



DEPARTMENT OF REVENUE

*FY 2010-11 Balancing Proposal
February 15, 2011*

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Executive Director

Colorado Integrated Tax Architecture Contingency Funding

Proposal

The Department of Revenue proposes to eliminate the Colorado Integrated Tax Architecture (CITA) capital construction project's contingency funding. Through FY 2010-11, the project has been appropriated \$1,564,519 for project contingency which remains unspent. For budget balancing purposes, the Office of State Planning and Budgeting is proposing to transfer these funds from the capital construction fund to the General Fund.

Summary of Request

- The Department of Revenue has recognized the need to plan for contingency funding related to multi-year capital construction projects. For new projects, statute requires state agencies to include contingency funding equal to 5.0 percent of the cost of the project in their capital construction requests. If unused, typically this funding reverts to the capital construction fund at the end of the project (see Section 24-75-302 (1) (a), C.R.S. (2010)).
- The Department of Revenue has completed approximately 65.0 percent of the five year project and has two additional phases to implement. With a substantial portion of the project remaining, the loss of contingency moneys could impact future phases and successful implementation as unforeseen issues can arise in projects that span multiple years.
- The Department is developing its fourth phase of the project, which consists of two distinct implementations. The first, set for implementation on April 25, 2011, will consist of the Revenue Online project. Taxpayers will be able to access pertinent account information on-line including: (1) information on refund status; (2) the ability to set up agreements to pay automatically; and (3) the ability to perform standard account maintenance such as changing an address or viewing balances. The second, set for implementation on August 29, 2011, will enable many returns to be filed on-line. Additionally, the Department will implement fuel taxes and other, small sales related taxes (vehicle rental fees, for example).
- The fifth phase of CITA is scheduled to be complete by August 31, 2012, and will include significant changes to the Department's processes associated with food service licenses, gaming tax, off-highway, pari-mutuel racing fees, public utility commission, tobacco products tax, cigarette tax, vending machine stickers, and alcohol and fermented beverages tax, which all account for \$9.1 billion (Fiscal Year 2010) in revenue it is statutorily responsible for collecting and distributing.
- Legislation will need to be sponsored to amend Section 24-75-302, C.R.S., to transfer funds from the capital construction fund to the General Fund. Capital construction funds are available for three years after an appropriation is made pursuant to Long Bill headnotes. Contingency money constitutes

unexpended money for a project, and therefore remains part of the appropriation until the project is completed or until after the three year period, whichever comes first.



DEPARTMENT OF REVENUE

*FY 2011-12 Balancing Proposal
February 15, 2011*

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Transfer First Time Drunk Driving Offender Account Fund Balance to General Fund

Proposal:

As part of budget balancing for FY 2011-12, the Office of State Planning and Budget requests the transfer of excess cash funds from the First Time Drunk Driving Offender Account to the General Fund. The Department of Revenue estimates that after consideration for anticipated obligations, excess cash in the fund available for transfer will equal \$2,568,029.

Summary of Request:

- The Department currently manages the First Time Drunk Driving Offender Account in the Highway Users Tax Fund. This account receives \$35 of the \$95 restoration fee collected from a person whose license or other privilege to operate a motor vehicle has been suspended, cancelled or revoked.
- Statute authorizes the General Assembly to appropriate funds from the account to the Department to pay for annual costs associated with the implementation of HB 08-1194 and to pay a portion of the costs for an ignition interlock device for individuals unable to pay the full costs of the device. The Department's current appropriation includes \$215,158 total funds and 5.4 FTE for personal services costs and \$934,842 total funds in operating costs. In addition, another \$76,511 is appropriated to the Department to cover indirect costs associated with the operation of the program and for salary POTS and leased space expenses associated with the FTE.
- The Colorado Department of Transportation (CDOT) also has a \$1,000,000 appropriation from the fund as identified in HB 10-1376. C.R.S. 42-2-132 (4)(b)(II)(B) requires the Department to make available \$2,000,000 to CDOT for high visibility drunk driving enforcement. CDOT was appropriated \$1,000,000, an amount sufficient for enforcement, in the FY 2009-10 and FY 2010-11 Long Bills. As a result, the Department has only transferred \$1,000,000 as provided for in the annual appropriations to CDOT.
- The Department assumes that CDOT will continue to receive the \$1,000,000 appropriated in HB 10-1376. The Department further assumes that \$2,000,000 would need to be available in the account in FY 2011-12 should action be taken to increase CDOT's appropriation to the full amount as identified in C.R.S. 42-2-132 (4)(b)(II)(B).
- Assuming the FY 2011-12 Long Bill appropriation to CDOT totals \$2,000,000, the fund balance in the First Time Drunk Driving Offender Account is estimated to total \$2,568,029 as provided in the Table on the next page. This amount would be available to transfer to the General Fund for budget balancing purposes in FY 2011-12.

Assumptions and Tables to Show Calculations:

First Time Drunk Driving Offender Account			
Row	Item	Total	Description
1	FY 2009-10 Year End Account Balance	\$1,977,158	Funds available in the account after the \$1,000,000 transfer to CDOT.
2	FY 2010-11 Revenues	\$2,949,279	
3	FY 2010-11 Expenditures	\$1,539,386	\$1,000,000 transfer to CDOT.
4	FY 2010-11 Liabilities	(\$19,943)	Net change in liabilities year-to-date.
5	Estimated FY 2010-11 Year End Account Balance	\$3,367,108	Funds available in the account after the \$1,000,000 transfer to CDOT.
6	FY 2011-12 Revenues	\$2,727,014	
7	FY 2011-12 Expenditures	\$2,974,487	\$2,000,000 transfer to CDOT.
8	FY 2011-12 Liabilities	(\$19,943)	Net change in liabilities year-to-date FY 2010-11.
9	Estimated FY 2011-12 Year End Account Balance	\$3,099,692	Funds available in the account after the \$2,000,000 transfer to CDOT.
10	16.5% Account Reserve	\$531,663	Row 4 * 16.5%, rounded to 0 decimal places.
11	Underutilized Funds Available	\$2,568,029	Row 5 - Row 3.

Current Statutory Authority or Needed Statutory Change:

Currently C.R.S. 42-2-132 (4)(b)(II)(B) allows the First Time Drunk Driver Account funds to be used for implementation of HB 08-1194, partial payment for a ignition interlock devices for individuals who cannot afford the full cost and \$2,000,000 to be transferred to the Department of Transportation for high visibility drunk driving. A statutory change to authorize the transfer of such funds to the General Fund would be necessary.