

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Scott Thompson, JBC Staff (303-869-4657)
DATE April 25, 2018
SUBJECT Department of State, cash fund waiver technical correction

REQUEST: Pursuant to Section 24-75-402 (8), C.R.S., the Department of State has submitted a request for a waiver from the maximum reserve limit for FY 2017-18 only for the Department of State Cash Fund, created in Section 24-21-104 (3)(b), C.R.S. The Fund has exceeded the maximum reserve limit for the last three fiscal years and if no action is taken by the Joint Budget Committee, the Controller will restrict spending by an estimated \$417,450. The Committee previously approved a waiver for FY 2018-19 only, however, since that approval the Department of State learned from the State Controller that the waiver should have instead been for FY 2017-18 only.

RECOMMENDATION: Staff recommends approving the updated Department request and rescinding the FY 2018-19 waiver.

The primary source of revenue for the Department of State Cash Fund is from business filing fees paid by businesses filing periodic reports. The Department's compliance plan is underway and expects compliance by the end of FY 2018-19. The plan includes reductions for fees on certain business filings. For FY 2018-19, the JBC-approved budget for the Department increased by \$2.5 million. This combination of increased expenses and decreased revenues should bring the Department's cash fund into compliance with the alternative maximum reserve. Consequently, the Department is reluctant to further decrease fees and JBC staff agrees that an additional year to come into compliance is preferable to temporary fee reductions, which may cause headaches for businesses planning future expenditures. JBC staff expects this combination of increased expenses and decreased revenues will bring the Department's cash fund into compliance with the alternative maximum reserve.

DEPARTMENT OF STATE CASH FUND RESERVE BALANCE				
	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ESTIMATED	FY 2018-19 REQUESTED
Uncommitted Fee Reserve Balance	\$3,721,140	\$4,172,078	\$4,434,898	\$2,818,178
Alternative Fee Reserve Balance	3,472,239	3,596,917	4,017,448	4,169,339
Excess Uncommitted Fee Reserve Balance	\$248,901	\$575,161	\$417,450	(\$1,351,161)