

Department of Revenue  
 Summary of Proposed Reductions  
 FY 2008-09  
 January 15, 2009

Priority	Yes or No	Enter One	Division	Title	Total Funds	General Fund	Cash Funds	HUTF Off The Top	Reappropriated Funds	Federal Funds	FTE	List
	Corresponding FY 2009-10 Impact?	One Time or Base/Ongoing?										Other Department(s) Affected
1	No	One Time	All	Hiring Freeze Reduction	(\$604,205)	(\$135,258)	(\$468,947)	\$0	\$0	\$0	0.0	N/A
2	No (DI #13 in FY09-10)	One Time	Division of Motor Vehicles	Refinance Driver Control expenses from Driver's License Revocation Account	\$0	(\$1,114,871)	\$1,114,871	\$0	\$0	\$0	0.0	N/A
3	Yes	Ongoing	Division of Motor Vehicles	Refinance Driver's License Program expenses from Licensing Services Cash Fund	\$0	(\$659,509)	\$659,509	\$0	\$0	\$0	0.0	N/A
4	No	One Time	Division of Motor Vehicles	Refinance Driver's License Program expenses from Motorist Insurance Identification Subaccount	\$0	(\$765,000)	\$765,000	\$0	\$0	\$0	0.0	N/A
5	No	One Time	Division of Motor Vehicles	Refinance Driver's License Program expenses from HUTF Off the Top	\$0	(\$519,381)	\$0	\$519,381	\$0	\$0	0.0	N/A
<b>Total - Reductions</b>					<b>(\$604,205)</b>	<b>(\$3,194,019)</b>	<b>\$2,070,433</b>	<b>\$519,381</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>	

**Schedule 13**  
**Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10  Base Reduction Item FY 2009-10  Supplemental FY 2008-09  Budget Amendment FY 2009-10

Request Title: Hiring Freeze Reduction

Department: Revenue

Priority Number: S-10

Dept. Approval by: *Kathy Huber*  
OSPB Approval: *on 11/26*

Date: 1-9-09

Date: 1-13-09

	Fund	1	2	3	4	5	6	8	9	10	
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
<b>Total of All Line Items</b>	<b>Total</b>	49,718,196	47,692,999	(604,205)	47,088,794	50,097,283	0	50,097,283	0	50,097,283	0
	FTE	762.5	836.0	0.0	836.0	837.0	0.0	837.0	0.0	837.0	0.0
	GF	23,650,711	21,918,270	(135,258)	21,783,012	23,186,048	0	23,186,048	0	23,186,048	0
	HUTF	813,557	884,025	0	884,025	1,105,570	0	1,105,570	0	1,105,570	0
	CF	8,391,794	23,990,973	(468,947)	23,522,026	24,905,934	0	24,905,934	0	24,905,934	0
	CFE/RF	16,862,134	899,731	0	899,731	899,731	0	899,731	0	899,731	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(1) Executive Director's Office, Personal Services</b>	<b>Total</b>	3,960,155	3,894,610	(34,711)	3,859,899	4,064,967	0	4,064,967	0	4,064,967	0
	FTE	40.7	48.7	0.0	48.7	48.8	0.0	48.8	0.0	48.8	0.0
	GF	2,307,276	2,208,295	(34,711)	2,173,584	2,378,652	0	2,378,652	0	2,378,652	0
	HUTF	385,567	418,445	0	418,445	418,445	0	418,445	0	418,445	0
	CF	637,112	841,991	0	841,991	841,991	0	841,991	0	841,991	0
	CFE/RF	630,200	425,879	0	425,879	425,879	0	425,879	0	425,879	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(3) Information Technology Division, (A) Systems Support, Personal Services</b>	<b>Total</b>	6,381,206	6,353,445	(4,892)	6,348,553	6,635,655	0	6,635,655	0	6,635,655	0
	FTE	74.6	79.9	0.0	79.9	79.9	0.0	79.9	0.0	79.9	0.0
	GF	4,638,960	4,300,497	(4,892)	4,295,605	4,582,707	0	4,582,707	0	4,582,707	0
	HUTF	427,990	465,580	0	465,580	465,580	0	465,580	0	465,580	0
	CF	445,397	1,113,516	0	1,113,516	1,113,516	0	1,113,516	0	1,113,516	0
	CFE/RF	868,859	473,852	0	473,852	473,852	0	473,852	0	473,852	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(3) Information Technology Division, (B) Colorado State Titling and Registration System, Personal Services</b>	<b>Total</b>	2,405,887	2,330,535	(3,811)	2,326,724	2,655,981	0	2,655,981	0	2,655,981	0
	FTE	28.4	31.5	0.0	31.5	31.5	0.0	31.5	0.0	31.5	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	0	2,330,535	(3,811)	2,326,724	2,655,981	0	2,655,981	0	2,655,981	0
	CFE/RF	2,405,887	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(4) Taxation Business Group, (C) Taxpayer Service Division, Personal Services</b>	<b>Total</b>	4,865,575	4,531,838	(23,011)	4,508,827	4,746,481	0	4,746,481	0	4,746,481	0
	FTE	73.4	80.1	0.0	80.1	80.1	0.0	80.1	0.0	80.1	0.0
	GF	4,844,995	4,439,506	(23,011)	4,416,495	4,654,149	0	4,654,149	0	4,654,149	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	20,580	92,332	0	92,332	92,332	0	92,332	0	92,332	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

**Schedule 13**  
**Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10  Base Reduction Item FY 2009-10  Supplemental FY 2008-09  Budget Amendment FY 2009-10

**Request Title:** Hiring Freeze Reduction  
**Department:** Revenue **Dept. Approval by:**  
**Priority Number:** S-10 **OSPB Approval:** **Date:**  
**Date:**

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/ Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
<b>(5) Division of Motor Vehicles, (B) Driver and Vehicle Services, Personal Services</b>	<b>Total</b>	17,129,786	16,297,007	(96,878)	16,200,129	16,889,573	0	16,889,573	0	16,889,573	0
	FTE	345.9	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	GF	11,859,480	10,969,972	(72,643)	10,897,329	11,570,540	0	11,570,540	0	11,570,540	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	4,336,871	5,327,035	(24,235)	5,302,800	5,319,033	0	5,319,033	0	5,319,033	0
	CFE/RF	933,435	0	0	0	0	0	0	0	0	0
FF	0	0	0	0	0	0	0	0	0	0	
<b>(5) Division of Motor Vehicles, (C) Vehicle Emissions, Personal Services</b>	<b>Total</b>	1,039,141	1,016,699	(41,643)	975,056	1,053,283	0	1,053,283	0	1,053,283	0
	FTE	14.8	15.5	0.0	15.5	15.5	0.0	15.5	0.0	15.5	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	0	1,016,699	(41,643)	975,056	1,053,283	0	1,053,283	0	1,053,283	0
	CFE/RF	1,039,141	0	0	0	0	0	0	0	0	0
FF	0	0	0	0	0	0	0	0	0	0	
<b>(5) Division of Motor Vehicles, (D) Titles, Personal Services</b>	<b>Total</b>	1,834,240	1,603,458	(24,701)	1,578,757	1,672,848	0	1,672,848	0	1,672,848	0
	FTE	32.8	34.5	0.0	34.5	34.5	0.0	34.5	0.0	34.5	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	0	1,603,458	(24,701)	1,578,757	1,672,848	0	1,672,848	0	1,672,848	0
	CFE/RF	1,834,240	0	0	0	0	0	0	0	0	0
FF	0	0	0	0	0	0	0	0	0	0	
<b>(7) Enforcement Business Group, (C) Liquor Enforcement Division, Personal Services</b>	<b>Total</b>	1,600,917	1,536,236	(110,520)	1,425,716	1,591,725	0	1,591,725	0	1,591,725	0
	FTE	17.3	19.0	0.0	19.0	19.0	0.0	19.0	0.0	19.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	1,600,917	1,536,236	(110,520)	1,425,716	1,591,725	0	1,591,725	0	1,591,725	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
FF	0	0	0	0	0	0	0	0	0	0	
<b>(7) Enforcement Business Group, (E) Division of Racing Events, Personal Services</b>	<b>Total</b>	1,350,917	1,410,197	(43,715)	1,366,482	1,467,605	0	1,467,605	0	1,467,605	0
	FTE	16.8	18.5	0.0	18.5	18.5	0.0	18.5	0.0	18.5	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	1,350,917	1,410,197	(43,715)	1,366,482	1,467,605	0	1,467,605	0	1,467,605	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
FF	0	0	0	0	0	0	0	0	0	0	

**Schedule 13  
Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10  Base Reduction Item FY 2009-10  Supplemental FY 2008-09  Budget Amendment FY 2009-10

Request Title: Hiring Freeze Reduction  
 Department: Revenue Dept. Approval by: Date:  
 Priority Number: S-10 OSPB Approval: Date:

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/ Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
(8) State Lottery	Total	9,150,372	8,718,974	(220,322)	8,498,652	9,097,620	0	9,097,620	0	9,097,620	0
Division, Personal Services	FTE	117.8	126.0	0.0	126.0	126.0	0.0	126.0	0.0	126.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	CF	0	8,718,974	(220,322)	8,498,652	9,097,620	0	9,097,620	0	9,097,620	0
	CFE/RF	9,150,372	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

**Non-Line Item Request:** The differences between the Schedule 13 and the hiring freeze report are attributed to several factors. First, the hiring freeze report erroneously identified a position as General Fund, when it is actually a cash-funded position in the Division of Liquor Enforcement. Second, the Department received an exemption for the personal services contract in the amount of \$100,000 HUTF, as well as an exemption for one position in the State Lottery Division, totaling \$28,008. These exemptions were not considered in the original hiring freeze report.

**Letternote Revised Text:** (5) Division of Motor Vehicles, (B) Driver and Vehicle Services: (a) These amounts reflect direct program costs from the following sources: \$4,894,583 \$4,870,348 shall be from the Licensing Services Cash Fund, pursuant to Section 42-2-114.5, C.R.S., \$339,424 shall be from the Colorado State Titling and Registration Account pursuant to Section 42-1-211 (2), C.R.S., \$314,828 shall be from the Driver's License Administrative Revocation Account pursuant to Section 42-2-132 (4) (b), C.R.S., \$210,933 shall be from the Outstanding Judgments and Warrants Account as administered under Section 42-2-118 (3) (c), C.R.S., \$73,650 shall be from the Penalty Assessment Account as administered under the provisions of Section 42-1-217 (2), C.R.S., \$3,842 shall be from the Auto Dealers License Fund pursuant to Section 12-6-123 (1), C.R.S., \$3,239 shall be from the Identification Security Fund pursuant to Section 42-1-220 (1), C.R.S., and \$2,000 shall be from the Persistent Drunk Driver Cash Fund pursuant to Section 42-3-303 (1), C.R.S.

**Cash or Federal Fund Name and COFRS Fund Number:** Colorado State Titling and Registration Account 404, Licensing Services Cash Fund 437, AIR Account 406, Liquor Enforcement Division and State Licensing Authority Cash Fund 237, Racing Cash Fund 16V, Lottery Fund 503

**Reappropriated Funds Source, by Department and Line Item Name:** N/A

**Approval by OIT?** Yes:  No:  N/A:

**Schedule 13s from Affected Departments:** N/A

**Schedule 13**  
**Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10  Base Reduction Item FY 2009-10  Supplemental FY 2008-09  Budget Amendment FY 2009-10

Request Title: Refinance Driver Control Expenses from Driver's License Administration Revocation Account  
 Department: Revenue Dept. Approval by: *[Signature]* Date: 02/12/2009  
 Priority Number: S-11, DI-13 OSPB Approval: *[Signature]* Date: 1-12-09

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
<b>Total of All Line Items</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	155,662	17,045,235	0	17,045,235	0
	FTE	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	GF	11,859,480	10,969,972	(1,114,871)	9,855,101	11,570,540	(1,865,928)	9,704,612	0	9,704,612	(2,021,590)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	4,336,871	5,327,035	1,114,871	6,441,906	5,319,033	2,021,590	7,340,623	0	7,340,623	2,021,590
	CFE/RF	933,435	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Personal Services</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	155,662	17,045,235	0	17,045,235	0
	FTE	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	GF	11,859,480	10,969,972	(1,114,871)	9,855,101	11,570,540	(1,865,928)	9,704,612	0	9,704,612	(2,021,590)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	4,336,871	5,327,035	1,114,871	6,441,906	5,319,033	2,021,590	7,340,623	0	7,340,623	2,021,590
	CFE/RF	933,435	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None  
 Letternote Revised Text: a These amounts reflect direct program costs from the following sources: \$4,894,583 shall be from the Licensing Services Cash Fund, pursuant to Section 42-2-114.5, C.R.S., \$339,424 shall be from the Colorado State Titling and Registration Account pursuant to Section 42-1-211(2), C.R.S., ~~\$314,828~~ \$1,429,699 shall be from the Driver's License Administration Revocation Account pursuant to Section 42-2-132 (4)(b), C.R.S., \$210,933 shall be from the Outstanding Judgments and Warrants Account as administered under Section 42-2-118 (3)(c), C.R.S., \$73,650 shall be from the Penalty Assessment Account as administered under the provisions of Section 42-1-217 (2), C.R.S., \$3,842 shall be from the Auto Dealers License Fund pursuant to Section 12-6-123 (1), C.R.S., \$3,239 shall be from the Identification Security Fund pursuant to Section 42-1-220 (1), C.R.S., and \$2,000 shall be from the Persistent Drunk Driver Cash Fund pursuant to Section 42-3-303 (1), C.R.S.

Cash or Federal Fund Name and COFRS Fund Number: Fund #405 - Driver's License Administration Revocation Account  
 Reappropriated Funds Source, by Department and Line Item Name: Not Applicable  
 Approval by OIT? Yes:  No:  N/A:   
 Schedule 13s from Affected Departments: Not Applicable



# DEPARTMENT OF REVENUE

*Budget Reduction Proposal  
January 15, 2009*

*Roxy Huber  
Executive Director*

## *Refinance Driver Control Expenses from the Driver's License Revocation Sub-account*

### **Proposal:**

The Department of Revenue is proposing to refinance \$1,114,871 of Driver Control program expenses in Driver and Vehicle Services from the Driver's License Administration Revocation Account in FY 2008-09. This is a sub-account of the Highway Users Tax Fund (HUTF) as stipulated in Section 42-2-132 (4)(b), C.R.S. (2008). Section 42-2-132 (4)(b)(I)(B), C.R.S. (2008) permits the payment of direct and indirect costs for the administration of driver's license restraints from this sub-account. Funds remaining in this account at the end of each year are transferred to the HUTF at the end of the fiscal year. The account has transferred approximately \$2.0 million each year and is projected to have \$2.3 million for FY 2008-09. This concept was included as a change request in the Department's FY 2009-10 budget submission and is included on the Schedule 13.

### **Summary of Request:**

- The Department has never fully utilized the funding potential of Section 42-2-132 (4)(b)(I)(B), C.R.S. (2008), which permits paying for expenses beyond those of the Hearings Division. This seems like a logical step in light of the State's current economic environment and would also be available for FY 2009-10.
- The amount proposed for the refinance is based on projections for both revenue and expenses in the current fiscal year. Depending on the actual earning and spending levels at year-end, the amount of the refinance could be slightly higher or lower.
- While this proposal will impact state highway funding to a small degree, the Department believes that is preferable to closing one or two driver's license offices. Unfortunately, without the possibility of refinancing General Fund expenses, closing driver's license offices is the likeliest avenue for the Department to reduce its General Fund appropriation.

### **Assumptions and Tables to Show Calculations:**

Projected Revenue	\$4,384,800
LESS: Adjustments for Short Checks, Refunds, etc.	(\$165,985)
Net Revenue	\$4,218,815
Projected Expenses	<u>(\$3,103,944)</u>
Projected Balance	\$1,114,871

### **Current Statutory Authority or Needed Statutory Change:**

No statutory authority would be required to make these reductions.

Section 42-2-132 (4)(b)(I)(B), C.R.S. (2008) – The moneys in the account shall be subject to annual appropriation by the general assembly for the direct and indirect costs incurred by the department in the administration of driver's license restraints.

**Schedule 13**  
**Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10  Base Reduction Item FY 2009-10  Supplemental FY 2008-09  Budget Amendment FY 2009-10

**Request Title:** Refinance Driver's License Program Expenses from Licensing Services Cash Fund  
**Department:** Revenue **Dept. Approval by:** *Kathy Huber* **Date:** 1-9-09  
**Priority Number:** S-12, BA-5 **OSPb Approval:** *Januz* **Date:** 1-12-09

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
<b>Total of All Line Items</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	0	16,889,573	0	16,889,573	0
	<b>FTE</b>	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	<b>GF</b>	11,859,480	10,969,972	(659,509)	10,310,463	11,570,540	0	11,570,540	(2,589,894)	8,980,646	(2,589,894)
	<b>GFE</b>	0	0	0	0	0	0	0	0	0	0
	<b>CF</b>	4,336,871	5,327,035	659,509	5,986,544	5,319,033	0	5,319,033	2,589,894	7,908,927	2,589,894
	<b>CFE/RF</b>	933,435	0	0	0	0	0	0	0	0	0
	<b>FF</b>	0	0	0	0	0	0	0	0	0	0
<b>(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Personal Services</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	0	16,889,573	0	16,889,573	0
	<b>FTE</b>	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	<b>GF</b>	11,859,480	10,969,972	(659,509)	10,310,463	11,570,540	0	11,570,540	(2,589,894)	8,980,646	(2,589,894)
	<b>GFE</b>	0	0	0	0	0	0	0	0	0	0
	<b>CF</b>	4,336,871	5,327,035	659,509	5,986,544	5,319,033	0	5,319,033	2,589,894	7,908,927	2,589,894
	<b>CFE/RF</b>	933,435	0	0	0	0	0	0	0	0	0
	<b>FF</b>	0	0	0	0	0	0	0	0	0	0

**Non-Line Item Request:** None  
**Letternote Revised Text:** a These amounts reflect direct program costs from the following sources: ~~\$4,894,583~~ \$5,554,092 shall be from the Licensing Services Cash Fund, pursuant to Section 42-2-114.5, C.R.S., \$339,424 shall be from the Colorado State Titling and Registration Account pursuant to Section 42-1-211(2), C.R.S., \$314,828 shall be from the Driver's License Administration Revocation Account pursuant to Section 42-2-132 (4)(b), C.R.S., \$210,933 shall be from the Outstanding Judgments and Warrants Account as administered under Section 42-2-118 (3)(c), C.R.S., \$73,650 shall be from the Penalty Assessment Account as administered under the provisions of Section 42-1-217 (2), C.R.S., \$3,842 shall be from the Auto Dealers License Fund pursuant to Section 12-6-123 (1), C.R.S., \$3,239 shall be from the Identification Security Fund pursuant to Section 42-1-220 (1), C.R.S., and \$2,000 shall be from the Persistent Drunk Driver Cash Fund pursuant to Section 42-3-303 (1), C.R.S.  
**Cash or Federal Fund Name and COFRS Fund Number:** Fund #437 - Licensing Services Cash Fund  
**Reappropriated Funds Source, by Department and Line Item Name:** Not Applicable  
**Approval by OIT?** Yes:  No:  N/A:   
**Schedule 13s from Affected Departments:** Not Applicable



# DEPARTMENT OF REVENUE

*Budget Reduction Proposal  
January 15, 2009*

*Roxy Huber  
Executive Director*

## *Refinance Driver's License Program expenses from Licensing Services Cash Fund*

### **Proposal:**

The Department of Revenue is proposing to refinance \$659,509 of Driver's License program expenses in Driver and Vehicle Services from the Licensing Services Cash Fund in FY 2008-09. This fund was created by S.B. 07-241, which was enacted to open three new driver's license offices and to refinance a portion of the General Fund base in Driver and Vehicle Services. The proposal utilizes projected surplus revenue earned by the fund to refinance a further amount of General Fund expenses.

The Department believes this is consistent with Section 42-2-114.5, C.R.S. (2008), which states, in part, that the fund should used ". . . for the cost of personal services and operating expenses incurred in the operation of driver's license offices." Such a refinance can be partially accomplished in FY 2008-09 through a supplemental. Based on current projections, the Department also proposes to refinance \$2,589,894 in FY 2009-10 from the Licensing Services Cash Fund.

### **Summary of Request:**

- Based on projected revenue and expenditures, the Department has determined that \$659,509 is available from the Licensing Services Cash Fund for the proposed refinance in FY 2008-09. The Department also anticipates that \$2,589,894 should be available in FY 2009-10 to refinance.
- Refinancing General Fund expenses from the Licensing Services Cash Fund will allow the Department to avoid significant budget reduction measures, which might include closing one or two driver's license offices.
- The proposed refinance is consistent with the intent of Section 42-2-114.5, C.R.S. (2008), which states that the Licensing Services Cash Fund should be used pay for the personal services and operating costs incurred in the operation of the State's driver's license offices.

### **Assumptions and Tables to Show Calculations:**

Based on projected revenue and expenditures, the Department has determined that \$659,509 is available from the Licensing Services Cash Fund for the proposed refinance in FY 2008-09.

### **Current Statutory Authority or Needed Statutory Change:**

No statutory authority would be required to make these reductions.

Section 42-2-114.5, C.R.S. (2008) – Licensing services cash fund.

The licensing services cash fund is hereby created in the state treasury. Moneys in the fund shall be appropriated by the general assembly to the department for the cost of personal services and operating expenses incurred in the operation of driver's license offices. Moneys in the fund at the end of each fiscal year, as well as interest earned on the investment of moneys in the fund, shall be retained in the fund and shall not revert to the general fund or any other fund.



**Schedule 13**  
**Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10  Base Reduction Item FY 2009-10  Supplemental FY 2008-09  Budget Amendment FY 2009-10

**Request Title:** Refinance Driver's License Program Expenses from Motorist Insurance Identification Account  
**Department:** Revenue **Dept. Approval by:** *Kathy Spitzer* **Date:** 1-9-09  
**Priority Number:** S-13 **OSPB Approval:** *Spitzer* **Date:** 1-12-09

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
<b>Total of All Line Items</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	0	16,889,573	0	16,889,573	0
	FTE	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	GF	11,859,480	10,969,972	(765,000)	10,204,972	11,570,540	0	11,570,540	0	11,570,540	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	4,336,871	5,327,035	765,000	6,092,035	5,319,033	0	5,319,033	0	5,319,033	0
	CFE/RF	933,435	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Personal Services</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	0	16,889,573	0	16,889,573	0
	FTE	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	GF	11,859,480	10,969,972	(765,000)	10,204,972	11,570,540	0	11,570,540	0	11,570,540	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	4,336,871	5,327,035	765,000	6,092,035	5,319,033	0	5,319,033	0	5,319,033	0
	CFE/RF	933,435	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

**Non-Line Item Request:** None  
**Letternote Revised Text:** a These amounts reflect direct program costs from the following sources: \$4,894,583 shall be from the Licensing Services Cash Fund, pursuant to Section 42-2-114.5, C.R.S., \$765,000 shall be from the Motorist Insurance Identification Account pursuant to Section 42-3-304 (18)(d)(I), C.R.S., \$339,424 shall be from the Colorado State Titling and Registration Account pursuant to Section 42-1-211(2), C.R.S., \$314,828 shall be from the Driver's License Administration Revocation Account pursuant to Section 42-2-132 (4)(b), C.R.S., \$210,933 shall be from the Outstanding Judgments and Warrants Account as administered under Section 42-2-118 (3)(c), C.R.S., \$73,650 shall be from the Penalty Assessment Account as administered under the provisions of Section 42-1-217 (2), C.R.S., \$3,842 shall be from the Auto Dealers License Fund pursuant to Section 12-6-123 (1), C.R.S., \$3,239 shall be from the Identification Security Fund pursuant to Section 42-1-220 (1), C.R.S., and \$2,000 shall be from the Persistent Drunk Driver Cash Fund pursuant to Section 42-3-303 (1), C.R.S.  
**Cash or Federal Fund Name and COFRS Fund Number:** Fund #405 - Motorist Insurance Identification Account  
**Reappropriated Funds Source, by Department and Line Item Name:** Not Applicable  
**Approval by OIT?** Yes:  No:  N/A:   
**Schedule 13s from Affected Departments:** Not Applicable



# DEPARTMENT OF REVENUE

*Budget Reduction Proposal  
January 15, 2009*

*Roxy Huber  
Executive Director*

## *Refinance Driver's License Program Expenses from Motorist Insurance Identification Subaccount*

### **Proposal:**

The Department of Revenue is proposing to refinance \$765,000 of Driver's License program expenses in Driver and Vehicle Services from the Motorist Insurance Identification Subaccount for FY 2008-09. Pursuant to Section 42-3-304 (18)(d)(I), C.R.S, moneys earned from the motorist insurance identification fee are deposited into this subaccount of the Highway Users Tax Fund (HUTF). Presently, unencumbered funds are transferred into the HUTF at the end of each fiscal year. The Department's proposal utilizes a portion of projected surplus revenue earned by this fee to refinance a specific amount of General Fund expenses. The Department believes this can be accomplished through a letter note revision during the supplemental process that indicates the proposed refinance. However, this refinance would be used for FY 2008-09 only. Any fund balance after this year would be transferred to the HUTF.

### **Summary of Request:**

- Based on projected revenue and expenditures, the Department has determined that \$765,000 is available from the Motorist Insurance Identification Subaccount of the HUTF.
- Refinancing General Fund expenses from the Motorist Insurance Identification Subaccount will allow the Department to avoid budget reduction measures which might include closing one or two driver's license offices.
- The Department believes the proposed refinance can be accomplished through a letter note adjustment during the FY 2008-09 supplemental process.

### **Assumptions and Tables to Show Calculations:**

The Motorist Insurance Identification Account was established to administer the Motorist Insurance ID Database Program. This program has increased in costs but a portion of the program currently being subsidized by the General Fund.

Based on projected revenue and expenditures, the Department has determined that \$765,000 is available from the Motorist Insurance Identification Subaccount for the proposed refinance in FY 2008-09.

### **Current Statutory Authority or Needed Statutory Change:**

No statutory authority would be required to make these reductions.

Section 42-3-304 (18)(d)(I), C.R.S. (2008) – Registration Fees

In addition to any other fee imposed by this section, the owner shall pay, at the time of registration of any motor vehicle in the state, a motorist insurance identification fee. The fee shall be adjusted annually by the department, based upon moneys appropriated by the general assembly for the operation of the motorist insurance identification database program.

**Schedule 13**  
**Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10  Base Reduction Item FY 2009-10  Supplemental FY 2008-09  Budget Amendment FY 2009-10

**Request Title:** Refinance Driver and Vehicle Services Expenses from Highway Users Tax Fund "Off-the-Top"  
**Department:** Revenue **Dept. Approval by:** *Rafael Huelar* **Date:** January 12, 2009  
**Priority Number:** S-14 **OSPB Approval:** *for us* **Date:** 1-14-09

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/ Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
<b>Total of All Line Items</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	0	16,889,573	0	16,889,573	0
	FTE	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	GF	11,859,480	10,969,972	(519,381)	10,450,591	11,570,540	0	11,570,540	0	11,570,540	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	519,381	0	0	0	0	0	0
	HUTF	0	0	519,381	0	0	0	0	0	0	0
	CFE/RF	933,435	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Personal Services</b>	<b>Total</b>	17,129,786	16,297,007	0	16,297,007	16,889,573	0	16,889,573	0	16,889,573	0
	FTE	346.3	382.3	0.0	382.3	383.2	0.0	383.2	0.0	383.2	0.0
	GF	11,859,480	10,969,972	(519,381)	10,450,591	11,570,540	0	11,570,540	0	11,570,540	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	4,336,871	5,327,035	0	5,327,035	5,319,033	0	5,319,033	0	5,319,033	0
	HUTF	0	0	519,381	519,381	0	0	0	0	0	0
	CFE/RF	933,435	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

**Non-Line Item Request:** None  
**Letternote Revised Text:** a These amounts reflect direct program costs from the following sources: \$4,894,583 shall be from the Licensing Services Cash Fund, pursuant to Section 42-2-114.5, C.R.S., **\$519,381 shall be from the Highway Users Tax Fund pursuant to Section 43-2-201 (3)(a)(iii)(C), C.R.S.**, \$339,424 shall be from the Colorado State Titling and Registration Account pursuant to Section 42-1-211(2), C.R.S., \$314,828 shall be from the Driver's License Administration Revocation Account pursuant to Section 42-2-132 (4)(b), C.R.S., \$210,933 shall be from the Outstanding Judgments and Warrants Account as administered under Section 42-2-118 (3)(c), C.R.S., \$73,650 shall be from the Penalty Assessment Account as administered under the provisions of Section 42-1-217 (2), C.R.S., \$3,842 shall be from the Auto Dealers License Fund pursuant to Section 12-6-123 (1), C.R.S., \$3,239 shall be from the Identification Security Fund pursuant to Section 42-1-220 (1), C.R.S., and \$2,000 shall be from the Persistent Drunk Driver Cash Fund pursuant to Section 42-3-303 (1), C.R.S.

**Cash or Federal Fund Name and COFRS Fund Number:** Fund #100 - Highway Users Tax Fund (HUTF)

**Reappropriated Funds Source, by Department and Line Item Name:** Not Applicable

**Approval by OIT?** Yes:  No:  **N/A:**

**Schedule 13s from Affected Departments:** Not Applicable



# DEPARTMENT OF REVENUE

*Budget Reduction Proposal  
January 15, 2009*

*Roxy Huber  
Executive Director*

## *Refinance Driver and Vehicle Services Expenses from Highway Users Tax Fund "Off-the-Top"*

### **Proposal:**

In FY 2008-09, there is \$519,381 that remains unappropriated from the Highway Users Tax Fund "Off-the-Top" (HUTF "Off-the-Top") allocation. This proposal requests to appropriate \$519,381 from the HUTF "Off-the-Top" allocation to the Driver and Vehicle Services Program to offset a commensurate amount of General Fund.

### **Summary of Request:**

- Currently, the Colorado State Patrol within the Department of Public Safety and the Ports of Entry program within the Department of Revenue receive HUTF "Off-the-Top" appropriations.
- The "Off-the-Top" allocation is permitted by statute to grow at 6.0 percent above the prior year appropriation.
- In FY 2008-09, there is \$519,381 that remains unappropriated under the 6.0 percent "Off-the-Top" limit. This request would allow that limit to be upheld while offsetting General Fund costs within the Division of Motor Vehicles.

### **Assumptions and Tables to Show Calculations:**

- The table below shows the impact to the remaining "Off-the-Top" funding.

<b>HUTF "Off-the-Top" FY 2008-09</b>	
FY 2008-09 HUTF Unappropriated	\$524,423
Supplemental Requests	
Department of Public Safety	\$0
Department of Revenue	\$5,042
<b>Remaining</b>	<b>\$519,381</b>

### **Current Statutory Authority or Needed Statutory Change:**

This proposal requires a statutory change to allow HUTF "Off-the-Top" to be temporarily applied to the Driver and Vehicle Service Program. This amount should also be included in the total to allow the HUTF "Off-the-Top" appropriation to grow to the maximum 6.0 percent for FY 2009-10.

Section 43-4-201 (3)(a)(III)(C) C.R.S. (2008) Highway Users Tax Funds created.

The general assembly shall not make any annual appropriation or statutory distribution from the highway users tax fund for the fiscal year 1997-98 or for any succeeding fiscal year authorized by subparagraph (II) of this paragraph (a), excluding the annual appropriation or statutory distribution to the Colorado state patrol and the ports of entry section.



# DEPARTMENT OF REVENUE

Todd Saliman  
 Director  
 Office of State Planning and Budgeting

*Proposed Cash Fund Transfer*

*January 15, 2009*

**Name of Fund:** Fund #503 - Lottery Fund

**Purpose of Fund:** The Lottery Fund is established to hold revenues earned through the sale of various lottery tickets. In addition to lottery prizes, Section 24-35-210 (1), C.R.S. (2008) authorizes the State Lottery Division to pay for operating expenses from this fund. Since the Colorado Lottery is designated as an enterprise under Article X, Section 20 of the Colorado Constitution, it is exempt from the requirements of Section 24-75-402, C.R.S. (2008).

**Projected End-of-Year Balance:**

	FY 08-09	FY 09-10	FY 10-11
Projected End of Year Balance with No Action	\$32,320,374	\$32,320,374	\$32,320,374
Current Balance YTD FY 2008-09	\$28,162,054		
July 1 Projected Balance Out Years		\$1,006,633	\$1,006,633
Projected Revenue	\$527,815,000	\$594,615,000	\$603,015,000
Less Projected Mandatory Expenditures, inc. prizes	\$406,115,000	\$460,115,000	\$465,215,000
Proceeds Distribution	\$121,700,000	\$134,500,000	\$137,800,000
Prizes and retailer obligations	\$27,155,421		
Equals Proposed Projected End of Year Balance	\$1,006,633	\$1,006,633	\$1,006,633
<b>Recommended Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Projected End of Year Balance w/transfer</b>	<b>\$1,006,633</b>		

**Impact of Recommended Reduction:**

After taking into account the fund balance and outstanding obligations, there is approximately \$1.0 million in unrestricted funds. No funds are recommended for transfer.

**Assumptions:**

- The Colorado Constitution states how Lottery net proceeds are distributed. Fund balance is considered as part of the requirement to
- When the current cash on-hand is offset by liabilities, the fund has approximately \$1.0 million.
- The Lottery Division has no other source of funding. If the fund balance were transferred, the General Fund would be obligated in case of any shortfall.
- During the last recession the Lottery Fund did not transfer any funds to the General Fund.

**Current Statutory Authority or Needed Statutory Change:**

Colorado Constitution Article XXVII, Section 3

(1) Beginning with the proceeds from the fourth quarter of the State's Fiscal Year 1992-1993, all proceeds from all programs, including Lotto and every other state-supervised lottery game operated under the authority of Article XVIII, Section 2 of the Colorado Constitution, whether by the Colorado Lottery Commission or otherwise (such programs defined hereafter in this Article as "Lottery Programs"), net of prizes and expenses of the state lottery division and after a sufficient amount of money has been reserved, as of the end of any fiscal quarter, to ensure the operation of the lottery for the ensuing fiscal quarter (such netted proceeds defined hereafter in this Article as "Net Proceeds") are set aside, allocated, allotted, and continuously appropriated as follows, and the Treasurer shall distribute such proceeds no less frequently than quarterly, as follows:

(a) Repealed.

(b) For each quarter including and after the first quarter of the State's Fiscal Year 1998-1999:

(I) Forty percent to the Conservation Trust Fund for distribution to municipalities and counties and other eligible entities for parks, recreation and open space purposes;

(II) Ten percent to the Division of Parks and Outdoor Recreation for the acquisition, development and improvement of new and existing state parks, recreation areas and recreational trails; and

(III) All remaining Net Proceeds in trust to the Board of the Trust Fund, provided, however, that in any state fiscal year in which the portion of the Net Proceeds which would otherwise be given in trust to the State Board of the Trust Fund exceeds the amount of \$35 million, to be adjusted each year for changes from the 1992 Consumer Price Index-Denver, the Net Proceeds in excess of such amount or adjusted amount shall be allocated to the General Fund of the State of Colorado.

Section 22-54-117. Contingency reserve - capital construction expenditures reserve - fund - lottery proceeds contingency reserve.

(1) (a) For fiscal years prior to the 2007-08 fiscal year, an amount to be determined by the general assembly shall be appropriated annually to the state public school fund as a contingency reserve. For the 2007-08 fiscal year and fiscal years thereafter, an amount to be determined by the general assembly shall be appropriated annually to the contingency reserve fund, which is hereby created in the state treasury. In deciding the amount to be appropriated to the contingency reserve or the contingency reserve fund, as applicable, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need. The state board is authorized to approve and order payments from the contingency reserve or the contingency reserve fund, as applicable, for supplemental assistance to districts determined to be in need.