

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 STAFF FIGURE SETTING: DEPARTMENT OF REVENUE

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

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FY 2007-08 JBC Staff Figure Setting
Department of Revenue

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
DEPARTMENT OF REVENUE						
Roxy Huber, Executive Director						
(1) EXECUTIVE DIRECTOR'S OFFICE						
Manages the Department. Cash sources include the Limited Gaming Fund, Liquor Enforcement Cash Fund, Auto Dealer's License Fund. Cash exempt sources include the State Lottery Fund, Colorado State Titling and Registration Account, Highway Users Tax Fund, Auto Inspection and Readjustment Account. These are indirect cost recoveries used to offset General Fund.						
Personal Services	3,149,432	3,405,446	3,305,533	3,401,531	3,391,306	BA
FTE	<u>39.6</u>	<u>43.5</u>	<u>43.5</u>	<u>43.5</u>	<u>43.5</u>	
General Fund	1,721,615	2,068,611	1,800,212	1,746,864	1,973,446	
HUTF	380,274	376,664	411,746	385,567	385,567	
Cash Funds	496,663	444,407	512,192	401,235	401,235	
Cash Funds Exempt	550,880	515,764	581,383	867,865	631,058	
Health, Life and Dental	<u>0</u>	<u>0</u>	<u>4,743,381</u>	<u>5,853,341</u>	<u>5,632,808</u>	BA
General Fund	0	0	2,942,035	3,532,406	3,477,305	
HUTF	0	0	494,284	549,227	569,055	
Cash Funds	0	0	487,906	795,024	606,957	
Cash Funds Exempt	0	0	819,156	976,684	979,491	
Short-term Disability	<u>0</u>	<u>0</u>	<u>104,137</u>	<u>97,699</u>	<u>92,989</u>	BA
General Fund	0	0	64,280	59,307	57,859	
HUTF	0	0	8,570	7,617	7,267	
Cash Funds	0	0	12,025	13,081	11,095	
Cash Funds Exempt	0	0	19,262	17,694	16,768	
S.B.04-257 Amortization Equalization Disbursement	<u>0</u>	<u>0</u>	<u>506,809</u>	<u>908,356</u>	<u>847,890</u>	BA
General Fund	0	0	311,065	551,555	523,618	
HUTF	0	0	42,050	70,312	67,077	
Cash Funds	0	0	58,260	123,156	102,414	
Cash Funds Exempt	0	0	95,434	163,333	154,781	
S.B.06-235 Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>161,399</u>	
General Fund	0	0	0	0	93,843	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2007-08	Change
	Actual	Actual	Appropriation	Request	Recommend.	Requests
HUTF	0	0	0	0	13,974	
Cash Funds	0	0	0	0	21,336	
Cash Funds Exempt	0	0	0	0	32,246	
Salary Survey and Senior Executive Service	<u>0</u>	<u>0</u>	<u>2,037,928</u>	<u>2,598,831</u>	<u>0</u>	pending
General Fund	0	0	1,215,030	1,498,732	0	
HUTF	0	0	179,453	246,110	0	
Cash Funds	0	0	250,355	332,340	0	
Cash Funds Exempt	0	0	393,090	521,649	0	
Performance-based Pay Awards	<u>0</u>	<u>0</u>	<u>0</u>	<u>673,005</u>	<u>0</u>	pending
General Fund	0	0	0	413,985	0	
HUTF	0	0	0	52,608	0	
Cash Funds	0	0	0	82,455	0	
Cash Funds Exempt	0	0	0	123,957	0	
Shift Differential	<u>0</u>	<u>0</u>	<u>169,277</u>	<u>166,518</u>	<u>166,518</u>	
General Fund	0	0	50,618	52,100	52,100	
HUTF	0	0	96,423	96,277	96,277	
Cash Funds	0	0	9,087	5,408	5,408	
Cash Funds Exempt	0	0	13,149	12,733	12,733	
Workers' Compensation	<u>1,036,760</u>	<u>811,890</u>	<u>878,495</u>	<u>923,699</u>	<u>0</u>	pending
General Fund	695,331	520,058	565,541	593,404	0	
HUTF	102,544	71,963	78,257	79,157	0	
Cash Funds	48,193	77,427	84,199	91,748	0	
Cash Funds Exempt	190,692	142,442	150,498	159,390	0	
Operating Expenses	<u>643,048</u>	<u>912,803</u>	<u>946,531</u>	<u>946,531</u>	<u>946,531</u>	
General Fund	430,302	452,759	449,309	485,359	485,359	
HUTF	86,142	92,509	102,958	81,629	81,629	
Cash Funds	58,142	130,658	139,385	143,721	143,721	
Cash Funds Exempt	68,462	236,877	254,879	235,822	235,822	

FY 2007-08 JBC Staff Figure Setting
Department of Revenue

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2007-08	Change
	Actual	Actual	Appropriation	Request	Recommend.	Requests
Legal Services for 11,165 hours	<u>455,104</u>	<u>602,909</u>	<u>756,653</u>	<u>756,653</u>	0	pending
General Fund	323,983	264,340	436,254	410,666	0	
HUTF	685	4,898	2,007	9,981	0	
Cash Funds	125,741	283,800	261,098	279,214	0	
Cash Funds Exempt	4,695	49,871	57,294	56,792	0	
 Administrative Law Judge Services - CFE	 0	 903	 824	 0	 0	
Purchase of Services from Computer Center	<u>3,330,686</u>	<u>3,424,834</u>	<u>3,475,351</u>	<u>3,166,922</u>	0	pending
General Fund	3,330,686	3,419,412	3,469,849	3,163,755	0	
Cash Funds Exempt	0	5,422	5,502	3,167	0	
 Multiuse Network Payments	<u>1,633,190</u>	<u>1,727,513</u>	<u>1,712,420</u>	<u>2,194,256</u>	0	DI-NP, pending
General Fund	454,433	444,087	440,213	832,182	0	
HUTF	61,595	60,193	59,667	41,920	0	
Cash Funds	63,331	90,934	90,141	67,070	0	
Cash Funds Exempt	1,053,831	1,132,299	1,122,399	1,253,084	0	
 Payment to Risk Management and Property Funds	<u>166,854</u>	<u>86,794</u>	<u>183,302</u>	<u>245,061</u>	0	pending
General Fund	102,748	45,010	104,929	141,174	0	
HUTF	21,572	11,125	20,903	27,337	0	
Cash Funds	8,463	8,442	17,891	24,714	0	
Cash Funds Exempt	34,071	22,217	39,579	51,836	0	
 Vehicle Lease Payments	<u>220,428</u>	<u>356,910</u>	<u>438,935</u>	<u>453,511</u>	0	DI-NP, pending
General Fund	104,540	82,611	109,769	130,826	0	
HUTF	30,481	36,089	42,331	47,510	0	
Cash Funds	50,180	88,952	101,303	120,414	0	
Cash Funds Exempt	35,227	149,258	185,532	154,761	0	
 Leased Space	<u>1,269,868</u>	<u>2,068,510</u>	<u>2,266,446</u>	<u>2,457,696</u>	<u>2,266,446</u>	BA
General Fund	1,202,760	1,201,009	1,344,151	1,410,710	1,410,710	
Cash Funds	25,445	79,756	79,756	276,455	85,205	
Cash Funds Exempt	41,663	787,745	842,539	770,531	770,531	

FY 2007-08 JBC Staff Figure Setting
Department of Revenue

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2007-08	Change
	Actual	Actual	Appropriation	Request	Recommend.	Requests
Capitol Complex Leased Space	<u>1,518,764</u>	<u>1,520,816</u>	<u>1,794,521</u>	<u>1,616,020</u>	<u>0</u>	pending
General Fund	1,154,352	1,144,483	1,296,891	1,228,556	0	
HUTF	25,218	25,579	34,775	26,877	0	
Cash Funds	100,608	175,814	227,210	176,884	0	
Cash Funds Exempt	238,586	174,940	235,645	183,703	0	
Lease Purchase of 1881 Pierce Street	<u>796,183</u>	<u>803,242</u>	<u>805,214</u>	<u>0</u>	<u>0</u>	
HUTF	67,771	68,373	74,871	0	0	
Cash Funds	176,989	375,959	337,324	0	0	
Cash Fund Exempt	551,423	358,910	393,019	0	0	
Communications Services Payments	<u>51,301</u>	<u>71,677</u>	<u>80,131</u>	<u>69,573</u>	<u>0</u>	pending
General Fund	13,659	18,906	21,136	19,047	0	
HUTF	3,511	4,906	5,485	4,762	0	
Cash Funds	20,281	44,968	50,272	43,648	0	
Cash Funds Exempt	13,850	2,897	3,238	2,116	0	
Utilities	<u>161,015</u>	<u>194,516</u>	<u>135,107</u>	<u>239,993</u>	<u>233,321</u>	DI#8, BA
General Fund	76,474	85,723	56,303	104,440	104,440	
HUTF	84,541	89,255	63,756	103,416	103,416	
Cash Funds	0	19,538	15,048	32,137	25,465	
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	14,432,633	15,988,763	24,340,995	26,769,196	13,739,208	
FTE	<u>39.6</u>	<u>43.5</u>	<u>43.5</u>	<u>43.5</u>	<u>43.5</u>	
General Fund	9,610,883	9,747,009	14,677,585	16,375,068	8,178,680	
HUTF	864,334	841,554	1,717,536	1,830,307	1,324,262	
Cash Funds	1,174,036	1,820,655	2,733,452	3,008,704	1,402,836	
Cash Funds Exempt	2,783,380	3,579,545	5,212,422	5,555,117	2,833,430	

(2) CENTRAL DEPARTMENT OPERATIONS DIVISION

Receives and distributes all incoming documents, enters tax form data into database, and establishes liability and taxpayer accounts. Cash fund and cash fund exempt sources include the Colorado State Titling and Registration Account, Identification Security Fund, and Limited Gaming Fund.

FY 2007-08 JBC Staff Figure Setting
Department of Revenue

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	FY 2007-08	Change
	Actual	Actual	Appropriation		Request	Recommend.	Requests
Personal Services	5,475,734	5,600,880	5,139,346		5,258,293	5,242,487	
FTE	<u>108.7</u>	<u>105.0</u>	<u>109.9</u>		<u>109.9</u>	<u>109.9</u>	
General Fund	4,732,943	5,091,745	4,765,475		4,920,752	4,904,946	
HUTF	0	0	0		91,984	91,984	
Cash Funds	361,919	196,213	65,984		95,726	95,726	
Cash Funds Exempt	380,872	312,922	307,887		149,831	149,831	
Seasonal Tax Processing - GF	359,131	371,341	367,603		376,217	375,086	
Operating Expenses	<u>3,516,194</u>	<u>3,486,759</u>	<u>3,335,624</u>	/a	<u>3,522,696</u>	<u>1,131,078</u>	DI#1
General Fund	3,335,470	3,217,900	3,198,737		3,119,383	994,191	
HUTF					12,676	0	
Cash Funds	0	91,140	0		31,569	0	
Cash Funds Exempt	180,724	177,719	136,887		359,068	136,887	
Postage	0	<u>0</u>	<u>0</u>		<u>2,391,618</u>	<u>2,391,618</u>	DI#1
General Fund	0	0	0		2,125,192	2,125,192	
HUTF	0	0	0		12,676	12,676	
Cash Funds	0	0	0		31,569	31,569	
Cash Funds Exempt	0	0	0		222,181	222,181	
Pueblo Data Entry Center Payments	<u>1,639,721</u>	<u>1,639,620</u>	<u>1,643,242</u>	/a	<u>1,755,282</u>	<u>1,755,282</u>	DI-#2
General Fund	1,639,233	1,639,233	1,639,233		1,751,273	1,751,273	
Cash Funds	78	0	571		571	571	
Cash Funds Exempt	410	387	3,438		3,438	3,438	
Microfilm Services - General Fund	295,982	343,987	344,039	/a	344,039	344,039	
TOTAL - (2) CENTRAL DEPARTMENT OPERATIONS	11,286,762	11,442,587	10,829,854		13,648,145	11,239,590	
FTE	<u>108.7</u>	<u>105.0</u>	<u>109.9</u>		<u>109.9</u>	<u>109.9</u>	
General Fund	10,362,759	10,664,206	10,315,087		12,636,856	10,494,727	
HUTF	0	0	0		117,336	104,660	
Cash Funds	361,997	287,353	66,555		159,435	127,866	
Cash Funds Exempt	562,006	491,028	448,212		734,518	512,337	

FY 2007-08 JBC Staff Figure Setting
Department of Revenue

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2007-08	Change
	Actual	Actual	Appropriation	Request	Recommend.	Requests
/a does not include 1331 supplemental for \$5,917 GF total for Central Operations						
(3) INFORMATION TECHNOLOGY DIVISION						
(A) Systems Support						
Provides information technology support for the Department. Cash and cash funds exempt sources include the Colorado State Titling and Registration Account, Driver's License Revocation Account, Auto Dealer License Fund, and Automobile Inspection and Readjustment Account.						
Personal Services	6,268,407	5,932,696	5,952,713	6,182,818	6,164,232	
FTE	<u>75.4</u>	<u>74.7</u>	<u>84.4</u>	<u>84.4</u>	<u>84.4</u>	
General Fund	5,048,598	4,832,611	4,294,760	4,440,572	4,421,986	
HUTF	0	0	0	427,990	427,990	
Cash Funds	298,743	345,693	257,376	445,397	445,397	
Cash Funds Exempt	921,066	754,392	1,400,577	868,859	868,859	
Operating Expenses	<u>708,152</u>	<u>703,512</u>	<u>725,013</u>	<u>724,313</u>	<u>724,313</u>	
General Fund	708,152	703,512	724,313	724,313	724,313	
Cash Funds Exempt	0	0	700	0	0	
Programming Costs for 2007 Session Legislation	67,052	124,286	95,695	/b 99,866	226,788	staff
FTE	<u>0.8</u>	<u>1.4</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	
General Fund	432	44,717	16,744	16,744	66,846	
Cash Funds	0	0	0	4,171	0	
Cash Funds Exempt	66,620	79,569	78,951	78,951	159,942	
(A) SYSTEMS SUPPORT - SUBTOTAL	7,043,611	6,760,494	6,773,421	7,006,997	7,115,333	
FTE	<u>76.2</u>	<u>76.1</u>	<u>86.6</u>	<u>86.6</u>	<u>86.6</u>	
General Fund	5,757,182	5,580,840	5,035,817	5,181,629	5,213,145	
HUTF	0	0	0	427,990	427,990	
Cash Funds	298,743	345,693	257,376	449,568	445,397	
Cash Funds Exempt	987,686	833,961	1,480,228	947,810	1,028,801	

/b does not include 1331 supplementals for \$57,054 GF, \$80,991 CFE from CSTARS fund, and (0.9) FTE

FY 2007-08 JBC Staff Figure Setting

Department of Revenue

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
(B) Colorado State Titling and Registration System						
Maintains voter registration and motor vehicle title and registration system. Sources of cash funds and cash funds exempt are the Auto Dealers License Fund and the Colorado State Titling and Registration Account.						
Personal Services - Cash Funds Exempt	2,261,952	2,750,115	2,269,572	2,293,256	2,286,363	
FTE	25.9	28.2	31.5	31.5	31.5	
Operating Expenses - Cash Funds Exempt	2,567,900	3,221,879	2,648,251	2,615,145	2,593,828	DI#3
County Office Asset Maintenance - Cash Funds Exempt	0	0	568,230	568,230	568,230	
CSTARS Rewrite Project - Cash Funds Exempt	366,240	0	0	0	0	
FTE	2.3	0.0	0.0	0.0	0.0	
(B) COLORADO STATE TITLING AND REGISTRATION SYSTEM						
SUBTOTAL - Cash Funds Exempt	5,196,092	5,971,994	5,486,053	5,476,631	5,448,421	
FTE	<u>28.2</u>	<u>28.2</u>	<u>31.5</u>	<u>31.5</u>	<u>31.5</u>	
TOTAL - (3) INFORMATION TECHNOLOGY DIVISION						
FTE	<u>104.4</u>	<u>104.3</u>	<u>118.1</u>	<u>118.1</u>	<u>118.1</u>	
General Fund	5,757,182	5,580,840	5,035,817	5,181,629	5,213,145	
HUTF	0	0	0	427,990	427,990	
Cash Funds	298,743	345,693	257,376	449,568	445,397	
Cash Funds Exempt	6,183,778	6,805,955	6,966,281	6,424,441	6,477,222	
(4) TAXATION BUSINESS GROUP						
(A) Administration						
Personal Services - General Fund	451,714	506,821	558,136	577,557	575,820	
FTE	<u>5.6</u>	<u>5.9</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	451,714	506,821	558,136	574,003	572,266	
Cash Funds	0	0	0	714	714	
Cash Funds Exempt	0	0	0	2,840	2,840	
Operating Expenses - General Fund	14,251	11,232	15,000	15,000	15,000	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
(A) ADMINISTRATION - SUBTOTAL	465,965	518,053	573,136	592,557	590,820	
FTE	<u>5.6</u>	<u>5.9</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	465,965	518,053	573,136	589,003	587,266	
Cash Funds	0	0	0	714	714	
Cash Funds Exempt	0	0	0	2,840	2,840	
(B) Taxation and Compliance Division						
Collects taxes and enforces tax law compliance; operates the Mineral Audit Program, which audits collections from both federal and state land. Cash funds and cash funds exempt are the Aviation Fund and indirect cost recoveries transferred from the Department of Natural Resources.						
Personal Services	13,168,830	13,428,905	13,352,382	13,412,408	13,372,091	
FTE	<u>205.0</u>	<u>217.4</u>	<u>215.4</u>	<u>215.4</u>	<u>215.4</u>	
General Fund	13,018,769	13,279,218	13,190,195	13,284,608	13,244,291	
Cash Funds	22,450	15,577	1,269	1,269	1,269	
Cash Funds Exempt	127,611	134,110	160,918	126,531	126,531	
Operating Expenses - General Fund	637,736	626,736	636,761	656,927	656,927	DI#6
Joint Audit Program - General Fund	131,244	131,244	131,244	131,244	131,244	
Joint Federal/State Motor Fuel Tax - Federal Funds	5,868	0	30,415	30,415	30,415	
Mineral Audit Program	708,458	728,536	918,814	791,990	791,990	
FTE	<u>8.2</u>	<u>7.7</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	
Cash Funds Exempt	32,720	41,814	41,814	66,000	66,000	
Federal Funds	675,738	686,722	877,000	725,990	725,990	
(B) TAXATION AND COMPLIANCE DIVISION - SUBTOTAL	14,652,136	14,915,421	15,069,616	15,022,984	14,982,667	
FTE	<u>213.2</u>	<u>225.1</u>	<u>226.4</u>	<u>226.4</u>	<u>226.4</u>	
General Fund	13,787,749	14,037,198	13,958,200	14,072,779	14,032,462	
Cash Funds	22,450	15,577	1,269	1,269	1,269	
Cash Funds Exempt	160,331	175,924	202,732	192,531	192,531	
Federal Funds	681,606	686,722	907,415	756,405	756,405	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change 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 primary source of cash funds is a transfer from the Debt Collection Fund.						
Personal Services	4,090,730	4,524,625	4,220,127	4,392,506	4,379,302	
FTE	<u>75.6</u>	<u>75.1</u>	<u>77.1</u>	<u>77.1</u>	<u>77.1</u>	
General Fund	3,746,400	4,370,073	4,130,409	4,302,788	4,289,584	
Cash Funds	344,330	154,552	89,718	89,718	89,718	
Operating Expenses	<u>436,720</u>	<u>436,434</u>	<u>403,449</u>	<u>401,085</u>	<u>401,085</u>	
General Fund	436,720	399,599	400,585	400,585	400,585	
Cash Funds	0	36,835	2,864	500	500	
Fuel Tracking System	471,869	481,849	481,320	482,238	480,788	
FTE	<u>0.0</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	
HUTF	471,869	481,849	481,320	0	0	
Cash Funds Exempt	0	0	0	482,238	480,788	
(C) TAXPAYER SERVICES DIVISION - SUBTOTAL	4,999,319	5,442,908	5,104,896	5,275,829	5,261,175	
FTE	<u>75.6</u>	<u>76.6</u>	<u>78.6</u>	<u>78.6</u>	<u>78.6</u>	
General Fund	4,183,120	4,769,672	4,530,994	4,703,373	4,690,169	
HUTF	471,869	481,849	481,320	0	0	
Cash Funds	344,330	191,387	92,582	90,218	90,218	
Cash Funds Exempt	0	0	0	482,238	480,788	

(D) Tax Conferee

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

Personal Services - General Fund	714,797	876,361	820,667	853,419	850,853	
FTE	7.4	8.9	9.0	9.0	9.0	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
Operating Expenses - General Fund	14,893	14,952	15,102	21,754	21,754	DI#7
(D) TAX CONFEREE - SUBTOTAL - General Fund	729,690	891,313	835,769	875,173	872,607	
FTE	7.4	8.9	9.0	9.0	9.0	

(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 rebate moneys to entities with alternative fuels programs. The cash fund source is the Alternative Fuels Rebate Fund. All funds are continuously appropriated.

Cigarette Tax Rebate - General Fund Exempt	14,427,309	15,320,042	13,600,000	12,500,000	12,500,000	
Amendment 35 Distribution to Local Governments - Cash Funds Exempt	0	0	1,548,108	1,439,168	1,439,168	
Old Age Heat & Fuel and Property Tax Assistance Grant - GF Exempt	5,836,625	11,676,772	13,900,000	15,000,000	15,000,000	
Alternative Fuels Rebate - Cash Funds Exempt	24,803	59,830	310,601	310,601	310,601	
(E) SPECIAL PURPOSE - SUBTOTAL	<u>20,288,737</u>	<u>27,056,644</u>	<u>29,358,709</u>	<u>29,249,769</u>	<u>29,249,769</u>	
General Fund Exempt	20,263,934	26,996,814	27,500,000	27,500,000	27,500,000	
Cash Funds Exempt	24,803	59,830	1,858,709	1,749,769	1,749,769	

TOTAL - (4) TAXATION BUSINESS GROUP	41,135,847	48,824,339	50,942,126	51,016,312	50,957,038	
FTE	<u>301.8</u>	<u>316.5</u>	<u>321.0</u>	<u>321.0</u>	<u>321.0</u>	
General Fund	39,430,458	47,213,050	47,398,099	47,740,328	47,682,504	
HUTF	471,869	481,849	481,320	0	0	
Cash Funds	366,780	206,964	93,851	92,201	92,201	
Cash Funds Exempt	185,134	235,754	2,061,441	2,427,378	2,425,928	
Federal Funds	681,606	686,722	907,415	756,405	756,405	

(5) DIVISION OF MOTOR VEHICLES

(A) Administration

The primary cash funds exempt sources are the Motorist Insurance Identification Database Account and the Colorado State Titling and Registration Account.

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2007-08	Change
	Actual	Actual	Appropriation	Request	Recommend.	Requests
Personal Services	695,114	674,473	855,015	869,017	866,405	
FTE	<u>7.5</u>	<u>6.4</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	
General Fund	487,527	485,015	492,528	527,848	525,236	
HUTF	189,458	189,458	362,487	209,343	209,343	
Cash Funds	7,089	0	0	158	158	
Cash Funds Exempt	11,040	0	0	131,668	131,668	
Operating Expenses	<u>59,263</u>	<u>47,938</u>	<u>54,250</u>	<u>54,250</u>	<u>54,250</u>	
General Fund	59,263	47,938	51,915	32,951	32,951	
HUTF	0	0	2,335	13,069	13,069	
Cash Funds	0	0	0	10	10	
Cash Funds Exempt	0	0	0	8,220	8,220	
(A) ADMINISTRATION - SUBTOTAL	754,377	722,411	909,265	923,267	920,655	
FTE	<u>7.5</u>	<u>6.4</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	
General Fund	546,790	532,953	544,443	560,799	558,187	
HUTF	189,458	189,458	364,822	222,412	222,412	
Cash Funds	7,089	0	0	168	168	
Cash Funds Exempt	11,040	0	0	139,888	139,888	

(B) Driver and Vehicle Services

Issues drivers licenses and identification cards, investigates document fraud vehicle registration fraud. The primary sources of cash funds and cash funds exempt include the Colorado State Titling and Registration Account, Drivers License Revocation Account, Identification Security Fund, and outstanding judgments and warrants.

Personal Services	13,888,789	14,464,737	13,374,426	/c	14,805,772	13,644,444	BA
FTE	<u>338.0</u>	<u>309.8</u>	<u>321.2</u>		<u>366.2</u>	<u>321.2</u>	
General Fund	4,615,107	4,329,051	12,333,096		10,485,931	12,701,767	
HUTF	8,441,863	8,948,375	0		0	0	
Cash Funds	1,340	2,798	3,842		3,381,006	3,842	
Cash Funds Exempt	830,479	1,184,513	1,037,488		938,835	938,835	

FY 2007-08 JBC Staff Figure Setting
Department of Revenue

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2007-08	Change
	Actual	Actual	Appropriation	Request	Recommend.	Requests
Operating Expenses	<u>1,331,300</u>	<u>1,212,556</u>	<u>1,247,796</u>	/c <u>2,361,249</u>	<u>1,218,376</u>	DI#8, BA
General Fund	1,326,061	1,207,407	1,242,557	1,213,137	1,213,137	
Cash Funds	2,000	2,000	2,000	1,144,873	2,000	
Cash Funds Exempt	3,239	3,149	3,239	3,239	3,239	
Drivers License Documents	<u>3,019,953</u>	<u>2,754,669</u>	<u>3,145,579</u>	<u>2,426,334</u>	<u>2,426,334</u>	DI-BR
General Fund	2,438,241	2,223,222	2,545,579	1,902,742	1,902,742	
Cash Funds Exempt	581,712	531,447	600,000	523,592	523,592	
License Plate Ordering - Cash Funds	4,228,400	4,904,740	5,041,074	5,384,894	5,384,894	DI#4
(B) DRIVER AND VEHICLE SERVICES - SUBTOTAL	22,468,442	23,336,702	22,808,875	24,978,249	22,674,048	
FTE	<u>338.0</u>	<u>309.8</u>	<u>321.2</u>	<u>366.2</u>	<u>321.2</u>	
General Fund	8,379,409	7,759,680	16,121,232	13,601,810	15,817,646	
HUTF	8,441,863	8,948,375	0	0	0	
Cash Funds	4,231,740	4,909,538	5,046,916	9,910,773	5,390,736	
Cash Funds Exempt	1,415,430	1,719,109	1,640,727	1,465,666	1,465,666	

/c does not include 1331 supplemental for \$359,664 GF total for Division of Motor Vehicles

(C) Vehicle Emissions

Issues licenses to inspection stations, repair stations, emissions inspectors, emissions mechanics, and diesel inspectors. Conducts audits of emissions inspections stations. The cash funds exempt source is the Automobile Inspection and Readjustment (AIR) Account, a special purpose account in the Highway Users Tax Fund.

Personal Services - Cash Funds Exempt	927,366	919,300	962,937	986,191	795,860	staff
FTE	13.1	13.4	15.5	15.5	12.5	
Operating Expenses - Cash Funds Exempt	67,655	80,112	80,215	80,215	78,715	
(C) VEHICLE EMISSIONS - SUBTOTAL - Cash Funds Exempt	995,021	999,412	1,043,152	1,066,406	874,575	
FTE	13.1	13.4	15.5	15.5	12.5	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
(D) Titles						
Provides administrative and accounting support for issuing motor vehicle titles. Certifies vehicle ownership for tax assessment and other purposes. Ensures uniformity among the State's county clerks. Cash funds exempt are from the Colorado State Titling and Registration System Account.						
Personal Services - Cash Funds Exempt	1,556,569	1,575,401	1,531,490	1,567,142	1,562,432	
FTE	33.9	33.4	34.5	34.5	34.5	
Operating Expenses - Cash Funds Exempt	150,680	134,047	146,841	146,841	146,841	
(D) TITLES - SUBTOTAL - Cash Funds Exempt	1,707,249	1,709,448	1,678,331	1,713,983	1,709,273	
FTE	33.9	33.4	34.5	34.5	34.5	
(E) Motorist Insurance Identification Database Program						
Maintains database to compare motor vehicle registration records against insured motorist records to authorize the accurate license suspension of uninsured drivers. The cash funds exempt source is the Motorist Insurance Identification Database Account.						
Personal Services - Cash Funds Exempt	1,602,942	1,621,163	654,715	327,569	326,584	
FTE	7.9	6.8	1.0	1.0	1.0	
Operating Expenses - Cash Funds Exempt	16,500	16,404	500	500	500	
(E) MOTORIST INSURANCE IDENTIFICATION DATABASE PROGRAM - SUBTOTAL - Cash Funds Exempt	1,619,442	1,637,567	655,215	328,069	327,084	
FTE	7.9	6.8	1.0	1.0	1.0	
TOTAL - (5) DIVISION OF MOTOR VEHICLES	27,544,531	28,405,540	27,094,838	29,009,974	26,505,635	
FTE	400.4	369.8	383.2	428.2	380.2	
General Fund	8,926,199	8,292,633	16,665,675	14,162,609	16,375,833	
HUTF	8,631,321	9,137,833	364,822	222,412	222,412	
Cash Funds	4,238,829	4,909,538	5,046,916	9,910,941	5,390,904	
Cash Funds Exempt	5,748,182	6,065,536	5,017,425	4,714,012	4,516,486	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
(6) MOTOR CARRIER SERVICES DIVISION						
Monitors compliance with statutory weight and size restrictions for commercial vehicles, monitors safety compliance through driver and vehicle inspections at fixed and mobile port stations, inspects transporters of hazardous materials, collects fuel taxes. The cash funds source is the Aviation Fund and the cash funds exempt source is the Hazardous Materials Safety Fund.						
Personal Services	7,066,718	7,162,357	6,680,482	6,856,276	6,835,666	
FTE	<u>130.7</u>	<u>127.9</u>	<u>131.2</u>	<u>131.2</u>	<u>131.2</u>	
General Fund	307,999	200,947	630,517	601,295	599,488	
HUTF	6,698,672	6,908,039	5,999,227	6,137,649	6,118,846	
Cash Funds	60,047	53,371	50,738	52,260	52,260	
Cash Funds Exempt	0	0	0	65,072	65,072	
Operating Expenses	<u>435,694</u>	<u>429,460</u>	<u>473,471</u>	<u>433,810</u>	<u>433,811</u>	DI#8
General Fund	18,724	9,030	33,143	41,523	33,143	
HUTF	416,470	420,033	440,328	392,287	400,668	
Cash Funds	500	397	0	0	0	
Fixed and Mobile Port Maintenance - HUTF	82,037	83,778	83,784	83,784	83,784	
Motor Carrier Safety Assistance Program - Federal Funds	516,781	678,266	654,339	723,000	723,000	
FTE	6.6	8.6	9.0	9.0	9.0	
Hazardous Materials Permitting Program - Cash Funds	197,724	173,131	189,732	194,679	194,094	
FTE	3.9	3.3	4.0	4.0	4.0	
(6) MOTOR CARRIER SERVICES DIVISION - SUBTOTAL	8,298,954	8,526,992	8,081,808	8,291,549	8,270,355	
FTE	<u>141.2</u>	<u>139.8</u>	<u>144.2</u>	<u>144.2</u>	<u>144.2</u>	
General Fund	326,723	209,977	663,660	642,818	632,631	
HUTF	7,197,179	7,411,850	6,523,339	6,613,720	6,603,298	
Cash Funds	258,271	226,899	240,470	246,939	246,354	
Cash Funds Exempt	0	0	0	65,072	65,072	
Federal Funds	516,781	678,266	654,339	723,000	723,000	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
(7) ENFORCEMENT BUSINESS GROUP						
(A) Administration						
The primary cash fund and cash funds exempt sources are the State Lottery Fund, Auto Dealer License Fund, and Limited Gaming Fund.						
Personal Services	466,987	458,462	475,979	499,227	497,726	
FTE	<u>5.8</u>	<u>5.7</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	28,104	2,217	29,759	27,787	27,723	
Cash Funds	267,427	266,214	256,695	252,878	252,098	
Cash Funds Exempt	171,456	190,031	189,525	218,562	217,905	
Operating Expenses	<u>10,651</u>	<u>10,654</u>	<u>10,880</u>	<u>10,880</u>	<u>10,880</u>	
General Fund	734	471	697	606	606	
Cash Funds	5,977	5,885	5,885	5,511	5,511	
Cash Funds Exempt	3,940	4,298	4,298	4,763	4,763	
(A) ADMINISTRATION - SUBTOTAL	477,638	469,116	486,859	510,107	508,606	
FTE	<u>5.8</u>	<u>5.7</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	28,838	2,688	30,456	28,393	28,329	
Cash Funds	273,404	272,099	262,580	258,389	257,609	
Cash Funds Exempt	175,396	194,329	193,823	223,325	222,668	

(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 source of cash funds is the Limited Gaming Fund. Line item allocations are determined by the Limited Gaming Control Commission and are not subject to appropriation by the General Assembly.

Personal Services - Cash Funds	4,545,273	4,641,640	4,886,761	4,999,073	4,984,046	
FTE	64.4	65.2	72.0	72.0	72.0	
Operating Expenses - Cash Funds	518,340	462,399	584,151	573,734	573,734	DI#8
Licensure Activities - Cash Funds	118,849	90,765	181,497	181,497	181,497	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
Investigations - Cash Funds	40,334	44,034	263,964	263,964	263,964	
Payments to Other State Agencies - Cash Funds	2,251,096	2,513,541	2,429,848	2,429,848	2,429,848	
Distribution to Gaming Cities and Counties - Cash Funds	20,444,645	22,032,442	22,270,832	23,788,902	23,788,902	
Indirect Cost Assessment - Cash Funds	400,056	525,307	505,173	536,728	536,728	
Workers' Compensation - Cash Funds	55,429	0	0	0	0	
Legal Services - Cash Funds	122,564	0	0	0	0	
Payment to Risk Management and Property Funds - Cash Funds	9,879	0	0	0	0	
Vehicle Lease Payments - Cash Funds	67,473	0	0	0	0	
Leased Space for Gaming Site Offices - Cash Funds	54,384	0	0	0	0	
Lease Purchase at 1881 Pierce St. - Cash Funds	195,666	0	0	0	0	
(B) LIMITED GAMING DIVISION - SUBTOTAL - Cash Funds	28,823,988	30,310,128	31,122,226	32,773,746	32,758,719	
FTE	64.4	65.2	72.0	72.0	72.0	
(C) Liquor Enforcement Division						
Enforces alcohol laws; issues licenses and permits to manufacturers, importers, distributors, and sellers of alcoholic beverages. Cash funds are from the Liquor Enforcement Division & State Licensing Authority Fund.						
Personal Services - Cash Funds	1,412,320	1,484,523	1,444,096	1,480,675	1,476,224	
FTE	18.2	19.0	19.0	19.0	19.0	
Operating Expenses - Cash Funds	50,661	51,267	51,323	51,323	51,323	
(C) LIQUOR ENFORCEMENT DIVISION - SUBTOTAL - Cash F	1,462,981	1,535,790	1,495,419	1,531,998	1,527,547	
FTE	18.2	19.0	19.0	19.0	19.0	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
(D) Tobacco Enforcement Program						
Enforces laws prohibiting the sale of tobacco to minors. The source of cash funds exempt is the Tobacco Education Programs Fund, transferred from the Department of Public Health and Environment.						
Personal Services	374,147	405,575	416,593	443,563	442,230	
FTE	<u>5.9</u>	<u>6.2</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	149,537	136,257	141,534	114,305	112,972	
Cash Funds Exempt	224,610	269,318	275,059	329,258	329,258	
Operating Expenses	<u>27,107</u>	<u>27,723</u>	<u>27,943</u>	<u>27,943</u>	<u>27,943</u>	
General Fund	5,194	5,343	5,563	7,201	7,201	
Cash Funds Exempt	21,913	22,380	22,380	20,742	20,742	
(D) TOBACCO ENFORCEMENT PROGRAM - SUBTOTAL	401,254	433,298	444,536	471,506	470,173	
FTE	<u>5.9</u>	<u>6.2</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	154,731	141,600	147,097	121,506	120,173	
Cash Funds Exempt	246,523	291,698	297,439	350,000	350,000	

(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 Owners and Breeders Award and Supplemental Purse Fund and the Racing Cash Fund.

Personal Services - Cash Funds	1,306,403	1,265,454	1,357,731	1,357,701	1,353,620
FTE	17.5	17.1	18.5	18.5	18.5
Operating Expenses - Cash Funds	97,486	89,995	97,845	97,845	97,845
Laboratory Services - Cash Funds	104,502	104,293	104,992	104,992	104,992
Commission Meeting Costs - Cash Funds	450	450	1,200	1,200	1,200
Racetrack Applications - Cash Funds	141	0	25,000	25,000	25,000
Purses and Breeders Awards - Cash Funds	1,156,808	1,087,008	1,106,142	1,106,142	1,106,142

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
DIVISION OF RACING EVENTS - SUBTOTAL - Cash Funds	2,665,790	2,547,200	2,692,910	2,692,880	2,688,799	
FTE	<u>17.5</u>	<u>17.1</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	

(F) Hearings Division

Conducts hearings on drivers license suspensions and revocations, probationary licenses, habitual traffic offenders, misuse of temporary registration permits, and horse and dog racing licenses. Provides computer support and data analysis for traffic safety programs. Cash funds exempt are from federal grants, transferred from the Colorado Department of Transportation.

Personal Services - Cash Funds Exempt	1,703,832	1,876,343	1,843,579	1,906,236	1,900,506	
FTE	24.7	25.3	28.4	28.4	28.4	
Operating Expenses - Cash Funds Exempt	58,969	72,186	73,450	73,450	73,450	
(F) HEARINGS DIVISION - SUBTOTAL - Cash Funds Exempt	1,762,801	1,948,529	1,917,029	1,979,686	1,973,956	
FTE	<u>24.7</u>	<u>25.3</u>	<u>28.4</u>	<u>28.4</u>	<u>28.4</u>	

(G) Motor Vehicle Dealer Licensing Board

Licenses automobile dealers, wholesalers, and salespeople, regulates the distribution and sale of motor vehicles, investigates and resolves complaints against Board licensees and legal violations. The source of cash funds is the Auto Dealers License Fund.

Personal Services	1,326,314	1,327,912	1,562,919	1,627,058	1,622,167	
FTE	<u>20.8</u>	<u>20.8</u>	<u>26.2</u>	<u>26.2</u>	<u>26.2</u>	
Cash Funds	1,326,314	1,327,912	1,254,474	1,627,058	1,622,167	
Cash Funds Exempt	0	0	308,445	0	0	
Operating Expenses	<u>50,987</u>	<u>55,316</u>	<u>69,688</u>	<u>69,688</u>	<u>69,688</u>	
Cash Funds	50,987	55,316	55,768	69,688	69,688	
Cash Funds Exempt	0	0	13,920	0	0	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
(G) MOTOR VEHICLE DEALER BOARD - SUBTOTAL	1,377,301	1,383,228	1,632,607	1,696,746	1,691,855	
FTE	<u>20.8</u>	<u>20.8</u>	<u>26.2</u>	<u>26.2</u>	<u>26.2</u>	
Cash Funds	1,377,301	1,383,228	1,310,242	1,696,746	1,691,855	
Cash Funds Exempt	0	0	322,365	0	0	
TOTAL - (7) ENFORCEMENT BUSINESS GROUP	36,971,753	38,627,289	39,791,586	41,656,669	41,619,655	
FTE	<u>157.3</u>	<u>159.3</u>	<u>177.1</u>	<u>177.1</u>	<u>177.1</u>	
General Fund	183,569	144,288	177,553	149,899	148,502	
Cash Funds	34,603,464	36,048,445	36,883,377	38,953,759	38,924,529	
Cash Funds Exempt	2,184,720	2,434,556	2,730,656	2,553,011	2,546,624	

(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 exempt is the State Lottery Fund.

Personal Services - CFE	7,752,490	8,256,745	8,240,949	8,400,289	8,375,037	
FTE	115.2	120.2	126.0	126.0	126.0	
Operating Expenses - CFE	1,525,623	1,182,083	1,203,156	1,203,156	1,203,156	
Payments to Other State Agencies - CFE	193,028	154,453	340,488	340,488	340,488	
Travel - CFE	80,543	68,749	113,498	113,498	113,498	
Marketing and Communications - CFE	8,559,774	8,643,150	8,643,420	8,643,420	8,643,420	
Multi-State Lottery Fees - CFE	172,519	141,990	177,433	177,433	177,433	
Vendor Fees - CFE	7,641,575	6,819,113	9,811,513	9,811,513	9,811,513	
Prizes - CFE	248,809,640	279,963,707	306,413,810	306,413,810	306,413,810	
Powerball Prize Variance - CFE	4,389,286	7,160,019	4,220,000	4,220,000	4,220,000	

**FY 2007-08 JBC Staff Figure Setting
Department of Revenue**

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.	Change Requests
Retailer Compensation - CFE	31,674,971	34,670,916	38,609,220	38,609,220	38,609,220	
Ticket Costs - CFE	3,174,873	2,907,934	3,549,040	3,549,040	3,549,040	
Research - CFE	0	250,000	250,000	250,000	250,000	
Indirect Cost Assessment - CFE	309,814	312,057	358,373	458,880	458,880	
Legal Services - CFE	22,940	0	0	0	0	
Purchase of Services from Computer Center - CFE	4,864	0	0	0	0	
Vehicle Lease Payments - CFE	124,131	0	0	0	0	
Telecommunications - CFE	176,202	0	0	0	0	
Leased Space - CFE	787,493	0	0	0	0	
Capitol Complex Leased Space - Cash Funds Exempt	6,637	0	0	0	0	
TOTAL - (8) STATE LOTTERY DIVISION - Cash Funds Exen	315,406,403	350,530,916	381,930,900	382,190,747	382,165,495	
FTE	115.2	120.2	126.0	126.0	126.0	
DEPARTMENT OF REVENUE TOTALS	467,316,586	515,078,914	555,271,581	565,066,220	547,060,730	
FTE	1,368.6	1,358.4	1,423.0	1,468.0	1,420.0	
General Fund	74,597,773	81,852,003	94,933,476	96,889,207	88,726,022	
HUTF	17,164,703	17,873,086	9,087,017	9,211,765	8,682,622	
Cash Funds	41,302,120	43,845,547	45,321,997	52,821,547	46,630,087	
Cash Funds Exempt	333,053,603	370,143,290	404,367,337	404,664,296	401,542,594	
Federal Funds	1,198,387	1,364,988	1,561,754	1,479,405	1,479,405	

**DEPARTMENT OF REVENUE
FY 2007-08 FIGURE SETTING**

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

(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	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Management and Administration	4.0	4.0	4.0	4.0
Central Budget Office	--	--	4.0	4.0
Accounting and Financial Services	--	--	16.0	16.0
Internal Auditor	2.0	2.0	1.0	1.0
Human Resources	9.5	9.5	9.5	9.5
Research and Analysis	6.0	6.0	9.0	9.0
Policy Analysis and Financial Services	22.0	22.0	--	--
Total	21.5	21.5	43.5	43.5

Personal Services

Staff recommends a continuation appropriation of \$3,391,306 and 43.5 FTE, comprised of \$1,973,446 General Fund, \$385,567 cash funds exempt from the Highway Users Tax Fund (HUTF), \$401,235 cash funds from various sources, and \$631,058 cash funds exempt from various sources. This includes a base reduction of \$(17,042).

Budget Amendment

The Department has requested additional staff and funding for the Division of Motor Vehicles. This request affects the following budget lines in the Executive Director's Office: Personal Services, Health Life and Dental, Short Term Disability, Amortization Equalization Disbursement, Leased Space, and Utilities. See the table on page 40 for amounts. The budget amendment is discussed on pages 39-44. Staff recommendations for the Executive Director's Office budget lines do not include the additional amounts for the budget amendment. If the Committee decides to approve the budget amendment, those amounts would be added to the affected Executive Director's Office budget lines.

Health, Life, and Dental

Staff recommends a total of \$5,632,808, pursuant to Committee common policy, comprised of \$3,477,305 General Fund, \$569,055 cash funds exempt from the HUTF, \$606,975 cash funds from various sources, and \$979,491 cash funds exempt from various sources.

Short-term Disability

Staff recommends a total of \$92,989, pursuant to Committee common policy, comprised of \$57,859 General Fund, \$7,267 cash funds exempt from the HUTF, \$11,095 cash funds from various sources, and \$16,768 cash funds exempt from various sources.

SR 04-257 Amortization Equalization Disbursement

Staff recommends a total of \$847,890 pursuant to Committee common policy, comprised of \$523,618 General Fund, \$67,077 cash funds exempt from the HUTF, \$102,414 cash funds from various sources, and \$154,781 cash funds exempt from various sources.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Staff recommends a total of \$161,399, pursuant to Committee common policy, comprised of \$93,843 General Fund, \$13,974 cash funds exempt from the Highway Users Tax Fund (HUTF), \$21,336 cash funds from various sources, and \$32,246 cash funds exempt from various sources.

Salary Survey and Senior Executive Service

Staff recommendation is pending Committee common policy.

Performance-based Pay Awards

Staff recommendation is pending Committee common policy.

Shift Differential

Staff recommends a total of \$166,518, pursuant to Committee common policy, comprised of \$52,100 General Fund, \$96,277 cash funds exempt from the HUTF, \$5,408 cash funds from various sources, and \$12,733 cash funds exempt from various sources.

Workers' Compensation

Staff recommendation is pending Committee common policy.

Operating Expenses

Staff recommends a continuation appropriation of \$946,531, comprised of \$485,359 General Fund, \$81,629 from the HUTF, \$143,721 cash funds from various sources, and \$235,822 cash funds exempt from various sources.

Legal Services

Staff recommendation is pending Committee common policy, for a continuation level of 11,165 legal services hours.

Administrative Law Judge Services

Staff recommends the Department request of no funding for this line.

Purchase of Services from Computer Center

Staff recommendation is pending Committee common policy.

Multiuse Network Payments

Staff recommendation is pending Committee common policy.

Payment to Risk Management and Property Funds

Staff recommendation is pending Committee common policy.

Vehicle Lease

Staff recommendation is pending Committee common policy, for the replacement of 13 vehicles. This line funds the lease-purchase and management fees of 202 vehicles. This includes 51 vehicles for the State Lottery and 28 for the Limited Gaming Division.

Leased Space

Staff recommends a continuation appropriation of \$2,266,446, comprised of \$1,410,710 General Fund, \$85,205 cash funds from various sources, and \$770,531 cash funds exempt from various sources. This line funds the following leased space at more than 80 locations throughout the state.

	FY 2006-07 Appropriation		FY 2007-08 Base Request		FY 2007-08 Recommend.	
	Sq. Ft.	Total	Sq. Ft.	Total	Sq. Ft.	Total
Cash Documents	9,060	\$ 14,000	9,060	\$ 14,000	9,060	\$ 14,000
Taxation	21,079	400,569	21,079	400,569	21,079	400,569
Motor Vehicle	71,734	939,625	71,734	939,625	71,734	939,625
Enforcement	9,568	115,013	9,568	115,013	9,568	115,013
State Lottery	61,722	797,239	61,722	797,239	61,722	797,239
TOTAL	111,441	\$2,266,446	111,441	\$2,266,446	111,441	\$2,266,446

Capitol Complex Leased Space

Staff recommendation is pending Committee common policy. This line funds the following leased space within the Capitol Complex Facilities, as shown below:

	FY 2006-07 Appropriation			FY 2007-08 Recommendation		
	Sq. Ft.	Rate	Total	Sq. Ft.	Rate	Total
Capitol Complex	74,580	\$11.17	\$ 833,059	74,580		
Grand Junction	5,869	\$6.80	39,909	5,869		
North Campus	5,700	\$4.17	23,769	5,700		
Pierce Street	116,448	\$5.91	688,208	116,448		
TOTAL	202,597		\$1,584,944	202,597		Pending

Lease Purchase -- 1881 Pierce Street

Staff recommends elimination of this line. This appropriation paid the certificate of participation for the 1881 Pierce St. offices. The Department made the final payment in November 2006.

Communications Services Payments

Staff recommendation is pending Committee common policy.

Utilities

Staff recommends approval of the Department request of \$233,321, comprised of \$104,440 General Fund, \$103,416 cash funds exempt from the HUTF, and \$25,465 cash funds from various sources, for Decision Item #8. The Department requested an additional \$6,672 cash funds from various sources for the Budget Amendment, described on pages 40-44 below. This line funds utilities costs at the ports of entry and at drivers license offices where utilities are not included in the lease.

Decision Item #8

The Department requests an increased appropriation for utilities to reflect increased costs, in order to maintain the same level of utilities usage in the Motor Vehicles, Motor Carrier Services, and Limited Gaming Divisions. The Division of Motor Vehicles maintains 37 drivers license offices, 20 of which are located in private or county government buildings where utilities costs are included in the lease payment; the remaining 17 offices pay utilities expenses directly. Motor Carrier Services maintains 16 buildings at 10 locations, operating 24 hours a day 7 days a week. Limited Gaming has three offices, two of which pay utilities costs separate from the lease payments.

The Department currently pays for utilities from divisions' Operating Expenses budget lines, as well as from the centrally appropriated Executive Director's Office/Utilities budget line. The Department

states that departmental utilities costs have exceeded the appropriation to the Executive Director's Office / Utilities budget line since FY 2003-04. The Department has been paying for utilities costs from the Driver and Vehicle Services, the Motor Carrier Services, and the Limited Gaming Divisions' Operating Expenses budget lines.

This decision item would allow the Department to fund all utilities costs from the Utilities budget line. The Department requests an increase of \$18,717 General Fund for utilities. The Department also requests a transfer of funds totaling \$79,497 from the divisions' operating expenses lines to the Utilities line in order to more clearly show how funds are being used. The total increase to the Utilities budget line would be \$98,214. There would be corresponding decreases to the Division of Motor Vehicles/Operating Expenses, Motor Carrier Services Division/Operating Expenses, and Limited Gaming Division/Operating Expenses budget lines, as shown in those sections below. Staff recommends approval of this decision item.

(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 received approximately 5.2 million pieces of incoming mail and deposited approximately \$10 billion in 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.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Management/Supervisors	8.0	8.0	8.0	8.0
Administration	3.0	3.0	3.0	3.0
Accountants	10.7	12.0	12.0	12.0
Professionals	14.7	11.4	11.4	11.4

Tax Examiners	22.2	22.0	22.0	22.0
Data Entry Operators	50.1	53.5	53.5	53.5
Total	108.7	109.9	109.9	109.9

Personal Services

Staff recommends a continuation appropriation of \$,242,487 and 109.9 FTE, comprised of \$4,904,946 General Fund, \$91,984 cash funds exempt from the HUTF, \$95,726 cash funds from various sources, and \$149,831 cash funds exempt from various sources. This includes a base reduction of \$(26,344).

Seasonal Tax Processing

Staff recommends a continuation appropriation of \$375,086 General Fund. This includes a base reduction of \$(1,885). This line reflects the salaries of 13.0 temporary FTE who assist the Department at peak times during the tax season. No FTE are attached to this appropriation because the headnotes specify that temporary employees are not full-time equivalent personnel.

Operating Expenses

Staff recommends a continuation appropriation, for operating expenses other than postage, of \$1,131,078, comprised of \$994,191 General Fund, and \$136,887 cash funds exempt from various sources. Decision item #1, described below, would move postage expense from the Operating Expenses budget line to a new Postage budget line.

Postage (New line)

Staff recommends the Department request of \$2,391,618, comprised of \$2,125,192 General Fund, \$12,676 cash funds exempt from the HUTF, \$31,569 cash funds from various sources, and \$222,181 cash funds exempt from various sources.

Decision Item #1

In January 2006, the USPS raised rates across the board by 5.4 percent, for a total annual increase to the Department of \$101,262. The Department absorbed half the cost of that increase, for the remaining six months of FY 2005-06, and it is able to continue to absorb that amount. For FY 2006-07, the Department requested and received JBC approval for a supplemental appropriation of \$50,631, based on half the annual cost of the postage increase. The Department will need additional funding of \$50,631 per year in future years in order to handle the same volume of mail.

Also in 2006, the Department received a USPS ruling classifying the Department's withholding and sales tax coupon books as first class mail, which raised postage costs by an estimated \$136,441 per year. The two rate increases together have resulted in a need for an increase of \$187,072, for the same volume of mail.

The Department mails a wide variety of items to taxpayers and licensees, including tax forms, motor vehicle titles, driver license renewal applications, reminders, bills, refund warrants, inquiries, licenses, hearing notices, driver licenses, tax booklets, and others. The total quantity mailed has decreased from 7.5 million in 2003 to 6.4 million in 2006, in part due to Department initiatives such as electronic tax filing, and direct deposit of refunds. While there are still opportunities to reduce mailings, the Department does not expect substantial further decreases in mailings in the near term. The amount requested would allow the Department to meet the increased postage costs for the same overall volume of mail.

Staff recommends approval of this decision item. The recommendation includes an appropriation for a continuation level of postage costs moved from the Operating Expenses budget line totaling \$2,204,546, plus the increase totaling \$187,072 due to the higher postage costs.

Pueblo Data Entry Center Payments

Staff recommends the Department request of \$1,755,282, comprised of \$1,751,273 General Fund, \$571 cash funds from various sources, and \$3,438 cash funds exempt from various sources.

Decision Item #2

The Department of Revenue is the biggest customer of the Department of Personnel's Pueblo Data Entry Center. Data entry staff enter information from paper forms submitted by taxpayers into the tax databases. Capturing data from tax forms is critical to tax compliance and auditing. The Department analyzes tax return data to identify areas of noncompliance, and much of this type of auditing is done by computer matching of records from different sources to determine differences. Capturing tax data is also essential for managing the state budget. The funding requested would enable the Department to maintain the current number of data fields captured from paper documents.

The Department may be able to reduce data entry needs, beginning in FY 2008-09. The statewide internet portal project includes electronic filing of sales tax returns. This option is expected to be available in FY 2007-08; however, the Department does not anticipate significant data entry savings without legislative mandates for electronic filing. The U.S. government now requires electronic filing of some corporate income tax returns. The Department plans to participate in this program starting in 2007; however, it would have a low volume of users initially and would not result in significant data entry savings next year.

The Department requests an increase of \$112,040 General Fund. Staff recommends approval of this decision item.

Microfilm

Staff recommends a continuation appropriation of \$344,039 General Fund. This line funds microfilming tax documents.

(3) INFORMATION TECHNOLOGY DIVISION

This division has two subsections, 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.

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.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	4.4	4.4	4.4	4.4
Management	15.0	15.0	15.0	15.0
Programmer/Analysts	30.1	32.9	32.9	32.9
Database Analysts	8.0	8.0	8.0	8.0
Network Support	11.0	11.0	11.0	11.0
Computer Support	3.0	3.0	3.0	3.0
Other Support	8.1	8.1	8.1	8.1
Telecommunications	2.0	2.0	2.0	2.0
Legislative Programming	2.2	2.2	2.2	2.2
Total	83.8	86.6	86.6	86.6

Personal Services

Staff recommends a continuation appropriation of \$6,164,232 and 86.6 FTE, comprised of \$4,421,986 General Fund, \$427,990 cash funds exempt from the HUTF, \$445,397 cash funds from various sources, and \$868,859 cash funds exempt from various sources. This includes a base reduction of \$(30,976).

Operating Expenses

Staff recommends a continuation appropriation of \$724,313 General Fund.

Programming Costs for 2007 Session Legislation

Staff recommends a continuation appropriation of \$226,788 and 2.2 FTE, comprised of \$66,846 General Fund and \$159,942 cash funds exempt from the Colorado State Titling and Registration System account and various sources.

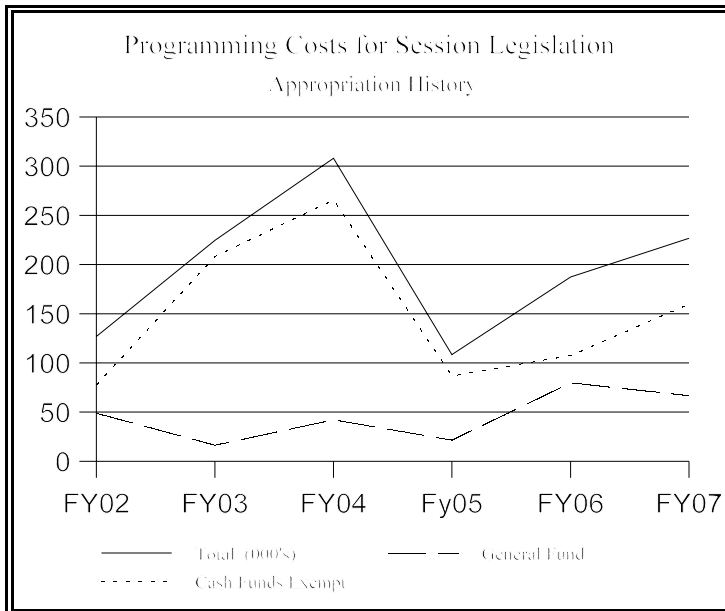
Each year since FY 2001-02, the Department has submitted an emergency supplemental reflecting actual expenditures for system adjustments. However, emergency supplementals may only be used when an overexpenditure is necessary due to unforeseen circumstances arising while the General Assembly is not in session. Section 24-75-111 C.R.S. Relying on an emergency supplemental to fund this line as a routine matter is thus contrary to statute. Programming costs for session legislation are not unforeseen, although they are variable and unpredictable.

It should also be noted that this approach--granting emergency supplemental spending authority in order to match appropriations to actual expenditures--has not resulted in an accurate appropriation. In FY 2004-05, the total appropriation for session programming costs, including the emergency supplemental, was \$108,433, while the actual dollars spent was \$67,052. In FY 2005-06, the total appropriation for session programming costs, including the emergency supplemental, was \$187,366, while the actual dollars spent was \$124,286.

When asked for a recommendation for this budget line if the appropriation were not expected to be adjusted through an emergency supplemental, the Department did not provide a recommendation. The staff recommendation represents a continuation appropriation of the FY 2006-07 appropriation in the Long Bill, plus the proposed appropriation in the supplemental bill. A history of appropriations for programming costs of session legislation is shown in the table and chart below:

	FY 2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07
Long Bill						
General Fund	\$172,283	\$100,662	\$16,936	\$16,744	\$16,744	\$16,744
Cash Funds Exempt	77,717	78,463	78,951	78,951	78,951	78,951
Total	250,000	179,125	95,887	95,695	95,695	95,695
Supplemental Bill*						
General Fund	(123,303)	(84,366)	25,304	4,816	63,052	50,102
Cash Funds Exempt	0	129,770	186,841	7,922	28,619	80,991
Total	(123,303)	45,404	212,145	12,738	91,671	131,093
Long Bill + Supp. Bill*						
General Fund	\$48,980	\$16,296	\$42,240	\$21,560	\$79,796	\$66,846
Cash Funds Exempt	\$77,717	\$208,233	\$265,792	\$86,873	\$107,570	\$159,942
Total FY Approp.	\$126,697	\$224,529	\$308,032	\$108,433	\$187,366	\$226,788

* FY 2006-07 Supplemental Bill has been introduced but not passed by the General Assembly.



Note: In the fiscal analysis for H.B. 07-1119 (increasing the fee to county clerks for titling and registering motor vehicles), staff noted that the Department's CSTARS contractor may have overestimated the programming hours required to implement this change. Because the bill would not appear to require a system design change, staff requested verification of the estimate of the hours needed, in order to provide an explanation to the JBC during figure setting for the Long Bill. The Department states it modeled its estimate on a previous change request that changed a fee amount.

Colorado State Titling and Registration System

The Colorado State Titling and Registration System (CSTARS) was created in 1983 to automate the distribution of vehicle registration taxes among the state, the counties, and the Highway Users Tax Fund. 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 Rewrite Project, a new system initiated in FY 2002-03, was scheduled to be deployed in stages into all 107 county offices by the end of the current fiscal year. However, the Department is currently behind schedule, with no firm date for completion. At this time, state offices have 44 functioning workstations, and county offices have 0 functioning workstations.

The time period covered by the contract with the CSTARS vendor Avenade began in October 2002 and ends upon the state's written final acceptance of CSTARS, plus a 12-month warranty period. Final acceptance occurs when the contractor provides a system that conforms to the system acceptance criteria specified in the contract.

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.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Managers	3.2	3.2	3.2	3.2
Administration	2.7	2.7	2.7	2.7
Customer Support	7.5	7.5	7.5	7.5
Computer Support	3.5	3.5	3.5	3.5
Network Support	5.4	5.4	5.4	5.4
Programmers/Analysts	9.2	9.2	9.2	9.2
Total	31.5	31.5	31.5	31.5

Personal Services

Staff recommends continuation funding of \$2,286,363 cash funds exempt and 31.5 FTE from the Colorado State Titling and Registration (CSTARS) account, a subaccount of the Highway Users Tax Fund. This includes a base reduction of \$(11,489).

Operating Expenses

Staff recommends a continuation appropriation of \$2,593,828 cash funds exempt from the CSTARS account.

Decision Item #3

The Department requests an increase of \$21,317 cash funds exempt spending authority from the CSTARS account for additional equipment for a branch office in El Paso County, and new equipment for offices in Morgan and Weld Counties. The request includes a one-time appropriation of \$19,036, and a base increase of \$2,281 for ongoing operating expenses for equipment leases and maintenance. The funding for El Paso County totals \$13,787, and the funding for both Morgan and Weld Counties totals \$7,530 for the purchase of two new workstations in each county.

This request is to purchase additional workstations for use with the old legacy system. Although the new CSTARS system will require new servers, the newly-purchased workstations will be able to function with the new system. The new CSTARS system has not yet been deployed to any counties. In January 2006, the Mesa County Clerk and Recorder reported:

The Colorado Department of Revenue-Motor Vehicle Division has postponed the January installation of the new CSTARS software program. This is a software update that has been

long overdue for the citizens of Colorado. Mesa County is anticipating installation of CSTARS in late spring, early summer 2006.

In January 2007, the Mesa County Clerk and Recorder reported:

The Motor Vehicle Division continues to "patiently" wait for the deployment of the new statewide Colorado State Title and Registration System(CSTARS). It is anticipated that the new CSTARS will be a much-needed improvement over the current, antiquated system. The customers certainly deserve better than what the state (Colorado Department of Revenue) currently offers....

The Motor Vehicle Division of the Clerk and Recorder's office has also experienced changes in 2006, and is still waiting for changes that were supposed to occur in 2005 or before. I am referring to the installation of the new Colorado State Title and Registrations System. In the first quarter of 2006, . . . , Site Supervisor, attended Super User training for the new CSTARS program. Following the Super User Training, Colorado counties voiced their concerns regarding the readiness of this system to be deployed statewide. As a result of concerned Clerks across the state and unsuccessful parallel testing, the statewide deployment was pushed back to early 2007. During the last quarter of 2006, the State Department of Revenue Title and Registrations Division has started to use the system. They continue to work on areas in need of improvement before deployment.....

In order to deploy the CSTARS system to the counties, the Department needs to install new hardware and new software in each county. The Department is now operating two parallel titling and registration systems, the old legacy system and the new CSTARS system. The longer the Department operates both the old and the new systems, in which counties continue to use the old system during deployment of the new system, the greater the danger of lost information.

Staff recommends against this decision item, because it does not directly support the deployment of the new CSTARS system to counties.

County Office Asset Maintenance

Staff recommends a continuation appropriation of \$568,230 cash funds exempt. This line supports replacement of existing county equipment.

(4) TAXATION BUSINESS GROUP

This group collects taxes, provides information to taxpayers, researches issues related to tax collection, resolves tax disputes, and administers tax rebate and assistance programs.

Administration

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Manager	1.0	1.0	1.0	1.0
Financial Services	4.0	5.0	5.0	5.0
Administration	1.0	1.0	1.0	1.0
Total	6.0	7.0	7.0	7.0

Personal Services

Staff recommends a continuation appropriation of \$575,820 and 7.0 FTE, comprised of 572,266 General Fund, \$714 cash funds from various sources, and \$2,840 cash funds exempt from various sources. This includes a base reduction of \$(2,894).

Operating Expenses

Staff recommends a continuation appropriation of \$15,000 General Fund.

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 contact delinquent taxpayers; verify licensing; execute more than 98,000 distraint warrants each year; file property tax liens, transcripts of judgment, bankruptcy claims, write of garnishment; and refer cases for criminal prosecution when necessary.

Staffing Summary*	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Managers	5.8	6.0	6.0	6.0
Administration	17.9	17.9	17.9	17.9
Revenue Agent	92.0	92.0	92.0	92.0
Compliance Agent	38.1	38.0	38.0	38.0
Tax Examiners	71.3	72.5	72.5	72.5
Total	225.1	226.4	226.4	226.4

*includes Mineral Audit Program

Personal Services

Staff recommends continuation funding of \$13,372,091 and 226.4 FTE, comprised of \$13,244,291 General Fund, \$1,269 cash funds from various sources, and \$126,531 cash funds exempt from various sources. This includes a base reduction of \$(67,196).

Operating Expenses

Staff recommends the Department's request of \$656,927 General Fund.

Decision Item #6

The Department requests \$20,166 to purchase ten licenses, as a pilot project, for tax software that would allow auditors to import data from taxpayer files into the state's tax systems. Currently, the state's tax auditors enter taxpayer data into the systems manually. The Department's expected results are more efficient and more accurate audits, increased collections, and increased voluntary compliance due to a greater audit presence. The Department expects to increase productivity by 5 to 10 percent. The software would also enable the Department to comply with the State Auditor's recommendation to provide additional resources for severance tax audits; increased audit productivity will allow the Department to increase audit hours for severance tax audits, while maintaining the level of audit coverage in other areas. The Department would need a total of 89 licenses for its entire field audit staff. Staff recommends approval of this decision item.

Joint Audit Program

Staff recommends a continuation appropriation of \$131,244 General Fund. This line supports Colorado's membership in the Multi-State Tax Commission, which audits out-of-state businesses. The Department, which has been a part of this program for over twenty years, estimates that the state recovers about six dollars of General Fund revenue for every dollar spent.

Joint Federal/State Motor Fuel Tax

Staff recommends reflecting continuation funding of \$30,415 federal funds. This funding supports the interstate trucker registration audit system.

Mineral Audit Program

Staff recommends the Department request of \$791,990 and 11.0 FTE, comprised of \$66,000 cash funds exempt from the State Land Board Administration Fund, and \$725,990 federal funds. Under Section 240-35-115, C.R.S., this program audits mineral royalty payments from federal lands and mineral lease and royalty payments on state lands for the State Land Board. It also audits the conservation mill levy for the Oil and Gas Conservation Commission and severance taxes. The Department projects less federal funding in FY 2007-08.

Taxpayer Service Division

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. Its call center, which answered more than 268,000 calls last year, provides general information, responds to individual inquiries and maintains an interactive voice response (IVR) system that provides 24-hour access to automated account information and permits callers to order tax forms. 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.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	6.5	6.5	6.5	6.5
Managers	4.0	4.0	4.0	4.0
Professionals	1.0	2.0	2.0	2.0
Tax Examiners	65.1	66.1	66.1	66.1
Total	76.6	78.6	78.6	78.6

Personal Services

Staff recommends a continuation appropriation of \$4,379,302 and 78.6 FTE, comprised of \$4,289,584 General Fund and \$89,718 cash funds from the Aviation Fund and various sources. This includes a base reduction of \$(22,007).

Operating Expenses

Staff recommends a continuation appropriation of \$401,085, comprised of \$400,585 General Fund and 500 cash funds from the Aviation Fund and various sources.

Fuel Tracking System

Staff recommends a continuation appropriation of \$480,788 and 1.5 FTE cash funds exempt from the Highway Users Tax Fund (HUTF). Under Section 43-4-201 (3) (a) (V), C.R.S., expenditures to administer this program are exempt from the HUTF off-the-top six percent growth limit. The Department requests that this funding be shown as cash funds exempt, rather than as

HUTF, for ease of calculating the off-the-top 6% growth limit.

The division manages the state's subsystem of the International Fuel Tracking System, the state fuel tax reporting system, exchanging information and fuel tax payments with 58 jurisdictions. The system is maintained by a vendor, under Section 39-27-109.7, C.R.S. The Fuel Tax Program licenses fuel distributors, suppliers, importers, exporters and transporters and collects fuel taxes for the HUTF. The system accounts for fuel movement, analyzes edits, and issues tax assessments.

Tax Conferee

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	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Manager	1.0	1.0	1.0	1.0
Tax Conferees	6.9	7.0	7.0	7.0
Administration	1.0	1.0	1.0	1.0
Total	8.9	9.0	9.0	9.0

Personal Services

Staff recommends a continuation appropriation of \$850,853 and 9.0 FTE General Fund. This includes a base reduction of \$(4,276).

Operating Expenses

Staff recommends the Department request of \$21,754 General Fund.

Decision Item #7

The Department requests an increase of \$6,652 General Fund to purchase subscriptions to Lexis/Nexis online legal research service and RIA online tax periodical service. In FY 2005-06 the Tax Conferee resolved more than 97 percent of cases, so that they did not have to go to a formal hearing before the Executive Director. Each case that goes to a formal hearing costs approximately \$6,000-7,000, and approximately 40 percent of those eventually go to court. Access to current law is critical to this unit's success. Online access would allow the conferees to prepare for and close cases faster, and comprehensive search capability would enable them to find applicable law that would encourage a settlement. Staff recommends approval of this decision item.

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.

Cigarette Tax Rebate

Staff recommends reflecting the Department request of \$12,500,000 General Fund Exempt for this line, which is included in the Long Bill for informational purposes only. 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 six percent limit on General Fund appropriations as set forth in Section 24-75-201.1 (1)(a)(III)(C), C.R.S.

Amendment 35 Distribution to Local Governments

Staff recommends the Department request of \$1,439,168 cash funds exempt. 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 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.

Old Age Heat and Fuel and Property Tax Assistance Grant

Staff recommends reflecting the Department request of \$15,000,000 General Fund Exempt for this line, which is included in the Long Bill for informational purposes only. 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 also exempt from the six percent limit on General Fund appropriations as set forth in Section 24-75-201.1 (1)(a)(III)(C), C.R.S.

Alternative Fuels Rebate

Staff recommends a continuation appropriation of \$310,601 cash funds exempt, from the Alternative Fuels Rebate Fund. Pursuant to Section 39-33-102, C.R.S., the Department distributes rebates to governmental agencies and tax-exempt entities that have purchased vehicles powered by alternative fuels or have converted the power source of one or more vehicles to alternative fuels.

(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.

Administration

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Managers	1.0	1.0	1.0	1.0
Professionals	1.0	2.0	2.0	2.0
Policy Analysis and Financial Services	3.4	6.0	6.0	6.0
Administration	1.0	2.0	2.0	2.0
Total	6.4	11.0	11.0	11.0

Personal Services

Staff recommends a continuation appropriation of \$866,405 and 11.0 FTE, comprised of \$525,236 General Fund, \$209,343 cash funds exempt from the Highway Users Tax Fund (HUTF), \$158 cash funds from various sources, and \$131,668 cash funds exempt from various sources. This includes a base reduction of \$(4,354).

Operating Expenses

Staff recommends a continuation appropriation of \$54,250, comprised of \$32,951 General Fund, \$13,069 cash funds exempt from the Highway Users Tax Fund (HUTF), \$10 cash funds from various sources, and \$8,220 cash funds exempt from various sources.

Driver and Vehicle Services

This division administers drivers licensing, motor vehicle titling and registration, and the regulation of commercial driving schools. 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	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Accounting	3.0	3.0	3.0	3.0
Professionals and Managers	18.5	18.3	18.3	18.3
Driver License Managers	14.7	14.0	16.0	14.0
Driver License Examiners	97.5	89.0	132.0	89.0
Administration	171.1	191.9	191.9	191.9
Micrographic Equipment Operators	5.0	5.0	5.0	5.0
Total	309.8	321.2	366.2	321.2

Personal Services

Staff recommends a continuation appropriation of \$13,644,444 and 321.2 FTE, comprised of \$12,701,767 General Fund, \$3,842 cash funds from the Auto Dealers License Fund, and \$938,835 cash funds exempt from various sources. This includes a base reduction of \$(68,565).

Budget Amendment

In November, the Department requested more than \$1 million General Fund for 25 additional staff for drivers license offices. It later withdrew this decision item and submitted this budget amendment, which proposes an increase of \$2,689,449 and 45.0 FTE cash funds. The Department proposes to increase drivers license fees from \$15.00 to \$19.40 (plus the \$0.60 security fee) to generate the approximately \$2.6 million needed to fund this proposal.

The requested total for FY 2007-08 includes one-time startup costs of \$264,934 for two new offices, plus 75 percent of ongoing annual costs, to allow 3 months startup time in the first year. The request also includes one-time funding of \$624,257 to develop partnerships with counties to open new offices. This request would result in an ongoing base increase of \$2,400,344.

The Department states that the purpose of this request is to increase staffing and improve customer service. The Department proposes to open two new offices in order to alleviate workload pressures; based on current information, the new offices would be located in Adams and Jefferson Counties, with specific locations to be determined. The new staff and funding would be used as follows:

- 3.0 FTE to increase staffing levels at one-person offices
- 22.0 FTE to increase staffing levels at the highest volume offices
- 20.0 FTE to open two new offices, in Adams and Jefferson Counties
- \$624,257 to fund equipment for counties to open new offices

Following is a summary of the Department request:

Drivers License FTE FY 2007-08 Budget Amendment.

	General Fund	Cash Funds	Total
EDO / Personal Services	(\$236,807)	\$236,807	\$0
EDO / Health, Life and Dental	0	212,591	212,591
EDO / Short Term Disability	0	1,316	1,316
EDO / Amortization Equal. Disbursement	0	14,558	14,558
EDO / Leased Space	0	191,250	191,250
EDO / Utilities	0	6,672	6,672
Driver & Vehicle Services / Personal Services	(2,256,975)	3,377,164	1,120,189
Driver & Vehicle Services / Operating Expenses*	0	1,142,873	1,142,873
Total	(\$2,493,782)	\$5,183,231	\$2,689,449

* includes \$624,257 equipment expense for partnerships with counties

The Department proposes to fund the new staff and new offices from increased drivers license fees. The additional \$2.6 million fee income would otherwise flow to the Highway Users Tax Fund (HUTF), and the Department proposes to also increase specialty license plates fees in order to generate approximately \$2.6 million for the HUTF. These fee changes would require special legislation.

Staffing

Last October, after emergency supplementals were approved, the Department hired 20 new full-time temporary staff for six months, through March 2007. The temporary staff are assigned as follows:

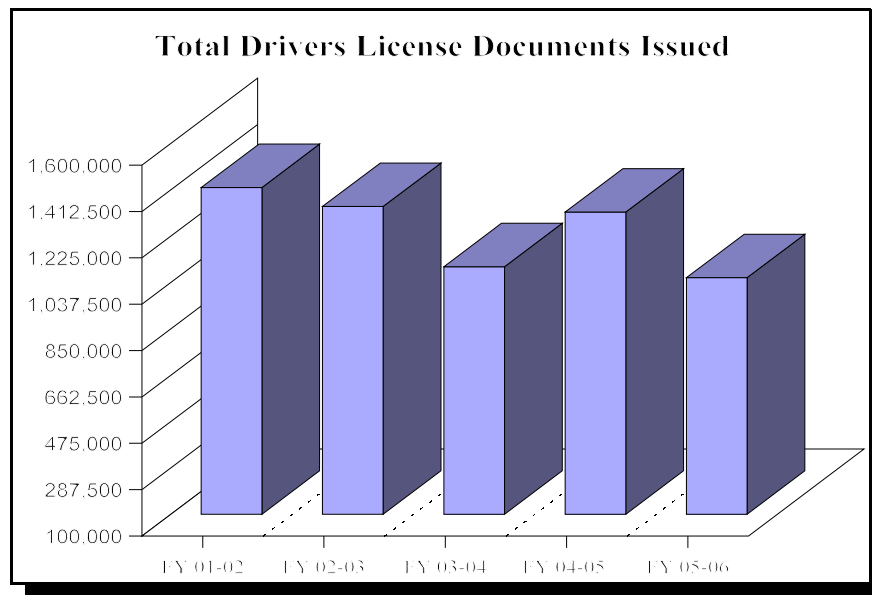
Denver Athmar	3	Grand Junction	1
Aurora	2	Greeley	1
Broomfield	1	Lakewood	2
Colorado Springs	2	Longmont	1
Durango	1	Northglenn	1
Fort Collins	2	Parker	1
Glenwood Springs	1	Pueblo	1

At the same time, Driver and Vehicle Services has had a very low turnover rate during the last five years, less than 5 percent in fiscal years 2004, 2005, 2006, and so far in 2007.

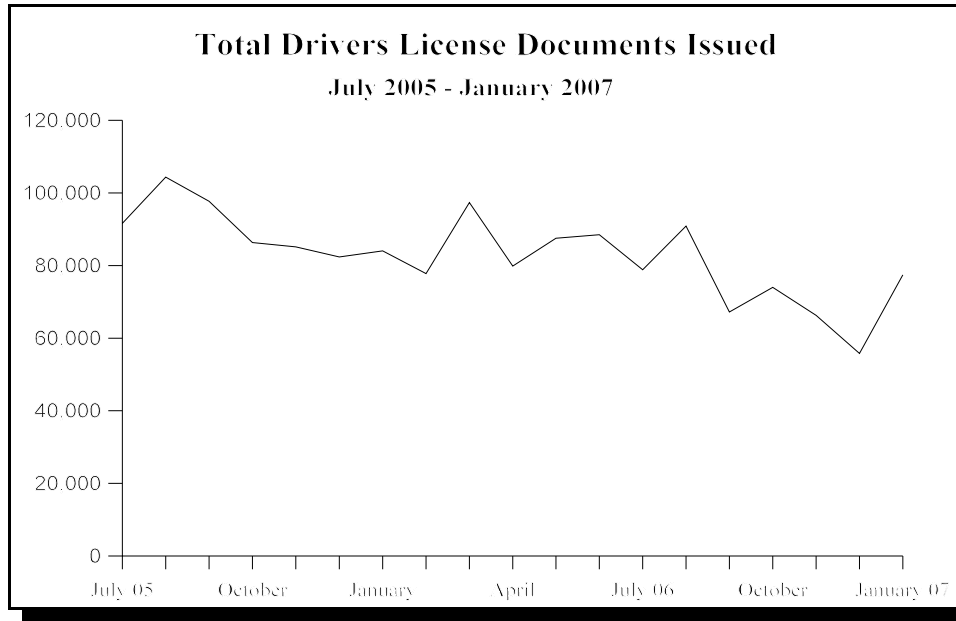
Workload volume

The volume of drivers license documents issued--drivers licenses, identification cards, and instruction permits--has shown a downward trend in recent years. The Department submitted a base reduction request for drivers license documents for both FY 2006-07 and for FY 2007-08, based on decreased demand for drivers licenses due to changes in the drivers license expiration periods. This base reduction request is described on pages 44-45 below.

The total numbers of drivers license documents issued in each of the last five years are shown in the first chart below. The numbers of documents issued each month since July 2005 is shown in the second chart below. In FY 2006-07, the Department has also issued 451 benefits eligibility waivers since August 1.



FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06
1,421,626	1,344,643	1,101,291	1,322,344	1,056,727



July 05	Oct 05	Jan 06	April 06	July 06	Oct 06	Jan 07
91,669	86,341	84,071	79,852	78,833	74,004	77,435

Transaction Times

While demand has decreased, transaction times have increased in recent years. State law has subjected the Department to additional document issuance procedures. The state voter registration law requires the Department to match voter registrations with the motor vehicle database and verify that information with the federal social security database, and the state drivers license law requires facial imaging.

The Department has itself initiated several measures to enhance the security and validity of Colorado drivers licenses and ID's, in order to conform to industry best practices. It now conducts SAVE (alien registration) checks on noncitizen applicants, and it has expanded the list of restrictions on documents it will accept. The Department has increased its requirements for motor vehicle titles and registrations as well. In January 2007, the Mesa County Clerk and Recorder reported:

In July, 2006, a major change occurred in the Title and Registrations processing. The Director of the Department of Revenue, M. Michael Cooke, required that upon application for a new title and/or registration the applicant must provide secure and verifiable identification. This has proved to be one of the greatest challenges of 2006. It resulted in increased wait times and mortgage mail back log. However, by December's end, all the backlog of mortgage mail had been processed!

Central issuance of drivers licenses and ID cards has helped the Department to institute additional

security measures within existing resources. The Department can run facial recognition and perform SAVE (alien registration) and SSOLV (social security number) checks to verify lawful presence and social security number. Central issuance means that the Department issues a temporary license or ID over the counter and then mails the regular document approximately 2-4 weeks later.

While increasing the complexity of the document issuance process, the Department has also initiated customer service improvements. The Department has developed an online vehicle registration renewal project, found at <https://www.colorado.gov/apps/dor/dmv/vehicle/registration/renewal/welcome.jsf>, which is currently being piloted for Denver and Douglas Counties. The system allows registration renewals via the internet, with credit card (\$3 fee) or e-check (\$1 fee) payment options.

The Department provides drivers license renewal by mail, but not online. The online drivers license renewal project is currently on hold.

Performance measures

The Department stated in its decision item request that "adding FTE will likely result in additional customers served--and, by extension, reduced wait time," and the Departments states in its budget amendment request that "wait times are projected to decrease." However, the Department has not provided a workflow analysis of current wait times, historical trend data on wait times, data on wait times at certain times of the day or year, or any quantitative analysis that would support these assertions.

The Department did not provide estimates as to how much wait times are projected to decrease at what locations or at which times of the day or year, with additional staff. The Department forwarded tables of numbers of staff by location and numbers of documents issued by location, but did not provide an analysis of this data which would link staffing and workload with customer wait times.

The Department states that increasing staffing in the highest volume offices will also result in reduced document error rates and reduced overtime expense; however, it provided no data to support this assertion. The Department states that opening two new offices would increase accessibility; however, it provided no geographic information analysis that would support that.

At the Department's budget hearing, in response to the Committee's questions, the Executive Director stated that the Department has tried a number of different methods to collect data on wait times, and that the one used most recently consisted of supervisors going to the busiest offices and tracking customers as they go through the process. The Department forwarded these informal wait-time surveys last week, and they are attached at the end of this document.

Financing

The Colorado Constitution requires that drivers license fees be used for the public highways but does not specify that the fees go to a specific fund. The constitution would thus allow General Assembly to choose to fund this division with cash funds. Drivers license and license plate fees are set in statute. In order to enable the Department to implement this proposal, the General Assembly would have to pass special legislation to increase fees and to allow the Department to use those fees

to fund Driver and Vehicle Services.

Staff recommendation

Staff recommends against the request because the proposal is speculative as to the results to be achieved. The Department has not provided the research and analysis needed to demonstrate that the increased funding would result in improved customer service. The Committee approved an additional 20 temporary staff for the current fiscal year, when the Department is experiencing decreased demand for drivers license documents, but the Department has not demonstrated customer service improvements as a result of the additional staff.

The General Assembly has expressed concern regarding not only the wait times in drivers license offices but also the accessibility of the offices. The Department's request does not directly address the accessibility issue. If the Committee wished to provide funding to improve accessibility, one option would be to fund operating expenses for county offices, in a new line item so designated, so that the Department could develop agreements with counties to open new offices. It must be noted, however, that the Department has not presented a plan for accomplishing this.

The Department requested more than \$600,000 to fund operating expenses for county offices so that it could develop partnerships with counties. However, the Department did not identify the amount to be used for new county offices in its budget request, and it did not provide an itemization of how the funds might be spent. The portion of the budget amendment request that addresses new county offices consists of the following: "In addition, the funding would allow the Department to partner with the counties to develop additional services."

Operating Expenses

Staff recommends the Department request of \$1,218,376 for Decision Item #8, comprised of \$1,213,137 General Fund, \$2,000 cash funds from the Persistent Drunk Driver Cash Fund, and \$3,239 cash funds exempt from the Identification Security Fund.

Decision Item #8, Budget Amendment

Staff recommends approval of Decision Item #8, described on pages 24-25 above, which reduced the appropriation to this line by \$29,420 General Fund. Staff recommends disapproval of the Budget Amendment, described on pages 39-44 above.

Drivers License Documents

Staff recommends the Department request of \$2,426,334, comprised of \$1,902,742 General Fund and \$523,592 cash funds exempt from the Identification Security Fund, a subaccount of the HUTF. This line funds the costs of producing drivers license and identification card documents. Expenses include a payment of \$2.607 per document to the vendor, Digimarc. The Identification Security Fund is a sub-account of the Highway Users Tax Fund (HUTF), funded through a sixty-cent surcharge on the cost of drivers licenses and identification cards.

Decision Item - Base Reduction

The Department requests a decrease of \$719,245, comprised of \$642,837 General Fund and \$76,408

cash funds exempt from the Identification Security Fund, to reflect decreased demand for drivers license renewals due to the change in the term of drivers licenses.

The General Assembly in 2001 increased the drivers license expiration period from five years to ten years, thus reducing expected demand for new license documents in 2006-2010. Senate Bill 05-47 decreased the drivers license expiration period from ten years to back five years, so demand is expected to increase again in 2011-2012. The Department requests a reduction in the appropriation to this line item to reflect projections of reduced demand derived from actual reduced demand during the current fiscal year. Staff recommends approval of this decision item.

License Plate Ordering

Staff recommends the Department request of \$5,384,894 cash funds from the License Plate Cash Fund. This line funds payments to Correctional Industries for producing and distributing motor vehicle license plates and related accessories to the state's 64 counties.

Decision Item #4

The Department requests an increase of \$367,940 cash funds spending authority from the License Plate Cash Fund to maintain license plate inventory. Beginning in July 2001, the Department implemented the Plate Inventory Program (PIP), a statewide tracking system, to correct previous problems with distribution of license plates to counties. New plates are entered into the system at Correctional Industries and tracked through the time of sale at the offices of the State's county clerks.

The Department projects that for FY 2007-08, it will need to produce 41 new plate types, including 22 new plates introduced in FY 2006-07. Through its redistribution measures in previous years, the Department reduced inventories in county offices, and the Department now needs to replenish those inventories, because it no longer has short-term cost reductions based on depleting excess inventories

Vehicle Emissions

This unit conducts emissions station inspections to ensure compliance with vehicle emissions testing standards under the Automobile Inspection and Readjustment (AIR) program. Staff are responsible for licensing all emissions stations and inspectors, and overseeing station operations to prevent fraud and abuse.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	3.0	3.0	3.0	3.0
Inspectors	10.4	12.5	12.5	9.5
Total	13.4	15.5	15.5	12.5

Personal Services

Staff recommends a decreased appropriation of \$795,860 cash funds exempt and 12.5 FTE

from the Automobile Inspection and Readjustment (AIR) account, a subaccount of the Highway Users Tax Fund. This includes a base reduction of \$(4,941). This recommendation reflects a decrease of \$190,301 and 3.0 FTE cash funds exempt, due to the cessation of the Basic Inspection and Maintenance Program and the closing of three county offices on December 31, 2006.

Of the existing 15.5 FTE positions, 11.5 are currently filled and 4.0 are currently vacant. The Department of Public Health and Environment submitted a supplemental request and a budget amendment to eliminate all funding associated with the program, reducing its Air Quality and Control Division staff from 9.8 FTE to 9.2 FTE.

H.B. 06-1302 declared the General Assembly's intention to encourage the department of public health and environment to focus its efforts on remote sensing technology (clean screen) for monitoring vehicle emissions. The Vehicle Emissions program oversaw the emissions testing program in a 10-county area. In December 2006, program offices in Ft. Collins, Greeley, and Colorado Springs, staffed by a total of 3.0 FTE Department of Revenue inspectors, were closed because of the cessation of the basic emissions inspection program. A total of 226 vehicle inspection stations in those three counties were closed. The Department estimated it would take the staff approximately three months to wind up business in the three counties.

The Department states that this program's workload will remain the same, because a plan adopted by the Air Quality Control Commission implementing H.B. 06-1302 calls for increased frequency of audits of the nine clean screen vans from biweekly to daily. However, daily audits are not required by statute or regulation. Staff recommends reducing the FTE and corresponding funding for this budget line for FY 2007-08, because of the reduced workload requirements under H.B. 06-1302 and because the Department is not required to perform new tasks that might offset this decrease. If the legislature decides to impose additional clean screen audit requirements in the future, the necessary additional expenditures would be included in that legislation.

Operating Expenses

Staff recommends a decreased appropriation of \$78,815 cash funds exempt from the AIR account. This reflects a decrease of \$1,500 operating expenses related to the recommended decrease of 3.0 FTE, representing \$500 for each 1.0 FTE, in conformance with Legislative Council Staff Standard Costs for Fiscal Notes--2007 Session.

Titles

This program provides administrative support for the statewide motor vehicle titling and registration system. Employees in this program examine approximately 8.5 million documents per year in support of more than 1.7 million applications for Colorado vehicle titles, all of which are microfilmed and indexed. Other work includes purging title records of vehicles that have been subsequently titled in other jurisdictions; returning out-of-state titles to the originating jurisdiction; providing written responses to requests; and serving walk-in customers.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Approp	FY 2007-08 Request	FY 2007-08 Recommend.
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Professionals and Managers	6.8	6.8	6.8	6.8
Administration	27.7	27.7	27.7	27.7
Total	34.5	34.5	34.5	34.5

Personal Services

Staff recommends a continuation appropriation of \$1,562,432 and 34.5 FTE cash funds exempt from the Colorado State Titling and Registration (CSTARS) account of the Highway Users Tax Fund. This includes a base reduction of \$(7,851).

Operating Expenses

Staff recommends a continuation appropriation of \$146,841 cash funds exempt from the CSTARS account. Reversions are retained in the CSTARS account.

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 Account, a special purpose account within the Highway Users Tax Fund (HUTF), whenever a motor vehicle is registered.

Personal Services

Staff recommends the Department request of \$326,584 and 1.0 FTE cash funds exempt from the Motorist Insurance Identification Database (MIIDB) account. This includes a base reduction of \$327,146 cash funds exempt. H.B. 06-1178 restructured the Motorist Insurance Identification Database (MIIDB) to eliminate the program's previous enforcement functions. This legislation permitted the Department to contract with a vendor for MIIDB functions, and the Department now pays the Statewide Internet Portal Authority to maintain this database.

Operating Expenses

Staff recommends the Department request of \$500 cash funds exempt from the MIIDB account.

(6) MOTOR CARRIER SERVICES

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 17 port of entry buildings and ten mobile port scales.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Managers and Professionals	7.0	7.0	7.0	7.0
Administration	4.0	1.0	1.0	1.0
Tax Examiners	7.8	10.0	10.0	10.0
Port Officers	109.1	113.2	113.2	113.2
Total	127.9	131.2	131.2	131.2

Personal Services

Staff recommends continuation funding of \$6,835,666 and 131.2 FTE, comprised of \$599,488 General Fund, \$6,118,846 cash funds exempt from the Highway Users Tax Fund (HUTF), \$52,260 cash funds from the Nuclear Materials Transportation Fund, and \$65,072 cash funds exempt from various sources. This includes a base reduction of \$(31,338).

Operating Expenses

Staff recommends the Department request of \$433,811, comprised of \$33,143 General Fund, and \$400,668 cash funds exempt from the HUTF.

Decision Item #8

The recommendation includes a reduction of \$39,660 cash funds exempt from the HUTF for Decision Item #8, described on pages 24-25 above.

Fixed and Mobile Port Maintenance

Staff recommends a continuation appropriation of \$83,784 cash funds exempt from the HUTF.

Motor Carrier Safety Assistance Program

Staff recommends reflecting the Department request of \$723,000 and 9.0 FTE federal funds. This program promotes commercial driver and vehicle safety.

Hazardous Materials Permitting Program

Staff recommends a continuation appropriation of \$194,094 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 the sale and distribution of motor vehicles; and adjudicates complaints related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes.

Administration

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Management / Administration - Total	5.7	6.0	6.0	6.0

Personal Services

Staff recommends continuation funding of \$497,726 and 6.0 FTE, comprised of \$27,723 General Fund, \$252,098 cash funds from various sources, and \$217,905 cash funds exempt from various sources. This includes a base reduction of \$(2,501).

Operating Expenses

Staff recommends a continuation appropriation of \$10,880, comprised of \$606 General Fund, \$5,511 cash funds from various sources, and \$4,763 cash funds exempt from various sources.

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, in past fiscal years, the Commission has 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 consolidated budget lines.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	10.0	10.0	10.0	10.0

Licensing	7.9	8.0	8.0	8.0
Accounting and Auditing	11.8	17.0	17.0	17.0
Investigators	35.5	37.0	37.0	37.0
Total	65.2	72.0	72.0	72.0

Personal Services

Staff recommends reflecting a continuation appropriation of \$4,984,046 and 72.0 FTE cash funds.

Operating Expenses

Staff recommends reflecting the Department request of \$573,734 cash funds.

Licensure Activities

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

Investigations

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

Payments to Other State Agencies

Staff recommends reflecting the Department request of \$2,429,848 cash funds.

Distribution to Gaming Cities and Counties

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

Indirect Cost Assessment

Staff recommends reflecting the Department request of \$536,728 cash funds.

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.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	2.0	2.0	2.0	2.0
Licensing	3.0	3.0	3.0	3.0
Investigators	14.0	14.0	14.0	14.0
Total	19.0	19.0	19.0	19.0

Personal Services

Staff recommends a continuation appropriation of \$1,476,224 and 19.0 FTE cash funds from the Liquor Enforcement Division and State Licensing Authority Cash Fund. This includes a base reduction of \$(7,418).

Operating Expenses

Staff recommends a continuation appropriation of \$51,323 cash funds from the Liquor Enforcement Division and State Licensing Authority Cash Fund.

Tobacco Enforcement Program

This program enforces laws that prohibit the sale of tobacco products to persons under 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.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	1.0	1.5	1.5	1.5
Investigators	5.2	5.5	5.5	5.5
Total	6.2	7.0	7.0	7.0

Personal Services

Staff recommends a continuation appropriation of \$442,230 and 7.0 FTE, comprised of \$112,972 General Fund and \$329,258 cash funds exempt from tobacco settlement moneys transferred from the Department of Public Health and Environment. This includes a base reduction of \$(2,222).

Operating Expenses

Staff recommends a continuation appropriation of \$27,943, comprised of \$7,201 General Fund and \$20,742 cash funds exempt from tobacco settlement moneys transferred from the Department of Public Health and Environment.

Division of Racing Events

The first major function of the Division of Racing Events and the Colorado Racing Commission is to promote racing. 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 has been overseeing four greyhound racetracks and one horse racetrack. One of the greyhound tracks, the Cloverleaf Kennel Club in Loveland, has closed, discontinuing live races, but the Department states this will not cause staffing or funding changes. In FY 2005-06, the division collected approximately \$1.9 million in licensing fees, which fund the division's expenses. The Department estimates it will collect more than 2 million during the current year and projects fee income of \$2.1 million in FY 2007-08.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Management/Administration	4.2	4.8	4.8	4.8
Investigators/Auditors	4.5	5.0	5.0	5.0
Field Operations	7.0	6.4	6.4	6.4
Veterinarians	1.4	2.3	2.3	2.3
Total	17.1	18.5	18.5	18.5

Personal Services

Staff recommends a continuation appropriation of \$1,353,620 and 18.5 FTE cash funds. This includes a base reduction of \$(6,802).

Operating Expenses

Staff recommends a continuation appropriation of \$97,845 cash funds.

Laboratory Services

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

Commission Meeting Costs

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

Racetrack Applications

Staff recommends a continuation appropriation of \$25,000 cash funds from the Division of Racing Events Cash Fund.

Purses and Breeders Awards

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

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.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Manager	1.0	1.0	1.0	1.0
Administration	6.0	5.0	5.0	5.0
Hearings Officers	18.3	22.4	22.4	22.4
Total	25.3	28.4	28.4	28.4

Personal Services

Staff recommends a continuation appropriation of \$1,900,506 and 28.4 FTE cash funds exempt from the Drivers License Revocation account, a subaccount of the Highway Users Tax Fund. This includes a base reduction of \$(9,550). Reversions flow to the HUTF at the end of each fiscal year.

Operating Expenses

Staff recommends a continuation appropriation of \$73,450 cash funds exempt from the Drivers License Revocation account.

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	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Manager	1.0	1.0	1.0	1.0

Administration	7.8	4.2	4.2	4.2
Professionals	4.0	7.0	7.0	7.0
Investigators	8.0	14.0	14.0	14.0
Total	20.8	26.2	26.2	26.2

Personal Services

Staff recommends a continuation appropriation of \$1,622,167 and 26.2 FTE cash funds from the Auto Dealers License Fund. This includes a base reduction of \$(8,152).

Operating Expenses

Staff recommends a continuation appropriation of \$69,688 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. Expenditures are paid from the State Lottery Fund and appropriated as cash funds exempt.

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 2005-06, those expenditures totaled \$1,501,662.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Management & Administration	43.5	43.5	43.5	43.5
Sales	38.8	39.5	39.5	39.5
Accounting and Analysis	11.8	13.5	13.5	13.5
Investigators	7.5	8.5	8.5	8.5
Programmers/IT Support	18.6	21.0	21.0	21.0
Total	120.2	126.0	126.0	126.0

Personal Services

Staff recommends a continuation appropriation of \$8,375,037 and 126.0 FTE cash funds exempt. This includes a base reduction of \$(42,086).

Operating Expenses

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

Payments to Other State Agencies

Staff recommends a continuation appropriation of \$340,488 cash funds exempt. This line reflects payments audits, investigations, fingerprinting, and background checks.

Travel

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

Marketing and Communications

Staff recommends a continuation appropriation of \$8,643,420 cash funds exempt. This line funds television, radio, newspaper and outdoor advertising space, time and production. Most of this appropriation is paid to Karsh & Hagen Communications, the Lottery's advertising agency.

Multi-State Lottery Fees

Staff recommends a continuation appropriation of \$177,433 cash funds exempt. This funds Colorado's membership fees in the Multi-State Lottery Association (MUSL), as well the State's share of administrative costs related to Powerball. The appropriation also funds research, consultants, audits, travel, the purchase of any equipment as required by Powerball rule changes, and any other contingencies as required by the state's agreement with MUSL.

Vendor Fees

Staff recommends a continuation appropriation of \$9,811,513 cash funds exempt. This represents payments to the online vendor, Scientific Games International.

Prizes

Staff recommends a continuation appropriation of \$306,413,810 cash funds exempt. Under Section 24-35-210 (1), C.R.S., this line item is continuously appropriated.

Powerball Prize Variance

Staff recommends a continuation appropriation of \$4,220,000 cash funds exempt. Under Section 24-35-210 (1), C.R.S., this line item is continuously appropriated.

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, 20.8058 percent of Powerball sales are paid out to 'lower tier' prizes. Therefore, if the State's payout is greater than 20.8058 percent, this line item will increase to reflect a reimbursement for the difference. Conversely, if the State's payout is less than 20.8058 percent, this line item will decrease

accordingly.

Retailer Compensation

Staff recommends a continuation appropriation of \$38,609,220 cash funds exempt. 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 such as Loaf N Jug, 7-Eleven, Russell's, Circle K, and Kum & Go; gas stations such as Diamond Shamrock, Conoco, Sinclair, Phillips, and Shell; supermarkets such as Safeway, City Market, King Soopers, and Albertsons; tobacco shops; and liquor stores.

Ticket Costs

Staff recommends a continuation appropriation of \$3,549,040 cash funds exempt.

Research

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

Indirect Cost Assessment

Staff recommends a continuation appropriation of \$458,880 cash funds exempt. This includes \$185,626 statewide indirect costs and \$272,24 departmental indirect costs. The Department uses an FTE-based indirect cost allocation methodology. Using that methodology, the Lottery's departmental indirect cost would be \$774,643. However, the Department has adjusted that amount to reflect the fact that the Lottery has its own accounting and information technology staff.

FOOTNOTES

Following are the Department of Revenue footnotes in the FY 2006-07 Long Bill, with the staff recommendation.

113 Department of Revenue, Executive Director's Office -- As part of its FY 2007-08 budget request, the Department is requested to provide a report that assesses its indirect cost recovery methodology including the accuracy of any underlying assumptions. The Department should also analyze other indirect cost recovery methodologies and determine whether a different methodology would prove more beneficial or accurate. If a different methodology is determined to be more effective, the Department should submit its FY 2007-08 budget request according to the parameters of the new plan. The Department's report should also include any over- and under-collections made by fund source during FY 2005-06.

Comment: The Department complied with this footnote and has changed its indirect cost methodology. It allocates a designated departmental indirect cost pool to divisions based on FTE, with adjustments. Staff recommends discontinuing this footnote.

113a Department of Revenue, Executive Director's Office, Leased Space; Division of Motor Vehicles, Driver and Vehicle Services, Personal Services; and Operating Expenses -- It is the intent of the General Assembly that five percent of the listed appropriations utilized for the purpose of State driver's license offices be allocated toward the restoration of offices closed for the sole purpose of saving General Fund in FY 2002-03.

Comment: *The Governor vetoed this footnote.* The Department did not comply with this footnote. However, it did submit a FY 2007-08 decision item for more than \$1 million General Fund for staff for existing drivers license offices. The Department then submitted a budget amendment for more than \$ million for staff for existing drivers license offices and two new offices. Staff recommends discontinuing this footnote.

114 Department of Revenue, Information Technology Division; Division of Motor Vehicles -- The Department of Revenue is requested to provide a report to the Joint Budget Committee, which estimates the costs of complying with all requirements mandated by the federal Real ID Act of 2005 ("the Act"), as promulgated by the U.S. Department of Homeland Security. If applicable, this should include, but is not limited to, the costs of verifying citizenship status, storing documents required for such verification, informing the public of the Act's requirements, and additional FTE necessary to achieve federal compliance. This report should be provided by December 11, 2006, or thirty days after the date on which such rules are promulgated, whichever is sooner. While it is expected that the report will be as accurate as possible, it is understood that this report will not constitute a budget request and shall be available for revision by the Department of Revenue. If the U.S. Department of Homeland Security has not promulgated rules to implement the Act by December 11, 2006, then the Department of Revenue is requested to notify the chair of the Joint Budget Committee by letter of such fact.

Comment: The Department did not comply with this footnote. The Department sent a letter dated January 26, 2007, to the Joint Budget Committee, stating that the Department has implemented processes that *may* potentially help the state comply with the Real ID Act but that these processes were not implemented as a result of the Real ID Act. Staff recommends discontinuing this footnote.

- 115 Department of Revenue, Information Technology Division** -- The Department of Revenue is requested to consistently reflect additional computer programming costs in fiscal notes for proposed legislation. The Department is requested to meet with the Legislative Council fiscal note staff and the Joint Budget Committee staff in an effort to continually revise and update the policy of reflecting programming costs with regard to legislative bills. The Department is requested to submit, with its November 2006 budget request for FY 2007-08, a memorandum explaining its policy with respect to reflecting additional computer programming costs in fiscal notes for legislation during the 2007 legislative session. The Department is requested to submit a negative supplemental request for any estimated savings associated with implementing legislation enacted during the 2006 legislative session.

Comment: *The Governor vetoed this footnote.* The Department complied with this footnote. Staff recommends discontinuing this footnote.

- 116 Department of Revenue, Information Technology Division, Programming Costs for 2006 Session Legislation** -- The Department of Revenue is requested to submit a report to the Joint Budget Committee by June 30, 2006, summarizing the estimated computer programming costs to implement legislation enacted during the 2006 session. These cost estimates should include any economies of scale that may exist because multiple bills passed which affect similar systems. The Department is also requested to submit a report to the Joint Budget Committee by December 31, 2006, summarizing the actual programming costs of bills to implement legislation enacted during the 2006 legislative session.

Comment: The Department complied with this footnote. Staff recommends discontinuing this footnote.

Attachment: Division of Motor Vehicles 2006 and 2007 Wait Time Surveys