

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2014-15
STAFF FIGURE SETTING RECOMMENDATIONS
DEPARTMENT OF REVENUE**

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

**Prepared By:
Viktor Bojilov, JBC Staff
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For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

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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 overall leadership and administration for the Department, including the Executive Director, a citizens' advocate, the central budget office, accounting and financial services, internal audit, human resources administration, and the Office of Research and Analysis. The *Central Department Operations Division* receives, sorts, processes and manages tax documents, checks, and other documents for the Department. The *Information Technology Division* is responsible for the maintenance and support of the select information technology systems.

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

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$299,057,894	\$76,836,412	\$216,328,381	\$5,068,713	\$824,388	1,237.6
Other legislation	7,283,699	1,020,392	6,263,307	0	0	15.6
HB 14-1246 (Supplemental)	<u>2,913,431</u>	<u>2,909,431</u>	<u>4,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$309,255,024	\$80,766,235	\$222,595,688	\$5,068,713	\$824,388	1,253.2
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$309,255,024	\$80,766,235	\$222,595,688	\$5,068,713	\$824,388	1,253.2
R1 DMV Funding Deficit	2,300,000	6,200,000	(3,900,000)	0	0	0.0
R2 DMV Customer Service Enhancements	3,777,132	3,777,132	0	0	0	52.0
R3 DMV Driver License Examiner Reclassification	837,502	837,502	0	0	0	0.0
R4 ITD Replace Capitol Annex Cabling	863,218	863,218	0	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0	(0.0)
R6 Central Department Operations Realignment	(148,136)	0	(148,136)	0	0	0.0

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Department of Revenue						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
BA Retail Marijuana Sales Tax Distribution to Local Governments	9,191,790	9,191,790	0	0	0	0.0
BA1 Gambling Payment Intercept Cash Fund	29,000	0	29,000	0	0	0.0
BA2 Auto Industry Licensing System Implementation	188,440	0	188,440	0	0	0.0
BANP1 Pre-Release Services	254,260	0	0	254,260	0	3.7
NP1 Re-program Payments to OIT	0	0	0	0	0	0.0
NP2 Annual Fleet Vehicle Request	52,439	24,777	27,662	0	0	0.0
NP3 Secure Colorado - Phase II	170,410	114,582	55,828	0	0	0.0
NP4 Network Resiliency	27,432	18,445	8,987	0	0	0.0
NP5 IT Service Management Eco- System	450,217	302,723	147,494	0	0	0.0
NP6 DTRS Operations Increase	13,547	1,187	12,360	0	0	0.0
NP7 IT Technical Development	36,035	24,230	11,805	0	0	0.0
Centrally Appropriated Line Items	4,413,673	2,267,663	2,122,012	23,998	0	0.0
Annualize Prior Year Funding	911,478	911,478	0	0	0	(13.6)
Annualize Prior Year Legislation	(6,758,085)	(3,635,871)	(3,122,214)	0	0	21.4
Statewide Information Technology Adjustments	(3,206,228)	(1,662,952)	(1,543,276)	0	0	0.0
OSPB September 2013 Forecast Adjustments	(500,000)	(500,000)	0	0	0	0.0
Indirect Cost Assessment	<u>(144,903)</u>	<u>(572,747)</u>	<u>240,358</u>	<u>187,486</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$322,014,245	\$98,929,392	\$216,726,008	\$5,534,457	\$824,388	1,316.7
Increase/(Decrease)	\$12,759,221	\$18,163,157	(\$5,869,680)	\$465,744	\$0	63.5
Percentage Change	4.1%	22.5%	(2.6%)	9.2%	0.0%	5.1%
FY 2014-15 Executive Request	\$321,211,481	\$98,831,323	\$216,299,177	\$5,256,593	\$824,388	1,316.7
Request Above/(Below) Recommendation	(\$802,764)	(\$98,069)	(\$426,831)	(\$277,864)	\$0	(0.0)

Staff Recommendation - Issue Descriptions

R1 DMV Funding Deficit: The recommendation provides an increase of \$2.3 million total funds; including an increase of \$6.9 million General Fund and a decrease of \$3.9 million cash funds from the Licensing Services Cash Fund for FY 2014-15. This request aims to fund operations within the Driver Services group in the Division of Motor Vehicles as a result of a gap between the appropriation and revenue in the Licensing Services Cash Fund.

R2 DMV Customer Service Enhancements: The recommendation provides a total of \$3.8 million General Fund and 52.0 FTE, including \$2.0 million and 52.0 FTE for additional driver services personnel and \$1.5 million to fund an expansion of a wait-less queuing and data management technology to 43 driver license offices in the Division of Motor Vehicles for FY 2014-15.

R3 DMV Driver License Examiner Reclassification: The recommendation provides \$837,502 General Fund for FY 2014-15 and beyond to the Division of Motor Vehicles. The recommended funding is intended to re-classify 177.0 positions in the Driver License Examiner class series to Technician and General Professional class series.

R4 ITD Replace Capitol Annex Cabling: The recommendation provides one-time funding totaling \$863,218 General Fund for FY 2014-15 to the Information Technology Division to replace the data network cabling in the Capitol Annex located at 1375 Sherman Street from Category-3 cabling to Category-5 cabling.

R5 DMV Appropriation Restructure: The recommendation is for a net-zero appropriation restructure in the Division of Motor Vehicles.

R6 Central Department Operations Realignment: The recommendation eliminates the Central Department Operations Division by moving part of the existing appropriations (\$6.6 million total funds and 44.0 FTE) into the Executive Director's Office and part of the appropriations (\$3.5 million total funds and 23.0 FTE) into the Taxpayer Services Division in the Taxation Business Group. The net impact of the recommendation is a reduction of \$148,136 cash funds.

BA Retail Marijuana Sales Tax Distribution to Local Governments: The recommendation reflects an estimated \$9.2 million in sales tax distributions to local governments as a result of the passage of Proposition AA.

BA1 Gambling Payment Intercept Cash Fund: The recommendation provides \$29,000 cash funds from the Gambling Payment Intercept Cash Fund for FY 2014-15 to reflect direct and indirect costs related to the Gambling Payment Intercept Act.

BA2 Auto Industry Licensing System Implementation: The recommendation provides \$188,440 cash funds from the Auto Dealers Licensing Cash Fund for FY 2014-15 to replace the Auto Industry Division (AID) software system.

BANP1 Pre-Release Services: The recommendation includes \$285,027 and 3.7 FTE for FY 2014-15 for Division of Motor Vehicles support provided to the Department of Corrections to obtain identification documents for offenders prior to release from Department of Corrections custody.

NP1 Re-program Payments to OIT: The recommendation is pending Committee actions in the Governor's Office of Information Technology (OIT).

NP2 Annual Fleet Vehicle Request: The recommendation is pending Committee actions in the Department of Personnel.

NP3 Secure Colorado – Phase II: The recommendation is pending Committee actions in the Governor's Office of Information Technology (OIT).

NP4 Network Resiliency: The recommendation is pending Committee actions in the Governor's Office of Information Technology (OIT).

NP5 IT Service Management Eco-System: The recommendation is pending Committee actions in the Governor's Office of Information Technology (OIT).

NP6 DTRS Operations Increase: The recommendation is pending Committee actions in the Governor's Office of Information Technology (OIT).

NP7 IT Technical Development: The recommendation is pending Committee actions in the Governor's Office of Information Technology (OIT).

Centrally appropriated line items: The recommendation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; administrative law judge services; payment to risk management and property funds; leased space; and Capitol complex leased space.

Annualize prior year funding: The recommendation includes adjustments related to prior year budget actions.

Annualize prior year legislation: The recommendation includes adjustments related to prior year legislation, including the following: H.B. 12-1240, S.B. 13-001, S.B. 13-004, S.B. 13-060, S.B. 13-120, S.B. 13-170, S.B. 13-221, S.B. 13-224, S.B. 13-251, S.B. 13-280, H.B. 13-1011, H.B. 13-1022, H.B. 13-1042, H.B. 13-1071, H.B. 13-1110, H.B. 13-1119, H.B. 13-1135, H.B. 13-1142, H.B. 13-1153, H.B. 13-1240, H.B. 13-1288.

Statewide Information Technology Adjustments: The recommendation includes adjustments to line items appropriated for: purchase of services from the computer center; Colorado state network; management and administration of the Governor's Office of Information Technology (OIT); communication services payments, and information technology security.

OSPB September 2013 Forecast Adjustments: The recommendation includes adjustments to the Cigarette Tax Rebate line item and the Old Age Heat and Fuel and Property Tax Assistance Grant line item.

Indirect cost assessment: The recommendation includes a net increase to the indirect cost assessment plan totaling \$211,862. The recommendation also summarizes various other technical adjustments to lines that are not part of the indirect cost assessment plan.

INITIATIVES AFFECTING MULTIPLE DIVISIONS

➔ R6 Central Department Operations Realignment

Request: The Department requests to realign the Central Department Operations Division (CDO) remaining operations with the Executive Director's Office (EDO) and the Taxpayer Services Division (TPS) within the Taxation Business Group (TBG) resulting in a net reduction of \$148,136 cash funds in FY 2014-15. The resulting request would transfer \$10,138,414 and 67.0 FTE to EDO and TPS.

R6 Central Department Operations Realignment				
	General Fund	Cash Funds	TOTAL	FTE
(1) Executive Director's Office				
Personal Services	2,526,232	89,013	2,615,245	44.0
Operating Expenses	996,282	0	996,282	0.0
Postage	<u>2,657,783</u>	<u>337,610</u>	<u>2,995,393</u>	<u>0.0</u>
Sub-total EDO	6,180,297	426,623	6,606,920	44.0
(2) Central Department Operations Division				
Personal Services	(3,803,227)	(89,013)	(3,892,240)	(67.0)
Seasonal Tax Processing	(296,391)	0	(296,391)	0.0
Operating Expenses	(1,037,036)	(148,136)	(1,185,172)	0.0
Postage	(2,657,783)	(337,610)	(2,995,393)	0.0
Document Management	<u>(1,877,849)</u>	<u>(39,505)</u>	(1,917,354)	<u>0.0</u>
Sub-total CDO	(9,672,286)	(614,264)	(10,286,550)	(67.0)
(4) Taxation Business Group				
(C) Taxpayer Services Division				
Personal Services	1,276,995	0	1,276,995	23.0
Operating Expenses	40,754	0	40,754	0.0
Seasonal Tax Processing	296,391	0	296,391	0.0
Document Management	<u>1,877,849</u>	<u>39,505</u>	1,917,354	<u>0.0</u>
Sub-total TBG	3,491,989	39,505	3,531,494	23.0
Total Request 6	0	(148,136)	(148,136)	0.0

Recommendation:

Staff recommends that the Committee approve the Department request for R6 as portrayed in the table above.

Analysis:

Background

Central Department Operations Division (CDO): receives and sorts mail, maintains cashier operations, supports tax collection and banking activities, provides service to walk-in and cash paying taxpayers, collects fees and fines, establishes tax accounts and liabilities for new businesses, designs and supplies forms, and procures and supplies cigarette stamps for businesses.

Colorado Integrated Tax Architecture (CITA) / GenTax 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 Department states that the Tax Division and CDO are participated in a Lean project to determine how best to leverage the GenTax system and Department resources to achieve operational efficiency and effectiveness. The implementation of the GenTax system was completed in December 2012. The objectives of the Lean project are to streamline business processes, align and organize resources with the new GenTax processes, and reduce organizational complexity by reducing duplicative business units, activities, and processes.

FY 2013-14 Change Request Tax Document Processing Pipeline Efficiencies: In its September 2011 performance audit of the Department of Revenue tax pipeline, the Office of the State Auditor (OSA) determined "that there are two issues that prevent the pipeline from being efficient and cost-effective: (1) The tax pipeline relies on inefficient and antiquated manual processes and (2) the process is inefficiently divided between the Department of Revenue and Central Services in the Department of Personnel and Administration." As a result, the Department requested and the Committee approved a FY 2013-14 request to upgrade the tax pipeline, which included a \$3.3 million capital construction expenditure (\$2.1 million in Personnel and \$1.2 million in the Governor's OIT) to address the elements of the OSA audit findings that the Department relies too heavily on manual processes that are inefficient and that technology solutions exist to automate these functions, improving the speed of the tax pipeline processes and the accuracy of the data that is captured. The capital construction request was combined with operating expense reductions in both departments. The table below shows the estimated savings that the Committee approved in FY 2013-14. In the DOR, the savings are as a result of the DOR is fully utilizing Central Services within Department of Personnel for services including processing outgoing mail, processing warrants (checks) and printing tax-related documents, as well as the DOR utilizing technology solutions.

The Department of Personnel will be able to reduce an additional 7.2 FTE in FY 2013-14 and 14.5 FTE in subsequent fiscal years. The monetary savings identified by the Department of Personnel are \$41,236 in FY 2013-14 and \$389,969 in subsequent years in reappropriated funds

that are the result of reduced billings to DOR, since fewer data entry and imaging services will be required.

Two-year Operating Impact of Tax Document Processing Pipeline Efficiencies Project (Approved for FY 2013-14)		
	FY 2013-14	FY 2014-15
Executive Director's Office		
Leased Space	(\$20,000)	(\$20,000)
Central Department Operations Division		
Personal Services	(574,116)	(1,085,544)
Seasonal Tax Processing	(101,154)	(101,154)
Operating Expenses	(57,446)	(113,646)
Document Management	<u>(257,706)</u>	<u>(392,160)</u>
Total	(\$1,010,422)	(\$1,712,504)
Personnel Savings		
Department of Revenue	(10.7)	(24.3)
Department Personnel	<u>(7.2)</u>	<u>(14.5)</u>
Total	(17.9)	(38.8)

Analysis of Request

The Department states that as a result of the implementation of the GenTax system and last year's transfer of document management functions to the Department of Personnel, the Department requests the transfer of the remaining CDO functions into the EDO and TPS to better leverage existing resources. The requested transfers are described below:

Transfer \$6.6 million total funds and 44.0 FTE to the EDO: Funding for seven work units, previously under the CDO will transfer to the EDO. In addition, the Postage line item will also transfer to the EDO.

- **Remittance Processing, Research Unit, and Pierce Cashiers and 21.0 FTE would transfer to the Office of Budget and Financial Services (OBFS) in the EDO.** The Department states that the activities performed by these work units more closely align with OBFS and the Accounting and Financial Services section. This section is under the direction of the Department's Controller who is responsible for managing all Department financial transaction activities as well as managing financial systems such as COFRS, GenTax, and the Portal. The **Remittance Processing Unit** is responsible for processing and depositing checks to the state's bank including encoding and endorsing paper checks and transmitting payment data and electronic images of checks and accompanying tax documents to the GenTax system. The **Research Unit** performs Electronic Funds Transfer and Undistributed Cash account resolution activities including reconciling payments, identifying and resolving exceptions and encoding errors, researching payment posting problems, creating cash receipt documents in COFRS, and reconciling some

Department bank accounts. The **Pierce Cashier's Office** located at 1881 Pierce Street provides cashiering services to customers who transact business primarily with the Division of Motor Vehicles, as well as back office depository services for other divisions.

- **Forms Fulfillment, Non Tax Mail Services, and the Records Unit and 17.0 FTE would transfer to the Administrative Offices Division (AOD) in the EDO.** Since these work units support the entire Department, the request is to centrally manage their functions. The **Forms Fulfillment Unit** is responsible for managing forms inventory and distributing forms and publications to internal and external customers as well as cigarette tax stamps. The **Non Tax Mail Services Unit** picks up Department non tax-related mail and sorts and distributes the mail to the appropriate Department agency. The **Records Unit** is responsible for the retention of Department records and ensures record retention policies are adhered to and records are properly secured.
- **Graphics and Forms Development and 6.0 FTE would transfer to the Communication's Office in the EDO to support a consistent and coordinated dissemination of information to the public.** This work unit designs the Department's forms and publications, establishes and maintains imaging standards to maximize automatic data capture, and manages the approval process for the format of electronic tax returns prepared by third party software developers.
- **Preserve the Long Bill line item for Postage, but transfer the funding to the EDO.** 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. The Department mails a wide variety of items to taxpayers and licensees, including tax forms, motor vehicle titles, driver license renewal applications, reminders, bills, refund warrants, inquiries, licenses, hearing notices, tax booklets, and other miscellaneous documents.

Transfer \$3.5 million total funds and 23.0 FTE to the TPS: Funding for three work units, previously under the CDO will transfer to the TPS. In addition, the Seasonal Tax Processing and Document Management line items will also transfer to the TPS.

- The **Error Resolution Area** is responsible for reviewing and correcting tax documents that do not pass a series of computer-based edits due to data entry or taxpayer errors. These include business, motor vehicle, and miscellaneous taxes and fees. The **Problem Resolution Unit** is responsible for reviewing and correcting income and severance tax documents as well as property tax rebate documents that do not pass edits. The employees in both of these work units are classified as Tax Examiners and perform tax document reviews. This aligns more closely with the activities performed by Tax Examiners in the Taxpayer Service Division. **Registration Control** is responsible for maintaining business tax account registration information and creating payment processing documents to accompany loose checks. These employees mainly perform taxpayer-related duties, which align with activities performed in the Taxpayer Service Division.
- The **Seasonal Tax Processing** line item funds the seasonal processing expenses that occur during the individual income tax filing season. This is in addition to taxes and fees received and processed year-round.

- The **Document Management** 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 related documentation primarily for audit purposes, account error resolutions, or taxpayer requests and inquiries.

The Department states that anticipated outcomes of the CDO realignment include more effective utilization of Department resources to support the GenTax system. The GenTax system aims to improve the Department's ability to administer Colorado's tax laws by eliminating technological barriers present in the legacy system. One of these barriers was the requirement to post a tax return before any work could begin on the account. Previously, CDO staff were responsible for the front-end edits and account maintenance that allowed a return to be posted in the legacy system. After their review, staff in TPS would conduct an in-depth examination of the return to verify the information and generate refunds or bills as appropriate. The Lean Project mentioned above provided an opportunity for the staff to review their current work processes and modify them to allow for a tax return to be posted, edited, and verified in one step. The Department states that this change increased staff productivity and will provide more timely resolution to taxpayer issues. The Department states that by consolidating staff in both CDO and TPS, all tax return and account review is performed in one division.

Realigning CDO staff with the EDO presents opportunities to maximize the utilization of staff to meet Department-wide needs while being centrally managed. Work units in the EDO support Department-wide activities, such as Accounting and Financial Services, the Communication's Office, Human Resources, Facilities, Safety, and Security, and the Project Management Office. An example of an anticipated outcome of the CDO realignment into the EDO is more efficient integration between CDO staff that support banking and cashiering activities in the processing of payments for taxes, licenses, fees, and fines with the Accounting and Financial Services staff who are responsible for ensuring payments are posted correctly in various financial systems such as GenTax, COFRS, and the Portal.

In staff's opinion, unless there are statutory or constitutional restrictions on the use of funds appropriated to a Department, the appropriation in a certain line item in a certain division does not limit the Department in deciding how best to organize its work units to perform the work that the Department is tasked with performing. Staff agrees with the Department that parts of the CDO units fit better under the functions of the Taxation Business Group TPS division. Staff also believes that the central financial and cashier functions could also fit under the central EDO Financial Services Office. Staff is not opposed to transferring the remainder of the units to the EDO.

(1) Executive Director’s Office

The Executive Director’s Office (EDO) consists of the Executive Director, Executive Assistant, and the Legislative Liaison. The Communications Office, Program Management Office, and the Hearings Division report to the Deputy Executive Director all of whom reside in the EDO. The Hearings Division conducts a variety of administrative hearings on licenses issued by the Department. These hearings provide a forum for adjudication of rights and duties between the Department and its licensees. Also residing within the EDO are the Office of Budget and Financial Services (OBFS) and the Administrative Offices Division (AOD). The OBFS provides central budgeting, fiscal note coordination, revenue and expenditure accounting, purchasing and contract administration. The AOD provides human resources, internal auditing functions, facilities safety and security as well as Central Department Operations and the Office of Research and Analysis.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Executive Director's Office					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$51,834,419	\$22,257,454	\$25,476,802	\$4,100,163	63.9
Other legislation	573,040	80,214	492,826	0	4.2
HB 14-1246 (Supplemental)	<u>4,000</u>	<u>0</u>	<u>4,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$52,411,459	\$22,337,668	\$25,973,628	\$4,100,163	68.1
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$52,411,459	\$22,337,668	\$25,973,628	\$4,100,163	68.1
R2 DMV Customer Service Enhancements	423,726	423,726	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0.0
R6 Central Department Operations Realignment	6,606,920	6,180,297	426,623	0	44.0
BA1 Gambling Payment Intercept Cash Fund	29,000	0	29,000	0	0.0
BANP1 Pre-Release Services	0	0	0	0	0.0
NP1 Re-program Payments to OIT	0	0	0	0	0.0
NP2 Annual Fleet Vehicle Request	52,439	24,777	27,662	0	0.0
NP3 Secure Colorado - Phase II	170,410	114,582	55,828	0	0.0
NP4 Network Resiliency	27,432	18,445	8,987	0	0.0
NP5 IT Service Management Eco-System	450,217	302,723	147,494	0	0.0
NP6 DTRS Operations Increase	13,547	1,187	12,360	0	0.0
NP7 IT Technical Development	36,035	24,230	11,805	0	0.0

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Executive Director's Office					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
Centrally Appropriated Line Items	2,109,323	1,445,563	639,762	23,998	0.0
Annualize Prior Year Legislation	(48,735)	(80,214)	31,479	0	0.5
Statewide Information Technology Adjustments	(3,206,228)	(1,662,952)	(1,543,276)	0	0.0
Indirect Cost Assessment	<u>(356,765)</u>	<u>(1,031,243)</u>	<u>17,765</u>	<u>656,713</u>	<u>0.0</u>
TOTAL	\$58,718,780	\$28,098,789	\$25,839,117	\$4,780,874	112.6
Increase/(Decrease)	\$6,307,321	\$5,761,121	(\$134,511)	\$680,711	44.5
Percentage Change	12.0%	25.8%	(0.5%)	16.6%	65.3%
FY 2014-15 Executive Request:	\$57,762,062	\$27,846,766	\$25,412,286	\$4,503,010	112.6
Request Above/(Below) Recommendation	(\$956,718)	(\$252,023)	(\$426,831)	(\$277,864)	(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 and appropriation \$8,494,537 total funds and 112.6 FTE, comprised of \$3,845,760 General Fund, \$406,745 cash funds, and \$4,242,032 reappropriated funds from indirect cost recoveries. The request includes funding for Request 6 discussed in the Initiative Affecting Multiple Divisions section, the annualization of prior year salary survey and merit pay, the annualization of prior year legislation (H.B. 13-1288 and H.B. 13-1318), and an indirect cost funding adjustment

Recommendation: Staff recommends the Department's request.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Personal Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$5,486,917	\$1,677,249	\$66,271	\$3,743,397	63.9
Other legislation	<u>280,191</u>	<u>72,489</u>	<u>207,702</u>	<u>0</u>	<u>4.2</u>
TOTAL	\$5,767,108	\$1,749,738	\$273,973	\$3,743,397	68.1
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$5,767,108	\$1,749,738	\$273,973	\$3,743,397	68.1
R6 Central Department Operations Realignment	2,615,245	2,526,232	89,013	0	44.0
Centrally Appropriated Line Items	158,679	134,681	0	23,998	0.0
Annualize Prior Year Legislation	(46,495)	(72,489)	25,994	0	0.5
Indirect Cost Assessment	<u>0</u>	<u>(492,402)</u>	<u>17,765</u>	<u>474,637</u>	<u>0.0</u>
TOTAL	\$8,494,537	\$3,845,760	\$406,745	\$4,242,032	112.6
Increase/(Decrease)	\$2,727,429	\$2,096,022	\$132,772	\$498,635	44.5
Percentage Change	47.3%	119.8%	48.5%	13.3%	65.3%
FY 2014-15 Executive Request:	\$8,494,537	\$3,845,760	\$406,745	\$4,242,032	112.6
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.

Request: The Department requests an appropriation of \$9,170,788 total funds, including funding for R2 and BANP1.

Recommendation: Staff recommends the Committee approved common policy for FY 2014-15 for base HLD appropriations of \$8,612,325 total funds. Staff also recommends funding \$312,312 General Fund for 52.0 additional FTE provided through R2 DMV Customer Service Enhancements, staff notes that if the Committee does not approve R2 in the Division of Motor Vehicles, staff will remove the funding for R2. Staff notes that the recommendation for Budget Amendment NP1 Pre-Release Services will be made in the Department of Corrections budget. However, since request NP1 is for 3.7 FTE in FY 2014-15, staff does not recommend funding for the associated centrally appropriated line items in FY 2014-15 of \$20,263 reappropriated funds regardless of the Committee decision in the Department of Corrections pursuant to common policy for providing funding for centrally appropriated line items for 20.0 or more FTE.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Health, Life, and Dental					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$8,697,950</u>	<u>\$3,196,136</u>	<u>\$5,290,380</u>	<u>\$211,434</u>	<u>0.0</u>
TOTAL	\$8,697,950	\$3,196,136	\$5,290,380	\$211,434	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$8,697,950	\$3,196,136	\$5,290,380	\$211,434	0.0
R2 DMV Customer Service Enhancements	312,312	312,312	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0.0
BANP1 Pre-Release Services	0	0	0	0	0.0
Centrally Appropriated Line Items	125,809	557,425	(431,616)	0	0.0
Indirect Cost Assessment	<u>(211,434)</u>	<u>(308,631)</u>	<u>0</u>	<u>97,197</u>	<u>0.0</u>
TOTAL	\$8,924,637	\$3,757,242	\$4,858,764	\$308,631	0.0
Increase/(Decrease)	\$226,687	\$561,106	(\$431,616)	\$97,197	0.0
Percentage Change	2.6%	17.6%	(8.2%)	46.0%	0.0%
FY 2014-15 Executive Request:	\$9,170,788	\$3,946,082	\$5,204,443	\$20,263	0.0
Request Above/(Below) Recommendation	\$246,151	\$188,840	\$345,679	(\$288,368)	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 \$154,574 total funds, including funding for R2 and BANP1.

Recommendation: Staff recommends the Committee approved common policy for FY 2014-15 for base Short-term Disability appropriations of \$152,026 total funds. Staff also recommends funding \$3,075 General Fund for 52.0 additional FTE provided through R2 DMV Customer Service Enhancements, staff notes that if the Committee does not approve R2 in the Division of Motor Vehicles, staff will remove the funding for R2. Staff notes that the recommendation for Budget Amendment NP1 Pre-Release Services will be made in the Department of Corrections budget. However, since request NP1 is for 3.7 FTE in FY 2014-15, staff does not recommend funding for the associated centrally appropriated line items in FY 2014-15 of \$290 reappropriated funds regardless of the Committee decision in the Department of Corrections pursuant to common policy for providing funding for centrally appropriated line items for 20.0 or more FTE.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Short-term Disability					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$124,678</u>	<u>\$49,027</u>	<u>\$71,747</u>	<u>\$3,904</u>	<u>0.0</u>
TOTAL	\$124,678	\$49,027	\$71,747	\$3,904	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$124,678	\$49,027	\$71,747	\$3,904	0.0
R2 DMV Customer Service Enhancements	3,075	3,075	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0.0
BANP1 Pre-Release Services	0	0	0	0	0.0
Centrally Appropriated Line Items	31,251	14,371	16,880	0	0.0
Indirect Cost Assessment	<u>(3,903)</u>	<u>(6,354)</u>	<u>0</u>	<u>2,451</u>	<u>0.0</u>
TOTAL	\$155,101	\$60,119	\$88,627	\$6,355	0.0
Increase/(Decrease)	\$30,423	\$11,092	\$16,880	\$2,451	0.0
Percentage Change	24.4%	22.6%	23.5%	62.8%	0.0%
FY 2014-15 Executive Request:	\$154,574	\$59,974	\$87,955	\$6,645	0.0
Request Above/(Below) Recommendation	(\$527)	(\$145)	(\$672)	\$290	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 \$2,840,193 total funds, including funding for R2 and BANP1.

Recommendation: Staff recommends the Committee approved common policy for FY 2014-15 for base AED appropriations of \$2,785,531 total funds. Staff also recommends funding \$55,917 General Fund for 52.0 additional FTE provided through R2 DMV Customer Service Enhancements, staff notes that if the Committee does not approve R2 in the Division of Motor Vehicles, staff will remove the funding for R2. Staff notes that the recommendation for Budget Amendment NP1 Pre-Release Services will be made in the Department of Corrections budget. However, since request NP1 is for 3.7 FTE in FY 2014-15, staff does not recommend funding for the associated centrally appropriated line items in FY 2014-15 of \$5,272 reappropriated funds regardless of the Committee decision in the Department of Corrections pursuant to common policy for providing funding for centrally appropriated line items for 20.0 or more FTE.

*JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision*

Executive Director's Office, S.B. 04-257 Amortization Equalization Disbursement					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$2,371,750</u>	<u>\$925,665</u>	<u>\$1,371,622</u>	<u>\$74,463</u>	<u>0.0</u>
TOTAL	\$2,371,750	\$925,665	\$1,371,622	\$74,463	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$2,371,750	\$925,665	\$1,371,622	\$74,463	0.0
R2 DMV Customer Service Enhancements	55,917	55,917	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0.0
BANP1 Pre-Release Services	0	0	0	0	0.0
Centrally Appropriated Line Items	488,244	239,179	249,065	0	0.0
Indirect Cost Assessment	<u>(74,463)</u>	<u>(115,539)</u>	<u>0</u>	<u>41,076</u>	<u>0.0</u>
TOTAL	\$2,841,448	\$1,105,222	\$1,620,687	\$115,539	0.0
Increase/(Decrease)	\$469,698	\$179,557	\$249,065	\$41,076	0.0
Percentage Change	19.8%	19.4%	18.2%	55.2%	0.0%
FY 2014-15 Executive Request:	\$2,840,193	\$1,106,078	\$1,613,304	\$120,811	0.0
Request Above/(Below) Recommendation	(\$1,255)	\$856	(\$7,383)	\$5,272	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 \$2,662,682 total funds, including funding for R2 and BANP1.

Recommendation: Staff recommends the Committee approved common policy for FY 2014-15 for base SAED appropriations of \$2,611,435 total funds. Staff also recommends funding \$52,422 General Fund for 52.0 additional FTE provided through R2 DMV Customer Service Enhancements, staff notes that if the Committee does not approve R2 in the Division of Motor Vehicles, staff will remove the funding for R2. Staff notes that the recommendation for Budget Amendment NP1 Pre-Release Services will be made in the Department of Corrections budget. However, since request NP1 is for 3.7 FTE in FY 2014-15, staff does not recommend funding for the associated centrally appropriated line items in FY 2014-15 of \$4,942 reappropriated funds regardless of the Committee decision in the Department of Corrections pursuant to common policy for providing funding for centrally appropriated line items for 20.0 or more FTE.

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Executive Director's Office, S.B. 06-235 Supplemental Amortization Equalization Disbursement					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$2,137,964</u>	<u>\$832,729</u>	<u>\$1,238,270</u>	<u>\$66,965</u>	<u>0.0</u>
TOTAL	\$2,137,964	\$832,729	\$1,238,270	\$66,965	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	2,137,964	832,729	1,238,270	66,965	0.0
R2 DMV Customer Service Enhancements	52,422	52,422	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0.0
BANP1 Pre-Release Services	0	0	0	0	0.0
Centrally Appropriated Line Items	540,436	259,312	281,124	0	0.0
Indirect Cost Assessment	<u>(66,965)</u>	<u>(108,317)</u>	<u>0</u>	<u>41,352</u>	<u>0.0</u>
TOTAL	\$2,663,857	\$1,036,146	\$1,519,394	\$108,317	0.0
Increase/(Decrease)	\$525,893	\$203,417	\$281,124	\$41,352	0.0
Percentage Change	24.6%	24.4%	22.7%	61.8%	0.0%
FY 2014-15 Executive Request:	\$2,662,682	\$1,036,950	\$1,512,473	\$113,259	0.0
Request Above/(Below) Recommendation	(\$1,175)	\$804	(\$6,921)	\$4,942	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 \$1,055,659 total funds.

Recommendation: The Committee approved a common policy for Salary Survey based on a 3.0 percent across the board increases for Salary Survey. Pursuant to Committee common policy, staff recommends \$2,257,612 total funds.

Executive Director's Office, Salary Survey				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$1,579,832</u>	<u>\$593,035</u>	<u>\$986,797</u>	<u>0.0</u>
TOTAL	\$1,579,832	\$593,035	\$986,797	0.0
FY 2014-15 Recommended Appropriation				

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Executive Director's Office, Salary Survey				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation	\$1,579,832	\$593,035	\$986,797	0.0
Centrally Appropriated Line Items	<u>677,780</u>	<u>310,010</u>	<u>367,770</u>	<u>0.0</u>
TOTAL	\$2,257,612	\$903,045	\$1,354,567	0.0
Increase/(Decrease)	\$677,780	\$310,010	\$367,770	0.0
Percentage Change	42.9%	52.3%	37.3%	0.0%
FY 2014-15 Executive Request:	\$1,055,695	\$426,884	\$628,811	0.0
Request Above/(Below) Recommendation	(\$1,201,917)	(\$476,161)	(\$725,756)	0.0

Merit Pay

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

Request: The Department requests an appropriation of \$940,136 total funds.

Recommendation: The Committee approved a common policy for Merit Pay based on an average of 1.5 percent for Merit Pay increases, with a matrix used to determine individual employee merit pay increases based on performance ratings. Pursuant to Committee approved common policy, staff recommends an appropriation of \$938,131 total funds.

Executive Director's Office, Merit Pay				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$913,775</u>	<u>\$371,263</u>	<u>\$542,512</u>	<u>0.0</u>
TOTAL	\$913,775	\$371,263	\$542,512	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$913,775	\$371,263	\$542,512	0.0
Centrally Appropriated Line Items	<u>24,356</u>	<u>3,991</u>	<u>20,365</u>	<u>0.0</u>
TOTAL	\$938,131	\$375,254	\$562,877	0.0
Increase/(Decrease)	\$24,356	\$3,991	\$20,365	0.0
Percentage Change	2.7%	1.1%	3.8%	0.0%
FY 2014-15 Executive Request:	\$940,136	\$409,037	\$531,099	0.0
Request Above/(Below) Recommendation	\$2,005	\$33,783	(\$31,778)	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 \$123,439 total funds.

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

Executive Director's Office, Shift Differential				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$35,690</u>	<u>\$3,743</u>	<u>\$31,947</u>	<u>0.0</u>
TOTAL	\$35,690	\$3,743	\$31,947	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$35,690	\$3,743	\$31,947	0.0
Centrally Appropriated Line Items	<u>87,749</u>	<u>245</u>	<u>87,504</u>	<u>0.0</u>
TOTAL	\$123,439	\$3,988	\$119,451	0.0
Increase/(Decrease)	\$87,749	\$245	\$87,504	0.0
Percentage Change	245.9%	6.5%	273.9%	0.0%
FY 2014-15 Executive Request:	\$123,439	\$3,988	\$119,451	0.0
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 \$956,594 total funds.

Recommendation: Staff's recommendation is PENDING Committee common policy.

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

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maintenance, fuel and insurance for the Department's assigned fleet, and a large portion of the Department capital outlay needs.

Request: The Department request is for \$2,202,621 total funds. The request includes funding for R6, BA1, as well as the annualization of H.B. 13-1317, H.B. 13-1318, and H.B. 14-1246.

Recommendation: Staff's recommends approval of the Department's request including funding for R6 (discussed in the Initiatives Affecting Multiple Divisions section above), BA1 which is discussed below, and the annualizations of prior year legislation.

Executive Director's Office, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$1,166,094	\$527,569	\$638,525	0.0
Other legislation	29,484	0	29,484	0.0
HB 14-1246 (Supplemental)	<u>4,000</u>	<u>0</u>	<u>4,000</u>	<u>0.0</u>
TOTAL	\$1,199,578	\$527,569	\$672,009	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$1,199,578	\$527,569	\$672,009	0.0
R6 Central Department Operations Realignment	996,282	996,282	0	0.0
BA1 Gambling Payment Intercept Cash Fund	29,000	0	29,000	0.0
Annualize Prior Year Legislation	<u>(22,239)</u>	<u>0</u>	<u>(22,239)</u>	<u>0.0</u>
TOTAL	\$2,202,621	\$1,523,851	\$678,770	0.0
Increase/(Decrease)	\$1,003,043	\$996,282	\$6,761	0.0
Percentage Change	83.6%	188.8%	1.0%	0.0%
FY 2014-15 Executive Request:	\$2,202,621	\$1,523,851	\$678,770	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

➔ BA1 Gambling Payment Intercept Cash Fund

The Department received a FY 2013-14 supplemental funding totaling \$4,000 cash funds from the Gambling Payment Intercept Cash Fund. The Department requests \$29,000 cash funds for FY 2014-15 and beyond for the direct and indirect costs associated with the administration of the Gambling Payment Intercept Act pursuant to Section 24-35-605.5 (2) (b) (II), C.R.S. The spending authority would provide funding to pay the Statewide Internet Portal Authority (SIPA) portal administration fees and maintain and enhance the master intercept repository as needed.

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

Staff Analysis:

Background

The Department intercepts tax refunds and lottery and gaming winnings when the recipient owes a debt to the State through the Colorado Department of Human Services (DHS) (child support, public assistance, and child care debts), Colorado State Judicial Branch (restitution and judicial fees, fines, costs, and surcharges), and the Department of Personnel, Central Collection Services. Operational in December 2013, the Department of Revenue's master repository includes information on debts owed to the Lottery, Gaming, Racing, and Taxation divisions. Previously, each division maintained its own distinct intercept program with different formats and intervals. The Department developed a single intercept architecture or master intercept repository in an effort to protect citizens from multiple unintentional intercepts and to ensure data integrity. The master intercept repository is managed by the Deputy Executive Director of the Department of Revenue within the Executive Director's Office.

Currently, for the Limited Gaming Division and Division of Racing Events, casino operators and gaming licensees are required to use the Statewide Internet Portal Authority (SIPA) web-based registry to verify whether the winner of a cash prize payment owes a debt to the State. A cash payment means any award that results from a specific wager for which the licensee is required to file a W -2G form. Once a winner is verified against the registry and found to have an outstanding debt, the licensee deducts the outstanding debt, the licensee compliance cost and other fees, and remits any remaining amount to the winner.

The process outlined above is the result of three pieces of legislation:

- House Bill 07-1349 created the Gambling Payment Intercept Act, which required the Department to create and maintain a registry of persons with unpaid child support debt for DHS, and for casino operators and gaming licensees to withhold cash payments from those who matched the database. The Department promulgated rules to allow a limited gaming and pari-mutuel wagering (racing) licensee to retain \$25 of each payment to cover the costs of compliance with the Gambling Payment Intercept Act. Of the total, \$15 was retained by the licensee and \$10 was transferred to SIP A for its payment processing costs.
- House Bill 09-1137 expanded the Gambling Payment Intercept Act to include debts owed to the Judicial Branch, and added a \$25 fee to each outstanding debt to be deposited in the newly created Gambling Payment Intercept Cash Fund. Moneys in the fund were to be continuously appropriated to the Department to expand the intercept program, and then subject to annual appropriation for the direct and indirect costs associated with the administration of the program pursuant to Section 24-35-605.5 (2) (b) (II), C.R.S.
- Senate Bill 11-051 again expanded the gambling intercept program to include other debts owed to the State certified by DPA, and increased the amount a licensee could retain for compliance costs to at least \$30 of each payment withheld. The Department then

promulgated rules that allowed the licensee to retain \$40, of which \$30 was retained by the licensee and \$10 was transferred to SIPA.

Problem

The rules described above in the description for S.B. 11-051 expired in May 2013 because of a ruling from the Committee on Legal Services. In the fall of 2012, the Office of Legislative Legal Services questioned the Department's authority to allow a licensee to retain and transfer the \$10 fee to SIPA. On January 8, 2013, the Department presented this issue to the Committee on Legal Services, and they agreed that the Department does not have this authority. The Committee recommended that, rather than require the licensee to transfer the payment to SIPA, the Department seek spending authority to pay SIPA the \$10 fee for its payment processing costs from the Gambling Payment Intercept Cash Fund.

To date, money has not been appropriated to the Department from the Gambling Payment Intercept Cash Fund for expansion of the program or to pay direct and indirect costs of administering the program, as authorized in Section 24-35-605.5 (2) (b) (II), C.R.S.

Effective May 15, 2013, upon expiration of the rule, SIPA began invoicing the Department \$10 per intercept for portal administration fees. Since the Department does not have spending authority to use the Gambling Payment Intercept Cash Fund, the monthly invoices are paid with General Fund. The Department has absorbed the cost of SIPA's portal administration fees for part of May and all of June 2013 for a total of \$400 during FY 2012-13. The Department has paid a total of \$1,190 for the first four months of FY 2013-14, and expects to pay a total of \$4,000 to SIPA by the end of FY 2013-14. The Department anticipates the number of intercepts to increase in the succeeding years as a result of expanding the program in December 2013 to include fees associated with the Department of Personnel's Central Collections operations. The FY 2011-12 Gambling Payment Intercept Cash Fund balance was \$11,350, and the FY 2012-13 fund balance was \$20,128. As of October 31, 2013, the fund balance is \$23,054.

Postage (New Line Item)

This is a new line item starting with FY 2014-15. This line item is being moved from the Central Department Operations Division.

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.

Request: The Department requests that this line item be added in the EDO as a result of R6 Central Department Operations Realignment. The reasoning for the staff recommendation is discussed in the Initiatives Affecting Multiple Divisions section above.

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

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Executive Director's Office, Postage				
	Total Funds	General Fund	Cash Funds	FTE
<u>R6 Central Department Operations Realignment</u>				
TOTAL	\$2,995,393	\$2,657,783	\$337,610	0.0
Increase/(Decrease)	\$2,995,393	\$2,657,783	\$337,610	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$2,995,393	\$2,657,783	\$337,610	0.0
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 \$3,626,180 total funds.

Recommendation: The Department had received an appropriation of 39,703 hours in FY 2013-14 at a blended legal rate of \$91.08 per hour. Staff recommends 39,987 total hours including the removal of one-time funding for S.B. 13-251 (DL ID Documents) and increasing funding for H.B. 13-1317 (Implement Amendment 64) to 1,145 total hours. 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 2014-15 Legal Services Hours				
	FY 14 Hours	HB 13-1317	SB 13-251	FY 15 Hours
Executive Director's Office	920.0	0.0	0.0	920.0
Taxation Business Group	25,128.0	0.0	0.0	25,128.0
Division of Motor Vehicles	3,403.0	0.0	0.0	3,403.0
Enforcement Business Group	<u>10,252.0</u>	<u>369.0</u>	<u>(85.0)</u>	<u>10,536.0</u>
	39,703.0	369.0	(85.0)	39,987.0

Executive Director's Office, Legal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$3,537,729	\$2,374,091	\$1,163,638	0.0
Other legislation	<u>78,409</u>	<u>7,725</u>	<u>70,684</u>	<u>0.0</u>
TOTAL	\$3,616,138	\$2,381,816	\$1,234,322	0.0

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Legal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$3,616,138	\$2,381,816	\$1,234,322	0.0
Annualize Prior Year Legislation	<u>10,042</u>	<u>(7,725)</u>	<u>17,767</u>	<u>0.0</u>
TOTAL	\$3,626,180	\$2,374,091	\$1,252,089	0.0
Increase/(Decrease)	\$10,042	(\$7,725)	\$17,767	0.0
Percentage Change	0.3%	(0.3%)	1.4%	0.0%
FY 2014-15 Executive Request:	\$3,626,180	\$2,374,091	\$1,252,089	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

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, "true-up" the billings after the fact in subsequent fiscal years.

Request: The Department requests an appropriation of \$9,652 cash funds, based on allocations by the Department of Personnel.

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Purchase of Services from Computer Center

This line item is used to reimburse the Governor's Office of Information Technology (OIT) for the Department's share of the state's computer system.

Request: Pursuant to non-prioritized requests from the OIT, the Department requests no appropriation for this line item.

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Colorado State Network

This line item reimburses OIT for the Department's share of the statewide multi-use network.

Request: Pursuant to non-prioritized requests from the OIT, the Department requests no appropriation for this line item.

Staff Recommendation: The recommendation for this line item is PENDING Committee common policy.

Multiuse Network Payments

This line item is used to pay the Department's share of the statewide multi-use network.

Request: Pursuant to non-prioritized requests from the OIT, the Department requests no appropriation for this line item.

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Management and Administration of OIT

This line item is used to pay OIT for the Department's share of costs for the management and administration of Governor's Office of Information Technology (OIT).

Request: Pursuant to non-prioritized requests from the OIT, the Department requests no appropriation for this line item.

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

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 \$247,303 total funds.

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

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.

Request: The Department requests the replacement of 26 vehicles in FY 2014-15. The JBC common policy analyst has recommended the replacement of 23 vehicles. The Department requests \$639,759 total funds for this line, including the replacement vehicle costs, and the annualization of H.B. 13-1318 (Retail Marijuana Taxes).

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Staff recommends the replacement of 23 vehicles in FY 2014-15. Staff recommends the annualization of H.B. 13-1318.

Executive Director's Office, Vehicle Lease Payments				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$567,407	\$138,954	\$428,453	0.0
Other legislation	9,956	0	9,956	0.0
HB 14-1246 (Supplemental)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$577,363	\$138,954	\$438,409	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$577,363	\$138,954	\$438,409	0.0
NP2 Annual Fleet Vehicle Request	52,439	24,777	27,662	0.0
Annualize Prior Year Legislation	<u>9,957</u>	<u>0</u>	<u>9,957</u>	<u>0.0</u>
TOTAL	\$639,759	\$163,731	\$476,028	0.0
Increase/(Decrease)	\$62,396	\$24,777	\$37,619	0.0
Percentage Change	10.8%	17.8%	8.6%	0.0%
FY 2014-15 Executive Request:	\$639,759	\$163,731	\$476,028	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	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 \$3,752,145 total funds. The request represents an increase of \$24,496 over the FY 2013-14 appropriations due to escalators in leases.

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

Executive Director's Office, Leased Space				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$3,577,145	\$676,560	\$2,900,585	0.0
Other legislation	<u>175,000</u>	<u>0</u>	<u>175,000</u>	<u>0.0</u>

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Leased Space				
	Total Funds	General Fund	Cash Funds	FTE
TOTAL	\$3,752,145	\$676,560	\$3,075,585	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$3,752,145	\$676,560	\$3,075,585	0.0
Centrally Appropriated Line Items	<u>24,496</u>	<u>(13,200)</u>	<u>37,696</u>	<u>0.0</u>
TOTAL	\$3,776,641	\$663,360	\$3,113,281	0.0
Increase/(Decrease)	\$24,496	(\$13,200)	\$37,696	0.0
Percentage Change	0.7%	(2.0%)	1.2%	0.0%
FY 2014-15 Executive Request:	\$3,776,641	\$663,360	\$3,113,281	0.0
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 \$1,914,700 total funds.

Recommendation: Staff recommends providing sufficient funding to cover the leased space costs for a total of 202,597 square feet. Staff recommendation for the appropriation is PENDING Committee common policy on lease rates. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Communications Services Payments

This line item is the Department contribution to pay for the Governor's Office of Information Technology's (OIT) role in planning, coordinating, and integrating the public safety networks for state departments. The major users of the network are the Departments of Public Safety, Transportation, Corrections, and Natural Resources. Local agencies also use this network. These networks operate through land-based, mobile, and microwave technology.

Request: Pursuant to non-prioritized requests for OIT, the Department requests no appropriation for this line item.

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

COFRS Modernization

This line item funds the Department's share of the five-phase project to replace the statewide accounting system (COFRS) used by the Office of the State Controller to record all state revenues and expenditures.

Request: The Department requests a continuation appropriation of \$313,372, including \$80,654 General Fund.

Recommendation: Staff's recommendation is PENDING Committee common policy. Staff will ultimately reflect the Committee's common policy decision in the appropriation for this line.

Information Technology Security

This line item is the Department contribution to pay for the Governor's Office of Information Technology's (OIT) to provide IT security services to agencies.

Request: Pursuant to non-prioritized requests for OIT, the Department requests no appropriation for this line item.

Staff Recommendation: The recommendation for this line item is PENDING Committee common policy.

Payments to OIT (NEW LINE ITEM REQUEST)

This line item is requested by the Governor's Office of Information Technology (OIT) through Department request NP1 to consolidate the funding for several existing line items (Purchase of Services for Computer Center; Colorado State Network; Management and Administration of OIT; Communications Services Payments; and Information Technology Security) into the newly created line item. In addition, the OIT has submitted several additional change requests listed in the table below.

Request: The Department request for this line item is for \$15,491,100 total funds.

Staff Recommendation: The recommendation for this line item is PENDING Committee common policy.

Executive Director's Office, Payments to OIT				
	Total Funds	General Fund	Cash Funds	FTE
NP1 Re-program Payments to OIT				
NP3 Secure Colorado - Phase II	\$170,410	\$114,582	\$55,828	0.0
NP4 Network Resiliency	27,432	18,445	8,987	0.0
NP5 IT Service Management Eco-System	450,217	302,723	147,494	0.0
NP6 DTRS Operations Increase	13,547	1,187	12,360	0.0
NP7 IT Technical Development	<u>36,035</u>	<u>24,230</u>	<u>11,805</u>	<u>0.0</u>
TOTAL	\$15,494,100	\$7,828,811	\$7,665,289	0.0

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Payments to OIT				
	Total Funds	General Fund	Cash Funds	FTE
Increase/(Decrease)	\$15,494,100	\$7,828,811	\$7,665,289	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$15,494,100	\$7,828,811	\$7,665,289	0.0
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.

(2) Central Department Operations

This division receives, sorts, and distributes documents, checks, cash, correspondence, and other documents for the Department. It maintains business tax account registrations and prepares business tax documents, validating each non-processable document with an identification number. It batches and prepares processable documents, encodes and endorses checks, assigns validation numbers and captures information from tax documents with scan lines, produces images of all checks and most documents, and prepares checks for deposit.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Central Department Operations Division					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$10,793,405	\$9,710,292	\$614,264	\$468,849	80.6
Other legislation	<u>14,610</u>	<u>0</u>	<u>14,610</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,808,015	\$9,710,292	\$628,874	\$468,849	80.6
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$10,808,015	\$9,710,292	\$628,874	\$468,849	80.6
R6 Central Department Operations Realignment	(10,286,550)	(9,672,286)	(614,264)	0	(67.0)
Centrally Appropriated Line Items	167,860	167,860	0	0	0.0
Annualize Prior Year Funding	(674,715)	(674,715)	0	0	(13.6)
Annualize Prior Year Legislation	(14,610)	0	(14,610)	0	0.0
Indirect Cost Assessment	<u>0</u>	<u>468,849</u>	<u>0</u>	<u>(468,849)</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$10,808,015)	(\$9,710,292)	(\$628,874)	(\$468,849)	(80.6)
Percentage Change	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
FY 2014-15 Executive Request:	\$0	\$0	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	(0.0)

➔ Request #6 : Central Department Operations Realignment

The Department requests the elimination of the Central Department Operations Division (CDO). Staff recommended the Department request in the discussion of Initiatives Affecting Multiple Divisions above.

LINE ITEM DETAIL

Personal Services

This line item pays for the program's staff, their benefits, and contract services.

Request: The Department requests eliminating this line item through R6.

Recommendation: Staff recommends the Department request. The annualization of prior year funding is the second year savings from the Tax Processing Pipeline Efficiency item from FY 2013-14.

Central Department Operations Division, Personal Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$4,235,808	\$3,677,946	\$89,013	\$468,849	80.6
TOTAL	\$4,235,808	\$3,677,946	\$89,013	\$468,849	80.6
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	4,235,808	3,677,946	89,013	468,849	80.6
R6 Central Department Operations Realignment	(3,892,240)	(3,803,227)	(89,013)	0	(67.0)
Centrally Appropriated Line Items	167,860	167,860	0	0	0.0
Annualize Prior Year Funding	(511,428)	(511,428)	0	0	(13.6)
Indirect Cost Assessment	<u>0</u>	<u>468,849</u>	<u>0</u>	<u>(468,849)</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$4,235,808)	(\$3,677,946)	(\$89,013)	(\$468,849)	(80.6)
Percentage Change	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
FY 2014-15 Executive Request:	\$0	\$0	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	(0.0)

Seasonal Tax Processing

While the Department receives and processes tax and fee payments year-round, this line item funds the seasonal processing expenses that occur during the individual income tax filing season.

Request: The Department requests eliminating this line item through R6. This line item will be located in the Taxpayer Services Division.

Recommendation: Staff recommends the Department request.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Operating Expenses

This line item provides the Department its forms creation and processing (approximately 50% of the line), and general office supplies for the Division.

Request: The Department requests eliminating this line item through R6.

Recommendation: Staff recommends the Department request. The annualization of prior year funding is the second year savings from the Tax Processing Pipeline Efficiency item from FY 2013-14.

Central Department Operations Division, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$1,214,005</u>	<u>\$1,065,869</u>	<u>\$148,136</u>	<u>0.0</u>
TOTAL	\$1,214,005	\$1,065,869	\$148,136	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$1,214,005	\$1,065,869	\$148,136	0.0
R6 Central Department Operations Realignment	(1,185,172)	(1,037,036)	(148,136)	0.0
Annualize Prior Year Funding	<u>(28,833)</u>	<u>(28,833)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$1,214,005)	(\$1,065,869)	(\$148,136)	0.0
Percentage Change	(100.0%)	(100.0%)	(100.0%)	0.0%
FY 2014-15 Executive Request:				
Request Above/(Below)	\$0	\$0	\$0	0.0
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.

Request: The Department requests eliminating this line item through R6. This line item is being moved to the EDO.

Recommendation: Staff recommends the Department request. The annualization of prior year legislation is the related to H.B. 13-1110 (Special Fuel Tax and Electric Vehicle Fee).

*JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision*

Central Department Operations Division, Postage				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$2,995,393	\$2,657,783	\$337,610	0.0
Other legislation	<u>14,610</u>	<u>0</u>	<u>14,610</u>	<u>0.0</u>
TOTAL	\$3,010,003	\$2,657,783	\$352,220	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$3,010,003	\$2,657,783	\$352,220	0.0
R6 Central Department Operations Realignment	(2,995,393)	(2,657,783)	(337,610)	0.0
Annualize Prior Year Legislation	<u>(14,610)</u>	<u>0</u>	<u>(14,610)</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$3,010,003)	(\$2,657,783)	(\$352,220)	0.0
Percentage Change	(100.0%)	(100.0%)	(100.0%)	0.0%
FY 2014-15 Executive Request:	\$0	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Pueblo Data Entry Center Payments

This line item was merged with the Document Imaging and Storage line in FY 2012-13 to create the Document Management line.

Document Imaging and Storage

This line item was merged with the Pueblo Data Entry Center Payments line in FY 2012-13 to create the Document Management line.

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

Request: The Department requests eliminating this line item through R6. This line item is being moved to the Taxpayer Services Division.

Recommendation: Staff recommends the Department request. The annualization of prior year funding is the second year savings from the Tax Processing Pipeline Efficiency item from FY 2013-14.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Central Department Operations Division, Document Management				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$2,051,808</u>	<u>\$2,012,303</u>	<u>\$39,505</u>	<u>0.0</u>
TOTAL	\$2,051,808	\$2,012,303	\$39,505	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$2,051,808	\$2,012,303	\$39,505	0.0
R6 Central Department Operations Realignment	(1,917,354)	(1,877,849)	(39,505)	0.0
Annualize Prior Year Funding	<u>(134,454)</u>	<u>(134,454)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$2,051,808)	(\$2,012,303)	(\$39,505)	0.0
Percentage Change	(100.0%)	(100.0%)	(100.0%)	0.0%
FY 2014-15 Executive Request:	\$0	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

(3) 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
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$5,260,084	\$1,516,072	\$3,744,012
Other legislation	<u>640,887</u>	<u>392,793</u>	<u>248,094</u>
TOTAL	\$5,900,971	\$1,908,865	\$3,992,106
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$5,900,971	\$1,908,865	\$3,992,106
R4 ITD Replace Capitol Annex Cabling	863,218	863,218	0
Annualize Prior Year Funding	(558,807)	(558,807)	0
Annualize Prior Year Legislation	<u>(522,737)</u>	<u>(281,793)</u>	<u>(240,944)</u>
TOTAL	\$5,682,645	\$1,931,483	\$3,751,162
Increase/(Decrease)	(\$218,326)	\$22,618	(\$240,944)
Percentage Change	(3.7%)	1.2%	(6.0%)
FY 2014-15 Executive Request:	\$5,682,645	\$1,931,483	\$3,751,162
Request Above/(Below)			
Recommendation	\$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.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Information Technology Division – (A) System Support			
	Total Funds	General Fund	Cash Funds
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$1,591,631	\$1,516,072	\$75,559
Other legislation	<u>640,887</u>	<u>392,793</u>	<u>248,094</u>
TOTAL	\$2,232,518	\$1,908,865	\$323,653
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$2,232,518	\$1,908,865	\$323,653
R4 ITD Replace Capitol Annex Cabling	863,218	863,218	0
Annualize Prior Year Funding	(558,807)	(558,807)	0
Annualize Prior Year Legislation	<u>(522,737)</u>	<u>(281,793)</u>	<u>(240,944)</u>
TOTAL	\$2,014,192	\$1,931,483	\$82,709
Increase/(Decrease)	(\$218,326)	\$22,618	(\$240,944)
Percentage Change	(9.8%)	1.2%	(74.4%)
FY 2014-15 Executive Request	\$2,014,192	\$1,931,483	\$82,709
Request Above/(Below) Recommendation	\$0	\$0	\$0

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 (such as the State Internet Portal Authority). 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).

Request: The Department has requested an appropriation of \$1,128,874 total funds. The request includes a decrease to annualize prior year legislation (S.B. 13-004, S.B. 13-060, S.B. 13-120, S.B. 13-224, S.B. 13-251, S.B. 13-280, H.B. 13-1042, H.B. 13-1071, H.B. 13-1119, H.B. 13-1135, H.B. 13-1240) and an increase for R4 Replace Capitol Annex Cabling.

Recommendation: Staff recommends the Committee Approve the Department request, including R4, however, staff recommends that \$382,720 General Fund for contract labor be appropriated to the Personal Services line item, and the remainder of the costs, or \$480,498 General Fund, be appropriated to the Operating Expenses line item.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Information Technology Division, System Support, Personal Services			
	Total Funds	General Fund	Cash Funds
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$147,506	\$147,506	\$0
Other legislation	<u>640,887</u>	<u>392,793</u>	<u>248,094</u>
TOTAL	\$788,393	\$540,299	\$248,094
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$788,393	\$540,299	\$248,094
R4 ITD Replace Capitol Annex Cabling	382,720	382,720	0
Annualize Prior Year Legislation	<u>(522,737)</u>	<u>(281,793)</u>	<u>(240,944)</u>
TOTAL	\$648,376	\$641,226	\$7,150
Increase/(Decrease)	(\$140,017)	\$100,927	(\$240,944)
Percentage Change	(17.8%)	18.7%	(97.1%)
FY 2014-15 Executive Request:	\$1,128,874	\$1,121,724	\$7,150
Request Above/(Below)			
Recommendation	\$480,498	\$480,498	\$0

➔ R4: Replace Capitol Annex Cabling

The Department requests one-time funding in FY 2014-15 totaling \$863,218 General Fund to replace existing cabling in the Capitol Annex located at 1375 Sherman Street from Category-3 cabling to Category-5 cabling.

Recommendation: Staff recommends the Committee approve Department Request 4, however, staff recommends that \$382,720 General Fund for contract labor be appropriated to the Personal Services line item, and the remainder of the costs, or \$480,498 General Fund, be appropriated to the Operating Expenses line item.

The table below shows the breakdown for the calculation of the request. The Department states that the Department utilized the Governor's OIT to prepare the project cost estimates. The cost of the project includes contract labor, removal of existing cabling, installation of Category-5 cabling, as well as installation of ancillary equipment.

R4 Replace Capitol Annex Cabling		
Activity	Detail	Cost
Removal of Existing Cable	700 jacks @ \$200/each	140,000
Installation of New Cable	700 jacks @ \$200/each	140,000
Electrical Work	\$1,500/floor (including basement)	12,000
Fiber Optic Installation	\$2,000/floor	14,000

JBC Staff Figure Setting – FY 2014-15
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R4 Replace Capitol Annex Cabling		
Activity	Detail	Cost
Closet Equipment (Racks)	\$5,000/rack/floor (includes basement)	40,000
Rack Equipment		27,725
Patch Panels		8,960
Patch Cords		2,135
Cable Troughs	\$10,000/floor	70,000
Raceway		17,060
Boxes		<u>8,618</u>
Sub-total		\$480,498
Contract Labor		
2 Network Specialists	2 x \$92/hour x 2,080 hours	382,720
Total		\$863,218

The Department states that the Category-3 cabling was installed in the early 1990s and was intended for voice communications use and not high-speed data networking. The Department states that Category-3 cabling transmits data at speeds of 10 megabits per second whereas Category-5 cable transmits data at 100 megabits per second. The Department states that with updated cabling, the Department will have stable network connectivity and significant improvements in network performance and allow the Department to maximize use of new IT systems, applications and equipment. In addition, the Department states that with the planned implementation of the tax pipeline project this year, significant numbers of image files will be traversing the network at the Capitol Annex where most of the GenTax users reside.

The Department states that the Capitol Annex has approximately 375 staff including the EDO, Taxpayer Services, Tax Auditing and Compliance, Tax Conferee, Central Department Operations, and Information Technology Division. These staff are significant users of the GenTax system, tax pipeline system, COFRS, and other applications.

In FY 2013-14, the General Assembly funded a Department request for IT Infrastructure Enhancements that included several components:

- **Migration to Enterprise Computing Environment (ECE).** This component provided \$831,600 funded in the Governor's OIT, to support a server virtualization strategy for the Department and to provide a stable, modern, and sustainable environment for aging IT infrastructure.
- **Modernization of the core data network infrastructure.** This component provided \$558,807 General Fund in the IT Division to replace switches, routers, and UPS devices at 1375 Sherman and 1881 Pierce.
- **Ongoing software licenses.** This component provided \$150,000 General Fund in the IT Division for ongoing software licenses for hardware operating systems that support the GenTax application.
- **Operational support services.** This component provided \$2,376,601 and 22.0 FTE in the Governor's OIT to provide service desk support, side support, network support, server and system support, security, and project management.

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The Department also submitted a response to a request for information in December 2013 detailing the progress made toward each of the above components.

The Department stated that the FY 2013-14 request did not address the replacement of data network cabling; however, the Department had identified it as a problem at the time. Due to a lack of cost information, the request was postponed until cost data could be obtained.

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 the annualization of the FY 2013-14 funding for IT Infrastructure Upgrade, the core data network infrastructure modernization component described above, as well as funding for R4, also described above.

Recommendation: Staff recommends approval of the Department's request, including funding for the operating component of R4.

Information Technology Division, System Support, Operating Expenses			
	Total Funds	General Fund	Cash Funds
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$1,444,125	\$1,368,566	\$75,559
TOTAL	\$1,444,125	\$1,368,566	\$75,559
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$1,444,125	\$1,368,566	\$75,559
R4 ITD Replace Capitol Annex Cabling	480,498	480,498	0
Annualize Prior Year Funding	(558,807)	(558,807)	0
TOTAL	\$1,365,816	\$1,290,257	\$75,559
Increase/(Decrease)	(\$78,309)	(\$78,309)	\$0
Percentage Change	(5.4%)	(5.7%)	0.0%
FY 2014-15 Executive Request:	\$885,318	\$809,759	\$75,559
Request Above/(Below) Recommendation	(\$480,498)	(\$480,498)	\$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.

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.

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.

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 CSTAR 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 CSTAR account.

Recommendation: Staff recommends approval of the continuation appropriation.

(4) Taxation Business Group

This group is charged with collection, administration, auditing and enforcement responsibilities for all taxes, fees, bonds, and licenses covered under Colorado tax laws. This group includes the Administrative Division, the Taxation and Compliance Division, the Taxpayer Service Division, the Tax Conferee, which carry out programmatic functions, and a Special Purpose section for administering various rebates, distributions, and grants.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Taxation Business Group						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$45,481,444	\$42,345,015	\$2,091,956	\$220,085	\$824,388	323.2
Other legislation	4,845,633	493,200	4,352,433	0	0	10.0
HB 14-1246 (Supplemental)	<u>2,909,431</u>	<u>2,909,431</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$53,236,508	\$45,747,646	\$6,444,389	\$220,085	\$824,388	333.2
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$53,236,508	\$45,747,646	\$6,444,389	\$220,085	\$824,388	333.2
R6 Central Department Operations Realignment	3,531,494	3,491,989	39,505	0	0	23.0
BA Retail Marijuana Sales Tax Distribution to Local Governments	9,191,790	9,191,790	0	0	0	0.0
Centrally Appropriated Line Items	605,420	602,853	2,567	0	0	0.0
Annualize Prior Year Funding	2,145,000	2,145,000	0	0	0	0.0
Annualize Prior Year Legislation	(6,447,378)	(3,252,253)	(3,195,125)	0	0	12.6
OSPB September 2013 Forecast Adjustments	(500,000)	(500,000)	0	0	0	0.0
Indirect Cost Assessment	<u>1,494</u>	<u>(60)</u>	<u>1,554</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$61,764,328	\$57,426,965	\$3,292,890	\$220,085	\$824,388	368.8
Increase/(Decrease)	\$8,527,820	\$11,679,319	(\$3,151,499)	\$0	\$0	35.6
Percentage Change	16.0%	25.5%	(48.9%)	0.0%	0.0%	10.7%
FY 2014-15 Executive Request:	\$61,764,328	\$57,426,965	\$3,292,890	\$220,085	\$824,388	368.8
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	(0.0)

(A) Administration

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

Administration				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$2,006,190	\$2,004,519	\$1,671	5.0
Other legislation	<u>3,941,200</u>	<u>493,200</u>	<u>3,448,000</u>	<u>0.0</u>
TOTAL	\$5,947,390	\$2,497,719	\$3,449,671	5.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$5,947,390	\$2,497,719	\$3,449,671	5.0
Centrally Appropriated Line Items	16,555	16,555	0	0.0
Annualize Prior Year Funding	2,145,000	2,145,000	0	0.0
Annualize Prior Year Legislation	(3,931,200)	(493,200)	(3,438,000)	0.0
Indirect Cost Assessment	<u>0</u>	<u>(60)</u>	<u>60</u>	<u>0.0</u>
TOTAL	\$4,177,745	\$4,166,014	\$11,731	5.0
Increase/(Decrease)	(\$1,769,645)	\$1,668,295	(\$3,437,940)	0.0
Percentage Change	(29.8%)	66.8%	(99.7%)	0.0%
FY 2014-15 Executive Request	\$4,177,745	\$4,166,014	\$11,731	5.0
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 \$509,645 total funds and 5.0 FTE. The request includes base adjustments.

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

JBC Staff Figure Setting – FY 2014-15
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Taxation Business Group, Administration, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$493,090</u>	<u>\$491,419</u>	<u>\$1,671</u>	<u>5.0</u>
TOTAL	\$493,090	\$491,419	\$1,671	5.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$493,090	\$491,419	\$1,671	5.0
Centrally Appropriated Line Items	16,555	16,555	0	0.0
Indirect Cost Assessment	<u>0</u>	<u>(60)</u>	<u>60</u>	<u>0.0</u>
TOTAL	\$509,645	\$507,914	\$1,731	5.0
Increase/(Decrease)	\$16,555	\$16,495	\$60	0.0
Percentage Change	3.4%	3.4%	3.6%	0.0%
FY 2014-15 Executive Request:	\$509,645	\$507,914	\$1,731	5.0
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.

Colorado Integrated Tax Architecture Maintenance and Support

This is a new line item added in FY 2013-14 to provide 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.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Contracted Maintenance and Support Payments by Year		
Fiscal Year	Amount	Increase
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 and appropriation of \$3,645,000 in FY 2014-15, this cost reflects the first full year of the negotiated contract. The annualization of prior year legislation includes: a reduction of \$3.4 million cash funds for the annualization of H.B. 13-1318 (Implement Amendment 64); a reduction of \$280,000 General Fund for H.B. 13-1042 (Medical Marijuana Business Income Tax Deduction); a reduction of \$38,000 cash funds for H.B. 13-1317 (Amendment 64); and various General Fund reductions for S.B 13-001, S.B. 13-170, S.B. 13-221, H.B. 13-1142, H.B. 13-1153, and H.B. 13-1288.

Recommendation: Staff recommends the Committee approve the Department request for an appropriation of \$3,655,000 total funds.

Taxation Business Group, Administration, Colorado Integrated Tax Architecture Maintenance and Support			
	Total Funds	General Fund	Cash Funds
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$1,500,000	\$1,500,000	\$0
Other legislation	<u>3,941,200</u>	<u>493,200</u>	<u>3,448,000</u>
TOTAL	\$5,441,200	\$1,993,200	\$3,448,000
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$5,441,200	\$1,993,200	\$3,448,000
Annualize Prior Year Funding	2,145,000	2,145,000	0
Annualize Prior Year Legislation	<u>(3,931,200)</u>	<u>(493,200)</u>	<u>(3,438,000)</u>
TOTAL	\$3,655,000	\$3,645,000	\$10,000
Increase/(Decrease)	(\$1,786,200)	\$1,651,800	(\$3,438,000)
Percentage Change	(32.8%)	82.9%	(99.7%)

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FY 2014-15 Executive Request:	\$3,655,000	\$3,645,000	\$10,000
Request Above/(Below)			
Recommendation	\$0	\$0	\$0

(B) Taxation and Compliance Division

The division consists of a *Compliance Section* responsible for ensuring taxpayers pay their lawful share of taxes; *Criminal Tax Enforcement Section* responsible for ensuring the integrity of the self-assessment tax system through enforcement of state tax laws; *Collections Section* responsible for the collection of monies including recording and releasing tax liens and judgments, garnishment of wages and bank accounts, income tax distraint warrants, resolution of disputes, and the use of private collection agencies; and the *Field Audit Section* responsible for conducting audits at taxpayer places of business to ascertain the correct tax liability.

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's new Discovery Unit investigates the nexus or legal presence of taxpayers to determine if their presence in Colorado is sufficient to subject them to Colorado tax laws. Division staff also contacts delinquent taxpayers; verify licensing; issues distraint warrants; file property tax liens, transcripts of judgment, bankruptcy claims, and writs of garnishment; and refer cases for criminal prosecution when necessary. The Division also manages the Joint Audit Program, the Joint Federal/State Motor Fuel Tax program and the Mineral Audit Program.

Taxation and Compliance Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$17,421,079	\$16,314,050	\$62,556	\$220,085	\$824,388	229.3
Other legislation	<u>576,696</u>	<u>0</u>	<u>576,696</u>	<u>0</u>	<u>0</u>	<u>8.3</u>
TOTAL	\$17,997,775	\$16,314,050	\$639,252	\$220,085	\$824,388	237.6
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$17,997,775	\$16,314,050	\$639,252	\$220,085	\$824,388	237.6
Centrally Appropriated Line Items	416,878	416,878	0	0	0	0.0
Annualize Prior Year Legislation	<u>480,338</u>	<u>58,842</u>	<u>421,496</u>	<u>0</u>	<u>0</u>	<u>9.4</u>
TOTAL	\$18,894,991	\$16,789,770	\$1,060,748	\$220,085	\$824,388	247.0
Increase/(Decrease)	\$897,216	\$475,720	\$421,496	\$0	\$0	9.4
Percentage Change	5.0%	2.9%	65.9%	0.0%	0.0%	4.0%
FY 2014-15 Executive Request	\$18,894,991	\$16,789,770	\$1,060,748	\$220,085	\$824,388	247.0

JBC Staff Figure Setting – FY 2014-15
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Taxation and Compliance Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
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.

Request: The Department requested an appropriation of \$16,808,861 total funds and 219.1 FTE, including \$15,620,169 General Fund, \$1,034,607 cash funds, and \$154,085 reappropriated funds from the Mineral Audit Program. The request includes the annualization of H.B. 13-1318 totaling \$445,512 cash funds and 8.2 FTE and \$52,647 General Fund and 1.2 FTE for S.B. 13-001.

Recommendation: Staff recommends approving the Department's request.

Taxation Business Group, Taxation and Compliance Division, Personal Expenses					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$15,356,819	\$15,150,644	\$52,090	\$154,085	219.1
Other legislation	<u>537,005</u>	<u>0</u>	<u>537,005</u>	<u>0</u>	<u>8.3</u>
TOTAL	\$15,893,824	\$15,150,644	\$589,095	\$154,085	227.4
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$15,893,824	\$15,150,644	\$589,095	\$154,085	227.4
Centrally Appropriated Line Items	416,878	416,878	0	0	0.0
Annualize Prior Year Legislation	<u>498,159</u>	<u>52,647</u>	<u>445,512</u>	<u>0</u>	<u>9.4</u>
TOTAL	\$16,808,861	\$15,620,169	\$1,034,607	\$154,085	236.8
Increase/(Decrease)	\$915,037	\$469,525	\$445,512	\$0	9.4
Percentage Change	5.8%	3.1%	75.6%	0.0%	4.1%
FY 2014-15 Executive Request:	\$16,808,861	\$15,620,169	\$1,034,607	\$154,085	236.8
Request Above/(Below)					
Recommendation	\$0	\$0	\$0	\$0	(0.0)

JBC Staff Figure Setting – FY 2014-15
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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 \$1,064,498 total funds. The request includes annualizations for H.B. 13-1318 and S.B. 13-001.

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

Taxation Business Group, Taxation and Compliance Division, Operating Expenses			
	Total Funds	General Fund	Cash Funds
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$1,042,628	\$1,032,162	\$10,466
Other legislation	<u>39,691</u>	<u>0</u>	<u>39,691</u>
TOTAL	\$1,082,319	\$1,032,162	\$50,157
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$1,082,319	\$1,032,162	\$50,157
Annualize Prior Year Legislation	<u>(17,821)</u>	<u>6,195</u>	<u>(24,016)</u>
TOTAL	\$1,064,498	\$1,038,357	\$26,141
Increase/(Decrease)	(\$17,821)	\$6,195	(\$24,016)
Percentage Change	(1.6%)	0.6%	(47.9%)
FY 2014-15 Executive Request:	\$1,064,498	\$1,038,357	\$26,141
Request Above/(Below)			
Recommendation	\$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.

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.

(C) Taxpayer Service Division

The Taxpayer Services Division facilitates the process of filing tax returns and understanding the state's tax system through outreach activities and by staffing a call center which answers questions from the taxpaying public. Efforts are also focused on distributing information through the media and by maintaining a website. The division maintains regional service centers in Grand Junction, Fort Collins, Denver, Colorado Springs, and Pueblo to serve walk-in taxpayers, and maintains a tax information call center. It produces public information and education programs that enhance voluntary compliance. The staff not only provides information but also may resolve problems by updating or correcting a taxpayer's account or by explaining the department's position on the basis of tax law and policy.

This division collects local sales taxes on behalf of non-home-rule cities, counties, and special districts. It ensures that all taxpayer liabilities have been paid to other state agencies, as well as to the U.S. Internal Revenue Service, before a refund is issued. The division administers the property tax/rent heat/fuel grant program; severance taxes; the gasoline, special fuel, and aviation fuel environmental response surcharge; the International Fuel Tax Agreement; cigarette, tobacco, liquor and marijuana excise taxes; public utility assessments; and food service licensing.

Taxpayer Service Division				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$5,529,845	\$4,937,540	\$592,305	76.7
Other legislation	<u>327,737</u>	<u>0</u>	<u>327,737</u>	<u>1.7</u>
TOTAL	\$5,857,582	\$4,937,540	\$920,042	78.4
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$5,857,582	\$4,937,540	\$920,042	78.4
R6 Central Department Operations Realignment	3,531,494	3,491,989	39,505	23.0

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Taxpayer Service Division				
	Total Funds	General Fund	Cash Funds	FTE
Centrally Appropriated Line Items	136,390	133,823	2,567	0.0
Annualize Prior Year Legislation	(87,085)	91,536	(178,621)	3.2
Indirect Cost Assessment	<u>1,494</u>	<u>0</u>	<u>1,494</u>	<u>0.0</u>
TOTAL	\$9,439,875	\$8,654,888	\$784,987	104.6
Increase/(Decrease)	\$3,582,293	\$3,717,348	(\$135,055)	26.2
Percentage Change	61.2%	75.3%	(14.7%)	33.4%
FY 2014-15 Executive Request	\$9,439,875	\$8,654,888	\$784,987	104.6
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 \$6,273,875 total funds and 103.1 FTE, including \$6,029,404 General Fund. The request includes funding for R6 which was discussed in the Initiatives Affecting Multiple Divisions section above. The request also includes annualizations for H.B. 13-1042, H.B. 13-1318, and S.B. 13-001.

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

Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1339 (Long Bill)	4,642,888	4,544,303	98,585	75.4
Other Legislation	56,433	56,433	0	0.0
TOTAL	\$4,699,321	\$4,600,736	\$98,585	75.4
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$4,699,321	\$4,600,736	\$98,585	75.4
Annualize Prior Year Legislation	(65,206)	(65,206)	0	(0.2)
JBC STAFF RECOMMENDATION	\$4,634,115	\$4,535,530	\$98,585	75.2
Increase/(Decrease)	(\$65,206)	(\$65,206)	\$0	(0.2)
Percentage Change	(1.4%)	(1.4%)	0.0%	(0.3%)
FY 2013-14 Executive Request:	\$4,634,115	\$4,535,530	\$98,585	75.2

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Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
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 \$454,974 total funds. The request includes funding for R6 which was discussed in the Initiatives Affecting Multiple Divisions section above. The request also includes annualizations 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.

Taxation Business Group, Taxpayer Service Division, Operating Expenses			
	Total Funds	General Fund	Cash Funds
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$402,510	\$402,010	\$500
Other legislation	<u>11,225</u>	<u>0</u>	<u>11,225</u>
TOTAL	\$413,735	\$402,010	\$11,725
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$413,735	\$402,010	\$11,725
R6 Central Department Operations Realignment	40,754	40,754	0
Annualize Prior Year Legislation	<u>485</u>	<u>8,480</u>	<u>(7,995)</u>
TOTAL	\$454,974	\$451,244	\$3,730
Increase/(Decrease)	\$41,239	\$49,234	(\$7,995)
Percentage Change	10.0%	12.2%	(68.2%)
FY 2014-15 Executive Request:	\$454,974	\$451,244	\$3,730
Request Above/(Below) Recommendation	\$0	\$0	\$0

Seasonal Tax Processing (NEW LINE ITEM)

This is a new line item in this division, the Department requests moving \$291,391 General Fund from the Central Department Operations Division to Taxpayer Services Division. This line item funds the seasonal processing expenses that occur during the individual income tax filing season.

Request: The Department requests \$291,391 General Fund according to the analysis provided in R6.

Recommendation: Staff recommends the Committee approve this request.

Document Management (NEW LINE ITEM)

This is a new line item in this division, the Department requests moving \$1,917,354 total funds, including \$1,877,849 General Fund from the Central Department Operations Division to Taxpayer Services Division. 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 related documentation primarily for audit purposes, account error resolutions, or taxpayer requests and inquiries.

Request: The Department requests \$1,917,354 total funds, including \$1,877,849 General Fund according to the analysis provided in R6.

Recommendation: Staff recommends the Committee approve this request.

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 \$489,161 cash funds and 1.5 FTE. The request includes the annualization of H.B. 13-1110 (Special Fuel Tax & Electric Vehicle Fee).

Recommendation: Staff recommends the Committee approve the Department request.

Taxation Business Group, Taxpayer Service Division, Fuel Tracking System				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$486,594	\$0	\$486,594	1.5
Other legislation	<u>160,675</u>	<u>0</u>	<u>160,675</u>	<u>0.0</u>
TOTAL	\$647,269	\$0	\$647,269	1.5

*JBC Staff Figure Setting – FY 2014-15
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Taxation Business Group, Taxpayer Service Division, Fuel Tracking System				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$647,269	\$0	\$647,269	1.5
Centrally Appropriated Line Items	2,567	0	2,567	0.0
Annualize Prior Year Legislation	<u>(160,675)</u>	<u>0</u>	<u>(160,675)</u>	<u>0.0</u>
TOTAL	\$489,161		\$489,161	1.5
Increase/(Decrease)	(\$158,108)	\$0	(\$158,108)	0.0
Percentage Change	(24.4%)	0.0%	(24.4%)	0.0%
FY 2014-15 Executive Request:	\$489,161	\$0	\$489,161	1.5
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. The appropriation for the line reflects the administrative support of this division provided by the Executive Director's.

Request: The Department requests \$8,120 cash funds from the HUTF.

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

(D) Tax Conferee

This section conducts pre-hearing conferences to resolve protests of tax assessments and refund denials, so that the dispute does not need to proceed to a formal administrative hearing. The tax conferee resolves about 95 percent of disputes at a pre-hearing conference. If a pre-hearing fails, tax conferee staff coordinates legal representation in hearings and lawsuits and facilitates settlements at any stage. Under section 29-2-106.1, C.R.S., Department staff may hear appeals of final decisions from home rule cities and counties.

Taxation Business Group, Tax Conferee			
	Total Funds	General Fund	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$2,688,906</u>	<u>\$2,688,906</u>	<u>12.2</u>
TOTAL	\$2,688,906	\$2,688,906	12.2

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Taxation Business Group, Tax Conferee			
	Total Funds	General Fund	FTE
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$2,688,906	\$2,688,906	12.2
Centrally Appropriated Line Items	<u>35,597</u>	<u>35,597</u>	<u>0.0</u>
TOTAL	\$2,724,503	\$2,724,503	12.2
Increase/(Decrease)			
	\$35,597	\$35,597	0.0
Percentage Change	1.3%	1.3%	0.0%
FY 2014-15 Executive Request			
Request Above/(Below)	\$2,724,503	\$2,724,503	12.2
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 \$2,663,329 General Fund and 12.2 FTE.

Recommendation: Staff recommends the Committee approve the Department request.

Taxation Business Group, Tax Conferee, Personal Services			
	Total Funds	General Fund	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$2,627,732</u>	<u>\$2,627,732</u>	<u>12.2</u>
TOTAL	\$2,627,732	\$2,627,732	12.2
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$2,627,732	\$2,627,732	12.2
Centrally Appropriated Line Items	<u>35,597</u>	<u>35,597</u>	<u>0.0</u>
TOTAL	\$2,663,329	\$2,663,329	12.2
Increase/(Decrease)			
	\$35,597	\$35,597	0.0
Percentage Change	1.4%	1.4%	0.0%

JBC Staff Figure Setting – FY 2014-15
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FY 2014-15 Executive Request:	\$2,663,329	\$2,663,329	12.2
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 \$61,174 General Fund.

Recommendation: Staff recommends approval of the continuation appropriation.

(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
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$17,835,424	\$16,400,000	\$1,435,424	0.0
HB 14-1246 (Supplemental)	<u>2,909,431</u>	<u>2,909,431</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,744,855	\$19,309,431	\$1,435,424	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$20,744,855	\$19,309,431	\$1,435,424	0.0
BA Retail Marijuana Sales Tax Distribution to Local Governments	9,191,790	9,191,790	0	0.0
Annualize Prior Year Legislation	(2,909,431)	(2,909,431)	0	0.0
OSPB September 2013 Forecast Adjustments	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$26,527,214	\$25,091,790	\$1,435,424	0.0
Increase/(Decrease)	\$5,782,359	\$5,782,359	\$0	0.0
Percentage Change	27.9%	29.9%	0.0%	0.0%
FY 2014-15 Executive Request	\$26,527,214	\$25,091,790	\$1,435,424	0.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	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.

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 \$9,000,000.

Recommendation: Staff recommends an appropriation based on the March 2014 economic forecast that the JBC adopts as its revenue forecast. Based on the December 2013 OSPB economic forecast, the appropriation would be \$8,000,000. Based on Legislative Council Staff December 2013 economic forecast, the appropriation would be \$9,000,000. Staff requests permission to reflect, for this line, the estimate from the March 2014 forecast that the Committee elects to utilize.

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 is 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 a continuation appropriation of \$1,324,800 cash funds from the Tobacco Tax Cash Fund.

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

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.

Request: The Department requests an appropriation of \$6,900,000 General Fund. The Department's request is based on the September 2013 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 2013 OSPB economic forecast, the appropriation would be \$6,900,000. Based on Legislative Council Staff December 2013 economic forecast, the appropriation would be \$6,200,000. Staff requests permission to reflect, for this line, the estimate from the March 2014 forecast that the Committee elects to utilize.

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.

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 sales tax) as a result of the Proposition AA 10.0 percent additional 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 \$9,191,790 be reflected in the Long Bill. This number is based on the Department of Revenue January 2014 estimate of marijuana tax revenues.

Recommendation: Staff recommends that the Committee adopt the Department of Revenue April 2014 forecast as its information appropriation. Alternatively, the Committee could

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determine an amount based on the March 2014 economic forecast that the JBC adopts as its revenue forecast. Staff requests permission to reflect, for this line, the estimate that the Committee ultimately elects to utilize.

Taxation Business Group, Special Purpose, Retail Marijuana Sales Tax Distribution to Local Governments		
	Total Funds	General Fund
FY 2013-14 Appropriation		
HB 14-1246 (Supplemental)	<u>\$2,909,431</u>	<u>\$2,909,431</u>
TOTAL	\$2,909,431	\$2,909,431
FY 2014-15 Recommended Appropriation		
FY 2013-14 Appropriation	\$2,909,431	\$2,909,431
BA Retail Marijuana Sales Tax Distribution to Local Governments	9,191,790	9,191,790
Annualize Prior Year Legislation	<u>(2,909,431)</u>	<u>(2,909,431)</u>
TOTAL	\$9,191,790	\$9,191,790
Increase/(Decrease)	\$6,282,359	\$6,282,359
Percentage Change	215.9%	215.9%
FY 2014-15 Executive Request:	\$9,191,790	\$9,191,790
Request Above/(Below) Recommendation	\$0	\$0

(5) Division of Motor Vehicles

The Division of Motor Vehicles issues drivers licenses and state identification cards; keeps driver records; issues titles for and registers motor vehicles; regulates commercial driving schools; administers the International Registry Program for commercial vehicles; oversees vehicle testing stations and personnel in the state's vehicle emissions testing program; oversees the Motorist Insurance Identification Database, and assists drivers who have been convicted of drunk driving with obtaining ignition interlock devices to enable those drivers to operate motor vehicles with restrictions placed upon them.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Division of Motor Vehicles					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$36,252,501	\$660,241	\$35,592,260	\$0	415.4
Other legislation	<u>494,697</u>	<u>54,185</u>	<u>440,512</u>	<u>0</u>	<u>1.4</u>
TOTAL	\$36,747,198	\$714,426	\$36,032,772	\$0	416.8
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$36,747,198	\$714,426	\$36,032,772	\$0	416.8
R1 DMV Funding Deficit	2,300,000	6,200,000	(3,900,000)	0	0.0
R2 DMV Customer Service Enhancements	3,353,406	3,353,406	0	0	52.0
R3 DMV Driver License Examiner Reclassification	837,502	837,502	0	0	0.0
R5 DMV Appropriation Restructure	0	0	0	0	0.0
BANP1 Pre-Release Services	254,260	0	0	254,260	3.7
Centrally Appropriated Line Items	729,266	35,628	693,638	0	0.0
Annualize Prior Year Legislation	416,745	(21,611)	438,356	0	7.1
Indirect Cost Assessment	<u>(507,575)</u>	<u>2,633</u>	<u>(510,208)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$44,130,802	\$11,121,984	\$32,754,558	\$254,260	479.6
Increase/(Decrease)	\$7,383,604	\$10,407,558	(\$3,278,214)	\$254,260	62.8
Percentage Change	20.1%	1,456.8%	(9.1%)	0.0%	15.1%
FY 2014-15 Executive Request:	\$44,284,756	\$11,275,938	\$32,754,558	\$254,260	479.6
Request Above/(Below) Recommendation	\$153,954	\$153,954	\$0	\$0	0.0

DMV CHANGE REQUESTS

➔ R1 DMV Funding Deficit

The Division of Motor Vehicles (DMV) requests a one-time increase of \$2.3 million total funds; including an increase of \$6.9 million General Fund and a decrease of \$3.9 million cash funds from the Licensing Services Cash Fund (LSCF) for FY 2014-15. The \$2.3 million additional General Fund is to allow revenues to the LSCF to accrue a balance of approximately one month of expenditures in reserve. This request aims to fund operations within the Driver Services group as a result of a structural gap between the appropriation and revenue in the Licensing Services Cash Fund.

Recommendation: Staff recommends that the Committee approve the Department request R1.

Background on LSCF

Prior to the 2007 legislative session, the DMV was financed with General Fund. In the 2007 session, S.B. 07-241 was signed into law authorizing the creation of the Licensing Services Cash Fund to pay the cost of administration, personal services, and operating expenses incurred in the operation of driver license offices. The bill increased driver license fees from \$15.00 to \$20.40 (not including the \$0.60 security fee), of which \$5.40 was credited to the LSCF and \$15.00 was credited to the Highway Users Tax Fund (HUTF). Additionally, the bill mandated a \$25 surcharge on special license plates to be credited to the LSCF and specified that all revenue credited to the LSCF would remain in the fund and not revert to the General Fund or any other fund.

During the 2009 legislative session two bills passed impacting the LSCF. Senate Bill 09-274 mandated that the entire \$20.40 fee relating to driver licenses and identification cards be credited to the LSCF in FY 2009-10 to support driver license services and S.B. 09-279 required \$2,589,894 be transferred from the LSCF to the General Fund on June 15, 2010. House Bill 10-1387 extended the financing to FY 2010-11 and FY 2011-12 and also mandated that the LSCF fund balance in excess of 16.5 percent of the total appropriation be swept to the HUTF. In FY 2010-11, \$2,095,728 was swept to the HUTF. And lastly, H.B. 12-1216 extended the cash financing of the DMV for three more years from FY 2012-13 through FY 2014-15 by transferring the entire fee for various documents into the LSCF. Starting in FY 2015-16, the current financing structure expires and the majority of fee revenues will be transferred to the HUTF. If legislation is not adopted to extend or alter the funding structure for the LSCF, then major functions of the DMV will have to be funded with General Fund.

The table below shows the fee structure prior to FY 2008-09 as well as the current funding structure. The Department has stated in its request, that during the 2014 legislative session, the Department plans to provide a financial strategy for driver and vehicle services that will include budgetary as well as legislative initiatives.

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Fee Structure (Prior to HB 09-274, HB 10-1387, HB 11-1161, and HB 12-1216)	HUTF	LSCF	IDSF	County	Total
In existence before and during FY 2008-09, begins again in FY 2015-16 and Fiscal Years thereafter					
Driver's License (State Issued)	\$15.00	\$5.40	\$0.60	\$0.00	\$21.00
Driver's License (County Issued)	\$9.00	\$3.40	\$0.60	\$8.00	\$21.00
Commercial Driver's License (State Issued)	\$25.00	\$9.40	\$0.60	\$0.00	\$35.00
Commercial Driver's License (County Issued)	\$19.00	\$7.40	\$0.60	\$8.00	\$35.00
Learner's Permits	\$10.00	\$3.40	\$0.60	\$0.00	\$14.00
Identification Cards	\$0.00	\$9.90	\$0.60	\$0.00	\$10.50
1st Duplicate Document	\$5.00	\$1.90	\$0.60	\$0.00	\$7.50
2nd Duplicate Document	\$10.00	\$3.40	\$0.60	\$0.00	\$14.00
Diversion of Fees from HUTF to LSCF, Spanning FY 2009-10 through FY 2014-15					
Driver's License (State Issued)	\$0.00	\$20.40	\$0.60	\$0.00	\$21.00
Driver's License (County Issued)	\$0.00	\$12.40	\$0.60	\$8.00	\$21.00
Commercial Driver's License (State Issued)	\$0.00	\$34.40	\$0.60	\$0.00	\$35.00
Commercial Driver's License (County Issued)	\$0.00	\$26.40	\$0.60	\$8.00	\$35.00
Learner's Permits	\$0.00	\$13.40	\$0.60	\$0.00	\$14.00
Identification Cards	\$0.00	\$9.90	\$0.60	\$0.00	\$10.50
1st Duplicate Document	\$0.00	\$6.90	\$0.60	\$0.00	\$7.50
2nd Duplicate Document	\$0.00	\$13.40	\$0.60	\$0.00	\$14.00

The table below shows the projected FY 2014-15 cash flow summary for the LSCF, this summary excludes the impact of FY 2014-15 change requests. As the table shows, with the current funding structure, the DMV, Driver Services will be short \$3.9 million to cover total program costs and will end the year with a \$4.8 million negative fund balance.

Licensing Services Cash Fund		
Projected Cash Flow and Fund Balance		
(Excluding FY 2014-15 Change Requests)		
	FY 2014-15	FY 2015-16
Revenues		
Driver's License Document Fees	22,854,872	23,257,723
Motor Vehicle Registrations	3,029,230	3,089,815
Interest	<u>32,152</u>	<u>32,152</u>
Total Revenues	\$25,916,254	\$26,379,690
Expenses		
Program Costs	18,349,790	18,349,790
Common Policies	8,950,056	8,999,384
Indirect Costs	2,599,732	2,599,732
Annualization of Bills	<u>(125,000)</u>	<u>0</u>

Licensing Services Cash Fund Projected Cash Flow and Fund Balance (Excluding FY 2014-15 Change Requests)		
	FY 2014-15	FY 2015-16
	\$29,774,578	\$29,948,906
Net Cash Flow	(\$3,858,324)	(\$3,569,216)
Ending Fund Balance	(\$4,834,359)	(\$8,403,575)

The Committee had entertained sponsoring legislation to allow the DMV to set fees in statute. However, due to lack of unanimity, a JBC bill is not currently being considered.

➔ R2 DMV Customer Service Enhancements

The Division of Motor Vehicles requests a total of \$4.2 million General Fund and 52.0 FTE, including \$2.7 million and 52.0 FTE for additional driver services personnel and \$1.5 million to fund an expansion of a wait-less queuing and data management technology to 43 driver license offices for FY 2014-15. The requested funding annualizes to \$2.6 million General Fund in FY 2015-16 and beyond.

Recommendation: Staff recommends \$3,777,132 General Fund and 52.FTE. The difference between the staff calculation and the Department request is analyzed in the sections below.

Staff Calculation

Staff calculation of the request is slightly lower than the Department request. The staff calculation of the request uses common policies for salary ranges, 11 months of funding for the first year due to the General Fund pay-date shift, funding for centrally appropriated line items for more than 20.0 FTE, and standard first-year operating costs.

Staff Calculation of R2 Customer Service Enhancements (Recommendation)				
	Personal Services	Operating Expenses	Total	FTE
Customer Demand Coverage	658,785	101,754	760,539	18.0
Driver License Advisors	548,988	84,795	633,783	15.0
Regional Office Staffing	402,591	62,183	464,774	11.0
Training Enhancements	227,049	22,612	249,661	4.0
Office Hours Expansion	<u>146,397</u>	<u>22,612</u>	<u>169,009</u>	<u>4.0</u>
Sub-total	\$1,983,810	\$293,956	\$2,277,766	52.0
Wait Less Processing			1,499,367	
Total			\$3,777,132	52.0

R2 Customer Service Enhancements (Request)		
	Amount	FTE
Customer Demand Coverage	\$786,889	18.0
Driver License Advisors	\$655,740	15.0
Regional Office Staffing	\$480,876	11.0
Training Enhancements	\$262,826	4.0
Office Hours Expansion	<u>\$195,635</u>	<u>4.0</u>
Total Personal Services	\$2,381,966	52.0
Operating Expenses	\$293,956	0.0
Wait Less Expansion	\$1,492,103	0.0
Total	\$4,168,025	52.0

The Department states that there are 226 Driver License Examiner (DLE) positions to staff 36 state-operated driver license offices. Of these, 15 offices issued 69.9 percent of all documents issued in FY 2012-13. On average, 65 percent of customers visiting a driver license office experience a service time in excess of one hour. This includes wait time and transaction time.

The goal of the initiatives listed in the table above is to enhance customer service by reducing wait times in driver license offices. Currently, 35 percent of all customers visiting a driver license office experience a service time in excess of one hour, where service includes wait time and transaction time. In total, these initiatives are estimated to reduce customer wait times by nearly 20 minutes and reduce the percentage of customers experiencing a service time of more than one hour to 25 percent.

DMV Lean Process Improvement

The DMV participated in a Lean process improvement event during the first quarter of 2013. The purpose of this event was to review current business processes, identify inefficiencies, enhance customer service, and provide recommendations for improving service delivery. The objective was to streamline and standardize operating policies and procedures to improve customer service while still maintaining compliance with state and federal regulations, enhance fraud detection, decrease customer wait times, and reduce re-work and issues that negatively impact customers and employees.

As a result of the Lean process, several recommendations were submitted for implementation addressing quick wins, near-term improvements, and long-term changes. While many of the quick and near-term recommendations resulted in changing internal processes to reduce processing times and enhance the customer experience, the long-term recommendations required investments in personnel and technology.

Department Proposed Solution

The Department requests \$2,675,922 General Fund in FY 2014-15, of which \$2,381,966 is for personal services to fund 52.0 FTE and \$293,956 is for operating expenses to support the

additional employees with telephones, computers, work space, and supplies. This request annualizes to \$2,445,247 General Fund.

Additionally, the Department requests \$1,492,103 General Fund in FY 2014-15 in operating expenses to purchase and install 86 kiosks to expand the Wait Less queuing and data management technology to 43 driver license offices statewide. This request annualizes to \$158,638 General Fund for ongoing costs to support the Wait Less technology.

The Department states that the ultimate goal of the proposed initiatives is to enhance customer service by reducing wait times in driver license offices. Currently, 35 percent of all customers visiting a driver license office experience a service time in excess of one hour, where service includes wait time and transaction time. In total, the Department estimates that the proposed initiatives could reduce customer wait times by nearly 20 minutes and reduce the percentage of customers experiencing a service time of more than one hour to 25 percent.

Customer Service in Driver License Offices

Below are descriptions provided by the Department for each of the requested enhancement personnel:

- **Customer Demand Coverage:** This initiative would provide 18.0 FTE for coverage during high volume business hours to help manage workload and reduce wait times for customers. This request provides 48 additional part-time Driver License Examiners I positions at 16 offices to work from 11 AM to 2 PM Monday through Friday. Currently, the offices employ a staggered shift schedule during the lunch period in order to ensure DLEs are available to service the public. However, there is insufficient staff to keep all the work stations operational during this period of time. Consequently, wait times during business hours gradually increase from the time the office opens to the lunch period, with peak wait times occurring between 11:00 AM and 1:00 PM. After this time, wait times gradually decrease until closing.
- **Driver License Advisors:** This initiative would provide 15.0 FTE for concierge-type service and direct customer assistance in the 15 largest driver license offices. These positions would be Driver License Examiner I positions. The Department states that there is insufficient staff to consistently assign an advisor without adversely impacting customer wait times. The role of this position will be to provide customers with assistance when using the kiosks, validate documents needed to successfully complete transactions, answer questions, and assist with online renewal of driver licenses, when appropriate.
- **Regional Office Staffing:** This initiative would provide 11.0 FTE to increase the number of Driver License Examiner I positions in regional offices. The four regional offices support the Front Range (Denver Central), northern plains (Fort Collins), southern plains (Colorado Springs), and the western slope (Grand Junction) regions of Colorado. The Department states that the purpose of this request is to proactively manage staffing levels through a "floating rapid response" capability to fill planned and unplanned absences and vacancies in order to ensure consistent customer service. Having the ability to access this additional staff enables the Regional Managers to immediately respond to staffing

shortages more efficiently and effectively and to address high turnover of DLE positions. Over the last three years, the DLE annual turnover rate is 21.09 percent or 47 positions. The assignment of staff would be based on customer volumes within each region.

- **Training Enhancements:** This initiative provides 4.0 FTE to hire Program Assistant II positions as trainers to provide support to each Regional Manager. These positions would provide the necessary training management and oversight to ensure standardized processes and procedures across all driver license offices. The Department states that currently it takes six months of on the job training for a new DLE position. Given the average number of DLE positions that turn over on an annual basis, or 47 positions, it takes 282 months to train 47 new OLE positions.
- **Office Hours Expansion:** This initiative provides 4.0 FTE to support the expansion of office hours in one driver license office in the Denver metropolitan area. The purpose of this request is to spread the current demand for driver services across more hours of operation in order to reduce customer wait times. The Department plans to conduct an analysis of the impact of this initiative on resources and customer wait times and determine what funds are needed to implement this project in other driver license offices.
- **Wait Less Expansion:** This initiative provides \$1,492,103 in operating expenses in FY 2014-15 and \$158,638 each year thereafter to expand the Wait Less queuing and data management technology to 43 driver license offices including 23 state and 20 county-operated offices at a cost of \$34,700 per office. This includes purchasing and installing two kiosks, two media players, and two tablets per office. The purpose of this system is to reduce customer wait times by providing an office management system to measure and manage the efficiency and effectiveness of driver license operations. The system collects data regarding wait times and transaction times, provides statistical information to improve office procedures, and provides on-line appointment scheduling. Currently, this system is installed in 13 Front-range offices including Aurora, Boulder, Colorado Springs, Denver Central, Denver NE, Fort Collins, Golden, Greeley, Lakewood, Littleton, Longmont, Northglenn, and Parker.

Item	Wait-Less Project Costs*			Total*	Ongoing
	Cost	Quantity	Office		
Office Configuration	\$10,250	1	43	\$440,750	\$0
Kiosks	\$4,556	2	43	\$391,816	\$0
LCD Televisions	\$870	2	43	\$74,820	\$0
Media Players	\$685	1	43	\$29,455	\$0
Tablet PCs	\$745	2	43	\$64,070	\$0
Switches	\$213	1	43	\$9,159	\$0
Kiosk Brackets	\$52	2	43	\$4,472	\$0
Tablet Cables	\$17	2	43	\$1,462	\$0
Kiosk Paper	\$5	730	43	\$156,950	\$156,950
VGA	\$920	2	43	\$79,120	\$0
Cabling	\$1,418	1	43	\$60,974	\$0
Equipment Install	\$3,576	1	43	\$153,768	\$0
Software	\$757	1	43	<u>\$32,551</u>	<u>\$0</u>
Total				\$1,499,367	\$156,950

* The total does not sum to the Department request due to rounding.

➔ R3 Driver License Examiner Reclassification

The Division of Motor Vehicles requests \$837,502 General Fund for FY 2014-15 and beyond. The requested funding is intended to re-classify 177.0 positions in the Driver License Examiner (DLE) class series I, II, III, IV, and V to the Technician class series and re-classify DLE V positions to General Professional V class series. The Department's goal is to reduce turnover rates among the Driver License Examiner class series and increase the amount of time managers spend on more value added activities such as customer service.

Recommendation: Staff recommends the Committee approve the Department request for \$837,502 General Fund in order for the Department to re-classify Driver License Examiners into the Technician and General Professional class series.

The Division of Motor Vehicles (DMV) has 226 positions in the DLE class series. These positions perform analytical duties, which include examination and investigation of documents and determining the legitimacy of documents per federal and state requirements for issuing a valid driver's license or identification card.

The Department states that of the 226 DLE positions, only those with salaries that fall below the respective pay ranges for the Technician and General Professional series will be eligible for an increase. The Department estimates that 177 DLE positions will receive an average monthly increase of \$394.

The Department states that the DMV has historically experienced high turnover rates in the DLE class series. Since FY 2008-09, the Department states that compared to the rest of the classified workforce and the Department of Revenue average turnover rate, the DLE class turnover rate has been 40 positions or 17.61 percent, the state classified workforce average turnover has been 9.17 percent, and the Department average was 8.9 percent. The Department states that in the last three years the DLE turnover rate was 21.09 percent on 47 positions.

The Department states that per the annual workforce report, of the 129 vacancies in the Department, 48, or 37.21 percent were DLE positions. The Department states that it takes approximately six months of on the job training to adequately train a new DLE position.

The Department also states that they have engaged with the Department of Personnel to adjust the class series. The last comprehensive study of the DLE class was performed in 1993-94 as part of a system-wide study that evaluated all classes in the state system. Upon the Department's request, the Department of Personnel performed a study of the DLE class series in 2009. As a result of the study, the DLE intern and DLE I series were realigned. However, the Department claims that since that time the turnover rates in the DLE class have actually increased. The Department states that last year they re-engaged the Department of Personnel and that the Department of Personnel agreed that the DLE class series should be abolished, the DLE job descriptions should be updated so that they reflect current assignments and DLE positions should be moved into the Technician class series. The Department states that Technician class series involve higher levels of decision making, more complex work requiring more advanced

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analytical and problem solving skills, and enhanced technical and communications skills. The Department would also like to move the DLE V positions (regional managers) into the General Professional V class series.

The table below shows a staff analysis of the types of raises that DLE examiners may receive based on the Department provided average raise of \$394 and an average of the class range series.

Comparison of Pay Ranges by Class Title					
Class Title	Minimum Q1	Minimum Q2	Midpoint / Minimum Q3	Minimum Q4	Range Maximum
DRIVER'S LIC EXAM I	\$2,326	\$2,545	\$2,764	\$2,983	\$3,203
DRIVER'S LIC EXAM II	\$2,688	\$2,941	\$3,194	\$3,447	\$3,701
DRIVER'S LIC EXAM III	\$3,106	\$3,399	\$3,692	\$3,985	\$4,277
DRIVER'S LIC EXAM IV	\$3,590	\$3,928	\$4,266	\$4,604	\$4,943
DRIVER'S LIC EXAM V	\$4,148	\$4,539	\$4,930	\$5,321	\$5,712
<i>Average for Class and Range</i>	<i>\$3,172</i>	<i>\$3,470</i>	<i>\$3,769</i>	<i>\$4,068</i>	<i>\$4,367</i>
<i>Average Salary Raise</i>	<i>\$394</i>	<i>\$394</i>	<i>\$394</i>	<i>\$394</i>	<i>\$394</i>
<i>Average Percent Raise</i>	<i>12.42%</i>	<i>11.35%</i>	<i>10.45%</i>	<i>9.69%</i>	<i>9.02%</i>
TECHNICIAN I	\$2,500	\$2,736	\$2,972	\$3,208	\$3,443
TECHNICIAN II	\$2,688	\$2,941	\$3,194	\$3,447	\$3,701
TECHNICIAN III	\$3,339	\$3,654	\$3,969	\$4,284	\$4,598
TECHNICIAN IV	\$3,590	\$3,928	\$4,266	\$4,604	\$4,943
TECHNICIAN V	\$4,460	\$4,880	\$5,300	\$5,720	\$6,141
GENERAL PROFESSIONAL I	\$3,087	\$3,417	\$3,747	\$4,077	\$4,408
GENERAL PROFESSIONAL II	\$3,318	\$3,673	\$4,028	\$4,383	\$4,738
GENERAL PROFESSIONAL III	\$3,834	\$4,244	\$4,654	\$5,064	\$5,475
GENERAL PROFESSIONAL IV	\$4,764	\$5,274	\$5,784	\$6,294	\$6,803
GENERAL PROFESSIONAL V	\$5,960	\$6,674	\$7,388	\$8,102	\$8,815

➔ R5 DMV Appropriation Restructure

The Division of Motor Vehicles (DMV) requests a FY 2014-15 net-zero appropriation re-organization that will reduce the DMV sub-divisions from 6 to 3. The Department anticipates that through a line item re-organization there will be a better alignment between appropriations and the current organization and programmatic structure of the DMV.

Recommendation: Staff recommends that the Committee approve the Department request to re-organize the Division of Motor Vehicles.

The three tables below summarize the proposed re-organization of the appropriation structure of the Division of Motor Vehicles contained in Request 5 and also show how Request 1, Request 2, Request 3, Request 5, and Non-Prioritized Budget Amendment 1 interact and fit under the proposed new appropriation structure.

JBC Staff Figure Setting – FY 2014-15
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The table below shows the totality of the DMV request with adjustments for staff recommendations (the only difference in the table is the lower staff recommendation on R2) by first showing the base request, then adding change requests, and finally adding the budget amendment.

Summary of Division of Motor Vehicles Total FY 2014-15 Recommendation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation	36,747,198	714,426	36,032,772	0	416.8
Centrally Appropriated Line Items	729,266	35,628	693,638	0	0.0
Annualize Prior Year Legislation	416,745	(21,611)	438,356	0	7.1
Indirect Cost Assessment	<u>(507,575)</u>	<u>2,633</u>	<u>(510,208)</u>	<u>0</u>	<u>0.0</u>
Sub-total Base Request	\$37,385,634	\$731,076	\$36,654,558	\$0	423.9
R1 DMV Funding Deficit	2,300,000	6,200,000	(3,900,000)	0	0.0
R2 DMV Customer Service Enhancements	3,353,406	3,353,406	0	0	52.0
R3 DMV Driver License Examiner Reclassification	<u>837,502</u>	<u>837,502</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Sub-total R1, R2, R3	\$6,490,908	\$10,390,908	(\$3,900,000)	\$0	52.0
Sub-total Base + R1, R2, R3, and R5	\$43,876,542	\$11,121,984	\$32,754,558		475.9
Sub-total BANP1 Pre-Release Services	\$254,260	\$0	\$0	\$254,260	3.7
Total DMV FY 2014-15 Request	\$44,130,802	\$11,121,984	\$32,754,558	\$254,260	479.6

The two tables below attempt to show graphically the current Long Bill structure, the re-organization performed by Request 5, and the new proposed budget structure with all change requests and staff recommendations.

**Request-5.
Division of Motor Vehicles.
Line Item Restructure.
With Staff Recommendations**

1) Current Line Items	FY 13-14 Base Recommend	FTE	→ 2) Change Request R-5	Incremental Change Recommend	FTE	→ 3) Proposed New Long Bill Format	Adjusted Base Recommend	FTE
(5) Division of Motor Vehicles								
(A) Administration								
Personal Services	\$ 933,151	9.5	Personal Services	\$ 520,129	7.4	Personal Services	\$ 1,453,280	16.9
Operating Expenses	52,350	0.0	Operating Expenses	27,684	0.0	Operating Expenses	80,034	0.0
	985,501	9.5		547,813	7.4		1,533,314	16.9
(B) Driver and Vehicle Services								
Personal Services	17,626,964	359.8	Personal Services	(17,626,964)	(359.8)	Personal Services	16,345,427	336.8
Operating Expenses	1,720,826	0.0	Operating Expenses	(1,720,826)	0.0	Operating Expenses	1,556,028	0.0
Drivers License Documents	4,467,378	0.0	Drivers License Documents	(4,467,378)	0.0	Drivers License Documents	4,467,378	0.0
License Plate Ordering	5,380,012	0.0	License Plate Ordering	(5,380,012)	0.0	Ignition Interlock Program	1,151,930	5.0
Indirect Cost Assessment	1,967,570	0.0	Indirect Cost Assessment	(1,967,570)	0.0	Indirect Cost Assessment	1,829,996	0.0
	31,162,750	359.8		(31,162,750)	(359.8)		25,350,759	341.8
(C) Vehicle Emissions								
Personal Services	1,114,509	15.0	Personal Services	(1,114,509)	(15.0)	Personal Services	2,501,034	49.2
Operating Expenses	86,825	0.0	Operating Expenses	(86,825)	0.0	Operating Expenses	454,034	0.0
Indirect Cost Assessment	152,913	0.0	Indirect Cost Assessment	(152,913)	0.0	License Plate Ordering	5,380,012	0.0
	1,354,247	15.0		(1,354,247)	(15.0)	Motorist Insurance Identification Database Program	331,618	1.0
(D) Titles								
Personal Services	1,739,626	33.6	Personal Services	(1,739,626)	(33.6)	Emissions Program	1,201,334	15.0
Operating Expenses	316,920	0.0	Operating Expenses	(316,920)	0.0	Indirect Cost Assessment	633,529	0.0
Indirect Cost Assessment	290,942	0.0	Indirect Cost Assessment	(290,942)	0.0		10,501,561	65.2
	2,347,488	33.6		(2,347,488)	(33.6)			
(E) Motorist Insurance Identification Database Program								
Motorist Ins. Ident. Database Program	331,618	1.0	Motorist Ins. Ident. Database Program	(331,618)	(1.0)			
(F) Ignition Interlock Program								
Personal Services	217,088	5.0	Personal Services	(217,088)	(5.0)			
Operating Expenses	934,842	0.0	Operating Expenses	(934,842)	0.0			
Indirect Cost Assessment	52,100	0.0	Indirect Cost Assessment	(52,100)	0.0			
	1,204,030	5.0		(1,204,030)	(5.0)			
Total:	\$ 37,385,634	423.9	Total:	\$ (35,852,320)	(407.0)	Total:	\$ 37,385,634	423.9

**Request-5.
Division of Motor Vehicles.
Line Item Restructure.
With Staff Recommendations**

Proposed New Long Bill Format	Recommend	FTE	DMV Requests R1; R2; R3; NP1	Recommend	FTE	New Long Bill + R1; R2; R3; NP1	Recommend	FTE
(5) Division of Motor Vehicles			(5) Division of Motor Vehicles			(5) Division of Motor Vehicles		
(A) Administration			(A) Administration			(A) Administration		
Personal Services	\$ 1,453,280	16.9	Personal Services	0	0.0	Personal Services	1,453,280	16.9
Operating Expenses	80,034	0.0	Operating Expenses	0	0.0	Operating Expenses	80,034	0.0
	1,533,314	16.9		0	0.0		1,533,314	16.9
(B) Driver Services			(B) Driver Services			(B) Driver Services		
Personal Services	16,345,427	336.8	Personal Services	4,844,663	55.7	Personal Services	21,190,090	392.5
Operating Expenses	1,556,028	0.0	Operating Expenses	1,900,505	0.0	Operating Expenses	3,456,533	0.0
Drivers License Documents	4,467,378	0.0	Drivers License Documents	0	0.0	Drivers License Documents	4,467,378	0.0
Ignition Interlock Program	1,151,930	5.0	Ignition Interlock Program	0	0.0	Ignition Interlock Program	1,151,930	5.0
Indirect Cost Assessment	1,829,996	0.0	Indirect Cost Assessment	0	0.0	Indirect Cost Assessment	1,829,996	0.0
	25,350,759	341.8		6,745,168	55.7		32,095,927	397.5
(C) Vehicle Services			(C) Vehicle Services			(C) Vehicle Services		
Personal Services	2,501,034	49.2	Personal Services	0	0.0	Personal Services	2,501,034	49.2
Operating Expenses	454,034	0.0	Operating Expenses	0	0.0	Operating Expenses	454,034	0.0
License Place Ordering	5,380,012	0.0	License Place Ordering	0	0.0	License Place Ordering	5,380,012	0.0
Program	331,618	1.0	Program	0	0.0	Program	331,618	1.0
Emissions Program	1,201,334	15.0	Emissions Program	0	0.0	Emissions Program	1,201,334	15.0
Indirect Cost Assessment	633,529	0.0	Indirect Cost Assessment	0	0.0	Indirect Cost Assessment	633,529	0.0
	10,501,561	65.2		0	0.0		10,501,561	65.2
Total:	\$ 37,385,634	423.9	Total:	\$ 6,745,168	55.7	Total:	\$ 44,130,802	479.6

Description of Request 5 Restructure

Under the proposed structure, the DMV **Administration subgroup** would include the Senior Director, Deputy Director, administrative support staff, division financial staff, and the Investigations Unit. This subgroup would support the administrative and financial management of all DMV operations. The Investigations Unit, which was previously funded through the (B) Driver and Vehicle Services subgroup, would be funded in the DMV Administration subgroup to reflect division wide responsibilities for driver and vehicle services. The Investigations Unit 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.

The new **Driver Services subgroup** would include three programs: Driver License, Driver Control, and Ignition Interlock. The purpose of this change is to merge all driver-related services in one subgroup. Currently, both the Driver License Program and the Driver Control Program are funded through (B) Driver and Vehicle Services subgroup in the Long Bill while Ignition Interlock is funded through (F) Ignition Interlock Program subgroup. Although the Ignition Interlock Program would be merged in the new Driver Services subgroup, the identity of the program would be retained in a separate line item. The purpose of this change is to more accurately reflect how the program aligns with the Driver Control Program both administratively and programmatically. Additionally, the Driver License Documents line item would also be retained and appropriated in the Driver Services subgroup.

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.

The Commercial Driver License Program (CDL) and the International Registration Program (IRP) are both currently funded in the (B) Driver and Vehicle Services subgroup. However, CDL is administratively and programmatically aligned with the Driver License Program while IRP operates alongside the vehicle registration program. Consequently, this request would provide

appropriations for the CDL program in the new Driver Services subgroup and the IRP in the new Vehicle Services subgroup.

The new **Vehicle Services subgroup** would include the following programs: Titles, Registrations, Motor Insurance Identification Database (MIIDB), and Vehicle Emissions. The purpose of this change is to merge all vehicle-related services in one subgroup unlike the current structure whereby these services are appropriated across four different subgroups. Currently, Titles, MIIDB, and Vehicle Emissions each have their own subgroup in the Long Bill. The Registration Program is funded through (B) Driver and Vehicle Services in the Long Bill. Although MIIDB and Vehicle Emissions would be merged in the new Vehicle Services subgroup, each program would be retained on a separate line item. Additionally, the License Plate Ordering line item would also be retained and appropriated in the Vehicle Services 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, but is funded in the (B) Driver and Vehicles Services subgroup in the Long Bill. 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 10-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.



Non-prioritized Budget Amendment: Pre-Release Services

The Department requests \$285,027 reappropriated funds and 3.7 FTE in FY 2013-14 and \$208,881 reappropriated funds and 4.0 FTE in FY 2014-15 secure identification for offenders prior to being released to the community. The first year costs include \$177,845 for personal services, \$13,560 for operating expenses, and \$93,622 for start-up costs.

The Department of Corrections (DOC) submitted a budget January 2, 2014, budget amendment titled Pre-Release Services for \$4.4 million General Fund and 51.6 FTE in order to enhance parole pre-release and offender management programs. As part of the same proposal, the Department of Corrections envisions the creation of two DMV licensing facilities within the DOC in collaboration with the Department of Revenue in order to secure identification for offenders prior to being released to the community.

Recommendation: The staff recommendation is PENDING Committee action on this request in the Department of Corrections.

Brief Description of Offender ID Component

The DOC requests \$487,693 General Fund and 1.8 FTE in FY 2014-15 and \$435,628 General Fund and 2.0 FTE in FY 2015-16, the requested appropriation in the DMV will come from these DOC appropriations.

The DOC proposes establishing on-site DMV offices at the Denver Reception & Diagnostic Center (DRDC) and the Colorado Territorial Correctional Facility (CTCF). The Department envisions that the process for obtaining IDs for offenders will begin upon intake at DRDC. The DRDC processes approximately 45 offenders daily, Monday through Friday. For those offender who are unable to obtain an ID during intake, the DOC will provide assistance to locate and obtain required documentation. Once documents are received, the DOC proposes that they be provided to DMV staff at DRDC or CTCF

The DMV office at CTCF will operate two days per week and will complete the ID process for those offenders who were unable to pursue an ID during intake. The DMV office at DRDC will also be available, as needed, for completing the in-person credentialing requirements depending on offender movement.

The proposal is to staff the DRDC office with 2.0 FTE, while the CTCF office will have two 0.5 FTE who will rotate from the Canon City/Salida DMV offices. The DOC also states that 1.0 FTE DMV compliance investigator will be needed to help identify missing documentation and other legal issues.

In addition to the DMV staff, the DOC requests two program assistants to serve as the first stop for securing vital records for offender when they are unable to obtain an ID through the renewal process.

The final piece of this component of the request is funding for payment of Colorado ID fees, which currently are \$10.50 per ID. In addition, out-of-state birth certificates cost an average of \$25.0 each. The Department states that a birth certificate will be a primary document that will be pursued when an offender cannot obtain an ID during intake because it satisfies 3 out of 4 Colorado ID requirements (age, name, and lawful presence).

The line items for the Division of Motor Vehicles are shown in the new structure format based on the staff recommendations in Request 5 above.

(A) ADMINISTRATION (new structure)

The *Administration* subgroup includes the Senior Director, Deputy Director, administrative support staff, division financial staff, and the Investigations Unit. The Administration subgroup support 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.

Administration (new structure)				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$0	\$0	\$0	0.0
R5 DMV Appropriation Restructure	<u>1,533,314</u>	<u>31,431</u>	<u>1,501,883</u>	<u>16.9</u>
TOTAL	\$1,533,314	\$31,431	\$1,501,883	16.9
Increase/(Decrease)	\$1,533,314	\$31,431	\$1,501,883	16.9
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request	\$1,533,314	\$31,431	\$1,501,883	16.9
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 \$1,453,280 total funds and 16.9 FTE.

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

Division of Motor Vehicles (new structure), Administration, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$0	\$0	\$0	0.0
R5 DMV Appropriation Restructure	<u>1,453,280</u>	<u>29,761</u>	<u>1,423,519</u>	<u>16.9</u>
TOTAL	\$1,453,280	\$29,761	\$1,423,519	16.9
Increase/(Decrease)	\$1,453,280	\$29,761	\$1,423,519	16.9
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$1,453,280	\$29,761	\$1,423,519	16.9
Request Above/(Below)				
Recommendation	\$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 \$80,034 total funds.

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

Division of Motor Vehicles (requested new structure), Administration, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
<u>R5 DMV Appropriation Restructure</u>				-

Division of Motor Vehicles (requested new structure), Administration, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
TOTAL	\$80,034	\$1,670	\$78,364	0.0
Increase/(Decrease)	\$80,034	\$1,670	\$78,364	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$80,034	\$1,670	\$78,364	0.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

(B) DRIVER SERVICES (new structure)

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.

Driver Services (new structure)					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>

*JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision*

Driver Services (new structure)					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
TOTAL	\$0	\$0	\$0	\$0	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$0	\$0	\$0	\$0	0.0
R5 DMV Appropriation Restructure	31,841,667	10,636,227	21,205,440	0	393.8
BANP1 Pre-Release Services	<u>254,260</u>	<u>0</u>	<u>0</u>	<u>254,260</u>	<u>3.7</u>
TOTAL	\$32,095,927	\$10,636,227	\$21,205,440	\$254,260	397.5
Increase/(Decrease)	\$32,095,927	\$10,636,227	\$21,205,440	\$254,260	397.5
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request	\$32,249,881	\$10,790,181	\$21,205,440	\$254,260	397.5
Request Above/(Below) Recommendation	\$153,954	\$153,954	\$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. 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 \$21,351,308 total funds and 392.5 FTE.

Recommendation: Staff recommends \$21,190,090 total funds and 392.5 FTE. The staff recommendation is lower than the Department request due to a lower recommendation for Request 2 DMV Customer Service Enhancements.

Division of Motor Vehicles (requested new structure), Driver Services, Personal Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	0.0

*JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision*

Division of Motor Vehicles (requested new structure), Driver Services, Personal Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$0	\$0	\$0	\$0	0.0
R5 DMV Appropriation Restructure	21,043,012	8,831,260	12,211,752	0	388.8
BANP1 Pre-Release Services	<u>147,078</u>	<u>0</u>	<u>0</u>	<u>147,078</u>	<u>3.7</u>
TOTAL	\$21,190,090	\$8,831,260	\$12,211,752	\$147,078	392.5
Increase/(Decrease)	\$21,190,090	\$8,831,260	\$12,211,752	\$147,078	392.5
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$21,351,308	\$8,992,478	\$12,211,752	\$147,078	392.5
Request Above/(Below) Recommendation	\$161,218	\$161,218	\$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 \$3,449,269 total funds.

Recommendation: Staff recommends \$3,456,533. The staff recommendation is higher due to the difference in staff recommendation for Request 2 DMV Customer Service Enhancements.

Division of Motor Vehicles (new structure), Driver Services, Operating Expenses				
	Total Funds	General Fund	Cash Funds	Reappropriated Funds
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	\$0	\$0	\$0	\$0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$0	\$0	\$0	\$0
R5 DMV Appropriation Restructure	3,349,351	1,804,967	1,544,384	0
BANP1 Pre-Release Services	<u>\$107,182</u>	<u>\$0</u>	<u>\$0</u>	<u>\$107,182</u>
TOTAL	\$3,456,533	\$1,804,967	\$1,544,384	\$107,182
Increase/(Decrease)	\$3,456,533	\$1,804,967	\$1,544,384	\$107,182
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$3,449,269	\$1,797,703	\$1,544,384	\$107,182
Request Above/(Below)	(\$7,264)	(\$7,264)	\$0	\$0

Division of Motor Vehicles (new structure), Driver Services, Operating Expenses				
	Total Funds	General Fund	Cash Funds	Reappropriated Funds
Recommendation				

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 \$4,467,378 cash funds.

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

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 \$1,151,930 cash funds and 5.0 FTE.

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

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 and Central Department Operations Division.

Request: The Department requests \$1,829,996 cash funds.

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

(C) VEHICLE SERVICES (new structure)

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 10-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.

Vehicle Services (new structure)				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$0	\$0	\$0	0.0
R5 DMV Appropriation Restructure	<u>10,501,561</u>	<u>454,326</u>	<u>10,047,235</u>	<u>65.2</u>
TOTAL	\$10,501,561	\$454,326	\$10,047,235	65.2
Increase/(Decrease)	\$10,501,561	\$454,326	\$10,047,235	65.2
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request	\$10,501,561	\$454,326	\$10,047,235	65.2
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 \$2,501,034 total funds and 49.2 FTE.

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

Division of Motor Vehicles (new structure), Vehicle Services, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$0	\$0	\$0	0.0
R5 DMV Appropriation Restructure	<u>2,501,034</u>	<u>427,157</u>	<u>2,073,877</u>	<u>49.2</u>
TOTAL	\$2,501,034	\$427,157	\$2,073,877	49.2
Increase/(Decrease)	\$2,501,034	\$427,157	\$2,073,877	49.2
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2014-15 Executive Request:	\$2,501,034	\$427,157	\$2,073,877	49.2
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 \$454,034 total funds, including \$27,169 General Fund and \$426,865 cash funds.

Recommendation: Staff recommends approval of the Department's request

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 \$5,380,012, which is a base continuation.

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

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 \$331,618 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.

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 \$1,201,334 cash funds and 15.0 FTE.

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

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 and Central Department Operations Division.

Request: The Department requests \$633,529 cash funds.

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

~~(6) Motor Carrier Services Division~~

The Motor Carrier Services Division was eliminated from the Department by HB 12-1019, which transferred the Ports of Entry to the Colorado State Patrol and the International Registration Program to the Division of Motor Vehicles. In 2010, the General Assembly had moved the Motor Carrier Safety Assistance Program to the Colorado State Patrol. An appropriation for this Division was neither requested nor recommended.

(6) Enforcement Business Group

(7) 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

Enforcement Business Group					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$52,031,228	\$347,338	\$51,404,274	\$279,616	237.4
Other legislation	714,832	0	714,832	0	0.0
HB 14-1246 (Supplemental)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$52,746,060	\$347,338	\$52,119,106	\$279,616	237.4
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$52,746,060	\$347,338	\$52,119,106	\$279,616	237.4
BA2 Auto Industry Licensing System Implementation	188,440	0	188,440	0	0.0
Centrally Appropriated Line Items	546,042	15,759	530,283	0	0.0
Annualize Prior Year Legislation	(141,370)	0	(141,370)	0	1.2
Indirect Cost Assessment	<u>631,425</u>	<u>(12,926)</u>	<u>644,729</u>	<u>(378)</u>	<u>0.0</u>
TOTAL	\$53,970,597	\$350,171	\$53,341,188	\$279,238	238.6
Increase/(Decrease)	\$1,224,537	\$2,833	\$1,222,082	(\$378)	1.2
Percentage Change	2.3%	0.8%	2.3%	(0.1%)	0.5%
FY 2014-15 Executive Request:	\$53,970,597	\$350,171	\$53,341,188	\$279,238	238.6
Request Above/(Below Recommendation)	\$0	\$0	\$0	\$0	(0.0)

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

(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.

Administration					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$662,316</u>	<u>\$20,699</u>	<u>\$362,001</u>	<u>\$279,616</u>	<u>8.0</u>
TOTAL	\$662,316	\$20,699	\$362,001	\$279,616	8.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$662,316	\$20,699	\$362,001	\$279,616	8.0
Centrally Appropriated Line Items	38,487	12,460	26,027	0	0.0
Indirect Cost Assessment	<u>0</u>	<u>(12,926)</u>	<u>13,304</u>	<u>(378)</u>	<u>0.0</u>
TOTAL	\$700,803	\$20,233	\$401,332	\$279,238	8.0
Increase/(Decrease)	\$38,487	(\$466)	\$39,331	(\$378)	0.0
Percentage Change	5.8%	(2.3%)	10.9%	(0.1%)	0.0%
FY 2014-15 Executive Request	\$700,803	\$20,233	\$401,332	\$279,238	8.0
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 \$688,023 total funds and 8.0 FTE.

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

Enforcement Business Group, Administration, Personal Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$649,536</u>	<u>\$20,299</u>	<u>\$355,016</u>	<u>\$274,221</u>	<u>8.0</u>

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Enforcement Business Group, Administration, Personal Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
TOTAL	\$649,536	\$20,299	\$355,016	\$274,221	8.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$649,536	\$20,299	\$355,016	\$274,221	8.0
Centrally Appropriated Line Items	38,487	12,460	26,027	0	0.0
Indirect Cost Assessment	<u>0</u>	<u>(12,895)</u>	<u>12,970</u>	<u>(75)</u>	<u>0.0</u>
TOTAL	\$688,023	\$19,864	\$394,013	\$274,146	8.0
Increase/(Decrease)	\$38,487	(\$435)	\$38,997	(\$75)	0.0
Percentage Change	5.9%	(2.1%)	11.0%	(0.0%)	0.0%
FY 2014-15 Executive Request:	\$688,023	\$19,864	\$394,013	\$274,146	8.0
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.

Enforcement Business Group, Administration, Operating Expenses					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$12,780</u>	<u>\$400</u>	<u>\$6,985</u>	<u>\$5,395</u>	<u>0.0</u>
TOTAL	\$12,780	\$400	\$6,985	\$5,395	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$12,780	\$400	\$6,985	\$5,395	0.0
Indirect Cost Assessment	<u>0</u>	<u>(31)</u>	<u>334</u>	<u>(303)</u>	<u>0.0</u>
TOTAL	\$12,780	\$369	\$7,319	\$5,092	0.0
Increase/(Decrease)	\$0	(\$31)	\$334	(\$303)	0.0
Percentage Change	0.0%	(7.8%)	4.8%	(5.6%)	0.0%

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Enforcement Business Group, Administration, Operating Expenses					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2014-15 Executive Request:	\$12,780	\$369	\$7,319	\$5,092	0.0
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 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.

Limited Gaming Division				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$36,014,275</u>	<u>\$0</u>	<u>\$36,014,275</u>	<u>84.4</u>
TOTAL	\$36,014,275	\$0	\$36,014,275	84.4
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$36,014,275	\$0	\$36,014,275	84.4
Centrally Appropriated Line Items	189,820	0	189,820	0.0
Indirect Cost Assessment	<u>30,163</u>	<u>0</u>	<u>30,163</u>	<u>0.0</u>
TOTAL	\$36,234,258		\$36,234,258	84.4
Increase/(Decrease)	\$219,983	\$0	\$219,983	0.0
Percentage Change	0.6%	0.0%	0.6%	0.0%

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Limited Gaming Division				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Executive Request	\$36,234,258	\$0	\$36,234,258	84.4
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 an appropriation of \$6,842,620 cash funds and 84.4 FTE.

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

Enforcement Business Group, Limited Gaming Division, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$6,652,800</u>	<u>\$0</u>	<u>\$6,652,800</u>	<u>84.4</u>
TOTAL	\$6,652,800	\$0	\$6,652,800	84.4
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$6,652,800	\$0	\$6,652,800	84.4
Centrally Appropriated Line Items	<u>189,820</u>	<u>0</u>	<u>189,820</u>	<u>0.0</u>
TOTAL	\$6,842,620		\$6,842,620	84.4
Increase/(Decrease)	\$189,820	\$0	\$189,820	0.0
Percentage Change	2.9%	0.0%	2.9%	0.0%
FY 2014-15 Executive Request:	\$6,842,620	\$0	\$6,842,620	84.4
Request Above/(Below)				
Recommendation	\$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.

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.

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.

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.

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 \$417,408 cash funds.

Recommendation: Staff recommends reflecting an appropriation of \$417,408 cash funds as an informational appropriation.

*JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision*

Enforcement Business Group, Limited Gaming Division, Indirect Cost Assessment			
	Total Funds	General Fund	Cash Funds
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$387,245</u>	<u>\$0</u>	<u>\$387,245</u>
TOTAL	\$387,245	\$0	\$387,245
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$387,245	\$0	\$387,245
Indirect Cost Assessment	<u>30,163</u>	<u>0</u>	<u>30,163</u>
TOTAL	\$417,408		\$417,408
Increase/(Decrease)	\$30,163	\$0	\$30,163
Percentage Change	7.8%	0.0%	7.8%
FY 2014-15 Executive Request:	\$417,408	\$0	\$417,408
Request Above/(Below) Recommendation	\$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.

Liquor and Tobacco Enforcement Division				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$2,450,240</u>	<u>\$145,214</u>	<u>\$2,305,026</u>	<u>26.5</u>
TOTAL	\$2,450,240	\$145,214	\$2,305,026	26.5
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$2,450,240	\$145,214	\$2,305,026	26.5
Centrally Appropriated Line Items	53,008	3,299	49,709	0.0
Indirect Cost Assessment	<u>11,409</u>	<u>0</u>	<u>11,409</u>	<u>0.0</u>

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Liquor and Tobacco Enforcement Division				
	Total Funds	General Fund	Cash Funds	FTE
TOTAL	\$2,514,657	\$148,513	\$2,366,144	26.5
Increase/(Decrease)	\$64,417	\$3,299	\$61,118	0.0
Percentage Change	2.6%	2.3%	2.7%	0.0%
FY 2014-15 Executive Request	\$2,514,657	\$148,513	\$2,366,144	26.5
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 \$2,270,917 total funds and 26.5 FTE.

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

Enforcement Business Group, Liquor and Tobacco Enforcement Division, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$2,217,909</u>	<u>\$138,013</u>	<u>\$2,079,896</u>	<u>26.5</u>
TOTAL	\$2,217,909	\$138,013	\$2,079,896	26.5
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$2,217,909	\$138,013	\$2,079,896	26.5
Centrally Appropriated Line Items	<u>53,008</u>	<u>3,299</u>	<u>49,709</u>	<u>0.0</u>
TOTAL	\$2,270,917	\$141,312	\$2,129,605	26.5
Increase/(Decrease)	\$53,008	\$3,299	\$49,709	0.0
Percentage Change	2.4%	2.4%	2.4%	0.0%
FY 2014-15 Executive Request:	\$2,270,917	\$141,312	\$2,129,605	26.5
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.

Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1339 (Long Bill)	<u>\$87,705</u>	<u>\$7,201</u>	<u>\$80,504</u>	0.0
TOTAL	\$87,705	\$7,201	\$80,504	0.0
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$87,705	\$7,201	\$80,504	0.0
R-5 EUDL Grant Funding Restoration	<u>10,214</u>	<u>0</u>	<u>10,214</u>	0.0
JBC STAFF RECOMMENDATION	\$97,919	\$7,201	\$90,718	0.0
Increase/(Decrease)	\$10,214	\$0	\$10,214	0.0
Percentage Change	11.6%	0.0%	12.7%	0.0%
FY 2013-14 Executive Request:	\$97,919	\$7,201	\$90,718	0.0
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 and Central Department Operations Division.

Request: The Department requests 145,821 cash funds.

Recommendation: Staff recommends the Committee approve the Department request.

Enforcement Business Group, Liquor and Tobacco Enforcement Division, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2013-14 Appropriation		
SB 13-230 (Long Bill)	<u>\$134,412</u>	<u>\$134,412</u>
TOTAL	\$134,412	\$134,412

Enforcement Business Group, Liquor and Tobacco Enforcement Division, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2014-15 Recommended Appropriation		
FY 2013-14 Appropriation	\$134,412	\$134,412
Indirect Cost Assessment	<u>11,409</u>	<u>11,409</u>
TOTAL	\$145,821	\$145,821
Increase/(Decrease)	\$11,409	\$11,409
Percentage Change	8.5%	8.5%
FY 2014-15 Executive Request:	\$145,821	\$145,821
Request Above/(Below) Recommendation	\$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.

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.

Division of Racing Events			
	Total Funds	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$2,587,013</u>	<u>\$2,587,013</u>	<u>7.7</u>
TOTAL	\$2,587,013	\$2,587,013	7.7
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$2,587,013	\$2,587,013	7.7
Centrally Appropriated Line Items	14,443	14,443	0.0
Indirect Cost Assessment	<u>(17,747)</u>	<u>(17,747)</u>	<u>0.0</u>
TOTAL	\$2,583,709	\$2,583,709	7.7
Increase/(Decrease)	(\$3,304)	(\$3,304)	0.0

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Division of Racing Events			
	Total Funds	Cash Funds	FTE
Percentage Change	(0.1%)	(0.1%)	0.0%
FY 2014-15 Executive Request	\$2,583,709	\$2,583,709	7.7
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 an appropriation of \$889,171 cash funds and 7.7 FTE.

Recommendation: Staff recommends the Committee approve the Department request.

Enforcement Business Group, Division of Racing Events, Personal Services			
	Total Funds	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$874,728</u>	<u>\$874,728</u>	<u>7.7</u>
TOTAL	\$874,728	\$874,728	7.7
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$874,728	\$874,728	7.7
Centrally Appropriated Line Items	<u>14,443</u>	<u>14,443</u>	<u>0.0</u>
TOTAL	\$889,171	\$889,171	7.7
Increase/(Decrease)	\$14,443	\$14,443	0.0
Percentage Change	1.7%	1.7%	0.0%
FY 2014-15 Executive Request:	\$889,171	\$889,171	7.7
Request Above/(Below) Recommendation	\$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.

Purses and Breeders Awards (Staff initiated Adjustment)

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.

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.

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 and Central Department Operations Division.

Request: The Department requests 72,911 cash funds.

Recommendation: Staff recommends the Committee approve the Department request.

Enforcement Business Group, Division of Racing Events, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2013-14 Appropriation		
SB 13-230 (Long Bill)	<u>\$90,658</u>	<u>\$90,658</u>
TOTAL	\$90,658	\$90,658
FY 2014-15 Recommended Appropriation		

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Enforcement Business Group, Division of Racing Events, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2013-14 Appropriation	\$90,658	\$90,658
Indirect Cost Assessment	<u>(17,747)</u>	<u>(17,747)</u>
TOTAL	\$72,911	\$72,911
Increase/(Decrease)	(\$17,747)	(\$17,747)
Percentage Change	(19.6%)	(19.6%)
FY 2014-15 Executive Request:	\$72,911	\$72,911
Request Above/(Below) Recommendation	\$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.

Hearings Division				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$2,283,454</u>	<u>\$181,425</u>	<u>\$2,102,029</u>	<u>29.4</u>
TOTAL	\$2,283,454	\$181,425	\$2,102,029	29.4
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$2,283,454	\$181,425	\$2,102,029	29.4
Centrally Appropriated Line Items	70,759	0	70,759	0.0
Annualize Prior Year Legislation	12,677	0	12,677	0.2
Indirect Cost Assessment	<u>468,889</u>	<u>0</u>	<u>468,889</u>	<u>0.0</u>
TOTAL	\$2,835,779	\$181,425	\$2,654,354	29.6
Increase/(Decrease)	\$552,325	\$0	\$552,325	0.2
Percentage Change	24.2%	0.0%	26.3%	0.7%
FY 2014-15 Executive Request	\$2,835,779	\$181,425	\$2,654,354	29.6

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Hearings Division				
	Total Funds	General Fund	Cash Funds	FTE
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 \$2,265,482 total funds and 29.4 FTE. The request includes the annualization of H.B 13-1240 (Penalties Persistent Drunk Drivers).

Recommendation: Staff recommends the Committee approve the Department request.

Enforcement Business Group, Hearings Division, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$2,182,046</u>	<u>\$178,955</u>	<u>\$2,003,091</u>	<u>29.4</u>
TOTAL	\$2,182,046	\$178,955	\$2,003,091	29.4
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$2,182,046	\$178,955	\$2,003,091	29.4
Centrally Appropriated Line Items	70,759	0	70,759	0.0
Annualize Prior Year Legislation	<u>12,677</u>	<u>0</u>	<u>12,677</u>	<u>0.2</u>
TOTAL	\$2,265,482	\$178,955	\$2,086,527	29.6
Increase/(Decrease)	\$83,436	\$0	\$83,436	0.2
Percentage Change	3.8%	0.0%	4.2%	0.7%
FY 2014-15 Executive Request:	\$2,265,482	\$178,955	\$2,086,527	29.6
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.

INDIRECT COST ASSESSMENT (NEW LINE ITEM)

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 and Central Department Operations Division.

Request: The Department requests 468,889 cash funds.

Recommendation: Staff recommends the Committee approve the Department request.

(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.

Motor Vehicle Dealer Licensing Board			
	Total Funds	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$2,053,253</u>	<u>\$2,053,253</u>	<u>26.2</u>
TOTAL	\$2,053,253	\$2,053,253	26.2
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$2,053,253	\$2,053,253	26.2
BA2 Auto Industry Licensing System Implementation	188,440	188,440	0.0
Centrally Appropriated Line Items	65,931	65,931	0.0
Annualize Prior Year Legislation	68,453	68,453	1.0
Indirect Cost Assessment	<u>6,104</u>	<u>6,104</u>	<u>0.0</u>
TOTAL	\$2,382,181	\$2,382,181	27.2
Increase/(Decrease)	\$328,928	\$328,928	1.0
Percentage Change	16.0%	16.0%	3.8%

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Motor Vehicle Dealer Licensing Board			
	Total Funds	Cash Funds	FTE
FY 2014-15 Executive Request	\$2,382,181	\$2,382,181	27.2
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 \$1,914,521 cash funds and 27.2 FTE. The request includes the annualization of S.B. 13-280 (Titling Off-highway Vehicles).

Recommendation: Staff recommends the Committee approve the Department request.

Enforcement Business Group, Motor Vehicle Dealer Licensing Board, Personal Services			
	Total Funds	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$1,782,358</u>	<u>\$1,782,358</u>	<u>26.2</u>
TOTAL	\$1,782,358	\$1,782,358	26.2
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$1,782,358	\$1,782,358	26.2
Centrally Appropriated Line Items	65,931	65,931	0.0
Annualize Prior Year Legislation	<u>66,232</u>	<u>66,232</u>	<u>1.0</u>
TOTAL	\$1,914,521	\$1,914,521	27.2
Increase/(Decrease)	\$132,163	\$132,163	1.0
Percentage Change	7.4%	7.4%	3.8%
FY 2014-15 Executive Request:	\$1,914,521	\$1,914,521	27.2
Request Above/(Below)			
Recommendation	\$0	\$0	0.0

Operating Expenses

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

Request: The Department requests \$309,684 cash funds for FY 2014-15. The request includes funding for Budget Amendment 2 totaling \$188,440 cash funds and \$2,221 cash funds for the annualization of S.B. 13-280 (Titling Off-highway Vehicles).

Recommendation: Staff recommends the Committee approve the Department request.

➔ Budget Amendment 2 Auto Industry Licensing System Implementation

The Department requests \$188,440 cash funds (Auto Dealers License Fund) in FY 2014-15 and \$13,440 each year thereafter to implement an integrated licensing, accounting, and imaging software system for the Auto Industry Division (AID) which regulates the motor vehicle and power sports industry.

Recommendation: Staff recommends the Committee approve the Department request.

The AID serves as the Department's licensing and regulatory authority for motor vehicle and power sports vehicle dealers and salespersons, and conducts investigations and resolves complaints. The Department states that AID currently uses an outdated system that was built in 2001. Due to the age of the platform of the system, the Department states that the system is unstable, is not being supported and there is risk of failure. The current licensing system interfaces with the Department of Public Safety (DPS) Integrated Data System (IDS) to deliver license information to motor vehicle and power sports vehicle dealers/manufacturers and county clerks. The Department states that the system has 3,457 approved users of the system.

The Department states that in November 2013 Department staff were notified that as part of a Ports of Entry Business System (PBS) replacement, the current interface with IDS allowing functionality of the AID system will be decommissioned as soon as the Department upgrades its system.

The Department estimates that it will cost \$175,000 to implement an integrated licensing, accounting and imaging software system. The Department has already picked the developer, System Automation, as well as the system, that is called License 2000/MyLicense Office. The projection completion estimate is 6 to 9 months.

The Motor Vehicle Dealer License Board is funded from the Auto Dealer License Fund. The fund is projected to have a 14 percent fund balance at the end of FY 2014-15, which is approximately 453,000.

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

JBC Staff Figure Setting – FY 2014-15
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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 and Central Department Operations Division.

Request: The Department requests \$157,976 cash funds.

Recommendation: Staff recommends the Committee approve the Department request.

Enforcement Business Group, Motor Vehicle Dealer Licensing Board, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2013-14 Appropriation		
SB 13-230 (Long Bill)	<u>\$151,872</u>	<u>\$151,872</u>
TOTAL	\$151,872	\$151,872
FY 2014-15 Recommended Appropriation		
FY 2013-14 Appropriation	\$151,872	\$151,872
Indirect Cost Assessment	<u>6,104</u>	<u>6,104</u>
TOTAL	\$157,976	\$157,976
Increase/(Decrease)	\$6,104	\$6,104
Percentage Change	4.0%	4.0%
FY 2014-15 Executive Request:	\$157,976	\$157,976
Request Above/(Below) Recommendation	\$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.

Marijuana Enforcement			
	Total Funds	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$5,980,677	\$5,980,677	55.2
Other legislation	714,832	714,832	0.0
HB 14-1246 (Supplemental)	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,695,509	\$6,695,509	55.2
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$6,695,509	\$6,695,509	55.2
Centrally Appropriated Line Items	113,594	113,594	0.0
Annualize Prior Year Legislation	(222,500)	(222,500)	0.0
Indirect Cost Assessment	<u>132,607</u>	<u>132,607</u>	<u>0.0</u>
TOTAL	\$6,719,210	\$6,719,210	55.2
Increase/(Decrease)	\$23,701	\$23,701	0.0
Percentage Change	0.4%	0.4%	0.0%
FY 2014-15 Executive Request			
Request Above/(Below)	\$6,719,210	\$6,719,210	55.2
Recommendation	\$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 \$6,259,764 cash funds and 55.2 FTE. The request includes the annualization of H.B. 13-1317 (Implement Amendment 64).

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

Enforcement Business Group, Marijuana Enforcement, Marijuana Enforcement			
	Total Funds	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	\$5,653,838	\$5,653,838	55.2
Other legislation	<u>714,832</u>	<u>714,832</u>	<u>0.0</u>
TOTAL	\$6,368,670	\$6,368,670	55.2
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$6,368,670	\$6,368,670	55.2
Centrally Appropriated Line Items	113,594	113,594	0.0
Annualize Prior Year Legislation	<u>(222,500)</u>	<u>(222,500)</u>	<u>0.0</u>
TOTAL	\$6,259,764	\$6,259,764	55.2
Increase/(Decrease)	(\$108,906)	(\$108,906)	0.0
Percentage Change	(1.7%)	(1.7%)	0.0%
FY 2014-15 Executive Request:	\$6,259,764	\$6,259,764	55.2
Request Above/(Below)			
Recommendation	\$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 and Central Department Operations Division.

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests \$459,446 cash funds.

Recommendation: Staff recommends the Committee approve the Department request.

Enforcement Business Group, Marijuana Enforcement, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2013-14 Appropriation		
SB 13-230 (Long Bill)	<u>\$326,839</u>	<u>\$326,839</u>
TOTAL	\$326,839	\$326,839
FY 2014-15 Recommended Appropriation		
FY 2013-14 Appropriation	\$326,839	\$326,839
Indirect Cost Assessment	<u>132,607</u>	<u>132,607</u>
TOTAL	\$459,446	\$459,446
Increase/(Decrease)	\$132,607	\$132,607
Percentage Change	40.6%	40.6%
FY 2014-15 Executive Request:	\$459,446	\$459,446
Request Above/(Below) Recommendation	\$0	\$0

(7) 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	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$97,404,813</u>	<u>\$97,404,813</u>	<u>117.1</u>
TOTAL	\$97,404,813	\$97,404,813	117.1
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$97,404,813	\$97,404,813	117.1
Centrally Appropriated Line Items	255,762	255,762	0.0
Indirect Cost Assessment	<u>86,518</u>	<u>86,518</u>	<u>0.0</u>
TOTAL	\$97,747,093	\$97,747,093	117.1
Increase/(Decrease)			
	\$342,280	\$342,280	0.0
Percentage Change	0.4%	0.4%	0.0%
FY 2014-15 Executive Request:			
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 \$9,085,964 cash funds and 117.1 FTE

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

State Lottery Division, Personal Services			
	Total Funds	Cash Funds	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$8,830,202</u>	<u>\$8,830,202</u>	<u>117.1</u>
TOTAL	\$8,830,202	\$8,830,202	117.1
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$8,830,202	\$8,830,202	117.1
Centrally Appropriated Line Items	<u>255,762</u>	<u>255,762</u>	<u>0.0</u>
TOTAL	\$9,085,964	\$9,085,964	117.1
Increase/(Decrease)	\$255,762	\$255,762	0.0
Percentage Change	2.9%	2.9%	0.0%
FY 2014-15 Executive Request:	\$9,085,964	\$9,085,964	117.1
Request Above/(Below)			
Recommendation	\$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.

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.

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.

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.

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.

Recommendation: Staff recommends approval of the continuation appropriation.

Vendor Fees

This line is used to pay vendors for two categories of services: variable vendor fees, and fixed vendor fees. 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 \$12,571,504 cash funds.

Recommendation: Staff recommends approval of the continuation appropriation.

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 percent commission on scratch sales, and a 6 percent commission for online sales. The bonus for selling to a PowerBall jackpot winner is \$50,000. Retailers receiving these payments include convenience stores; 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.

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.

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.

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 \$586,778 cash funds.

Recommendation: Staff recommends the Committee approve the Department request.

State Lottery Division, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2013-14 Appropriation		
SB 13-230 (Long Bill)	<u>\$500,260</u>	<u>\$500,260</u>
TOTAL	\$500,260	\$500,260

JBC Staff Figure Setting – FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

State Lottery Division, Indirect Cost Assessment		
	Total Funds	Cash Funds
FY 2014-15 Recommended Appropriation		
FY 2013-14 Appropriation	\$500,260	\$500,260
Indirect Cost Assessment	<u>86,518</u>	<u>86,518</u>
TOTAL	\$586,778	\$586,778
Increase/(Decrease)	\$86,518	\$86,518
Percentage Change	17.3%	17.3%
FY 2014-15 Executive Request:	\$586,778	\$586,778
Request Above/(Below) Recommendation	\$0	\$0

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

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

- 62 Department of Revenue, Enforcement Business Group, Limited Gaming Division -- It is the intent of the General Assembly that the Department of Revenue shall not spend more than 5.0 percent of Amendment 50 revenues for administrative expenses of the Limited Gaming Division.

Comment: Staff is concerned that the footnote violates Article XVIII, Section 9, Paragraph 5 (b) (I), which states, in relevant part: payments of the on-going expenses of the Commission shall not be conditioned on any appropriation by the General Assembly.

REQUESTS FOR INFORMATION

Staff recommends that the following requests for information be **included for the Department of Revenue in the FY 2014-15 budget cycle**.

1. 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 22.0 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 2013-14 with the FY 2014-15 budget submission and another report is requested to be provided for FY 2014-15 with the FY 2015-16 budget submission.

Comment: Staff recommends that this request for information be submitted to provide the General Assembly with information regarding the effectiveness of the Department's Funding Request #2, justifying the continued appropriation of funding for 22.0 additional FTE in the Office of Information Technology to support the Department of Revenue, and addressing progress to each of the anticipated outcomes that were specified in the budget submission requesting this funding.

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 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>3,721,549</u>	<u>3,769,921</u>	<u>5,767,108</u>	<u>8,494,537</u>	<u>8,494,537</u> *
FTE	44.3	41.4	68.1	112.6	112.6
General Fund	921,345	750,563	1,749,738	3,845,760	3,845,760
Cash Funds	2,265,334	2,285,338	273,973	406,745	406,745
Reappropriated Funds	534,870	734,020	3,743,397	4,242,032	4,242,032
Health, Life, and Dental	<u>7,383,247</u>	<u>7,870,131</u>	<u>8,697,950</u>	<u>9,170,788</u>	<u>8,924,637</u> *
General Fund	2,342,712	3,120,652	3,196,136	3,946,082	3,757,242
Cash Funds	5,040,535	4,749,479	5,290,380	5,204,443	4,858,764
Reappropriated Funds	0	0	211,434	20,263	308,631
Short-term Disability	<u>119,500</u>	<u>104,868</u>	<u>124,678</u>	<u>154,574</u>	<u>155,101</u> *
General Fund	46,128	50,078	49,027	59,974	60,119
Cash Funds	73,372	54,790	71,747	87,955	88,627
Reappropriated Funds	0	0	3,904	6,645	6,355
S.B. 04-257 Amortization Equalization					
Disbursement	<u>1,879,736</u>	<u>1,901,992</u>	<u>2,371,750</u>	<u>2,840,193</u>	<u>2,841,448</u> *
General Fund	726,794	900,566	925,665	1,106,078	1,105,222
Cash Funds	1,152,942	1,001,426	1,371,622	1,613,304	1,620,687
Reappropriated Funds	0	0	74,463	120,811	115,539

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>1,505,862</u>	<u>1,631,897</u>	<u>2,137,964</u>	<u>2,662,682</u>	<u>2,663,857</u> *
General Fund	580,357	768,377	832,729	1,036,950	1,036,146
Cash Funds	925,505	863,520	1,238,270	1,512,473	1,519,394
Reappropriated Funds	0	0	66,965	113,259	108,317
Salary Survey	<u>0</u>	<u>0</u>	<u>1,579,832</u>	<u>1,055,695</u>	<u>2,257,612</u>
General Fund	0	0	593,035	426,884	903,045
Cash Funds	0	0	986,797	628,811	1,354,567
Merit Pay	<u>0</u>	<u>0</u>	<u>913,775</u>	<u>940,136</u>	<u>938,131</u>
General Fund	0	0	371,263	409,037	375,254
Cash Funds	0	0	542,512	531,099	562,877
Shift Differential	<u>175,327</u>	<u>0</u>	<u>35,690</u>	<u>123,439</u>	<u>123,439</u>
General Fund	3,743	0	3,743	3,988	3,988
Cash Funds	171,584	0	31,947	119,451	119,451
Workers' Compensation	<u>717,073</u>	<u>770,411</u>	<u>792,798</u>	<u>956,594</u>	<u>956,594</u>
General Fund	253,645	319,286	321,756	363,580	363,580
Cash Funds	463,428	451,125	471,042	593,014	593,014
Operating Expenses	<u>1,186,232</u>	<u>1,078,413</u>	<u>1,199,578</u>	<u>2,202,621</u>	<u>2,202,621</u> *
General Fund	448,972	469,181	527,569	1,523,851	1,523,851
Cash Funds	737,260	609,232	672,009	678,770	678,770
Postage	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,995,393</u>	<u>2,995,393</u> *
General Fund	0	0	0	2,657,783	2,657,783
Cash Funds	0	0	0	337,610	337,610

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Legal Services	<u>2,863,636</u>	<u>2,737,718</u>	<u>3,616,138</u>	<u>3,626,180</u>	<u>3,626,180</u>
General Fund	2,157,451	2,006,432	2,381,816	2,374,091	2,374,091
Cash Funds	706,185	731,286	1,234,322	1,252,089	1,252,089
Administrative Law Judge Services	<u>3,798</u>	<u>14,200</u>	<u>16,777</u>	<u>9,652</u>	<u>9,652</u>
Cash Funds	3,798	14,200	16,777	9,652	9,652
Purchase of Services from Computer Center	<u>9,142,106</u>	<u>9,642,423</u>	<u>13,372,039</u>	<u>0</u>	<u>0</u>
General Fund	5,310,325	5,759,188	8,285,427	0	0
Cash Funds	3,461,851	3,480,817	5,086,612	0	0
Reappropriated Funds	369,930	402,418	0	0	0
Colorado State Network	<u>3,098,197</u>	<u>4,074,495</u>	<u>3,791,850</u>	<u>0</u>	<u>0</u>
General Fund	369,370	982,917	539,476	0	0
Cash Funds	2,702,421	3,058,734	3,252,374	0	0
Reappropriated Funds	26,406	32,844	0	0	0
Management and Administration of OIT	<u>1,047,473</u>	<u>546,549</u>	<u>605,439</u>	<u>0</u>	<u>0</u>
General Fund	759,437	406,147	120,546	0	0
Cash Funds	257,629	124,180	484,893	0	0
Reappropriated Funds	30,407	16,222	0	0	0
Payment to Risk Management and Property Funds	<u>161,458</u>	<u>239,245</u>	<u>217,867</u>	<u>247,303</u>	<u>247,303</u>
General Fund	52,585	90,479	82,739	95,334	95,334
Cash Funds	108,873	148,766	135,128	151,969	151,969
Vehicle Lease Payments	<u>573,239</u>	<u>491,506</u>	<u>577,363</u>	<u>639,759</u>	<u>639,759</u>
General Fund	87,991	118,041	138,954	163,731	163,731
Cash Funds	485,248	373,465	438,409	476,028	476,028

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Leased Space	<u>3,327,058</u>	<u>3,286,126</u>	<u>3,752,145</u>	<u>3,776,641</u>	<u>3,776,641</u>
General Fund	477,045	556,685	676,560	663,360	663,360
Cash Funds	2,850,013	2,729,441	3,075,585	3,113,281	3,113,281
Capitol Complex Leased Space	<u>1,723,674</u>	<u>1,683,593</u>	<u>2,150,284</u>	<u>1,914,700</u>	<u>1,914,700</u>
General Fund	1,105,765	1,091,129	1,375,688	1,260,818	1,260,818
Cash Funds	617,909	592,464	774,596	653,882	653,882
Communication Services Payments	<u>70,501</u>	<u>69,144</u>	<u>82,173</u>	<u>0</u>	<u>0</u>
General Fund	11,689	12,975	14,066	0	0
Cash Funds	58,812	56,169	68,107	0	0
COFRS Modernization	<u>0</u>	<u>299,967</u>	<u>313,372</u>	<u>313,372</u>	<u>313,372</u>
General Fund	0	67,250	80,654	80,654	80,654
Cash Funds	0	232,717	232,718	232,718	232,718
Information Technology Security	<u>0</u>	<u>0</u>	<u>151,186</u>	<u>0</u>	<u>0</u>
General Fund	0	0	71,081	0	0
Cash Funds	0	0	80,105	0	0
Payments to OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,494,100</u>	<u>15,494,100</u>
General Fund	0	0	0	7,828,811	7,828,811
Cash Funds	0	0	0	7,665,289	7,665,289
Utilities	<u>187,536</u>	<u>75,262</u>	<u>143,703</u>	<u>143,703</u>	<u>143,703</u>
General Fund	0	0	0	0	0
Cash Funds	187,536	75,262	143,703	143,703	143,703

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
TOTAL - (1) Executive Director's Office	38,887,202	40,287,861	52,411,459	57,762,062	58,718,780
<i>FTE</i>	<u>44.3</u>	<u>41.4</u>	<u>68.1</u>	<u>112.6</u>	<u>112.6</u>
General Fund	15,655,354	17,469,946	22,337,668	27,846,766	28,098,789
Cash Funds	22,270,235	21,632,411	25,973,628	25,412,286	25,839,117
Reappropriated Funds	961,613	1,185,504	4,100,163	4,503,010	4,780,874

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(2) CENTRAL DEPARTMENT OPERATIONS DIVISION

This division maintains 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. Through Request - 6, the Department is requesting that appropriations for this division be moved to the Executive Director's Office and the Taxation Business Group starting with FY 2014-15.

Personal Services	<u>5,015,821</u>	<u>5,022,357</u>	<u>4,235,808</u>	<u>0</u>	<u>0</u> *
FTE	96.3	88.0	80.6	0.0	0.0
General Fund	4,432,690	4,525,973	3,677,946	0	0
Cash Funds	498,181	423,219	89,013	0	0
Reappropriated Funds	84,950	73,165	468,849	0	0
Seasonal Tax Processing	<u>330,643</u>	<u>312,787</u>	<u>296,391</u>	<u>0</u>	<u>0</u> *
General Fund	330,643	312,787	296,391	0	0
Operating Expenses	<u>1,280,359</u>	<u>1,153,909</u>	<u>1,214,005</u>	<u>0</u>	<u>0</u> *
General Fund	1,217,644	1,131,481	1,065,869	0	0
Cash Funds	62,715	22,428	148,136	0	0
Postage	<u>2,946,311</u>	<u>2,680,970</u>	<u>3,010,003</u>	<u>0</u>	<u>0</u> *
General Fund	2,652,076	2,372,470	2,657,783	0	0
Cash Funds	294,235	308,500	352,220	0	0
Pueblo Data Entry Center Payments	<u>1,651,086</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	1,646,761	0	0	0	0
Cash Funds	4,325	0	0	0	0
Document Imaging and Storage	<u>363,220</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	362,387	0	0	0	0
Cash Funds	833	0	0	0	0

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Document Management	0	<u>1,828,113</u>	<u>2,051,808</u>	0	0 *
General Fund	0	1,828,113	2,012,303	0	0
Cash Funds	0	0	39,505	0	0
TOTAL - (2) Central Department Operations					
Division	11,587,440	10,998,136	10,808,015	0	0
<i>FTE</i>	<u>96.3</u>	<u>88.0</u>	<u>80.6</u>	<u>0.0</u>	<u>0.0</u>
General Fund	10,642,201	10,170,824	9,710,292	0	0
Cash Funds	860,289	754,147	628,874	0	0
Reappropriated Funds	84,950	73,165	468,849	0	0

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(3) 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>343,248</u>	<u>326,459</u>	<u>788,393</u>	<u>1,128,874</u>	<u>648,376</u> *
General Fund	111,952	196,409	540,299	1,121,724	641,226
Cash Funds	218,715	130,050	248,094	7,150	7,150
Reappropriated Funds	12,581	0	0	0	0
Operating Expenses	<u>668,930</u>	<u>627,416</u>	<u>1,444,125</u>	<u>885,318</u>	<u>1,365,816</u>
General Fund	668,930	627,416	1,368,566	809,759	1,290,257
Cash Funds	0	0	75,559	75,559	75,559

SUBTOTAL - (A) System Support	1,012,178	953,875	2,232,518	2,014,192	2,014,192
<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	780,882	823,825	1,908,865	1,931,483	1,931,483
Cash Funds	218,715	130,050	323,653	82,709	82,709
Reappropriated Funds	12,581	0	0	0	0

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
(B) Colorado State Titling and Registration System					
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>173,401</u>	<u>467,818</u>	<u>442,688</u>	<u>442,688</u>	<u>442,688</u>
Cash Funds	173,401	467,818	442,688	442,688	442,688
Operating Expenses	<u>2,570,162</u>	<u>2,599,099</u>	<u>2,617,535</u>	<u>2,617,535</u>	<u>2,617,535</u>
Cash Funds	2,570,162	2,599,099	2,617,535	2,617,535	2,617,535
County Office Asset Maintenance	<u>568,230</u>	<u>568,230</u>	<u>568,230</u>	<u>568,230</u>	<u>568,230</u>
Cash Funds	568,230	568,230	568,230	568,230	568,230
County Office Improvements	<u>63,214</u>	<u>32,964</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Cash Funds	63,214	32,964	40,000	40,000	40,000
SUBTOTAL - (B) Colorado State Titling and Registration System	3,375,007	3,668,111	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	3,375,007	3,668,111	3,668,453	3,668,453	3,668,453
TOTAL - (3) Information Technology Division	4,387,185	4,621,986	5,900,971	5,682,645	5,682,645
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	780,882	823,825	1,908,865	1,931,483	1,931,483
Cash Funds	3,593,722	3,798,161	3,992,106	3,751,162	3,751,162
Reappropriated Funds	12,581	0	0	0	0

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(4) 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>538,869</u>	<u>525,068</u>	<u>493,090</u>	<u>509,645</u>	<u>509,645</u>
FTE	5.9	5.6	5.0	5.0	5.0
General Fund	533,933	522,472	491,419	507,914	507,914
Cash Funds	4,936	2,596	1,671	1,731	1,731
 Operating Expenses	 <u>13,706</u>	 <u>7,707</u>	 <u>13,100</u>	 <u>13,100</u>	 <u>13,100</u>
General Fund	13,706	7,707	13,100	13,100	13,100
 Colorado Integrated Tax Architecture Maintenance and Support	 0	 0	 5,441,200	 3,655,000	 3,655,000
General Fund	0	0	1,993,200	3,645,000	3,645,000
Cash Funds	0	0	3,448,000	10,000	10,000
 SUBTOTAL - (A) Administration	 552,575	 532,775	 5,947,390	 4,177,745	 4,177,745
FTE	5.9	5.6	5.0	5.0	5.0
General Fund	547,639	530,179	2,497,719	4,166,014	4,166,014
Cash Funds	4,936	2,596	3,449,671	11,731	11,731

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 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 Division maintains five section and six district offices throughout Colorado for these purposes. 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>15,466,621</u>	<u>15,380,745</u>	<u>15,893,824</u>	<u>16,808,861</u>	<u>16,808,861</u>
FTE	214.4	218.6	227.4	236.8	236.8
General Fund	15,330,436	15,230,686	15,150,644	15,620,169	15,620,169
Cash Funds	0	0	589,095	1,034,607	1,034,607
Reappropriated Funds	136,185	150,059	154,085	154,085	154,085
Operating Expenses	<u>991,924</u>	<u>922,123</u>	<u>1,082,319</u>	<u>1,064,498</u>	<u>1,064,498</u>
General Fund	991,924	922,123	1,032,162	1,038,357	1,038,357
Cash Funds	0	0	50,157	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>721,301</u>	<u>815,882</u>	<u>890,388</u>	<u>890,388</u>	<u>890,388</u>
FTE	11.2	11.6	10.2	10.2	10.2
Reappropriated Funds	24,954	22,047	66,000	66,000	66,000
Federal Funds	696,347	793,835	824,388	824,388	824,388

SUBTOTAL - (B) Taxation and Compliance					
Division	17,311,090	17,249,994	17,997,775	18,894,991	18,894,991
FTE	<u>225.6</u>	<u>230.2</u>	<u>237.6</u>	<u>247.0</u>	<u>247.0</u>
General Fund	16,453,604	16,284,053	16,314,050	16,789,770	16,789,770
Cash Funds	0	0	639,252	1,060,748	1,060,748
Reappropriated Funds	161,139	172,106	220,085	220,085	220,085
Federal Funds	696,347	793,835	824,388	824,388	824,388

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 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>4,880,471</u>	<u>4,449,040</u>	<u>4,789,952</u>	<u>6,273,875</u>	<u>6,273,875</u> *
FTE	80.0	77.7	76.9	103.1	103.1
General Fund	4,506,360	4,418,205	4,535,530	6,029,404	6,029,404
Cash Funds	374,111	30,835	254,422	244,471	244,471
Operating Expenses	<u>404,580</u>	<u>260,968</u>	<u>413,735</u>	<u>454,974</u>	<u>454,974</u> *
General Fund	386,619	260,968	402,010	451,244	451,244
Cash Funds	17,961	0	11,725	3,730	3,730
Seasonal Tax Processing	<u>0</u>	<u>0</u>	<u>0</u>	<u>296,391</u>	<u>296,391</u> *
General Fund	0	0	0	296,391	296,391
Document Management	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,917,354</u>	<u>1,917,354</u> *
General Fund	0	0	0	1,877,849	1,877,849
Cash Funds	0	0	0	39,505	39,505
Fuel Tracking System	<u>468,414</u>	<u>473,037</u>	<u>647,269</u>	<u>489,161</u>	<u>489,161</u>
FTE	1.4	1.5	1.5	1.5	1.5
Cash Funds	468,414	473,037	647,269	489,161	489,161
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>6,626</u>	<u>8,120</u>	<u>8,120</u>
Cash Funds	0	0	6,626	8,120	8,120

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
SUBTOTAL - (C) Taxpayer Service Division	5,753,465	5,183,045	5,857,582	9,439,875	9,439,875
<i>FTE</i>	<u>81.4</u>	<u>79.2</u>	<u>78.4</u>	<u>104.6</u>	<u>104.6</u>
General Fund	4,892,979	4,679,173	4,937,540	8,654,888	8,654,888
Cash Funds	860,486	503,872	920,042	784,987	784,987

(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>1,823,548</u>	<u>2,182,473</u>	<u>2,627,732</u>	<u>2,663,329</u>	<u>2,663,329</u>
<i>FTE</i>	<u>12.7</u>	<u>13.0</u>	<u>12.2</u>	<u>12.2</u>	<u>12.2</u>
General Fund	1,823,548	2,182,473	2,627,732	2,663,329	2,663,329
Operating Expenses	<u>29,064</u>	<u>20,463</u>	<u>61,174</u>	<u>61,174</u>	<u>61,174</u>
General Fund	29,064	20,463	61,174	61,174	61,174
SUBTOTAL - (D) Tax Conferee	1,852,612	2,202,936	2,688,906	2,724,503	2,724,503
<i>FTE</i>	<u>12.7</u>	<u>13.0</u>	<u>12.2</u>	<u>12.2</u>	<u>12.2</u>
General Fund	1,852,612	2,202,936	2,688,906	2,724,503	2,724,503

(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>11,233,165</u>	<u>10,739,380</u>	<u>9,300,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
General Fund	11,233,165	10,739,380	9,300,000	9,000,000	9,000,000
Amendment 35 Distribution to Local Governments	<u>1,335,640</u>	<u>1,289,435</u>	<u>1,314,900</u>	<u>1,314,900</u>	<u>1,314,900</u>
Cash Funds	1,335,640	1,289,435	1,314,900	1,314,900	1,314,900

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Old Age Heat and Fuel and Property Tax Assistance Grant	<u>7,173,388</u>	<u>6,582,510</u>	<u>7,100,000</u>	<u>6,900,000</u>	<u>6,900,000</u>
General Fund	7,173,388	6,582,510	7,100,000	6,900,000	6,900,000
Commercial Vehicle Enterprise Sales Tax Refund	<u>17,351</u>	<u>21,612</u>	<u>120,524</u>	<u>120,524</u>	<u>120,524</u>
Cash Funds	17,351	21,612	120,524	120,524	120,524
Retail Marijuana Sales Tax Distribution to Local Governments	<u>0</u>	<u>0</u>	<u>2,909,431</u>	<u>9,191,790</u>	<u>9,191,790</u> *
General Fund	0	0	2,909,431	9,191,790	9,191,790
SUBTOTAL - (E) Special Purpose	19,759,544	18,632,937	20,744,855	26,527,214	26,527,214
<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	18,406,553	17,321,890	19,309,431	25,091,790	25,091,790
Cash Funds	1,352,991	1,311,047	1,435,424	1,435,424	1,435,424
TOTAL - (4) Taxation Business Group	45,229,286	43,801,687	53,236,508	61,764,328	61,764,328
<i>FTE</i>	<u>325.6</u>	<u>328.0</u>	<u>333.2</u>	<u>368.8</u>	<u>368.8</u>
General Fund	42,153,387	41,018,231	45,747,646	57,426,965	57,426,965
Cash Funds	2,218,413	1,817,515	6,444,389	3,292,890	3,292,890
Reappropriated Funds	161,139	172,106	220,085	220,085	220,085
Federal Funds	696,347	793,835	824,388	824,388	824,388

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(5) DIVISION OF MOTOR VEHICLES (EXISTING 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. Through Request 5, the Department is proposing restructuring the Division of Motor Vehicles into a new appropriation structure starting with FY 2014-15.

(A) Administration

This 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	<u>778,161</u>	<u>751,993</u>	<u>900,749</u>	<u>0</u>	<u>0</u> *
FTE	9.5	8.6	9.5	0.0	0.0
General Fund	0	23,868	27,216	0	0
Cash Funds	778,161	728,125	873,533	0	0
Operating Expenses	<u>45,409</u>	<u>50,111</u>	<u>52,350</u>	<u>0</u>	<u>0</u> *
General Fund	0	1,590	1,582	0	0
Cash Funds	45,409	48,521	50,768	0	0
SUBTOTAL - (A) Administration	823,570	802,104	953,099	0	0
FTE	<u>9.5</u>	<u>8.6</u>	<u>9.5</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	25,458	28,798	0	0
Cash Funds	823,570	776,646	924,301	0	0

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
(B) Driver and Vehicle Services					
Driver and Vehicle Services administers driver's licensing and records management, vehicle registration, the International Registration Program, and regulation of commercial driving schools. The primary cash funds sources are the Licensing Services Cash Fund, the License Plate Cash Fund, the Driver's License Administrative Revocation Account, the Identification Security Fund, the Colorado State Titling and Registration Account, outstanding judgments and warrants, and penalty assessments.					
Personal Services	<u>15,536,628</u>	<u>16,069,351</u>	<u>16,668,659</u>	<u>0</u>	<u>0</u> *
FTE	348.0	359.8	354.1	0.0	0.0
General Fund	0	568,203	646,815	0	0
Cash Funds	15,536,628	15,501,148	16,021,844	0	0
Operating Expenses	<u>1,957,970</u>	<u>1,404,946</u>	<u>1,703,961</u>	<u>0</u>	<u>0</u> *
General Fund	0	31,266	38,813	0	0
Cash Funds	1,957,970	1,373,680	1,665,148	0	0
Drivers License Documents	<u>3,568,821</u>	<u>4,188,636</u>	<u>4,314,318</u>	<u>0</u>	<u>0</u> *
Cash Funds	3,568,821	4,188,636	4,314,318	0	0
License Plate Ordering	<u>4,274,917</u>	<u>4,998,737</u>	<u>5,540,508</u>	<u>0</u>	<u>0</u> *
Cash Funds	4,274,917	4,998,737	5,540,508	0	0
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>2,522,246</u>	<u>0</u>	<u>0</u> *
Cash Funds	0	0	2,522,246	0	0
SUBTOTAL - (B) Driver and Vehicle Services	25,338,336	26,661,670	30,749,692	0	0
FTE	<u>348.0</u>	<u>359.8</u>	<u>354.1</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	599,469	685,628	0	0
Cash Funds	25,338,336	26,062,201	30,064,064	0	0

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(C) Vehicle Emissions

The Emissions section conducts audits of inspection and readjustment stations and facilities to ensure compliance with vehicle emissions testing standards under the Automobile Inspection and Readjustment Program. The cash funds source is the Department of Revenue subaccount of the AIR Account in the Highway Users Tax Fund (HUTF).

Personal Services	<u>838,102</u>	<u>895,419</u>	<u>1,081,868</u>	<u>0</u>	<u>0</u> *
FTE	12.6	13.0	15.0	0.0	0.0
Cash Funds	838,102	895,419	1,081,868	0	0
Operating Expenses	<u>83,213</u>	<u>84,435</u>	<u>86,825</u>	<u>0</u>	<u>0</u> *
Cash Funds	83,213	84,435	86,825	0	0
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>138,121</u>	<u>0</u>	<u>0</u> *
Cash Funds	0	0	138,121	0	0
SUBTOTAL - (C) Vehicle Emissions	921,315	979,854	1,306,814	0	0
FTE	<u>12.6</u>	<u>13.0</u>	<u>15.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	921,315	979,854	1,306,814	0	0

(D) Titles

Provides administrative and accounting support for the issuance of motor vehicle titles, certifies vehicle ownership for tax assessment and other purposes, and ensures uniformity among the county clerks that provide the interface for the public in these transactions. The cash funds source is the Colorado State Titling and Registration Account of the HUTF.

Personal Services	<u>1,605,329</u>	<u>1,512,534</u>	<u>1,638,996</u>	<u>0</u>	<u>0</u> *
FTE	31.7	29.5	32.2	0.0	0.0
Cash Funds	1,605,329	1,512,534	1,638,996	0	0
Operating Expenses	<u>206,769</u>	<u>235,437</u>	<u>305,574</u>	<u>0</u>	<u>0</u> *
Cash Funds	206,769	235,437	305,574	0	0

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Indirect Cost Assessment	0	0	<u>283,623</u>	0	0 *
Cash Funds	0	0	283,623	0	0
SUBTOTAL - (D) Titles	1,812,098	1,747,971	2,228,193	0	0
<i>FTE</i>	<u>31.7</u>	<u>29.5</u>	<u>32.2</u>	<u>0.0</u>	NaN
Cash Funds	1,812,098	1,747,971	2,228,193	0	0

(E) Motorist Insurance Identification Database Program

Maintains the database to compare motor vehicle registration records against insured motorist records to authorize the accurate driver's license suspension of uninsured drivers.

Personal Services	<u>256,764</u>	0	0	0	0
FTE	0.8	0.0	0.0	0.0	0.0
Cash Funds	256,764	0	0	0	0
Operating Expenses	<u>494</u>	0	0	0	0
Cash Funds	494	0	0	0	0
Motorist Insurance Identification Database Program	0	<u>266,249</u>	<u>335,517</u>	0	0 *
FTE	0.0	0.8	1.0	0.0	0.0
Cash Funds	0	266,249	335,517	0	0
SUBTOTAL - (E) Motorist Insurance Identification Database Program	257,258	266,249	335,517	0	0
<i>FTE</i>	<u>0.8</u>	<u>0.8</u>	<u>1.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	257,258	266,249	335,517	0	0

JBC Staff Staff Figure Setting - FY 2014-15
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(F) Ignition Interlock Program

Assists first time drunk driving offenders with obtaining ignition interlock devices to allow those offenders to drive, with certain restrictions. The funding source is the First Time Drunk Driving Offender Account of the HUTF.

Personal Services	<u>182,966</u>	<u>178,297</u>	<u>211,931</u>	<u>0</u>	<u>0</u> *
FTE	4.3	4.2	5.0	0.0	0.0
Cash Funds	182,966	178,297	211,931	0	0
Operating Expenses	<u>462,139</u>	<u>630,432</u>	<u>934,842</u>	<u>0</u>	<u>0</u> *
Cash Funds	462,139	630,432	934,842	0	0
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>27,110</u>	<u>0</u>	<u>0</u> *
Cash Funds	0	0	27,110	0	0
SUBTOTAL - (F) Ignition Interlock Program	645,105	808,729	1,173,883	0	0
FTE	<u>4.3</u>	<u>4.2</u>	<u>5.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	645,105	808,729	1,173,883	0	0
TOTAL - (5) Division of Motor Vehicles (existing structure)	29,797,682	31,266,577	36,747,198	0	0
FTE	<u>406.9</u>	<u>415.9</u>	<u>416.8</u>	<u>0.0</u>	<u>NaN</u>
General Fund	0	624,927	714,426	0	0
Cash Funds	29,797,682	30,641,650	36,032,772	0	0

JBC Staff Figure Setting - FY 2014-15
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(5) DIVISION OF MOTOR VEHICLES (NEW STRUCTURE)

The requested 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. Through Request 5, the Department is proposing restructuring the Division of Motor Vehicles into a new appropriation structure starting with FY 2014-15.

(A) Administration

The requested section will administer the programs in the Division of Motor Vehicles. Cash funds sources are the cash funds that provide funding for the subdivisions and programs in the Division.

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	1,453,280	1,453,280 *
FTE	0.0	0.0	0.0	16.9	16.9
General Fund	0	0	0	29,761	29,761
Cash Funds	0	0	0	1,423,519	1,423,519
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	80,034	80,034 *
General Fund	0	0	0	1,670	1,670
Cash Funds	0	0	0	78,364	78,364

SUBTOTAL - (A) Administration	0	0	0	1,533,314	1,533,314
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	16.9	16.9
General Fund	0	0	0	31,431	31,431
Cash Funds	0	0	0	1,501,883	1,501,883

JBC Staff Staff Figure Setting - FY 2014-15
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(B) Driver Services

The requested Driver Services will administer 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>0</u>	<u>21,351,308</u>	<u>21,190,090</u> *
FTE	0.0	0.0	0.0	392.5	392.5
General Fund	0	0	0	8,992,478	8,831,260
Cash Funds	0	0	0	12,211,752	12,211,752
Reappropriated Funds	0	0	0	147,078	147,078
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,449,269</u>	<u>3,456,533</u> *
General Fund	0	0	0	1,797,703	1,804,967
Cash Funds	0	0	0	1,544,384	1,544,384
Reappropriated Funds	0	0	0	107,182	107,182
Drivers License Documents	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,467,378</u>	<u>4,467,378</u> *
Cash Funds	0	0	0	4,467,378	4,467,378
Ignition Interlock Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,151,930</u>	<u>1,151,930</u> *
FTE	0.0	0.0	0.0	5.0	5.0
Cash Funds	0	0	0	1,151,930	1,151,930
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,829,996</u>	<u>1,829,996</u> *
Cash Funds	0	0	0	1,829,996	1,829,996

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
SUBTOTAL - (B) Driver Services	0	0	0	32,249,881	32,095,927
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>397.5</u>	<u>397.5</u>
General Fund	0	0	0	10,790,181	10,636,227
Cash Funds	0	0	0	21,205,440	21,205,440
Reappropriated Funds	0	0	0	254,260	254,260

(C) Vehicle Services

The requested Vehicle Services will administer 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>0</u>	<u>2,501,034</u>	<u>2,501,034</u> *
FTE	0.0	0.0	0.0	49.2	49.2
General Fund	0	0	0	427,157	427,157
Cash Funds	0	0	0	2,073,877	2,073,877
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>454,034</u>	<u>454,034</u> *
General Fund	0	0	0	27,169	27,169
Cash Funds	0	0	0	426,865	426,865
License Plate Ordering	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,380,012</u>	<u>5,380,012</u> *
Cash Funds	0	0	0	5,380,012	5,380,012
Motorist Insurance Identification Database Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>331,618</u>	<u>331,618</u> *
FTE	0.0	0.0	0.0	1.0	1.0
Cash Funds	0	0	0	331,618	331,618

JBC Staff Staff Figure Setting - FY 2014-15
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Emissions Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,201,334</u>	<u>1,201,334</u> *
FTE	0.0	0.0	0.0	15.0	15.0
Cash Funds	0	0	0	1,201,334	1,201,334
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>633,529</u>	<u>633,529</u> *
Cash Funds	0	0	0	633,529	633,529
SUBTOTAL - (C) Vehicle Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,501,561</u>	<u>10,501,561</u>
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>65.2</u>	<u>65.2</u>
General Fund	0	0	0	454,326	454,326
Cash Funds	0	0	0	10,047,235	10,047,235
TOTAL - (5) Division of Motor Vehicles (new structure)	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,284,756</u>	<u>44,130,802</u>
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>479.6</u>	<u>479.6</u>
General Fund	0	0	0	11,275,938	11,121,984
Cash Funds	0	0	0	32,754,558	32,754,558
Reappropriated Funds	0	0	0	254,260	254,260

JBC Staff Staff Figure Setting - FY 2014-15
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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>6,733,742</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	125.3	0.0	0.0	0.0	0.0
General Fund	534,050	0	0	0	0
Cash Funds	6,199,692	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operating Expenses	<u>520,027</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	36,780	0	0	0	0
Cash Funds	483,247	0	0	0	0
Fixed and Mobile Port Maintenance	<u>219,204</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	219,204	0	0	0	0
Hazardous Materials Permitting Program	<u>103,497</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	2.0	0.0	0.0	0.0	0.0
Cash Funds	103,497	0	0	0	0
TOTAL - Motor Carrier Services Division	<u>7,576,470</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	<u>127.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	570,830	0	0	0	0
Cash Funds	7,005,640	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

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(6) 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 Medical Marijuana Enforcement Division.

Personal Services	<u>635,691</u>	<u>615,520</u>	<u>649,536</u>	<u>688,023</u>	<u>688,023</u>
FTE	7.9	6.8	8.0	8.0	8.0
General Fund	26,826	53,504	20,299	19,864	19,864
Cash Funds	508,753	442,701	355,016	394,013	394,013
Reappropriated Funds	100,112	119,315	274,221	274,146	274,146
Operating Expenses	<u>10,048</u>	<u>12,589</u>	<u>12,780</u>	<u>12,780</u>	<u>12,780</u>
General Fund	0	1,094	400	369	369
Cash Funds	9,071	9,055	6,985	7,319	7,319
Reappropriated Funds	977	2,440	5,395	5,092	5,092
SUBTOTAL - (A) Administration	645,739	628,109	662,316	700,803	700,803
FTE	<u>7.9</u>	<u>6.8</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>
General Fund	26,826	54,598	20,699	20,233	20,233
Cash Funds	517,824	451,756	362,001	401,332	401,332
Reappropriated Funds	101,089	121,755	279,616	279,238	279,238

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
(B) Limited Gaming Division					
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>6,205,319</u>	<u>6,116,053</u>	<u>6,652,800</u>	<u>6,842,620</u>	<u>6,842,620</u>
FTE	79.3	81.2	84.4	84.4	84.4
Cash Funds	6,205,319	6,116,053	6,652,800	6,842,620	6,842,620
Operating Expenses	<u>467,302</u>	<u>646,573</u>	<u>1,331,739</u>	<u>1,331,739</u>	<u>1,331,739</u>
Cash Funds	467,302	646,573	1,331,739	1,331,739	1,331,739
Licensure Activities	<u>100,547</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	100,547	0	0	0	0
Investigations	<u>28,524</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	28,524	0	0	0	0
Payments to Other State Agencies	<u>3,457,747</u>	<u>3,569,853</u>	<u>3,853,589</u>	<u>3,853,589</u>	<u>3,853,589</u>
Cash Funds	3,457,747	3,569,853	3,853,589	3,853,589	3,853,589
Distribution to Gaming Cities and Counties	<u>91,182,958</u>	<u>92,677,111</u>	<u>23,788,902</u>	<u>23,788,902</u>	<u>23,788,902</u>
Cash Funds	91,182,958	92,677,111	23,788,902	23,788,902	23,788,902
Indirect Cost Assessment	<u>685,832</u>	<u>814,123</u>	<u>387,245</u>	<u>417,408</u>	<u>417,408</u>
Cash Funds	685,832	814,123	387,245	417,408	417,408
SUBTOTAL - (B) Limited Gaming Division	102,128,229	103,823,713	36,014,275	36,234,258	36,234,258
FTE	<u>79.3</u>	<u>81.2</u>	<u>84.4</u>	<u>84.4</u>	<u>84.4</u>
Cash Funds	102,128,229	103,823,713	36,014,275	36,234,258	36,234,258

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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>0</u>	<u>2,096,350</u>	<u>2,217,909</u>	<u>2,270,917</u>	<u>2,270,917</u>
FTE	0.0	27.0	26.5	26.5	26.5
General Fund	0	126,128	138,013	141,312	141,312
Cash Funds	0	1,970,222	2,079,896	2,129,605	2,129,605
Operating Expenses	<u>0</u>	<u>84,917</u>	<u>97,919</u>	<u>97,919</u>	<u>97,919</u>
General Fund	0	7,070	7,201	7,201	7,201
Cash Funds	0	77,847	90,718	90,718	90,718
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>134,412</u>	<u>145,821</u>	<u>145,821</u>
Cash Funds	0	0	134,412	145,821	145,821

SUBTOTAL - (C) Liquor and Tobacco Enforcement Division	0	2,181,267	2,450,240	2,514,657	2,514,657
FTE	0.0	27.0	26.5	26.5	26.5
General Fund	0	133,198	145,214	148,513	148,513
Cash Funds	0	2,048,069	2,305,026	2,366,144	2,366,144

Liquor Enforcement Division

This program was consolidated into the Liquor and Tobacco Enforcement Division for FY 2012-13.

Personal Services	<u>1,535,943</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	20.3	0.0	0.0	0.0	0.0
Cash Funds	1,535,943	0	0	0	0

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Operating Expenses	<u>55,896</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	55,896	0	0	0	0
SUBTOTAL - Liquor Enforcement Division	1,591,839	0	0	0	0
<i>FTE</i>	<u>20.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	1,591,839	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>385,817</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	5.8	0.0	0.0	0.0	0.0
General Fund	115,485	0	0	0	0
Cash Funds	270,332	0	0	0	0
Operating Expenses	<u>28,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	7,036	0	0	0	0
Cash Funds	21,838	0	0	0	0
SUBTOTAL - Tobacco Enforcement Program	414,691	0	0	0	0
<i>FTE</i>	<u>5.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	122,521	0	0	0	0
Cash Funds	292,170	0	0	0	0

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
(D) Division of Racing Events					
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>666,098</u>	<u>765,030</u>	<u>874,728</u>	<u>889,171</u>	<u>889,171</u>
FTE	6.3	7.3	7.7	7.7	7.7
Cash Funds	666,098	765,030	874,728	889,171	889,171
Operating Expenses	<u>64,715</u>	<u>163,870</u>	<u>221,627</u>	<u>221,627</u>	<u>221,627</u>
Cash Funds	64,715	163,870	221,627	221,627	221,627
Laboratory Services	<u>69,270</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	69,270	0	0	0	0
Commission Meeting Costs	<u>1,061</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	1,061	0	0	0	0
Racetrack Applications	<u>17,559</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	17,559	0	0	0	0
Purses and Breeders Awards	<u>1,266,932</u>	<u>1,328,344</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
Cash Funds	1,266,932	1,328,344	1,400,000	1,400,000	1,400,000
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>90,658</u>	<u>72,911</u>	<u>72,911</u>
Cash Funds	0	0	90,658	72,911	72,911
SUBTOTAL - (D) Division of Racing Events	2,085,635	2,257,244	2,587,013	2,583,709	2,583,709
FTE	6.3	7.3	7.7	7.7	7.7
Cash Funds	2,085,635	2,257,244	2,587,013	2,583,709	2,583,709

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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>1,763,346</u>	<u>1,780,589</u>	<u>2,182,046</u>	<u>2,265,482</u>	<u>2,265,482</u>
FTE	27.2	27.4	29.4	29.6	29.6
General Fund	0	146,031	178,955	178,955	178,955
Cash Funds	1,763,346	1,634,558	2,003,091	2,086,527	2,086,527
Operating Expenses	<u>94,424</u>	<u>97,690</u>	<u>101,408</u>	<u>101,408</u>	<u>101,408</u>
General Fund	0	2,379	2,470	2,470	2,470
Cash Funds	94,424	95,311	98,938	98,938	98,938
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>468,889</u>	<u>468,889</u>
Cash Funds	0	0	0	468,889	468,889

SUBTOTAL - (E) Hearings Division	1,857,770	1,878,279	2,283,454	2,835,779	2,835,779
FTE	<u>27.2</u>	<u>27.4</u>	<u>29.4</u>	<u>29.6</u>	<u>29.6</u>
General Fund	0	148,410	181,425	181,425	181,425
Cash Funds	1,857,770	1,729,869	2,102,029	2,654,354	2,654,354

(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>1,714,584</u>	<u>1,766,742</u>	<u>1,782,358</u>	<u>1,914,521</u>	<u>1,914,521</u>
FTE	26.9	27.1	26.2	27.2	27.2
Cash Funds	1,714,584	1,766,742	1,782,358	1,914,521	1,914,521

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Operating Expenses	<u>117,491</u>	<u>92,184</u>	<u>119,023</u>	<u>309,684</u>	<u>309,684</u> *
Cash Funds	117,491	92,184	119,023	309,684	309,684
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>151,872</u>	<u>157,976</u>	<u>157,976</u>
Cash Funds	0	0	151,872	157,976	157,976
SUBTOTAL - (F) Motor Vehicle Dealer					
Licensing Board	1,832,075	1,858,926	2,053,253	2,382,181	2,382,181
FTE	<u>26.9</u>	<u>27.1</u>	<u>26.2</u>	<u>27.2</u>	<u>27.2</u>
Cash Funds	1,832,075	1,858,926	2,053,253	2,382,181	2,382,181

(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>3,919,025</u>	<u>1,387,011</u>	<u>6,368,670</u>	<u>6,259,764</u>	<u>6,259,764</u>
FTE	31.7	14.7	55.2	55.2	55.2
Cash Funds	3,919,025	1,387,011	6,368,670	6,259,764	6,259,764
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>326,839</u>	<u>459,446</u>	<u>459,446</u>
Cash Funds	0	0	326,839	459,446	459,446
Youth Marijuana Education Campaign	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
SUBTOTAL - (G) Marijuana Enforcement					
FTE	<u>31.7</u>	<u>14.7</u>	<u>55.2</u>	<u>55.2</u>	<u>55.2</u>
Cash Funds	3,919,025	1,387,011	6,695,509	6,719,210	6,719,210

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
TOTAL - (6) Enforcement Business Group	114,475,003	114,014,549	52,746,060	53,970,597	53,970,597
<i>FTE</i>	<u>205.4</u>	<u>191.5</u>	<u>237.4</u>	<u>238.6</u>	<u>238.6</u>
General Fund	149,347	336,206	347,338	350,171	350,171
Cash Funds	114,224,567	113,556,588	52,119,106	53,341,188	53,341,188
Reappropriated Funds	101,089	121,755	279,616	279,238	279,238

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(8) 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>8,062,827</u>	<u>8,003,453</u>	<u>8,830,202</u>	<u>9,085,964</u>	<u>9,085,964</u>
FTE	117.2	116.3	117.1	117.1	117.1
Cash Funds	8,062,827	8,003,453	8,830,202	9,085,964	9,085,964
Operating Expenses	<u>1,013,624</u>	<u>1,035,198</u>	<u>1,203,156</u>	<u>1,203,156</u>	<u>1,203,156</u>
Cash Funds	1,013,624	1,035,198	1,203,156	1,203,156	1,203,156
Payments to Other State Agencies	<u>107,348</u>	<u>133,133</u>	<u>239,410</u>	<u>239,410</u>	<u>239,410</u>
Cash Funds	107,348	133,133	239,410	239,410	239,410
Travel	<u>110,638</u>	<u>70,001</u>	<u>113,498</u>	<u>113,498</u>	<u>113,498</u>
Cash Funds	110,638	70,001	113,498	113,498	113,498
Marketing and Communications	<u>13,282,526</u>	<u>13,732,533</u>	<u>14,700,000</u>	<u>14,700,000</u>	<u>14,700,000</u>
Cash Funds	13,282,526	13,732,533	14,700,000	14,700,000	14,700,000
Multi-State Lottery Fees	<u>137,472</u>	<u>148,940</u>	<u>177,433</u>	<u>177,433</u>	<u>177,433</u>
Cash Funds	137,472	148,940	177,433	177,433	177,433
Vendor Fees	<u>9,228,155</u>	<u>9,501,461</u>	<u>12,571,504</u>	<u>12,571,504</u>	<u>12,571,504</u>
Cash Funds	9,228,155	9,501,461	12,571,504	12,571,504	12,571,504

JBC Staff Staff Figure Setting - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Retailer Compensation	<u>41,640,942</u>	<u>42,213,871</u>	<u>52,241,350</u>	<u>52,241,350</u>	<u>52,241,350</u>
Cash Funds	41,640,942	42,213,871	52,241,350	52,241,350	52,241,350
Ticket Costs	<u>3,834,164</u>	<u>3,566,811</u>	<u>6,578,000</u>	<u>6,578,000</u>	<u>6,578,000</u>
Cash Funds	3,834,164	3,566,811	6,578,000	6,578,000	6,578,000
Research	<u>105,900</u>	<u>133,899</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Cash Funds	105,900	133,899	250,000	250,000	250,000
Indirect Cost Assessment	<u>495,367</u>	<u>408,720</u>	<u>500,260</u>	<u>586,778</u>	<u>586,778</u>
Cash Funds	495,367	408,720	500,260	586,778	586,778
TOTAL - (8) State Lottery Division	78,018,963	78,948,020	97,404,813	97,747,093	97,747,093
<i>FTE</i>	<u>117.2</u>	<u>116.3</u>	<u>117.1</u>	<u>117.1</u>	<u>117.1</u>
Cash Funds	78,018,963	78,948,020	97,404,813	97,747,093	97,747,093
TOTAL - Department of Revenue	329,959,231	323,938,816	309,255,024	321,211,481	322,014,245
<i>FTE</i>	<u>1,323.0</u>	<u>1,181.1</u>	<u>1,253.2</u>	<u>1,316.7</u>	<u>1,316.7</u>
General Fund	69,952,001	70,443,959	80,766,235	98,831,323	98,929,392
Cash Funds	257,989,511	251,148,492	222,595,688	216,299,177	216,726,008
Reappropriated Funds	1,321,372	1,552,530	5,068,713	5,256,593	5,534,457
Federal Funds	696,347	793,835	824,388	824,388	824,388

Appendix B: indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Revenue indirect cost assessment methodology is calculated based on FTE. The Department calculates allowable costs in the EDO and assesses the allowable funds within divisions based on FTE.

The table below shows the Department request and staff recommendation for the total FY 2014-15 Department indirect cost recoveries.

Department Indirect Cost Assessment FY 2014-15 (Request and Recommendation)	
Division	Cash Funds
(4) Taxation, (C) Taxpayer Services Division	\$8,120
<i>(5) DMV, (B) Driver Services</i>	<i>1,829,996</i>
<i>(5) DMV, (C) Vehicle Services</i>	<i>633,529</i>
<i>(5) DMV, (D) Titles</i>	<i>0</i>
<i>(5) DMV, (F) Ignition Interlock Program</i>	<i>0</i>
Sub-total DMV	2,463,525
<i>(6) EBG, (B) Limited Gaming Division</i>	<i>417,408</i>
<i>(6) EBG, (C) Liquor and Tobacco Enforcement Division</i>	<i>145,821</i>
<i>(6) EBG, (D) Division of Racing Events</i>	<i>72,911</i>
<i>(6) EBG, (E) Hearings Division</i>	<i>468,889</i>
<i>(6) EBG, (F) Motor Vehicle Dealer Licensing Board</i>	<i>157,976</i>
<i>(6) EBG, (G) Marijuana Enforcement</i>	<i>459,446</i>
Sub-total EBG	1,722,451
(7) State Lottery Division	586,778
Total FY 2014-15 Request and Recommendation	\$4,780,874
FY 2013-14 Indirect Cost Assessment	\$4,569,012
Difference (FY 15 - FY 14)	\$211,862

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The table below shows the Department request and staff recommendation for the total FY 2014-15 Department indirect cost recoveries offset by line item.

Department Indirect Cost Assessment FY 2014-15 OFFSET (Request and Recommendation)	
Division	Reappropriated Funds
(1) EDO, Personal Services	\$4,242,032
Health, Life, and Dental	\$308,631
Short-term Disability	\$6,355
Amortization Equalization Disbursement	\$115,539
Supplemental Amortization Equalization Disbursement	\$108,317
Total FY 2014-15 Offset	\$4,780,874