



Joint Budget Committee Staff

FY 2014-15 Budget Briefing Summary

Department of Revenue

Colorado General Assembly
Joint Budget Committee

The Department of Revenue is organized into three functional groups: Taxation Business Group; Division of Motor Vehicles; and Enforcement Business Group. The Taxation Business Group collects tax and other revenue for the state and for many local governments and assists taxpayers in tax related matters; the Division of Motor Vehicles regulates and licenses drivers, issues personal identification documents, oversees vehicle inspection stations, and registers and titles vehicles; and the Enforcement Business Group regulates alcohol, tobacco, medical marijuana, horse racing and off-track betting, limited gaming, and motor vehicle dealers and sales persons. The Department also operates the State Lottery, a TABOR enterprise supported by lottery ticket sales. The Department's FY 2013-14 appropriation represents 1.4 percent of statewide operating appropriations and 1.0 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$299,057,894	\$76,836,412	\$216,328,381	\$5,068,713	\$824,388	\$1,238
SB 13-251 (Temporary ID)	436,292	436,292	0	0	0	0.0
HB 13-1042 (Income Tax Deduction)	280,000	280,000	0	0	0	0.0
Other legislation	<u>6,567,407</u>	<u>304,100</u>	<u>6,263,307</u>	<u>0</u>	<u>0</u>	<u>15.6</u>
TOTAL	\$306,341,593	\$77,856,804	\$222,591,688	\$5,068,713	\$824,388	1,253.2
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$306,341,593	77,856,804	\$222,591,688	\$5,068,713	\$824,388	1,253.2
R1 DMV Funding Deficit	2,300,000	6,200,000	(3,900,000)	0	0	0.0
R2 DMV Customer Service Enhancements	4,168,025	4,168,025	0	0	0	52.0
R3 DMV Driver License Examiner Reclassification	837,502	837,502	0	0	0	0.0
R4 ITD Replace Capitol Annex Cabling	863,218	863,218	0	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0	(0.0)
R6 Central Department Operations Realignment	(148,136)	0	(148,136)	0	0	0.0
NP1 Re-program Payments to OIT	0	0	0	0	0	0.0
NP2 Annual Fleet Vehicle Request	52,439	24,777	27,662	0	0	0.0
NP3 Secure Colorado - Phase II	170,410	114,582	55,828	0	0	0.0
NP4 Network Resiliency	27,432	18,445	8,987	0	0	0.0
NP5 IT Service Management Eco-System	450,217	302,723	147,494	0	0	0.0

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
NP6 DTRS Operations Increase	13,547	1,187	12,360	0	0	0.0
NP7 IT Technical Development	36,035	24,230	11,805	0	0	0.0
Centrally Appropriated Line Items	3,599,006	1,621,731	1,953,277	23,998	0	0.0
Annualize Prior Year Funding	911,478	911,478	0	0	0	(13.6)
Annualize Prior Year Legislation	(3,844,654)	(726,440)	(3,118,214)	0	0	21.4
Statewide Information Technology Adjustments	(3,206,228)	(1,662,952)	(1,543,276)	0	0	0.0
OSPB September 2013 Forecast Adjustments	(500,000)	(500,000)	0	0	0	0.0
Indirect Cost Assessment	<u>(144,903)</u>	<u>(572,747)</u>	<u>240,358</u>	<u>187,486</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$311,926,981	\$89,482,563	\$216,339,833	\$5,280,197	\$824,388	1,313.0
Increase/(Decrease)	\$5,585,388	\$11,625,759	(\$6,251,855)	\$211,484	\$0	59.8
Percentage Change	1.8%	14.9%	(2.8%)	4.2%	0.0%	4.8%

Summary of Issues Presented to the Joint Budget Committee

Division of Motor Vehicles Funding and Appropriation Re-structure Requests: The Division of Motor Vehicles is facing a structural deficit within the Licensing Services Cash Fund. With Request 1, the Department seeks \$6.2 million General Fund to sustain operations within Driver Services for one year. The Department is also requesting \$4.2 million General Fund and 52.0 FTE with Request 2 to enhance customer service in the issuance of driver and identification documents. Request 3 is for \$838,000 General Fund to re-classify driver license examiners. Request 5 is to re-structure the Division of Motor Vehicles' appropriation structure in the operating budget.

Department of Revenue 2014 Legislative Agenda: As part of the Department 2014 legislative agenda, the Department is requesting that the Joint Budget Committee sponsor legislation to make several statutory changes related to Division of Motor Vehicles cash funds.

Division of Motor Vehicles Capital Construction Request to Replace the Driver License System (DLS) and Colorado State Titling and Registration System (CSTARS): The Department of Revenue and the Governor's Office of Information Technology have submitted a FY 2014-15 capital construction request to replace the Division of Motor Vehicles Driver License System (DLS) and the Colorado State Titling and Registration System (CSTARS) at a total two-year cost of \$93,372,000 General Fund.

Marijuana Enforcement Division – Impact of Proposition AA Concerning Retail Marijuana Taxes on the Marijuana Enforcement Group: In November 2013 voters approved Proposition AA, which imposed a 15.0 percent state excise tax on the average wholesale price of retail marijuana and imposed a 10.0 percent state sales tax on retail marijuana and retail marijuana products. The Department estimates that the Marijuana Cash Fund will receive \$39.3 million in additional sales tax revenues from the taxation of retail marijuana in FY 2013-14.

The Department projections currently estimate that the Marijuana Cash Fund will have a fund balance in excess of \$260.0 million at the end of FY 2015-16.

2013 Performance Audit of the Department of Revenue – Medical Marijuana Regulatory System Part I:

The Department of Revenue is responsible for the regulation of the marijuana industry pursuant to the Colorado Constitution and state statutes. In March 2013, the Office of the State Auditor (OSA) released a performance audit that included an evaluation of how effectively the Department of Revenue's Medical Marijuana enforcement group has licensed and regulated medical marijuana businesses.

2013 Performance Audit of the Department of Revenue – Property Tax, Rent, and Heat Rebate Program:

The Department of Revenue is responsible for the administration of the Property Tax, Rent, and Heat Rebate (PTC) Program, including application controls and Program outreach. In August 2013, the Office of the State Auditor (OSA) released a performance audit that included an evaluation of how the Department manages the PTC when it comes to controls, outreach, and efficiency.

2013 Performance Audit of the Department of Revenue – State Lottery Division:

The Department of Revenue is responsible for the administration of the State Lottery Division. In August 2013, the Office of the State Auditor (OSA) released a performance audit that included an analysis and evaluation of the State Lottery Division's management of sales revenue, expenses, and proceeds available to beneficiaries; the integrity and public image of its operations; and significant high-dollar contracts.

For More Information

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To read the entire briefing: http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2013-14/revbrf.pdf