on assumptions using the OSPB numbers for other common policies that have not yet been approved by the Committee. When those common policies are approved, staff will reflect those policies in the numbers in this proposal.

Senate Bill 09-274 refinanced the Driver's License offices by diverting fees collected in association with the issuance of driver's licenses and other identification documents from the Highway Users Tax Fund (HUTF) to the Licensing Services Cash Fund. The bill then authorized the utilization of unappropriated moneys in the "off-the-top" portion of the HUTF and the additional LSCF moneys to operate the Driver's License Offices, including centrally appropriated and "POTS" costs of operating those offices.

Such a bill, would if enacted, extended expand the General Fund savings of S.B. 09-274, while reducing revenue to the HUTF. **Staff recommends consideration of a JBC bill to extend the refinancing of Driver's License Offices for at least two years.** The extension would reduce General Fund appropriations in the Department by \$20.1 million each year.