

**AGENDA**  
**FY 2008-09 Joint Budget Committee Hearing**  
**Department of Revenue**

**Tuesday, December 11, 2007**  
**10:00 a.m. – 12:00 Noon**

**Departmental Goals and Objectives**

1. What are your department's principal goals and objectives? What are the metrics by which you measure success or failure?
2. Given the change in the Administration, have there been any changes to your department's principal goals and objectives since last year?
3. What progress did you make during the last year in achieving your goals?
4. How is the additional money provided to your department in FY 2007-08 being used to achieve your goals? What improvements is your department making in its outputs?
5. Please identify your department's 3 most effective programs and your 3 least effective programs. Explain why you identified them as such. Explain how your most effective programs further the department's goals.
6. Are there programs that your department is required to perform that do not further your department's goals or have outlived their usefulness? If so, what are they and by whom are they required? Why don't they further your department's goals?

**Costs and savings from complying with specific bills and orders**

7. What are your department's anticipated costs, anticipated savings, and potential benefits from complying with Executive Order D 028 07, Authorizing Partnership Agreements with State Employees?
8. Provide an estimate of the costs your department will incur in FY 2007-08 in carrying out the provisions of H.B. 06S-1023. Provide an estimate of your department's savings in FY 2007-08 as a result of not providing services to individuals who are in the country illegally.

**Division of Motor Vehicles**

9. Does Department have a plan to advertise opening of new motor vehicle offices in March 2008 so that people know that they are opening?

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

10. The first step identified by the consultant for progressing on the project is to begin the process of "aligning" the Department. Has the Department begun this process and what changes (if any) has the Department made in response to this process?
11. How is the Department going to achieve buy in from the counties for any future CSTARS solution?
12. What is the Department's time frame for deciding on a course of action?
13. Is there any responsibility on the part of the original contractor to meet the requirements of the RFP? Is there any recourse with the original contractor as a result of non-compliance with the contract?
14. What will be the cost of a revised system? How much has been spent to date? How much in addition to get to a system that will work?

**Programming Costs for Session Legislation Line**

15. Why did Easter Seals get charged an extra amount of money for computer time when the Department is asking for funds in a supplemental from the JBC? How does the Department handle these extra costs? Why were they different from the original fiscal not? A similar issue was heard about the Alzheimer's Association.
16. The Department is requested to discuss their thoughts on this issue.

**Report of the State Auditor on the Severance Tax**

17. The Department stated that it intended to implement all of the recommendation outlined in the audit. The Department is requested to respond to the Committee and discuss its progress in response to the issues and recommendation raised in the Auditor's report of June 2006. Has the Department kept its commitments? How effective have the changes been?
18. The Department stated in its response to the audit report that it had reallocated an additional person to the Mineral Audit Section to conduct audits of severance tax returns. Has this reallocation of resources resulted in additional audits being completed?

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19. Why hasn't the Department requested a decision item to increase audit staff? Is it worth adding more staff to address this issue?

**Findings related to the Department of Revenue regarding collections of Severance Taxes**

20. Changing point of tax collection as recommended by Working Group may or may not impact severance tax revenue. This has TABOR implications. Will a change as recommended be possible without a vote due to TABOR. Will changing tax to a flat tax have TABOR implications?

**Department Decision Item # 2 – Implementation of Distribution/Inventory Management System for Scratch tickets**

21. A large part of the sales representative's time is spent delivering tickets. With the distribution/inventory management system in place, will the Department need as many sales representatives to adequately cover the retail sales network?
22. Do outlets sell more tickets when more tickets are delivered? Are tickets unique for each game? What happens to tickets when the game is over? Can too many tickets be delivered and what happens when they do? How long are tickets good for?
23. How much does Arizona's courier service cost?
24. Why are our sales so much higher than Arizona? Why does the Lottery Division think Colorado's sales could be impacted on a per capita basis? How do we know we have not reached market saturation?

**Department Decision Item # 3 – Increase in Marketing Costs for Lottery**

25. How will the Lottery differentiate between the effects of any increased sales as a result of the improved Distribution/Inventory Management system and any increase as a result of increased advertising?
26. How does the Lottery justify the increased spending \$6 million for an increase in proceeds of \$4.3 million?

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**Conservation Easements**

27. What is happening with IRS audits and the problems of conservation easements? How do we distinguish between valid easements and easements that are not for a valid purpose? The Department is requested to provide an update on this issue.