

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2015-16  
STAFF FIGURE SETTING RECOMMENDATIONS  
DEPARTMENT OF REVENUE**

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

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## **DEPARTMENT OF REVENUE**

### **Department Overview**

The Department of Revenue administers the state's tax laws and collects taxes due, administers motor vehicle registration and titling and driver's licensing, regulates and enforces state laws for selected industries, and operates the State Lottery.

The Executive Director's Office provides central budgeting, fiscal note coordination, revenue and expenditure accounting, purchasing and contract administration, human resources, internal auditing, project management, facilities safety, and security, and a hearings division for the Department. The office is funded through direct and indirect costs charged to divisions. In addition, the Executive Director's Office includes a Citizen's Advocate who assists citizens and taxpayers with problems, grievances or inquiries. It also includes a Communications Director who is the primary contact for all media queries and requests for information and a Legislative Liaison who directs all legislative matters for the Department. Additionally, the Executive Director's Office supports the Office of Research and Analysis that develops reports, such as the Department's annual report and monthly and quarterly sales tax reports. They also develop analytical data and estimate the refunding of State of Colorado excess revenues under Article X, Section 20 of the State Constitution.

#### *The Taxation Business Group:*

- Is responsible for the administration, collection, and enforcement of individual and corporate income taxes, sales and use taxes, gasoline and special fuel taxes, and severance taxes, as well as all other taxes collected by the state.
- Collects local sales taxes on behalf of counties, many cities, and special districts.
- Provides assistance and information to taxpayers about compliance with Colorado's tax laws.
- Attempts to resolve taxpayer disputes before they reach the court system.
- Administers the cigarette tax rebate and the Amendment 35 distribution of cigarette taxes to the cities and counties.
- Administers the Old Age Heat and Fuel and Property Tax Rebate Program,
- Administers the Commercial Vehicle Enterprise Sales Tax Refund.

#### *The Division of Motor Vehicles;*

- Licenses drivers, maintains records of licensed drivers, and applies administrative sanctions against drivers who violate traffic laws, including for drunk driving and for excessive points on their licenses.
- Oversees the vehicle emissions testing stations (including mobile testing stations).
- Registers and titles motor vehicles.
- Administers the motor vehicle insurance identification database to prevent the registration of vehicles that are not insured.
- Assists first-time drunk-driving offenders in obtaining ignition interlock devices.

#### *The Enforcement Business Group:*

- Regulates and enforces laws related to the limited stakes gaming industry in three historic mining towns.
- Enforces laws regarding liquor and tobacco retailers, including laws against selling those products to minors, and licenses retailers and special events where alcohol is served.

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- Regulates horse racing (dog racing is currently inactive) and pari-mutuel betting (including off-track betting).
- Regulates retailers and sales agents in the motor vehicle sales industry.
- Regulates medical and recreational marijuana dispensaries, cultivation, and manufacturing facilities.
- Conducts hearings regarding driver’s license suspensions and other issues that affect the licensing rights of citizens.

*The State Lottery Division:*

Operates the State Lottery, which sells scratch ticket games and on-line ticket games such as Lotto and the multi-state lotto games, PowerBall and Mega Millions. The net proceeds of the Lottery benefit the following State funds:

- Conservation Trust Fund
- Colorado Division of Parks and Outdoors Recreation
- Great Outdoors Colorado
- Public schools capital construction fund

**DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY**

<b>Department of Revenue</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
H.B. 14-1336 (Long Bill)	\$323,518,116	\$98,459,137	\$218,700,134	\$5,534,457	\$824,388	1,316.7
S.B. 15-161 (Supplemental Bill)	2,319,689	1,898,824	420,865	0	0	8.5
Other legislation	<u>3,561,951</u>	<u>3,209,053</u>	<u>352,898</u>	<u>0</u>	<u>0</u>	<u>5.3</u>
<b>TOTAL</b>	<b>\$329,399,756</b>	<b>\$103,567,014</b>	<b>\$219,473,897</b>	<b>\$5,534,457</b>	<b>\$824,388</b>	<b>1,330.5</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$329,399,756	\$103,567,014	\$219,473,897	\$5,534,457	\$824,388	1,330.5
BA3 Senate Bill 13-251 funding	807,564	0	807,564	0	0	13.6
BA2 Marijuana Enforcement Division FTE and legal services	652,590	0	652,590	0	0	9.7
Centrally appropriated line items R2 Colorado Autotest System maintenance and support	296,568	209,225	626,185	(538,842)	0	0.0
BA1 Tax document processing costs	179,010	179,010	0	0	0	0.0
R1 DMV funding deficit	104,083	104,083	0	0	0	9.7
R3 DMV Long Bill technical adjustments	0	4,199,062	(4,199,062)	0	0	0.0
Annualize prior year budget actions	0	0	0	0	0	0.0
Annualize prior year legislation Tobacco Master Settlement revenue adjustment	(3,338,417)	(7,628,990)	4,370,809	(80,236)	0	0.3
	(2,977,477)	(204,557)	(2,772,920)	0	0	6.3
	(2,491,790)	(2,491,790)	0	0	0	0.0

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<b>Department of Revenue</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Aged Property Tax and Heating Credit revenue adjustment	(856,965)	(856,965)	0	0	0	0.0
Indirect cost adjustment	(180,286)	(309,304)	(269,773)	398,791	0	0.0
BA4 Division of Motor Vehicles legal services	(55,355)	(55,355)	0	0	0	0.0
CORE Operations adjustment	(42,994)	(30,670)	(12,324)	0	0	0.0
Amendment 35 forecast adjustment	(32,121)	0	(32,121)	0	0	0.0
NP1 Vehicle Lase Payments	(8,124)	(1,820)	(6,304)	0	0	0.0
<b>TOTAL</b>	<b>\$321,456,042</b>	<b>\$96,678,943</b>	<b>\$218,638,541</b>	<b>\$5,314,170</b>	<b>\$824,388</b>	<b>1,370.1</b>
<b>Increase/(Decrease)</b>	(\$7,943,714)	(\$6,888,071)	(\$835,356)	(\$220,287)	\$0	39.6
Percentage Change	(2.4%)	(6.7%)	(0.4%)	(4.0%)	0.0%	3.0%
<b>FY 2015-16 Executive Request</b>	<b>\$322,162,988</b>	<b>\$96,831,253</b>	<b>\$219,193,177</b>	<b>\$5,314,170</b>	<b>\$824,388</b>	<b>1,385.1</b>
Request Above/(Below) Recommendation	\$706,946	\$152,310	\$554,636	\$0	\$0	15.0

## Descriptions of Incremental Changes

**BA3 Senate Bill 13-251 Funding:** The recommendation includes an increase of \$807,564 total funds and 13.6 FTE to allow the Division of Motor Vehicles (DMV) to serve Colorado residents who qualify for services under S.B. 13-251 at a total of five DMV offices throughout the state.

**BA2 Marijuana Enforcement Division FTE and legal services:** The recommendation includes \$652,590 total funds to reflect annualization of the action taken by the Committee during the supplemental budget cycle. The recommendation consists of two parts: (1) an increase of \$660,690 cash funds and 9.7 FTE to increase staff in the Marijuana Enforcement Division to address increased workload, and (2) annualization of 1800 legal service hours. Because the blended rate for legal service hours has not been set, the final value for this recommendation is pending.

**Centrally appropriated line items:** The recommendation includes adjustments totaling \$296,568 including \$209,225 General Fund to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; shift-differential; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; administrative law judge services; payment to risk management and property funds; Capitol complex leased space; and statewide indirect cost assessments. The recommendation is consistent with approved Committee policy.

**R2 Colorado Autotest System maintenance and support:** The recommendation includes \$179,010 General Fund to provide ongoing maintenance and support for the newly installed Colorado Autotest System, a tablet-based knowledge test system for driver's and commercial driver's licenses.

**BA1 Tax document processing costs:** The recommendation includes an increase of \$104,083 General Fund to providing ongoing staff and purchase document management services from the Department of Personnel.

**R1 DMV funding deficit:** The recommendation includes an increase of \$4,199,062 General Fund with a corresponding reduction of \$4,199,062 cash fund to continue its efforts to increase staffing and provide reliable funding to avoid the need for vacancy savings.

**R3 DMV Long Bill technical adjustments:** The recommendation includes requested technical adjustments to correct appropriation errors resulting from a Long Bill reorganization performed in the FY 2014-15 Long Bill.

**Annualize prior year budget actions:** The recommendation includes a number of changes to the out year impact of funding decisions made through the FY 2014-15 Long Bill and in the supplemental bill S.B. 15-161, including annualization of the FY 2014-15 salary survey and merit pay.

**Annualize prior year legislation:** The recommendation includes changes for the impact of prior year legislation including: S.B. 11-184; H.B. 12-1042; S.B. 13-001; S.B. 13-251; H.B. 13-1042; H.B. 13-1240; S.B. 14-014; S.B. 14-030; S.B. 14-036; S.B. 14-041; S.B. 14-073; S.B. 14-075; S.B. 14-075; S.B. 14-087; S.B. 14-194; H.B. 14-1003; H.B. 14-1006; H.B. 14-1012; H.B. 14-1017; H.B. 14-1029; H.B. 14-1034; H.B. 14-1066; H.B. 14-1072; H.B. 14-1089; H.B. 14-1100; H.B. 14-1119; H.B. 14-1279; H.B. 14-1311; H.B. 14-1326; H.B. 14-1327; H.B. 14-1350; H.B. 14-1352; H.B. 14-1361; H.B. 14-1367.

**Tobacco Master Settlement revenue adjustment:** The recommendation includes a reduction based on the Legislative Council FY 2015-16 Tobacco Master Settlement revenue projection.

**Aged Property Tax and Heating Credit revenue adjustment:** The recommendation includes a reduction based on the FY 2015-16 Aged Property Tax and Heating Credit revenue adjustment.

**Indirect cost adjustment:** The recommendation includes a reduction of \$180,286 total funds including a reduction of \$309,304 General Fund to reflect the Committee's decision on the statewide indirect costs allocation plan.

**BA4 Division of Motor Vehicles legal services:** The recommendation includes funding for 900 additional legal service hours for the Division of Motor Vehicles. The appropriation amount is *pending* the Committee's action on the blended legal service rate.

**CORE Operations adjustment:** The recommendation includes a decrease of \$42,994 total funds to reflect the Committee's action on the Department of Personnel's request for CORE Operations.

**Amendment 35 revenue adjustment:** The recommendation includes a reduction of cash funds based on the Legislative Council Amendment 35 revenue forecast for FY 2015-16.

**NP1 Vehicle lease payments:** The recommendation includes a decrease of \$6,304 total funds to reflect the Committee's action on the Department of Personnel's annual fleet request.

## **INITIATIVES AFFECTING MULTIPLE DIVISIONS**

**BA3 Senate Bill 13-251 funding:** The recommendation includes an increase of \$807,564 cash funds from the Licensing Services Cash fund to allow the Division of Motor Vehicles to continue providing services at five office locations to Colorado residents who qualify for identification or driver’s documents under Senate Bill 13-251.

**➔ Analysis: BA3 Senate Bill 13-251 funding**

### ***Background***

The Division of Motor Vehicles (Division or DMV) began implementation of S.B. 13-251 in FY 2013-14 with a General Fund appropriation of \$436,390. As the Final Fiscal Note anticipated, the Division completed planning activities during the first fiscal year, including creating new documents that specifically state “Not valid for federal identification, voting, or public benefit purposes,” undergoing rulemaking, and programming the Division software to allow issuance of the documents. During this time, the Division undertook a fee setting process that utilized an independently validated cost-accounting study to set the fee for S.B. 13-251 documents. The Division undertook this task to ensure compliance with Section 42-2-508, C.R.S., which requires the fee charged for issuance of S.B. 13-251 documents generate sufficient revenue to fully cover the direct and indirect costs of the program.

Senate Bill 13-251 authorized issuance of identification documents to Colorado residents who are not lawfully present (NLP) and those who have a temporary lawful presence (TLP). Staff notes that Colorado residents who could prove TLP in the United States prior to passage of S.B. 13-251 could already access identification documents issued by the Division. Including residents who have TLP in the bill was accomplished through a committee amendment and, ostensibly, because the Division was already providing services to residents with TLP, the Fiscal Note did not change with the amendment. Staff notes that prior to passage of S.B. 13-251, residents who can prove TLP paid the same fee as regular residents but now pay the increased fees discussed below. The Department included both information about applicants who are NLP and those who have TLP in its January 2, 2015 supplemental budget submission. Residents who can prove TLP still use the same process to apply for identification documents they did before the passage of S.B. 13-251 and the same process as United States citizen-residents. In an attempt to compare like items, this staff analysis will focus on new information specific to residents who are NLP.

Starting in FY 2014-15, the Division began offering services authorized under S.B. 13-251 at five of its regional offices throughout the state. The Division was authorized to employ thirteen temporary staff with an appropriation of \$365,737. The Final Fiscal Note forecasted that with the temporary staff, the Division would be able to issue a total of 46,523 documents in the first year and 15,508 in the second and third years. This forecast was based on the assumption that issuing documents to residents who are NLP would take the same amount of staff time as issuing documents to citizen residents and residents who have TLP. The documents are valid for three-years and the Final Fiscal Note envisioned increasing temporary staffing again in FY 2017-18 through the regular budget process.

The Final Fiscal Note estimated that the non-citizen resident population of Colorado is 200,000 as of 2013. Legislative Council estimated approximately one third of the state's non-citizen residents would obtain a document, which it based on the experience of the State of Utah when it enacted a similar law. Because this estimate appears in both the original Fiscal Note and the Final Fiscal Note, staff concludes the non-citizen resident population estimated by Legislative Council does not include residents who can prove lawful presence. Unfortunately, the Legislative Council analyst who prepared the Fiscal Note is no longer present and JBC staff could not verify this conclusion.

When originally supplying information to Legislative Council for preparation of the Fiscal Note, the Department based its staffing numbers on an older program that began in New Mexico, which allowed undocumented residents to obtain driving privileges. Based on the experience of New Mexico, almost 80 percent of its estimate eligible population obtained a document. With such a great degree of difference between the estimates of two of our neighboring states, staff questions why the more conservative experience was selected by Legislative Council.

The estimated number of non-citizen Colorado residents served as a base for the calculations made to determine funding the S.B. 13-251 program would require in FY 2014-15 and beyond. The first Fiscal Note estimated 65,815 documents would be issued in the first year but after the amendment adding individuals with TLP to the bill the Fiscal Note reduces its estimate to 45,346 documents. From this information, JBC staff assumes the reduction was made to account for the non-citizen residents who can prove TLP, whom were already being served by the Division under current law.

These assumptions set the Division up for failure. The Fiscal Note correctly assessed the amount of time it would take to service non-citizen residents who can prove TLP but did not take into account the time it would take to verify all of the documents required by statute of those who are NLP. Often, these documents were issued by a foreign government increasing the difficulty of verifying the documents. In addition to the average 34 minutes it takes for citizen residents to complete document issuance, Division staff must first ensure that non-citizens who are NLP have all of the documents required by statute and that these documents are valid, which takes an additional 30 minutes of staff time. Due to the time it takes to serve this population, it comes to no surprise that the number of documents the Division expects to issue in FY 2014-15 to residents who are NLP now totals 21,736. This represents almost exactly half of the original number of documents the Fiscal Note expected the Division to issue.

Demand for the program has been high, but it would be improper to say that demand is higher than expected. Unlike citizen residents and residents who can prove TLP, those NLP must make an appointment to verify their required documents. After this 30 minute appointment, a resident who is NLP goes through the same process for issuing identification documents as U.S. citizen-residents. The Department observed the new process over the first few months of the fiscal year and noted that all 155 appointments available each day were booked within one hour of becoming available. Appointments became available 90 days in advance of the appointment date.

JBC staff heard anecdotal evidence that people were online trying to book appointments all hours of the night and trying to obtain appointments at any of the five locations, and not necessarily the one located closest to their residence. Many applicants who are NLP report investing significant time and money traveling long distances to complete the process.

As of January 30, 2015, the Department has reduced appointments from 155 a day in five locations to 31 appointments in one location. The Division will continue providing appointments at the Denver Central Driver's License Office (Athmar). JBC staff estimates only 7,099 appointments will be available in FY 2015-16. Assuming one-third of the non-citizen residents who are NLP wish to obtain document (66,000) and also assuming the Division will issue 21,736 documents to those NLP in 2014-15, it would leave an estimated 44,264 individuals unserved in FY 2014-15. At the continuation funding level currently approved for the program, JBC staff estimates it will take over 6 years just to address the backlog from FY2014-15, which does not even begin to address any potential additions to the population.

**To serve this population of Colorado residents, staff recommends providing the Department with an appropriation of \$807,564 and 13.6 FTE to convert temporary staff it employed in FY 2014-15 to permanent staff to continue providing services at five DMV offices across the state. The Department estimates this will allow it to issue approximate 25,000 documents and serve 35,000 appointments to residents who cannot prove lawful presence. The recommendation includes funding for common policy items, Medicare, and PERA, because statute requires the program to be fully supported with fees collected by the program.** Staff does believe that this program could have a cycle where one year in a three year period would have a spike in applications. However, because the entire population cannot be served at this time or with the recommended appropriation, staff believes funding the program consistently each year will not fall victim to increased cyclical demands.

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**BA2 Marijuana Enforcement Division FTE and legal services:** The recommendation includes an increase of \$652,590 cash funds and 9.7 FTE to address an increased workload resulting from the increase in the number of medical and retail marijuana businesses and an increase in enforcement actions related to these businesses, driving increased Attorney General support for the Department.

**➔ Analysis: BA2 Marijuana Enforcement Division FTE and Legal Services**

The Department submitted a supplemental request for FY 2014-15 that included two components: (1) an increase of \$286,664 cash funds and 3.3 FTE to begin hiring new staff to meet workload demands of regulating the emerging marijuana industry; and (2) an increased appropriation of \$178,218 to purchase an additional 1,800 hours of legal services from the Attorney General. The Committee approved this request, and staff has reflected the continuation funding for FY 2015-16.

***Background***

Adult-use marijuana became legal to sell at licensed retail marijuana shops on January 1, 2014. The Marijuana Enforcement Division (Division) is tasked with licensing and regulating medical and retail marijuana businesses in Colorado by issuing licenses, conducting background investigations, imposing disciplinary actions, enforcing compliance mandates, implementing legislation, and promulgating rules.

House Bill 10-1284 (Medical Marijuana Regulation) appropriated 110.0 FTE to the Department, however, the Fiscal Note for the bill assumed the Division only required 23.2 FTE to meet the requirements imposed by the bill. The FTE and funding appropriated to the Division was reduced to 55.2 FTE in S.B. 11-209 (Long Bill) and has not been increased since, even though a number of bills that increase Division workload were passed since this time. The table below lists bills that have impacted the workload of the Division without increasing its appropriation and FTE:

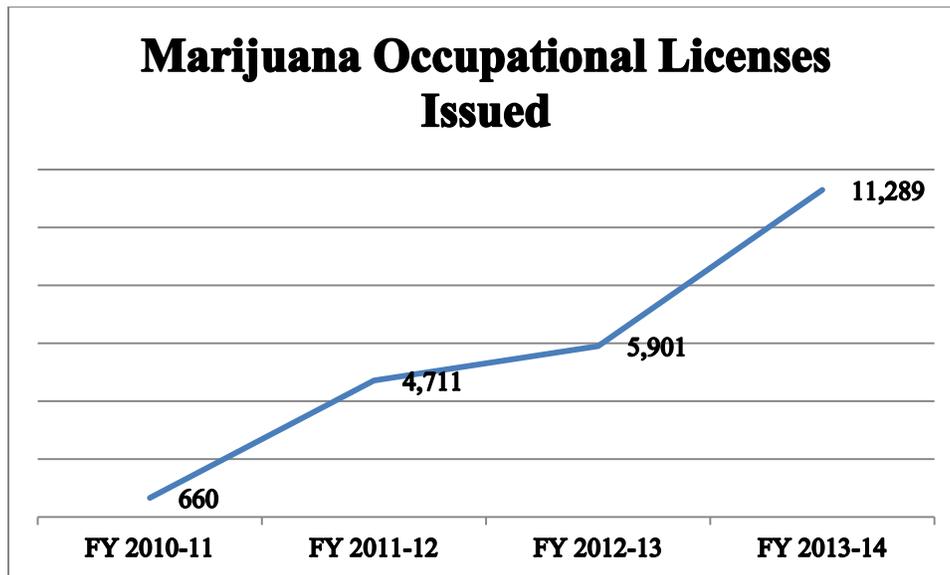
<b>Special Bills Affecting the Marijuana Enforcement Division</b>	
<b>Bill Number</b>	<b>Bill Title</b>
H.B. 10-1284	Medical Marijuana Regulation
S.B. 13-283	Implementation of Amendment 64 Consensus Recommendations
H.B. 13-1061	Responsible Medical marijuana Vendor Standards
H.B. 13-1238	Transfer Funds for Medical Marijuana Enforcement
H.B. 13-1317	Implementation of Amendment 64 Majority Recommendation
H.B. 13-1318	Retail Marijuana Taxes
H.B. 14-1122	Keep Legal Marijuana From Those Under 21
H.B. 14-1361	Regulation of Marijuana Concentrates

\* For detailed information on each bill see Appendix B

***Staffing and Associated Operating Request***

With adult-use recreational marijuana becoming legal during different stages in 2014, the Division experienced significant increases in the number of business and occupational licensees. With the addition of retail marijuana, growth in the number of licensees, and increases in the number of new rules promulgated and laws passed, the Division’s workload is seeing an increase in workload. Since July 2013, the Division reports it has consistently had at least four temporary staff assigned to the Licensing Unit to process the increased license applications. As of December 2014, the Division had only five vacant positions; all of which were expected to be hired by the end of January 2015.

This funding request is the result of the measured approach it has taken to properly staffing the Division on a permanent basis. This request comes after the Department ensured that any additional resources are required as a result of increased licensing activities that began in January and October 2014. As an example of the workload increase seen in licensing, the table below shows the increase in occupational licenses per year since the medical marijuana program was established and includes all occupational licenses:



***Legal Service Hours Request***

The Department also request an appropriation from the Marijuana Cash Fund to fund an additional 1,800 hours of legal services related to the need to prosecute more summary suspension cases than initially anticipated and increased demands of General Counsel as a result of complex rulemaking in novel subject areas. Staff included these hours in the base appropriation and will ultimately reflect the Committee decision once it has set the legal service rate.

The number of summary suspension cases is higher than originally anticipated and the Department expects this to continue to rise. These cases involve findings of deliberate and willful violations or that the public health, safety, or welfare imperatively requires emergency action. Summary suspension cases are in addition to the typical disciplinary and denial cases that must be litigated requiring an average of 250 hours per case. In FY 2014-15, the MED imposed or is about to impose summary suspension in four sets of cases that are expected to total 1,000 hours of legal services and is expected to be ongoing.

The Department expects the need for legal resources to continue to increase as the marijuana industries mature. The number of administrative actions pursued by the Division has increased exponentially since calendar year 2012 where two cases were processed. In CY 2013, 54 cases were processed and in CY 2014, through the October reporting period, 102 cases had been processed. The number of rules the Division is promulgating has also increased significantly during this period due to additional legislative and regulatory requirements. In FY 2011-12, 27 rules were promulgated, in FY 2012-13 there were 160, and in FY 2013-14 the number rose to 186.

In addition to the specific needs described above, the program has an increasing need for General Counsel support from the Attorney General as a result of continuous rulemaking. The Division is anticipating emergency rulemaking following legislative changes, and regular rulemaking on several issues including edible products, production management, and laboratory testing. Additionally, the Department of Law is expected to

provide increased support to the Division in the following areas: medical marijuana Sunset review, increases in the number and complexity of CORA requests and other press inquiries, continuing support for subpoenas for Division record, and increases in the number of requests for position statements and declaratory orders. Lastly, the Department of Law continues to provide support for ongoing constitutional and legal challenges. The Division anticipates all General Counsel needs to consume 800 legal service hours.

**Staff recommends continuing the funding that was given initial approval during the supplemental budget process, which increases the Department’s appropriation by \$652,590 from the Marijuana Cash Fund. Staff requests permission to adjust the legal services appropriation included in this budget amendment to account for the Committee’s decision on the legal services rate.**

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**BA1 Tax Document Processing Costs:** The recommendation includes an increase of \$104,083 General Fund to provide staff to assist in the processing of taxes by the Department of Revenue.

**➔ Analysis: BA1 Tax Document Processing Costs**

The Department submitted a supplemental request for FY 2014-15 that included an increase of 1,715,601 General Fund and 5.2 FTE. This request annualizes to 14.9 FTE and \$1,819,684 in FY 2015-16. At the time of supplemental staff comebacks, the Committee chose to wait until figure setting for the Department of Revenue to make a decision on the continuation funding, providing staff with additional time for analysis provided below.

***Background***

The Department is statutorily responsible for tax administration activities for the State. The Department’s tax processing system is called the “tax pipeline,” which includes receiving, extracting, scanning, capturing, processing, editing, and archiving different types of documents. The pipeline consists of many activities and processes performed by staff in both the Department of Revenue and the Department of Personnel. In September 2011, the Office of the State Auditor conducted a tax pipeline performance audit of the Department. The audit described a bifurcated document management system that relies on outdated manual processes, outdated infrastructure, lack of coordination between the departments, and a failure to capitalize on either department’s expertise.

To address the findings made in the State Auditor’s report, both Departments undertook a Lean process review of all pipeline activities and identified numerous opportunities to automate or streamline business processes by leveraging new equipment and technology. The Departments determined updating the pipeline would be best accomplished in four phases:

- Phase 1: Evaluate current processes, identify inefficiencies, and recommend solutions.
- Phase 2: Restructure the current work flow to reduce document handling.
- Phase 3: Apply recommended process improvements that focus on automation and implementation of a scanning system to reduce data entry.
- Phase 4: Migrate outgoing mail and document printing processes from the Department of Revenue to the Department of Personnel’s Central Services’ mail operations center.

Because the Department initially expected Phase 3 to be complete by January 1, 2014, the Department submitted and the Committee approved a budget request in the FY 2014-15 budget that reduced the Department’s annualized budget by \$1,685,137 General Fund and 24.3 FTE. The Department of Personnel also submitted a similar budget request and ultimately, the reduction between both Departments amounted to \$2,075,106 and 38.8 FTE. The table below shows the detail of the reductions.

<b>Budgetary Reductions by Department in FY 2014-15</b>						
<b>Budget Line Item</b>	<b>Department of Revenue</b>		<b>Department of Personnel</b>		<b>Total</b>	
	<b>Appropriation Change</b>	<b>FTE</b>	<b>Appropriation Change</b>	<b>FTE</b>	<b>Appropriation Change</b>	<b>FTE</b>
Personal Services	(1,085,544)	(24.3)	(525,486)	(14.5)	(1,611,030)	(38.8)
Seasonal Tax Processing	(101,154)	0	0	0	(101,154)	0

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<b>Budgetary Reductions by Department in FY 2014-15</b>						
<b>Budget Line Item</b>	<b>Department of Revenue</b>		<b>Department of Personnel</b>		<b>Total</b>	
	<b>Appropriation Change</b>	<b>FTE</b>	<b>Appropriation Change</b>	<b>FTE</b>	<b>Appropriation Change</b>	<b>FTE</b>
Operating Costs	(86,279)	0	135,517	0	49,238	0
Document Management	(392,160)	0	0	0	(392,160)	0
Leased Space	<u>(20,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>	<u>0</u>
<b>Total</b>	<b>(1,685,137)</b>	<b>(24.3)</b>	<b>(389,969)</b>	<b>(14.5)</b>	<b>(2,075,106)</b>	<b>(38.8)</b>

In hindsight, the budgetary reductions requested by both of the Departments proved to be premature. During implementation of the system the Department identified unexpected difficulties and implementation of Phase 3 has been delayed until June 2015.

In a perfect world, the automated portion of the tax-document processing pipeline would proceed as follows. First, all mail sent to the Department of Revenue for tax processing is opened and prepped and scanned with the new equipment purchased by the Department of Personnel. The scanner then identifies which of the 732 unique pages of the 322 unique forms is being scanned. Once the form is scanned and known, the software would then communicate the information on the form with the GenTax software the Department uses for administering the state tax infrastructure. If the scanner detects that a payment is included with other documents mailed, it has the capability to scan and deposit the check. Once the information is added to the GenTax software, it is available for tax examiners to analyze or work with taxpayers.

Unfortunately, we live in the real world and the Department encountered significant delays with the first few items the vendor needed to address as the project management plan detailed. Since identifying this problem, the Department replaced their project manager and after several meetings with the vendor, it too replaced the project manager it had on this job. After these changes were made, the vendor attempted to renegotiate the contract and require more payments from the state. With guidance from the Attorney General’s Office, the Department pushed back in negotiations and ultimately agreed only to pay for increased travel needs of the vendor, totaling \$164,000 in FY 2014-15.

So far, the Department and its vendor have implemented the scanning hardware, the software to detect and process sales tax payments, and the ability to direct deposit checks into the state bank account. These processes are working as both the vendor and the Department anticipated. What is not working is the software is having trouble identifying all fields on all documents submitted for annual business and personal income tax filing. The vendor and the Department are working to address the issues in these tax areas and right now the difficulty is related to the requirement for the system that tax forms not being sorted prior to being placed in the scanner queue. No other state or vendor has fully implemented a technology solution that does not require a pre-sort of the different forms.

As a result, the read rate for the software is not as high as the Department and its vendor first expected. The software utilizes optical character recognition (OCR) to identify characters on scanned documents. The

Department's vendor uses five different proprietary OCR engines to maximize the accuracy of the characters read into the system, each has its own strength. When the new system interacts with the 2014 tax forms created with it in mind, the system captures 90-95 percent of all the fields on that form. The fields that the system accepts are automatically input into the GenTax system while those not accepted need to be validated by human eyes. The read rate is highly dependent on the quality of the form. For example, forms that were not designed specifically for readability, like those submitted by third party vendors and previous year forms, achieve a much lower average read rate. Ironically, if a taxpayer downloads the pdf form from the Department website and chooses to save the pdf with the setting "shrink to fit" selected, the system would not properly identify that document because the form identifiers<sup>1</sup> that are unique to that form would be altered. The Department calculates that the read rate on all forms is currently averaging about 50 percent. This does not mean that 50 percent of the forms have an error but that 50 percent of the fields need to be validated before it can either be accepted or corrected. According to the Department, this is significantly less time consuming than manually entering all of the fields as was done previously.

Tax year 2014, which is currently being processed by the Department, is the first year in which the Department has redesigned its forms with the form identifiers included in them. The Department typically sees the highest number of returns from the current tax year back two additional years. This suggests that the further into the future we get from 2014, the better the software read rate will become on the new hardware. All forms prior to 2014 were not designed for OCR capability and will never read well. The original staffing numbers and reductions requested in FY 2014-15 were premised on the idea that the technology would achieve an average read rate of 70 percent of the fields.

The Department also identified the need for the Department of Personnel to increase rates for some of the tasks it performs in the tax pipeline. The increased costs can be attributed to legislation proposed that will allow the Department of Personnel to build depreciation into the rates and use the cash generated to build up a cash fund to replace equipment in the future without seeking future capital outlay. Annual depreciation and maintenance of the equipment and software associated with the system must be captured and covered by the Department of Personnel in the rate structure. It was anticipated that capital investment and depreciation of the system would be reflected in the Department of Revenue and would not be an ongoing cost to it. The result is that this depreciation cost will be added to the rates charged to it by the Department of Personnel and represents an increase over previous calculations.

Ultimately, there is going to be an ongoing need for temporary staff to identify documents that the system cannot; and to verify and validate or correct document fields the system places in the exception queue. The need will likely be reduced over time as the Departments and their staffs gain experience with the new system and there are more years where tax forms have document identifiers.

At this point of project implementation, staff concludes that the real efficiencies that will be realized by the implementation of the system will be more focused on internal and customer service than on fiscal reductions. Checks received by the Department are now deposited into the bank very rapidly, some even on the same day

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<sup>1</sup> Form identifiers are unique lines and symbols included on each page of each new tax form to assist the software in identification.

they are received. Documents are handled less both during the capture stage and by reducing trips between Denver and Pueblo from four to one. There is a reduced need for data entry reducing staff time required for that task, which also increases accuracy of the process. When data entry is needed, the new software provides a faster operating environment for data entry. Each of these benefits will increase the perception of customer service and reduce clerical errors.

The customer service experience the update technology allows the Department to provide is the highlight. The income tax system is one with which almost every resident of Colorado must interact. The new system allows tax examiners to have access to taxpayer documents within one to two days, down from two to four *weeks*. It also allows the examiners to view both the actual document submitted by the taxpayer while simultaneously viewing that data entered in GenTax.

**Staff Recommends the Committee approve the Department Request to increase appropriations by \$104,083 General Fund and 9.7 FTE in FY 2015-16 to continue work required to process taxes for Colorado. The appropriation will include \$1,715,601 and 5.2 FTE in the base that were provided in the Department’s supplemental bill.**

***Potential Statutory Change***

Although the Department updates its tax forms yearly to incorporate legislative changes, it does not have authority to require tax preparers to use the forms it creates. A great example of this is when TurboTax or other software solutions take the updated forms from every state and modify them to be completed with their system. Sometimes the modification may be minor and the document will be read by the scanner, however, the Department also pointed out how finicky the system can be when 322 unique forms are even slightly modified. The 322 forms have a total of 732 unique pages that must be identified by the scanner. In order to assist the technology in identifying the forms, the Department has begun including small symbols or marks on each of them. While this greatly enhances the read rate of forms that are submitted to the Department, it also reduces the read rate of the forms that are slightly modified or completely different.

When asked about providing the Department with authority over the forms that are submitted to it, the Department expressed support for a legislative change that would require certain tax preparers to have their modified forms approved before being allowed to submit them for their customers. **Staff recommends the Committee consider carrying legislation to provide this authority to the Department of Revenue.**

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## (1) Executive Director's Office

The Executive Director's Office provides central budgeting, fiscal note coordination, revenue and expenditure accounting, purchasing and contract administration, human resources, internal auditing, project management, facilities safety, and security, and a hearings division for the Department. The office is funded through direct and indirect costs charged to divisions. In addition, the Executive Director's Office includes a Citizen's Advocate who assists citizens and taxpayers with problems, grievances, or inquiries. It also includes a Communications Director who is the primary contact for all media queries and requests for information and a Legislative Liaison who directs all legislative matters for the Department. Additionally, the Executive Director's Office supports the Office of Research and Analysis that develops reports, such as the Department's annual report and monthly and quarterly sales tax reports. They also develop analytical data and estimate the refunding of State of Colorado excess revenues under Article X, Section 20 of the State Constitution.

### DIVISION REQUEST AND RECOMMENDATION SUMMARY

Executive Director's Office					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$58,496,464	\$27,828,534	\$25,887,056	\$4,780,874	112.6
S.B. 15-161 (Supplemental Bill)	977,590	833,046	144,544	0	4.7
Other legislation	<u>346,405</u>	<u>86,227</u>	<u>260,178</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$59,820,459</b>	<b>\$28,747,807</b>	<b>\$26,291,778</b>	<b>\$4,780,874</b>	<b>117.3</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$59,820,459	\$28,747,807	\$26,291,778	\$4,780,874	117.3
Centrally appropriated line items	296,568	209,225	626,185	(538,842)	0.0
BA2 Marijuana Enforcement Division FTE and legal services	178,792	0	178,792	0	0.0
BA3 Senate Bill 13-251 funding	148,229	0	148,229	0	0.0
Annualize prior year budget actions	(526,474)	8,703	(535,177)	0	0.0
Annualize prior year legislation	(297,313)	28,438	(325,751)	0	0.0
BA4 Division of Motor Vehicles legal services	(55,355)	(55,355)	0	0	0.0
BA1 Tax document processing costs	(52,869)	(52,869)	0	0	6.7
Indirect cost adjustment	(51,586)	(461,730)	0	410,144	0.0
CORE Operations adjustment	(42,994)	(30,670)	(12,324)	0	0.0
NP1 Vehicle Lase Payments	<u>(8,124)</u>	<u>(1,820)</u>	<u>(6,304)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$59,409,333</b>	<b>\$28,391,729</b>	<b>\$26,365,428</b>	<b>\$4,652,176</b>	<b>124.0</b>
<b>Increase/(Decrease)</b>	(\$411,126)	(\$356,078)	\$73,650	(\$128,698)	6.7
Percentage Change	(0.7%)	(1.2%)	0.3%	(2.7%)	5.7%
<b>FY 2015-16 Executive Request:</b>	<b>\$59,459,397</b>	<b>\$28,544,039</b>	<b>\$26,263,182</b>	<b>\$4,652,176</b>	<b>124.0</b>
Request Above/(Below) Recommendation	\$50,064	\$152,310	(\$102,246)	\$0	(0.0)

## LINE ITEM DETAIL

### Personal Services

This line item pays for the program's staff, their benefits, and contract services. The staff are responsible for the Department's administration, auditing, accounting, budgeting, personnel management, and research functions. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year and common policy base reductions.

**Request:** The Department requests an appropriation of \$9,137,169 total funds and 124.0 FTE, comprised of \$4,133,244 General Fund, \$351,749 cash funds, and \$4,652,176 reappropriated funds from indirect cost recoveries. The request includes funding for BA1 Tax Document Processing Costs discussed in the Initiatives Affecting Multiple Divisions section, the annualization of prior year salary survey and merit pay, the annualization of prior year legislation (S.B. 11-184), and an indirect cost funding adjustment

**Recommendation:** Staff recommends the Department's request.

<b>Executive Director's Office, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$8,494,537	\$3,845,760	\$406,745	\$4,242,032	112.6
S.B. 15-161 (Supplemental Bill)	<u>543,522</u>	<u>543,522</u>	<u>0</u>	<u>0</u>	<u>4.7</u>
<b>TOTAL</b>	<b>\$9,038,059</b>	<b>\$4,389,282</b>	<b>\$406,745</b>	<b>\$4,242,032</b>	<b>117.3</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$9,038,059	\$4,389,282	\$406,745	\$4,242,032	117.3
Annualize prior year budget actions	281,977	270,702	11,275	0	0.0
Annualize prior year legislation	0	66,271	(66,271)	0	0.0
BA1 Tax document processing costs	(131,281)	(131,281)	0	0	6.7
Indirect cost adjustment	<u>(51,586)</u>	<u>(461,730)</u>	<u>0</u>	<u>410,144</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,137,169</b>	<b>\$4,133,244</b>	<b>\$351,749</b>	<b>\$4,652,176</b>	<b>124.0</b>
<b>Increase/(Decrease)</b>	\$99,110	(\$256,038)	(\$54,996)	\$410,144	6.7
Percentage Change	1.1%	(5.8%)	(13.5%)	9.7%	5.7%
<b>FY 2015-16 Executive Request:</b>	<b>\$9,137,169</b>	<b>\$4,133,244</b>	<b>\$351,749</b>	<b>\$4,652,176</b>	<b>124.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	(0.0)

### Health, Life, and Dental

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees. The reappropriated funds portion of this line item corresponds to the health, life, and dental benefits of employees whose salaries are included in the indirect cost recovery plan.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Request:** The Department requests an appropriation of \$11,281,866 total funds, including funding for BA1 Tax Document Processing Costs, BA2 Marijuana Enforcement Division FTE and Legal Services, BA3 Senate Bill 13-251 funding, and BANP1 Health, life, and dental adjustment.

**Recommendation:** Staff recommends \$11,481,338 total funds including \$4,617,983 General Fund and \$6,863,355 cash funds. The recommendation reflects the Committee’s action on budget amendments made in the supplemental budget and Committee action on health, life, and dental common policies. It also includes funding for staff recommendation on BA3 S.B. 13-251 funding.

<b>Executive Director's Office, Health, Life, and Dental</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$8,924,637	\$3,212,467	\$5,403,539	\$308,631	0.0
S.B. 15-161 (Supplemental Bill)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,924,637</b>	<b>\$3,212,467</b>	<b>\$5,403,539</b>	<b>\$308,631</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$8,924,637	\$3,212,467	\$5,403,539	\$308,631	0.0
Health, Life, and Dental adjustment	2,217,497	1,278,681	1,247,447	(308,631)	0.0
BA1 Tax document processing costs	126,835	126,835	0	0	0.0
BA3 Senate Bill 13-251 funding	109,318	0	109,318	0	0.0
BA2 Marijuana Enforcement Division FTE and legal services	<u>103,051</u>	<u>0</u>	<u>103,051</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$11,481,338</b>	<b>\$4,617,983</b>	<b>\$6,863,355</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$2,556,701	\$1,405,516	\$1,459,816	(\$308,631)	0.0
Percentage Change	28.6%	43.8%	27.0%	(100.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$11,281,886</b>	<b>\$4,537,005</b>	<b>\$6,744,881</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$199,452)	(\$80,978)	(\$118,474)	\$0	0.0

**Short-term Disability**

This line item provides funding for the employer's share of the state employees' short-term disability insurance premiums.

**Request:** The Department's request is for \$163,044 total funds, including funding for BA1 Tax Document Processing Costs, BA2 Marijuana Enforcement Division FTE and Legal Services, and BA3 Senate Bill 13-251 funding.

**Recommendation:** Staff recommends the Committee approved common policy for FY 2015-16 for base Short-term Disability appropriations of \$161,979 total funds. The recommendation also includes \$2,612 total funds to reflect the Committee action for BA1 and BA2. The recommendation also includes funding for staff recommendation concerning BA3 S.B. 13-251 funding.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Executive Director's Office, Short-term Disability</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$153,779	\$57,926	\$89,498	\$6,355	0.0
S.B. 15-161 (Supplemental Bill)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$153,779</b>	<b>\$57,926</b>	<b>\$89,498</b>	<b>\$6,355</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$153,779	\$57,926	\$89,498	\$6,355	0.0
Short-term disability adjustment	4,623	8,687	2,291	(6,355)	0.0
BA3 Senate Bill 13-251 funding	965	0	965	0	0.0
BA2 Marijuana Enforcement Division FTE and legal services	1,445	0	1,445	0	0.0
BA1 Tax document processing costs	<u>1,167</u>	<u>1,167</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$161,979</b>	<b>\$67,780</b>	<b>\$94,199</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$8,200	\$9,854	\$4,701	(\$6,355)	0.0
Percentage Change	5.3%	17.0%	5.3%	(100.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$163,044</b>	<b>\$67,780</b>	<b>\$95,264</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$1,065	\$0	\$1,065	\$0	0.0

**S.B. 04-257 Amortization Equalization Disbursement**

This line item provides additional funding to increase the state contribution for the Public Employees' Retirement Association (PERA).

**Request:** The Department's request is for \$3,287,356 total funds, including funding for BA1 Tax Document Processing Costs, BA2 Marijuana Enforcement Division FTE and Legal Services, and BA3 Senate Bill 13-251 funding.

**Recommendation:** Staff recommends the Committee approved common policy for FY 2015-16 for base AED appropriations of \$3,266,067 total funds. The recommendation also includes \$52,230 total funds to reflect the Committee action for BA1 and BA2. The recommendation also includes funding for staff recommendation concerning BA3 S.B. 13-251 funding.

<b>Executive Director's Office, S.B. 04-257 Amortization Equalization Disbursement</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$2,817,337	\$1,060,378	\$1,641,420	\$115,539	0.0
S.B. 15-161 (Supplemental Bill)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Executive Director's Office, S.B. 04-257 Amortization Equalization Disbursement</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>TOTAL</b>	<b>\$2,817,337</b>	<b>\$1,060,378</b>	<b>\$1,641,420</b>	<b>\$115,539</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$2,817,337	\$1,060,378	\$1,641,420	\$115,539	0.0
Amortization Equalization Disbursement adjustment	377,198	281,200	211,537	(115,539)	0.0
BA3 Senate Bill 13-251 funding	19,302	0	19,302	0	0.0
BA2 Marijuana Enforcement Division FTE and legal services	28,892	0	28,892	0	0.0
BA1 Tax document processing costs	<u>23,338</u>	<u>23,338</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,266,067</b>	<b>\$1,364,916</b>	<b>\$1,901,151</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$448,730	\$304,538	\$259,731	(\$115,539)	0.0
Percentage Change	15.9%	28.7%	15.8%	(100.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$3,287,356</b>	<b>\$1,364,916</b>	<b>\$1,922,440</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$21,289	\$0	\$21,289	\$0	0.0

**S.B. 06-235 Supplemental Amortization Equalization Disbursement**

This line item provides additional funding to increase the state contribution for PERA

**Request:** The Department's request is for \$3,175,288 total funds, including funding for BA1 Tax Document Processing Costs, BA2 Marijuana Enforcement Division FTE and Legal Services, and BA3 Senate Bill 13-251 funding.

**Recommendation:** Staff recommends the Committee approved common policy for FY 2015-16 for base SAED appropriations of \$3,154,725 total funds. The recommendation also includes an increase of \$50,451 total funds to reflect the Committee action for BA1 and BA2. The recommendation also includes funding for staff recommendation concerning BA3 S.B. 13-251 funding.

<b>Executive Director's Office, S.B. 06-235 Supplemental Amortization Equalization Disbursement</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$2,641,254	\$994,105	\$1,538,832	\$108,317	0.0
S.B. 15-161 (Supplemental Bill)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,641,254</b>	<b>\$994,105</b>	<b>\$1,538,832</b>	<b>\$108,317</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$2,641,254	\$994,105	\$1,538,832	\$108,317	0.0
Supplemental AED adjustment	444,376	301,737	250,956	(108,317)	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Executive Director's Office, S.B. 06-235 Supplemental Amortization Equalization Disbursement</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
BA3 Senate Bill 13-251 funding	18,644	0	18,644	0	0.0
BA2 Marijuana Enforcement Division FTE and legal services	27,908	0	27,908	0	0.0
BA1 Tax document processing costs	<u>22,543</u>	<u>22,543</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,154,725</b>	<b>\$1,318,385</b>	<b>\$1,836,340</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$513,471	\$324,280	\$297,508	(\$108,317)	0.0
Percentage Change	19.4%	32.6%	19.3%	(100.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$3,175,288</b>	<b>\$1,318,385</b>	<b>\$1,856,903</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$20,563	\$0	\$20,563	\$0	0.0

**Salary Survey**

This line item funds salary adjustments resulting from the Department of Personnel and Administration's annual compensation report.

**Request:** The Department requests an appropriation of \$1,013,694 total funds.

**Recommendation:** Pursuant to approved Committee common policy, staff recommends \$1,013,694 total funds.

<b>Executive Director's Office, Salary Survey</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$1,882,386</u>	<u>\$984,502</u>	<u>\$897,884</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,882,386</b>	<b>\$984,502</b>	<b>\$897,884</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,882,386	\$984,502	\$897,884	0.0
Salary Survey adjustment	<u>(868,692)</u>	<u>(547,357)</u>	<u>(321,335)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,013,694</b>	<b>\$437,145</b>	<b>\$576,549</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$868,692)	(\$547,357)	(\$321,335)	0.0
Percentage Change	(46.1%)	(55.6%)	(35.8%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,013,694</b>	<b>\$437,145</b>	<b>\$576,549</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Merit Pay**

This line item funds salary increases to employees based on formulas that reward performance.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Request:** The Department requests an appropriation of \$726,034 total funds.

**Recommendation:** Pursuant to Committee approved common policy, staff recommends an appropriation of \$726,034 total funds.

<b>Executive Director's Office, Merit Pay</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$640,667</u>	<u>\$253,483</u>	<u>\$387,184</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$640,667</b>	<b>\$253,483</b>	<b>\$387,184</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$640,667	\$253,483	\$387,184	0.0
Merit Pay adjustment	<u>85,367</u>	<u>43,078</u>	<u>42,289</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$726,034</b>	<b>\$296,561</b>	<b>\$429,473</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$85,367	\$43,078	\$42,289	0.0
Percentage Change	13.3%	17.0%	10.9%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$726,034</b>	<b>\$296,561</b>	<b>\$429,473</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Shift Differential**

This line item funds the adjustment made to compensate employees whose work schedule is outside of the regular Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule.

**Request:** The Department's request is for \$123,728 total funds.

**Recommendation:** Pursuant to Committee approved common policy, staff recommends the Department request.

<b>Executive Director's Office, Shift Differential</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$123,439</u>	<u>\$3,988</u>	<u>\$119,451</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$123,439</b>	<b>\$3,988</b>	<b>\$119,451</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$123,439	\$3,988	\$119,451	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Executive Director's Office, Shift Differential</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Shift Differential adjustment	289	(130)	419	0.0
<b>TOTAL</b>	<b>\$123,728</b>	<b>\$3,858</b>	<b>\$119,870</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$289	(\$130)	\$419	0.0
Percentage Change	0.2%	(3.3%)	0.4%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$123,728</b>	<b>\$3,858</b>	<b>\$119,870</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Workers' Compensation**

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

**Request:** The Department request is for \$987,323 total funds.

**Recommendation:** Staff recommends \$998,853 total funds consistent with Committee approved common policy.

<b>Executive Director's Office, Workers' Compensation</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$932,407	\$356,425	\$575,982	0.0
<b>TOTAL</b>	<b>\$932,407</b>	<b>\$356,425</b>	<b>\$575,982</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$932,407	\$356,425	\$575,982	0.0
Worker's Compensation adjustment	66,446	25,400	41,046	0.0
<b>TOTAL</b>	<b>\$998,853</b>	<b>\$381,825</b>	<b>\$617,028</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$66,446	\$25,400	\$41,046	0.0
Percentage Change	7.1%	7.1%	7.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$987,323</b>	<b>\$402,645</b>	<b>\$584,678</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$11,530)	\$20,820	(\$32,350)	0.0

**Operating Expenses**

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

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Request:** The Department request is for \$2,266,808 total funds. The request includes funding for BA1 Tax Document Processing Costs and BA2 Marijuana Enforcement Division FTE.

**Recommendation:** Staff's recommends approval of the Department's request including funding for BA1 and BA2.

<b>Executive Director's Office, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$2,202,621	\$1,523,851	\$678,770	0.0
S.B. 15-161 (Supplemental Bill)	<u>110,941</u>	<u>106,301</u>	<u>4,640</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,313,562</b>	<b>\$1,630,152</b>	<b>\$683,410</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,313,562	\$1,630,152	\$683,410	0.0
Annualize prior year legislation	34,797	35,747	(950)	0.0
BA2 Marijuana Enforcement Division FTE and legal services	13,920	0	13,920	0.0
BA1 Tax document processing costs	<u>(95,471)</u>	<u>(95,471)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,266,808</b>	<b>\$1,570,428</b>	<b>\$696,380</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$46,754)	(\$59,724)	\$12,970	0.0
Percentage Change	(2.0%)	(3.7%)	1.9%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,266,808</b>	<b>\$1,570,428</b>	<b>\$696,380</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Postage**

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

This line item was added during the FY 2014-15 budget cycle and used to reside in the Central Department Operations long bill group.

**Request:** The Department requests an appropriation of \$3,008,040 total funds, which includes annualization for H.B. 14-1279.

**Recommendation:** Staff recommends that the Committee approve the Department request.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

Executive Director's Office, Postage				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$2,995,393	\$2,657,783	\$337,610	0.0
Other legislation	<u>5,990</u>	<u>5,990</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,001,383</b>	<b>\$2,663,773</b>	<b>\$337,610</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$3,001,383	\$2,663,773	\$337,610	0.0
Annualize prior year legislation	<u>6,657</u>	<u>6,657</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,008,040</b>	<b>\$2,670,430</b>	<b>\$337,610</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$6,657	\$6,657	\$0	0.0
Percentage Change	0.2%	0.2%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$3,008,040</b>	<b>\$2,670,430</b>	<b>\$337,610</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Legal Services**

This line item funds the cost of purchasing legal services from the Department of Law based of the Department's level of legal service hours and the hourly rate which will be set by the Committee.

**Request:** The Department requests an appropriation of \$4,0725,152 for a total of 43,587 legal service hours.

**Recommendation:** Staff recommends 42,687 total hours. The recommendation reflects continuation of 2,700 new hours approved during the supplemental request for the Marijuana Enforcement Division and the Division of Motor Vehicles. **The amount of the recommendation is pending the setting of a legal services blended rate.** Staff will apply the approved hourly rate for legal services to the hours approved to calculate the appropriation.

FY 2015-16 Legal Services Hours			
Division	FY 2014-15 Hours	S.B. 15-161	FY 2015-16 Hours
Executive Director's Office	920.0	0.0	920.0
Taxation Business Group	25,128.0	0.0	25,128.0
Division of Motor Vehicles	3,403	900.0	4,303.0
Enforcement Business Group	<u>10,536</u>	<u>1,800.0</u>	<u>12,336.0</u>
<b>Total</b>	<b>39,387.0</b>	<b>2,700.0</b>	<b>42,687.0</b>

**Administrative Law Judge Services**

This line item funds the purchase of administrative law judge and paralegal services from the Division of Administrative Hearings. This line is adjusted for past usage, and the Department of Personnel, which administers the program, "trues-up" the billings after the fact in subsequent fiscal years.

**Request:** The Department requests an appropriation of \$8,097 cash funds.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Recommendation:** Staff recommends \$8,063 cash funds, consistent with approve Committee common policy.

<b>Executive Director's Office, Administrative Law Judge Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$9,924	\$0	\$9,924	0.0
S.B. 15-161 (Supplemental Bill)	<u>322</u>	<u>0</u>	<u>322</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,246</b>	<b>\$0</b>	<b>\$10,246</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$10,246	\$0	\$10,246	0.0
Administrative Law Judge adjustment	<u>(2,183)</u>	<u>0</u>	<u>(2,183)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,063</b>	<b>\$0</b>	<b>\$8,063</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$2,183)	\$0	(\$2,183)	0.0
Percentage Change	(21.3%)	0.0%	(21.3%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$8,097</b>	<b>\$0</b>	<b>\$8,097</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$34	\$0	\$34	0.0

**Payment to Risk Management and Property Funds**

Payment to Risk Management and Property Funds is an allocation appropriated to each department based on a shared statewide risk formula for two programs, the Liability Program and the Property Program. The state's liability program is used to pay liability claims and expenses brought against the state. The property program provides insurance coverage for state buildings and their contents.

**Request:** The Department's request is for \$190,593 total funds.

**Recommendation:** Staff recommends an appropriation of \$265,490 total funds reflecting approved Committee common policy.

<b>Executive Director's Office, Payment to Risk Management and Property Funds</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$250,807</u>	<u>\$97,131</u>	<u>\$153,676</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$250,807</b>	<b>\$97,131</b>	<b>\$153,676</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$250,807	\$97,131	\$153,676	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

Risk Management and Property adjustment	14,683	5,686	8,997	0.0
<b>TOTAL</b>	<b>\$265,490</b>	<b>\$102,817</b>	<b>\$162,673</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$14,683	\$5,686	\$8,997	0.0
Percentage Change	5.9%	5.9%	5.9%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$190,593</b>	<b>\$77,962</b>	<b>\$112,631</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$74,897)	(\$24,855)	(\$50,042)	0.0

**Vehicle Lease Payments**

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles.

**➔ NP1 Annual Fleet Request**

**Request:** The Department requests the replacement of 24 vehicles in FY 2015-16. The JBC common policy analyst has recommended the replacement of 22 vehicles. The Department requests \$591,165 total funds for this line, including the replacement vehicle costs, and Committee approval of BA2 Marijuana Enforcement Division FTE and legal services. The table below summarizes the vehicles requested and staff recommendation:

Summary of FY 2015-16 Vehicle Replacement Request for DOR						
Program	Vehicle Type	Model Year	June 2014 Mileage	Projected June 2016 Mileage	Maintenance Cost per Mile	Replacement Justification
<b>Staff recommends replacement of the following vehicles:</b>						
Criminal Tax	Sedan Hybrid	2002	110,455	139,180	0.407	High Mileage
Criminal Tax	Sedan Midsize	2006	123,030	153,955	0.04	High Mileage
CSTARS Trainers	Small SUV 4x4	2002	121,626	142,801	0.185	Maintenance Cost
Motor Vehicle Dealer Investigations	Sedan Fullsize	2006	134,086	151,236	0.009	High Mileage
Driver's Licensing	Small SUV 4x4	2007	83,752	106,177	0.207	Maintenance Cost
Driver's Licensing	Small SUV 4x4	2007	103,546	136,096	0.066	High Mileage
Gaming Commission	Small SUV 4x4	2006	99,157	129,382	0.124	High Mileage
Gaming Commission	Small SUV 4x4	2005	103,546	139,771	0.082	High Mileage
Gaming Commission	Small SUV 4x4	2005	107,278	132,928	0.095	High Mileage
Gaming Commission	Small SUV 4x4	2005	114,617	149,342	0.048	High Mileage
Liquor Enforcement	Sedan Fullsize	2006	102,064	143,889	0.127	High Mileage
Liquor Enforcement	Sedan Fullsize	2005	99,240	109,690	0.362	Maintenance Cost
Lottery	Mini Cargo Van	2008	74,017	102,617	0.189	Maintenance Cost
Lottery	Midsize SUV 4x4	2007	133,614	163,539	0.069	High Mileage
Lottery	Half Ton Cargo Van	2006	133,982	154,007	0.038	High Mileage
Lottery	Half Ton Cargo Van	2005	130,538	150,988	0.027	High Mileage
Tax Compliance and Audit	Sedan Fullsize	2007	160,312	208,812	0.179	High Mileage
Tax Compliance and Audit	Sedan Fullsize	2007	104,972	137,047	0.186	Maintenance Cost
Tax Compliance and Audit	Sedan Fullsize	2007	184,174	226,624	0.132	High Mileage
Tax Compliance and Audit	Sedan Fullsize	2007	161,934	227,209	0.055	High Mileage
Tax Compliance and Audit	Sedan Midsize	2008	92,498	154,548	0.042	High Mileage

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

Summary of FY 2015-16 Vehicle Replacement Request for DOR						
Program	Vehicle Type	Model Year	June 2014 Mileage	Projected June 2016 Mileage	Maintenance Cost per Mile	Replacement Justification
Tobacco Program	Sedan Fullsize	2009	95,262	139,412	0.012	High Mileage
<b>Staff recommends against replacement of the following vehicles:</b>						
Lottery	Mini Cargo Van	2008	84,132	129,807	0.068	None
Lottery	Midsized SUV 4x4	2007	114,073	149,448	0.056	None

**Recommendation:** Staff's recommends \$604,671 total funds to reflect approved Committee common policy and its action on BA2.

Executive Director's Office, Vehicle Lease Payments				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$595,416	\$158,376	\$437,040	0.0
S.B. 15-161 (Supplemental Bill)	<u>5,703</u>	<u>0</u>	<u>5,703</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$601,119</b>	<b>\$158,376</b>	<b>\$442,743</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$601,119	\$158,376	\$442,743	0.0
BA2 Marijuana Enforcement Division FTE and legal services	11,676	0	11,676	0.0
NP1 Vehicle Lease Payments	<u>(8,124)</u>	<u>(1,820)</u>	<u>(6,304)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$604,671</b>	<b>\$156,556</b>	<b>\$448,115</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$3,552	(\$1,820)	\$5,372	0.0
Percentage Change	0.6%	(1.1%)	1.2%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$591,165</b>	<b>\$152,990</b>	<b>\$438,175</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$13,506)	(\$3,566)	(\$9,940)	0.0

**Leased Space**

This line item funds leasing costs for more than 80 office locations throughout the state, mostly for Driver's License Offices and State Lottery Offices.

**Request:** The Department has requested an appropriation of \$3,899,690 total funds. The request represents an increase of \$123,049 over the FY 2014-15 appropriations due to escalators in leases.

**Recommendation:** Staff recommends approval of the Department's request.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Executive Director's Office, Leased Space</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$3,776,641</u>	<u>\$663,360</u>	<u>\$3,113,281</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,776,641</b>	<b>\$663,360</b>	<b>\$3,113,281</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$3,776,641	\$663,360	\$3,113,281	0.0
Leased space adjustment	<u>123,049</u>	<u>18,680</u>	<u>104,369</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,899,690</b>	<b>\$682,040</b>	<b>\$3,217,650</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$123,049	\$18,680	\$104,369	0.0
Percentage Change	3.3%	2.8%	3.4%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$3,899,690</b>	<b>\$682,040</b>	<b>\$3,217,650</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Capitol Complex Leased Space**

This line item is used to pay the Department of Personnel for the costs of maintaining state buildings that are part of the capitol complex. Capitol Complex Leased Space is appropriated based on usable square footage utilized by each state department.

**Request:** The Department has requested an appropriation of \$2,566,264 total funds.

**Recommendation:** Staff recommends \$2,326,019 to cover the leased space costs for a total of 199,699 square feet, consistent with approved Committee common policy.

<b>Executive Director's Office, Capitol Complex Leased Space</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$1,666,699	\$1,100,014	\$566,685	0.0
S.B. 15-161 (Supplemental Bill)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,666,699</b>	<b>\$1,100,014</b>	<b>\$566,685</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,666,699	\$1,100,014	\$566,685	0.0
Capitol complex leased space adjustment	<u>659,320</u>	<u>590,784</u>	<u>68,536</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,326,019</b>	<b>\$1,690,798</b>	<b>\$635,221</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$659,320	\$590,784	\$68,536	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Executive Director's Office, Capitol Complex Leased Space</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Percentage Change	39.6%	53.7%	12.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,566,264</b>	<b>\$1,865,434</b>	<b>\$700,830</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$240,245	\$174,636	\$65,609	0.0

**Payments to OIT**

This line item is administered by the Governor’s Office of Information Technology (OIT). This line item reflects the consolidation of Department appropriations for information technology services made during the FY 2014-15 budget cycle. The consolidated lines include the following previously discrete line items: Management and Administration of OIT, Purchase of Services from Computer Center, Multiuse Network Payments, Communication Services Payments, and Information Technology Security.

**Request:** The Department request for this line item is for \$12,520,066 total funds.

**Staff Recommendation: Staff recommendation is pending Committee action.** Staff requests permission to adjust this line item when the Committee makes its common policy decision during the Governor’s Office figure setting presentation on March 6, 2015.

<b>Executive Director's Office, Payments to OIT</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$15,972,332	\$8,307,043	\$7,665,289	0.0
S.B. 15-161 (Supplemental Bill)	22,856	22,856	0	0.0
Other legislation	<u>340,415</u>	<u>80,237</u>	<u>260,178</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$16,335,603</b>	<b>\$8,410,136</b>	<b>\$7,925,467</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$16,335,603	\$8,410,136	\$7,925,467	0.0
Payment to OIT adjustment	(2,645,463)	(1,534,610)	(1,110,853)	0.0
Annualize prior year budget actions	(808,451)	(261,999)	(546,452)	0.0
Annualize prior year legislation	(338,767)	(80,237)	(258,530)	0.0
<b>TOTAL</b>	<b>\$12,542,922</b>	<b>\$6,533,290</b>	<b>\$6,009,632</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$3,792,681)	(\$1,876,846)	(\$1,915,835)	0.0
Percentage Change	(23.2%)	(22.3%)	(24.2%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$12,520,066</b>	<b>\$6,510,434</b>	<b>\$6,009,632</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$22,856)	(\$22,856)	\$0	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**CORE Operations (formerly COFRS Modernization)**

This line item provides funds for the Department's share of the operational costs of Colorado Operations Resource Engine (CORE).

**Request:** The Department requests an appropriation of \$297,297, including \$121,242 General Fund.

**Recommendation:** Staff recommends the Department request, which reflects approved Committee common policy.

<b>Executive Director's Office, CORE Operations</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$313,372	\$80,654	\$232,718	0.0
S.B. 15-161 (Supplemental Bill)	<u>26,919</u>	<u>71,258</u>	<u>(44,339)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$340,291</b>	<b>\$151,912</b>	<b>\$188,379</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$340,291	\$151,912	\$188,379	0.0
CORE Operations adjustment	<u>(42,994)</u>	<u>(30,670)</u>	<u>(12,324)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$297,297</b>	<b>\$121,242</b>	<b>\$176,055</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$42,994)	(\$30,670)	(\$12,324)	0.0
Percentage Change	(12.6%)	(20.2%)	(6.5%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$297,297</b>	<b>\$121,242</b>	<b>\$176,055</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Utilities**

This line item provides funding to support the cost of utilities at the Department's state-owned facilities that include driver's license offices and gaming offices.

**Request:** The Department has requested a continuation appropriation of \$143,703 cash funds.

**Recommendation:** Staff recommends approval of the Department's request for a continuation appropriation.

<b>Executive Director's Office, Utilities</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$143,703</u>	<u>\$0</u>	<u>\$143,703</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$143,703</b>	<b>\$0</b>	<b>\$143,703</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Executive Director's Office, Utilities</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$143,703</u>	<u>\$0</u>	<u>\$143,703</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$143,703</b>	<b>\$0</b>	<b>\$143,703</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$143,703</b>	<b>\$0</b>	<b>\$143,703</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**LINE ITEMS APPEARING IN THE NUMBERS PAGES FROM PRIOR BUDGETS**

**Purchase of Services from Computer Center**

This item provides funding for the Department's share of Statewide computer services provided by the Governor's Office of Information Technology. The Office plans, manages, operates, and delivers the computing infrastructure to customer entities, which include all State agencies and certain institutions of higher education. The Office is responsible for managing the operating system, transaction processing scheduling, and systems management software associated with these resources. This line item was consolidated into the Payments to OIT line item during the FY 2014-15 budget cycle.

**Colorado State Network (Multiuse Network Payments)**

This line item is used to pay the Department's share of the statewide multiuse network. The multiuse network is a service providing secure, high-speed broadband access to State agencies, schools, colleges, libraries, hospitals, and local governments. It is essentially the state's wide area network, providing network connectivity to every county in the state. Payments represent the cost to the State for administering its share of the network build-out with the private consortium. Reimbursements for this functional area are expended for contracts with vendors, and are based on anticipated billings, using a circuit inventory conducted department by department, for all agencies. This line item was consolidated into the Payments to OIT line item during the FY 2014-15 budget cycle.

**Management and Administration of OIT**

Senate Bill 08-155 (Cadman/Kerr, A.) required that billing methodologies be developed to allocate costs for central OIT administrative services, including a "back office" business services staff for financial and human resource services to the consolidated office. Beginning with FY 2008-09, allocation appropriations were made to executive branch agencies for this function. This line item was consolidated into the Payments to OIT line item during the FY 2014-15 budget cycle.

**Communication Services Payments**

This line item is used to pay the Department's share of the state's microwave radio infrastructure and the Digital Trunked Radio System (DTRS). DTRS provides interoperability between public safety agencies and emergency responders. This line item was consolidated into the Payments to OIT line item during the FY 2014-15 budget cycle.

**Information Technology Security**

This line item was added during the FY 2013-14 budget cycle for the Governor’s Office of Information Technology to address the State’s most pressing cyber security needs. The moneys for FY 2013-14 are being used for intrusion detection, threat and vulnerability management, network segmentation equipment, centralized firewall management, and sensitive network authentication. This line item was consolidated into the Payments to OIT line item during the FY 2014-15 budget cycle.

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## (2) Information Technology Division

The Division is responsible for the support and maintenance of the Department systems that are not supported and maintained by the Governor's Office of Information Technology. These are entirely made up of contract services. The division has two subdivisions, Systems Support, which supports most of the Department's information technology services, and the Colorado State Titling and Registration System (CSTARS) unit, which supports the CSTARS that connects the county clerks with the state's information systems.

### DIVISION REQUEST AND RECOMMENDATION SUMMARY

Information Technology Division					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	<u>\$5,682,645</u>	<u>\$1,931,483</u>	<u>\$3,751,162</u>	<u>\$0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,682,645</b>	<b>\$1,931,483</b>	<b>\$3,751,162</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$5,682,645	\$1,931,483	\$3,751,162	\$0	0.0
Annualize prior year legislation	(111,000)	(111,000)	0	0	0.0
Annualize prior year budget actions	<u>(863,218)</u>	<u>(863,218)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,708,427</b>	<b>\$957,265</b>	<b>\$3,751,162</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$974,218)	(\$974,218)	\$0	\$0	0.0
Percentage Change	(17.1%)	(50.4%)	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$4,708,427</b>	<b>\$957,265</b>	<b>\$3,751,162</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

### (A) Systems Support

This unit currently supports the tax information systems; systems for driver's licenses, vehicle records, accident statistics, and fuel taxes; the International Registration Plan and the Commercial Vehicle Electronic Credentialing system; and enforcement systems for licensing, reporting, tax filing, and case management.

### LINE ITEM DETAIL

#### Personal Services

This line item pays for contract services. Although this is a personal services line, there are no FTE in the line. The line item pays for contract services to maintain those systems that are not maintained by the Governor's Office of Information Technology. This line item also provides funding for appropriations to implement bills passed by the General Assembly that require programming expenses in the Department's information systems (even if the programming is provided by OIT).

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Request:** The Department has requested an appropriation of \$154,656 total funds including \$147,506 General Fund. The request includes a decrease to annualize prior year legislation (S.B. 14-1042) and a decrease for R4 Replace Capitol Annex Cabling, approved in the FY 2014-15 budget cycle.

**Recommendation:** Staff recommends the Committee approve the Department request.

<b>Information Technology Division, System Support, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$648,376	\$641,226	\$7,150	\$0	0.0
<b>TOTAL</b>	<b>\$648,376</b>	<b>\$641,226</b>	<b>\$7,150</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$648,376	\$641,226	\$7,150	\$0	0.0
Annualize prior year budget actions	(382,720)	(382,720)	0	0	0.0
Annualize prior year legislation	(111,000)	(111,000)	0	0	0.0
<b>TOTAL</b>	<b>\$154,656</b>	<b>\$147,506</b>	<b>\$7,150</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$493,720)	(\$493,720)	\$0	\$0	0.0
Percentage Change	(76.1%)	(77.0%)	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$154,656</b>	<b>\$147,506</b>	<b>\$7,150</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**Operating Expenses**

This line funds information technology related contracts for the Department, telecommunications expenses, general office supplies, and printing costs.

**Request:** The Department requests an appropriation of \$885,318 total funds. This request includes a decrease for R4 Replace Capitol Annex Cabling, approved in the FY 2014-15 budget cycle.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Information Technology Division, System Support, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$1,365,816	\$1,290,257	\$75,559	0.0
<b>TOTAL</b>	<b>\$1,365,816</b>	<b>\$1,290,257</b>	<b>\$75,559</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

FY 2014-15 Appropriation	\$1,365,816	\$1,290,257	\$75,559	0.0
Annualize prior year budget actions	<u>(480,498)</u>	<u>(480,498)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$885,318</b>	<b>\$809,759</b>	<b>\$75,559</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$480,498)	(\$480,498)	\$0	0.0
Percentage Change	(35.2%)	(37.2%)	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$885,318</b>	<b>\$809,759</b>	<b>\$75,559</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(B) Colorado State Titling and Registration System**

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

The CSTARS unit is supported by the Colorado State Titling and Registration 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.

**LINE ITEM DETAIL**

**Personal Services**

This line item pays for contract services. Although this is a personal services line, there are no FTE in the line. The line item pays for contract services to maintain those systems related to CSTARS that are not maintained by the Governor's Office of Information Technology.

**Request:** The Department requests continuation funding of \$442,688 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

<b>Information Technology Division, Colorado State Titling and Registration System, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$442,688</u>	<u>\$0</u>	<u>\$442,688</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$442,688</b>	<b>\$0</b>	<b>\$442,688</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$442,688</u>	<u>\$0</u>	<u>\$442,688</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$442,688</b>	<b>\$0</b>	<b>\$442,688</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Information Technology Division, Colorado State Titling and Registration System, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$442,688</b>	<b>\$0</b>	<b>\$442,688</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds information technology related contracts for the Department as they relate specifically to the Colorado State Titling and Registration System. Other costs include telecommunications expenses, general office supplies and printing expenses.

**Request:** The Department has requested a continuation appropriation of \$2,617,535 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

<b>Information Technology Division, Colorado State Titling and Registration System, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$2,617,535</u>	<u>\$0</u>	<u>\$2,617,535</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,617,535</b>	<b>\$0</b>	<b>\$2,617,535</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$2,617,535</u>	<u>\$0</u>	<u>\$2,617,535</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,617,535</b>	<b>\$0</b>	<b>\$2,617,535</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,617,535</b>	<b>\$0</b>	<b>\$2,617,535</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**County Office Asset Maintenance**

This line item provides funding for replacement of infrastructure every four years (the Office of Information Technology standard for replacement of this type of equipment is every three years).

**Request:** The Department is requesting continuation funding of \$568,230 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Information Technology Division, Colorado State Titling and Registration System, County Office Asset Maintenance</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$568,230</u>	<u>\$0</u>	<u>\$568,230</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$568,230</b>	<b>\$0</b>	<b>\$568,230</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$568,230</u>	<u>\$0</u>	<u>\$568,230</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$568,230</b>	<b>\$0</b>	<b>\$568,230</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$568,230</b>	<b>\$0</b>	<b>\$568,230</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**County Office Improvements**

This line item provides funding for improvements to and expansion of county offices to provide services related to CSTARS. Counties are required by statute (Section 42-1-210, C.R.S.) to provide motor vehicle title and registration services in a manner that is convenient and easily accessible to the public. The State (Department of Revenue) is required to provide necessary data processing equipment, software, support, and training to support the counties (Section 42-1-211, C.R.S.) The line item was established to provide for a stable appropriation to fund the expansion and improvements to the CSTAR system. Funding requests for this line item are based on approval from the CSTARS Advisory Committee (Section 42-1-211 (4), C.R.S.), which receives and prioritizes requests from the counties for funding the expansions and improvements in county offices.

**Request:** The Department is requesting continuation funding of \$40,000 cash funds from the CSTARS account.

**Recommendation:** Staff recommends approval of the continuation appropriation.

<b>Information Technology Division, Colorado State Titling and Registration System, County Office Improvements</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$40,000</u>	<u>\$0</u>	<u>\$40,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$40,000</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$40,000</u>	<u>\$0</u>	<u>\$40,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$40,000</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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<b>Information Technology Division, Colorado State Titling and Registration System, County Office Improvements</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$40,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

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### **(3) Taxation Business Group**

The Taxation Business Group is charged with the collection, administration, audit, and enforcement responsibilities pertaining to all taxes, fees, bonds, and licenses covered under Colorado’s tax laws. The business group is directed by an administrative section. Senior management, policy-making, and budgetary support for the division are contained in this section. This division is primarily funded from General Fund appropriations, but does receive some moneys from the Highway Users Tax Fund (HUTF) and federal programs.

#### **DIVISION REQUEST AND RECOMMENDATION SUMMARY**

<b>Taxation Business Group</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
H.B. 14-1336 (Long Bill)	\$63,404,328	\$57,226,965	\$5,132,890	\$220,085	\$824,388	368.8
Other legislation	2,840,338	2,796,471	43,867	0	0	2.6
S.B. 15-161 (Supplemental Bill)	<u>1,065,778</u>	<u>1,065,778</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$67,310,444</b>	<b>\$61,089,214</b>	<b>\$5,176,757</b>	<b>\$220,085</b>	<b>\$824,388</b>	<b>371.9</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$67,310,444	\$61,089,214	\$5,176,757	\$220,085	\$824,388	371.9
Annualize prior year budget actions	772,405	761,690	10,715	0	0	0.0
BA1 Tax document processing costs	156,952	156,952	0	0	0	3.0
Indirect cost adjustment	2,260	(622)	2,882	0	0	0.0
Tobacco Master Settlement revenue adjustment	(2,491,790)	(2,491,790)	0	0	0	0.0
Annualize prior year legislation	(1,878,268)	13,353	(1,891,621)	0	0	6.0
Aged Property Tax and Heating Credit revenue adjustment	(856,965)	(856,965)	0	0	0	0.0
Amendment 35 forecast adjustment	<u>(32,121)</u>	<u>0</u>	<u>(32,121)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$62,982,917</b>	<b>\$58,671,832</b>	<b>\$3,266,612</b>	<b>\$220,085</b>	<b>\$824,388</b>	<b>380.9</b>
<b>Increase/(Decrease)</b>	(\$4,327,527)	(\$2,417,382)	(\$1,910,145)	\$0	\$0	9.0
Percentage Change	(6.4%)	(4.0%)	(36.9%)	0.0%	0.0%	2.4%
<b>FY 2015-16 Executive Request:</b>	<b>\$63,015,038</b>	<b>\$58,671,832</b>	<b>\$3,298,733</b>	<b>\$220,085</b>	<b>\$824,388</b>	<b>380.9</b>
Request Above/(Below) Recommendation	\$32,121	\$0	\$32,121	\$0	\$0	(0.0)

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**(A) Administration**

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

<b>Administration</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$6,017,745	\$4,166,014	\$1,851,731	5.0
Other legislation	<u>333,730</u>	<u>299,730</u>	<u>34,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,351,475</b>	<b>\$4,465,744</b>	<b>\$1,885,731</b>	<b>5.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$6,351,475	\$4,465,744	\$1,885,731	5.0
Annualize prior year budget actions	123,510	123,510	0	0.0
Indirect cost adjustment	0	(622)	622	0.0
Annualize prior year legislation	<u>(2,106,430)</u>	<u>(232,430)</u>	<u>(1,874,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,368,555</b>	<b>\$4,356,202</b>	<b>\$12,353</b>	<b>5.0</b>
<b>Increase/(Decrease)</b>	(\$1,982,920)	(\$109,542)	(\$1,873,378)	0.0
Percentage Change	(31.2%)	(2.5%)	(99.3%)	0.0%
<b>FY 2015-16 Executive Request</b>	<b>\$4,368,555</b>	<b>\$4,356,202</b>	<b>\$12,353</b>	<b>5.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**LINE ITEM DETAIL**

**Personal Services**

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

**Request:** The Department requests an appropriation of \$523,805 total funds and 5.0 FTE. The request includes base adjustments.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Taxation Business Group, Administration, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$509,645</u>	<u>\$507,914</u>	<u>\$1,731</u>	<u>5.0</u>
<b>TOTAL</b>	<b>\$509,645</b>	<b>\$507,914</b>	<b>\$1,731</b>	<b>5.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Taxation Business Group, Administration, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$509,645	\$507,914	\$1,731	5.0
Annualize prior year budget actions	14,160	14,160	0	0.0
Indirect cost adjustment	<u>0</u>	<u>(622)</u>	<u>622</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$523,805</b>	<b>\$521,452</b>	<b>\$2,353</b>	<b>5.0</b>
<b>Increase/(Decrease)</b>	\$14,160	\$13,538	\$622	0.0
Percentage Change	2.8%	2.7%	35.9%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$523,805</b>	<b>\$521,452</b>	<b>\$2,353</b>	<b>5.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds the Taxation Group's portion of a high volume printer that several groups share. This printer is capable of producing the forms and mass billings that the Taxation Group requires. The line also funds general office expenses needed for this section.

**Request:** The Department requests a continuation appropriation of \$13,100 General.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Taxation Business Group, Administration, Operating Expenses</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>			
H.B. 14-1336 (Long Bill)	<u>\$13,100</u>	<u>\$13,100</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$13,100</b>	<b>\$13,100</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>			
FY 2014-15 Appropriation	<u>\$13,100</u>	<u>\$13,100</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$13,100</b>	<b>\$13,100</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$13,100</b>	<b>\$13,100</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	0.0

**Colorado Integrated Tax Architecture (CITA) Maintenance and Support**

This is new line item provides funding for the managed services contract that supports and maintains the Department's GenTax software tax collection and administration system.

The GenTax software is the culmination of the Colorado Integrated Tax Architecture (CITA) project, a five-phase project to replace the Department of Revenue's tax collection systems. The project received funding of \$53.6 million of capital construction moneys.

The table below shows the 5-year costs of maintenance of CITA. The contract costs include \$1,500,000 for FY 2013-14, \$3,645,000 in FY 2014-15, with an annual 3.0 percent escalator in future years.

<b>Contracted Maintenance and Support Payments by Year</b>		
<b>Fiscal Year</b>	<b>Amount</b>	<b>Increase</b>
FY 2013-14	\$1,500,000	N/A
FY 2014-15	3,645,000	2,145,000
FY 2015-16	3,754,350	109,350
FY 2016-17	3,866,982	112,632
FY 2017-18	3,983,003	116,021

The contract is referred to as a "managed service contract" and includes software licenses; application support of GenTax, Revenue Online, and a third party audit selection software package called KXEN; production environment support; version upgrade and installation; training, documentation, and assessment reports of business processes. The contract includes 10 to 12 support contractor personnel, in addition, the Department provides 4.0 business analysts, and the Governor's OIT provides six to eight personnel to oversee the network, servers, and storage systems, as well as perform some development work.

**Request:** The Department requests an appropriation of \$3,831,650 in FY 2015-16, this reflects an increase of \$109,350 General Fund for the contracted escalating payment schedule and the annualization of prior year legislation resulting in a net decrease of \$2,106,430 (H.B. 13-1042, H.B. 13-1318, S.B. 14-014, S.B. 14-073, H.B. 14-1003, H.B. 14-1006, H.B. 14-1012, H.B. 14-1017, H.B. 14-1072, H.B. 14-1119, H.B. 14-1279, H.B. 14-1327, H.B. 14-1350, and H.B. 14-1352).

**Recommendation:** Staff recommends the Committee approve the Department request.

<b>Taxation Business Group, Administration, Colorado Integrated Tax Architecture Maintenance and Support</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$5,495,000	\$3,645,000	\$1,850,000	0.0
Other legislation	<u>333,730</u>	<u>299,730</u>	<u>34,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,828,730</b>	<b>\$3,944,730</b>	<b>\$1,884,000</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$5,828,730	\$3,944,730	\$1,884,000	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Taxation Business Group, Administration, Colorado Integrated Tax Architecture Maintenance and Support</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Annualize prior year legislation	(266,430)	(232,430)	(34,000)	0.0
Annualize prior year budget actions	<u>(1,730,650)</u>	<u>109,350</u>	<u>(1,840,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,831,650</b>	<b>\$3,821,650</b>	<b>\$10,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$1,997,080)	(\$123,080)	(\$1,874,000)	0.0
Percentage Change	(34.3%)	(3.1%)	(99.5%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$3,831,650</b>	<b>\$3,821,650</b>	<b>\$10,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(B) Taxation and Compliance Division**

The Taxation and Compliance Division utilizes various methods to assist in the collection of monies due the State such as: filing bankruptcy claims; recording and releasing tax liens and judgments; garnishment of wages and bank accounts; income tax distraint warrants; resolution of taxpayer disputes; and the utilization of private collection agencies. The Division also audits or examines Colorado tax returns both at the Department through its Discovery Program and at business locations through its Field Audit program. Audits are also conducted for the purpose of ascertaining whether royalties have been properly submitted to the State from operating and royalty mineral interests in Colorado.

This division 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 out-of-state offices located in the New York City metro area, Chicago, Houston, Dallas, Los Angeles, and San Francisco. The Division also manages the Joint Audit Program, the Joint Federal/State Motor Fuel Tax program and the Mineral Audit Program.

<b>Taxation and Compliance Division</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
H.B. 14-1336 (Long Bill)	\$18,894,991	\$16,789,770	\$1,060,748	\$220,085	\$824,388	247.0
Other legislation	<u>56,619</u>	<u>56,619</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$18,951,610</b>	<b>\$16,846,389</b>	<b>\$1,060,748</b>	<b>\$220,085</b>	<b>\$824,388</b>	<b>247.5</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$18,951,610	\$16,846,389	\$1,060,748	\$220,085	\$824,388	247.5
Annualize prior year budget actions	470,886	464,858	6,028	0	0	0.0
Annualize prior year legislation	<u>81,582</u>	<u>81,582</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2.3</u>
<b>TOTAL</b>	<b>\$19,504,078</b>	<b>\$17,392,829</b>	<b>\$1,066,776</b>	<b>\$220,085</b>	<b>\$824,388</b>	<b>249.8</b>
<b>Increase/(Decrease)</b>	\$552,468	\$546,440	\$6,028	\$0	\$0	2.3
Percentage Change	2.9%	3.2%	0.6%	0.0%	0.0%	0.9%
<b>FY 2015-16 Executive Request</b>						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	(0.0)

**LINE ITEM DETAIL**

**Personal Services**

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

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Request:** The Department requested an appropriation of \$17,406,855 total funds and 239.6 FTE, including \$16,212,135 General Fund, \$1,040,635 cash funds, and \$154,085 reappropriated funds from the Mineral Audit Program. The request includes a net increase for the annualization of prior year legislation (S.B. 13-001, H.B. 13-1042, and S.B. 14-014).

**Recommendation:** Staff recommends approving the Department's request.

<b>Taxation Business Group, Taxation and Compliance Division, Personal Expenses</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$16,808,861	\$15,620,169	\$1,034,607	\$154,085	236.8
Other legislation	<u>20,041</u>	<u>20,041</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$16,828,902</b>	<b>\$15,640,210</b>	<b>\$1,034,607</b>	<b>\$154,085</b>	<b>237.3</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$16,828,902	\$15,640,210	\$1,034,607	\$154,085	237.3
Annualize prior year budget actions	470,886	464,858	6,028	0	0.0
Annualize prior year legislation	<u>107,067</u>	<u>107,067</u>	<u>0</u>	<u>0</u>	<u>2.3</u>
<b>TOTAL</b>	<b>\$17,406,855</b>	<b>\$16,212,135</b>	<b>\$1,040,635</b>	<b>\$154,085</b>	<b>239.6</b>
<b>Increase/(Decrease)</b>	\$577,953	\$571,925	\$6,028	\$0	2.3
Percentage Change	3.4%	3.7%	0.6%	0.0%	1.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$17,406,855</b>	<b>\$16,212,135</b>	<b>\$1,040,635</b>	<b>\$154,085</b>	<b>239.6</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**Operating Expenses**

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

**Request:** The Department requests an appropriation of \$1,075,591 total funds, including \$1,075,591 General Fund. The request includes a net decrease for annualization of prior year legislation (S.B. 13-001, H.B. 13-1042, and S.B. 14-014).

**Recommendation:** Staff recommends approval of the Department's request.

<b>Taxation Business Group, Taxation and Compliance Division, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$1,064,498	\$1,038,357	\$26,141	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Taxation Business Group, Taxation and Compliance Division, Operating Expenses</b>				
	Total Funds	General Fund	Cash Funds	FTE
Other legislation	36,578	36,578	0	0.0
<b>TOTAL</b>	<b>\$1,101,076</b>	<b>\$1,074,935</b>	<b>\$26,141</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,101,076	\$1,074,935	\$26,141	0.0
Annualize prior year legislation	(25,485)	(25,485)	0	0.0
<b>TOTAL</b>	<b>\$1,075,591</b>	<b>\$1,049,450</b>	<b>\$26,141</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$25,485)	(\$25,485)	\$0	0.0
Percentage Change	(2.3%)	(2.4%)	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,075,591</b>	<b>\$1,049,450</b>	<b>\$26,141</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Joint Audit Program**

This line item provides funding for the state's membership in the Multi-State Tax Commission (MTC). The MTC conducts audits on out-of-state businesses, which complements the Department's efforts in the Field Audit Program. The Department has had a partnership with the MTC for over 20 years.

**Request:** The Department requests a continuation appropriation of \$131,244 General Fund.

**Recommendation:** Staff recommends approval of the continuation appropriation.

<b>Taxation Business Group, Taxation and Compliance Division, Joint Audit Program</b>				
	Total Funds	General Fund		FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)		\$131,244	\$131,244	0.0
<b>TOTAL</b>		<b>\$131,244</b>	<b>\$131,244</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation		\$131,244	\$131,244	0.0
<b>TOTAL</b>		<b>\$131,244</b>	<b>\$131,244</b>	<b>0.0</b>
Percentage Change		0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>		<b>\$131,244</b>	<b>\$131,244</b>	<b>0.0</b>
Request Above/(Below) Recommendation		\$0	\$0	0.0

**Mineral Audit Program**

Pursuant to Section 24-35-115, C.R.S., the Department audits royalties associated with oil, gas, and mineral mining activity on federal, state, and private land. Audits are conducted by a work group in the Department which statutorily can have no other duties. The majority of the funding comes from the federal government, with the remainder coming from the State Land Board and the Oil and Gas Conservation Commission, both in the Department of Natural Resources. Federal funds are from the Federal Minerals Management Service (MMS) as the Department conducts audits on their behalf on lands under federal control.

**Request:** The Department requests a continuation appropriation of \$890,388 and 10.2 FTE, which is comprised of \$66,000 reappropriated funds from the two programs in the Department of Natural Resources, the State Board of Land Commissioners for \$65,500 and the Oil and Gas Conservation Commission for \$500 and \$824,388 federal funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

<b>Taxation Business Group, Taxation and Compliance Division, Mineral Audit Program</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	<u>\$890,388</u>	<u>\$0</u>	<u>\$66,000</u>	<u>\$824,388</u>	<u>10.2</u>
<b>TOTAL</b>	<b>\$890,388</b>	<b>\$0</b>	<b>\$66,000</b>	<b>\$824,388</b>	<b>10.2</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	<u>\$890,388</u>	<u>\$0</u>	<u>\$66,000</u>	<u>\$824,388</u>	<u>10.2</u>
<b>TOTAL</b>	<b>\$890,388</b>	<b>\$0</b>	<b>\$66,000</b>	<b>\$824,388</b>	<b>10.2</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$890,388</b>	<b>\$0</b>	<b>\$66,000</b>	<b>\$824,388</b>	<b>10.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**(C) Taxpayer Service Division**

The Taxpayer Service Division (TPS) administers the State’s tax programs and provides assistance and information to Colorado taxpayers. The Division maintains five service centers in Colorado Springs, Denver, Fort Collins, Grand Junction, and Pueblo, as well as a tax information call center. The Division produces public information campaigns, administers tax classes to promote voluntary compliance, and distributes information to the public to explain the State’s tax laws and policies. TPS also issues licenses and permits, processes tax forms and requests for refunds, resolves taxpayer problems, and intercepts income tax refunds for payment of debts owed to other State agencies and the Internal Revenue Service.

This Division also collects local sales taxes on behalf of non-home-rule cities, counties, and special districts. The division administers the property tax/rent heat/fuel grant program; severance taxes; the gasoline, special

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

fuel, and aviation fuel environmental response surcharge; the International Fuel Tax Agreement; cigarette, tobacco, liquor and marijuana excise taxes; public utility assessments; and food service licensing.

<b>Taxpayer Service Division</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$9,439,875	\$8,654,888	\$784,987	104.6
Other legislation	93,024	83,157	9,867	2.1
S.B. 15-161 (Supplemental Bill)	<u>1,065,778</u>	<u>1,065,778</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$10,598,677</b>	<b>\$9,803,823</b>	<b>\$794,854</b>	<b>107.2</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$10,598,677	\$9,803,823	\$794,854	107.2
Annualize prior year budget actions	204,501	199,814	4,687	0.0
BA1 Tax document processing costs	156,952	156,952	0	3.0
Annualize prior year legislation	130,601	148,222	(17,621)	3.4
Indirect cost adjustment	<u>2,260</u>	<u>0</u>	<u>2,260</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$11,092,991</b>	<b>\$10,308,811</b>	<b>\$784,180</b>	<b>113.6</b>
<b>Increase/(Decrease)</b>	\$494,314	\$504,988	(\$10,674)	6.4
Percentage Change	4.7%	5.2%	(1.3%)	6.0%
<b>FY 2015-16 Executive Request</b>	<b>\$11,092,991</b>	<b>\$10,308,811</b>	<b>\$784,180</b>	<b>113.6</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

## LINE ITEM DETAIL

### Personal Services

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

**Request:** The Department requests an appropriation of \$6,866,694 total funds and 112.1 FTE, including \$6,628,771 General Fund. The request includes funding for BA1 which was discussed in the Initiatives Affecting Multiple Divisions section above at the beginning of the document. The request includes a net increase for annualization of prior year legislation (S.B. 13-001, H.B. 13-1042, S.B. 14-014, H.B. 14-1072, H.B. 14-1119, H.B. 14-1279, H.B. 14-1327, and H.B. 14-1352).

**Recommendation:** Staff recommends approval of the Department's request.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Taxation Business Group, Taxpayer Service Division, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$6,273,875	\$6,029,404	\$244,471	103.1
Other legislation	74,540	64,673	9,867	2.1
S.B. 15-161 (Supplemental Bill)	25,673	25,673	0	0.5
<b>TOTAL</b>	<b>\$6,374,088</b>	<b>\$6,119,750</b>	<b>\$254,338</b>	<b>105.7</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$6,374,088	\$6,119,750	\$254,338	105.7
Annualize prior year budget actions	201,020	199,814	1,206	0.0
BA1 Tax document processing costs	154,034	154,034	0	3.0
Annualize prior year legislation	<u>137,552</u>	<u>155,173</u>	<u>(17,621)</u>	<u>3.4</u>
<b>TOTAL</b>	<b>\$6,866,694</b>	<b>\$6,628,771</b>	<b>\$237,923</b>	<b>112.1</b>
<b>Increase/(Decrease)</b>	\$492,606	\$509,021	(\$16,415)	6.4
Percentage Change	7.7%	8.3%	(6.5%)	6.1%
<b>FY 2015-16 Executive Request:</b>	<b>\$6,866,694</b>	<b>\$6,628,771</b>	<b>\$237,923</b>	<b>112.1</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

The largest expenditure in this line is for transaction fees (which are capped at \$13,000 per month) for the automated call system. These fees are assessed per interactive voice response system call and web hits. It also funds general office supplies and expenses.

**Request:** The Department requests an appropriation of \$479,238 total funds. The request includes funding for BA1 which was discussed in the Initiatives Affecting Multiple Divisions section above at the beginning of the document. The request also includes annualization of prior year legislation for H.B. 13-1042, H.B. 13-1318, and S.B. 13-001.

**Recommendation:** Staff recommends approval of the of the Department's request.

<b>Taxation Business Group, Taxpayer Service Division, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$454,974	\$451,244	\$3,730	0.0
Other legislation	18,484	18,484	0	0.0
S.B. 15-161 (Supplemental Bill)	<u>10,071</u>	<u>10,071</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$483,529</b>	<b>\$479,799</b>	<b>\$3,730</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
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<b>Taxation Business Group, Taxpayer Service Division, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$483,529	\$479,799	\$3,730	0.0
BA1 Tax document processing costs	2,660	2,660	0	0.0
Annualize prior year legislation	<u>(6,951)</u>	<u>(6,951)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$479,238</b>	<b>\$475,508</b>	<b>\$3,730</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$4,291)	(\$4,291)	\$0	0.0
Percentage Change	(0.9%)	(0.9%)	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$479,238</b>	<b>\$475,508</b>	<b>\$3,730</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Seasonal Tax Processing**

This is a new line item in this division created in FY 2014-15 budget cycle. This line item funds the seasonal processing expenses that occur during the individual income tax filing season.

**Request:** The Department requests \$296,391 General Fund.

**Recommendation:** Staff recommends the Committee approve this request.

<b>Taxation Business Group, Taxpayer Service Division, Seasonal Tax Processing</b>				
	<b>Total Funds</b>	<b>General Fund</b>		<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$296,391</u>	<u>\$296,391</u>		<u>0.0</u>
<b>TOTAL</b>	<b>\$296,391</b>	<b>\$296,391</b>		<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$296,391</u>	<u>\$296,391</u>		<u>0.0</u>
<b>TOTAL</b>	<b>\$296,391</b>	<b>\$296,391</b>		<b>0.0</b>
Percentage Change		0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$296,391</b>	<b>\$296,391</b>		<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0		0.0

**Document Management**

This line item provides funding for the data entry services provided by the Department of Personnel to capture information from paper tax forms and from driver's license documentation, and image and store tax returns and

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

related documentation primarily for audit purposes, account error resolutions, or taxpayer requests and inquiries.

**Request:** The Department requests \$2,947,646 total funds. The request includes funding for BA1 which was discussed in the Initiatives Affecting Multiple Divisions section above at the beginning of the document.

**Recommendation:** Staff recommends the Committee approve this request.

<b>Taxation Business Group, Taxpayer Service Division, Document Management</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$1,917,354	\$1,877,849	\$39,505	0.0
S.B. 15-161 (Supplemental Bill)	<u>1,030,034</u>	<u>1,030,034</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,947,388</b>	<b>\$2,907,883</b>	<b>\$39,505</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,947,388	\$2,907,883	\$39,505	0.0
BA1 Tax document processing costs	<u>258</u>	<u>258</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,947,646</b>	<b>\$2,908,141</b>	<b>\$39,505</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$258	\$258	\$0	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,947,646</b>	<b>\$2,908,141</b>	<b>\$39,505</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Fuel Tracking System**

Pursuant to Section 39-27-109, C.R.S., the Department of Revenue tracks the movement of gasoline and special fuel with the goal of expediting the collection of excise taxes. Most funding provides an electronic tracking system maintained by a third party. Funding for this program is from the Highway Users Trust Fund (not from "off-the-top" moneys), pursuant to Section 43-4-201 (3) (a) (V), C.R.S.

**Request:** The Department requests \$492,642 cash funds and 1.5 FTE.

**Recommendation:** Staff recommends the Committee approve the Department request.

<b>Taxation Business Group, Taxpayer Service Division, Fuel Tracking System</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$489,161</u>	<u>\$0</u>	<u>\$489,161</u>	<u>1.5</u>
<b>TOTAL</b>	<b>\$489,161</b>	<b>\$0</b>	<b>\$489,161</b>	<b>1.5</b>

*JBC Staff Figure Setting – FY 2015-16*  
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<b>Taxation Business Group, Taxpayer Service Division, Fuel Tracking System</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$489,161	\$0	\$489,161	1.5
Annualize prior year budget actions	<u>3,481</u>	<u>0</u>	<u>3,481</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$492,642</b>	<b>\$0</b>	<b>\$492,642</b>	<b>1.5</b>
<b>Increase/(Decrease)</b>	\$3,481	\$0	\$3,481	0.0
Percentage Change	0.7%	0.0%	0.7%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$492,642</b>	<b>\$0</b>	<b>\$492,642</b>	<b>1.5</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs.

**Request:** The Department requests \$10,380 cash funds from the HUTF.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>Taxation Business Group, Taxpayer Service Division, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$8,120</u>	<u>\$0</u>	<u>\$8,120</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,120</b>	<b>\$0</b>	<b>\$8,120</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$8,120	\$0	\$8,120	0.0
Indirect cost adjustment	<u>2,260</u>	<u>0</u>	<u>2,260</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,380</b>	<b>\$0</b>	<b>\$10,380</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$2,260	\$0	\$2,260	0.0
Percentage Change	27.8%	0.0%	27.8%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$10,380</b>	<b>\$0</b>	<b>\$10,380</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(D) Tax Conferee**

The Tax Conferee serves as an intermediary in the hearing process and acts as the Executive Director’s official designee for tax hearings. These can include tax assessment disputes and refund denials. Employees in this unit conduct reviews, legal research, investigations, interviews, and negotiations. They also assist taxpayers in clarifying decisions. If a hearing with the Tax Conferee fails to achieve a successful resolution, then a formal hearing with the Executive Director is granted. Finally, if a feasible resolution is not attained, the aggrieved party may elevate the dispute to the judicial system. Under Section 29-2-106.1, C.R.S., Department staff may hear appeals of final decisions from home rule cities and counties.

<b>Tax Conferee</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>			
H.B. 14-1336 (Long Bill)	<u>\$2,724,503</u>	<u>\$2,724,503</u>	<u>12.2</u>
<b>TOTAL</b>	<b>\$2,724,503</b>	<b>\$2,724,503</b>	<b>12.2</b>
<b>FY 2015-16 Recommended Appropriation</b>			
FY 2014-15 Appropriation	\$2,724,503	\$2,724,503	12.2
Annualize prior year legislation	15,979	15,979	0.3
Annualize prior year budget actions	<u>(26,492)</u>	<u>(26,492)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,713,990</b>	<b>\$2,713,990</b>	<b>12.5</b>
<b>Increase/(Decrease)</b>	(\$10,513)	(\$10,513)	0.3
Percentage Change	(0.4%)	(0.4%)	2.5%
<b>FY 2015-16 Executive Request</b>			
Request Above/(Below) Recommendation	\$0	\$0	0.0

**LINE ITEM DETAIL**

**Personal Services**

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

**Request:** The Department requests \$2,649,239 General Fund and 12.5 FTE. The request includes a net increase for prior year legislation (H.B. 14-1311).

**Recommendation:** Staff recommends the Committee approve the Department request.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Taxation Business Group, Tax Conferee, Personal Services</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>			
H.B. 14-1336 (Long Bill)	<u>\$2,663,329</u>	<u>\$2,663,329</u>	<u>12.2</u>
<b>TOTAL</b>	<b>\$2,663,329</b>	<b>\$2,663,329</b>	<b>12.2</b>
<b>FY 2015-16 Recommended Appropriation</b>			
FY 2014-15 Appropriation	\$2,663,329	\$2,663,329	12.2
Annualize prior year legislation	12,402	12,402	0.3
Annualize prior year budget actions	<u>(26,492)</u>	<u>(26,492)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,649,239</b>	<b>\$2,649,239</b>	<b>12.5</b>
<b>Increase/(Decrease)</b>	(\$14,090)	(\$14,090)	0.3
Percentage Change	(0.5%)	(0.5%)	2.5%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,649,239</b>	<b>\$2,649,239</b>	<b>12.5</b>
Request Above/(Below) Recommendation	\$0	\$0	0.0

**Operating Expenses**

This line item funds subscriptions to legal research materials and phone charges, plus general office supplies and expenses.

**Request:** The Department requests a continuation appropriation of \$64,751 General Fund. The request includes a net increase for prior year legislation (H.B. 14-1311).

**Recommendation:** Staff recommends approval of the continuation appropriation.

<b>Taxation Business Group, Tax Conferee, Operating Expenses</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>			
H.B. 14-1336 (Long Bill)	<u>\$61,174</u>	<u>\$61,174</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$61,174</b>	<b>\$61,174</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>			
FY 2014-15 Appropriation	\$61,174	\$61,174	0.0
Annualize prior year legislation	<u>3,577</u>	<u>3,577</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$64,751</b>	<b>\$64,751</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$3,577	\$3,577	0.0
Percentage Change	5.8%	5.8%	0.0%

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

Taxation Business Group, Tax Conferee, Operating Expenses			
	Total Funds	General Fund	FTE
<b>FY 2015-16 Executive Request:</b>	<b>\$64,751</b>	<b>\$64,751</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	0.0

**(E) Special Purpose**

This section of the Long Bill provides funding for 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.

Special Purpose				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$26,327,214	\$24,891,790	\$1,435,424	0.0
Other legislation	<u>2,356,965</u>	<u>2,356,965</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$28,684,179</b>	<b>\$27,248,755</b>	<b>\$1,435,424</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$28,684,179	\$27,248,755	\$1,435,424	0.0
Tobacco Master Settlement revenue adjustment	(2,491,790)	(2,491,790)	0	0.0
Aged Property Tax and Heating Credit revenue adjustment	(856,965)	(856,965)	0	0.0
Amendment 35 forecast adjustment	<u>(32,121)</u>	<u>0</u>	<u>(32,121)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$25,303,303</b>	<b>\$23,900,000</b>	<b>\$1,403,303</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$3,380,876)	(\$3,348,755)	(\$32,121)	0.0
Percentage Change	(11.8%)	(12.3%)	(2.2%)	0.0%
<b>FY 2015-16 Executive Request</b>				
Request Above/(Below) Recommendation	\$32,121	\$0	\$32,121	0.0

**LINE ITEM DETAIL**

**Cigarette Tax Rebate**

Pursuant to Section 39-22-623, C.R.S., this program distributes 27 percent of the gross state revenue from state cigarette tax to incorporated cities and towns that levy taxes and adopt formal budgets as well as to counties. These distributions are made in proportion to the state sales taxes collected in the jurisdiction to the total state sales taxes collected, 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.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

This appropriation is exempt from the limits on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (II.5), C.R.S. and is included in the Long Bill for informational purposes.

**Request:** The Department requests an appropriation of \$8,100,000.

**Recommendation:** Staff recommends an appropriation based on the March 2015 economic forecast that the JBC adopts as its revenue forecast. Based on the December 2014 OSPB economic forecast, the appropriation would be \$9,423,000. Based on Legislative Council Staff December 2014 economic forecast, the appropriation would be \$9,855,000. Staff requests permission to reflect, for this line, the estimate from the March 2014 forecast that the Committee elects to utilize.

<b>Taxation Business Group, Special Purpose, Cigarette Tax Rebate</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>			
H.B. 14-1336 (Long Bill)	<u>\$8,800,000</u>	<u>\$8,800,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,800,000</b>	<b>\$8,800,000</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>			
FY 2014-15 Appropriation	\$8,800,000	\$8,800,000	0.0
Revenue forecast adjustment	<u>(700,000)</u>	<u>(700,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,100,000</b>	<b>\$8,100,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$700,000)	(\$700,000)	0.0
Percentage Change	(8.0%)	(8.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$8,100,000</b>	<b>\$8,100,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	0.0

**Amendment 35 Distribution to Local Governments**

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

This appropriation is authorized by Section 21 of Article X of the Colorado Constitution and thus, is not subject to the limitation on state fiscal year spending imposed by Section 20 of Article X of the State Constitution. The appropriation is included in the Long Bill for informational purposes.

**Request:** The Department requests an appropriation of \$1,314,900 cash funds from the Tobacco Tax Cash Fund.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Recommendation:** Staff requests permission to reflect, for this line, the estimate from the March 2014 forecast that the Committee elects to utilize.

<b>Taxation Business Group, Special Purpose, Amendment 35 Distribution to Local Governments</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$1,314,900</u>	<u>\$0</u>	<u>\$1,314,900</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,314,900</b>	<b>\$0</b>	<b>\$1,314,900</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,314,900	\$0	\$1,314,900	0.0
Revenue forecast adjustment	<u>(32,121)</u>	<u>0</u>	<u>(32,121)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,282,779</b>		<b>\$1,282,779</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$32,121)	\$0	(\$32,121)	0.0
Percentage Change	(2.4%)	0.0%	(2.4%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,314,900</b>	<b>\$0</b>	<b>\$1,314,900</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$32,121		\$32,121	0.0

**Old Age Heat and Fuel and Property Tax Assistance Grant**

Pursuant to Sections 39-31-101 and 104, C.R.S., the Department distributes heat, fuel and property tax assistance grants to qualified low-income individuals age 65 and over or disabled. This appropriation is exempt from the limits on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (II.5), C.R.S. and is included in the Long Bill for informational purposes. Homeowners and renters who are senior citizens (65 years of age or older) or disabled and who meet the income eligibility limits for the program receive a rebate of up to \$600 for property taxes and a rebate of up to \$192 for heat or fuel expenses. Both the Governor’s Office of State Planning and Budgeting and Legislative Council often refer to this program as the “Aged Property Tax & Heating Credit.”

**Request:** The Department requests an appropriation of \$8,400,000 General Fund. The Department's request is based on the September 2014 Office of State Planning and Budgeting (OSPB) economic forecast. The request also includes annualization of prior year legislation for S.B 14-014 (Property Tax Rent Heat Fuel Grants for Low Income).

**Recommendation:** Staff recommends an appropriation based on the March 2014 economic forecast that the JBC adopts as its revenue forecast. Based on the December 2014 OSPB economic forecast, the appropriation would be \$8,400,000. Based on Legislative Council Staff December 2013 economic forecast, the appropriation would be \$7,400,000. Staff requests permission to reflect, for this line, the estimate from the March 2014 forecast that the Committee elects to utilize.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Taxation Business Group, Special Purpose, Old Age Heat and Fuel and Property Tax Assistance Grant</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>			
H.B. 14-1336 (Long Bill)	\$6,900,000	\$6,900,000	0.0
Other legislation	<u>2,356,965</u>	<u>2,356,965</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,256,965</b>	<b>\$9,256,965</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>			
FY 2014-15 Appropriation	\$9,256,965	\$9,256,965	0.0
Revenue forecast adjustment	<u>(856,965)</u>	<u>(856,965)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,400,000</b>	<b>\$8,400,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$856,965)	(\$856,965)	0.0
Percentage Change	(9.3%)	(9.3%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$8,400,000</b>	<b>\$8,400,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	0.0

**Commercial Vehicle Enterprise Sales Tax Refund**

Section 42-1-225, C.R.S., requires the Department of Revenue to issue sales tax refunds for entities that paid sales taxes on qualified purchases or lease of commercial vehicles used for interstate commerce. The sales tax refund comes from the Commercial Vehicle Enterprise Tax Fund. Moneys in the cash fund are derived from a portion of the fines on overweight vehicles and pursuant to Section 42-1-225 (1), C.R.S., moneys in the fund is continuously appropriated to the Department of Revenue.

**Request:** The Department requests an informational appropriation of \$120,524 cash funds from the Commercial Vehicle Enterprise Tax Fund.

**Recommendation:** Staff recommends reflecting the Department's request as an informational appropriation.

<b>Taxation Business Group, Special Purpose, Commercial Vehicle Enterprise Sales Tax Refund</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$120,524</u>	<u>\$0</u>	<u>\$120,524</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$120,524</b>	<b>\$0</b>	<b>\$120,524</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$120,524</u>	<u>\$0</u>	<u>\$120,524</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$120,524</b>	<b>\$0</b>	<b>\$120,524</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Taxation Business Group, Special Purpose, Commercial Vehicle Enterprise Sales Tax Refund</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$120,524</b>	<b>\$0</b>	<b>\$120,524</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0		\$0	0.0

**Retail Marijuana Sales Tax Distribution to Local Governments**

This line item was added during the FY 2013-14 supplemental process. Section 39-28.8-203 (1) (a) (V), C.R.S., requires that moneys apportioned to local governments (15.0 percent of the special sales tax) as a result of the Proposition AA 10.0 percent special sales tax on retail marijuana products be included for informational purposes in the general appropriation bill or in supplemental appropriation bills and is exempt from the limits on General Fund appropriations as set forth in Section 24-75-201.1 (1) (a) (II.5), C.R.S.

**Request:** The Department requests that \$7,400,000 be reflected in the Long Bill. The Department's request is based on the September 2014 Office of State Planning and Budgeting (OSPB) economic forecast.

**Recommendation:** Staff recommends an appropriation based on the March 2014 economic forecast that the JBC adopts as its revenue forecast. Based on the December 2014 OSPB economic forecast, the appropriation would be \$7,400,000. Based on Legislative Council Staff December 2014 economic forecast, the appropriation would be \$6,500,000. Staff requests permission to reflect, for this line, the estimate from the March 2014 forecast that the Committee elects to utilize.

<b>Taxation Business Group, Special Purpose, Retail Marijuana Sales Tax Distribution to Local Governments</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>			
H.B. 14-1336 (Long Bill)	<u>\$9,191,790</u>	<u>\$9,191,790</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,191,790</b>	<b>\$9,191,790</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>			
FY 2014-15 Appropriation	\$9,191,790	\$9,191,790	0.0
Revenue forecast adjustment	<u>(1,791,790)</u>	<u>(1,791,790)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,400,000</b>	<b>\$7,400,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$1,791,790)	(\$1,791,790)	0.0
Percentage Change	(19.5%)	(19.5%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$7,400,000</b>	<b>\$7,400,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	0.0

## **(4) Division of Motor Vehicles**

The Division of Motor Vehicles consists of Administration, Driver Services and Vehicle Services sections. These sections are responsible for the enforcement and administration of the laws governing driver licensing and vehicle registration.

### **Initiatives Affecting the Budget in FY 2014-15**

**Wait Less Project Roll-forward:** The recommendation includes rejecting the Department’s request to add a footnote to the Long Bill to provide authority for the funding approved to install Wait Less queuing and data management technology in most of the state-operated Division of Motor Vehicles offices.

#### **➔ Analysis: FY2014-15 Long Bill Add On: Wait Less Project Rolle Forward**

##### ***Background***

Last year, the Department requested and the Joint Budget Committee approved a budget request from the Department of Revenue for R2 Customer Service Enhancements. As part of this request, the Department received an appropriation \$1,492,103 General Fund to expand the “Wait Less” queuing and data management technology to a total of 43 new offices throughout the state. The appropriation was calculated with the assumption that each office would cost approximately \$34,700.

Currently 15 of the 36 state-operated driver’s license offices have the Wait Less system installed. At the time the original budget request was submitted, 13 locations had the it installed. The Wait Less system is an office management and appointment scheduling system that measures and manages the efficiency of driver’s license and motor vehicle services. The system collects data regarding wait times, transaction times, and provides online appointment booking. When the project is complete, the Department expects all but five state-run offices, which typically see little to no wait, to have the technology. The Department has stressed that this initiative is a high priority for its effort to reduce wait times in driver’s license offices and to improve customer service.

With the request funded in the FY 2014-15 budget, the Department issued a request for proposals (RPFs) to deploy the technology on October 24, 2014. The solicitation sought a contractor for hardware and installation of that hardware in FY 2014-15. The Department worked collaboratively with the Governor’s Office of Information Technology (OIT) to develop the RFP to ensure that all technology specifications and requirements were included. The Department received no bids.

After the RFP period closed, the Department received an unsolicited letter from one of the potential vendors explaining some of the reasons that vendor chose not to bid. The vendor described the reasons that included a lack of clarity concerning responsibility for existing queuing software, a desire to more clearly understand the OIT security requirements, and that the contract parameters were “unduly restrictive” for a project this size.

The Department investigated several options including entering into negotiations with OIT to explore whether it had the capacity to build the Wait Less system internally. At the same time, the Department began revising its proposal. After OIT determined it did not have the capacity to provide an in-house solution, the Department reissued its revised RFP on January 9, 2015 with proposals due February 9, 2015.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

The Department expects to have a vendor selected by the end of May 2015. The Department would like to extend the performance period through the end of calendar year 2015. Because it is unlikely the contractor will be able to complete the project in FY 2014-15, the Department seeks this amendment to the FY 2014-15 Long Bill.

Staff is concerned about the track this project is on. The original budget request that was approved appropriated \$1,492,103 General Fund for the Wait Less Technology in 43 offices including state and county-run ones. The request amount was based on an estimate that each office would require \$34,700 to outfit with the systems. This request rolls-forward the same appropriation value into FY 2015-16, even though the Department is now stating this appropriation will only fund the Wait Less technology in 31 of 36 state-run offices.

Despite acknowledging the difference between the original request and this one, the Department states it respectfully requests roll-forward authority for the entire original appropriation. It says its estimates were calculated on the basis of the project costing \$34,700 per office but now it does not know final pricing because procurement for a vendor is still in process. The Department explains that its cost estimate was based on the how much it cost to roll out the first phase of Wait Less, to the thirteen original offices. The Department responded to questions about the calculation and discrepancies between the FY 2014-15 request and this add-on and explains how it arrived at 43 offices and states the need is now reduced because some county-run offices installed their own queuing systems and other offices do not have a workload that requires it. While this explains why they no long need the technology in 43 more offices, it does not explain why they are requesting the full appropriation to rolled-forward. **While staff believes that installing the Wait Less queuing technology is an important goal for the Department to accomplish, staff recommends rejecting the request to provide roll-forward authority via footnote in a Long Bill add on for FY 2014-15.**

### DIVISION REQUEST AND RECOMMENDATION SUMMARY

<b>Division of Motor Vehicles (current structure)</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$44,130,802	\$11,121,984	\$32,754,558	\$254,260	479.6
S.B. 15-161 (Supplemental Bill)	0	0	0	0	0.0
Other legislation	<u>274,126</u>	<u>326,355</u>	<u>(52,229)</u>	<u>0</u>	<u>2.7</u>
<b>TOTAL</b>	<b>\$44,404,928</b>	<b>\$11,448,339</b>	<b>\$32,702,329</b>	<b>\$254,260</b>	<b>482.3</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$44,404,928	\$11,448,339	\$32,702,329	\$254,260	482.3
BA3 Senate Bill 13-251 funding	659,335	0	659,335	0	13.6
Indirect cost adjustment	353,675	151,789	201,886	0	0.0
R2 Colorado Autotest System maintenance and support	179,010	179,010	0	0	0.0
R1 DMV funding deficit	0	4,199,062	(4,199,062)	0	0.0
R3 DMV Long Bill technical adjustments	0	0	0	0	0.0
Annualize prior year budget actions	(3,291,837)	(7,554,686)	4,343,085	(80,236)	0.3

<b>Division of Motor Vehicles (current structure)</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
Annualize prior year legislation	(590,355)	(135,348)	(455,007)	0	0.3
<b>TOTAL</b>	<b>\$41,714,756</b>	<b>\$8,288,166</b>	<b>\$33,252,566</b>	<b>\$174,024</b>	<b>496.5</b>
<b>Increase/(Decrease)</b>	(\$2,690,172)	(\$3,160,173)	\$550,237	(\$80,236)	14.2
Percentage Change	(6.1%)	(27.6%)	1.7%	(31.6%)	2.9%
<b>FY 2015-16 Executive Request:</b>	<b>\$42,339,517</b>	<b>\$8,288,166</b>	<b>\$33,877,327</b>	<b>\$174,024</b>	<b>511.5</b>
Request Above/(Below) Recommendation	\$624,761	\$0	\$624,761	\$0	15.0

### **Initiatives Affecting Multiple Line Items within this Division**

**R2 Colorado Autotest System (CATS) Maintenance and Support:** The recommendation includes an increase of \$179,010 General Fund to provide ongoing maintenance and support to the Colorado Autotest System deployed to state- and county-run Division of Motor Vehicle offices. The tablet-based test take the place of the paper-based knowledge tests previously administered to driver’s license and commercial driver’s license applicants.

**➔ Analysis: R2 CATS Maintenance and Support**

***Background***

The Division operated a computer testing system for its CDL applicants between FY 2003-04 and FY 2013-14. The systems were originally purchased using one time grant funds from the Federal Motor Carrier Safety Administration (FMCSA) but, ultimately, the systems fell into disrepair due to the lack of funding to provide maintenance. The last of these systems were retired in FY2013-14 when only 3.6 percent of CDL knowledge tests were administered on the systems. Noticing that the CDL automated systems were falling into disrepair the Division secured funding to return to an automated testing environment.

In 2009, the Division received a grant of approximately \$1.0 million from the FMCSA through the Commercial Driver License Program Improvement Program to purchase and install 94 testing machine. The Division requested and was given permission to expand automated testing to include driver licenses, motorcycle licenses, and permits provided that CDL test applicants receive priority. The Division further leveraged federal funding to purchase and install 68 more machines by obtaining a modification of a grant award from the Department of Homeland Security Grant Program, which totaled approximately \$550,000. Many of the testing systems are fully deployed with the Division finalizing deployment of the machines by the end of FY 2014-15. At that time, the Division will have 162 testing systems in 43 of the 57 drivers licensing offices by the end of FY 2014-15.

The automated testing environment is being pursued because new regulations concerning issuance of Commercial Driver’s Licenses (CDL) become effective in the next fiscal year. On July 8, 2011, the FMCSA published a number of new and amended rules which included setting certain requirements for CDL issuance. The relevant part of the amended regulations are found in Section 49 C.F.R. 383.133 and sets minimum standards for the knowledge and skills tests applicants are required to pass to receive their CDL.

To summarize the requirements included in the federal regulation, states were directed to implement CDL testing requirements by July 8, 2015. The regulations require states to use the pre-approved pool of test questions and the knowledge tests given to applicants must meet four specifications: (1) the difficulty level of questions must fall within a set range; (2) 25.0 percent of questions on a test must be new questions that were not contained in the previous version of the test; (3) questions from previous tests must be located in different locations and answers reordered; and (4) each test must contain a set number of questions from each knowledge area. The regulations do not require knowledge tests to be administered on a computer but the rules lead staff to believe they are written to encourage automated testing systems. States are specifically allowed to administer the tests in written, verbal, or in automated formats.

During a program review in November 2013, the FMSCA found numerous weaknesses with Colorado's approach to knowledge testing. Colorado was not given written findings because FMSCA had already approved grant funds for replacing the paper testing system with Colorado Autotest System (CATS).

The FMSCA found many issues that could easily lead to fraud in knowledge-based testing. Although it is important to virtually eliminate fraud in all testing, the FMSCA is particularly concerned with CDL testing fraud. The issues identified in the paper-based testing system were:

- *Only three versions of the paper test existed.* The Division created these tests from the original automated testing system. No other printed versions of the test were available.
- *No visual oversight at the testing stations.* Applicants were handed a paper test and sent to a large counter area with small partitions to take the knowledge test.
- *No tracking of which test versions were given to which applicants.* There were no controls to prevent an applicant who failed the knowledge test from getting the same test again when requesting the retake.
- *Manual scoring of tests.* Scoring and input of applicant's score were manual, leading to options for entry errors and/or intentional fraud on the part of the Driver's License Technician

The Division does not collect or maintain a database of statistics on knowledge testing fraud for Commercial Driver's Licenses (CDL) or regular driver's licenses, however, it did provide the following information.

In 2003, the Federal Bureau of Investigation and U.S. Department of Transportation Office of Inspector General conducted an investigation involving fraudulent testing for CDL's in Colorado. The investigation spanned the years 2001-2004. During this time the DMV administered an estimated 215,000 CDL knowledge tests. Approximately 1,500 individuals (less than one percent) were investigated and found to have engaged in fraudulent testing practices during the knowledge skills test. These individuals' licenses were cancelled and each applicant was given the option to retake the written test.

In 2008 the Division conducted an internal audit that tested the validity of the 257,369 CDLs issued from 2002-2007. The DMV discovered approximately 300 licenses, or 0.12%, were issued to applicants who used false Social Security Numbers (SSN). The DMV promptly cancelled the fraudulent CDL's and notified the license holder. As an aside, the DMV now verifies SSNs before issuing licenses.

The Motor Vehicle Investigations Unit (MVIU) is instrumental in preventing, identifying, and investigating fraudulent testing activities, and other types of fraud. Since 2010, MVIU has investigated 10 CDL fraud cases. Three of the cases involved the knowledge test. The individuals were charged with and found guilty of forgery. In each case the applicant had another person take the knowledge test in the applicant's place.

Staff believes it would be unlikely fraud in the paper-based tests would be easily investigated. Because the paper-based knowledge tests only had three versions, applicants had a one in three chance of having the same test twice in a row. Moving to a computer-based system ensures randomly generated tests actually test applicant’s knowledge.

Ultimately the federal funding streams allow for the procurement of the CATS devices and infrastructure, however, those streams do not include any funding for maintenance and support to ensure the systems continue to operate in the future as well as they will today. Therefore, the Department is requesting \$179,010 General Fund in FY 2015-16 which will annualize into the base request in future years. The General Fund appropriation will provide ongoing hardware and software maintenance, licenses, remote hosting services, and an escrow account for required maintenance beginning January 2016. The table below shows the detail of costs that build to the requested figure.

<b>CATS Maintenance Request FY 2015-16</b>			
	<b>Units</b>	<b>Per Unit Cost</b>	<b>Total</b>
Office Site License	47	\$400	\$18,800
Test Station License	162	\$400	\$64,800
Test Station Maintenance	162	\$450	\$72,900
Remote Hosting Services	1	\$20,612	\$20,612
Escrow Annual Maintenance Fee	1	\$1,898	\$1,898
<b>Total General Fund Request</b>			<b>\$179,010</b>

The Department involved OIT in the CATS project beginning with the initial concept through the final implementation. Although CATS is a vendor-hosted solution, OIT will remain involved as necessary. Both the Department and OIT have had Project Managers assigned to CATS throughout all stages of procurement, facilities coordination (wiring, cabling, network requirements, etc.), security, and installation. The OIT Project Manager is a member of the project team and has joint responsibility with the DOR Project Manager to keep the project on time, identify issues, and escalate them when necessary.

Staff believes ongoing maintenance and support is the most cost effective method the state can employ to comply with the CDL knowledge test requirements; the added benefit of utilizing the system for the majority of all licensing knowledge tests reinforces the need to provide maintenance. Therefore, **staff recommends the Committee approve the Department request to increase the General Fund appropriation by \$179,010 in FY 2015-16.**

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**R1 DMV Funding Deficit:** The recommendation includes an increase of \$4.2 million General Fund with a corresponding reduction of \$4.2 million from the Licensing Services Cash Fund to address the difference between the revenue collected from fees and the appropriation needed to maintain operations and continue decreasing the wait time at DMV offices.

**➔ Analysis: R1 DMV Funding Deficit**

**Background**

The purpose of the Licensing Services Cash Fund (LSCF), created in Section 42-2-114.5, C.R.S., is to pay the direct and indirect expenses incurred by the Division of Motor Vehicles. It receives the fee revenue from a number of fees charged by the Division. Many of the fees that are credited to the LSCF are distributed to multiple accounts and cash funds; for example, the driver's license fee recently rose from \$15.00 to \$20.40 of which \$15.00 is credited to the Highway Users Tax Fund (HUTF) and \$5.40 credited to the LSCF. Originally, all revenue remained in the LSCF at the end of the fiscal year and did not revert to the General Fund or any other fund.

Established by S.B. 07-241, the LSCF has been modified a number of times since its creation. During the 2009 legislative session, two bills passed that impacted the LSCF. Senate Bill 09-274 mandated that the entire \$20.40 fee relating to driver's licenses be credited to the LSCF in FY 2009-10 to support driver license services, and S.B. 09-279 required approximately \$2.6 million be transferred out of the LSCF to the General Fund in FY 09-10. House Bill 10-1387 extended the diversion of fees from the HUTF, established in S.B. 09-279 for fees, from driver's license examinations and from driver's licenses, commercial driver's licenses, learner's permits, minor driver's licenses, and identification cards issued by the department. It also mandated that the LSCF balance in excess of 16.5 percent of the total appropriation be swept into the HUTF.

This funding request continues the Department's efforts to modernize the operations and financing of the Division. The modernization effort began with approval of four of the Department's budget requests during the FY 2014-15 budget cycle. R1 DMV Funding Deficit provided a one-time General Fund Appropriation of \$6.2 million to address the structural deficit and help build a reserve balance in the LSCF. R2 DMV Customer Services Enhancements expanded staffing by 52.0 FTE and *Wait Less* technology at driver's license officers to improve customer service and reduce wait times. R3 DMV-Driver License Examination Reclassification reclassified 226 Examiner positions to the Technician class to minimize turnover and enhance recruitment. The requests were approved and included in the FY 2014-15 Long Bill (H.B. 14-1336) and statutory changes required were made through the JBC sponsored bill, S.B. 14-194.

Senate Bill 14-194 authorized the DMV to increase fees for certain services and to set fees for services for which no fee was previously charged beginning July 1, 2015. The fee increases are capped at a maximum 20.0 percent in FY 2015-16 and 5.0 percent in subsequent years. Funding for the requests and the changes to statute made in S.B. 14-194 provided an ongoing financing plan, eliminated fund balance transfers, and realigned the Long Bill structure with Division operations. While the legislative actions taken during the 2014 legislative session provided the Division with a comprehensive financing plan the Department projects that even if the Department raises fees maximum amount authorized in FY 2015-16 it will still have a gap between the LSCF appropriations needed to support its operations and anticipated revenues.

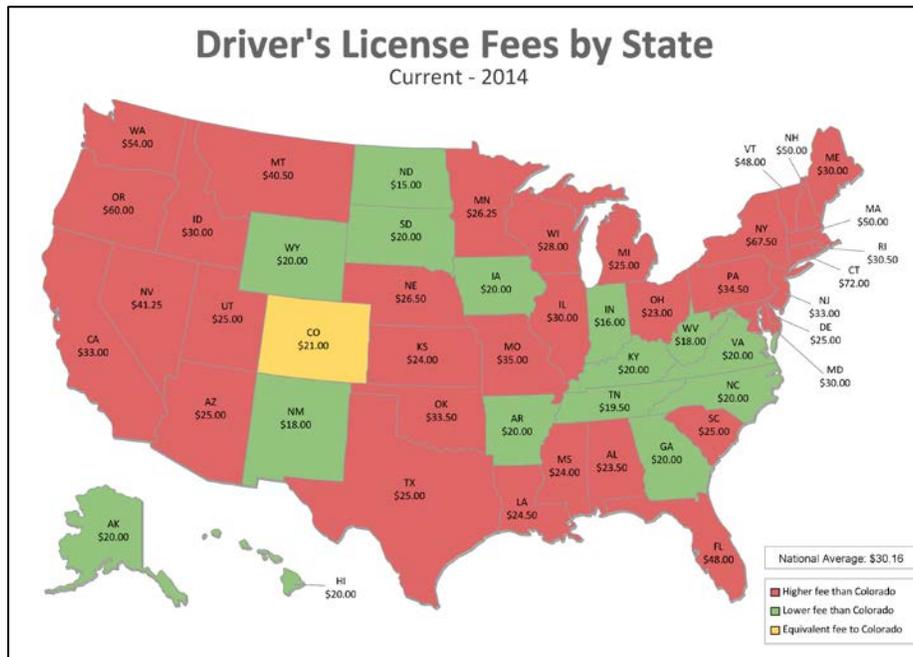
The Department recently modified the revenue model used to project LSCF revenues to include additional data that was not previously available. By including document expiration data, seasonal, and current revenue trends the Department contends the new model more accurately describes the LSCF in its current state. The model is projecting a gap in funding for FY 2015-16 of \$4.2 million. Below are the calculations made by the Department in its request:

*JBC Staff Figure Setting – FY 2015-16  
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<b>LSCF Cash Fund Projection</b>			
		<b>FY 2015-16</b>	<b>FY 2016-17</b>
(A)	Beginning Cash Fund Balance	\$2,882,638	\$4,550,341
(B)	Projected Fee Revenue without Fee Increase	25,272,797	24,670,940
(C)	Revenue expected if fees increased by maximum allowed	<u>3,972,728</u>	<u>3,857,188</u>
(D)	Projected Revenue Total (B + C = D)	29,245,525	28,528,128
(E)	Appropriation needed to fund DMV	31,776,884	32,225,937
(F)	General Fund Request for funding gap (E - D = F)	2,531,359	3,697,810
(G)	General Fund Request for target cash fund reserve	<u>1,667,703</u>	<u>134,592</u>
(H)	Required LSCF Appropriation (E - F - G = H)	27,577,822	28,393,535
(I)	<b>Total General Fund Request (F + G = H)</b>	<b>4,199,062</b>	<b>3,832,402</b>
(J)	Year End 16.5 fund reserve balance (A+ D - H = J)	\$4,550,341	\$4,684,933

As the above table demonstrates, the Department projects there will continue to be a funding gap in FY 2016-17 and beyond. The Department expects to make similar requests in future years due to the limitations on fee setting.

The Division may increase licensing fees, while continuing to ensure it is a reasonable one, because regular driver’s license fees range from \$15.00 in North Dakota to \$67.50 in New York and the national average is \$30.16. The Division will increase regular driver’s license fees to \$25 in FY 2015-16. Regular licensing fees by state are provided in the map below:



The Department anticipates that if it were to increase fees by the maximum allowed in subsequent years, a funding deficit will still be encountered. At the time S.B 14-194 was drafted, the goal was never to reduce the General Fund appropriation to zero for the Division of Motor Vehicles.

The Department faced a similar situation in FY 2013-14 and had to take several actions which impacted its ability to meet customer expectations. Funding for this request will ensure that the Department does not need to make similar changes to its operation during FY 2015-16. In order to avoid insolvency in the LSCF the Division: (1) held vacant positions open in the Driver's License and Driver Control business units ending the year with 16.1 percent vacancy; (2) delayed replacement of equipment (e.g. vision testing machines); (3) deferred all maintenance projects except those involving health and safety at driver license offices; (4) curtailed all travel including regular visits to regional driver license offices; (5) deferred office reconfigurations; and (6) deferred discretionary operating spending.

The Department explains that without funding this request the Division will need to reduce its expenditures by \$2.5 million and will have to employ some or all of the actions it utilized during FY 2013-14. The most obvious action it will be forced to take is to refrain from filling 54.0 FTE Technician positions. These Driver's License Technician positions represent 7.3 percent vacancy for the Driver Services, Personal Services line item. The reduction in expenditures will increase customer wait times and reduce the quality of service the Division is able to provide. This poor customer experience results in dissatisfaction and inconvenience for customers of one of the agencies that interacts with the public frequently.

Not funding this request would cause major setbacks to the customer service initiatives that were funded in the FY 2014-15 budget. Specifically, this reduction would: (1) cause significant delays in the optimization of the newly installed automated knowledge testing system (CATS); (2) delay replacement of equipment such as optical testing machines; (3) defer all but health and safety maintenance projects at driver license offices; (4) curtail all travel including regular visits to regional driver license offices; (5) defer discretionary operating spending; and, (6) dramatically increase customer wait times, inconvenience, and dissatisfaction resulting in a poor customer experience contrary to both the Department's and the DMV's strategic goals.

Senate Bill 14-194 did not envision a Division that was entirely cash funded by the fees it charges. The Division provides a service that enhances what many agree is a fundamental function of government, public safety. **Staff recommends the Committee approve a one-time appropriation of \$4,199,062 General Fund, with a corresponding reduction in the appropriation from the LSCF in FY 2015-16.** The request includes continuation of a General Fund appropriation in FY 2016-17 of \$3,832,402. Because the Division will be increasing its fees in FY 2015-16, **staff recommends not approving continuation General Fund at this time.**

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**R3 DMV Long Bill Technical Adjustment:** The recommendation includes technical adjustments to the Division of Motor Vehicles (DMV) to correct appropriations made to the Division prior to the Long Bill reorganization approved in the FY 2014-15 request R5 DMV Appropriation Restructure. These changes result in no total change in appropriation to the Department.



**Analysis: R3 DMV Long Bill Technical Adjustment**

The Department has identified two situations where personal services and operating costs in the Long Bill do not align with current operating structure of the Division of Motor Vehicles (Division or DMV). Although the Department is not impacted operationally by the misalignment of funds and FTE, the requested adjustments improve accountability and transparency by accurately reflecting DMV expenditures in the appropriate line items. These technical adjustments impact several Long Bill line items, but do not impact overall dollar appropriations.

The first situation occurred in the regular budget setting process during the 2014 legislative session. The Department of Corrections (DOC) requested and received funding to enhance overall parole operations through a budget amendment, which reappropriated funding to the DMV. As approved, the JBC appropriated \$50,542 and 0.9 FTE in FY 2014-15 for a Compliance Investigator for one component of the request. This appropriation annualized to \$54,735 and 1.0 FTE in FY 2015-16. The budget amendment correctly appropriated funding to the DMV’s Driver and Vehicle Services, Personal Services and Operating lines. However, the Department was simultaneously reorganizing the Long Bill structure and the new resources were not properly appropriated to the Administration group.

The second situation is the result of a special bill that was passed in the 2013 legislative session. House Bill 13-1240 appropriated cash funding from the First Time Drunk Driving Offender subaccount of the Highway Users Tax Fund to implement changes to penalties for driving while impaired. For the driver’s license personnel addressed in this budget request, the bill appropriated \$100,120 and 1.0 FTE in FY 2013-14. This appropriation annualized to \$76,775 and 1.9 FTE in FY 2014-15 and \$67,274 and 1.9 FTE in FY 2015-16. This funding was appropriated to the Driver and Vehicles Services, Personal and Operating line items but it is more correctly appropriated to the Ignition Interlock line.

Staff agrees that the two situations above are best addressed through the requested technical adjustment. **Staff recommends the Committee approve the Department request.**

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**(A) Administration**

The Administration subgroup includes the Senior Director, Deputy Director, administrative support staff, division financial staff, and the Investigations Unit. The Administration subgroup supports the administrative and financial management of all DMV operations. The Investigations Unit, which was funded under the (B) Driver and Vehicle Services subgroup under the previous budget structure, is responsible for conducting investigations on both driver and vehicle records. This unit is accountable for preserving and protecting the integrity of motor vehicle records by investigating and preventing fraud, ensuring statutory compliance, and providing victim advocacy. The unit is also responsible for all Exception Processing for Colorado residents who cannot meet the established requirements for driver licenses or identification cards.

<b>Administration</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$1,533,314	\$31,431	\$1,501,883	\$0	16.9
S.B. 15-161 (Supplemental Bill)	<u>50,452</u>	<u>0</u>	<u>0</u>	<u>50,452</u>	<u>0.9</u>
<b>TOTAL</b>	<b>\$1,583,766</b>	<b>\$31,431</b>	<b>\$1,501,883</b>	<b>\$50,452</b>	<b>17.8</b>

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Administration</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$1,583,766	\$31,431	\$1,501,883	\$50,452	17.8
R3 DMV Long Bill technical adjustments	54,735	0	0	54,735	1.0
Annualize prior year legislation	53,165	53,165	0	0	1.0
Indirect cost adjustment	0	151,789	(151,789)	0	0.0
Annualize prior year budget actions	<u>(32,756)</u>	<u>5,449</u>	<u>12,247</u>	<u>(50,452)</u>	<u>(0.9)</u>
<b>TOTAL</b>	<b>\$1,658,910</b>	<b>\$241,834</b>	<b>\$1,362,341</b>	<b>\$54,735</b>	<b>18.9</b>
<b>Increase/(Decrease)</b>	\$75,144	\$210,403	(\$139,542)	\$4,283	1.1
Percentage Change	4.7%	669.4%	(9.3%)	8.5%	6.2%
<b>FY 2015-16 Executive Request</b>	<b>\$1,658,910</b>	<b>\$241,834</b>	<b>\$1,362,341</b>	<b>\$54,735</b>	<b>18.9</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	(0.0)

## LINE ITEM DETAIL

### Personal Services

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

**Request:** The Department requests an appropriation of \$1,573,666 total funds, including \$229,494 General Fund, and 18.9 FTE. The request includes adjustments discussed above in Initiatives Affecting Multiple Line Items within this Division section for R3 DMV Long Bill technical adjustments. The request also includes a net increase for annualization of prior year legislation (S.B. 14-194).

**Recommendation:** Staff recommends approval of the Department's request.

<b>Division of Motor Vehicles, Administration, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$1,453,280	\$29,761	\$1,423,519	\$0	16.9
S.B. 15-161 (Supplemental Bill)	<u>47,062</u>	<u>0</u>	<u>0</u>	<u>47,062</u>	<u>0.9</u>
<b>TOTAL</b>	<b>\$1,500,342</b>	<b>\$29,761</b>	<b>\$1,423,519</b>	<b>\$47,062</b>	<b>17.8</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$1,500,342	\$29,761	\$1,423,519	\$47,062	17.8
Annualize prior year legislation	51,345	51,345	0	0	1.0
R3 DMV Long Bill technical adjustments	51,345	0	0	51,345	1.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Motor Vehicles, Administration, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
Indirect cost adjustment	0	142,939	(142,939)	0	0.0
Annualize prior year budget actions	<u>(29,366)</u>	<u>5,449</u>	<u>12,247</u>	<u>(47,062)</u>	<u>(0.9)</u>
<b>TOTAL</b>	<b>\$1,573,666</b>	<b>\$229,494</b>	<b>\$1,292,827</b>	<b>\$51,345</b>	<b>18.9</b>
<b>Increase/(Decrease)</b>	\$73,324	\$199,733	(\$130,692)	\$4,283	1.1
Percentage Change	4.9%	671.1%	(9.2%)	9.1%	6.2%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,573,666</b>	<b>\$229,494</b>	<b>\$1,292,827</b>	<b>\$51,345</b>	<b>18.9</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	(0.0)

**Operating Expenses**

This line item funds telecommunications, general office supplies, and printing costs.

**Request:** The Department requests an appropriation of \$85,244 total funds. The request also includes a net increase for annualization of prior year legislation (S.B. 14-194).

**Recommendation:** Staff recommends approval of the Department's request.

<b>Division of Motor Vehicles, Administration, Operating Expenses</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$80,034	\$1,670	\$78,364	\$0	0.0
S.B. 15-161 (Supplemental Bill)	<u>3,390</u>	<u>0</u>	<u>0</u>	<u>3,390</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$83,424</b>	<b>\$1,670</b>	<b>\$78,364</b>	<b>\$3,390</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$83,424	\$1,670	\$78,364	\$3,390	0.0
R3 DMV Long Bill technical adjustments	3,390	0	0	3,390	0.0
Annualize prior year legislation	1,820	1,820	0	0	0.0
Indirect cost adjustment	0	8,850	(8,850)	0	0.0
Annualize prior year budget actions	<u>(3,390)</u>	<u>0</u>	<u>0</u>	<u>(3,390)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$85,244</b>	<b>\$12,340</b>	<b>\$69,514</b>	<b>\$3,390</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$1,820	\$10,670	(\$8,850)	\$0	0.0
Percentage Change	2.2%	638.9%	(11.3%)	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$85,244</b>	<b>\$12,340</b>	<b>\$69,514</b>	<b>\$3,390</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**(B) Driver Services**

The *Driver Services subgroup* includes three programs: Driver License (including the Commercial Driver License Program (CDL), Driver Control, and Ignition Interlock.

The *Driver License Program* is responsible for issuing driver licenses, instruction permits, identification cards, and commercial driver licenses to the citizens of Colorado. Additionally, this section also issues copies of driving records, oversees the curriculum and training of commercial driving schools, and licenses and oversees third-party testers who administer driving and motorcycle skill tests.

The *Driver Control Program* is responsible for collecting, maintaining, analyzing, and producing all driver records for the state. It receives and processes penalty assessment citations and processes fine payments and administers driver license sanctions by imposing license suspensions and revocations in accordance with the law. The Driver Control Program also supports law enforcement with a 24/7 communications center that provides information on drivers and vehicles and supports prosecutors and courts with the production of evidence packets. This section also monitors drive log data on interlock restricted drivers and imposes restraints.

The *Ignition Interlock Program* oversees the leasing and data reporting functions of various contractors who install and monitor blood alcohol ignition interlock devices in the vehicles of drivers required to have such devices under the state's drunken driving laws. The program provides financial support for indigent drivers required to have the devices by making subsidy payments to contractors that reduce the drivers' costs.

<b>Driver Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$32,095,927	\$10,636,227	\$21,205,440	\$254,260	397.5
Other legislation	173,693	246,838	(73,145)	0	2.7
S.B. 15-161 (Supplemental Bill)	<u>(50,452)</u>	<u>0</u>	<u>0</u>	<u>(50,452)</u>	<u>(0.9)</u>
<b>TOTAL</b>	<b>\$32,219,168</b>	<b>\$10,883,065</b>	<b>\$21,132,295</b>	<b>\$203,808</b>	<b>399.3</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$32,219,168	\$10,883,065	\$21,132,295	\$203,808	399.3
BA3 Senate Bill 13-251 funding	659,335	0	659,335	0	13.6
Indirect cost adjustment	620,657	0	620,657	0	0.0
R2 Colorado Autotest System maintenance and support	179,010	179,010	0	0	0.0
R1 DMV funding deficit	0	4,199,062	(4,199,062)	0	0.0
Annualize prior year budget actions	(3,337,600)	(7,560,135)	4,252,319	(29,784)	1.2
Annualize prior year legislation	(611,928)	(134,651)	(477,277)	0	(0.7)
R3 DMV Long Bill technical adjustments	<u>(54,735)</u>	<u>0</u>	<u>0</u>	<u>(54,735)</u>	<u>(1.0)</u>
<b>TOTAL</b>	<b>\$29,673,907</b>	<b>\$7,566,351</b>	<b>\$21,988,267</b>	<b>\$119,289</b>	<b>412.4</b>
<b>Increase/(Decrease)</b>	(\$2,545,261)	(\$3,316,714)	\$855,972	(\$84,519)	13.1
Percentage Change	(7.9%)	(30.5%)	4.1%	(41.5%)	3.3%

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Driver Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2015-16 Executive Request</b>	<b>\$30,298,668</b>	<b>\$7,566,351</b>	<b>\$22,613,028</b>	<b>\$119,289</b>	<b>427.4</b>
Request Above/(Below) Recommendation	\$624,761	\$0	\$624,761	\$0	15.0

## LINE ITEM DETAIL

### Personal Services

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year and common policy base reductions. The cash funds are primarily from the Licensing Services Cash Fund, the following accounts of the Highway Users Tax Fund: the Colorado State Titling and Registration Account, Driver's License Administrative Revocation Account, and the First-time Drunk Driving Offender Account, and several funds that provide minimal funding.

**Request:** The Department requests an appropriation of \$20,074,528 total funds and 420.5 FTE. The request includes adjustments for annualization of prior year legislation (S.B. 13-251, S.B. 14-194, and H.B. 14-1066) and three requests in the current year, each of which is discussed above.

**Recommendation:** Staff recommends \$19,534,562 total funds and 405.5 FTE. The recommendation includes staff recommendations on R1 DMV Funding Deficit, BA3 Senate Bill 13-251 funding, and R3 DMV Long Bill technical adjustments.

<b>Division of Motor Vehicles, Driver Services, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$21,190,090	\$8,831,260	\$12,211,752	\$147,078	392.5
Other legislation	155,964	204,589	(48,625)	0	2.7
S.B. 15-161 (Supplemental Bill)	<u>(112,531)</u>	<u>0</u>	<u>(65,469)</u>	<u>(47,062)</u>	<u>(2.8)</u>
<b>TOTAL</b>	<b>\$21,233,523</b>	<b>\$9,035,849</b>	<b>\$12,097,658</b>	<b>\$100,016</b>	<b>392.4</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$21,233,523	\$9,035,849	\$12,097,658	\$100,016	392.4
BA3 Senate Bill 13-251 funding	489,569	0	489,569	0	13.6
R1 DMV funding deficit	0	4,199,062	(4,199,062)	0	0.0
Annualize prior year budget actions	(1,611,341)	(5,982,114)	4,310,325	60,448	3.1
Annualize prior year legislation	(460,375)	(104,550)	(355,825)	0	(0.7)
R3 DMV Long Bill technical adjustments	<u>(116,814)</u>	<u>0</u>	<u>(65,469)</u>	<u>(51,345)</u>	<u>(2.9)</u>
<b>TOTAL</b>	<b>\$19,534,562</b>	<b>\$7,148,247</b>	<b>\$12,277,196</b>	<b>\$109,119</b>	<b>405.5</b>
<b>Increase/(Decrease)</b>	(\$1,698,961)	(\$1,887,602)	\$179,538	\$9,103	13.1

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Motor Vehicles, Driver Services, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
Percentage Change	(8.0%)	(20.9%)	1.5%	9.1%	3.3%
<b>FY 2015-16 Executive Request:</b>	<b>\$20,074,528</b>	<b>\$7,148,247</b>	<b>\$12,817,162</b>	<b>\$109,119</b>	<b>420.5</b>
Request Above/(Below) Recommendation	\$539,966	\$0	\$539,966	\$0	15.0

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests an appropriation of \$2,181,481 total funds.

**Recommendation:** Staff recommends \$2,096,686 total funds. The recommendation includes staff recommendations on R1 DMV Funding Deficit, BA3 Senate Bill 13-251 funding, and R3 DMV Long Bill technical adjustments.

<b>Division of Motor Vehicles, Driver Services, Operating Expenses</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$3,456,533	\$1,804,967	\$1,544,384	\$107,182	0.0
Other legislation	17,729	42,249	(24,520)	0	0.0
S.B. 15-161 (Supplemental Bill)	<u>(14,696)</u>	<u>0</u>	<u>(11,306)</u>	<u>(3,390)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,459,566</b>	<b>\$1,847,216</b>	<b>\$1,508,558</b>	<b>\$103,792</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$3,459,566	\$1,847,216	\$1,508,558	\$103,792	0.0
R2 Colorado Autotest System maintenance and support	179,010	179,010	0	0	0.0
BA3 Senate Bill 13-251 funding	169,766	0	169,766	0	0.0
R3 DMV Long Bill technical adjustments	(5,195)	0	(1,805)	(3,390)	0.0
Annualize prior year budget actions	(1,656,947)	(1,578,021)	11,306	(90,232)	0.0
Annualize prior year legislation	<u>(49,514)</u>	<u>(30,101)</u>	<u>(19,413)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,096,686</b>	<b>\$418,104</b>	<b>\$1,668,412</b>	<b>\$10,170</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$1,362,880)	(\$1,429,112)	\$159,854	(\$93,622)	0.0
Percentage Change	(39.4%)	(77.4%)	10.6%	(90.2%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,181,481</b>	<b>\$418,104</b>	<b>\$1,753,207</b>	<b>\$10,170</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$84,795	\$0	\$84,795	\$0	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Driver's License Documents**

This line item funds all material costs associated with the production of driver's licenses, instructional permits, and identification cards including related security features. The physical driver's license is produced by a third party vendor under contract to the Department, who also mails the document to the customer. The line also provides funding for verification of Social Security information, and verification of an applicant's legal immigration/visa status. In addition to receiving funding from the Licensing Services Cash Fund, this line receives funding for security purposes from the Identification Security Fund.

**Request:** The Department requests a continuation appropriation of \$4,365,339 cash funds.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Division of Motor Vehicles, Driver Services, Drivers License Documents</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$4,467,378	\$0	\$4,467,378	0.0
<b>TOTAL</b>	<b>\$4,467,378</b>	<b>\$0</b>	<b>\$4,467,378</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$4,467,378	\$0	\$4,467,378	0.0
Annualize prior year legislation	(102,039)	0	(102,039)	0.0
<b>TOTAL</b>	<b>\$4,365,339</b>	<b>\$0</b>	<b>\$4,365,339</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$102,039)	\$0	(\$102,039)	0.0
Percentage Change	(2.3%)	0.0%	(2.3%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$4,365,339</b>	<b>\$0</b>	<b>\$4,365,339</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Ignition Interlock Program**

House Bill 08-1194 requires first time drunk driving offenders to obtain an ignition interlock for their vehicle in order to reinstate their licenses. It increased the driver's license reinstatement fee by \$35 and credited that increase to the newly created "First Time Drunk Driver Offender account". The moneys in the account were to be used to assist those who cannot afford an ignition interlock system to purchase them so they can continue to drive for employment related purposes. The fund also supports high-visibility drunk-driving enforcement actions administered by the Department of Transportation.

**Request:** The Department requests \$1,226,667 and 6.9 FTE.

**Recommendation:** Staff recommends approval of the Department's request.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Motor Vehicles (current structure), Driver Services, Ignition Interlock Program</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$1,151,930	\$0	\$1,151,930	\$0	5.0
S.B. 15-161 (Supplemental Bill)	<u>76,775</u>	<u>0</u>	<u>76,775</u>	<u>0</u>	<u>1.9</u>
<b>TOTAL</b>	<b>\$1,228,705</b>	<b>\$0</b>	<b>\$1,228,705</b>	<b>\$0</b>	<b>6.9</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$1,228,705	\$0	\$1,228,705	\$0	6.9
R3 DMV Long Bill technical adjustments	67,274	0	67,274	0	1.9
Annualize prior year budget actions	<u>(69,312)</u>	<u>0</u>	<u>(69,312)</u>	<u>0</u>	<u>(1.9)</u>
<b>TOTAL</b>	<b>\$1,226,667</b>	<b>\$0</b>	<b>\$1,226,667</b>	<b>\$0</b>	<b>6.9</b>
<b>Increase/(Decrease)</b>	(\$2,038)	\$0	(\$2,038)	\$0	0.0
Percentage Change	(0.2%)	0.0%	(0.2%)	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,226,667</b>	<b>\$0</b>	<b>\$1,226,667</b>	<b>\$0</b>	<b>6.9</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset additional General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's Office.

**Request:** The Department requests \$2,450,653 cash funds.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>Division of Motor Vehicles, Driver Services, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$1,829,996</u>	<u>\$0</u>	<u>\$1,829,996</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,829,996</b>	<b>\$0</b>	<b>\$1,829,996</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,829,996	\$0	\$1,829,996	0.0
Indirect cost adjustment	<u>620,657</u>	<u>0</u>	<u>620,657</u>	<u>0.0</u>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Motor Vehicles, Driver Services, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>TOTAL</b>	<b>\$2,450,653</b>		<b>\$2,450,653</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$620,657	\$0	\$620,657	0.0
Percentage Change	33.9%	0.0%	33.9%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,450,653</b>	<b>\$0</b>	<b>\$2,450,653</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0		\$0	0.0

### **(C) Vehicle Services**

The Vehicle Services subgroup includes the following programs: Titles, Registrations, Motor Insurance Identification Database (MIIDB), and Vehicle Emissions. Additionally, the License Plate Ordering line item resides in this subgroup.

The *Titles Program* oversees titling of vehicles by the Department's authorized agents, the county clerks in each county in the state. It also maintains an inventory of license plates and is the agency that orders and distributes license plates to the counties. The *Registration Program* is operationally managed alongside the Titles Program. This program coordinates vehicle registration and license plate issuance activities through the 64 county clerks throughout the state and orders and monitors inventory of license plates and related products. The *MIIDB Program* ensures that Colorado drivers possess adequate liability insurance as mandated by the state's financial responsibility statutes. The MIIDB Program is funded through a ten-cent fee assessed on every vehicle registration. *Vehicle Emissions Program* oversees the daily operations of the state's vehicle emissions inspection program and conducts licensing, quality assurance, audits, and enforcement actions pertaining to contract inspectors, stations, and facilities to ensure compliance with federal emissions testing standards.

<b>Vehicle Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$10,501,561	\$454,326	\$10,047,235	65.2
Other legislation	<u>100,433</u>	<u>79,517</u>	<u>20,916</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,601,994</b>	<b>\$533,843</b>	<b>\$10,068,151</b>	<b>65.2</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$10,601,994	\$533,843	\$10,068,151	65.2
Annualize prior year budget actions	78,519	0	78,519	0.0
Indirect cost adjustment	(266,982)	0	(266,982)	0.0
Annualize prior year legislation	<u>(31,592)</u>	<u>(53,862)</u>	<u>22,270</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,381,939</b>	<b>\$479,981</b>	<b>\$9,901,958</b>	<b>65.2</b>
<b>Increase/(Decrease)</b>	(\$220,055)	(\$53,862)	(\$166,193)	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Vehicle Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Percentage Change	(2.1%)	(10.1%)	(1.7%)	0.0%
<b>FY 2015-16 Executive Request</b>	<b>\$10,381,939</b>	<b>\$479,981</b>	<b>\$9,901,958</b>	<b>65.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

## **LINE ITEM DETAIL**

### **Personal Services**

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

**Request:** The Department requests \$2,560,635 total funds and 49.2 FTE. The request includes annualization of prior year legislation (S.B. 14-075).

**Recommendation:** Staff recommends approval of the Department's request.

<b>Division of Motor Vehicles, Vehicle Services, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$2,501,034	\$427,157	\$2,073,877	49.2
Other legislation	<u>9,491</u>	<u>9,491</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,510,525</b>	<b>\$436,648</b>	<b>\$2,073,877</b>	<b>49.2</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,510,525	\$436,648	\$2,073,877	49.2
Annualize prior year budget actions	40,619	0	40,619	0.0
Annualize prior year legislation	<u>9,491</u>	<u>9,491</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,560,635</b>	<b>\$446,139</b>	<b>\$2,114,496</b>	<b>49.2</b>
<b>Increase/(Decrease)</b>	\$50,110	\$9,491	\$40,619	0.0
Percentage Change	2.0%	2.2%	2.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,560,635</b>	<b>\$446,139</b>	<b>\$2,114,496</b>	<b>49.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

### **Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Request:** The Department requests a continuation appropriation of \$454,034 total funds, including \$27,169 General Fund and \$426,865 cash funds.

**Recommendation:** Staff recommends approval of the Department's request

<b>Division of Motor Vehicles, Vehicle Services, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$454,034	\$27,169	\$426,865	0.0
<b>TOTAL</b>	<b>\$454,034</b>	<b>\$27,169</b>	<b>\$426,865</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$454,034	\$27,169	\$426,865	0.0
<b>TOTAL</b>	<b>\$454,034</b>	<b>\$27,169</b>	<b>\$426,865</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$454,034</b>	<b>\$27,169</b>	<b>\$426,865</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**License Plate Ordering**

This line item funds payments to the Department of Correction, Correctional Industries for producing and distributing license plates, permits, placards, tabs, and other related items. These products are distributed to the State's 64 counties and the State offices for timely distribution to customers. The funding comes from the License Plate Cash Fund, which is funded by fees charged for license plates and associated products. Funding comes from the Identification Security Fund and the Licensing Services Cash Fund.

**Request:** The Department requests an appropriation of \$5,429,871. The request includes a net decrease for annualization of prior year legislation (S.B. 14-041, S.B. 14-075, H.B. 14-1029, and H.B. 14-1089).

**Recommendation:** Staff recommends approval of the Department's request.

<b>Division of Motor Vehicles, Vehicle Services, License Plate Ordering</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$5,380,012	\$0	\$5,380,012	0.0
Other legislation	90,942	70,026	20,916	0.0
<b>TOTAL</b>	<b>\$5,470,954</b>	<b>\$70,026</b>	<b>\$5,400,928</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Motor Vehicles, Vehicle Services, License Plate Ordering</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
FY 2014-15 Appropriation	\$5,470,954	\$70,026	\$5,400,928	0.0
Annualize prior year legislation	<u>(41,083)</u>	<u>(63,353)</u>	<u>22,270</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,429,871</b>	<b>\$6,673</b>	<b>\$5,423,198</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$41,083)	(\$63,353)	\$22,270	0.0
Percentage Change	(0.8%)	(90.5%)	0.4%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$5,429,871</b>	<b>\$6,673</b>	<b>\$5,423,198</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**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 \$0.10 motorist insurance identification fee is credited to the Motorist Insurance Identification (MII) Account, a special purpose account within the Highway Users Tax Fund (HUTF), whenever a motor vehicle is registered. All funding for the program is from the MII Account.

**Request:** The Department requests \$337,006 cash funds and 1.0 FTE. The request includes funding for personal services, primarily for a contract to manage the database and 1.0 FTE for administrative support, and \$500 for operating expenses.

**Recommendation:** Staff recommends approval of the Department's continuation request.

<b>Division of Motor Vehicles, Vehicle Services, Motorist Insurance Identification Database Program</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$331,618	\$0	\$331,618	1.0
<b>TOTAL</b>	<b>\$331,618</b>	<b>\$0</b>	<b>\$331,618</b>	<b>1.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$331,618	\$0	\$331,618	1.0
Annualize prior year budget actions	<u>5,388</u>	<u>0</u>	<u>5,388</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$337,006</b>	<b>\$0</b>	<b>\$337,006</b>	<b>1.0</b>
<b>Increase/(Decrease)</b>	\$5,388	\$0	\$5,388	0.0
Percentage Change	1.6%	0.0%	1.6%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$337,006</b>	<b>\$0</b>	<b>\$337,006</b>	<b>1.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Emissions Program**

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

**Request:** The Department requests \$1,233,846 cash funds and 15.0 FTE.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Division of Motor Vehicles, Vehicle Services, Emissions Program</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$1,201,334</u>	<u>\$0</u>	<u>\$1,201,334</u>	<u>15.0</u>
<b>TOTAL</b>	<b>\$1,201,334</b>	<b>\$0</b>	<b>\$1,201,334</b>	<b>15.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,201,334	\$0	\$1,201,334	15.0
Annualize prior year budget actions	<u>32,512</u>	<u>0</u>	<u>32,512</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,233,846</b>	<b>\$0</b>	<b>\$1,233,846</b>	<b>15.0</b>
<b>Increase/(Decrease)</b>	\$32,512	\$0	\$32,512	0.0
Percentage Change	2.7%	0.0%	2.7%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,233,846</b>	<b>\$0</b>	<b>\$1,233,846</b>	<b>15.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset additional General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's Office.

**Request:** The Department requests \$366,547 cash funds.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>Division of Motor Vehicles, Vehicle Services, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>

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*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Motor Vehicles, Vehicle Services, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$633,529</u>	<u>\$0</u>	<u>\$633,529</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$633,529</b>	<b>\$0</b>	<b>\$633,529</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$633,529	\$0	\$633,529	0.0
Indirect cost adjustment	<u>(266,982)</u>	<u>0</u>	<u>(266,982)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$366,547</b>		<b>\$366,547</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$266,982)	\$0	(\$266,982)	0.0
Percentage Change	(42.1%)	0.0%	(42.1%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$366,547</b>	<b>\$0</b>	<b>\$366,547</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0		\$0	0.0

## (5) Enforcement Business Group

This group regulates and enforces laws related to: limited gaming; the State's liquor wholesalers and retailers and tobacco retailers; licenses liquor retailers, wholesalers, and manufacturers; issues alcohol licenses for special events; regulates live horse racing events and pari-mutuel wagering (including off-track simulcast establishments); regulates and licenses the motor vehicle dealer industry; adjudicates complaints and other issues related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes; and licenses and regulates the marijuana industry (including cultivation, manufacturing, and retail facilities).

### DIVISION REQUEST AND RECOMMENDATION SUMMARY

<b>Enforcement Business Group</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	\$54,056,784	\$350,171	\$53,427,375	\$279,238	238.6
Other legislation	101,082	0	101,082	0	0.0
S.B. 15-161 (Supplemental Bill)	<u>276,321</u>	<u>0</u>	<u>276,321</u>	<u>0</u>	<u>3.3</u>
<b>TOTAL</b>	<b>\$54,434,187</b>	<b>\$350,171</b>	<b>\$53,804,778</b>	<b>\$279,238</b>	<b>241.9</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$54,434,187	\$350,171	\$53,804,778	\$279,238	241.9
BA2 Marijuana Enforcement Division FTE and legal services	473,798	0	473,798	0	9.7
Annualize prior year budget actions	320,994	18,521	302,473	0	0.0
Indirect cost adjustment	(358,116)	1,259	(348,022)	(11,353)	0.0
Annualize prior year legislation	<u>(100,541)</u>	<u>0</u>	<u>(100,541)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$54,770,322</b>	<b>\$369,951</b>	<b>\$54,132,486</b>	<b>\$267,885</b>	<b>251.6</b>
<b>Increase/(Decrease)</b>	\$336,135	\$19,780	\$327,708	(\$11,353)	9.7
Percentage Change	0.6%	5.6%	0.6%	(4.1%)	4.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$54,770,322</b>	<b>\$369,951</b>	<b>\$54,132,486</b>	<b>\$267,885</b>	<b>251.6</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

### (A) Administration

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

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Administration</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	<u>\$700,803</u>	<u>\$20,233</u>	<u>\$401,332</u>	<u>\$279,238</u>	<u>8.0</u>
<b>TOTAL</b>	<b>\$700,803</b>	<b>\$20,233</b>	<b>\$401,332</b>	<b>\$279,238</b>	<b>8.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$700,803	\$20,233	\$401,332	\$279,238	8.0
Annualize prior year budget actions	15,250	726	14,524	0	0.0
Indirect cost adjustment	<u>0</u>	<u>1,259</u>	<u>10,094</u>	<u>(11,353)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$716,053</b>	<b>\$22,218</b>	<b>\$425,950</b>	<b>\$267,885</b>	<b>8.0</b>
<b>Increase/(Decrease)</b>	\$15,250	\$1,985	\$24,618	(\$11,353)	0.0
Percentage Change	2.2%	9.8%	6.1%	(4.1%)	0.0%
<b>FY 2015-16 Executive Request</b>	<b>\$716,053</b>	<b>\$22,218</b>	<b>\$425,950</b>	<b>\$267,885</b>	<b>8.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

## LINE ITEM DETAIL

### Personal Services

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

**Request:** The Department requests an appropriation of \$703,273 total funds and 8.0 FTE.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Enforcement Business Group, Administration, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	<u>\$688,023</u>	<u>\$19,864</u>	<u>\$394,013</u>	<u>\$274,146</u>	<u>8.0</u>
<b>TOTAL</b>	<b>\$688,023</b>	<b>\$19,864</b>	<b>\$394,013</b>	<b>\$274,146</b>	<b>8.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$688,023	\$19,864	\$394,013	\$274,146	8.0
Annualize prior year budget actions	15,250	726	14,524	0	0.0
Indirect cost adjustment	<u>0</u>	<u>1,231</u>	<u>9,811</u>	<u>(11,042)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$703,273</b>	<b>\$21,821</b>	<b>\$418,348</b>	<b>\$263,104</b>	<b>8.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Administration, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	\$15,250	\$1,957	\$24,335	(\$11,042)	0.0
Percentage Change	2.2%	9.9%	6.2%	(4.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$703,273</b>	<b>\$21,821</b>	<b>\$418,348</b>	<b>\$263,104</b>	<b>8.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests an appropriation of \$12,780 total funds.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Enforcement Business Group, Administration, Operating Expenses</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
H.B. 14-1336 (Long Bill)	<u>\$12,780</u>	<u>\$369</u>	<u>\$7,319</u>	<u>\$5,092</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,780</b>	<b>\$369</b>	<b>\$7,319</b>	<b>\$5,092</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$12,780	\$369	\$7,319	\$5,092	0.0
Indirect cost adjustment	<u>0</u>	<u>28</u>	<u>283</u>	<u>(311)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,780</b>	<b>\$397</b>	<b>\$7,602</b>	<b>\$4,781</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$28	\$283	(\$311)	0.0
Percentage Change	0.0%	7.6%	3.9%	(6.1%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$12,780</b>	<b>\$397</b>	<b>\$7,602</b>	<b>\$4,781</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**(B) Limited Gaming Division**

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

The Colorado Limited Gaming Commission has the constitutional authority to allocate funds for the Division; funding is not subject to appropriation by the General Assembly. Thus, the appropriations for this Division are

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

shown for informational purposes. The Commission has generally adopted the Committee's common policies where applicable. The source of cash funds is the Limited Gaming Fund

The Division's direct costs for Health, Life, and Dental and Short-term Disability Insurance, Amortization Equalization and Supplemental Amortization Equalization Disbursements, Worker's Compensation, Legal Services, Payment to Risk Management and Property Funds, Vehicle Lease Payments, and Leased Space for Gaming Site Offices are shown in the Executive Director's Office centrally-appropriated budget lines.

<b>Limited Gaming Division</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$36,234,258</u>	<u>\$0</u>	<u>\$36,234,258</u>	<u>84.4</u>
<b>TOTAL</b>	<b>\$36,234,258</b>	<b>\$0</b>	<b>\$36,234,258</b>	<b>84.4</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$36,234,258	\$0	\$36,234,258	84.4
Annualize prior year budget actions	126,914	0	126,914	0.0
Indirect cost adjustment	<u>(84,942)</u>	<u>0</u>	<u>(84,942)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$36,276,230</b>	<b>\$0</b>	<b>\$36,276,230</b>	<b>84.4</b>
<b>Increase/(Decrease)</b>	\$41,972	\$0	\$41,972	0.0
Percentage Change	0.1%	0.0%	0.1%	0.0%
<b>FY 2015-16 Executive Request</b>	<b>\$36,276,230</b>	<b>\$0</b>	<b>\$36,276,230</b>	<b>84.4</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

## LINE ITEM DETAIL

### Personal Services

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

**Request:** The Department requests an appropriation of \$6,969,534 cash funds and 84.4 FTE.

**Recommendation:** Staff recommends reflecting the Department's request as an informational appropriation.

<b>Enforcement Business Group, Limited Gaming Division, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$6,842,620</u>	<u>\$0</u>	<u>\$6,842,620</u>	<u>84.4</u>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Limited Gaming Division, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>TOTAL</b>	<b>\$6,842,620</b>	<b>\$0</b>	<b>\$6,842,620</b>	<b>84.4</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$6,842,620	\$0	\$6,842,620	84.4
Annualize prior year budget actions	<u>126,914</u>	<u>0</u>	<u>126,914</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,969,534</b>	<b>\$0</b>	<b>\$6,969,534</b>	<b>84.4</b>
<b>Increase/(Decrease)</b>	\$126,914	\$0	\$126,914	0.0
Percentage Change	1.9%	0.0%	1.9%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$6,969,534</b>	<b>\$0</b>	<b>\$6,969,534</b>	<b>84.4</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests a continuation appropriation of \$1,331,739 cash funds.

**Recommendation:** Staff recommends reflecting the Department's request as an informational appropriation.

<b>Enforcement Business Group, Limited Gaming Division, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$1,331,739</u>	<u>\$0</u>	<u>\$1,331,739</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,331,739</b>	<b>\$0</b>	<b>\$1,331,739</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$1,331,739</u>	<u>\$0</u>	<u>\$1,331,739</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,331,739</b>	<b>\$0</b>	<b>\$1,331,739</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,331,739</b>	<b>\$0</b>	<b>\$1,331,739</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Payments to Other State Agencies**

This line item funds the costs associated with other State agencies performing work for the Limited Gaming Division. These agencies include the Colorado State Patrol, Colorado Bureau of Investigations, Division of Fire Safety, and Department of Local Affairs.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Request:** The Department requests a continuation appropriation of \$3,853,589 cash funds.

**Recommendation:** Staff recommends reflecting the Department's request as an informational appropriation.

<b>Enforcement Business Group, Limited Gaming Division, Payments to Other State Agencies</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$3,853,589</u>	<u>\$0</u>	<u>\$3,853,589</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,853,589</b>	<b>\$0</b>	<b>\$3,853,589</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$3,853,589</u>	<u>\$0</u>	<u>\$3,853,589</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,853,589</b>	<b>\$0</b>	<b>\$3,853,589</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$3,853,589</b>	<b>\$0</b>	<b>\$3,853,589</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Distribution to Gaming Cities and Counties**

The Distribution to Gaming Cities and Counties line item reflects the net proceeds distribution of Limited Gaming Funds to eligible counties and cities, including Gilpin and Teller counties, and the Cities of Black Hawk, Central City, and Cripple Creek. The Constitutional provisions provide directions as to the distribution of revenues: funding for historic preservation in the three gaming cities as well as statewide, funding for the host cities and counties for the impacts of gaming, and the General Fund for state impacts.

If one looks at the two years of actual expenditures in the numbers pages, you will notice that the expenditures greatly exceed the appropriations for those years. This is because the Office of the Controller accounts for all distributions, such as to the State Historical Society and other funds, through this line, but codes each category differently. Distributions to the limited gaming cities and counties are coded as expenditures, while transfers to the State Historical Society and other transfers are coded as transfers. This makes the line item appear to be over-expended, while the actual expenditures are well within the appropriation.

**Request:** The Department requests a continuation appropriation of \$23,788,902 cash funds.

**Recommendation:** Staff recommends reflecting the Department's request as an informational appropriation.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Limited Gaming Division, Distribution to Gaming Cities and Counties</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$23,788,902</u>	<u>\$0</u>	<u>\$23,788,902</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$23,788,902</b>	<b>\$0</b>	<b>\$23,788,902</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$23,788,902</u>	<u>\$0</u>	<u>\$23,788,902</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$23,788,902</b>	<b>\$0</b>	<b>\$23,788,902</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$23,788,902</b>	<b>\$0</b>	<b>\$23,788,902</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the total indirect cost assessment against the Limited Gaming Fund for the Department of Revenue. The request is based on the Departmental and Statewide Indirect Cost Allocation Plan. The plan is updated each year to reflect accurate assessments against the Limited Gaming Fund.

**Request:** The Department requests an appropriation of \$322,466 cash funds.

**Recommendation:** Staff recommends reflecting an appropriation of \$322,466 cash funds based on the Department indirect cost plan as an informational appropriation.

<b>Enforcement Business Group, Limited Gaming Division, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$417,408</u>	<u>\$0</u>	<u>\$417,408</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$417,408</b>	<b>\$0</b>	<b>\$417,408</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$417,408	\$0	\$417,408	0.0
Indirect cost adjustment	<u>(84,942)</u>	<u>0</u>	<u>(84,942)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$332,466</b>	<b>\$0</b>	<b>\$332,466</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$84,942)	\$0	(\$84,942)	0.0
Percentage Change	(20.3%)	0.0%	(20.3%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$332,466</b>	<b>\$0</b>	<b>\$332,466</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Limited Gaming Division, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(C) Liquor and Tobacco Enforcement Division**

This Division licenses and regulates liquor wholesalers and retailers, licenses special events to serve alcohol, and enforces federal and state laws regarding the sales of liquor and tobacco products to minors. The major sources of funding are the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Tobacco Education Programs Fund, the General Fund and the Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Enforcement Fund.

Starting with the 2012 Long Bill, the former Liquor Enforcement Division and Tobacco Enforcement Program were merged to form the Liquor and Tobacco Enforcement Division.

<b>Liquor and Tobacco Enforcement Division</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$2,514,657	\$148,513	\$2,366,144	26.5
Other legislation	<u>1,082</u>	<u>0</u>	<u>1,082</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,515,739</b>	<b>\$148,513</b>	<b>\$2,367,226</b>	<b>26.5</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,515,739	\$148,513	\$2,367,226	26.5
Annualize prior year budget actions	76,163	17,795	58,368	0.0
Indirect cost adjustment	(16,472)	0	(16,472)	0.0
Annualize prior year legislation	(541)	0	(541)	0.0
<b>TOTAL</b>	<b>\$2,574,889</b>	<b>\$166,308</b>	<b>\$2,408,581</b>	<b>26.5</b>
<b>Increase/(Decrease)</b>	<b>\$59,150</b>	<b>\$17,795</b>	<b>\$41,355</b>	<b>0.0</b>
Percentage Change	2.4%	12.0%	1.7%	0.0%
<b>FY 2015-16 Executive Request</b>	<b>\$2,574,889</b>	<b>\$166,308</b>	<b>\$2,408,581</b>	<b>26.5</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**LINE ITEM DETAIL**

**Personal Services**

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

**Request:** The Department requests an appropriation of \$2,347,621 total funds and 26.5 FTE.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Recommendation:** Staff recommends approval of the Department's request.

<b>Enforcement Business Group, Liquor and Tobacco Enforcement Division, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$2,270,917	\$141,312	\$2,129,605	26.5
Other legislation	<u>1,082</u>	<u>0</u>	<u>1,082</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,271,999</b>	<b>\$141,312</b>	<b>\$2,130,687</b>	<b>26.5</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,271,999	\$141,312	\$2,130,687	26.5
Annualize prior year budget actions	76,163	17,795	58,368	0.0
Annualize prior year legislation	<u>(541)</u>	<u>0</u>	<u>(541)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,347,621</b>	<b>\$159,107</b>	<b>\$2,188,514</b>	<b>26.5</b>
<b>Increase/(Decrease)</b>	\$75,622	\$17,795	\$57,827	0.0
Percentage Change	3.3%	12.6%	2.7%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,347,621</b>	<b>\$159,107</b>	<b>\$2,188,514</b>	<b>26.5</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests an appropriation of \$97,919 total funds.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Enforcement Business Group, Liquor and Tobacco Enforcement Division, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$97,919</u>	<u>\$7,201</u>	<u>\$90,718</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$97,919</b>	<b>\$7,201</b>	<b>\$90,718</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$97,919</u>	<u>\$7,201</u>	<u>\$90,718</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$97,919</b>	<b>\$7,201</b>	<b>\$90,718</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Liquor and Tobacco Enforcement Division, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$97,919</b>	<b>\$7,201</b>	<b>\$90,718</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset additional General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's Office.

**Request:** The Department requests \$129,349 cash funds.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>Enforcement Business Group, Liquor and Tobacco Enforcement Division, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$145,821</u>	<u>\$0</u>	<u>\$145,821</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$145,821</b>	<b>\$0</b>	<b>\$145,821</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$145,821	\$0	\$145,821	0.0
Indirect cost adjustment	<u>(16,472)</u>	<u>0</u>	<u>(16,472)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$129,349</b>	<b>\$0</b>	<b>\$129,349</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$16,472)	\$0	(\$16,472)	0.0
Percentage Change	(11.3%)	0.0%	(11.3%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$129,349</b>	<b>\$0</b>	<b>\$129,349</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(D) Division of Racing Events**

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

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

The division regulates and oversees one horse racetrack and nine licensed off-track betting facilities offering simulcast racing from out-of-state venues. After the last greyhound race track in the State shut down, the appropriation was decreased by \$332,823 and 6.8 FTE to account for the reduced responsibilities of the Division with regard to greyhound racing.

<b>Division of Racing Events</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$2,583,709</u>	<u>\$0</u>	<u>\$2,583,709</u>	<u>7.7</u>
<b>TOTAL</b>	<b>\$2,583,709</b>	<b>\$0</b>	<b>\$2,583,709</b>	<b>7.7</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,583,709	\$0	\$2,583,709	7.7
Annualize prior year budget actions	23,639	0	23,639	0.0
Indirect cost adjustment	<u>(23,965)</u>	<u>0</u>	<u>(23,965)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,583,383</b>	<b>\$0</b>	<b>\$2,583,383</b>	<b>7.7</b>
<b>Increase/(Decrease)</b>	(\$326)	\$0	(\$326)	0.0
Percentage Change	(0.0%)	0.0%	(0.0%)	0.0%
<b>FY 2015-16 Executive Request</b>				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**LINE ITEM DETAIL**

**Personal Services**

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

**Request:** The Department requests an appropriation of \$912,810 cash funds and 7.7 FTE.

**Recommendation:** Staff recommends the Committee approve the Department request.

<b>Enforcement Business Group, Division of Racing Events, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$889,171</u>	<u>\$0</u>	<u>\$889,171</u>	<u>7.7</u>
<b>TOTAL</b>	<b>\$889,171</b>	<b>\$0</b>	<b>\$889,171</b>	<b>7.7</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Division of Racing Events, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$889,171	\$0	\$889,171	7.7
Annualize prior year budget actions	<u>23,639</u>	<u>0</u>	<u>23,639</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$912,810</b>	<b>\$0</b>	<b>\$912,810</b>	<b>7.7</b>
<b>Increase/(Decrease)</b>	\$23,639	\$0	\$23,639	0.0
Percentage Change	2.7%	0.0%	2.7%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$912,810</b>	<b>\$0</b>	<b>\$912,810</b>	<b>7.7</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests a continuation appropriation of \$221,627 cash funds

**Recommendation:** Staff recommends approval of the Department's request.

<b>Enforcement Business Group, Division of Racing Events, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$221,627</u>	<u>\$0</u>	<u>\$221,627</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$221,627</b>	<b>\$0</b>	<b>\$221,627</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$221,627</u>	<u>\$0</u>	<u>\$221,627</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$221,627</b>	<b>\$0</b>	<b>\$221,627</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$221,627</b>	<b>\$0</b>	<b>\$221,627</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Purses and Breeders Awards**

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

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

The funds available for distribution for this line item are driven by pari-mutuel wagering. Section 12-60-701 (2) (b), C.R.S., provide that the operator of a race track or licensed in-state facility that receives simulcast races shall pay 0.5 percent of the gross receipts of pari-mutuel wagers on win, place, or show, and 1.5 percent of all other pari-mutuel wagers. The moneys deposited under this section are paid into a trust account. The moneys are distributed according to statute and rules established by the racing commission to the breeder associations, whose by-laws govern the distributions.

**Request:** The Department requests a continuation appropriation of \$1,400,000 cash funds from the Horse Breeders' and Owners' Awards and Supplemental Purse Fund.

**Recommendation:** Staff recommends approval of the Department's request.

<b>Enforcement Business Group, Division of Racing Events, Purses and Breeders Awards</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$1,400,000	\$0	\$1,400,000	0.0
<b>TOTAL</b>	<b>\$1,400,000</b>	<b>\$0</b>	<b>\$1,400,000</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,400,000	\$0	\$1,400,000	0.0
<b>TOTAL</b>	<b>\$1,400,000</b>	<b>\$0</b>	<b>\$1,400,000</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,400,000</b>	<b>\$0</b>	<b>\$1,400,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset additional General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's Office.

**Request:** The Department requests \$48,946 cash funds.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Division of Racing Events, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$72,911</u>	<u>\$0</u>	<u>\$72,911</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$72,911</b>	<b>\$0</b>	<b>\$72,911</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$72,911	\$0	\$72,911	0.0
Indirect cost adjustment	<u>(23,965)</u>	<u>0</u>	<u>(23,965)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$48,946</b>	<b>\$0</b>	<b>\$48,946</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$23,965)	\$0	(\$23,965)	0.0
Percentage Change	(32.9%)	0.0%	(32.9%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$48,946</b>	<b>\$0</b>	<b>\$48,946</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(E) Hearings Division**

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

<b>Hearings Division</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$2,835,779</u>	<u>\$181,425</u>	<u>\$2,654,354</u>	<u>29.6</u>
<b>TOTAL</b>	<b>\$2,835,779</b>	<b>\$181,425</b>	<b>\$2,654,354</b>	<b>29.6</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,835,779	\$181,425	\$2,654,354	29.6
Annualize prior year budget actions	64,324	0	64,324	0.0
Indirect cost adjustment	<u>(326,900)</u>	<u>0</u>	<u>(326,900)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,573,203</b>	<b>\$181,425</b>	<b>\$2,391,778</b>	<b>29.6</b>
<b>Increase/(Decrease)</b>	(\$262,576)	\$0	(\$262,576)	0.0
Percentage Change	(9.3%)	0.0%	(9.9%)	0.0%

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Hearings Division</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Executive Request</b>	<b>\$2,573,203</b>	<b>\$181,425</b>	<b>\$2,391,778</b>	<b>29.6</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	(0.0)

**LINE ITEM DETAIL**

**Personal Services**

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

**Request:** The Department requests an appropriation of \$2,329,806 total funds and 29.6 FTE.

**Recommendation:** Staff recommends the Committee approve the Department request.

<b>Enforcement Business Group, Hearings Division, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$2,265,482</u>	<u>\$178,955</u>	<u>\$2,086,527</u>	<u>29.6</u>
<b>TOTAL</b>	<b>\$2,265,482</b>	<b>\$178,955</b>	<b>\$2,086,527</b>	<b>29.6</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,265,482	\$178,955	\$2,086,527	29.6
Annualize prior year budget actions	<u>64,324</u>	<u>0</u>	<u>64,324</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,329,806</b>	<b>\$178,955</b>	<b>\$2,150,851</b>	<b>29.6</b>
<b>Increase/(Decrease)</b>	\$64,324	\$0	\$64,324	0.0
Percentage Change	2.8%	0.0%	3.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$2,329,806</b>	<b>\$178,955</b>	<b>\$2,150,851</b>	<b>29.6</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	(0.0)

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests a continuation appropriation of \$101,408 total funds, comprised of \$2,470 General Fund and \$98,938 cash funds.

**Recommendation:** Staff recommends approval of the continuation request.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Hearings Division, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$101,408</u>	<u>\$2,470</u>	<u>\$98,938</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$101,408</b>	<b>\$2,470</b>	<b>\$98,938</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$101,408</u>	<u>\$2,470</u>	<u>\$98,938</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$101,408</b>	<b>\$2,470</b>	<b>\$98,938</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$101,408</b>	<b>\$2,470</b>	<b>\$98,938</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset additional General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's Office.

**Request:** The Department requests \$141,989 cash funds.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>Enforcement Business Group, Hearings Division, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$468,889</u>	<u>\$0</u>	<u>\$468,889</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$468,889</b>	<b>\$0</b>	<b>\$468,889</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$468,889	\$0	\$468,889	0.0
Indirect cost adjustment	<u>(326,900)</u>	<u>0</u>	<u>(326,900)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$141,989</b>	<b>\$0</b>	<b>\$141,989</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$326,900)	\$0	(\$326,900)	0.0
Percentage Change	(69.7%)	0.0%	(69.7%)	0.0%

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Hearings Division, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Executive Request:</b>	<b>\$141,989</b>	<b>\$0</b>	<b>\$141,989</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(F) 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.

<b>Motor Vehicle Dealer Licensing Board</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$2,382,181</u>	<u>\$0</u>	<u>\$2,382,181</u>	<u>27.2</u>
<b>TOTAL</b>	<b>\$2,382,181</b>	<b>\$0</b>	<b>\$2,382,181</b>	<b>27.2</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$2,382,181	\$0	\$2,382,181	27.2
Annualize prior year budget actions	(115,422)	0	(115,422)	0.0
Indirect cost adjustment	<u>28,764</u>	<u>0</u>	<u>28,764</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,295,523</b>	<b>\$0</b>	<b>\$2,295,523</b>	<b>27.2</b>
<b>Increase/(Decrease)</b>	(\$86,658)	\$0	(\$86,658)	0.0
Percentage Change	(3.6%)	0.0%	(3.6%)	0.0%
<b>FY 2015-16 Executive Request</b>	<b>\$2,295,523</b>	<b>\$0</b>	<b>\$2,295,523</b>	<b>27.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**LINE ITEM DETAIL**

**Personal Services**

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

**Request:** The Department requests \$1,974,099 cash funds and 27.2 FTE.

**Recommendation:** Staff recommends the Committee approve the Department request.

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Motor Vehicle Dealer Licensing Board, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$1,914,521</u>	<u>\$0</u>	<u>\$1,914,521</u>	<u>27.2</u>
<b>TOTAL</b>	<b>\$1,914,521</b>	<b>\$0</b>	<b>\$1,914,521</b>	<b>27.2</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,914,521	\$0	\$1,914,521	27.2
Annualize prior year budget actions	<u>59,578</u>	<u>0</u>	<u>59,578</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,974,099</b>	<b>\$0</b>	<b>\$1,974,099</b>	<b>27.2</b>
<b>Increase/(Decrease)</b>	\$59,578	\$0	\$59,578	0.0
Percentage Change	3.1%	0.0%	3.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,974,099</b>	<b>\$0</b>	<b>\$1,974,099</b>	<b>27.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests \$134,684 cash funds for FY 2014-15.

**Recommendation:** Staff recommends the Committee approve the Department request.

<b>Enforcement Business Group, Motor Vehicle Dealer Licensing Board, Operating Expenses</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$309,684</u>	<u>\$0</u>	<u>\$309,684</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$309,684</b>	<b>\$0</b>	<b>\$309,684</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$309,684	\$0	\$309,684	0.0
Annualize prior year budget actions	<u>(175,000)</u>	<u>0</u>	<u>(175,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$134,684</b>	<b>\$0</b>	<b>\$134,684</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$175,000)	\$0	(\$175,000)	0.0
Percentage Change	(56.5%)	0.0%	(56.5%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$134,684</b>	<b>\$0</b>	<b>\$134,684</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset additional General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's Office.

**Request:** The Department requests \$186,740 cash funds.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>Enforcement Business Group, Motor Vehicle Dealer Licensing Board, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$157,976</u>	<u>\$0</u>	<u>\$157,976</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$157,976</b>	<b>\$0</b>	<b>\$157,976</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$157,976	\$0	\$157,976	0.0
Indirect cost adjustment	<u>28,764</u>	<u>0</u>	<u>28,764</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$186,740</b>	<b>\$0</b>	<b>\$186,740</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$28,764	\$0	\$28,764	0.0
Percentage Change	18.2%	0.0%	18.2%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$186,740</b>	<b>\$0</b>	<b>\$186,740</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(G) Marijuana Enforcement Division**

The Medical Marijuana Enforcement Division (MMED) was created by H.B. 10-1284, which created the State Licensing Authority. House Bill 13-1317 implemented major provisions of Amendment 64 by creating the Colorado Retail Marijuana Code. The bill also renamed the MMED to the Marijuana Enforcement Division (MED) and gave the division the authority to regulate both medical and retail marijuana. The Division regulated and controlled the licensing of cultivation and manufacture, distribution, and sale of marijuana or marijuana-infused products in the State. The Authority is authorized to adopt rules, forms, and applications to enforce the provisions of the Constitution and statutes. The Medical Marijuana License Cash Fund was also renamed to the Marijuana Cash Fund and is the funding source for the Division.

**Enforcement Activities—Information about Monetary Penalties and Fines**

The MED may impose penalties on businesses found to be in violation of administrative rules or state statute. The penalties assessed to retail marijuana businesses follows an almost the identical structure as those assessed on medical marijuana businesses. The MED considered the type of violation and the threat of harm to the public versus purely administrative harm when setting the penalty structure and categorizes infractions into three primary categories. (1) License violations affecting public safety are the most egregious of violations—e.g. medical sales to non-patients, underage retail sales, sales in excess of state limits, and not maintaining proper accounting—and carry a range of penalties including a written warning, license suspension, a fine per individual violation, a fine in lieu of suspension of up to \$100,000, and/or license revocation depending on the mitigating and aggravating circumstances. (2) License violations are less severe—e.g. advertising or marketing violations, packaging or labeling violations that do not directly affect public safety, and minor or clerical errors in inventory tracking—and carry a range of penalties including a written warning, license suspension, a fine per individual violation, a fine in lieu of suspension of up to \$50,000, and/or license revocation depending on the mitigating and aggravating circumstances. (3) License infractions are the least severe type of penalty—e.g. failure to display employee badges, unauthorized modifications to the premises of a minor nature, and failure to notify the MED of a minor change in ownership—and carry a range of penalties of verbal or written warning, license suspension, a fine per individual violation, and/or a fine in lieu of suspension of up to \$10,000.

As alluded to above, the MED takes into consideration facts that show mitigating or aggravating actions when determining its final disciplinary action. According to administrative rule, these factors may include, but are not limited to: (1) any prior violations that the licensee has admitted to or was found to have engaged in; (2) preventative action, such as training, to prevent the infraction from occurring; (3) the licensee’s history of success or failure with compliance checks; (4) corrective actions taken by the licensee for the current violation; (5) willfulness and deliberateness of the violation; (6) likelihood of reoccurrence of the violation; (7) circumstances surrounding the violation; (8) licensee owner or manager is the violator or directed an agent into the violation; and (9) participation in a state-approved marijuana business educational program.

Fine revenue has had a minimal impact on the Marijuana Cash Fund. The table below summarizes the amount of fine revenue collected by the MED by fiscal year and as a percentage of total revenue in the Marijuana Cash Fund.

<b>Fine Revenue Collected by MED</b>		
<b>Fiscal Year</b>	<b>Fine Revenue</b>	<b>Percent of total Revenue</b>
2012-13	\$3,921,108	0.09%
2013-14	9,668,185	1.2%
2014-15*	8,615,940	4.0%

\* Collections through January 31, 2015

Because violations of law and rule are on the rise as the MED inspects more businesses and more businesses operate in the regulatory environment, staff believes fine revenue will continue to grow.

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Marijuana Enforcement</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$6,805,397	\$0	\$6,805,397	55.2
Other legislation	100,000	0	100,000	0.0
S.B. 15-161 (Supplemental Bill)	<u>276,321</u>	<u>0</u>	<u>276,321</u>	<u>3.3</u>
<b>TOTAL</b>	<b>\$7,181,718</b>	<b>\$0</b>	<b>\$7,181,718</b>	<b>58.5</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$7,181,718	\$0	\$7,181,718	58.5
Annualize prior year legislation	(100,000)	0	(100,000)	0.0
Annualize prior year budget actions	130,126	0	130,126	0.0
BA2 Marijuana Enforcement Division FTE and legal services	473,798	0	473,798	9.7
Indirect cost adjustment	<u>65,399</u>	<u>0</u>	<u>65,399</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,751,041</b>	<b>\$0</b>	<b>\$7,751,041</b>	<b>68.2</b>
<b>Increase/(Decrease)</b>	\$569,323	\$0	\$569,323	9.7
Percentage Change	7.9%	0.0%	7.9%	16.6%
<b>FY 2015-16 Executive Request</b>	<b>\$7,751,041</b>	<b>\$0</b>	<b>\$7,751,041</b>	<b>68.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

## LINE ITEM DETAIL

### Marijuana Enforcement

This line item pays for the program's staff, their benefits, and contract services. Typical adjustments that occur each year include annualization of salary increases and performance awards granted in the prior fiscal year and common policy base reductions. The line also funds the operating expenses, including telecommunications, general office supplies, and printing costs.

**Request:** The Department requests \$7,226,196 cash funds and 68.2 FTE. The request includes an increase related to BA2 Marijuana Enforcement Division FTE and legal services and a reduction to reflect annualization of prior year legislation (H.B. 14-1361).

**Recommendation:** Staff recommends approval of the Department's request.

<b>Enforcement Business Group, Marijuana Enforcement, Marijuana Enforcement</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$6,345,951	\$0	\$6,345,951	55.2
Other legislation	100,000	0	100,000	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Marijuana Enforcement, Marijuana Enforcement</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
S.B. 15-161 (Supplemental Bill)	<u>276,321</u>	<u>0</u>	<u>276,321</u>	<u>3.3</u>
<b>TOTAL</b>	<b>\$6,722,272</b>	<b>\$0</b>	<b>\$6,722,272</b>	<b>58.5</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$6,722,272	\$0	\$6,722,272	58.5
BA2 Marijuana Enforcement Division FTE and legal services	473,798	0	473,798	9.7
Annualize prior year budget actions	130,126	0	130,126	0.0
Annualize prior year legislation	<u>(100,000)</u>	<u>0</u>	<u>(100,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,226,196</b>	<b>\$0</b>	<b>\$7,226,196</b>	<b>68.2</b>
<b>Increase/(Decrease)</b>	\$503,924	\$0	\$503,924	9.7
Percentage Change	7.5%	0.0%	7.5%	16.6%
<b>FY 2015-16 Executive Request:</b>	<b>\$7,226,196</b>	<b>\$0</b>	<b>\$7,226,196</b>	<b>68.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the indirect cost assessment against this Division, which is based on the Department and Statewide indirect cost allocation plans. The purpose is two-fold: (1) It will offset additional General Fund in the Executive Director's Office and (2) will provide a more accurate reflection of the true costs of cash-funded programs. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's Office.

**Request:** The Department requests \$524,845 cash funds.

**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>Enforcement Business Group, Marijuana Enforcement, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$459,446	\$0	\$459,446	0.0
Other legislation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$459,446</b>	<b>\$0</b>	<b>\$459,446</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$459,446	\$0	\$459,446	0.0
Indirect cost adjustment	<u>65,399</u>	<u>0</u>	<u>65,399</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$524,845</b>	<b>\$0</b>	<b>\$524,845</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Enforcement Business Group, Marijuana Enforcement, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	\$65,399	\$0	\$65,399	0.0
Percentage Change	14.2%	0.0%	14.2%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$524,845</b>	<b>\$0</b>	<b>\$524,845</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

## (6) State Lottery Division

The State Lottery Division is a TABOR enterprise under Article X, Section 20, of the Colorado Constitution. Cash funds appropriations are from the Lottery Fund. The Lottery sells scratch lottery and jackpot (PowerBall, MegaMillions, and Lotto) tickets.

Expenses are paid from the Lottery Fund. After expenses of the State Lottery Division, the remainder is distributed to the Conservation Trust Fund, Great Outdoors Colorado, Parks and Outdoor Recreation in the Department of Natural Resources, and Public School Capital Construction Fund.

### DIVISION REQUEST AND RECOMMENDATION SUMMARY

State Lottery Division				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$97,747,093	\$0	\$97,747,093	117.1
<b>TOTAL</b>	<b>\$97,747,093</b>	<b>\$0</b>	<b>\$97,747,093</b>	<b>117.1</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$97,747,093	\$0	\$97,747,093	117.1
Annualize prior year budget actions	249,713	0	249,713	0.0
Indirect cost adjustment	(126,519)	0	(126,519)	0.0
<b>TOTAL</b>	<b>\$97,870,287</b>	<b>\$0</b>	<b>\$97,870,287</b>	<b>117.1</b>
<b>Increase/(Decrease)</b>	\$123,194	\$0	\$123,194	0.0
Percentage Change	0.1%	0.0%	0.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$97,870,287</b>	<b>\$0</b>	<b>\$97,870,287</b>	<b>117.1</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

### LINE ITEM DETAIL

#### Personal Services

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

**Request:** The Department requests \$9,335,677 cash funds and 117.1 FTE

**Recommendation:** Staff recommends approval of the Department's request.

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

State Lottery Division, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$9,085,964</u>	<u>\$0</u>	<u>\$9,085,964</u>	<u>117.1</u>
<b>TOTAL</b>	<b>\$9,085,964</b>	<b>\$0</b>	<b>\$9,085,964</b>	<b>117.1</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$9,085,964	\$0	\$9,085,964	117.1
Annualize prior year budget actions	<u>249,713</u>	<u>0</u>	<u>249,713</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,335,677</b>	<b>\$0</b>	<b>\$9,335,677</b>	<b>117.1</b>
<b>Increase/(Decrease)</b>	\$249,713	\$0	\$249,713	0.0
Percentage Change	2.7%	0.0%	2.7%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$9,335,677</b>	<b>\$0</b>	<b>\$9,335,677</b>	<b>117.1</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Operating Expenses**

This line item funds operating costs, including telecommunications, general office supplies and printing costs.

**Request:** The Department requests a continuation appropriation of \$1,203,156 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$1,203,156</u>	<u>\$0</u>	<u>\$1,203,156</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,203,156</b>	<b>\$0</b>	<b>\$1,203,156</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$1,203,156</u>	<u>\$0</u>	<u>\$1,203,156</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,203,156</b>	<b>\$0</b>	<b>\$1,203,156</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,203,156</b>	<b>\$0</b>	<b>\$1,203,156</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Payments to Other State Agencies**

This line item funds the costs of various audits, fingerprint and name checks through CBI, and data storage fees provided by the Department of Personnel and Administration's Document Solutions Group.

**Request:** The Department requests a continuation appropriation of \$239,410 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Payments to Other State Agencies				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$239,410	\$0	\$239,410	0.0
<b>TOTAL</b>	<b>\$239,410</b>	<b>\$0</b>	<b>\$239,410</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$239,410	\$0	\$239,410	0.0
<b>TOTAL</b>	<b>\$239,410</b>	<b>\$0</b>	<b>\$239,410</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$239,410</b>	<b>\$0</b>	<b>\$239,410</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Travel**

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

**Request:** The Department requests a continuation appropriation of \$113,498 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Travel				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$113,498	\$0	\$113,498	0.0
<b>TOTAL</b>	<b>\$113,498</b>	<b>\$0</b>	<b>\$113,498</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$113,498	\$0	\$113,498	0.0
<b>TOTAL</b>	<b>\$113,498</b>	<b>\$0</b>	<b>\$113,498</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>State Lottery Division, Travel</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$113,498</b>	<b>\$0</b>	<b>\$113,498</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Marketing and Communications**

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

**Request:** The Department requests a continuation appropriation of \$14,700,000 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

<b>State Lottery Division, Marketing and Communications</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$14,700,000</u>	<u>\$0</u>	<u>\$14,700,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,700,000</b>	<b>\$0</b>	<b>\$14,700,000</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$14,700,000</u>	<u>\$0</u>	<u>\$14,700,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,700,000</b>	<b>\$0</b>	<b>\$14,700,000</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$14,700,000</b>	<b>\$0</b>	<b>\$14,700,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Multi-State Lottery Fees**

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

**Request:** The Department requests a continuation appropriation of \$177,433 cash funds.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Multi-State Lottery Fees				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$177,433</u>	<u>\$0</u>	<u>\$177,433</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$177,433</b>	<b>\$0</b>	<b>\$177,433</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$177,433</u>	<u>\$0</u>	<u>\$177,433</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$177,433</b>	<b>\$0</b>	<b>\$177,433</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$177,433</b>	<b>\$0</b>	<b>\$177,433</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Vendor Fees**

This line is used to pay vendors for two categories of services: variable vendor fees and fixed vendor fees.

**Request:** The Department requests a continuation appropriation of \$12,571,504 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Vendor Fees				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$12,571,504</u>	<u>\$0</u>	<u>\$12,571,504</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,571,504</b>	<b>\$0</b>	<b>\$12,571,504</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$12,571,504</u>	<u>\$0</u>	<u>\$12,571,504</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,571,504</b>	<b>\$0</b>	<b>\$12,571,504</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$12,571,504</b>	<b>\$0</b>	<b>\$12,571,504</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Retailer Compensation**

These payments are commissions, cashing bonuses, and marketing agreement bonuses to compensate retailers for selling State Lottery products. Retailers are paid a 7.0 percent commission on scratch sales, and a 6.0 percent commission for online sales. The bonus for selling to a PowerBall jackpot winner is \$50,000. Retailers receiving these payments include convenience stores; gas stations; supermarkets such as; tobacco shops; and liquor stores. This is a variable appropriation and is usually adjusted each year during the supplemental budget process to allow enough spending authority based on the most recent sales projections.

**Request:** The Department requests a continuation appropriation of \$52,241,350 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Retailer Compensation				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$52,241,350</u>	<u>\$0</u>	<u>\$52,241,350</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$52,241,350</b>	<b>\$0</b>	<b>\$52,241,350</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	<u>\$52,241,350</u>	<u>\$0</u>	<u>\$52,241,350</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$52,241,350</b>	<b>\$0</b>	<b>\$52,241,350</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$52,241,350</b>	<b>\$0</b>	<b>\$52,241,350</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Ticket Costs**

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

**Request:** The Department requests a continuation appropriation of \$6,578,000 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Ticket Costs				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$6,578,000</u>	<u>\$0</u>	<u>\$6,578,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,578,000</b>	<b>\$0</b>	<b>\$6,578,000</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

State Lottery Division, Ticket Costs				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$6,578,000	\$0	\$6,578,000	0.0
<b>TOTAL</b>	<b>\$6,578,000</b>	<b>\$0</b>	<b>\$6,578,000</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Research**

This line funds marketing research on lottery products.

**Request:** The Department requests a continuation appropriation of \$250,000 cash funds.

**Recommendation:** Staff recommends approval of the continuation appropriation.

State Lottery Division, Research				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	\$250,000	\$0	\$250,000	0.0
<b>TOTAL</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$250,000	\$0	\$250,000	0.0
<b>TOTAL</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Indirect Cost Assessment**

This line item reflects the total indirect cost assessment against the Limited Gaming Fund for the Department of Revenue. The request is based on the Departmental and Statewide Indirect Cost Allocation Plan. The plan is updated each year to reflect accurate assessments against the Lottery Fund.

**Request:** The Department requests an appropriation of \$460,259 cash funds.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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**Recommendation:** Staff recommends the Committee approve this Department request based on the Department indirect cost plan.

<b>State Lottery Division, Indirect Cost Assessment</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
H.B. 14-1336 (Long Bill)	<u>\$586,778</u>	<u>\$0</u>	<u>\$586,778</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$586,778</b>	<b>\$0</b>	<b>\$586,778</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$586,778	\$0	\$586,778	0.0
Indirect cost adjustment	<u>(126,519)</u>	<u>0</u>	<u>(126,519)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$460,259</b>	<b>\$0</b>	<b>\$460,259</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$126,519)	\$0	(\$126,519)	0.0
Percentage Change	(21.6%)	0.0%	(21.6%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$460,259</b>	<b>\$0</b>	<b>\$460,259</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

## **Long Bill Footnotes and Requests for Information**

### **LONG BILL FOOTNOTES**

Staff recommends that the following footnote be **discontinued**.

1 All Departments except Department of Corrections and Department of Human Services, Totals -- It is the intent of the General Assembly that when each department applies the 3.0 percent salary survey increase reflected in the salary survey line item appropriations, each employee shall receive a base-building increase up to the range maximum, and that salary survey increase amounts over the range maximum shall not be base-building.

### **REQUESTS FOR INFORMATION**

Staff recommends that the following request for information be **discontinued for the Department of Revenue in the FY 2015-16 budget cycle**.

- 2 Governor – Lieutenant Governor – State Planning and Budgeting, Office of Information Technology (OIT), Department of Revenue, Executive Director's Office, – The Governor – Lieutenant Governor – State Planning and Budgeting and the Department of Revenue are requested to submit to the Joint Budget Committee a report detailing (1) the progress made to date on the implementation of the Department of Revenue's Request #2 – DOR IT Infrastructure Enhancements, including a comparison of the reliability of the new system components with the old system components; (2) data justifying the continuing budgetary support of the FTE in OIT dedicated to serving the Department of Revenue during the implementation of Request #2; and (3) address each of the specific anticipated outcomes cited in the budget submission as justifications for the project. The report is requested be provided for FY 2014-15 with the FY 2015-16 budget submission.

Comment: This request for information is related to the Department migrating more services to the Governor's Office of Information Technology during the FY 2013-14 budget cycle. Staff no longer thinks this information would be helpful.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**DEPARTMENT OF REVENUE**  
**Barbara Brohl, Executive Director**

**(1) EXECUTIVE DIRECTOR'S OFFICE**

Provides administrative, accounting, budgeting, human resource management, internal auditing, planning, and research and analysis. The Office receives various cash funds sources for the direct and indirect costs of administering the programs through the Department. The reappropriated funds sources are for the indirect costs of administering Departmentwide functions.

Personal Services	<u>3,769,921</u>	<u>5,505,676</u>	<u>9,038,059</u>	<u>9,137,169</u>	<u>9,137,169</u> *
FTE	41.4	61.0	117.3	124.0	124.0
General Fund	750,563	1,748,922	4,389,282	4,133,244	4,133,244
Cash Funds	2,285,338	144,635	406,745	351,749	351,749
Reappropriated Funds	734,020	3,612,119	4,242,032	4,652,176	4,652,176
Health, Life, and Dental	<u>7,870,131</u>	<u>8,182,768</u>	<u>8,924,637</u>	<u>11,281,886</u>	<u>11,481,338</u> *
General Fund	3,120,652	3,196,134	3,212,467	4,537,005	4,617,983
Cash Funds	4,749,479	4,775,200	5,403,539	6,744,881	6,863,355
Reappropriated Funds	0	211,434	308,631	0	0
Short-term Disability	<u>104,868</u>	<u>117,770</u>	<u>153,779</u>	<u>163,044</u>	<u>161,979</u> *
General Fund	50,078	48,925	57,926	67,780	67,780
Cash Funds	54,790	65,242	89,498	95,264	94,199
Reappropriated Funds	0	3,603	6,355	0	0
S.B. 04-257 Amortization Equalization					
Disbursement	<u>1,901,992</u>	<u>2,206,774</u>	<u>2,817,337</u>	<u>3,287,356</u>	<u>3,266,067</u> *
General Fund	900,566	925,665	1,060,378	1,364,916	1,364,916
Cash Funds	1,001,426	1,217,456	1,641,420	1,922,440	1,901,151
Reappropriated Funds	0	63,653	115,539	0	0

\* denotes this line item includes a decision item.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>1,631,897</u>	<u>1,990,862</u>	<u>2,641,254</u>	<u>3,175,288</u>	<u>3,154,725</u> *
General Fund	768,377	832,728	994,105	1,318,385	1,318,385
Cash Funds	863,520	1,100,731	1,538,832	1,856,903	1,836,340
Reappropriated Funds	0	57,403	108,317	0	0
Salary Survey	<u>0</u>	<u>1,583,162</u>	<u>1,882,386</u>	<u>1,013,694</u>	<u>1,013,694</u>
General Fund	0	593,035	984,502	437,145	437,145
Cash Funds	0	990,127	897,884	576,549	576,549
Merit Pay	<u>0</u>	<u>913,775</u>	<u>640,667</u>	<u>726,034</u>	<u>726,034</u>
General Fund	0	371,263	253,483	296,561	296,561
Cash Funds	0	542,512	387,184	429,473	429,473
Shift Differential	<u>0</u>	<u>35,690</u>	<u>123,439</u>	<u>123,728</u>	<u>123,728</u>
General Fund	0	3,743	3,988	3,858	3,858
Cash Funds	0	31,947	119,451	119,870	119,870
Workers' Compensation	<u>770,411</u>	<u>793,612</u>	<u>932,407</u>	<u>987,323</u>	<u>998,853</u>
General Fund	319,286	321,756	356,425	402,645	381,825
Cash Funds	451,125	471,856	575,982	584,678	617,028
Operating Expenses	<u>1,078,413</u>	<u>1,085,749</u>	<u>2,313,562</u>	<u>2,266,808</u>	<u>2,266,808</u> *
General Fund	469,181	503,869	1,630,152	1,570,428	1,570,428
Cash Funds	609,232	581,880	683,410	696,380	696,380
Postage	<u>0</u>	<u>0</u>	<u>3,001,383</u>	<u>3,008,040</u>	<u>3,008,040</u>
General Fund	0	0	2,663,773	2,670,430	2,670,430
Cash Funds	0	0	337,610	337,610	337,610

\* denotes this line item includes a decision item.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Legal Services	<u>2,737,718</u>	<u>3,306,147</u>	<u>4,226,440</u>	<u>4,072,152</u>	<u>3,983,043</u> P*
General Fund	2,006,432	2,101,747	2,560,397	2,331,540	2,242,431
Cash Funds	731,286	1,204,400	1,666,043	1,740,612	1,740,612
Administrative Law Judge Services	<u>14,200</u>	<u>16,777</u>	<u>10,246</u>	<u>8,097</u>	<u>8,063</u>
Cash Funds	14,200	16,777	10,246	8,097	8,063
Purchase of Services from Computer Center	<u>9,642,423</u>	<u>13,373,621</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	5,759,188	8,285,427	0	0	0
Cash Funds	3,480,817	5,088,194	0	0	0
Reappropriated Funds	402,418	0	0	0	0
Colorado State Network	<u>4,074,495</u>	<u>3,791,850</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	982,917	539,476	0	0	0
Cash Funds	3,058,734	3,252,374	0	0	0
Reappropriated Funds	32,844	0	0	0	0
Management and Administration of OIT	<u>546,549</u>	<u>605,439</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	406,147	120,546	0	0	0
Cash Funds	124,180	484,893	0	0	0
Reappropriated Funds	16,222	0	0	0	0
Payment to Risk Management and Property Funds	<u>239,245</u>	<u>218,016</u>	<u>250,807</u>	<u>190,593</u>	<u>265,490</u>
General Fund	90,479	82,705	97,131	77,962	102,817
Cash Funds	148,766	135,311	153,676	112,631	162,673
Vehicle Lease Payments	<u>491,506</u>	<u>537,546</u>	<u>601,119</u>	<u>591,165</u>	<u>604,671</u> *
General Fund	118,041	137,908	158,376	152,990	156,556
Cash Funds	373,465	399,638	442,743	438,175	448,115

\* denotes this line item includes a decision item.

P denotes this line item is pending future Committee action.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Leased Space	<u>3,286,126</u>	<u>3,434,088</u>	<u>3,776,641</u>	<u>3,899,690</u>	<u>3,899,690</u>
General Fund	556,685	597,725	663,360	682,040	682,040
Cash Funds	2,729,441	2,836,363	3,113,281	3,217,650	3,217,650
Capitol Complex Leased Space	<u>1,683,593</u>	<u>2,153,455</u>	<u>1,666,699</u>	<u>2,566,264</u>	<u>2,326,019</u>
General Fund	1,091,129	1,375,688	1,100,014	1,865,434	1,690,798
Cash Funds	592,464	777,767	566,685	700,830	635,221
Communication Services Payments	<u>69,144</u>	<u>82,173</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	12,975	14,066	0	0	0
Cash Funds	56,169	68,107	0	0	0
Payments to OIT	<u>0</u>	<u>0</u>	<u>16,335,603</u>	<u>12,520,066</u>	<u>12,542,922</u> P
General Fund	0	0	8,410,136	6,510,434	6,533,290
Cash Funds	0	0	7,925,467	6,009,632	6,009,632
CORE Operations	<u>299,967</u>	<u>313,444</u>	<u>340,291</u>	<u>297,297</u>	<u>297,297</u>
General Fund	67,250	80,654	151,912	121,242	121,242
Cash Funds	232,717	232,790	188,379	176,055	176,055
Information Technology Security	<u>0</u>	<u>151,324</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	71,081	0	0	0
Cash Funds	0	80,243	0	0	0
Utilities	<u>75,262</u>	<u>77,614</u>	<u>143,703</u>	<u>143,703</u>	<u>143,703</u>
Cash Funds	75,262	77,614	143,703	143,703	143,703

P denotes this line item is pending future Committee action.

***JBC Staff Staff Figure Setting - FY 2015-16***  
***Staff Working Document - Does Not Represent Committee Decision***

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
<b>TOTAL - (1) Executive Director's Office</b>	40,287,861	50,477,332	59,820,459	59,459,397	59,409,333
<i>FTE</i>	<u>41.4</u>	<u>61.0</u>	<u>117.3</u>	<u>124.0</u>	<u>124.0</u>
General Fund	17,469,946	21,953,063	28,747,807	28,544,039	28,391,729
Cash Funds	21,632,411	24,576,057	26,291,778	26,263,182	26,365,428
Reappropriated Funds	1,185,504	3,948,212	4,780,874	4,652,176	4,652,176

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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~~CENTRAL DEPARTMENT OPERATIONS DIVISION~~

This division maintained documents and records transactions for taxes, licensing, and other fee payments; deposits tax remittances; processes tax documents; issues income tax refunds; and handles a variety of incoming and outgoing mail. In FY 2014-15 this division merged with the Executive Director's Office and the Taxation Business Group.

Personal Services	<u>5,022,357</u>	<u>4,085,533</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	88.0	75.1	0.0	0.0	0.0
General Fund	4,525,973	3,621,051	0	0	0
Cash Funds	423,219	2,134	0	0	0
Reappropriated Funds	73,165	462,348	0	0	0
Seasonal Tax Processing	<u>312,787</u>	<u>254,468</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	312,787	254,468	0	0	0
Operating Expenses	<u>1,153,909</u>	<u>1,066,873</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	1,131,481	1,062,935	0	0	0
Cash Funds	22,428	3,938	0	0	0
Postage	<u>2,680,970</u>	<u>2,654,717</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	2,372,470	2,323,240	0	0	0
Cash Funds	308,500	331,477	0	0	0
Pueblo Data Entry Center Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Document Imaging and Storage	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Document Management	<u>1,828,113</u>	<u>2,012,300</u>	0	0	0
General Fund	1,828,113	2,009,313	0	0	0
Cash Funds	0	2,987	0	0	0
<b>TOTAL - Central Department Operations</b>					
<b>Division</b>	10,998,136	10,073,891	0	0	0
<i>FTE</i>	<u>88.0</u>	<u>75.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	10,170,824	9,271,007	0	0	0
Cash Funds	754,147	340,536	0	0	0
Reappropriated Funds	73,165	462,348	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(2) INFORMATION TECHNOLOGY DIVISION**

This division includes two sections: Systems Support, which provides most of the Department's information technology support; and the Colorado State Titling and Registration System (CSTARS). CSTARS is the motor vehicle titling and registration information system that automates the distribution of vehicle registration taxes among the State, counties, and the Highway Users Tax Fund (HUTF). The major cash fund is the Colorado State Titling and Registration Account.

**(A) System Support**

Provides information technology (IT) support to the majority of the Department's IT systems, including taxation, driver's licenses and related systems, and the Enforcement Business Group's systems. Appropriations in this division are for contract services for support of the systems. Support provided by the Office of Information Technology is appropriated in the EDO. Cash fund sources are from the various systems that are supported by this division.

Personal Services	<u>326,459</u>	<u>281,165</u>	<u>648,376</u>	<u>154,656</u>	<u>154,656</u>
General Fund	196,409	174,983	641,226	147,506	147,506
Cash Funds	130,050	106,182	7,150	7,150	7,150
Reappropriated Funds	0	0	0	0	0
Operating Expenses	<u>627,416</u>	<u>1,433,923</u>	<u>1,365,816</u>	<u>885,318</u>	<u>885,318</u>
General Fund	627,416	1,358,934	1,290,257	809,759	809,759
Cash Funds	0	74,989	75,559	75,559	75,559
<b>SUBTOTAL - (A) System Support</b>	<b>953,875</b>	<b>1,715,088</b>	<b>2,014,192</b>	<b>1,039,974</b>	<b>1,039,974</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	823,825	1,533,917	1,931,483	957,265	957,265
Cash Funds	130,050	181,171	82,709	82,709	82,709
Reappropriated Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>(B) Colorado State Titling and Registration System</b>					
Provides contract IT support to the Colorado State Titling and Registration System, which ties the State and the county clerks together to provide a system that facilitates vehicle titling and registration. The source of funding is the Colorado State Titling and Registration Account of the HUTF.					
Personal Services	<u>467,818</u>	<u>309,502</u>	<u>442,688</u>	<u>442,688</u>	<u>442,688</u>
Cash Funds	467,818	309,502	442,688	442,688	442,688
Operating Expenses	<u>2,599,099</u>	<u>2,217,956</u>	<u>2,617,535</u>	<u>2,617,535</u>	<u>2,617,535</u>
Cash Funds	2,599,099	2,217,956	2,617,535	2,617,535	2,617,535
County Office Asset Maintenance	<u>568,230</u>	<u>481,794</u>	<u>568,230</u>	<u>568,230</u>	<u>568,230</u>
Cash Funds	568,230	481,794	568,230	568,230	568,230
County Office Improvements	<u>32,964</u>	<u>32,964</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Cash Funds	32,964	32,964	40,000	40,000	40,000
<b>SUBTOTAL - (B) Colorado State Titling and Registration System</b>	3,668,111	3,042,216	3,668,453	3,668,453	3,668,453
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	3,668,111	3,042,216	3,668,453	3,668,453	3,668,453
<b>TOTAL - (2) Information Technology Division</b>	4,621,986	4,757,304	5,682,645	4,708,427	4,708,427
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	823,825	1,533,917	1,931,483	957,265	957,265
Cash Funds	3,798,161	3,223,387	3,751,162	3,751,162	3,751,162
Reappropriated Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(3) TAXATION BUSINESS GROUP**

The Taxation Business Group administers business taxes; income taxes; severance taxes; estate and transfer taxes; special taxes, including gasoline, special fuel, aviation fuel, cigarette, tobacco, liquor and marijuana excise taxes; public utility assessments; and food service licensing fees. Sources of cash funds include the Marijuana Cash Fund, the Tobacco Tax Enforcement Cash Fund, Highway Users Tax Fund, and various other sources of cash fund. Sources of reappropriated funds include division indirect cost recoveries, the State Board of Land Commissioners, and the Oil and Gas Conservation Commission.

**(A) Administration**

This section provides administrative support for the Taxation Business Group, including budgeting, human resources, and other support.

Personal Services	<u>525,068</u>	<u>452,003</u>	<u>509,645</u>	<u>523,805</u>	<u>523,805</u>
FTE	5.6	4.7	5.0	5.0	5.0
General Fund	522,472	450,332	507,914	521,452	521,452
Cash Funds	2,596	1,671	1,731	2,353	2,353
Operating Expenses	<u>7,707</u>	<u>8,576</u>	<u>13,100</u>	<u>13,100</u>	<u>13,100</u>
General Fund	7,707	8,576	13,100	13,100	13,100
Colorado Integrated Tax Architecture Maintenance and Support	0	2,917,000	5,828,730	3,831,650	3,831,650
General Fund	0	1,587,600	3,944,730	3,821,650	3,821,650
Cash Funds	0	1,329,400	1,884,000	10,000	10,000
<b>SUBTOTAL - (A) Administration</b>	<b>532,775</b>	<b>3,377,579</b>	<b>6,351,475</b>	<b>4,368,555</b>	<b>4,368,555</b>
<i>FTE</i>	<u>5.6</u>	<u>4.7</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
General Fund	530,179	2,046,508	4,465,744	4,356,202	4,356,202
Cash Funds	2,596	1,331,071	1,885,731	12,353	12,353

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(B) Taxation and Compliance Division**

This Division ensures compliance with Colorado's tax laws by conducting compliance audits on individual and corporate income tax returns, sales tax submissions, and other tax returns. The Mineral Audit Program audits royalty returns associated with oil, natural gas, coal, and other mineral extraction on federal, state, and private lands.

Personal Expenses	<u>15,380,745</u>	<u>15,380,359</u>	<u>16,828,902</u>	<u>17,406,855</u>	<u>17,406,855</u>
FTE	218.6	0.0	237.3	239.6	239.6
General Fund	15,230,686	14,843,976	15,640,210	16,212,135	16,212,135
Cash Funds	0	309,766	1,034,607	1,040,635	1,040,635
Reappropriated Funds	150,059	226,617	154,085	154,085	154,085
Operating Expenses	<u>922,123</u>	<u>906,698</u>	<u>1,101,076</u>	<u>1,075,591</u>	<u>1,075,591</u>
General Fund	922,123	879,433	1,074,935	1,049,450	1,049,450
Cash Funds	0	27,265	26,141	26,141	26,141
Joint Audit Program	<u>131,244</u>	<u>131,244</u>	<u>131,244</u>	<u>131,244</u>	<u>131,244</u>
General Fund	131,244	131,244	131,244	131,244	131,244
Mineral Audit Program	<u>815,882</u>	<u>815,882</u>	<u>890,388</u>	<u>890,388</u>	<u>890,388</u>
FTE	11.6	11.6	10.2	10.2	10.2
Reappropriated Funds	22,047	22,047	66,000	66,000	66,000
Federal Funds	793,835	793,835	824,388	824,388	824,388

<b>SUBTOTAL - (B) Taxation and Compliance</b>					
<b>Division</b>	17,249,994	17,234,183	18,951,610	19,504,078	19,504,078
FTE	<u>230.2</u>	<u>11.6</u>	<u>247.5</u>	<u>249.8</u>	<u>249.8</u>
General Fund	16,284,053	15,854,653	16,846,389	17,392,829	17,392,829
Cash Funds	0	337,031	1,060,748	1,066,776	1,066,776
Reappropriated Funds	172,106	248,664	220,085	220,085	220,085
Federal Funds	793,835	793,835	824,388	824,388	824,388

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(C) Taxpayer Service Division**

This Division assists individual and business taxpayers through regional service centers and a call center; issues tax licenses and permits to businesses; collects local sales and use taxes for many cities, counties, and special districts; and issues individual and business tax refunds. The Fuel Tracking System tracks the movement of gasoline and special fuels with the goal of expediting the collection of excise taxes.

Personal Services	<u>4,449,040</u>	<u>4,596,929</u>	<u>6,374,088</u>	<u>6,866,694</u>	<u>6,866,694</u> *
FTE	77.7	78.6	105.7	112.1	112.1
General Fund	4,418,205	4,472,749	6,119,750	6,628,771	6,628,771
Cash Funds	30,835	124,180	254,338	237,923	237,923
Operating Expenses	<u>260,968</u>	<u>349,547</u>	<u>483,529</u>	<u>479,238</u>	<u>479,238</u> *
General Fund	260,968	349,547	479,799	475,508	475,508
Cash Funds	0	0	3,730	3,730	3,730
Seasonal Tax Processing	<u>0</u>	<u>0</u>	<u>296,391</u>	<u>296,391</u>	<u>296,391</u>
General Fund	0	0	296,391	296,391	296,391
Document Management	<u>0</u>	<u>0</u>	<u>2,947,388</u>	<u>2,947,646</u>	<u>2,947,646</u>
General Fund	0	0	2,907,883	2,908,141	2,908,141
Cash Funds	0	0	39,505	39,505	39,505
Fuel Tracking System	<u>473,037</u>	<u>627,572</u>	<u>489,161</u>	<u>492,642</u>	<u>492,642</u>
FTE	1.5	1.5	1.5	1.5	1.5
Cash Funds	473,037	627,572	489,161	492,642	492,642
Indirect Cost Assessment	<u>0</u>	<u>6,450</u>	<u>8,120</u>	<u>10,380</u>	<u>10,380</u>
Cash Funds	0	6,450	8,120	10,380	10,380

\* denotes this line item includes a decision item.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
<b>SUBTOTAL - (C) Taxpayer Service Division</b>	5,183,045	5,580,498	10,598,677	11,092,991	11,092,991
<i>FTE</i>	<u>79.2</u>	<u>80.1</u>	<u>107.2</u>	<u>113.6</u>	<u>113.6</u>
General Fund	4,679,173	4,822,296	9,803,823	10,308,811	10,308,811
Cash Funds	503,872	758,202	794,854	784,180	784,180

**(D) Tax Conferee**

Attempts to resolve tax disputes, including those pertaining to gross conservation easements, before the issues go to court and review issues related to home rule city and county sales and use taxes.

Personal Services	<u>2,182,473</u>	<u>1,625,748</u>	<u>2,663,329</u>	<u>2,649,239</u>	<u>2,649,239</u>
<i>FTE</i>	13.0	12.9	12.2	12.5	12.5
General Fund	2,182,473	1,625,748	2,663,329	2,649,239	2,649,239
Operating Expenses	<u>20,463</u>	<u>25,172</u>	<u>61,174</u>	<u>64,751</u>	<u>64,751</u>
General Fund	20,463	25,172	61,174	64,751	64,751
<b>SUBTOTAL - (D) Tax Conferee</b>	2,202,936	1,650,920	2,724,503	2,713,990	2,713,990
<i>FTE</i>	<u>13.0</u>	<u>12.9</u>	<u>12.2</u>	<u>12.5</u>	<u>12.5</u>
General Fund	2,202,936	1,650,920	2,724,503	2,713,990	2,713,990

**(E) Special Purpose**

Distributes applicable percentage of gross cigarette taxes and Amendment 35 taxes to cities and counties, distributes grants to assist low-income, disabled, and elderly citizens with payment of property taxes and heat and fuel expenses, and issues rebates of sales taxes to qualified entities under the Commercial Vehicle Enterprise Sales Tax Refund program.

Cigarette Tax Rebate	<u>10,739,380</u>	<u>10,428,361</u>	<u>8,800,000</u>	<u>8,100,000</u>	<u>8,100,000</u>	P
General Fund	10,739,380	10,428,361	8,800,000	8,100,000	8,100,000	
Amendment 35 Distribution to Local Governments	<u>1,289,435</u>	<u>1,264,830</u>	<u>1,314,900</u>	<u>1,314,900</u>	<u>1,282,779</u>	P
Cash Funds	1,289,435	1,264,830	1,314,900	1,314,900	1,282,779	

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Old Age Heat and Fuel and Property Tax Assistance Grant	<u>6,582,510</u>	<u>6,030,061</u>	<u>9,256,965</u>	<u>8,400,000</u>	<u>8,400,000</u> P
General Fund	6,582,510	6,030,061	9,256,965	8,400,000	8,400,000
Commercial Vehicle Enterprise Sales Tax Refund	<u>21,612</u>	<u>27,142</u>	<u>120,524</u>	<u>120,524</u>	<u>120,524</u> P
Cash Funds	21,612	27,142	120,524	120,524	120,524
Retail Marijuana Sales Tax Distribution to Local Governments	<u>0</u>	<u>1,359,814</u>	<u>9,191,790</u>	<u>7,400,000</u>	<u>7,400,000</u> P
General Fund	0	1,359,814	9,191,790	7,400,000	7,400,000
<b>SUBTOTAL - (E) Special Purpose</b>	18,632,937	19,110,208	28,684,179	25,335,424	25,303,303
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	17,321,890	17,818,236	27,248,755	23,900,000	23,900,000
Cash Funds	1,311,047	1,291,972	1,435,424	1,435,424	1,403,303
<b>TOTAL - (3) Taxation Business Group</b>	43,801,687	46,953,388	67,310,444	63,015,038	62,982,917
<i>FTE</i>	<u>328.0</u>	<u>109.3</u>	<u>371.9</u>	<u>380.9</u>	<u>380.9</u>
General Fund	41,018,231	42,192,613	61,089,214	58,671,832	58,671,832
Cash Funds	1,817,515	3,718,276	5,176,757	3,298,733	3,266,612
Reappropriated Funds	172,106	248,664	220,085	220,085	220,085
Federal Funds	793,835	793,835	824,388	824,388	824,388

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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~~**DIVISION OF MOTOR VEHICLES (OLD STRUCTURE)**~~

The Division includes Administration, Driver Services, and Vehicle Services. The major sources of cash funds include: the Licensing Services Cash Fund, the License Plate Cash Fund, the Colorado State Titling and Registration Account, the Drivers' License Administrative Revocation Account, the Department of Revenue Subaccount of the AIR Account in the Highway Users Tax Fund (HUTF), the First Time Drunk Driving Offender Account in the HUTF, the Identification Security Fund, the Motorist Insurance Identification Account, and various other sources. The Division was restructured in FY 2014-15 and these numbers pages show appropriations prior to the reorganization.

**(A) Administration**

Personal Services	<u>751,993</u>	<u>716,922</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	8.6	9.8	0.0	0.0	0.0
General Fund	23,868	27,216	0	0	0
Cash Funds	728,125	689,706	0	0	0
Operating Expenses	<u>50,111</u>	<u>29,194</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	1,590	1,582	0	0	0
Cash Funds	48,521	27,612	0	0	0
<b>SUBTOTAL - (A) Administration</b>	<b>802,104</b>	<b>746,116</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>	<b><u>8.6</u></b>	<b><u>9.8</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>
General Fund	25,458	28,798	0	0	0
Cash Funds	776,646	717,318	0	0	0

**(B) Driver and Vehicle Services**

Personal Services	<u>16,069,351</u>	<u>14,923,525</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	359.8	343.6	0.0	0.0	0.0
General Fund	568,203	713,961	0	0	0
Cash Funds	15,501,148	14,209,564	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Operating Expenses	<u>1,404,946</u>	<u>1,403,040</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	31,266	29,778	0	0	0
Cash Funds	1,373,680	1,373,262	0	0	0
Drivers License Documents	<u>4,188,636</u>	<u>3,840,321</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	4,188,636	3,840,321	0	0	0
License Plate Ordering	<u>4,998,737</u>	<u>5,035,910</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	4,998,737	5,035,910	0	0	0
Indirect Cost Assessment	<u>0</u>	<u>2,418,647</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	1	0	0	0
Cash Funds	0	2,418,646	0	0	0
<b>SUBTOTAL - (B) Driver and Vehicle Services</b>	<b>26,661,670</b>	<b>27,621,443</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>	<u>359.8</u>	<u>343.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	599,469	743,740	0	0	0
Cash Funds	26,062,201	26,877,703	0	0	0

**(C) Vehicle Emissions**

Personal Services	<u>895,419</u>	<u>856,186</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	13.0	13.4	0.0	0.0	0.0
Cash Funds	895,419	856,186	0	0	0
Operating Expenses	<u>84,435</u>	<u>74,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	84,435	74,800	0	0	0
Indirect Cost Assessment	<u>0</u>	<u>134,460</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	134,460	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>SUBTOTAL - (C) Vehicle Emissions</b>	979,854	1,065,446	0	0	0
<i>FTE</i>	<u>13.0</u>	<u>13.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	979,854	1,065,446	0	0	0

**(D) Titles**

Personal Services	<u>1,512,534</u>	<u>1,522,032</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>FTE</i>	29.5	28.5	0.0	0.0	0.0
Cash Funds	1,512,534	1,522,032	0	0	0
Operating Expenses	<u>235,437</u>	<u>249,585</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	235,437	249,585	0	0	0
Indirect Cost Assessment	<u>0</u>	<u>275,376</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	275,376	0	0	0
<b>SUBTOTAL - (D) Titles</b>	1,747,971	2,046,993	0	0	0
<i>FTE</i>	<u>29.5</u>	<u>28.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	1,747,971	2,046,993	0	0	0

**(E) Motorist Insurance Identification Database Program**

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0
Cash Funds	0	0	0	0	0
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Motorist Insurance Identification Database Program	<u>266,249</u>	<u>272,653</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.8	0.9	0.0	0.0	0.0
Cash Funds	266,249	272,653	0	0	0
<b>SUBTOTAL - (E) Motorist Insurance Identification Database Program</b>	<b>266,249</b>	<b>272,653</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>	<b><u>0.8</u></b>	<b><u>0.9</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>
Cash Funds	266,249	272,653	0	0	0
<b>(F) Ignition Interlock Program</b>					
Personal Services	<u>178,297</u>	<u>193,802</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	4.2	5.5	0.0	0.0	0.0
Cash Funds	178,297	193,802	0	0	0
Operating Expenses	<u>630,432</u>	<u>675,511</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	630,432	675,511	0	0	0
Indirect Cost Assessment	<u>0</u>	<u>26,391</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	26,391	0	0	0
<b>SUBTOTAL - (F) Ignition Interlock Program</b>	<b>808,729</b>	<b>895,704</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>	<b><u>4.2</u></b>	<b><u>5.5</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>
Cash Funds	808,729	895,704	0	0	0
<b>TOTAL - (5) Division of Motor Vehicles (old structure)</b>	<b>31,266,577</b>	<b>32,648,355</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>	<b><u>415.9</u></b>	<b><u>401.7</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>
General Fund	624,927	772,538	0	0	0
Cash Funds	30,641,650	31,875,817	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(4) DIVISION OF MOTOR VEHICLES (CURRENT STRUCTURE)**

The Division includes Administration, Driver Services, and Vehicle Services. The major sources of cash funds include: the Licensing Services Cash Fund, the License Plate Cash Fund, the Colorado State Titling and Registration Account, the Drivers' License Administrative Revocation Account, the Department of Revenue Subaccount of the AIR Account in the Highway Users Tax Fund (HUTF), the First Time Drunk Driving Offender Account in the HUTF, the Identification Security Fund, the Motorist Insurance Identification Account, and various other sources.

**(A) Administration**

The section administers the programs in the Division of Motor Vehicles. Cash funds sources are the cash funds that provide funding for the sub-divisions and programs in the Division.

Personal Services	0	0	1,500,342	1,573,666	1,573,666 *
FTE	0.0	0.0	17.8	18.9	18.9
General Fund	0	0	29,761	229,494	229,494
Cash Funds	0	0	1,423,519	1,292,827	1,292,827
Reappropriated Funds	0	0	47,062	51,345	51,345
Operating Expenses	0	0	83,424	85,244	85,244 *
General Fund	0	0	1,670	12,340	12,340
Cash Funds	0	0	78,364	69,514	69,514
Reappropriated Funds	0	0	3,390	3,390	3,390
<b>SUBTOTAL - (A) Administration</b>	<b>0</b>	<b>0</b>	<b>1,583,766</b>	<b>1,658,910</b>	<b>1,658,910</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>17.8</u>	<u>18.9</u>	<u>18.9</u>
General Fund	0	0	31,431	241,834	241,834
Cash Funds	0	0	1,501,883	1,362,341	1,362,341
Reappropriated Funds	0	0	50,452	54,735	54,735

\* denotes this line item includes a decision item.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(B) Driver Services**

The Driver Services section administers driver's licensing and records management, the Ignition Interlock Program, which assists first time drunk driving offenders with obtaining ignition interlock devices to allow those offenders to drive, with certain restrictions. The primary cash funds sources are the Licensing Services Cash Fund and the First Time Drunk Driving Offender Account of the HUTF.

Personal Services	<u>0</u>	<u>0</u>	<u>21,233,523</u>	<u>20,074,528</u>	<u>19,534,562</u> *
FTE	0.0	0.0	392.4	420.5	405.5
General Fund	0	0	9,035,849	7,148,247	7,148,247
Cash Funds	0	0	12,097,658	12,817,162	12,277,196
Reappropriated Funds	0	0	100,016	109,119	109,119
Operating Expenses	<u>0</u>	<u>0</u>	<u>3,459,566</u>	<u>2,181,481</u>	<u>2,096,686</u> *
General Fund	0	0	1,847,216	418,104	418,104
Cash Funds	0	0	1,508,558	1,753,207	1,668,412
Reappropriated Funds	0	0	103,792	10,170	10,170
Drivers License Documents	<u>0</u>	<u>0</u>	<u>4,467,378</u>	<u>4,365,339</u>	<u>4,365,339</u>
Cash Funds	0	0	4,467,378	4,365,339	4,365,339
Ignition Interlock Program	<u>0</u>	<u>0</u>	<u>1,228,705</u>	<u>1,226,667</u>	<u>1,226,667</u> *
FTE	0.0	0.0	6.9	6.9	6.9
General Fund	0	0	0	0	0
Cash Funds	0	0	1,228,705	1,226,667	1,226,667
Reappropriated Funds	0	0	0	0	0
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>1,829,996</u>	<u>2,450,653</u>	<u>2,450,653</u>
Cash Funds	0	0	1,829,996	2,450,653	2,450,653

\* denotes this line item includes a decision item.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>SUBTOTAL - (B) Driver Services</b>	0	0	32,219,168	30,298,668	29,673,907
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>399.3</u>	<u>427.4</u>	<u>412.4</u>
General Fund	0	0	10,883,065	7,566,351	7,566,351
Cash Funds	0	0	21,132,295	22,613,028	21,988,267
Reappropriated Funds	0	0	203,808	119,289	119,289

**(C) Vehicle Services**

The Vehicle Services section administers vehicle registration, vehicle emissions, license plate ordering, titles, and the Motorist Insurance Identification Program. The primary cash funds sources are License Plate Cash Fund, the Colorado State Titling and Registration Account, the Department of Revenue subaccount of the AIR Account in the Highway Users Tax Fund (HUTF), the Motorist Insurance Identification Account of the HUTF, and outstanding judgments and warrants.

Personal Services	<u>0</u>	<u>0</u>	<u>2,510,525</u>	<u>2,560,635</u>	<u>2,560,635</u>
FTE	0.0	0.0	49.2	49.2	49.2
General Fund	0	0	436,648	446,139	446,139
Cash Funds	0	0	2,073,877	2,114,496	2,114,496
Operating Expenses	<u>0</u>	<u>0</u>	<u>454,034</u>	<u>454,034</u>	<u>454,034</u>
General Fund	0	0	27,169	27,169	27,169
Cash Funds	0	0	426,865	426,865	426,865
License Plate Ordering	<u>0</u>	<u>0</u>	<u>5,470,954</u>	<u>5,429,871</u>	<u>5,429,871</u>
General Fund	0	0	70,026	6,673	6,673
Cash Funds	0	0	5,400,928	5,423,198	5,423,198
Motorist Insurance Identification Database Program	<u>0</u>	<u>0</u>	<u>331,618</u>	<u>337,006</u>	<u>337,006</u>
FTE	0.0	0.0	1.0	1.0	1.0
Cash Funds	0	0	331,618	337,006	337,006

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Emissions Program	<u>0</u>	<u>0</u>	<u>1,201,334</u>	<u>1,233,846</u>	<u>1,233,846</u>
FTE	0.0	0.0	15.0	15.0	15.0
Cash Funds	0	0	1,201,334	1,233,846	1,233,846
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>633,529</u>	<u>366,547</u>	<u>366,547</u>
Cash Funds	0	0	633,529	366,547	366,547
<b>SUBTOTAL - (C) Vehicle Services</b>	<b>0</b>	<b>0</b>	<b>10,601,994</b>	<b>10,381,939</b>	<b>10,381,939</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>65.2</u>	<u>65.2</u>	<u>65.2</u>
General Fund	0	0	533,843	479,981	479,981
Cash Funds	0	0	10,068,151	9,901,958	9,901,958
<b>TOTAL - (4) Division of Motor Vehicles (current structure)</b>	<b>0</b>	<b>0</b>	<b>44,404,928</b>	<b>42,339,517</b>	<b>41,714,756</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>482.3</u>	<u>511.5</u>	<u>496.5</u>
General Fund	0	0	11,448,339	8,288,166	8,288,166
Cash Funds	0	0	32,702,329	33,877,327	33,252,566
Reappropriated Funds	0	0	254,260	174,024	174,024

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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~~**MOTOR CARRIER SERVICES DIVISION**~~

House Bill 12-1019 abolished the Motor Carrier Services Division in the Department of Revenue and transferred the Ports of Entry to the Colorado State Patrol and transferred the International Registration Program to Driver and Vehicle Services in the Division of Motor Vehicles.

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Fixed and Mobile Port Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0
Hazardous Materials Permitting Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0
Cash Funds	0	0	0	0

<b>TOTAL - Motor Carrier Services Division</b>	0	0	0	0
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(5) ENFORCEMENT BUSINESS GROUP**

This division regulates the limited gaming industry; regulates horse and dog racing events; enforces the state's liquor, medical marijuana, and tobacco laws; and licenses liquor retailers, wholesalers, and manufacturers and medical marijuana retailers and manufacturing and cultivation facilities. This division also regulates the distribution of motor vehicles and manages adjudication hearings related to drivers licenses, certain racing licenses, and some tax disputes.

**(A) Administration**

Provides administrative support to the divisions in the Group: the Limited Gaming Division; the Alcohol and Tobacco Enforcement Division; the Division of Racing Events; the Hearings Division, the Motor Vehicle Dealer Licensing Board; and the Marijuana Enforcement Division. The funding sources are the cash funds that support the functions in the divisions.

Personal Services	<u>615,520</u>	<u>599,795</u>	<u>688,023</u>	<u>703,273</u>	<u>703,273</u>
FTE	6.8	0.0	8.0	8.0	8.0
General Fund	53,504	18,727	19,864	21,821	21,821
Cash Funds	442,701	327,225	394,013	418,348	418,348
Reappropriated Funds	119,315	253,843	274,146	263,104	263,104
Operating Expenses	<u>12,589</u>	<u>11,744</u>	<u>12,780</u>	<u>12,780</u>	<u>12,780</u>
General Fund	1,094	400	369	397	397
Cash Funds	9,055	6,419	7,319	7,602	7,602
Reappropriated Funds	2,440	4,925	5,092	4,781	4,781
<b>SUBTOTAL - (A) Administration</b>	628,109	611,539	700,803	716,053	716,053
FTE	<u>6.8</u>	<u>0.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>
General Fund	54,598	19,127	20,233	22,218	22,218
Cash Funds	451,756	333,644	401,332	425,950	425,950
Reappropriated Funds	121,755	258,768	279,238	267,885	267,885

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>(B) Limited Gaming Division</b>					
Licenses and regulates limited gaming establishments, conducts background investigations on all gaming employees, monitors compliance with State limited gaming laws, and conducts audits to ensure tax remittances from gaming establishments are correct. Line allocations are determined by the Limited Gaming Commission and are not subject to appropriation by the General Assembly.					
Personal Services	<u>6,116,053</u>	<u>6,217,594</u>	<u>6,842,620</u>	<u>6,969,534</u>	<u>6,969,534</u>
FTE	81.2	82.6	84.4	84.4	84.4
Cash Funds	6,116,053	6,217,594	6,842,620	6,969,534	6,969,534
Operating Expenses	<u>646,573</u>	<u>0</u>	<u>1,331,739</u>	<u>1,331,739</u>	<u>1,331,739</u>
Cash Funds	646,573	0	1,331,739	1,331,739	1,331,739
Licensure Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
Investigations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
Payments to Other State Agencies	<u>3,569,853</u>	<u>3,873,005</u>	<u>3,853,589</u>	<u>3,853,589</u>	<u>3,853,589</u>
Cash Funds	3,569,853	3,873,005	3,853,589	3,853,589	3,853,589
Distribution to Gaming Cities and Counties	<u>92,677,111</u>	<u>92,211,148</u>	<u>23,788,902</u>	<u>23,788,902</u>	<u>23,788,902</u>
Cash Funds	92,677,111	92,211,148	23,788,902	23,788,902	23,788,902
Indirect Cost Assessment	<u>814,123</u>	<u>640,282</u>	<u>417,408</u>	<u>332,466</u>	<u>332,466</u>
Cash Funds	814,123	640,282	417,408	332,466	332,466
<b>SUBTOTAL - (B) Limited Gaming Division</b>	<b>103,823,713</b>	<b>102,942,029</b>	<b>36,234,258</b>	<b>36,276,230</b>	<b>36,276,230</b>
FTE	<u>81.2</u>	<u>82.6</u>	<u>84.4</u>	<u>84.4</u>	<u>84.4</u>
Cash Funds	103,823,713	102,942,029	36,234,258	36,276,230	36,276,230

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(C) Liquor and Tobacco Enforcement Division**

Enforces the State's alcohol laws and regulations; issues licenses and permits to manufacturers, importers, distributors, and retailers of alcoholic beverages; and enforces State laws prohibiting the sale of tobacco products to minors.

Personal Services	<u>2,096,350</u>	<u>2,117,008</u>	<u>2,271,999</u>	<u>2,347,621</u>	<u>2,347,621</u>
FTE	27.0	0.0	26.5	26.5	26.5
General Fund	126,128	135,022	141,312	159,107	159,107
Cash Funds	1,970,222	1,981,986	2,130,687	2,188,514	2,188,514
Operating Expenses	<u>84,917</u>	<u>95,030</u>	<u>97,919</u>	<u>97,919</u>	<u>97,919</u>
General Fund	7,070	7,029	7,201	7,201	7,201
Cash Funds	77,847	88,001	90,718	90,718	90,718
Indirect Cost Assessment	<u>0</u>	<u>130,872</u>	<u>145,821</u>	<u>129,349</u>	<u>129,349</u>
Cash Funds	0	130,872	145,821	129,349	129,349

<b>SUBTOTAL - (C) Liquor and Tobacco Enforcement Division</b>					
	2,181,267	2,342,910	2,515,739	2,574,889	2,574,889
FTE	<u>27.0</u>	<u>0.0</u>	<u>26.5</u>	<u>26.5</u>	<u>26.5</u>
General Fund	133,198	142,051	148,513	166,308	166,308
Cash Funds	2,048,069	2,200,859	2,367,226	2,408,581	2,408,581

**Liquor Enforcement Division**

This program was consolidated into the Liquor and Tobacco Enforcement Division for FY 2012-13.

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0
General Fund	0	0	0	0
Cash Funds	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
<b>SUBTOTAL - Liquor Enforcement Division</b>	0	0	0	0	0
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0

**Tobacco Enforcement Program**

This program was consolidated into the Liquor and Tobacco Enforcement Division for FY 2012-13.

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
<b>SUBTOTAL - Tobacco Enforcement Program</b>	0	0	0	0	0
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>(D) Division of Racing Events</b>					
Licenses racetracks and individuals involved in horse and dog racing (currently inactive), allocates race days among racetracks, tests animals for drugs, and oversees wagering.					
Personal Services	<u>765,030</u>	<u>754,594</u>	<u>889,171</u>	<u>912,810</u>	<u>912,810</u>
FTE	7.3	7.7	7.7	7.7	7.7
Cash Funds	765,030	754,594	889,171	912,810	912,810
Operating Expenses	<u>163,870</u>	<u>190,821</u>	<u>221,627</u>	<u>221,627</u>	<u>221,627</u>
Cash Funds	163,870	190,821	221,627	221,627	221,627
Laboratory Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
Commission Meeting Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
Racetrack Applications	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
Purses and Breeders Awards	<u>1,328,344</u>	<u>1,287,072</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
Cash Funds	1,328,344	1,287,072	1,400,000	1,400,000	1,400,000
Indirect Cost Assessment	<u>0</u>	<u>88,255</u>	<u>72,911</u>	<u>48,946</u>	<u>48,946</u>
Cash Funds	0	88,255	72,911	48,946	48,946
<b>SUBTOTAL - (D) Division of Racing Events</b>	<b>2,257,244</b>	<b>2,320,742</b>	<b>2,583,709</b>	<b>2,583,383</b>	<b>2,583,383</b>
<b>FTE</b>	<b><u>7.3</u></b>	<b><u>7.7</u></b>	<b><u>7.7</u></b>	<b><u>7.7</u></b>	<b><u>7.7</u></b>
<b>Cash Funds</b>	<b>2,257,244</b>	<b>2,320,742</b>	<b>2,583,709</b>	<b>2,583,383</b>	<b>2,583,383</b>

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(E) Hearings Division**

Conducts hearings on driver's license suspensions and revocations, probationary licenses, habitual traffic offenders, misuse of temporary registration permits, and horse and dog racing licenses. Provides computer support and data analysis for traffic safety programs. Cash funds source is the Driver's License Administrative Revocation Account.

Personal Services	<u>1,780,589</u>	<u>1,759,199</u>	<u>2,265,482</u>	<u>2,329,806</u>	<u>2,329,806</u>
FTE	27.4	0.0	29.6	29.6	29.6
General Fund	146,031	0	178,955	178,955	178,955
Cash Funds	1,634,558	1,759,199	2,086,527	2,150,851	2,150,851
Operating Expenses	<u>97,690</u>	<u>81,195</u>	<u>101,408</u>	<u>101,408</u>	<u>101,408</u>
General Fund	2,379	0	2,470	2,470	2,470
Cash Funds	95,311	81,195	98,938	98,938	98,938
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>468,889</u>	<u>141,989</u>	<u>141,989</u>
Cash Funds	0	0	468,889	141,989	141,989

<b>SUBTOTAL - (E) Hearings Division</b>	1,878,279	1,840,394	2,835,779	2,573,203	2,573,203
FTE	<u>27.4</u>	<u>0.0</u>	<u>29.6</u>	<u>29.6</u>	<u>29.6</u>
General Fund	148,410	0	181,425	181,425	181,425
Cash Funds	1,729,869	1,840,394	2,654,354	2,391,778	2,391,778

**(F) Motor Vehicle Dealer Licensing Board**

Conducts hearings on driver's license suspensions and revocations, probationary licenses, habitual traffic offenders, misuse of temporary registration permits, and horse and dog racing licenses. Provides computer support and data analysis for traffic safety programs.

Personal Services	<u>1,766,742</u>	<u>1,696,659</u>	<u>1,914,521</u>	<u>1,974,099</u>	<u>1,974,099</u>
FTE	27.1	25.6	27.2	27.2	27.2
Cash Funds	1,766,742	1,696,659	1,914,521	1,974,099	1,974,099

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Operating Expenses	<u>92,184</u>	<u>118,400</u>	<u>309,684</u>	<u>134,684</u>	<u>134,684</u>
Cash Funds	92,184	118,400	309,684	134,684	134,684
Indirect Cost Assessment	<u>0</u>	<u>147,944</u>	<u>157,976</u>	<u>186,740</u>	<u>186,740</u>
Cash Funds	0	147,944	157,976	186,740	186,740
<b>SUBTOTAL - (F) Motor Vehicle Dealer Licensing Board</b>	1,858,926	1,963,003	2,382,181	2,295,523	2,295,523
FTE	<u>27.1</u>	<u>25.6</u>	<u>27.2</u>	<u>27.2</u>	<u>27.2</u>
Cash Funds	1,858,926	1,963,003	2,382,181	2,295,523	2,295,523

**(G) Marijuana Enforcement**

Licenses and regulates marijuana dispensaries, growing facilities, and marijuana infused product manufacturing facilities. Investigates complaints and enforces law and regulations regarding such facilities. The funding source is the Marijuana License Cash Fund.

Marijuana Enforcement	<u>1,387,011</u>	<u>3,593,823</u>	<u>6,722,272</u>	<u>7,226,196</u>	<u>7,226,196</u> *
FTE	14.7	27.2	58.5	68.2	68.2
Cash Funds	1,387,011	3,593,823	6,722,272	7,226,196	7,226,196
Indirect Cost Assessment	<u>0</u>	<u>318,170</u>	<u>459,446</u>	<u>524,845</u>	<u>524,845</u>
Cash Funds	0	318,170	459,446	524,845	524,845
<b>SUBTOTAL - (G) Marijuana Enforcement</b>	1,387,011	3,911,993	7,181,718	7,751,041	7,751,041
FTE	<u>14.7</u>	<u>27.2</u>	<u>58.5</u>	<u>68.2</u>	<u>68.2</u>
Cash Funds	1,387,011	3,911,993	7,181,718	7,751,041	7,751,041

\* denotes this line item includes a decision item.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
<b>TOTAL - (5) Enforcement Business Group</b>	114,014,549	115,932,610	54,434,187	54,770,322	54,770,322
<i>FTE</i>	<u>191.5</u>	<u>143.1</u>	<u>241.9</u>	<u>251.6</u>	<u>251.6</u>
General Fund	336,206	161,178	350,171	369,951	369,951
Cash Funds	113,556,588	115,512,664	53,804,778	54,132,486	54,132,486
Reappropriated Funds	121,755	258,768	279,238	267,885	267,885

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(6) STATE LOTTERY DIVISION**

The State Lottery Division is an enterprise under the provisions of Section 20 of Article X of the Colorado Constitution (the Taxpayer's Bill of Rights). Expenditures are paid from the State Lottery Fund and appropriated as cash funds. The Lottery's direct costs for worker's compensation, variable vehicle expenses, legal services, the purchase of services from the 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 consolidated budget lines within the Executive Director's Office.

Personal Services	<u>8,003,453</u>	<u>7,833,796</u>	<u>9,085,964</u>	<u>9,335,677</u>	<u>9,335,677</u>
FTE	116.3	119.5	117.1	117.1	117.1
Cash Funds	8,003,453	7,833,796	9,085,964	9,335,677	9,335,677
Operating Expenses	<u>1,035,198</u>	<u>833,529</u>	<u>1,203,156</u>	<u>1,203,156</u>	<u>1,203,156</u>
Cash Funds	1,035,198	833,529	1,203,156	1,203,156	1,203,156
Payments to Other State Agencies	<u>133,133</u>	<u>134,175</u>	<u>239,410</u>	<u>239,410</u>	<u>239,410</u>
Cash Funds	133,133	134,175	239,410	239,410	239,410
Travel	<u>70,001</u>	<u>51,803</u>	<u>113,498</u>	<u>113,498</u>	<u>113,498</u>
Cash Funds	70,001	51,803	113,498	113,498	113,498
Marketing and Communications	<u>13,732,533</u>	<u>13,439,653</u>	<u>14,700,000</u>	<u>14,700,000</u>	<u>14,700,000</u>
Cash Funds	13,732,533	13,439,653	14,700,000	14,700,000	14,700,000
Multi-State Lottery Fees	<u>148,940</u>	<u>85,228</u>	<u>177,433</u>	<u>177,433</u>	<u>177,433</u>
Cash Funds	148,940	85,228	177,433	177,433	177,433
Vendor Fees	<u>9,501,461</u>	<u>9,595,025</u>	<u>12,571,504</u>	<u>12,571,504</u>	<u>12,571,504</u>
Cash Funds	9,501,461	9,595,025	12,571,504	12,571,504	12,571,504

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
Retailer Compensation	<u>42,213,871</u>	<u>40,212,982</u>	<u>52,241,350</u>	<u>52,241,350</u>	<u>52,241,350</u>
Cash Funds	42,213,871	40,212,982	52,241,350	52,241,350	52,241,350
Ticket Costs	<u>3,566,811</u>	<u>3,609,710</u>	<u>6,578,000</u>	<u>6,578,000</u>	<u>6,578,000</u>
Cash Funds	3,566,811	3,609,710	6,578,000	6,578,000	6,578,000
Research	<u>133,899</u>	<u>189,629</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Cash Funds	133,899	189,629	250,000	250,000	250,000
Indirect Cost Assessment	<u>408,720</u>	<u>486,936</u>	<u>586,778</u>	<u>460,259</u>	<u>460,259</u>
Cash Funds	408,720	486,936	586,778	460,259	460,259
<b>TOTAL - (6) State Lottery Division</b>	<b>78,948,020</b>	<b>76,472,466</b>	<b>97,747,093</b>	<b>97,870,287</b>	<b>97,870,287</b>
<b>FTE</b>	<b><u>116.3</u></b>	<b><u>119.5</u></b>	<b><u>117.1</u></b>	<b><u>117.1</u></b>	<b><u>117.1</u></b>
Cash Funds	78,948,020	76,472,466	97,747,093	97,870,287	97,870,287
<b>TOTAL - Department of Revenue</b>	<b>323,938,816</b>	<b>337,315,346</b>	<b>329,399,756</b>	<b>322,162,988</b>	<b>321,456,042</b>
<b>FTE</b>	<b><u>1,181.1</u></b>	<b><u>909.7</u></b>	<b><u>1,330.5</u></b>	<b><u>1,385.1</u></b>	<b><u>1,370.1</u></b>
General Fund	70,443,959	75,884,316	103,567,014	96,831,253	96,678,943
Cash Funds	251,148,492	255,719,203	219,473,897	219,193,177	218,638,541
Reappropriated Funds	1,552,530	4,917,992	5,534,457	5,314,170	5,314,170
Federal Funds	793,835	793,835	824,388	824,388	824,388