

Schedule 13 Change Request for FY 2009-10 Budget Request Cycle											
Decision Item FY 2010-11 ☒		Base Reduction Item FY 2010-11 ☐		Supplemental FY 2009-10 ☐		Budget Amendment FY 2010-11 ☐					
Request Title: Treasury Offset Program						Dept. Approval by: <i>Russ [Signature]</i>		Date: November 2, 2009			
Department: Department of Revenue						OSP Approval: <i>[Signature]</i>		Date: 10-15-09			
Priority Number: DI-1											
	Fund	1 Prior-Year Actual FY 2008-09	2 Appropriation FY 2009-10	3 Supplemental Request FY 2009-10	4 Total Revised Request FY 2009-10	5 Base Request FY 2010-11	6 Decision/ Base Reduction FY 2010-11	7 November 1 Request FY 2010-11	8 Budget Amendment FY 2010-11	9 Total Revised Request FY 2010-11	10 Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	4,310,864	4,757,667	0	4,757,667	4,805,737	158,680	4,964,417	0	4,964,417	158,680
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	3,952,629	4,349,984	0	4,349,984	4,395,485	158,680	4,554,165	0	4,554,165	158,680
	CF	363,822	393,774	0	393,774	396,343	0	396,343	0	396,343	0
	HUTF	13,413	13,909	0	13,909	13,909	0	13,909	0	13,909	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(2) Central Department Operations, Operating Expenses	Total	1,165,323	1,173,173	0	1,173,173	1,164,112	2,431	1,166,543	0	1,166,543	2,431
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,028,494	1,036,286	0	1,036,286	1,027,225	2,431	1,029,656	0	1,029,656	2,431
	CF	136,829	136,887	0	136,887	136,887	0	136,887	0	136,887	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(2) Central Department Operations, Postage	Total	2,364,881	2,607,241	0	2,607,241	2,591,907	149,799	2,741,706	0	2,741,706	149,799
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	2,134,475	2,344,342	0	2,344,342	2,329,008	149,799	2,478,807	0	2,478,807	149,799
	CF	216,993	248,990	0	248,990	248,990	0	248,990	0	248,990	0
	HUTF	13,413	13,909	0	13,909	13,909	0	13,909	0	13,909	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(4) Taxation Business Group, (B) Taxation and Compliance Division, Operating Expenses	Total	789,660	977,253	0	977,253	1,049,718	6,450	1,056,168	0	1,056,168	6,450
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	789,660	969,356	0	969,356	1,039,252	6,450	1,045,702	0	1,045,702	6,450
	CF	0	7,897	0	7,897	10,466	0	10,466	0	10,466	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
Non-Line Item Request:		A total of \$4.2 million General Fund revenue increase has been applied to the Office of State Planning and Budgeting FY 2010-11 Budget Balancing.									
Letternote Revised Text:		None									
Cash or Federal Fund Name and COFRS Fund Number:											
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									

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Revenue
Priority Number:	DI-1
Change Request Title:	Treasury Offset Program

SELECT ONE (click on box):

- ☒ Decision Item FY 2010-11
☐ Base Reduction Item FY 2010-11
☐ Supplemental Request FY 2009-10
☐ Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☐ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Revenue requests \$158,680 General Fund in FY 2010-11 and subsequent years to fully implement a treasury offset program in the State of Colorado. Based on the experience of other states and its own limited experience with the program, the Department estimates that an enhanced treasury offset program will result in an additional \$4.2 million in General Fund revenue in FY 2010-11 and will continue in FY 2011-12. The Office of State Planning and Budgeting has applied the \$4.2 million in the Budget Balancing for November 6, 2009.

Background and Appropriation History:

Section 24-35-108, C.R.S. (2009), requires the Department of Revenue to collect delinquent taxes. The Department manages approximately \$201.6 million in delinquencies at any time and it utilizes a variety of collection techniques to settle these debts. Among the most cost efficient is the treasury offset program, established in 26 U.S.C. §6402. Treasury offset programs, created in 1996, allow states to intercept a federal tax refund to satisfy income tax debts owed the state.

The Department of Revenue has only been able to participate in the program on an ad-hoc basis, usually toward the end of the fiscal year when expenditure patterns become more concrete and funding may materialize. In FY 2001-02, the Department participated in the treasury offset program for the first time. Due to budget constraints, the next time the Department placed notifications was in FY 2007-08. The Department was able to send notifications again in FY 2008-09. All mailings occurred in the latter part of the fiscal year and are relatively small in comparison to the population that can be notified. A specific appropriation has not been established for the Department's treasury offset efforts.

History of Colorado's Treasury Offset Program		
	Notifications Sent	Gross Collections*
March 2002	2,403	\$173,493
March 2008	2,264	\$12,131
March 2009	4,400	\$903,345

*Note: Gross collections by year represent a best approximation of the return of a particular mailing. The Department does not track revenues by mailing, only by fiscal year. March 2009 data include federal stimulus refunds, which may skew results slightly.

On average, each notification sent as a part of Colorado's treasury offset program has returned \$120 to the state. In each year identified above, the Department participated in the program in a limited manner. Dedicated funds have not been available to implement a treasury offset program.

General Description of Request:

Implementing the Colorado Integrated Tax Architecture (CITA) project has allowed the Department to vigorously debate how industry best practices might be adopted or expanded in Colorado. These best practices come from the experience of the vendor of GenTax and other states that have implemented its product. A fully realized treasury offset program is an area where the Department is currently deficient in best practices.

The treasury offset program requires states to notify the taxpayer of the Department's intent to intercept federal tax refunds via certified mail. Federal law also requires the Department to include return receipt notification. The Department anticipates mailing 34,724 letters; this pool was identified by data cleansing efforts in the existing

delinquency system in preparation for CITA's income tax phase implementation on November 3, 2009. It is comprised only those accounts who received a federal refund but owe the state income tax.

Data obtained from five other states' experiences with the treasury offset program show that the return is far greater than the cost to administer. Moreover, the return is greater than what the State of Colorado has experienced with its limited use of the program. The states identified below have experienced an average return of approximately \$190 per notice sent.

Other States' Results from Treasury Offset Programs				
State	Approximate Letters	Approximate Cost	Approximate Collection	Net Return
Louisiana	56,900	\$177,000	\$27,800,000	\$27,623,000
West Virginia	62,400	\$169,000	\$9,250,000	\$9,081,000
Alabama	112,000	\$486,000	\$7,000,000	\$6,514,000
Wisconsin	5,500	\$17,000	\$1,800,000	\$1,783,000
North Dakota	8,000	\$33,000	\$630,000	\$597,000

Based on Colorado's limited experience, this request has assumed a \$4.2 million increase to the General Fund in FY 2010-11. If Colorado's experience turns out to mirror that of other states with more robust treasury offset programs, then it is possible that 34,724 mailings could return up to \$6.6 million to the General Fund. The \$4.2 million increase to the General Fund revenue has been applied in the OSPB's Budget Balancing for FY 2010-11.

Consequences if Not Funded:

The Department will not be in position to fully implement a best practice in tax administration. The Department of Revenue's goal is to fairly administer Colorado's tax laws and a fully implemented treasury offset program will assist the Department in obtaining that goal. Additionally, the state will not realize an increase to General Fund revenues if this request is not implemented.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$158,680	\$158,680	\$0	\$0	\$0	0.0
Forms	\$2,431	\$2,431	\$0	\$0	\$0	0.0
Postage	\$149,799	\$149,799	\$0	\$0	\$0	0.0
Labels	\$6,450	\$6,450	\$0	\$0	\$0	0.0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$158,680	\$158,680	\$0	\$0	\$0	0.0
Forms	\$2,431	\$2,431	\$0	\$0	\$0	0.0
Postage	\$149,799	\$149,799	\$0	\$0	\$0	0.0
Labels	\$6,450	\$6,450	\$0	\$0	\$0	0.0

Cash Funds Projections:

Not applicable.

Assumptions for Calculations:

Mailings associated with the treasury offset program include the following per notice:

- (1) 2 sheets of perforated paper at \$0.015 per sheet;
- (2) 2 envelopes at \$0.02 per envelope;
- (3) Certified mail at \$2.80 per piece;
- (4) 1st class postage at non-automated presort rates;
- (5) Labeling for electronic return receipt at \$6,450 per 50,000 labels; and
- (6) Electronic return receipt at \$1.10 per notification.

Treasury Offset Program Cost Estimates			
Item	Unit Cost	Volume	Extended Cost
Perforated Paper	\$0.015	69,448	\$1,042
Envelopes	\$0.02	69,448	\$1,389
1 st Class Postage – non automated presort	\$0.414	34,724	\$14,376
Certified Mail	\$2.80	34,724	\$97,227
Electronic Return Receipt	\$1.10	34,724	\$38,196
Labels	n/a	50,000	\$6,450
TOTAL			\$158,680

Revenue projections are based on the following assumptions:

- Previous efforts have resulted in average collections totaling \$5, \$72, and \$205 per notification in 2002, 2008, and 2009, respectively, for a three-year average of \$120.
- Average \$120 collection per notification will generate \$4.2 million in collections in FY 2010-11. The value of the pool of accounts targeted with this proposal totals \$38.2 million. \$4.2 million represents a rate of return of nearly 11 percent.
- Data collected from other states indicates an average rate of return of nearly 12 percent of total outstanding amounts. The Department's estimates are slightly more conservative based on the limited experience and available data associated with prior trials of the Treasury Offset Program.
- Revenue associated with the Treasury Offset Program will be realized in the last quarter of FY 2010-11 because of the timing when notices are sent and when individuals file taxes. The Department would mail the notices as soon as possible after July 1, 2010. The Department will realize the revenue when federal taxes are paid.

Impact on Other Government Agencies: None.

Cost Benefit Analysis: An increase in postage and operating expenses is estimated to allow allow the Department to return at least \$4.2 million General Fund to the state and allow the Department to more effectively enforce and administer the tax laws of Colorado. The Department assumes that each notification will result in a return of \$120, similar to its previous experience with this program.

Benefits	Cost	Ratio
The Department estimates that a fully implemented treasury offset program will increase collections by at least \$4.2 million based on Colorado's past experience with limited notifications.	\$158,680	Benefit/Cost ratio is: $\$4,200,000 / \$158,680 = 26.5$ to 1.

Implementation Schedule:

Task	Month/Year
Mailing Notifications	Throughout the year – as soon as delinquencies are identified, notifications will be sent ahead of the next tax filing season.

Statutory and Federal Authority:

24-35-108 C.R.S. (2009). Functions of department of revenue - collection of state taxes.
(1) In addition to any function specified in this article, the functions of the department of revenue and the duties of the executive director of the department of revenue as the head of said department or of the head of a group, division, or subordinate department appointed by the executive director in accordance with this article are:
(a) To collect delinquent taxes, assessments, and licenses under the jurisdiction of the department of revenue;

26 U.S.C. §6402 (e) (4) Notice; consideration of evidence

No State may take action under this subsection until such State--
(A) notifies by certified mail with return receipt the person owing the past-due State income tax liability that the State proposes to take action pursuant to this section;
(B) gives such person at least 60 days to present evidence that all or part of such liability is not past-due or not legally enforceable;
(C) considers any evidence presented by such person and determines that an amount of such debt is past-due and legally enforceable; and
(D) satisfies such other conditions as the Secretary may prescribe to ensure that the determination made under subparagraph (C) is valid and that the State has made reasonable efforts to obtain payment of such State income tax obligation.

Performance Measures:

The Department of Revenue seeks to enhance its revenue collections through the fair administration of Colorado's tax laws. Productivity gains and seeking initiatives with ideal returns on investment are priorities. To this end, the Department looks for ways to increase audit revenues and the number of delinquent collections.

Performance Measure	Outcome	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request
	Benchmark	70.0%	70.0%	70.0%	70.0%
Percent of delinquent accounts closed per year.	Actual	79.0%	80.0%	TBD	TBD

Schedule 13											
Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒			Base Reduction Item FY 2010-11 ☐			Supplemental FY 2009-10 ☐			Budget Amendment FY 2010-11 ☐		
Request Title: Extension of DMV Refinance from HUTF License Fee Collections											
Department:		Revenue		Dept. Approval by: <i>Randy Shuler</i>				Date:		November 6, 2009	
Priority Number:		DI-1b		OSP Approval:				Date:			
		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	61,592,015	58,439,787	0	58,439,787	57,174,898	0	57,174,898	0	57,174,898	0
	FTE	523	554	0	554	546	0	546	0	546	0
	GF	40,225,669	19,959,319	0	19,959,319	34,874,604	(20,113,225)	14,761,379	0	14,761,379	(20,113,225)
	CF	18,392,644	31,565,764	0	31,565,764	19,283,994	17,362,554	36,646,548	0	36,646,548	20,113,225
	HUTF	2,443,353	6,267,634	0	6,267,634	2,330,712	2,750,671	5,081,383	0	5,081,383	0
	CFE/RF	530,349	647,070	0	647,070	685,588	0	685,588	0	685,588	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Offices - Personal Services	Total	4,343,454	3,987,807	0	3,987,807	3,920,566	0	3,920,566	0	3,920,566	0
	FTE	44.4	48.8	0.0	48.8	47.8	0.0	47.8	0.0	47.8	0.0
	GF	2,657,139	2,134,563	0	2,134,563	2,013,590	(1,008,487)	1,005,103	0	1,005,103	(1,008,487)
	CF	841,991	880,627	0	880,627	886,339	0	886,339	0	886,339	1,008,487
	HUTF	418,445	414,831	0	414,831	419,638	1,008,487	1,428,125	0	1,428,125	0
	CFE/RF	425,879	557,786	0	557,786	600,999	0	600,999	0	600,999	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Health, Life, and Dental	Total	6,799,392	7,938,822	0	7,938,822	7,657,346	0	7,657,346	0	7,657,346	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	4,021,098	3,142,677	0	3,142,677	4,921,594	(2,014,968)	2,906,626	0	2,906,626	(2,014,968)
	CF	2,098,898	4,009,506	0	4,009,506	2,054,686	2,014,968	4,069,654	0	4,069,654	2,014,968
	HUTF	679,396	786,639	0	786,639	681,066	0	681,066	0	681,066	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Short-term Disability	Total	96,516	110,773	0	110,773	111,937	0	111,937	0	111,937	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	58,496	50,299	0	50,299	68,664	(22,276)	46,388	0	46,388	(22,276)
	CF	30,678	51,924	0	51,924	34,360	22,276	56,636	0	56,636	22,276
	HUTF	7,342	8,550	0	8,550	8,913	0	8,913	0	8,913	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - S.B. 04-257 Amortization Equalization Disbursement	Total	1,168,037	1,474,071	0	1,474,071	1,738,660	0	1,738,660	0	1,738,660	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	699,440	667,484	0	667,484	1,068,658	(344,919)	723,739	0	723,739	(344,919)
	CF	373,124	695,869	0	695,869	532,019	344,919	876,938	0	876,938	344,919
	HUTF	95,473	110,718	0	110,718	137,983	0	137,983	0	137,983	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

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Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒			Base Reduction Item FY 2010-11 ☐			Supplemental FY 2009-10 ☐			Budget Amendment FY 2010-11 ☐		
Request Title: Extension of DMV Refinance from HUTF License Fee Collections											
Department: Revenue			Dept. Approval by:						Date: November 6, 2009		
Priority Number: DI-1b			OSPb Approval:						Date:		
		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
(1) Executive Director's Office - S.B. 06-235	Total	534,009	905,680	0	905,680	1,267,794	0	1,267,794	0	1,267,794	0
Supplemental	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	GF	319,124	412,795	0	412,795	779,241	(251,507)	527,734	0	527,734	(251,507)
Equalization	CF	174,254	424,859	0	424,859	387,937	251,507	639,444	0	639,444	251,507
Disbursement	HUTF	40,631	68,026	0	68,026	100,616	0	100,616	0	100,616	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Shift Differential	Total	187,287	133,215	0	133,215	169,910	0	169,910	0	169,910	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	48,105	16,357	0	16,357	47,014	(27,556)	19,458	0	19,458	(27,556)
	CF	25,367	39,836	0	39,836	16,375	27,556	43,931	0	43,931	27,556
	HUTF	113,815	77,022	0	77,022	106,521	0	106,521	0	106,521	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Worker's Compensation	Total	733,947	595,515	0	595,515	621,680	0	621,680	0	621,680	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	452,719	248,690	0	248,690	338,166	(97,947)	240,219	0	240,219	(97,947)
	CF	220,764	298,376	0	298,376	233,963	97,947	331,910	0	331,910	97,947
	HUTF	60,464	48,449	0	48,449	49,551	0	49,551	0	49,551	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Operating Expenses (Variable Vehicle)	Total	954,585	1,086,864	0	1,086,864	1,062,065	0	1,062,065	0	1,062,065	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	496,337	461,084	0	461,084	501,837	(44,766)	457,071	0	457,071	(44,766)
	CF	341,588	506,147	0	506,147	440,595	44,766	485,361	0	485,361	44,766
	HUTF	116,660	119,633	0	119,633	119,633	0	119,633	0	119,633	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Legal Services	Total	813,059	849,128	0	849,128	849,128	0	849,128	0	849,128	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	450,445	452,943	0	452,943	452,943	(134,514)	318,429	0	318,429	(134,514)
	CF	350,883	384,410	0	384,410	384,410	134,514	518,924	0	518,924	134,514
	HUTF	11,731	11,775	0	11,775	11,775	0	11,775	0	11,775	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

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(1) Executive Director's Office - Purchase of Services from Computer Center	Total	3,627,411	3,627,411	0	3,627,411	2,473,590	0	2,473,590	0	2,473,590	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	3,624,283	3,624,283	0	3,624,283	2,471,457	(832,564)	1,638,893	0	1,638,893	(832,564)
	CF	3,128	3,128	0	3,128	2,133	0	2,133	0	2,133	832,564
	HUTF	0	0	0	0	0	832,564	832,564	0	832,564	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Multiuse Network Payments	Total	2,670,532	2,670,532	0	2,670,532	3,079,979	0	3,079,979	0	3,079,979	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	642,797	137,362	0	137,362	566,120	(485,932)	80,188	0	80,188	(485,932)
	CF	1,976,728	2,482,163	0	2,482,163	2,310,194	442,524	2,752,718	0	2,752,718	485,932
	HUTF	51,007	51,007	0	51,007	203,665	43,408	247,073	0	247,073	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Management and Administration of OIT	Total	423,337	444,804	0	444,804	515,965	0	515,965	0	515,965	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	423,337	444,804	0	444,804	515,965	(46,012)	469,953	0	469,953	(46,012)
	CF	0	0	0	0	0	0	0	0	0	46,012
	HUTF	0	0	0	0	0	46,012	46,012	0	46,012	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Payment to Risk Management and Property Funds	Total	273,165	189,086	0	189,086	68,350	0	68,350	0	68,350	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	148,997	64,676	0	64,676	35,512	(10,483)	25,029	0	25,029	(10,483)
	CF	92,346	101,242	0	101,242	26,455	10,483	36,938	0	36,938	10,483
	HUTF	31,822	23,168	0	23,168	6,383	0	6,383	0	6,383	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Vehicle Lease Payments	Total	389,471	489,402	0	489,402	489,402	0	489,402	0	489,402	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	100,409	86,706	0	86,706	116,096	(38,533)	77,563	0	77,563	(38,533)
	CF	247,995	352,250	0	352,250	322,860	38,533	361,393	0	361,393	38,533
	HUTF	41,067	50,446	0	50,446	50,446	0	50,446	0	50,446	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 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒			Base Reduction Item FY 2010-11 ☐			Supplemental FY 2009-10 ☐			Budget Amendment FY 2010-11 ☐		
Request Title: Extension of DMV Refinance from HUTF License Fee Collections											
Department: Revenue			Dept. Approval by:						Date: November 6, 2009		
Priority Number: DI-1b			OSPb Approval:						Date:		
		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
(1) Executive Director's Office - Leased Space	Total	2,434,150	2,721,446	0	2,721,446	2,757,629	0	2,757,629	0	2,757,629	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,315,622	594,981	0	594,981	1,649,861	(1,137,410)	512,451	0	512,451	(1,137,410)
	CF	1,118,528	2,126,465	0	2,126,465	1,107,768	1,137,410	2,245,178	0	2,245,178	1,137,410
	HUTF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Capitol Complex Leased Space	Total	1,676,337	1,697,841	0	1,697,841	1,621,366	0	1,621,366	0	1,621,366	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,301,729	1,137,711	0	1,137,711	1,189,119	(134,054)	1,055,065	0	1,055,065	(134,054)
	CF	348,692	534,395	0	534,395	408,095	134,054	542,149	0	542,149	134,054
	HUTF	25,916	25,735	0	25,735	24,152	0	24,152	0	24,152	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Utilities	Total	203,490	247,119	0	247,119	247,119	0	247,119	0	247,119	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	85,037	9,362	0	9,362	104,440	(104,440)	0	0	0	(104,440)
	CF	16,849	134,341	0	134,341	39,263	104,440	143,703	0	143,703	104,440
	HUTF	101,604	103,416	0	103,416	103,416	0	103,416	0	103,416	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(2) Central Department Operations - Personal Services	Total	6,180,316	5,568,788	0	5,568,788	5,323,097	0	5,323,097	0	5,323,097	0
	FTE	106.7	109.9	0.0	109.9	102.0	0.0	102.0	0.0	102.0	0.0
	GF	5,766,657	5,182,497	0	5,182,497	4,910,647	(253,177)	4,657,470	0	4,657,470	(253,177)
	CF	206,543	216,549	0	216,549	222,513	0	222,513	0	222,513	253,177
	HUTF	102,646	102,007	0	102,007	105,348	253,177	358,525	0	358,525	0
	CFE/RF	104,470	67,735	0	67,735	84,589	0	84,589	0	84,589	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (A) Administration - Personal Services	Total	869,966	928,919	0	928,919	928,919	0	928,919	0	928,919	0
	FTE	9.2	11.0	0.0	11.0	11.0	0.0	11.0	0.0	11.0	0.0
	GF	472,341	540,336	0	540,336	533,619	(533,619)	0	0	0	(533,619)
	CF	202,364	198,326	0	198,326	204,823	0	204,823	0	204,823	533,619
	HUTF	195,261	190,257	0	190,257	190,477	533,619	724,096	0	724,096	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 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒		Base Reduction Item FY 2010-11 ☐		Supplemental FY 2009-10 ☐		Budget Amendment FY 2010-11 ☐					
Request Title:		Extension of DMV Refinance from HUTF License Fee Collections						Date:		November 6, 2009	
Department:		Revenue		Dept. Approval by:				Date:			
Priority Number:		DI-1b		OSPB Approval:				Date:			
		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
(5) Division of Motor Vehicles, (A) Administration - Operating Expenses	Total	50,349	54,250	0	54,250	54,250	0	54,250	0	54,250	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	27,465	33,797	0	33,797	33,404	(33,404)	0	0	0	(33,404)
	CF	11,647	9,337	0	9,337	9,717	0	9,717	0	9,717	33,404
	HUTF	11,237	11,116	0	11,116	11,129	33,404	44,533	0	44,533	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Personal Services	Total	19,273,247	17,607,092	0	17,607,092	17,164,502	0	17,164,502	0	17,164,502	0
	FTE	362.8	384.7	0.0	384.7	384.7	0.0	384.7	0.0	384.7	0.0
	GF	11,760,851	808,719	0	808,719	9,548,950	(9,548,950)	0	0	0	(9,548,950)
	CF	7,512,396	12,733,534	0	12,733,534	7,615,552	9,548,950	17,164,502	0	17,164,502	9,548,950
	HUTF	0	4,064,839	0	4,064,839	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Operating Expenses	Total	1,458,742	2,673,902	0	2,673,902	2,614,324	0	2,614,324	0	2,614,324	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,172,812	0	0	0	1,214,937	(1,214,937)	0	0	0	(1,214,937)
	CF	285,930	2,652,353	0	2,652,353	1,399,387	1,214,937	2,614,324	0	2,614,324	1,214,937
	HUTF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	21,549	0	21,549	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Drivers License Documents	Total	2,309,381	2,437,320	0	2,437,320	2,437,320	0	2,437,320	0	2,437,320	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,690,039	(292,807)	0	(292,807)	1,792,770	(1,792,770)	0	0	0	(1,792,770)
	CF	619,342	2,730,127	0	2,730,127	644,550	1,792,770	2,437,320	0	2,437,320	1,792,770
	HUTF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
Non-Line Item Request:		This request assumes approval of FY 2010-11 Statewide Information Technology Staff Consolidation. Financing associated with indirect cost recoveries are reflected in the Executive Director's Office, Purchase of Services from Computer Center, Multiuse Network Payments, and Management and Administration of OIT line items.									
Letternote Revised Text:		It is assumed that this change request will be handled through legislation; therefore, the FY 2010-11 Long Bill will not be impacted. Funding allocated to the Licensing Services Cash Fund will be increased by \$20,113,225 in letter note 'a' under Driver and Vehicle Services in FY 2011-12.									
Cash or Federal Fund Name and COFRS Fund Number:		Licensing Services Cash Fund #437									
Reappropriated Funds Source, by Department and Line Item Name:		None									
Approval by OIT?		Yes: ☐ No: ☐ N/A: ☒									
Schedule 13s from Affected Departments:		Not Applicable									

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Revenue
Priority Number:	DI-1b
Change Request Title:	Extension of DMV Refinance from HUTF License Fee Collections

SELECT ONE (click on box):

- ☒ Decision Item FY 2010-11
☐ Base Reduction Item FY 2010-11
☐ Supplemental Request FY 2009-10
☐ Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☐ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Revenue is requesting to refinance the Division of Motor Vehicles (DMV) in FY 2010-11 and FY 2011-12 by diverting a portion of driver's license fee revenue from the Highway Users Tax Fund (HUTF) to the Licensing Services Cash Fund and by appropriating Highway Users Tax Fund "Off the Top" (HUTF OTT) dollars. This request would fully offset General Fund costs associated with the DMV, resulting in a \$20,113,225 General Fund reduction and an increase of \$17,362,554 cash funds and \$2,750,671 HUTF OTT. This request will require legislation, similar to S.B. 09-274, to continue diverting driver's license fee revenue and to allow the DMV to receive HUTF OTT appropriations for two fiscal years. For purposes of this request, it is assumed that the FY 2010-11 Information Technology Staff Consolidation is approved.

Background and Appropriation History:

During the 2009 legislative session, S.B. 09-274 was enacted as part of the statewide budget balancing plan. This bill featured several funding adjustments for the DMV that impacted both FY 2008-09 and FY 2009-10. One of the adjustments for FY 2009-10 diverted \$15 of the driver's license fee from the HUTF to the Licensing Services Cash Fund for a period of one year. Although other fees were included in this legislation, the

driver's license fee is the primary source of the diverted revenue stream. In tandem with an appropriation of \$4,064,839 from the 'Off-the-Top' portion of the HUTF, this diversion is projected to refinance all General Fund appropriations for Driver and Vehicle Services in the FY 2009-10 Long Bill, as well as a significant portion of the central appropriations ('POTS') that pertain to the DVS personal services line.

Though its responsibilities remain unchanged, the DMV was renamed Driver and Vehicle Services (DVS) beginning in FY 2006-07. Prior to the creation of the 'Off-the-Top' portion of the HUTF in S.B. 95-047, the DVS section of the Department's budget was completely funded from the HUTF. However, between FY 1994-95 and FY 1997-98, these appropriations were shifted from the HUTF to the General Fund. It is assumed this was deemed necessary to create more funding for highway construction and to lessen the initial impact of 'Off-the-Top' moneys provided to the Colorado State Patrol and the Ports of Entry.

General Description of Request:

The Department of Revenue requests extending the \$15 diversion of driver's licensing fees from the HUTF to the Licensing Services Cash Fund as instituted by S.B. 09-274 for another two years beginning in FY 2010-11. Implementation of the proposed two-year extension requires new legislation and appropriations to refinance the pertinent line items in the Department's Long Bill section since they will be requested according to current law upon the expiration of S.B. 09-274 at the end of FY 2009-10. The Department also requests a one-time increase in HUTF OTT for \$2,750,671 in FY 2010-11 to fully offset the General Fund costs associated with the DMV.

Below is a summary of the Department's revenue projections based on diverting the various driver's license fees for FY 2010-11 and FY 2011-12 from the HUTF to the Licensing Services Cash Fund. It is important to note that these numbers are wholly a function of document issuance and that if these numbers are lower than projected, the anticipated General Fund offset will also be lower. At the beginning of FY 2010-11, the Licensing Services Cash Fund will have an artificially depressed fund balance because of a \$2.6 million transfer to the General Fund on June 15, 2010, as required by S.B. 09-279.

This request assumes that \$2,750,671 in HUTF OTT will be used to refinance some of the \$20,113,225 General Fund DMV costs, and that the remainder of the total current DMV costs – \$17,362,554 – will be refinanced using the anticipated \$18.5 million in document issuance revenue, as shown in the table before.

HUTF COLLECTIONS FOR VARIOUS DRIVER'S LICENSING TYPES					
Document Type	HUTF Remittance	FY 2010-11		FY 2011-12	
		Document Issuance	Issuance Revenue	Document Issuance	Issuance Revenue
New Driver's Licenses	\$15.00	378,428	\$5,676,420	398,066	\$5,970,990
Minor Licenses	\$15.00	51,681	\$775,215	52,146	\$782,190
Minor Renewals	\$15.00	44,642	\$669,630	39,938	\$599,070
Minor Instructional Permits	\$10.00	75,510	\$755,100	76,189	\$761,890
New Commercial Licenses	\$25.00	22,404	\$560,100	22,605	\$565,125
Commercial License Renewals	\$25.00	28,366	\$709,150	38,101	\$952,525
Identification Cards	\$7.00	120,722	\$845,054	121,808	\$852,656
Regular Driver's License Renewals	\$15.00	453,100	\$6,796,500	718,189	\$10,772,835
Adult Instructional Permits	\$10.00	62,875	\$628,750	63,440	\$634,400
Commercial Instructional Permits	\$10.00	13,342	\$133,420	13,462	\$134,620
Lost, Stolen and Destroyed	\$5.00	64,963	\$324,815	65,548	\$327,740
County Revenue	n/a	n/a	\$621,528	n/a	\$635,498
LESS: Motor Vehicle Records	n/a	n/a		n/a	
TOTALS		1,384,027*	\$18,495,682	1,678,019*	\$22,989,539

*These numbers include document issuance totals for the county offices, which are not shown above because county revenue amounts cover all document types.

Consequences if Not Funded:

If this change request is not approved, then the General Assembly will have to provide \$20.1 million of General Fund to maintain DMV's current level of service beginning in FY 2010-11. This figure is consistent with calculations provided for S.B. 09-274, plus

amounts appropriated for POTS, which did not cover as much of DMV's total expenses as the present request.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	HUTF (OTT)
Total Request	\$0	(\$20,113,225)	\$17,362,554	\$2,750,671
Estimated Indirect Cost Recovery Offset to Total DOR General Fund	\$0	(\$1,828,687)	\$0	\$1,828,687
(1) Executive Director's Office – Central POTS	\$0	(\$5,727,881)	\$4,805,897	\$921,984
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Personal Services	\$0	(\$9,548,950)	\$9,548,950	\$0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Operating Expenses	\$0	(\$1,214,937)	\$1,214,937	\$0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Drivers License Documents	\$0	(\$1,792,770)	\$1,792,770	\$0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	HUTF (OTT)
Total Request	\$0	(\$20,113,225)	\$17,362,554	\$0
Estimated Indirect Cost Recovery Offset to Total DOR General Fund	\$0	(\$1,828,687)	\$1,828,687	\$0
(1) Executive Director's Office – Central POTS	\$0	(\$5,727,881)	\$5,727,881	\$0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Personal Services	\$0	(\$9,548,950)	\$9,548,950	\$0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Operating Expenses	\$0	(\$1,214,937)	\$1,214,937	\$0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Drivers License Documents	\$0	(\$1,792,770)	\$1,792,770	\$0

The preceding calculations are essentially consistent with the appropriations provided in S.B. 09-274 and also consistent with the revenue calculations shown on page 3. However, the Department requests that indirect cost recoveries and central pots of \$2,750,671 are covered from the 'Off-the-Top' portion of the HUTF in FY 2010-11. For purposes of this request, it is assumed that the FY 2010-11 Information Technology Staff Consolidation is approved. Therefore, indirect cost financing for this request impacts the line items affected by the IT Staff Consolidation, rather than those included in the original base

budget request. Additionally, this number includes offsets to fully refinance personal services of \$533,619 and operating expenses of \$33,404 in DMV Administration. This strategy will take pressure off the Licensing Services Cash Fund in the first year and allow for some variation in the Department's projected document issuance. Present document issuance and revenue projections indicate that indirect cost recoveries can be covered by the Licensing Services Cash Fund in FY 20011-12.

The Central POTS number of \$5,727,881 includes the following line items managed through the Executive Director's Office: Health, Life and Dental (\$2,014,968); Short-term Disability (\$22,276); Amortization Equalization Disbursement (\$344,919); Supplemental Amortization Equalization Disbursement (\$251,507); Shift Differential (\$27,556); Worker's Compensation (\$97,947); Operating Expenses – Variable Vehicle (\$44,766); Legal Services (\$134,514); Purchase of Services from Computer Center (\$832,564); Multiuse Network Payments (\$485,932); Management and Administration of OIT (\$46,012) Risk Management (\$10,483); Vehicle Lease Payments (\$38,533); Leased Space (\$1,137,410); Capitol Complex Leased Space (\$134,054); and Utilities (\$104,440). In FY 2010-11 these amounts would be covered by \$4,805,897 Licensing Services Cash Fund and \$921,984 covered from the 'Off-the-Top' portion of the HUTF.

Cash Fund Balance Projections:

Although the diverted HUTF revenue will flow through the Licensing Services Cash Fund, it is more critical with this request to match estimated General Fund appropriations in FY 2010-11 and FY 2011-12 against projected revenue. This is reflected elsewhere in this request. If it is determined that cash fund balance projections are essential to this request, they can be provided at a later date.

Assumptions for Calculations:

Document projection numbers in this request are based on the best population growth and historical data available to the Department of Revenue. It is important to note that these projections are estimates and that the Department has no definitive method for predicting issuance numbers. A significant assumption for this request is that total document issuance numbers are expected to increase from 1,074,250 in FY 2009-10 to 1,678,018 in FY 2011-12. This is largely due to the impact of S.B. 05-047, which reduced the license renewal period from 10 years to 5 years. Since this bill became effective upon signature,

issuance numbers will start climbing toward the end of FY 2009-10 and continue increasing beyond FY 2011-12.

Impact on Other Government Agencies:

If this request is ultimately signed into law during the 2010 session, the State's projected HUTF dollars of \$935.3 million in FY 2010-11 and \$957.6 million in FY 2011-12 will decrease by \$18.5 million and \$23.0 million, respectively. This represents approximately 2 percent of total HUTF dollars.

Cost Benefit Analysis:

The primary cost of this request is spending \$20.1 million of General Fund to manage the functions of the State's Driver and Vehicle Services section as opposed to paying for these responsibilities from an existing revenue stream. An additional benefit is not having to recover these costs from the creation of new fees, which initially carries a moderate to high level of unpredictability, or not having to raise current fee levels.

A long-term benefit of permanently cash funding DMV from the \$15 diversion of HUTF revenue is that any excess funds retained in the Licensing Services Cash Fund could be utilized to improve the Division's information technology infrastructure and to open new offices or expand existing ones as service demand dictates. Of course, such initiatives would be submitted as change requests.

It is also important to remember that if the current diversion mechanism is allowed to expire – whether at the end of FY 2009-10 or FY 2011-12 – there will be an impact shown in the Department's budget submission for the following fiscal year. This will be reflected in the budget request for FY 2010-11 as a result of S.B. 09-274. The potential impact in FY 2012-13 will be similar, but likely not the same.

Implementation Schedule:

Essentially, this is not applicable since any planning that is necessary prior to the effective date of July 1, 2010, will be handled through preparation of the fiscal note prepared by Legislative Council Staff.

Statutory and Federal Authority:

Following is a partial list of the statutes amended by the enactment of S.B. 09-274. This version of the statutes would remain unchanged if this legislation was extended for two years. Every licensing fee listed in the table under 'General Description of Request' was

amended in this legislation and is not provided here, but can be found in the signed version of S.B. 09-274

Section 42-2-114, C.R.S. (2009) License issued - fees - repeal. (2) (a) (I) Except as provided in subsection (3) of this section: (A) The fee for the issuance of a driver's license to a person twenty-one years of age or older and sixty years of age or younger shall be twenty dollars and forty cents, which license shall expire on the birthday of the applicant in the fifth year after the issuance thereof. The fee shall be transferred to the state treasurer, who shall credit fifteen dollars to the highway users tax fund and five dollars and forty cents to the licensing services cash fund created in section 42-2-114.5; EXCEPT THAT, FOR THE FISCAL YEAR 2009-10, THE STATE TREASURER SHALL CREDIT ALL OF SUCH FEES TO THE LICENSING SERVICES CASH FUND. In the case of such a driver's license issued by the office of the county clerk and recorder in each county, the office of the county clerk and recorder shall retain the sum of eight dollars, and twelve dollars and forty cents shall be forwarded to the department for transmission to the state treasurer, who shall credit three dollars and forty cents to the licensing services cash fund and nine dollars to the highway users tax fund; and EXCEPT THAT, FOR THE FISCAL YEAR 2009-10, THE STATE TREASURER SHALL CREDIT ALL OF SUCH FEES TO THE LICENSING SERVICES CASH FUND. The general assembly shall make appropriations therefrom for the expenses of the administration of this part 1 and part 2 of this article; except that eight dollars and fifty cents of each fee shall be allocated pursuant to section 43-4-205 (6) (b), C.R.S., OTHER THAN DURING FISCAL YEAR 2009-10.

(D) The fee for the issuance of a driver's license to a person sixty-one years of age or older shall be twenty dollars and forty cents, which license shall expire on the birthday of the applicant in the fifth year after the issuance thereof. The fee shall be transferred to the state treasurer, who shall credit fifteen dollars to the highway

users tax fund and five dollars and forty cents to the licensing services cash fund created in section 42-2-114.5; EXCEPT THAT, FOR THE FISCAL YEAR 2009-10, THE STATE TREASURER SHALL CREDIT ALL OF SUCH FEES TO THE LICENSING SERVICES CASH FUND. In the case of such a driver's license issued by the office of the county clerk and recorder in each county, the office of the county clerk and recorder shall retain the sum of eight dollars, and twelve dollars and forty cents shall be forwarded to the department for transmission to the state treasurer, who shall credit three dollars and forty cents to the license plate LICENSING services cash fund and nine dollars to the highway users tax fund; and EXCEPT THAT, FOR THE FISCAL YEAR 2009-10, THE STATE TREASURER SHALL CREDIT ALL OF SUCH FEES TO THE LICENSING SERVICES CASH FUND. The general assembly shall make appropriations therefrom for the expenses of the administration of this part 1 and part 2 of this article; except that eight dollars and fifty cents of each fee shall be allocated pursuant to section 43-4-205 (6) (b), C.R.S., OTHER THAN DURING FISCAL YEAR 2009-10.

(4) (a) The fee for the issuance of a minor driver's license shall be twenty dollars and forty cents, which license shall expire twenty days after the twenty-first birthday of the licensee. The fee shall be transferred to the state treasurer, who shall credit fifteen dollars to the highway users tax fund and five dollars and forty cents to the licensing services cash fund created in section 42-2-114.5; EXCEPT THAT, FOR THE FISCAL YEAR 2009-10, THE PAGE 4-SENATE BILL 09-274 STATE TREASURER SHALL CREDIT ALL OF SUCH FEES TO THE LICENSING SERVICES CASH FUND. In the case of the issuance of any minor driver's license by the office of the county clerk and recorder, the fee therefor shall be apportioned in the same manner as for the issuance of a driver's license pursuant to paragraph (a) of subsection (2) of this section.

Performance Measures:

Percentage of DMV operations funded through cash fees in FY 2010-11 and FY 2011-12.

Schedule 13 Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒		Base Reduction Item FY 2010-11 ☐		Supplemental FY 2009-10 ☐		Budget Amendment FY 2010-11 ☐					
Request Title: Delinquency Billings						Dept. Approval by: <i>Randy [Signature]</i>		Date: November 2, 2009			
Department: Department of Revenue						OSPb Approval: <i>[Signature]</i>		Date: 10-15-09			
Priority Number: DI-2											
	Fund	1 Prior-Year Actual FY 2008-09	2 Appropriation FY 2009-10	3 Supplemental Request FY 2009-10	4 Total Revised Request FY 2009-10	5 Base Request FY 2010-11	6 Decision/ Base Reduction FY 2010-11	7 November 1 Request FY 2010-11	8 Budget Amendment FY 2010-11	9 Total Revised Request FY 2010-11	10 Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	3,530,204	3,780,414	0	3,780,414	3,756,019	163,849	3,919,868	0	3,919,868	163,849
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	3,162,969	3,380,628	0	3,380,628	3,356,233	163,849	3,520,082	0	3,520,082	163,849
	CF	353,822	385,877	0	385,877	385,877	0	385,877	0	385,877	0
	HUTF	13,413	13,909	0	13,909	13,909	0	13,909	0	13,909	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(2) Central Department Operations, Operating Expenses	Total	1,165,323	1,173,173	0	1,173,173	1,164,112	23,697	1,187,809	0	1,187,809	23,697
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,028,494	1,036,286	0	1,036,286	1,027,225	23,697	1,050,922	0	1,050,922	23,697
	CF	136,829	136,887	0	136,887	136,887	0	136,887	0	136,887	0
	HUTF	0	0	0	0	0	0	0	0	0	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(2) Central Department Operations, Postage	Total	2,364,881	2,607,241	0	2,607,241	2,591,907	140,152	2,732,059	0	2,732,059	140,152
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	2,134,475	2,344,342	0	2,344,342	2,329,008	140,152	2,469,160	0	2,469,160	140,152
	CF	216,993	248,990	0	248,990	248,990	0	248,990	0	248,990	0
	HUTF	13,413	13,909	0	13,909	13,909	0	13,909	0	13,909	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
Non-Line Item Request:		This action increases General Fund revenues in FY 2010-11 by \$4,196,000 which the Office of State Planning and Budgeting has applied to Budget Balancing for the November 6, 2009 Budget Request. In FY 2011-12, this action is expected to increase General Fund revenues by \$5,035,200.									
Letternote Revised Text:		None									
Cash or Federal Fund Name and COFRS Fund Number:											
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									

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Revenue
Priority Number:	DI-2
Change Request Title:	Delinquency Billings

SELECT ONE (click on box):

- ☒ Decision Item FY 2010-11
☐ Base Reduction Item FY 2010-11
☐ Supplemental Request FY 2009-10
☐ Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☐ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department requests \$163,849 General Fund in FY 2010-11 and subsequent years to expand the number of billings sent to individuals with delinquent income tax accounts. The request will result in an additional \$4,196,000 in General Fund revenue beginning in FY 2010-11 (assuming 10 months of impact) and will annualize to \$5,035,200 in FY 2011-12. The additional General Fund revenue has been applied to statewide budget balancing for the November 6, 2009 Budget Request (as noted in the "Non-Line Item Request" section of the Schedule 13 accompanying this narrative).

Background and Appropriation History:

Section 24-35-108, C.R.S. (2009), requires the Department of Revenue to collect delinquent taxes. The Department manages approximately \$201.6 million in delinquencies at any time and it utilizes a variety of collection techniques to settle these debts. Methods include 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 Department also works with financially disadvantaged individuals to establish payment plans for their liability to the state.

Currently, the Department proceeds through six stages of collections activity, which last for close to five months and include: three notices (a deficiency, a balance due, and a final determination); notification through automated dialing; an intent to file judgment; and an intent to garnish. Only the automated dialing stage does not require written notification. Through May of FY 2008-09, the Department collected \$174,519,250 through its collections process, or about \$15.9 million per month. As the Department manages \$201.6 million in delinquencies during any month, the collection rate equates to approximately 7.9 percent. For the tax year 2009, the Department sent over 210,000 notices during the delinquency process.

General Description of Request:

The Department maintains custody of delinquent accounts for up to one year after which it refers them to collection agencies pursuant to Section 39-21-114 (8), C.R.S. (2009). Most of the Department's workload is focused on the first 140 days that an account is delinquent. For the last seven months that the Department has custody of the account, it does not actively work it. Rather, it allows its automated systems to look for opportunities to garnish or to identify vendor offsets. No additional mailings are sent.

Implementing the Colorado Integrated Tax Architecture (CITA) project has allowed the Department to vigorously debate how industry best practices might be adopted or expanded in Colorado. These best practices come from the experience of the vendor of GenTax and other states that have implemented its product. Sending a monthly billing for delinquent accounts is an area where the Department is currently deficient in best practices. It is a core functionality of the GenTax product. Since the Department, in the legacy environment, does not mail notifications after five months, the budget cannot support the expansion without additional resources.

For this request, the Department has identified 28,211 accounts with balances of \$100 or more that are between 141 and 365 days old. These accounts are worth approximately \$20,980,000 each month. Mailing notices to accounts aged between 141 and 365 days would generate additional revenue. Because account delinquencies are constantly changing, the Department will need to notify these accounts each month of the fiscal year.

If two percent of these accounts respond with a payment per month, then collections would increase by \$419,600 per month, or approximately \$5.0 million per year.

Consequences if Not Funded:

The Department will not be in position to fully implement a best practice in tax administration. The Department of Revenue's goal is to fairly administer Colorado's tax laws and consistent, monthly billings of delinquent accounts will assist the Department in obtaining that goal. Additionally, the state will not realize an increase to General Fund revenues if this request is not implemented.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$163,849	\$163,849	\$0	\$0	\$0	0.0
Supplies	\$23,697	\$23,697	\$0	\$0	\$0	0.0
Postage	\$140,152	\$140,152	\$0	\$0	\$0	0.0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$163,849	\$163,849	\$0	\$0	\$0	0.0
Supplies	\$23,697	\$23,697	\$0	\$0	\$0	0.0
Postage	\$140,152	\$140,152	\$0	\$0	\$0	0.0

Cash Funds Projections:

Not applicable.

Assumptions for Calculations:

Mailings associated with the delinquency billings include the following per notice:

- (1) 2 sheets of perforated paper at \$0.015 per sheet;
- (2) 2 envelopes at \$0.02 per envelope; and
- (3) 1st class postage at non-automated presort rates.

Delinquency Billings Cost Estimates			
Item	Unit Cost	Volume	Extended Cost
Perforated Paper	\$0.015	677,064	\$10,156
Envelopes	\$0.02	677,064	\$13,541
1 st Class Postage – non automated presort	\$0.414	338,532	\$140,152
TOTAL			\$163,849

- The Department used a 2% rate of return on delinquency because of the lack of empirical data to substantiate a higher rate of return. Two main factors contribute to the lack of data to date:
 - The Department does not actively work the accounts aged between 142 and 365 days, and therefore, there is no performance history. Consequently, the Department cannot forecast the collection rate with certainty.
 - The age of the targeted accounts makes them presumably more difficult to collect than those accounts aged between 0 and 142 days, which have a collection rate of 7.9%.
- Based on these factors, the Department felt it fiscally prudent to assume a conservative rate of return for this proposal.

Increase in General Fund Revenue Calculation			
Component	Amount	Part	Part Methodology
Approximate value of accounts (for one month)	\$ 20,980,000	A	n/a
Two Percent (2%) of these accounts respond with a payment every month	\$ 419,600	B	$B = A * .02$
FY 2010-11 (10 months collected) =>	\$ 4,196,000	C	$C = B * 10$
FY 2011-12 (12 months collected) =>	\$ 5,035,200	D	$D = B * 12$

Impact on Other Government Agencies: None.

Cost Benefit Analysis: An increase in postage and operating expenses will allow the Department to return \$4.2 million in General Fund revenue in FY 2010-11 and will annualize to approximately \$5.0 million in FY 2011-12. This request will allow the Department to more effectively enforce and administer the tax laws of Colorado. The Department assumes that each month, two percent of delinquent accounts between 141 and 365 days will settle with the state. In FY 2010-11, the Department anticipates collecting 10 months of additional revenue.

Benefits	Cost	Ratio
The Department estimates that additional billings of delinquent accounts will increase collections by \$4,196,000 in FY 10-11 and \$5,035,200 in FY 11-12.	\$163,849	Benefit/Cost ratio is: $\$5,035,200 / \$163,849 = 30.7$ to 1.

Implementation Schedule:

Task	Month/Year
Mailing Delinquency Billings	Throughout the year – once a delinquency reaches 141 days old until it reaches 365 days old.

Statutory and Federal Authority: 24-35-108 C.R.S. (2009). Functions of department of revenue - collection of state taxes.

- (1) *In addition to any function specified in this article, the functions of the department of revenue and the duties of the executive director of the department of revenue as the head of said department or of the head of a group, division, or subordinate department appointed by the executive director in accordance with this article are:*
- (a) *To collect delinquent taxes, assessments, and licenses under the jurisdiction of the department of revenue;*

39-21-114 C.R.S. (2009). Methods of enforcing collection.

(8) (a) *In order to facilitate and expedite the collection of taxes more than six months overdue from a taxpayer who is not a resident of nor domiciled in the state of Colorado, the executive director may enter into a contract with a debt collection agency or an attorney for the collection of the taxes due from such taxpayer together with any penalties and interest accrued thereon.*

(b) *For purposes of paragraph (a) of this subsection (8), the executive director may contract with a debt collection agency or an attorney doing business in the state of Colorado or in any other state; except that, prior to entering into such contract with a debt collection agency, the executive director shall require that the debt collection agency file a bond in the amount of one hundred thousand dollars, which bond shall run to the state of Colorado for the purpose of guaranteeing compliance with the terms of the contract. Such bond shall be executed by the debt collection agency as principal and by a corporation, which is licensed to transact the business of fidelity and surety insurance, as surety.*

(b.5) *In order to facilitate and expedite the collection of taxes more than twelve months overdue from a taxpayer who is a resident of and domiciled in the state of Colorado, the executive director may enter into contracts with two or more debt collection agencies or attorneys for the collection of the taxes due from such taxpayer, together with any penalties and interest accrued thereon pursuant to the procurement provisions of article 103 of title 24, C.R.S. For the purposes of this paragraph (b.5), the executive director may contract with debt collection agencies or attorneys doing business in the state of*

Colorado or in any other state; except that, prior to entering into such a contract with a debt collection agency, the executive director shall require that the debt collection agency file a bond in the amount of no less than one hundred thousand dollars and no more than five hundred thousand dollars, which bond shall run to the state of Colorado for the purpose of guaranteeing compliance with the terms of the contract. Such bond shall be executed by a debt collection agency as principal and by a corporation, which is licensed to transact the business of fidelity and surety insurance, as surety.

Performance Measures:

The Department of Revenue seeks to enhance its revenue collections through the fair administration of Colorado's tax laws. Productivity gains and seeking initiatives with ideal returns on investment are priorities. To this end, the Department looks for ways to increase audit revenues and the number of delinquent collections.

Performance Measure	Outcome	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request
Percent of delinquent accounts closed per year.	Benchmark	70.0%	70.0%	70.0%	70.0%
	Actual	79.0%	80.0%	TBD	TBD

Schedule 13 Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒		Base Reduction Item FY 2010-11 ☐		Supplemental FY 2009-10 ☐		Budget Amendment FY 2010-11 ☐					
Request Title:		Vehicle Emissions Enhanced Service Area Expansion				Dept. Approval by:		<i>Russ Hilder</i>		Date: November 2, 2009	
Department:		Department of Revenue				OSP Approval:		<i>Don W</i>		Date: 10-15-09	
Priority Number:		DI-3									
	Fund	1 Prior-Year Actual FY 2008-09	2 Appropriation FY 2009-10	3 Supplemental Request FY 2009-10	4 Total Revised Request FY 2009-10	5 Base Request FY 2010-11	6 Decision/ Base Reduction FY 2010-11	7 November 1 Request FY 2010-11	8 Budget Amendment FY 2010-11	9 Total Revised Request FY 2010-11	10 Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	2,087,431	2,257,052	0	2,257,052	2,249,024	128,360	2,377,384	0	2,377,384	119,020
	FTE	14.2	16.0	0.0	16.0	16.3	2.0	18.3	0.0	18.3	2.0
	GF	496,337	461,084	0	461,084	501,837	0	501,837	0	501,837	0
	CF	1,474,434	1,676,335	0	1,676,335	1,627,554	128,360	1,755,914	0	1,755,914	119,020
	HUTF	116,660	119,633	0	119,633	119,633	0	119,633	0	119,633	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office, Operating Expenses	Total	954,585	1,086,864	0	1,086,864	1,062,065	9,340	1,071,405	0	1,071,405	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	496,337	461,084	0	461,084	501,837	0	501,837	0	501,837	0
	CF	341,588	506,147	0	506,147	440,595	9,340	449,935	0	449,935	0
	HUTF	116,660	119,633	0	119,633	119,633	0	119,633	0	119,633	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (C) Vehicle Emissions, Personal Services	Total	1,065,806	1,082,565	0	1,082,565	1,100,134	117,120	1,217,254	0	1,217,254	117,120
	FTE	14.2	16.0	0.0	16.0	16.3	2.0	18.3	0.0	18.3	2.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	1,065,806	1,082,565	0	1,082,565	1,100,134	117,120	1,217,254	0	1,217,254	117,120
	HUTF	0	0	0	0	0	0	0	0	0	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (C) Vehicle Emissions, Operating Expense	Total	67,040	87,623	0	87,623	86,825	1,900	88,725	0	88,725	1,900
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	67,040	87,623	0	87,623	86,825	1,900	88,725	0	88,725	1,900
	HUTF	0	0	0	0	0	0	0	0	0	0
	RF	0	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: None Cash or Federal Fund Name and COFRS Fund Number: AIR Account, sub account of HUTF pursuant to Section 42-3-304 (18) (a) and (c), C.R.S. (2009) (Fund #406) 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											

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Revenue
Priority Number:	DI-3
Change Request Title:	Vehicle Emissions Enhanced Service Area Expansion

SELECT ONE (click on box):

- ☒ Decision Item FY 2010-11
☐ Base Reduction Item FY 2010-11
☐ Supplemental Request FY 2009-10
☐ Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☐ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Revenue is requesting 2.0 FTE and \$128,360 Automobile Inspection and Readjustment (AIR) Account cash funds for the Vehicle Emissions Program for FY 2010-11 and 2.0 FTE and \$119,020 for FY 2011-12. This program is managed through the Division of Motor Vehicles.

In December 2008, the Air Quality Control Commission determined that Larimer and Weld counties should become part of the enhanced emissions program as these counties are significantly below the Environmental Protection Agency's clean air quality standards. Historical workload data indicates this will increase the number of vehicles covered under the Vehicle Emissions Program by 290,000 vehicles.

Background and Appropriation History:

In November 2007, the U.S. Environmental Protection Agency (EPA) determined that the Denver metro area and the northern Front Range are failing to meet the agency's ozone standard of 0.075 parts per million. As mandated by Section 42-4-305, C.R.S. (2009), the Department of Revenue is responsible for the following regulatory functions: auditing and licensing of facilities, mechanics, and inspectors; providing necessary forms; issuing,

denying, or canceling licenses; approving and issuing waivers; enforcing emissions requirements; and mitigating complaints.

The Vehicle Emissions Program has been monitoring emissions testing facilities in the Denver metropolitan area since July 1, 1981, and has provided similar services to portions of Weld, Larimer, and El Paso counties when such has been mandated by the General Assembly and the Air Quality Control Commission. Such monitoring is not in place at this time. The compliance and regulatory activities of the Vehicle Emissions Program are funded from the AIR Account, which is a sub-account of the Highway Users Tax Fund (HUTF).

General Description of Request:

On December 12, 2008, the Air Quality Control Commission voted to include Larimer and Weld counties in the State's enhanced emissions program area. This change will require the testing of an additional 290,000 vehicles and creates the need for all the regulatory resources to monitor the facilities that will process those vehicles. Beginning July 1, 2010, the Vehicle Emissions Program will need an additional 2.0 FTE and \$128,360 in cash funds from the AIR Account.

As specified in Section 42-3-304 (18)(b), C.R.S. (2009), this request will fund itself since any applicable vehicle within the program area pays an additional registration fee of \$1.50, of which \$1.00 is credited to the portion of the AIR Account managed by the Department of Revenue and the remainder is provided to the Department of Public Health and Environment. Based on historical data, the Program estimates that 290,000 vehicles will be covered by the enhanced emissions program area in Larimer and Weld counties as adopted by the Air Quality Control Commission in December 2008.

Consequences if Not Funded:

If this request is not funded, the Vehicle Emissions Program will be unable to adequately meet the directives of the Air Quality Control Commission as they pertain to Larimer and Weld counties and likely constitute a violation of their statutory authority. In addition, failure to meet Federal ozone standards could jeopardize portions of the State's \$428.0 million in federal highway funding (FY 2008-09 estimate by CDOT) as permitted under 42 U.S.C. § 7509 (b) (2008) entitled 'Sanctions and Consequences of Failure to Attain'.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Re-appropriated Funds	Federal Funds	FTE
Total Request	\$128,360	\$0	\$128,360	\$0	\$0	2.0
Executive Director's Office – Capital Outlay	\$9,340	\$0	\$9,430	\$0	\$0	0.0
Vehicle Emissions – Personal Services	\$117,120	\$0	\$117,120	\$0	\$0	2.0
Vehicle Emissions – Operating Expenses	\$1,900	\$0	\$1,900	\$0	\$0	0.0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Re-appropriated Funds	Federal Funds	FTE
Total Request	\$119,020	\$0	\$119,020	\$0	\$0	2.0
Vehicle Emissions – Personal Services	\$117,120	\$0	\$117,120	\$0	\$0	2.0
Vehicle Emissions – Operating Expenses	\$1,900	\$0	\$1,900	\$0	\$0	0.0

Cash Funds Projections:

The Vehicle Emissions Program is funded by revenues deposited in the Automobile Inspection and Readjustment (AIR) Account as created in Section 42-3-304 (18)(c), C.R.S. (2008), and is a sub-account of the Highway Users Tax Fund (HUTF). Vehicles within the program area pay an additional registration fee of \$1.50, of which \$1.00 is credited to the portion of the AIR Account managed by the Department of Revenue and the remainder is provided to the Department of Public Health and Environment

Fund Name	Fund Number	FY 2007-08 Expenditures*	FY 2007-08 Year-End Balance*	FY 2008-09 Year-End Estimate*	FY 2009-10 Year-End Estimate*	FY 2010-11 Year-End Estimate*
Automobile Inspection and Readjustment (AIR) Account	406	\$7,232,885	\$3,225,404	\$2,837,377	\$1,636,119	\$367,002

* Represents expenditures and fund balance for both the Departments of Revenue and Public Health and Environment.

Assumptions for Calculations:

Emissions compliance is performed by employees in the Air Environmental Systems Technician (AEST) class. Personal services estimates in this request reflect the base salary for an AEST I according to the FY 2009-10 Compensation Plan plus the State's PERA contribution of 10.15% and a Medicare contribution of 1.45%. For 1.0 FTE, this equates to \$4,880 per month and \$58,560 per year. Estimates for operating expenses and capital outlay are based on Legislative Council Staff common policy. Workload estimates are based on historical data from the Vehicle Emissions Program.

FTE and Operating Costs			
Fiscal Year(s) of Request		FY 10-11	FY 11-12
PERSONAL SERVICES	Title	Air Environmental Systems Tech I	
Number of PERSONS / class title		2.0	2.0
Number of months <u>working in</u> FY 10-11, & 11-12		12	12
Number months <u>paid in</u> FY 10-11, & 11-12		12	12
Calculated FTE per classification		2.0	2.0
Annual base salary		\$52,476	\$52,476
Salary		\$104,946	\$104,946
PERA	10.15%	\$10,652	\$10,652
Medicare	1.45%	\$1,522	\$1,522
Subtotal Personal Services at Division Level		\$117,120	\$117,120
OPERATING EXPENSES			
Supplies @ \$500/\$500	\$500	\$1,000	\$1,000
Computer @ \$900/\$0	\$900	\$1,800	\$0
Office Suite Software @ \$330/\$0	\$330	\$660	\$0
Office Equipment @ \$3,440/\$0	\$3,440	\$6,880	\$0
Telephone Base @ \$450/\$450	\$450	\$900	\$900
Subtotal Operating Expenses		\$11,240	\$1,900
GRAND TOTAL ALL COSTS		\$128,360	\$119,020

FTE Calculation for Enhanced Emissions Program Expansion

Audit/Inspection Requirement	Statute Reference	Quantity	Frequency per Year	Hours per Activity	Total Hours	FTE Calculation
Remote Sensing Detector (RSD) Vans	DOR Rules & Regs.	4	194	4.0	3,104.0	1.49
Independent Facilities	42-4-305 (6)(b)(III)	10	4.0	3.3	132.0	0.06
State Technician Center	42-4-305(6)(e)(II)	3	6.0	3.3	59.4	0.03
Facility Records	42-4-305 (6)(d)	3	12.0	1.4	50.4	0.02
Pre-1981 Vehicle Records	42-4-305(6)(d)	2	12.0	1.4	33.6	0.02
Testing Complaints	42-4-305(9)	140	n/a	5.8	812.0	0.39
TOTAL FTE REQUEST						2.01

Per Department rule, Remote Sensing Detector vans should be inspected everyday at a maximum and every two days at a minimum. It is estimated these vans will be inspected 194 times per year. Four RSD vans equates to 776 inspections at 4.0 hours per audit.

Additionally, based on historical data, it is assumed that 140 complaints against testing contractors will be filed. Covert inspections are required by Section 42-4-305 (6)(c), C.R.S. (2009).

Impact on Other Government Agencies:

The Vehicle Emissions Program is critical to the constellation of different groups and programs that address the ultimate goal of reducing all types of air pollution within Colorado. According to Section 42-4-306, C.R.S. (2009), one of the primary functions of the Air Quality Control Commission is developing and managing the State's motor vehicle inspection and readjustment programs under both basic and enhanced program areas. The Regional Air Quality Council is essentially a sub-committee of the Commission and is responsible for mitigating ozone levels along the Front Range. Finally, the Department of Public Health and Environment manages the emissions testing program on behalf of the Commission with the goal of regulating the level of pollutants emitted by motor vehicles in Colorado through various mitigation programs. Failure to fund this request will severely hamper one of the key components to ensuring the value of

the State's comprehensive vehicle emissions program. The Vehicle Emissions Program certifies that the program at Public Health is effective and that complaints are handled objectively.

Cost Benefit Analysis:

In its July 2007 Annual Report, the Air Quality Control Commission has estimated the cost-effectiveness of the program based on remote sensing, inspection station data, and computer modeling. Each method yields different results. The cost-effectiveness estimates range from \$200 to \$700 per ton of carbon monoxide reduction, reflecting the uncertainties associated with the estimates used to derive emission reductions associated with the program.

Implementation Schedule:

Task	Month/Year
FTE Hired	July 1, 2010
RFP Issued	July 1, 2009
Contract or MOU Written	After August 10, 2009
Contract or MOU Awarded/Signed	After August 10, 2009
Start-Up Date	July 1, 2010 (Vans) July 1, 2010 (Lanes)

Statutory and Federal Authority:

The various components of the State's vehicle emissions program are covered in Sections 42-4-301 to 317 of the Colorado Revised Statutes (2009). Those relating specifically to this request are listed below, as well as the applicable federal regulations.

Section 42-4-305 (2), C.R.S. (2009). The executive director shall supervise the activities of licensed inspection and readjustment stations, inspection-only facilities, fleet inspection stations, motor vehicle dealer test facilities, authorized enhanced inspection centers, licensed emissions inspectors, and licensed emissions mechanics and shall cause inspections to be made of such stations, facilities, centers, inspectors, and mechanics and appropriate records for compliance with licensing requirements.

Section 42-4-306 (9)(a)(II), C.R.S. (2009). The commission shall establish on a case-by-case basis and pursuant to final order any area of a county included in the basic emissions program area pursuant to section 42-4-304 (2) which shall be incorporated into the enhanced emissions program because it violates national ambient air quality standards on or after January 1, 1996, as established by the environmental protection agency.

Section 42-4-306 (9)(b), C.R.S. (2009). Such evaluation shall include a determination of the number of motor vehicles that fail to meet the applicable emissions standards after the adjustments and repairs required by subsection (7) of this section are made. If the commission finds that a significant number of motor vehicles do not meet the applicable emissions standards after such adjustments or repairs are made, the commission shall develop recommendations designed to improve the air pollution control-effectiveness of the program in a cost-effective manner.

Titles I – III of the Federal Clean Air Act, 42 U.S.C.

Title I - Air Pollution Prevention and Control

Part A - Air Quality and Emission Limitations (§ 7401-7431)

Part B - Ozone Protection (replaced by Title VI)

Part C - Prevention of Significant Deterioration of Air Quality (§ 7470-7492)

Part D - Plan Requirements for Nonattainment Areas (§ 7501-7515)

Title II - Emission Standards for Moving Sources

Part A - Motor Vehicle Emission and Fuel Standards (§ 7521-7554)

Part B - Aircraft Emission Standards (§ 7571-7574)

Part C - Clean Fuel Vehicles (§ 7581-7590)

Title III - General (§ 7601-7627)

Performance Measures:

The Department is required to effectively monitor the State's basic and enhanced vehicle emissions programs and ensure they comply with statutory and regulatory requirements through complete servicing of the expanded jurisdiction.

Schedule 13 Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒		Base Reduction Item FY 2010-11 ☐		Supplemental FY 2009-10 ☐		Budget Amendment FY 2010-11 ☐					
Request Title:		Interactive Voice Response (IVR) Phone System - Hearings Division									
Department:		Revenue		Dept. Approval by:		Date:		November 2, 2009			
Priority Number:		DI-4		OSPb Approval:		Date:		10-15-09			
	Fund	1 Prior-Year Actual FY 2008-09	2 Appropriation FY 2009-10	3 Supplemental Request FY 2009-10	4 Total Revised Request FY 2009-10	5 Base Request FY 2010-11	6 Decision/ Base Reduction FY 2010-11	7 November 1 Request FY 2010-11	8 Budget Amendment FY 2010-11	9 Total Revised Request FY 2010-11	10 Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	2,997,911	3,083,744	0	3,083,744	3,095,517	0	3,095,517	0	3,095,517	0
	FTE	27.1	28.8	0.0	28.8	28.8	0.0	28.8	0.0	28.8	0.0
	GF	496,337	461,084	0	461,084	501,837	0	501,837	0	501,837	0
	CF	2,159,986	2,116,513	0	2,116,513	2,153,085	0	2,148,245	0	2,148,245	0
	HUTF	341,588	506,147	0	506,147	440,595	0	445,435	0	445,435	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office - Operating Expenses	Total	954,585	1,086,864	0	1,086,864	1,062,065	4,840	1,066,905	0	1,066,905	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	496,337	461,084	0	461,084	501,837	0	501,837	0	501,837	0
	CF	341,588	506,147	0	506,147	440,595	4,840	445,435	0	445,435	0
	HUTF	116,660	119,633	0	119,633	119,633	0	119,633	0	119,633	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(7) Enforcement Business Group, (F) Hearings Division - Personal Services	Total	2,090,751	2,042,763	0	2,042,763	2,079,335	(30,028)	2,049,307	0	2,049,307	(25,188)
	FTE	27.1	28.8	0.0	28.8	28.8	0.0	28.8	0.0	28.8	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	2,090,751	2,042,763	0	2,042,763	2,079,335	(30,028)	2,049,307	0	2,049,307	(25,188)
	HUTF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(7) Enforcement Business Group, (F) Hearings Division - Operating	Total	69,235	73,750	0	73,750	73,750	25,188	98,938	0	98,938	25,188
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	69,235	73,750	0	73,750	73,750	25,188	98,938	0	98,938	25,188
	HUTF	0	0	0	0	0	0	0	0	0	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 2010-11 Budget Request Cycle

Decision Item FY 2010-11 ☒	Base Reduction Item FY 2010-11 ☐	Supplemental FY 2009-10 ☐	Budget Amendment FY 2010-11 ☐
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Request Title: Interactive Voice Response (IVR) Phone System - Hearings Division	Dept. Approval by:	Date: November 2, 2009
Department: Revenue	OSPb Approval:	Date:
Priority Number: DI-4		

		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12

Non-Line Item Request: None

Letternote Revised Text: None

Cash or Federal Fund Name and COFRS Fund Number: Driver's License Administrative Revocation Account, a sub account of HUTF, Fund 405

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: ☐ No: ☒ N/A: ☐

Yes:

Schedule 13s from Affected Departments: None

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Revenue
Priority Number:	DI-4
Change Request Title:	Interactive Voice Response (IVR) Phone System – Hearings Division

SELECT ONE (click on box):

- ☒ Decision Item FY 2010-11
- ☐ Base Reduction Item FY 2010-11
- ☐ Supplemental Request FY 2009-10
- ☐ Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
- ☐ An emergency
- ☐ A technical error which has a substantial effect on the operation of the program
- ☐ New data resulting in substantial changes in funding needs
- ☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Revenue is requesting to transfer \$30,028 in cash funds spending authority between the personal services and operating expenses line items under the Hearings Division, a program within the Enforcement Business Group. This budget neutral transfer would be used to purchase, deploy, and maintain an interactive voice response (IVR) system to conduct hearings by telephone. These moneys are appropriated from the Driver's License Administrative Revocation Account, which is a sub-account of the Highway Users Tax Fund (HUTF).

Background and Appropriation History:

Under the 'State Administrative Procedure Act' – specifically Sections 24-4-104 and 105, C.R.S. (2008) - the Hearings Division is authorized to conduct various administrative hearings regarding the multitude of licenses issued by the Department of Revenue. Many of these hearings revolve around driver's licenses. While typically less formal than a court proceeding, hearings are considered an efficient and cost-effective dispute resolution forum. Both the due process of law and the Act require timely hearings for the proper adjudication of rights in this administrative setting.

Parties primarily impacted by the hearings process include various divisions within the Department, persons holding licenses issued by these divisions, legal counsel, and the law enforcement community. With the exception of a limited number of hearings held before licensing boards and commissions, the Hearings Division retains exclusive jurisdiction to adjudicate licensing issues on behalf of the Department.

To save money on travel time, per diem, fuel, and vehicle maintenance, certain hearings were conducted by telephone out of the central office in Lakewood beginning several years ago. With the adoption of H.B. 01-1210, Section 42-1-218.5, C.R.S. (2009) was added to allow all types of hearings to be conducted by telephone. Since Hearings Division district offices in Craig, Durango, Fort Morgan, Frisco, Limon, Rifle, and Steamboat Springs have been closed in recent years, it has been necessary to conduct more hearings by telephone. The Hearings Division currently conducts approximately 15 to 20 percent of its hearings by telephone rather than in person.

Many participants have expressed a preference for hearings by telephone. This format is particularly attractive to law enforcement agencies because it saves both time and travel expenses. In fact, local law enforcement agencies in Douglas County, Castle Rock, and Aurora have requested that all hearings involving their officers be conducted by telephone. In addition, this change request also supports the Governor's Executive Order D-011-07 that pertains to 'greening' initiatives for Colorado state government since it would lead to travel-related reductions in fuel usage and carbon emissions, as well as extend the useful life of roads and highways all over the State. This request also conforms to the goals of the Government Efficiency and Management (GEM) Performance Review conducted by the Governor's Office in 2007. This study sought ways to improve delivery of services in a more efficient and cost-effective way to the people of Colorado.

Implementation of the Electronic Data Warehouse by the Department of Personnel and Administration during FY 2009-10 will enable the Division to transmit data electronically rather than through the U.S. Postal Service and other delivery companies. In conjunction with the system, this is expected to create even more efficiencies in scheduling alcohol-related cases, each of which requires the delivery of evidence packets to all participants.

General Description of Request:

In FY 2010-11, the Department of Revenue is requesting to transfer \$30,028 in cash funds spending authority between the personal services and operating expenses line items within the Hearings Division. The first-year costs include \$4,840 for one-time capital outlay expenses for initial set-up, testing, and employee training. These moneys are appropriated from the Driver's License Administrative Revocation Account, which is a sub-account of the HUTF. This transfer would be used to purchase, deploy, and maintain an IVR system to conduct hearings by telephone. Beginning in FY 2011-12 and succeeding years, remaining funds of \$25,188 will be utilized for monthly system maintenance fees, usage fees, and reporting modules.

The purchase and installation of an IVR is the most efficient way to expand the workload capabilities of the Hearings Division without increasing its current appropriation and staffing levels. The proposed system could handle as many dockets as the Division chooses to schedule. The system can retrieve information from daily dockets, maintain a record of check-in information (including who has called and the associated phone numbers), and make the information available to hearing officers assigned to various hearings.

Consequences if Not Funded:

Without the ability to handle more telephone check-ins, the expansion of telephone hearings will be nearly impossible. The alternative to this system is increased staffing, which is significantly more costly. Consequently, the implementation of an IVR could ultimately reduce the Hearings Division's need for increased FTE in the future.

Additionally, failure to fund this request means that certain types of hearings will continue to experience a significant dismissal rate because officers are unable to physically appear at the scheduled time of a hearing. In FY 2008-09, 245 alcohol-related cases were dismissed including *per se*, express consent and commercial license restraint. These dismissals impact cities and counties from all over Colorado including Adams, Arapahoe, Aurora, Castle Rock, Douglas, Elbert, Englewood, Douglas, Littleton, and Parker. Based on one month of data in FY 2008-09 regarding travel time and mileage, the Hearings Division has estimated that 3,654 cases involving law enforcement personnel outside of an immediate hearings office location that 5,481 man-hours were

spent traveling 219,240 miles to appear at various hearings. Current law requires that cases are dismissed when an officer is unable to appear at a hearing, which results in the immediate return of dangerous drivers to the State's roads and highways.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Re-appropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	0.0
Executive Director's Office – Capital Outlay	\$4,840	\$0	\$4,840	\$0	\$0	0.0
Hearings Division – Personal Services	(\$30,028)	\$0	(\$30,028)	\$0	\$0	0.0
Hearings Division – Operating Expenses	\$25,188	\$0	\$25,188	\$0	\$0	0.0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Re-appropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	0.0
Hearings Division – Personal Services	(\$25,188)	\$0	(\$25,188)	\$0	\$0	0.0
Hearings Division – Operating Expenses	\$25,188	\$0	\$25,188	\$0	\$0	0.0

Cash Fund Balance Projections:

These are not applicable since the fund balance of the Drivers License Administrative Revocation Account is reverted to the Highway Users Tax Fund at the end of each fiscal year per Section 42-2-132 (4)(b)(I)(B), C.R.S. (2008).

Fund Name	Fund Number	FY 2008-09 Expenditures	FY 2008-09 Year-End Balance*	FY 2009-10 Year-End Estimate*	FY 2010-11 Year-End Estimate*	FY 2011-12 Year-End Estimate*
Drivers License Admin. Revocation Account	405	\$3,178,105	\$0	\$0	\$0	\$0

Assumptions for Calculations:

Estimated Costs for Interactive Voice Response (IVR) System

Estimated Costs*	FY 2010-11	FY 2011-12 and Beyond
Initial Set-up, Testing and Training	\$4,840	\$0
System Maintenance Fee at \$500 per Month	\$6,000	\$6,000
Usage Fees:		
First 5,000 Calls @ \$0.15 per call	\$9,000	\$9,000
Next 10,000 Calls @ \$0.14 per call	\$8,988	\$8,988
Next 60,000 Calls @ \$0.13 per call	n/a	n/a
Next 25,000 Calls @ \$0.12 per call	n/a	n/a
Next 100,000 Calls @ \$0.10 per call	n/a	n/a
Standard User Reports - \$100 per Month	\$1,200	\$1,200
Total Estimated Costs	\$30,028	\$25,188

*Based on system currently utilized by DOR's Taxpayer Service Division. Call volume is based on historical data provided by the Hearings Division.

Impact on Other Government Agencies:

Under the Hearings Division's current configuration, it is difficult to effectively maximize the ability to conduct hearings by telephone. This results in many law enforcement personnel from all over the State having to appear in person at hearing proceedings. The Department has not requested specific data from these jurisdictions regarding salary and travel expenses related to such appearances, but clearly the need to attend hearings takes officers away from more critical functions.

Cost Benefit Analysis:

Since the purchase and installation of an IVR system ultimately offsets the need to increase FTE, the proposed transfer between the personal services and operating expenses line items is the most efficient use of the Hearings Division's spending authority from the Driver's License Administration Revocation Account. According to the Department of Personnel and Administration's FY 2009-10 Compensation Plan, the minimum monthly salary of an Administrative Assistant II is \$2,573 plus PERA and Medicare at 11.60% of \$298. This equates to an annual salary of \$34,452. To effectively manage the Division's typical schedule of 15 to 19 dockets per day without an IVR system would require an

additional 1.5 Administrative Assistant II FTE at a minimum. Salaries for these employees would cost \$51,678. So by choosing this less expensive alternative, the potential cash funds savings is 1.5 FTE and \$21,650 in FY 2010-11 and \$26,490 in FY 2011-12.

Implementation Schedule:

Task	Month/Year
Internal Research/Planning Period	April 2010
RFP Issued	May 2010
Contract or MOU Written	September 2010
Rules Written	May 2010
Rules Passed	June 2010
Contract or MOU Awarded/Signed	August 2010
Start-Up Date	September 2010

Statutory and Federal Authority:

Section 42-1-218.5, C.R.S. (2008). (1) *Notwithstanding any other provision of this title to the contrary, at the discretion of the department, any hearing held by the department pursuant to this title may be conducted in whole or in part, in real time, by telephone or other electronic means.*

(2) *The general assembly recognizes that there is an increase in the number of hearings conducted by the department; that a licensee has the right to appear in person at a hearing; and that a licensee or a law enforcement officer may not be able to appear in person at a hearing. The general assembly therefore directs the department to consider the circumstances of the licensee when a licensee requests to appear in person, and grant the request whenever possible. The general assembly further directs the department to consider the circumstances of the licensee and the law enforcement officer when either may not be able to appear in person, and allow the appearance by electronic means whenever possible.*

For purposes of this request, the pertinent portions of the lengthy 'State Administrative Procedure Act' are Sections 24-4-104 and 105, C.R.S., (2008). In addition to various federal regulations pertaining to commercial driver's license issuance, SAPA authorizes

the Department of Revenue to adjudicate various licensing issues regarding the following areas, which are listed in numerical order:

Articles 46 and 47 of Title 12 – Regulation of Fermented and Alcoholic Beverages
Section 12-60-508, C.R.S. (2008) – Hearings before Racing Commission
Section 24-60-1101, C.R.S. (2008) – Articles of ‘Driver License Compact’
Section 24-60-2101, C.R.S. (2008) – Articles of ‘Non-Resident Violator Compact’
Section 42-2-116, C.R.S. (2008) – Restricted Licenses
Section 42-2-119, C.R.S. (2008) – Sanction Notices
Section 42-2-125, C.R.S. (2008) – Mandatory Revocations
Section 42-2-126, C.R.S. (2008) – Express Consent Law
Section 42-2-127, C.R.S. (2008) – Excessive Points
Section 42-2-127.3, C.R.S. (2008) – Suspension for Controlled Substance Violations
Section 42-2-127.4, C.R.S. (2008) – Suspensions for Forged Penalty Assessments
Section 42-2-127.7, C.R.S. (2008) – Suspensions on Uninsured Motorists
Section 42-2-132.5, C.R.S. (2008) – Interlock Laws
Section 42-2-138, C.R.S. (2008) – Driving Under Restraint/Extensions
Section 42-2-203, C.R.S. (2008) – Habitual Traffic Offender
Section 42-2-405, C.R.S. (2008) – Commercial Driver’s License Sanctions
Section 42-2-407, C.R.S. (2008) – Commercial License Testing Units
Section 42-2-409, C.R.S. (2008) – Emissions Laws
Section 42-4-1409, C.R.S. (2008) – Failure to Maintain Compulsory Insurance
Sections 42-7-301 to 304, C.R.S. (2008) – Proof of Financial Coverage at Accident
Section 42-7-422, C.R.S. (2008) – Failure to Provide Proof of Insurance

Performance Measures:

Increase the average number of hearings held per year for each officer by approximately 65 cases and increase the total number of telephone hearings by 25% to 35% over current levels.

WORKLOAD INDICATORS	FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Estimate	FY 2011-12 Estimate
Hearings Conducted	34,471	35,620	35,800	35,800

Schedule 13 Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11 ☒		Base Reduction Item FY 2010-11 ☐		Supplemental FY 2009-10 ☐		Budget Amendment FY 2010-11 ☐					
Request Title: Creation of Program Section for Ignition Interlock Subsidy Program											
Department: Revenue		Dept. Approval by: <i>Randy Kieber</i>				Date: November 2, 2009					
Priority Number: DI-5		OSP Approval: <i>Ann M</i>				Date: 10-14-09					
	Fund	1 Prior-Year Actual FY 2008-09	2 Appropriation FY 2009-10	3 Supplemental Request FY 2009-10	4 Total Revised Request FY 2009-10	5 Base Request FY 2010-11	6 Decision/ Base Reduction FY 2010-11	7 November 1 Request FY 2010-11	8 Budget Amendment FY 2010-11	9 Total Revised Request FY 2010-11	10 Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	17,454,138	20,280,994	0	20,280,994	19,778,826	0	19,778,826	0	19,778,826	0
	FTE	377.8	384.7	0.0	384.7	384.7	0.0	384.7	0.0	384.7	0.0
	GF	10,485,751	808,719	0	808,719	10,763,887	0	10,763,887	0	10,763,887	0
	CF	6,968,387	15,385,887	0	15,385,887	9,014,939	0	9,014,939	0	9,014,939	0
	HUTF	0	4,064,839	0	4,064,839	0	0	0	0	0	0
	CFE/RF	0	21,549	0	21,549	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Personal Services	Total	15,962,016	17,607,092	0	17,607,092	17,164,502	(215,158)	16,949,344	0	16,949,344	(215,158)
	FTE	377.8	384.7	0.0	384.7	384.7	(5.4)	379.3	0.0	379.3	(5.4)
	GF	9,270,814	808,719	0	808,719	9,548,950	0	9,548,950	0	9,548,950	0
	CF	6,691,202	12,733,534	0	12,733,534	7,615,552	(215,158)	7,400,394	0	7,400,394	(215,158)
	HUTF	0	4,064,839	0	4,064,839	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services - Operating Expenses	Total	1,492,122	2,673,902	0	2,673,902	2,614,324	(934,842)	1,679,482	0	1,679,482	(934,842)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,214,937	0	0	0	1,214,937	0	1,214,937	0	1,214,937	0
	CF	277,185	2,652,353	0	2,652,353	1,399,387	(934,842)	464,545	0	464,545	(934,842)
	HUTF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	21,549	0	21,549	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (F) Ignition Interlock Program - Personal Services	Total	0	0	0	0	0	215,158	215,158	0	215,158	215,158
	FTE	0.0	0.0	0.0	0.0	0.0	5.4	5.4	0.0	5.4	5.4
	GF	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	215,158	215,158	0	215,158	215,158
	HUTF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Division of Motor Vehicles, (F) Ignition Interlock Program - Operating Expenses	Total	0	0	0	0	0	934,842	934,842	0	934,842	934,842
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	934,842	934,842	0	934,842	934,842
	HUTF	0	0	0	0	0	0	0	0	0	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 2010-11 Budget Request Cycle

Decision Item FY 2010-11 ☒	Base Reduction Item FY 2010-11 ☐	Supplemental FY 2009-10 ☐	Budget Amendment FY 2010-11 ☐
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Request Title:	Creation of Program Section for Ignition Interlock Subsidy Program		
Department:	Revenue	Dept. Approval by:	Date: November 2, 2009
Priority Number:	DI-5	OSPB Approval:	Date:

		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12

Non-Line Item Request:	None
Letternote Revised Text:	Funding of \$1,107,526 from Fund 438 currently shown in the letter note 'a' under Driver and Vehicle Services in the FY 2009-10 Long Bill will be eliminated and subsequently notated under the Ignition Interlock Program in the FY 2010-11 Long Bill.
Cash or Federal Fund Name and COFRS Fund Number:	Fund 438 - First-Time Drunk Driver Offender Account
Reappropriated Funds Source, by Department and Line Item Name:	None
Approval by OIT?	Yes: ☐ No: ☐ N/A: ☒
Schedule 13s from Affected Departments:	Not applicable.

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Revenue
Priority Number:	DI-5
Change Request Title:	Creation of Program Section for Ignition Interlock Subsidy Program

SELECT ONE (click on box):

- ☒ Decision Item FY 2010-11
- ☐ Base Reduction Item FY 2010-11
- ☐ Supplemental Request FY 2009-10
- ☐ Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
- ☐ An emergency
- ☐ A technical error which has a substantial effect on the operation of the program
- ☐ New data resulting in substantial changes in funding needs
- ☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Revenue is requesting the creation of a separate section “(F) Ignition Interlock Program” within the Driver and Vehicle Services portion of the Long Bill to manage the fully cash funded ignition interlock subsidy program in the FY 2010-11 Long Bill, which was implemented pursuant to the adoption of H.B. 08-1194.

These resources are currently divided between the personal services and operating expenses line items of the Driver and Vehicle Services in the Division of Motor Vehicles. A total of 5.4 FTE and cash funds of \$215,158 in personal services and \$934,842 operating expenses would be moved into the new section. Since this request reconfigures a current Long Bill appropriation, this request is budget neutral.

Background and Appropriation History:

House Bill 08-1194 entitled ‘Increasing Penalties for Drunk Driving’ added \$35 to Colorado’s driver’s license reinstatement fee and created the First Time Drunk Driver Offender account, which is a subaccount of the Highway Users Tax Fund (HUTF). According to the Legislative Council Staff Fiscal Note dated August 5, 2008, this account would provide \$205,353 and 4.5 FTE for personal services and \$409,000 for operating

expenses to the Department of Revenue in FY 2008-09. These amounts will increase to \$215,158 and 5.4 FTE for personal services and \$934,842 for operating expenses in FY 2010-11.

General Description of Request:

The appropriations for this legislation seemed straightforward until the FY 2009-10 appropriations for the ignition interlock subsidy program become part of the base operating budget for the Driver and Vehicle Services (DVS) section in the Division of Motor Vehicles (DMV). The letter note attached to the DVS cash funds appropriations for personal services and operating expenses combines several sources of funding that are allocated between the two line items according to an allocation formula.

Most of the fund sources included in the letter note are not dedicated to specific FTE, but instead represent certain portions of the DVS personal services and operating expenses that support cash-funded functions through an indirect cost allocation model. All of this funding is allocated based on the total of both of these line items, which often skews significantly toward personal services since this is a much larger part of typical program costs. However, in the case of the ignition interlock subsidy program created by H.B. 08-1194, funds earned in the First Time Drunk Driver Offender account are dedicated to specific FTE and must provide considerably more money toward operating expenses than personal services. This is an unusual circumstance and the implications of this anomaly were not fully understood as the Department crafted its FY 2009-10 budget.

The current configuration of DVS line items in the FY 2009-10 Long Bill is confusing and unwieldy for the Department's accounting staff since the revenue and expenditures for the ignition interlock subsidy program must be tracked separately. Additionally, it is more difficult to track FTE and resources associated with this program and ensure they are utilized in accordance with the terms of the original legislation. The Department believes this issue should be addressed as soon as possible since it is inconsistent with how many other similar programs within the Department are established. For example, instead of folding the License Plate Ordering program into the DVS operating budget, it is separated into an individual line item. Another example is the Colorado State Titling and Registration System (CSTARS) in the Department's Information Technology Division. It is critical that these funds and FTE are not commingled with the General

Fund portion of this Division. Funding sources designated for specific programs are typically reflected in separate line items.

Consequences if Not Funded:

Failure to approve this request could result in the allocation of moneys appropriated from the First Time Drunk Driver Offender account in a manner that is contrary to the intent of the original legislation. Most programs are typically loaded heavily toward personal services costs with very little spent on operating costs. The ignition interlock subsidy program is an exception to the rule.

The Department of Revenue's accounting staff has allocated the appropriation from the First Time Drunk Driver Offender account according to the original intent of the legislation and the Legislative Council Staff Fiscal Note dated August 5, 2008. This means that funding from this account has been handled differently than other funding sources reflected in the letter note attached to the personal services line item for Driver and Vehicle Services. While this has been informally discussed with the State Controller's Office, there is potential – upon further review – for this treatment to get reversed. If this occurs, personal service dollars associated with this program will get reverted and subsidies for ignition interlock devices might be insufficient to meet demand.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	0.0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Personal Services	(\$215,158)	\$0	(\$215,158)	\$0	\$0	(5.4)
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Operating Expenses	(\$934,842)	\$0	(\$934,842)	\$0	\$0	0.0
(5) Division of Motor Vehicles, (F) Ignition Interlock Program – Personal Services	\$215,158	\$0	\$215,158	\$0	\$0	5.4
(5) Division of Motor Vehicles, (F) Ignition Interlock Program – Operating Expenses	\$934,842	\$0	\$934,842	\$0	\$0	0.0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	0.0
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Personal Services	(\$215,158)	\$0	(\$215,158)	\$0	\$0	(5.4)
(5) Division of Motor Vehicles, (B) Driver and Vehicle Services – Operating Expenses	(\$934,842)	\$0	(\$934,842)	\$0	\$0	0.0
(5) Division of Motor Vehicles, (F) Ignition Interlock Program – Personal Services	\$215,158	\$0	\$215,158	\$0	\$0	5.4
(5) Division of Motor Vehicles, (F) Ignition Interlock Program – Operating Expenses	\$934,842	\$0	\$934,842	\$0	\$0	0.0

Cash Funds Projections:

Fund Name	Fund Number	FY 2008-09 Expenditures	FY 2008-09 Year-End Balance*	FY 2009-10 Year-End Estimate*	FY 2010-11 Year-End Estimate*	FY 2011-12 Year-End Estimate*
First Time Drunk Driver Offender Account	438	\$2,440,654	\$74,675	\$74,675	\$74,675	\$74,675

Assumptions for Calculations:

Figures in this request are based on data provided in the Legislative Council Staff Fiscal Note dated August 5, 2008, for associated FY 2009-10 program costs.

Impact on Other Government Agencies:

Although the Colorado Department of Transportation receives money from the First Time Drunk Driver Offender account, the nature of this request does not impact their funding.

Cost Benefit Analysis:

This request is not applicable to a Cost-Benefit Analysis except that approval by the Joint Budget Committee and the General Assembly will enable the Department to fully comply with the legislative intent of H.B. 08-1194. Such an outcome is an overall benefit to the State and constituents who utilize the ignition interlock subsidy program.

Implementation Schedule:

Task	Month/Year
Modifications Made with DOR Budget Submission	November, 2009
Adoption of the FY 2010-11 Long Bill	April, 2010

Statutory and Federal Authority:

Section 42-2-132.5 (II), C.R.S. (2008) Mandatory and voluntary restricted licenses following alcohol convictions – rules.. (C) The department shall establish a program to assist persons who apply for a restricted license under this subparagraph (II) who are unable to pay the full cost of an ignition interlock device. The program shall be funded from the first time drunk driving offender account in the highway users tax fund established pursuant to section 42-2-132 (4) (b) (II). The executive director of the department may promulgate rules governing the program.

Performance Measures:

Not Applicable. This request is technical in nature and does not impact the program strategic plan or performance measures.