



DEPARTMENT OF REVENUE

FY 2011-12 Cash Fund Transfer

November 1, 2010

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Auto Dealers License Fund and Liquor Enforcement Division and State Licensing Authority Cash Fund

Name of Fund: Auto Dealers License Fund #192
Liquor Enforcement Division and State Licensing Authority Cash Fund #236

Purpose of Funds:

The purpose of the Auto Dealers License Cash Fund is to pay for the direct and indirect expenses of the Motor Vehicle Dealer Licensing Board and the Auto Industry Division. The Motor Vehicle Dealer Licensing Board is responsible for licensing and regulating the sale and distribution of motor vehicles, and promulgating consumer protection regulations. These responsibilities include licensing all salespersons and those with ownership interests in new and used auto dealerships.

The purpose of the Liquor Enforcement Division and State Licensing Authority Cash Fund is to pay the expenses of the Liquor Enforcement Division. The Liquor Enforcement Division licenses persons who manufacture, import, distribute or sell alcoholic beverages, and regulates the sale and distribution of liquor within the State by promoting awareness of and enforcing the provision of Liquor, Beer and Special Events Codes.

Projected End-of-Year Balance:

Table 1: Cash Fund Balance with Recommended Transfer for FY 2011-12

	Auto Dealers License Fund	Liquor Enforcement Division and State Licensing Authority Cash Fund
Beginning Projected Balance, July 1 FY 2011-12	\$1,011,369	\$703,750
Plus Projected Revenue	\$2,526,503	\$2,081,887
Less Projected Mandatory Expenditures ²	\$2,732,341	\$2,331,108
Equals Proposed Projected End of Year Balance	\$805,531	\$454,529
Recommended Transfers	(\$500,000)	(\$150,000)
Projected End of Year Balance with Transfer	\$305,531	\$304,529

Impact of Recommended Transfer:

The Department operations will not be impacted by the funding changes. The Auto Dealers Board and the Liquor Enforcement Board review fees annually and make adjustments based on industry activity and enforcement activities.

Assumptions and Tables to Show Calculations:

Table 2: Auto Dealers License Fund two-year outlook

Fund 192	FY 10-11	FY 11-12
Beginning Projected Balance, July 1	\$1,223,961	\$1,011,369
Plus Projected Revenue	\$2,526,503	\$2,526,503
Less Projected Mandatory Expenditures	\$2,739,095	\$2,732,341
Equals Proposed Projected End of Year Balance	\$1,011,369	\$805,531
Recommended Transfer	\$0	(\$500,000)
Projected End of Year Balance with Transfer	\$0	\$305,531

- The fees for buyer's agent, auctions, dealers, wholesalers, sales persons and manufacturers are set and assessed by the Auto Dealers License Board.
- Industry activity in the recent past has been volatile. The Board revisits fees annually to ensure that fees cover the cost of operations and enforcement activity.
- A statute authorizing a transfer from the Auto Dealers License Fund to the General Fund would be required as existing statute directs that all funds shall be retained by the fund.

Table 3: Liquor Enforcement Division and State Licensing Authority Cash Fund two-year outlook

Fund 236	FY 10-11	FY 11-12
Beginning Projected Balance, July 1	\$938,991	\$703,750
Plus Projected Revenue	\$2,081,887	\$2,081,887
Less Projected Mandatory Expenditures	\$2,317,128	\$2,331,108
Equals Proposed Projected End of Year Balance	\$703,750	\$454,529
Recommended Transfer	\$0	(\$150,000)
Projected End of Year Balance with Transfer	\$703,750	\$304,529

- The fees for liquor applications, permits, and others for the sale and distribution of alcohol are set and assessed by the Liquor License Board.
- Industry activity in the recent past has been volatile. The Board revisits fees annually to ensure that fees cover the cost of operations and enforcement activity.
- A statute authorizing a transfer from the Liquor Enforcement Division and State Licensing Authority Cash Fund to the General Fund would be required as existing statute directs that all funds shall be retained by the fund.

Current Statutory Authority and Needed Statutory Change:

The following section would need to be amended to authorize the fund balance transfer from the Auto Dealers License Fund to the General Fund:

Section 12-6-123. C.R.S. (2010) Disposition of fees - auto dealers license fund.

(1) All moneys received under this part 1, except fines awarded pursuant to section 12-6-121.5, shall be deposited with the state treasurer by the department of revenue, subject to the provisions of section 24-35-101, C.R.S., together with a detailed statement of such receipts, and such funds deposited with the state treasurer shall constitute a fund to be known as the auto dealers license fund, which fund is hereby created and which shall be used under the direction of the board in the following manner:

(b) (II) Any money remaining in said fund on December 31, 1971, and at the close of each calendar year thereafter, after costs of administration of the law as provided in this part 1 shall remain in the auto dealers license fund to be used for educational and enforcement purposes as appropriated by the general assembly.

The following section would need to be amended to authorize the fund balance transfer from the Liquor Enforcement Division and State Licensing Authority Cash Fund to the General Fund:

Section 24-35-401. C.R.S. (2010) Liquor enforcement division and state licensing authority cash fund.

There is hereby created in the state treasury the liquor enforcement division and state licensing authority cash fund.

The fund shall consist of moneys transferred thereto in accordance with sections 12-46-105 (2) and 12-47-502 (1), C.R.S. The general assembly shall make annual appropriations from the fund for a portion of the direct and indirect costs of the liquor enforcement division and the state licensing authority in the administration and enforcement of articles 46, 47, and 48 of title 12, C.R.S. Any money remaining in the fund at the end of each fiscal year shall remain in the fund and shall not revert to the general fund or any other fund. The fund shall be maintained in accordance with section 24-75-402.



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Licensing Services Cash Fund Transfer

Name of Fund: Licensing Services Cash Fund (Fund #437)

Purpose of Fund:

The purpose of the Licensing Services Cash Fund is to pay for the personal services and operating expenses incurred in the administration and operation of the driver's license offices. The revenue source for this fund is special license plates, new and renewal licenses, instruction permits, and identification cards. Expenditures are for operating expenses of existing offices and workload is impacted by issuance of documents.

In the past legislative session, HB 10-1387 Finance Driver's Licenses DOR, a portion of the fee which normally would be directed to the Highway Users Tax Fund is directed to the Licensing Services Cash Fund.

Projected End-of-Year Balance:

Fund 437	FY 10-11	FY 11-12
Beginning Balance	\$2,064,747	\$0
Plus Projected Revenue	\$21,075,493	\$25,848,871
Less Projected Expenditures, including Change Requests ¹	\$23,140,240	\$15,027,571
Equals Proposed Projected End of Year Balance	\$0	\$10,821,300
Recommended Transfer	\$0	(\$9,800,000)
Projected End of Year Balance with Transfer	\$0	\$1,021,300

¹The expenditures assume the approval of all change requests as shown in the table on page 2. This includes DI#4 Funding of Driver and Vehicle Services, which refinances Motor Vehicle Offices using HUTF Off-the-Top funding. The approval of the refinance would allow for fund balance to be available in Licensing Services Cash Fund.

Impact of Recommended Transfer:

The Division of Motor Vehicle and operations will not be impacted by the funding changes.

Assumptions and Calculations:

- The fees for driver's licenses, identification cards, special license plates, and instructional permits are assessed on all documents issued by the driver's license offices. The fee revenue is deposited into the Licensing Services Cash Fund.

- The proposal assumes the approval of FY 2011-12 Decision Item 4, Funding of Driver and Vehicle Services, which extends the use of HUTF Off-the-Top funds for Motor Vehicle Offices.
- The transfer assumes the Motor Vehicle expenditures will be refinanced using HUTF Off-the-Top.
- A statute authorizing a transfer from the Licensing Services Cash Fund to the General Fund would be required as existing statute directs that all funds shall be retained by the fund.

Available Liquid Cash Fund Balance	Estimated	Requested
	FY 2010-11	FY 2011-12
Beginning Fund Balance	\$2,064,747	\$0
Total Revenue during the Fiscal Year	\$21,075,493	\$25,848,871
Total Expenditures during the Fiscal Year	\$23,818,707	\$25,521,622
Available Fund Balance Prior to New Requests	(\$678,467)	\$327,249
Decision Item #3 - Driver's License Document Line Increase	\$470,707	\$1,053,281
Decision Item #4 - Funding Driver and Vehicle Services	(\$1,149,174)	(\$11,149,622)
NP - Statewide PERA Adjustment	\$0	(\$391,462)
NP - Pro-Rated Benefits	\$0	(\$2,079)
NP - Annual Fleet Vehicle Replacement	\$0	(\$4,169)
Change Requests Using Liquid Assets	(\$678,467)	(\$10,494,051)
Actual / Anticipated Liquid Fund Balance	\$0	\$10,821,300
OSPB Budget Balancing: Cash Fund Transfer to General Fund	\$0	(\$9,800,000)
Ending Fund Balance	\$0	\$1,021,300

Current Statutory Authority and Needed Statutory Change (if necessary):

A statutory change is required to utilize the HUTF Off-the-Top for funding of the Driver and Vehicle Services. This statute change is reflected in Decision Item 4, Funding of Driver and Vehicle Services.

Section 43-4-201. C.R.S. (2010) Funds created.

(3) (a) (III) (C) The general assembly shall not make any annual appropriation or statutory distribution from the highway users tax fund for the fiscal year 1997-98 or for any succeeding fiscal year authorized by subparagraph (II) of this paragraph (a), excluding the annual appropriation or statutory distribution to the Colorado state patrol and the ports of entry section and excluding any appropriation to the department of revenue for the fiscal years 2008-09, and 2009-10, and 2010-11, AND 2011-12 for expenses incurred in connection with the administration of article 2 of title 42, C.R.S., by the division of motor vehicles within the department.

The following section would need to be amended to authorize the fund balance transfer from the Licensing Services Cash Fund to the General Fund:

Section 42-2-114.5. C.R.S. (2010) Licensing services cash fund.

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