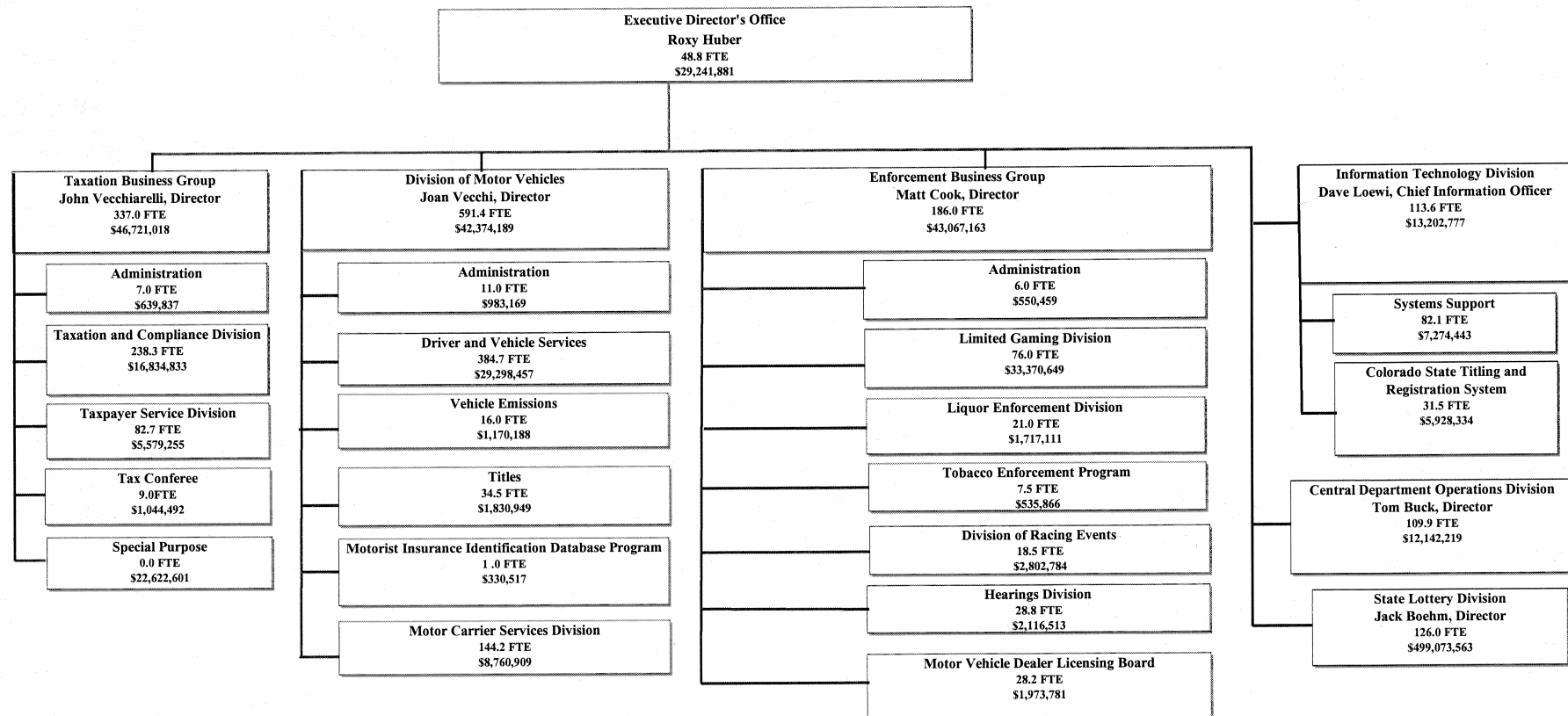




Department of Revenue
Department Description

FY 2010-11 Budget Request

November 6, 2009

DEPARTMENT OF REVENUE ORGANIZATION CHART**1,512.7 FTE \$685,822,810 TOTAL FUNDS****\$75,719,921 GF \$13,636,362 HUTF \$593,568,817 CF \$1,409,966 RF \$1,487,744 FF**

DEPARTMENT OF REVENUE BACKGROUND INFORMATION

The **Executive Director's Office** provides central budgeting, accounting, purchasing, contract administration, human resources and internal auditing functions for the Department. The office is funded through direct and indirect costs charged to divisions. Roxy Huber is the Executive Director and Tim Weber is the Deputy Director. In addition, the Executive Director's Office includes a Citizen's Advocate who assists citizens and taxpayers with problems, grievances or inquiries. It also includes a Public Information Officer/Legislative Liaison who is the primary contact for all media queries and requests for information, and directs all legislative matters for the Department. Additionally, the Executive Director's Office has a section entitled Office of Research and Analysis that develops special studies and reports, such as the Department's annual report. The section also develops specialized analyses of the Department's operations with an aim towards improving efficiency and effectiveness; provides fiscal note coordination during the legislative session; and develops revenue and expenditure estimates for proposed bills and ballot initiatives. This group also develops analytical data and estimates the refunding of State of Colorado excess revenues under Article X, Section 20 of the State Constitution.

Central Department Operations provides the Department of Revenue with essential support services that ensures sensitive taxpayer information and payments are processed, deposited, and posted in an accurate and secure manner through each step of the tax administration system. This division is comprised of Cash and Document Processing and General Services, and is primarily funded through General Fund appropriations and indirect costs.

Cash and Document Processing is a sequential tax processing workflow system that contains many sections of Central Department Operations and is commonly referred to as the pipeline. This program receives and sorts over 4.6 million pieces of mail each year; enough to have the United States Postal Service (USPS) give 1375 Sherman St. a unique zip code of 80261. This program maintains two cashiering operations, which supports tax collection activities, provides service to walk-in and cash paying taxpayers, and collects fees and fines administered by the Department of Motor Vehicle operations, Ports of Entry, Gaming, Racing and Liquor Enforcement. Cash and Document Processing is responsible for depositing tax revenue with the Treasury and establishing tax accounts and liabilities for new businesses.

The General Services program serves as the forms designer and supplier for the Department. It also procures and supplies citizens and the Department's internal divisions with the necessary forms, publications, envelopes, cigarette stamps, and paper stock for normal business operations. Central Department Operations processes and mails approximately 6.0 million pieces of mail per year and acts as a liaison between the Department of Revenue and the USPS.

Department Description FY 2010-11 BUDGET REQUEST

The **Information Technology Division** provides system programming, desktop and technical support for the entire Department, and maintenance of the Department's various computer hardware and software applications. This division is primarily funded through General Fund appropriations and indirect costs.

Systems Support maintains a multitude of information technology systems for all divisions within the Department except the State Lottery Division. These responsibilities include providing production and enterprise services, maintaining the Department's data and voice communication infrastructure, assuring adequate information security and desktop support, and managing centralized print operations from the Department of Personnel and Administration.

The *Colorado State Titling and Registration System (CSTARS)* supports the titling and registration infrastructure for Colorado motor vehicles. Per Section 42-1-211, C.R.S., (2008) the system provides the necessary data processing equipment, software, support and training to aid the authorized agents of the Department in processing motor vehicle registration and title documents.

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

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

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

Department Description FY 2010-11 BUDGET REQUEST

The *Tax Conferee* serves as an intermediary in the hearing process and acts as the Executive Director's official designee for tax hearings. These can include tax assessment disputes and refund denials. Employees in this unit conduct reviews, legal research, investigations, interviews, and negotiations. They also assist taxpayers in clarifying decisions. If a hearing with the Tax Conferee fails to achieve a successful resolution, then a formal hearing with the Executive Director is granted. Finally, if a feasible resolution is not attained, the aggrieved party may elevate the dispute to the judicial system.

The **Division of Motor Vehicles** issues drivers licenses and identification cards; regulates commercial driving schools; provides support for the statewide vehicle titling and registration system (CSTARS); enforces the State's auto emissions program; and oversees the Motorist Insurance Identification Database program. For FY 2009-10, this division is largely funded with cash fund appropriations.

The responsibilities of *Driver and Vehicles Services* includes: managing drivers licensing records; verifying documents presented for identification, including proof of the applicant's legal presence in the U.S.; identifying and assessing administrative sanctions against drivers, including all restraints for alcohol related driving offenses; investigating fraud related to drivers licenses and identification documents; and providing support and coordination for the motor vehicle registration process. This division also supervises license plate ordering and distribution, as well as all other registration products for county offices.

The *Vehicle Emissions* program licenses emissions testing site operators, inspectors and mechanics; conducts inspections of emissions testing facilities to ensure compliance with statutory requirements; and validates inspector and mechanic performance standards.

The *Titles* program is responsible for the issuance of legal, negotiable certificates of title to protect the public when purchasing motor vehicles. Program staff review all high-risk title applications to verify that the assignment of ownership has been properly made.

The *Motorist Insurance Identification Database (MIIDB) Program* helps law enforcement officers verify driver compliance with the State's motor vehicle insurance requirements. This program is authorized to suspend driving privileges for uninsured motorists.

The **Motor Carrier Services Division** administers most of its responsibilities through the Ports of Entry program, which includes 17 fixed port facilities and 10 mobile units. Port officers collect fuel taxes and registration fees, ensure compliance with statutory weight and size restrictions for commercial vehicles, and enforce vehicle safety regulations. In the event of violations, they also collect fines and penalties. This division is required to file the State's Annual Size and Weight Enforcement Plan with the Federal Highway Administration, which is used to qualify Colorado for federal highway funding. The Motor Carrier Services Division also enforces hazardous material transport requirements and verifies compliance with registration requirements for the federal International

Department Description FY 2010-11 BUDGET REQUEST

Registration Plan and International Fuel Tax Act programs. Though this division receives some General Fund and federal moneys, it is primarily funded from HUTF 'off-the-top' dollars.

The **Enforcement Business Group** regulates limited stakes gaming; enforces the State's liquor and tobacco laws through licensing and compliance checks; regulates the horse and dog racing industries; regulates and licenses the motor vehicle dealer industry; and adjudicates complaints related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes. With the exception of tobacco grants and a very small amount of General Fund to support the tobacco area, programs within this division are wholly supported by specific cash funds.

The *Limited Gaming Division* licenses and regulates the Colorado limited gaming industry including gaming devices, facilities, personnel, and activities. This division also enforces the laws contained in the Limited Gaming Act, as well as rules and regulations promulgated by the Colorado Limited Gaming Control Commission. The Commission has the constitutional authority to allocate moneys to the Division from the Limited Gaming Fund and is not subject to appropriation by the General Assembly.

The *Liquor Enforcement Division* licenses persons who manufacture, import, distribute or sell alcoholic beverages, and regulates the sale and distribution of liquor within the State by promoting awareness of and enforcing the provision of Liquor, Beer and Special Events Codes.

The *Tobacco Enforcement Program* enforces laws that prohibit the sale of tobacco products to minors. This allows the State to meet federal standards and qualify for the Substance Abuse Prevention and Treatment block grant.

The *Division of Racing Events* licenses and regulates greyhound and horse racing events; enforces all laws, rules and regulations related to racing activities; and is responsible for ensuring the health and welfare of greyhounds and horses racing in Colorado.

The *Hearings Division* conducts a variety of administrative hearings regarding the various licenses issued by the Department, including driver's licenses, liquor licenses, horse and dog racing licenses and certain motor vehicle dealers' licenses. These hearings provide a forum for adjudication of rights and duties between the Department and its licensees.

The *Motor Vehicle Dealer Licensing Board* is responsible for licensing and regulating the sale and distribution of motor vehicles, and promulgating consumer protection regulations. These responsibilities include licensing all salespersons and those with ownership interests in new and used auto dealerships.

Department Description FY 2010-11 BUDGET REQUEST

The **State Lottery Division** is designated a TABOR enterprise under Article X, Section 20 of the Colorado Constitution and supports its operations through lottery ticket sales, all of which are deposited into the Lottery Fund. The Colorado Lottery Commission governs the overall activities of the Lottery. The Colorado Lottery offers three jackpot games (Powerball, Lotto and Cash 5) and several scratch ticket games at more than 2,900 retailers statewide. Proceeds are distributed according to Article XXVII, Section 3 of the Colorado Constitution on a quarterly basis in the following manner: 40 percent to the Conservation Trust Fund for distribution to eligible municipalities and counties for parks, recreation, and open space purposes; 10 percent to the Colorado Division of Parks and Outdoor Recreation for the acquisition, development, and improvement of parks land; and remaining proceeds to the Great Outdoors Colorado Trust Fund (GOCO Fund) up to \$35 million per fiscal year that is adjusted each year according to the 1992 Consumer Price Index-Denver. Any amount exceeding the GOCO cap is distributed according to Section 22-54-117 (1.6) (a) (I), C.R.S., (2008) to the Lottery Proceeds Contingency Reserve Fund to be used for supplemental assistance to school districts for capital expenditures to address immediate safety hazards or health concerns within existing school facilities. Due to increasing revenues, the Lottery has distributed proceeds to the Contingency Reserve Fund since FY 2001-02.

DEPARTMENT OF REVENUE PRIOR YEAR LEGISLATION

HB 09-1026 (Marostica, Williams) Laws Concerning Low-Power Vehicles

This bill changes, deletes, and adds several motor vehicle definitions concerning low-power vehicles and indicates allowed use of the devices. The legislation also puts new speeding penalties in place for low-power scooter operators, applies compulsory liability insurance laws to operators of low-power scooters, effective July 1, 2010, and specifies that drug and alcohol driving offenses apply to operators of low-power scooters. The bill requires persons selling low-power scooters to obtain a powersports vehicle distributor license from the Department.

HB 09-1110 (Benefield, Tochtrop) Alive at Twenty-Five Special License Plate

This legislation creates the "Alive at Twenty-Five" special license plate for individuals who support the Colorado State Patrol Family Foundation. The plate will be available to applicants who pay the appropriate license fees, plus a one-time fee of \$50. The one-time fee is credited equally between the Highway Users Tax Fund (HUTF) and the Licensing Services Cash Fund (LSCF).

HB 09-1133 (Sonnenberg, Kester) Concerning Setting the Amounts of License Plate Fees

This legislation removes the statutorily set fee amounts for license plates, decals, and validating tabs and authorizes the director of the Division of Correctional Industries in the Department of Corrections (DOC), with input from the Department of Revenue (DOR) and the Governor's Office of State Planning and Budgeting, to set these fees to recover license plate production costs.

HB 09-1137 (Judd, Newell) Extending the Gambling Payment Intercept to Other Outstanding Obligations

This legislation expands the Gambling Payment Intercept Act so that outstanding assessment of restitution is to be treated in the same manner that unpaid child support debt and certain arrearages of child and medical support are currently treated. Before making a payment for cash winnings from limited gaming or from pari-mutuel wagering on horse or greyhound racing, the bill requires Colorado casino operators and retail gaming licensees in Colorado to determine if the individual is listed in the registry that identifies individuals with an outstanding assessment of restitution or unpaid child support debt. In addition, the registry operator will add a fee of \$25 to each outstanding debt certified by the Judicial Department to be withheld by the casino operator. The fee will be transmitted to the Gambling Payment Intercept Cash Fund.

HB 09-1160 (Miklosi, Bacon) Secure Electronic Voter Information

This legislation requires the Secretary of State to establish an online system by which a person may register to vote, change his or her residence on the registration record, change or withdraw his or her party affiliation, or apply for permanent mail-in ballot status.

HB 09-1173 (Reisberg, Hodge) Contraband Tobacco Enforcement

Department Description FY 2010-11 BUDGET REQUEST

This legislation provides methods to reduce the amount of contraband tobacco products in the state through enforcement efforts and the establishment of new civil penalties for the possession of contraband tobacco products. The bill allows the Department to impose a civil penalty of up to 25 cents per cigarette (\$5 per pack) on persons or entities in possession of cigarettes without a tax stamp, requires retailers of OTP to keep good records and to provide a copy of the records to the department upon request, and requires the department to publish a list of the names and addresses of all licensed cigarette wholesalers and distributors of other tobacco products on its website. The bill also requires persons or entities in possession of OTP for which taxes have not otherwise been paid to pay the tax within 30 days of taking possession.

HB 09-1246 (Peniston, Morse) Court-Ordered Defensive Driving Schools

This bill requires the Department to contract with a private business to monitor and evaluate the curriculum and effectiveness of driver improvement classes by July 1, 2010. The contracted business will report its findings to the Department on an annual basis and will also provide reports to the courts that sentence drivers to driver improvement classes within 3 months of an evaluation. To pay for the contract costs, driver improvement class providers will collect a fee from drivers sentenced to attend their classes beginning on January 1, 2010. This fee will be deposited in the Defensive Driving School Fund on a monthly basis. The Department will use this fund to pay for the contracts and direct and indirect administrative costs. The Department will set the fee, promulgate rules for the process, handle fee moneys, and manage the contract. The bill appropriates \$29,170 and 0.5 FTE to the Department of Revenue from the Defensive Driving School Fund in FY 2009-10. The Legislative Council Staff fiscal note indicates that out-year costs are estimated at \$226,556.

HB 09-1266 (McCann, Carroll M.) Loss of Driving Privileges

This legislation eliminates driving privilege revocation as a penalty for several crimes, currently grounds for privilege revocation, including criminal mischief, defacing property, offenses related to the forgery of a traffic ticket issued to a minor, unlawful use of a controlled substance, unlawful distribution, manufacturing, dispensing, sale, or possession of a controlled substance, offenses related to marijuana, and offenses related to possession of alcohol by minors (except in cases where the minor fails to complete a court-ordered treatment program upon a first conviction or upon conviction for a second or subsequent offense). The Legislative Council Staff fiscal note projects a decrease in revenue to the State Highway Fund of \$705,945 annually.

HB 09-1342 (Benefield, Boyd) Eliminate Cigarette Sales Tax Exemption

This legislation temporarily eliminates the state sales and use tax exemption on the sale of cigarettes for fiscal years 2009-10 and 2010-11. The bill maintains the exemption for counties, statutory municipalities, and special districts. The Legislative Council Staff fiscal note projects an increase in revenue to the General Fund of \$31 million in FY 2009-10 and \$32 million in FY 2010-11.

HB 09-1347 (Kagan, Romer) Donate Life Special License Plate

Department Description FY 2010-11 BUDGET REQUEST

This legislation creates the "Donate Life" special license plate for individuals who pay the appropriate license fees, plus a one-time fee of \$50. The one-time fee is credited equally between the Highway Users Tax Fund (HUTF) and the Licensing Services Cash Fund (LSCF).

SB 09-003 (Bacon, Fischer) Motor Vehicle Emissions Program

As of January 1, 2010, the bill removes Weld and Larimer counties from the basic motor vehicle emissions program, and expands the enhanced emissions program to include most of Weld and Larimer counties. The legislation also specifies that vehicles registered in Larimer and Weld counties are not required to pass emission testing for license registration until July 1, 2010, and it clarifies that the diesel inspection program area remains unaltered. In addition, the bill changes the definition of collector's item for the purposes of motor vehicle registration and emission testing to a model year 1975 or earlier, or a vehicle that was registered as a collector's item prior to September 1, 2009. Under current law, vehicles that are at least 25 years old may be considered a collector's item. The bill appropriates \$103,331 and 0.5 FTE to the Department of Revenue from the AIR Account and the License Plate Cash Fund in FY 2009-10. The Legislative Council Staff fiscal note identifies a departmental difference concerning the fiscal impact of SB 09-003 and a rule adopted by the Air Quality Control Commission in December 2008 that further expands the enhanced emissions program. The Department will pursue additional resources to address the increased workload associated with the rule change and its impact on implementation of SB 09-003 through the annual budget process.

SB 09-006 (Boyd, Solano) County Jail Identification Unit

This legislation creates a new County Jail Mobile Identification Unit within the Division of Motor Vehicles, Department of Revenue. This mobile unit will consist of a vehicle staffed by personnel from the Division of Motor Vehicles. It will travel to jails in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties on a regular basis to issue new identification cards to each eligible prisoner who does not already have an identification card. The bill also creates the County Jail Identification Processing Unit Fund. The Department is authorized to accept gifts, grants, or donations for the costs associated with administering the mobile ID unit. The bill appropriates \$186,160 from the County Jail Identification Processing Unit Fund and 1.2 FTE in FY 2009-10. The bill specifies that the Department is only to implement the mobile ID unit if it receives sufficient gifts, grants, and donations to operate the unit by June 15, 2012.

SB 09-025 (Spence, Benefield) Identification Document Security Fee

This legislation extends a \$0.60 surcharge on driver's licenses and photo identification (ID) cards from July 1, 2009, to July 1, 2014. It also extends the related Identification Security Fund, a special purpose account in the Highway Users Tax Fund. The bill also refinances an appropriation for the Drivers License Document line item in the Department's budget from General Fund to cash funds, from the Identification Document Security Fund.

Department Description FY 2010-11 BUDGET REQUEST

SB 09-108 (Gibbs, Rice) Transportation System Planning and Funding

This legislation makes several changes to the financing and administration of transportation improvements. The bill increases fees, fines, and surcharges to provide an estimated \$250 million in new annual funding for statewide transportation improvements; creates the Statewide Bridge Enterprise with the authority to finance, repair and maintain certain designated bridges in the state highway system, and to impose a bridge safety surcharge to repay bonds.

SB 09-161 (Gibbs, Scanlan) Ski Country Special License Plates

This legislation creates the "Colorado Ski Country" special license plate for individuals who pay the appropriate license fees, plus a one-time fee of \$50. The one-time fee is credited equally between the Highway Users Tax Fund (HUTF) and the Licensing Services Cash Fund (LSCF).

SB 09-174 (Kester, Casso) Horse and Greyhound Racing Regulation

Among other changes to the regulation of horse and greyhound racing, this legislation eliminates the current limit on simulcast race days (250 days per year) and authorizes the Colorado Racing Commission to determinate the number of simulcast race days for Class B racetrack facilities.

SB 09-200 (Keller, Pommer) Department of Revenue Supplemental

This is the supplemental appropriation to the Department's FY 2008-09 operating budget.

SB 09-212 (White, Pommer) State Sales Tax Vendor Fee Cap

This legislation temporarily reduces the amount that vendors can retain (vendor fee) to compensate for sales tax collection expenses. The bill lowers the vendor fee rate from 3 1/3 percent to 1.35 percent for monthly filers. The bill covers returns made on or after March 1, 2009, through December 31, 2011. Revenue to the General Fund is expected to increase by \$12.4 million in FY 2008-09, \$37.6 million in FY 2009-10, and \$39.6 million in FY 2010-11. SB 09-275 was subsequently passed, suspending the vendor fee altogether beginning July 1, 2009 through June 30, 2011.

SB 09-280 (Keller, Pommer) Capital Construction Supplemental

This legislation provides additional capital construction funding for a project requested by the Department of Revenue in FY 2008-09 pertaining to the Division of Motor Vehicles and the State Lottery Division in the amounts of \$3,400,120 and \$2,415,000, respectively.

SB 09-274 (Keller, Pommer) Use HUTF for the Division of Motor Vehicles

Department Description FY 2010-11 BUDGET REQUEST

This bill diverts fee revenue that is currently credited to the Highway Users Tax Fund (HUTF) to the Licensing Services Cash Fund (LSCF) to fund the Division of Motor Vehicles in the Department in FY 2009-10 only. Diverted fees are from driver's licenses, commercial driver's licenses, learner's permits, minor driver's licenses, and identification cards issued by the department. Additionally, identification card fees that are currently credited to the General Fund will also be credited to the LSCF. The bill also permits the use of fund balance from the motorist insurance identification account of the HUTF for expenses incurred by the division in FY 2008-09. Finally, it permits the use of funds in FY 2008-09 and FY 2009-10 in the HUTF "off-the-top" appropriation to be used for the expenses incurred by the division.

SB 09-275 (Tapia, Ferrandino) Eliminate State Sales Tax Vendor Fee

This bill temporarily eliminates the ability of vendors to retain a fee for compensation of sales tax collection expenses from July 1, 2009, through June 30, 2011. The Legislative Council Staff fiscal note indicates that this measure will increase revenue to the General Fund by \$30.6 million in FY 2009-10, in addition to revenues anticipated by SB 09-212.

DEPARTMENT OF REVENUE HOT ISSUES

- The Department of Revenue is currently replacing its technology infrastructure associated with Colorado's tax administration. This initiative is called the Colorado Integrated Tax Architecture (CITA) project, and the new system is scheduled to be implemented in five phases that will last from March 2008 to June 2012. The Department of Revenue began this replacement because the information technology infrastructure currently used for tax administration dates from the 1960s. It relies on language that is outdated and has numerous limitations that require costly and time consuming workarounds. Once the new system is implemented, it will assist the Department of Revenue with: (1) implementing Generally Accepted Accounting Principals (GAAP); (2) reducing the amount of manual effort required for distribution of funds to the state, counties, cities, and special districts; (3) utilizing a single, consolidated data repository; and (4) implementing better tools for discovery and selection. The implementation of CITA will allow for greater adoption of tax administration best practices because system and resource limitations of the legacy systems will be removed.
- As part of its functions, the Department of Revenue processes approximately 4.6 million pieces of mail in its incoming mail facility located at 1375 Sherman Street in Denver. A significant majority of this volume relates to tax documents. The Department utilizes a traditional remittance processing system that processes approximately 2.8 million checks and coupons and deposits moneys into the State's Treasury. Documentation is manually data-entered and microfilmed for storage after deposit. The current system is close to 10 years old and when it was purchased, it was anticipated to have a seven year useful life. The Department researched solutions and identified a next generation system that has the capability of capturing data and imaging the documents at the same time as the remittance processing is completed. This initiative has the potential to save the State of Colorado \$1.4 million once fully implemented at the Department of Revenue. Such a system will also tighten the security of and control over sensitive documents and negate possible audit findings that are found in the Statement on Auditing Standards (SAS) No. 109 and No. 112. Furthermore, it will allow the Department to efficiently capture the additional data elements required for the new Colorado Integrated Tax Architecture (CITA) tax system, thereby allowing the Department to take full advantage of the CITA system's functionality. Given the close correlation between such a system and the CITA project, utilizing any savings that accrue to the CITA project could be used to fund the remittance system replacement.
- During the 2007 session, the Governor signed Senate Bill 241 into law. This legislation increased a variety of fees related to driver's licenses including the standard license from \$15.00 to \$20.40 and created the Licensing Services Cash Fund. The bill accomplished two objectives by: 1) providing additional revenue to open three new driver's license offices in Denver, Golden, and Loveland; and 2) offsetting a portion of base General Fund expenditures in the Division of Motor Vehicles (DMV). This enabled the State to both save General Fund dollars and reduce wait times for DMV clients along the central Front Range. Enactment of

Department Description FY 2010-11 BUDGET REQUEST

this legislation has allowed the Department to begin implementing service in areas that lost driver's license offices during the budget cuts in 2002 and 2003.

- During the 2009 session, the Governor signed Senate Bill 09-274 into law. This bill diverts fee revenue that is currently credited to the Highway Users Tax Fund (HUTF) to the Licensing Services Cash Fund (LSCF) to fund the Division of Motor Vehicles in the Department in FY 2009-10 only. The bill also permits the use of funds in FY 2008-09 and FY 2009-10 in the HUTF "off-the-top" appropriation to be used for the expenses incurred by the division. Since this legislation authorizes these funding mechanisms through FY 2009-10 only, the Division of Motor Vehicles will require a General Fund appropriation beginning in FY 2010-11. This may present long-term challenges as the amount of General Fund available for appropriation is projected to decrease over the next several fiscal years.
- Although signed into law by President Bush in May 2005, the first deadline for states to comply with the Real ID Act as stipulated by the U.S. Department of Homeland Security is December 31, 2009. At the end of the first phase, all states must complete upgrading the security of their driver's licensing systems to include a check for lawful status of all applicants. This will ensure that illegal aliens are unable to obtain a Real ID. Such identification will be necessary to gain access to any federal facility, to board a commercial aircraft, and to enter a nuclear power plant. The Colorado Department of Revenue is largely compliant with the first phase requirements of the Real ID Act. The initial estimate of \$14.6 billion attached to this legislation was reduced by more than 73 percent to \$3.9 billion when states were given more flexibility in how they issue licenses to Americans over the age of 50. However, moneys pledged by Congress to fund Real ID have been minimal. As a result, the National Conference of State Legislatures (NCSL) has issued a resolution urging Congress to repeal this legislation. During the 2007 session, the Colorado General Assembly adopted House Joint Resolution 07-1047 to express its opposition to the requirements of Real ID.

Department Description FY 2009-10 BUDGET REQUEST

DEPARTMENT OF REVENUE WORKLOAD INDICATORS	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Estimate
Executive Director's Office				
Citizen complaint cases resolved	1,385	1,069	1,200	1,200
Payments processed (PVs & ITs)	13,588	13,004	13,000	13,000
Contracts and leases executed	99	93	90	90
Personnel actions completed	7,155	7,300	7,300	7,300
Statistical publications/reports developed and published	83	91	91	91
Colorado counties offering online vehicle registration renewal	17	19	25	35
Central Department Operations				
Total Deposit Transactions by Check	2,908,692	2,593,593	2,600,000	2,600,000
Total Deposit Transactions by Third Party Payment Processing	241,118	171,798	200,000	200,000
Total Deposit Transactions by Electronic Funds Transfer	835,347	923,914	1,016,305	1,117,936
Total Individual Income Tax Returns	2,400,627	2,402,727	2,426,754	2,451,022
Individual Income Tax Refunds	1,525,824	1,615,705	1,630,779	1,647,087
Individual Income Tax Payments	647,236	552,870	558,153	563,735
Documents Microfilmed	7,749,743	7,772,437	7,417,258	7,800,000
Keystrokes Data Entered	437,410,033	417,997,735	488,293,632	504,293,632
Total Pieces Mailed	5,921,300	5,624,281	5,624,000	5,524,000
Information Technology Division				
Help Desk Tickets	45,780	27,418	35,000	35,000
Modifications to Existing Applications	254	874	874	874
Hardware Deployments	2,960	1,405	425	2,960
Software Deployments	3,151	3,119	1,500	3,150
External Requests for Data	10	30	12	12
Database Administrator Task Requests	1,200	1,300	1,300	1,300
Taxation Business Group				
Total Assessments	\$368,466,935	\$352,644,775	\$297,810,646	\$325,485,205
by Taxpayer Services	\$21,187,604	\$13,188,926	\$16,041,199	\$14,615,063
by Field Audit	\$194,992,833	\$176,630,423	\$146,614,226	\$168,957,160
by Fair Share	\$152,286,498	\$162,825,426	\$135,155,221	\$141,912,982
Delinquent Collections	\$210,624,720	\$188,530,290	\$193,243,547	\$207,309,836
Website Hits	17,196,369	13,395,661	13,395,661	13,395,661

Department Description FY 2009-10 BUDGET REQUEST

DEPARTMENT OF REVENUE WORKLOAD INDICATORS	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Estimate
Agent Calls at Call Center	305,265	307,029	315,000	315,000
Walk-in Customers	90,687	28,989	16,869	16,869
Field Audits Conducted	7,547	6,730	7,888	7,888
Conferee Cases Closed	145	150	129	129
Division of Motor Vehicles				
Driver's Licenses, Permits, and Documents Issued	886,798	792,307	900,000	1,125,000
Driver Control Restraint Actions	270,523	265,545	270,545	276,490
Title Applications	1,509,103	1,452,418	1,383,855	1,372,185
Vehicle Registrations	5,029,568	5,121,258	5,021,528	5,019,919
Clean Screen Emissions Tests	169,133	236,962	271,074	290,461
Enviro-Test Facilities Emissions Tests	778,676	680,272	809,823	871,386
Motor Carrier Services Division				
Safety Inspections Performed	24,290	24,467	24,000	24,000
Hazardous Material Permits Issued	1,389	1,253	1,250	1,250
Trucks Weighed at Ports of Entry Operations	5,503,808	4,968,423	4,500,000	4,500,000
Total Collections at Ports of Entry Operations	\$8,345,626	\$7,572,984	\$6,750,000	\$6,750,000
Commercial Drivers License (CDL) Compliance Audits	175	95	167	167
International Registration Plan (IRP) Pro-Rata Receipts	\$58,005,092	\$56,951,669	\$56,951,669	\$59,799,253
Enforcement Business Group				
Liquor Investigations Conducted	1,565	1,640	1,400	1,400
Auto Dealer Licenses Issued	2,721	2,453	2,232	2,232
Hearings Conducted	35,620	34,000	28,000	28,000
Gaming Licenses Issued	3,183	4,310	3,595	3,595
Racing Investigations Completed	250	104	100	100
State Lottery Division				
Ticket sales volume (millions)	\$505.8	\$493.4	\$540.5	\$621.0
Lottery retailers serviced	2,900	2,496	3,200	3,300
Lottery games offered	42	51	55	55