



Schedule 11
Department of Revenue
Summary of FY 2011-12 Supplemental Requests

Priority Number	Title	Total	FTE	GF	CF	HUTF	RF	FF
Supplementals								
S-1	Sales Tax Refunds Pursuant to H.B. 10-1285	81,434	0.0	-	81,434	-	-	-
S-2	Loma Port Staffing	193,171	4.0	-	-	193,171	-	-
S-3	Driver's License Office Network Upgrades	387,434	0.0	-	387,434	-	-	-
S-4	Drivers License Documents Fund Reallocation	-	0.0	-	-	-	-	-
S-5, BA-2	Motor Vehicle Emissions Program FTE Reduction	(116,403)	(2.0)	-	(116,403)	-	-	-
Subtotal		545,636	2.0	-	352,465	193,171	-	-
Non-Prioritized Statewide Supplemental Requests								
NP	FY 2011-12 Common Policy Allocation True-up	55,739		35,614	19,300	825		
NP	Annual Fleet True-up	70,102		(1,384)	81,565	(10,079)		
Subtotal		125,841		34,230	100,865	(9,254)	-	-
TOTAL		671,477	2.0	34,230	453,330	183,917	-	-

Schedule 12
Department of Revenue
Summary of FY 2012-13 Budget Amendment Requests

Priority Number	Title	Total	FTE	GF	CF	HUTF	RF	FF
Supplementals Associated with Budget Amendments								
S-5, BA-2	Motor Vehicle Emissions Program FTE Reduction	(119,027)	(2.0)	-	(119,027)	-	-	0
Subtotal		(119,027)	(2.0)	0	(119,027)	0	0	0
Stand Alone Budget Amendments								
BA-1	Cigarette Tax Stamp	62,531		62,531			0	0
Subtotal		62,531	0.0	62,531	0	0	0	0
Non-Prioritized Statewide Budget Amendment Requests								
NP	OIT Communications Services Payments Utilities Increase	296	0.0	49	213	34		0
Subtotal		296	0.0	49	213	34	0	0
TOTAL		(56,200)	(2.0)	62,580	(118,814)	34	0	0

Schedule 13 Change Request for FY 2012-13 Budget Request Cycle

Decision Item FY 2012-13		<input type="checkbox"/>		Base Reduction Item FY 2012-13		<input type="checkbox"/>		Supplemental FY 2011-12		<input checked="" type="checkbox"/>		Budget Amendment FY 2012-13		<input type="checkbox"/>	
Request Title:		State Sales Tax Refunds Pursuant to H.B. 10-1285													
Department:		Department of Revenue													
Priority Number:		N/A													
Dept. Approval by:		 Date: May 23, 2011 Date: 5/23/11													
OSP Approval:		 Date: 5/23/11													
		1	2	3	4	5	6	7	8	9	10				
	Fund	Prior-Year Actual FY 2010-11	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Total Revised Request FY 2011-12	Base Request FY 2012-13	Decision/ Base Reduction FY 2012-13	November 1 Request FY 2012-13	Budget Amendment FY 2012-13	Total Revised Request FY 2012-13	Change from Base (Column 5) FY 2013-14				
Total of All Line Items	Total	0	0	81,434	81,434	0	0	0	0	0	0				
	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	81,434	81,434	0	0	0	0	0	0				
	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				
(4) Taxation Business Group, (E) Special Purpose, Commercial Vehicle Enterprise Sales Tax Refund (new line item)	Total	0	0	81,434	81,434	0	0	0	0	0	0				
	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	81,434	81,434	0	0	0	0	0	0				
	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: None

Letternote Revised Text for FY 2011-12: * This amount shall be from the commercial vehicle enterprise tax fund created in Section 42-1-225 (1), C.R.S.

Letternote Text Requested for FY 2012-13: None

Cash or Federal Fund Name and COFRS Fund Number: Commercial Vehicle Enterprise Tax Fund - 23W

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: ☐ No: ☒ N/A: ☒

Schedule 13s from Affected Departments: N/A None

CHANGE REQUEST for FY 2012-13 BUDGET REQUEST CYCLE

Department:	Department of Revenue
Priority Number:	
Change Request Title:	State Sales Tax Refunds Pursuant to H.B. 10-1285

SELECT ONE (click on box):

- ☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☒ Supplemental Request FY 2011-12
☐ Budget Request Amendment FY 2012-13

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:

Pursuant to Section 24-75-111 (1) (c), C.R.S., the Department of Revenue requests \$81,434 cash fund spending authority from the commercial vehicle enterprise tax fund to refund sales taxes paid on qualified purchases or leases of commercial vehicles used for interstate commerce purchased after July 1, 2011. The Department currently lacks the necessary spending authority in FY 2011-12 to administer the refund, and, as such, cannot refund sales taxes associated with these vehicles.

General Description of Request:

House Bill 10-1285 established the current parameters under which refunds for state sales taxes and credits for state income taxes associated with purchasing or leasing; licensing; and registering certain types of commercial vehicles in Colorado are administered.

Sales tax refunds for vehicles associated with interstate commerce are permitted in Section 39-26-113.5, C.R.S. The Department is required to allocate one-third of the commercial vehicle enterprise tax fund's year-end balance, less the actual cost of administration.

STATE OF COLORADO FY 2012-13 BUDGET REQUEST CYCLE: Department of Revenue

The remaining two-thirds of the fund's year-end balance, less the cost of administering the income tax credit, are allocated to offset the income tax credit authorized by the provisions of H.B. 10-1285. The income tax credit does not require an appropriation to administer.

The sales tax refund, available beginning on July 1, 2011, is annually appropriated by the General Assembly, as required by Section 42-1-225, C.R.S. However, neither H.B. 10-1285 nor S.B. 11-209 contains an appropriation for the Department to refund sales tax paid on qualifying purchases. As a result, without line item spending authority, the Department cannot administer and distribute the refunds.

Consequences if Not Funded:

The Department will be unable to administer or distribute the tax refund specified in Section 39-26-113.5, C.R.S.

Calculations for Request:

Summary of Request FY 2011-12		Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request		\$81,434	\$0	\$81,434	\$0	\$0	0.0
Commercial Vehicle Enterprise Sales Tax Refund		\$81,434	\$0	\$81,434	\$0	\$0	0.0

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Commercial Vehicle Enterprise Tax Fund	23W	n/a	n/a	\$244,327	\$359,582	\$359,582

Assumptions for Calculations:

The total revenues and fund balance of the commercial vehicle enterprise tax fund for FY 2010-11 are calculated as follows:

- For the first ten accounting periods of FY 2010-11, revenues were \$271,054;
- Between August, 2010, and April, 2011, the Department averaged \$29,965 in overweight violations per month;
- The Department was appropriated \$86,658 for H.B. 10-1285
- Pursuant to Section 42-1-225 (2) (a), C.R.S., one-third of the remaining fund balance is allocated for sales tax refunds; and
- Pursuant to Section 42-1-225 (2) (b), C.R.S., two-thirds of the remaining fund balance is allocated for income tax credits.

Commercial Vehicle Enterprise Tax Fund Estimates	
Current Fund Balance	\$271,054
May –June 2011 Estimated Revenue	\$59,931
FY 2010-11 Year End Estimated Revenue	\$330,985
H.B. 10-1285 Appropriation	(\$86,658)
Fund Balance Available for Allocation	\$244,327
Sales Tax Refund	\$81,434
Income Tax Credit	\$162,893

Impact on Other Government Agencies:

None.

Cost Benefit Analysis:

This section is not applicable.

Implementation Schedule:

This section is not applicable.

Statutory and Federal Authority:

42-1-225 Commercial vehicle enterprise tax fund – creation. (1) The commercial vehicle enterprise tax fund is hereby created in the state treasury. The fund consists of moneys collected and transmitted to the fund pursuant to section 42-4-1701 (4) (a) (II). The general assembly shall annually appropriate the moneys in the fund to cover the cost of the sales tax refund created by section 39-26-113.5, C.R.S., and the actual cost of administering sections 39-26-113.5 and 39-30-104 (1) (b), C.R.S. After receiving the statement pursuant to section 39-30-104 (1) (b) (V), C.R.S., the state treasurer shall credit the total cost of the amount of the tax credits stated therein to the general fund. Any moneys remaining in the commercial vehicle enterprise tax fund at the end of the fiscal year shall not revert to the general fund.

(2) (a) On July 1, 2011, and each July 1 thereafter, the department shall allocate one-third of the fund balance, not including the amount appropriated to cover the actual cost of administering sections 39-26-113.5 and 39-30-104 (1) (b), C.R.S., to make the sales tax refunds granted in section 39-26-113.5, C.R.S.

(b) On July 1, 2011, and each July 1 thereafter, the department shall allocate two-thirds of the fund balance, not including the amount appropriated to cover the actual cost of administering sections 39-26-113.5 and 39-30-104 (1) (b), C.R.S., to offset the income tax credit granted in section 39-30-104 (1) (b), C.R.S. By January 1, 2012, the department shall notify the Colorado economic development commission created in section 24-46-102, C.R.S., of the amount allocated for such purposes.

Performance Measures:

This section is not applicable.

**Schedule 13 - 1331 Supplemental Request
Change Request for FY 2012-13 Budget Request Cycle**

Decision Item FY 2012-13		Base Reduction Item FY 2012-13		Supplemental FY 2011-12		Budget Amendment FY 2012-13		Change from Base (Column 5) FY 2013-14	
Request Title:		Loma Port Staffing		Revenue		N/A			
Department:		Revenue		N/A					
Priority Number:		N/A							
Dept. Approval by:		Date:		May 23, 2011					
OSPB Approval:		Date:		5/23/11					
Fund		Prior-Year Actual FY 2010-11		Appropriation FY 2011-12		1331 Supplemental Request FY 2011-12		Total Revised Request FY 2011-12	
Total FTE				10,786,714		193,171		10,979,885	
GF				120.1		4.0		124.1	
CF				3,341,249		0		3,341,249	
HUTF				476,398		0		476,398	
CFE/RF				6,969,067		193,171		7,162,238	
FF				0		0		0	
Total				247,119		5,700		252,819	
GF				0.0		0.0		0.0	
CF				143,703		0		143,703	
HUTF				103,416		5,700		109,116	
CFE/RF				0		0		0	
FF				0		0		0	
(1) Executive Director's Office; Utilities ¹				3,090,752		528		3,091,280	
Total FTE				0.0		0.0		0.0	
GF				2,744,148		0		2,744,148	
CF				332,695		0		332,695	
HUTF				13,909		528		14,437	
CFE/RF				0		0		0	
FF				0		0		0	
(2) Central Department Operations Division; Postage ²				6,933,538		164,331		7,097,869	
Total FTE				120.1		4.0		124.1	
GF				559,056		0		559,056	
CF				0		0		0	
HUTF				6,374,482		164,331		6,538,813	
CFE/RF				0		0		0	
FF				0		0		0	
(6) Motor Carrier Services Division; Personal Services				515,305		22,612		537,917	
Total FTE				0.0		0.0		0.0	
GF				38,045		0		38,045	
CF				0		0		0	
HUTF				477,260		22,612		499,872	
CFE/RF				0		0		0	
FF				0		0		0	
(6) Motor Carrier Services Division; Operating Expenses				0		0		0	
Total FTE				0		0		0	
GF				0.0		0.0		0.0	
CF				0		0		0	
HUTF				0		0		0	
CFE/RF				0		0		0	
FF				0		0		0	

Schedule 13 - 1331 Supplemental Request											
Change Request for FY 2012-13 Budget Request Cycle											
Decision Item FY 2012-13	<input type="checkbox"/>	Base Reduction Item FY 2012-13	<input type="checkbox"/>	Supplemental FY 2011-12	<input checked="" type="checkbox"/>	Budget Amendment FY 2012-13	<input type="checkbox"/>				
Request Title:		Loma Port Staffing									
Department:		Revenue									
Priority Number:		N/A									
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2010-11	Appropriation FY 2011-12	1331 Supplemental Request FY 2011-12	Total Revised Request FY 2011-12	Base Request FY 2012-13	Decision/ Base Reduction FY 2012-13	November 1 Request FY 2012-13	Budget Amendment FY 2012-13	Total Revised Request FY 2012-13	Change from Base (Column 5) FY 2013-14
		Fund									
<p>Non-Line Item Request: None</p> <p>Letternote Revised Text for FY 2011-12: ¹Of these amounts \$1,985,129 shall be from the Highway Users Tax Fund pursuant to Section 43-4-201(3)(a)(iii)(C), C.R.S. ... ²Of this amount, \$14,437 shall be from the Highway Users Tax Fund pursuant to Section 43-4-201(3)(a)(iii)(C), C.R.S. ...</p> <p>Letternote Text Requested for FY 2012-13: None</p> <p>Cash or Federal Fund Name and COFRS Fund Number: Highway Users Tax Fund Off-the-Top, 405</p> <p>Reappropriated Funds Source, by Department and Line Item Name: N/A</p> <p>Approval by OIT? Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/> N/A: <input checked="" type="checkbox"/> N/A</p> <p>Schedule 13s from Affected Departments: N/A</p>											

CHANGE REQUEST for FY 2012-13 BUDGET REQUEST CYCLE

Department:	Revenue
Priority Number:	N/A
Change Request Title:	Loma Port Staffing

SELECT ONE (click on box):

- ☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☒ Supplemental Request FY 2011-12
☐ Budget Request Amendment FY 2012-13

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:

On April 11, 2011, the State of Utah informed the Department of its intent to terminate the joint port of entry agreement with the State of Colorado and cease all operations at the westbound Loma Port of Entry facility effective May 12, 2011. In order to maintain operations at this facility, the Department requests an emergency supplemental of \$193,171 from the Highway User's Tax Fund pursuant to Section 43-4-201 (3) (a)(III)(C), C.R.S. to fund 4.0 FTE and associated operating expenses.

General Description of Request:

The Department requests \$193,171 in FY 2011-12 for 4.0 FTE to staff the westbound Loma Port of Entry. This port of entry facility was previously maintained by the State of Utah based on a joint port of entry agreement established with the State of Colorado in 1999. Without additional resources, the decision by the State of Utah to terminate the agreement would force the Department to close the port. This would negatively impact commercial motor carriers, safety on the I-70 corridor, and road conditions.

The Department requests 4.0 FTE at the Port of Entry Officer I level to provide staffing levels that would be consistent with other dual ports across the state. At this staffing

level, the westbound port would be staffed for all but one shift per week. The additional FTE will be responsible for the following tasks:

- Weighing and clearing commercial vehicles by use of fixed axle scales;
- Visual inspection of commercial vehicles and loads to insure compliance with state and federal rules and regulations;
- Review and inspect required documents, including vehicle registrations, fuel permits, interstate and intrastate authorities, hazardous material permits, extra legal permits, shipping papers, and commercial driver's licenses;
- Collect taxes, fees, district warrants, and fines; and,
- Issue penalty assessments for violations of weight, size, length, width, vehicle registrations, and extra legal permits.

Since the closure of the westbound Loma Port of Entry facility by the State of Utah effective May 12, 2011, the Department has operated the facility on a limited basis. This has been constrained by the lack of staff available from other port locations. The Department intends to hire temporary staff to support operations through the end of FY 2010-11, but will not have available resources to do so in FY 2011-12. Funding is available in FY 2010-11 due to vacancies of two port of entry officer positions the Department is currently working to fill.

The Department will address the ongoing need for this facility in the FY 2012-13 budget process.

Consequences if Not Funded:

In accordance with Section. 42-8-105, C.R.S., drivers of commercial motor vehicles must secure a valid clearance from the first port of entry weigh station located within five road miles of the route that the owner or operator would normally follow from the point of departure to the point of destination. With the closure of the westbound Loma Port of Entry, each commercial motor vehicle traveling westbound towards Loma would be required to exit at the eastbound fixed port facility to receive clearance. Based on FY 2009-10 numbers from the 2010 Department of Revenue Annual Report, this would shift 176,888 commercial motor vehicles to the eastbound port annually. The current

eastbound facility is not equipped to handle a higher volume of traffic either structurally or through staffing without causing significant delays and increased wait times. This would increase fuel costs for commercial motor vehicle owners and operators, slow delivery times, and extend routes. Commercial motor vehicles traveling both east and west on the I-70 corridor would be impacted. As a result, there would be an increased incentive to bypass the eastbound Loma Port of Entry.

The increased costs associated with following Colorado law may further incentivize commercial motor vehicles to avoid inspection by bypassing the Loma Port of Entry. In the case of commercial motor carriers traveling westbound on I-70, the Loma port is the last fixed inspection point in Colorado before crossing over into the State of Utah. With no fixed port on the Utah side, there is a greater possibility of being able to avoid weight inspection, making it more attractive to exceed current weight limits. According to the Federal Highway Administration (FHWA), overweight vehicles earn nearly \$0.19 more per pound than those complying with applicable weight restrictions so there is already an incentive for noncompliance with Colorado law. In addition, this will likely increase the workload for Colorado mobile ports as well as the Colorado State Patrol (CSP) to provide inspections to commercial motor carriers choosing to bypass the eastbound Loma Port of Entry.

Further, more of the State's citizens will be exposed to the potential hazards of overweight and oversized commercial vehicles traveling the I-70 corridor, secondary highways, and city streets. CSP will experience increased occurrences of highway and interstate accidents and fatalities caused by overweight commercial motor vehicles due to the State's diminished ability to provide oversight of this highly traveled area of the state. This increase could cause escalated CSP workloads.

Based on historical data, the Department collects \$336,000¹ in revenues from fees and fines at the westbound Loma Port of Entry facility. Additionally, counties in the Loma

¹ Revenue calculations are based on the three-year average generated through the Loma westbound facility (FY 2007-08 through FY 2009-10).

District² have historically received \$148,000¹ in Specific Ownership Tax distributions from activities at the port of entry. Should this request be denied, some reduction in revenue is likely to occur, although it is unknown at this time what the impact will be.

Calculations for Request:

Summary of Request FY 2011-12		Total Funds	HUTF Off-the-top	FTE
Total Request		\$193,171	\$193,171	4.0
(1) Executive Director's Office; Utilities		\$5,700	\$5,700	0.0
(2) Central Department Operations Division; Postage		\$528	\$528	0.0
(6) Motor Carrier Services Division; Personal Services		\$164,331	\$164,331	4.0
(6) Motor Carrier Services Division; Operating Expenses		\$22,612	\$22,612	0.0

Cash Funds Projections:

Not Applicable.

Assumptions for Calculations:

The minimum salary range (\$3,138/mo) for the Port of Entry Officer I positions was used to calculate the personal services and benefits request. Common policy was used to calculate the necessary operating expenses per officer.

Utilities and Postage expenses were developed using operational records from the eastbound Loma facility.

Impact on Other Government Agencies:

Should operations at the westbound facility cease permanently, the number of overweight commercial motor vehicles may increase, causing rapid escalation in deteriorated roadways. As a result, workload and construction costs for the Colorado Department of Transportation (CDOT) may increase. CDOT could experience an estimated \$869,270³ in additional pavement damage annually as a result.

² These counties include Delta, Eagle, Garfield, Gunnison, Mesa, Moffat, Montrose, Ouray, Pitkin and Rio Blanco.

³ According to the Arizona Department of Transportation's 2006 report, Estimating the Cost of Overweight Vehicle Travel on Arizona Highways, "every \$1.00 invested in motor carrier enforcement avoids \$4.50 in pavement damage."

Cost Benefit Analysis:

Cost	Benefit
The cost includes \$193,171 for FY 2011-12 and 4.0 FTE.	Maintaining a westbound port would provide necessary services to the commercial motor vehicle industry while ensuring that they follow the regulations necessary to promote safety and support highway infrastructure in Colorado. The Department estimates that maintaining the westbound Loma Port of Entry would prevent \$869,270 ¹ in road damage annually related to oversize and overweight commercial motor carriers.

Implementation Schedule:

The Department will hire 4.0 FTE to staff the westbound Loma Port of Entry as of July 1, 2011.

Statutory and Federal Authority:

42-8-104, C.R.S. (2010) Powers and Duties.

(1) The executive director of the department of revenue shall issue such rules and regulations as the executive director deems necessary to implement this article and carry out its purposes. Said executive director shall, to the fullest extent possible, house department field offices at such places as port of entry weigh stations are established. All permanent port of entry weigh stations established under the authority of this article shall be operated on a twenty-four-hour-a-day basis, except for certain holidays or other times determined by the executive director of the department of revenue, and in such manner as to reasonably allow owners and operators of motor vehicles subject to fees, licenses, or taxes or to regulations imposed by the state of Colorado to comply with all such laws and regulations issued pursuant thereto by clearance at a port of entry weigh station. All port of entry weigh stations, either permanent or mobile, shall be equipped with weighing equipment approved as to accuracy by the division of inspection and consumer services of the department of agriculture.

42-8-105, C.R.S. (2010) Clearance of motor vehicles at port of entry weigh stations.

(1) Every owner or operator of a motor vehicle that is subject to payment of registration fees under the provisions of section 42-3-306 (5) (b) and every owner or operator of a motor vehicle or combination of vehicles having a manufacturer's gross vehicle weight rating or gross combination weight rating of twenty-six thousand one pounds or more shall secure a valid clearance from an office of the department of revenue, from an officer of the Colorado state patrol, or from a port of entry weigh station before operating such vehicle or combination of vehicles or causing such vehicle or combination of vehicles to be operated on the public highways of this state, but an owner or operator shall be deemed to have complied with the provisions of this subsection (1) if the owner or operator secures a valid clearance from the first port of entry weigh station located within five road miles of the route that the owner or operator would normally follow from the point of departure to the point of destination. An owner or operator shall not be required to seek out a port of entry weigh station not located on the route such owner or operator is following if the owner or operator secures a special revocable permit from the department of revenue in accordance with the provisions of subsection (4) of this section. A vehicle with a seating capacity of fourteen or more passengers registered under the provisions of section.

Performance Measures:

Objective: Improve the accuracy and efficiency of services provided to all Department of Revenue customers.

Schedule 13
Funding Request for the 2012-13 Budget Cycle

Department: Revenue

Request Title: Driver's License Office Network Upgrades

Priority Number: S-3

Dept. Approval by: Barbara Droke 12/15/11

Date

OSPB Approval by: Ernest R. Smith 12/18/11

Date

- ☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☒ Supplemental FY 2011-12
☐ Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	6
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items	Total	1,684,157	387,434	1,682,732	-	-
	FTE	-	-	-	-	-
	GF	-	-	1,216,876	-	-
	CF	1,684,157	387,434	465,856	-	-
	HUTF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(S) Division of Motor Vehicles; (B) Driver and Vehicle Services, Operating Expenses	Total	1,684,157	387,434	1,682,732	-	-
	FTE	-	-	-	-	-
	GF	-	-	1,216,876	-	-
	CF	1,684,157	387,434	465,856	-	-
	HUTF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: ☒ No: ☐ If yes, describe the Letternote Text Revision:

\$1,340,228 \$1,727,662 shall be from the Licensing Services Cash Fund

Cash or Federal Fund Name and COFRS Fund Number: Licensing Services Cash Fund, 437

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

Approval by OIT? Yes: ☒ No: ☐ Not Required: ☐

Schedule 13s from Affected Departments: N/A

Other Information: N/A



DEPARTMENT OF REVENUE

*FY 2011-12 Supplemental
January 3, 2012*

John W. Hickenlooper
Governor

Barbara Brohl
Executive Director

Department Priority: S-3
Request Title: Driver's License Office Network Upgrades

Summary of Incremental Funding Change for FY 2011-12	Total Funds	Cash Funds	FTE
Driver's License Office Network Upgrades	\$387,434	\$387,434	0.0

Request Summary:

The Department requests an increase of \$387,434 from the Licensing Services Cash Fund to the Long Bill Group (5) Division of Motor Vehicles, (B) Driver and Vehicle Services, Operating Expenses in FY 2011-12 to fund upgrades to the driver's license office network. This request includes replacing routers, switches, and file servers at 48 driver license offices and 5 regional service centers.

The Department, in partnership with the Governor's Office of Information Technology (OIT), contracted with Dynamics Research Corporation in September 2011 to conduct an analysis of the driver's license office network bandwidth and wireless connectivity. The project included an analysis of the current network bandwidth capacity as well as an analysis of peak utilization resulting from the 5 and 10 year license renewal cycles and the implementation of four Division of Motor Vehicles (DMV) technology projects that are currently underway. These include (1) Driver's License Refresh; (2) Queuing and Appointment Scheduling (Wait Less); (3) Pay Port Credit Card Acceptance; and (4) Auto Test. The Driver's License Refresh project will upgrade existing systems to meet enhanced security requirements driven by the REAL ID Act and update existing operational capability. Wait Less will significantly improve the work environment of the staff and the customer experience in 13 Driver's License offices by allowing for queuing, appointment scheduling online, and new automated

functionality. Currently, the DMV is only able to accept payment in the form of cash or check; the Pay Port Project will enable the use of credit cards in office locations. Auto Test will allow the migration from paper testing systems to an electronic format for all Commercial Driver's License tests resulting in improved accuracy, enhanced security, and reduced wait-times for customers.

The driver's license office network contains obsolete equipment that is nearing end of life and no longer sustains business operational requirements. Past equipment upgrades have occurred on a random basis in response to emergency situations. An overarching strategy for equipment replacement has not previously been in place jeopardizing critical functionality. Current outage statistics show that 8 percent of the time there is insufficient bandwidth to handle existing traffic volume. As a result, the network fails causing outages totaling approximately 14 hours each month. These outages create significant inconveniences to the public, poor customer service, and inefficient and ineffective service delivery.

The results of the Driver's License Office Network analysis reveal that current utilization of circuits, switches, and routers for all driver's license office locations are operating at maximum capacity and will be unable to handle future applications and operations. Twelve of these locations are at risk of not having bandwidth

capacity to function at high volume levels. Eight of these sites are currently operating well outside of capacity.

The bandwidth analysis report provides details for each specific location identifying what equipment is necessary and the anticipated cost for each piece of equipment. Specific location and cost information can be found in Appendix A.

The Department's existing appropriation provides funding for ongoing circuit and usage costs. However, there is insufficient funding to upgrade the network equipment. The requested equipment would be able to accommodate the transition to new, scalable Metro Ethernet (QMOE) technology. Metro Ethernet service combines the power of Ethernet and optical technologies to provide low-cost, scalable, and secure bandwidth. This new technology would provide significant increases in bandwidth to the driver's license offices. The current T1 lines are capable of processing 1.54 megabytes of data, whereas the new circuits will provide at least 20 megabytes of data.

Additionally, this request supports the migration of the current infrastructure to the Colorado State Network, which is part of an overall statewide network infrastructure improvement. To access this network and gain the benefits of the new technology, switches and routers must be upgraded. A schematic identifying the existing and proposed Driver's License Network Topology may be found in Appendix C: Traffic Flow Diagram. This project supports implementation of the Governor's Office of Information Technology Playbook and aligns with the top priorities of OIT.

Anticipated Outcomes:

With an increase of \$387,434 in spending authority, the Department would be able to upgrade the network equipment in all the driver's license office locations and to utilize QMOE technology to enhance the bandwidth capacity to meet current and future communication needs. This also helps the Department of Revenue take a

critical step toward moving onto the new Colorado State Network. While this request would fund the upgrade of network equipment, it does not fund upgrades to the various motor vehicle information technology systems.

Assumptions for Calculations:

The cost to upgrade switches, routers, and file servers for each driver's license office location totals \$387,434 and can be found on Appendix A.

Consequences if not Funded:

The current operational capability of all 53 driver's license offices is substantially limited by the existing bandwidth. Eight of these offices are currently operating in excess of bandwidth capacity and five more will be in excess after implementation of the four new DMV technology projects. If the driver's license office network equipment is not upgraded, the Department will not be able to fully utilize the full functionality that these projects offer. The Driver's License Refresh Project, which is a high priority for the Department and is scheduled to roll out in the next few months, will not be available in as many driver's license offices as was originally planned. The initial plan included 12 locations; however, all of the driver's license offices are operating at maximum capacity and will be unable to handle future planned applications. Outages will continue to occur affecting service delivery if the equipment is not upgraded to accommodate the transition to QMOE technology.

Impact to Other State Government Agency:

None

Cash Fund Projections:

Please refer to Appendix B.

Relation to Performance Measures:

The Department's objectives are to identify methods to deliver services in an alternative manner that speeds delivery and improves the accuracy and efficiency of services provided to all Department customers.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

The criterion for this supplemental request is based on new information. The Department, in partnership with the Governor's Office of Information Technology, contracted with Dynamics Research Corporation in September 2011 to conduct an analysis of the driver's license office network bandwidth and wireless connectivity. Results from this study show that the current network bandwidth capacity is not sufficient to support current workload requirements and will significantly impede the Department's ability to complete pending DMV technology projects.

Current Statutory Authority or Needed Statutory Change:

No statutory change is necessary to support this funding request.

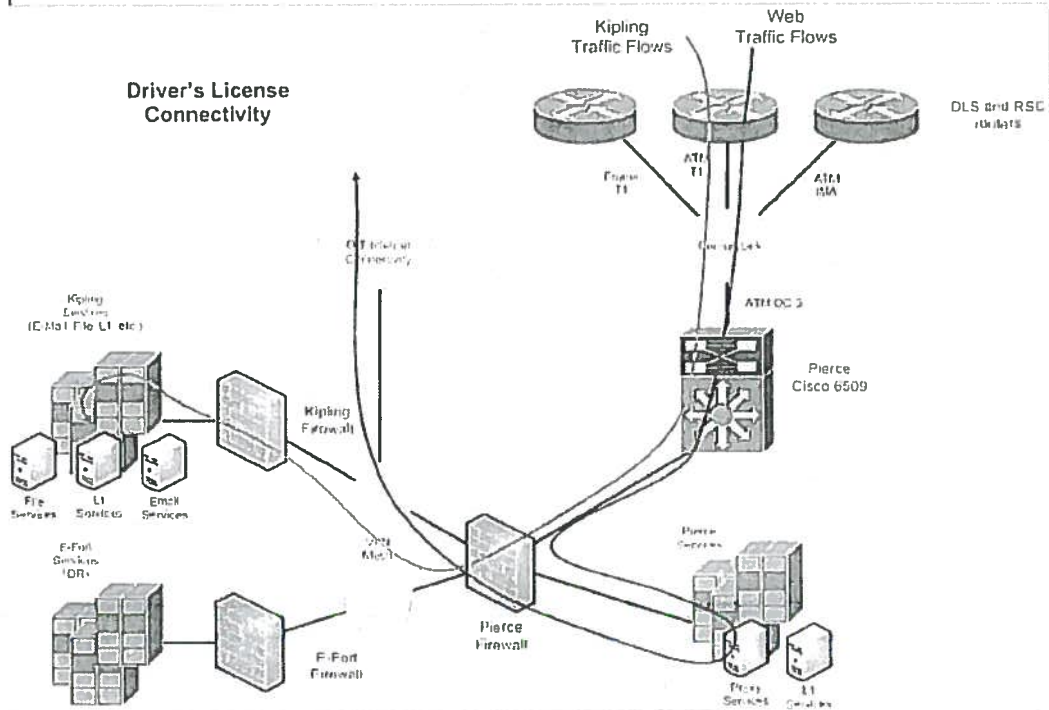
Appendix A
Equipment Cost per Driver's License Office

Site	Switch/Router Cost	File Server Cost
Pueblo Drivers License - DLS	\$7,301	\$5,000
Golden Drivers License - DLS	\$7,301	\$5,000
Colo Springs RSC - Drivers License	\$10,581	\$5,000
Denver Central Athmar Drivers License - DLS	\$10,581	\$5,000
Denver Northeast Drivers License - DLS	\$7,301	\$5,000
Littleton - Arapahoe County Drivers License - DLS	\$6,666	\$5,000
Grand Junction (RSC) Drivers License - DLS	\$9,946	\$5,000
Ft. Collins RSC - Drivers License	\$581	\$5,000
Greeley (RSC) Drivers License - DLS	\$10,581	\$5,000
Aurora-Arapahoe Drivers License - DLS	\$7,301	\$5,000
Boulder Drivers License - DLS	\$6,666	\$5,000
Aurora Drivers License - Drivers License	\$6,666	\$5,000
Akron Drivers License - DLS	\$4,656	
Alamosa Drivers License - DLS	\$4,656	
Burlington Drivers License - DLS	\$4,021	
Canon City Drivers License - DLS	\$4,021	
Canon City Prison Drivers License - DLS	\$4,656	
Castle Rock Drivers License - DLS	\$7,301	
Centennial Drivers License - DLS	\$7,301	
Cheyenne Drivers License - DLS	\$4,021	
El Paso Centennial Hall Drivers License - DLS	\$4,021	
El Paso Union (Chapel Hills) Drivers License - DLS	\$10,581	
El Paso Powers Drivers License - DLS	\$4,021	
Cortez Drivers License - DLS	\$4,021	
Craig Drivers License - DLS	\$4,021	
Delta Drivers License - DLS	\$4,021	
Durango Drivers License - DLS	\$7,301	
Eads Drivers License - DLS	\$4,021	
Frisco Drivers License - DLS	\$6,666	
Ft. Morgan - DLS	\$4,021	
Glenwood Springs Drivers License - DLS	\$6,666	
Gunnison (RSC) Drivers License - DLS	\$4,021	
Holyoke Drivers License - DLS	\$2,963	
Hot Sulphur Springs Drivers License - DLS	\$4,021	
Hugo Drivers License - DLS	\$2,963	
Julesburg Drivers License - DLS	\$4,021	
La Junta Drivers License - DLS	\$6,666	
Lakewood (Pierce St.) Drivers License - DLS	\$19,256	
Lamar Drivers License - DLS	\$4,021	
Leadville Drivers License - DLS	\$2,963	
Littleton - MAIN Drivers License - DLS	\$6,666	
Longmont Drivers License - DLS	\$6,666	
Loveland Drivers License - DLS	\$7,301	
Meeker Drivers License - DLS	\$4,021	
Montrose Drivers License - DLS	\$6,666	
Northglenn Drivers License - DLS	\$6,666	
Parker Drivers License - DLS	\$6,666	
Rangley Drivers License - DLS	\$4,021	
Saguache Drivers License - DLS	\$4,021	
Salida Drivers License - DLS	\$4,021	
Springfield Drivers License - DLS	\$6,666	
Steamboat Springs Drivers License - DLS	\$6,666	
Sterling Drivers License - DLS	\$4,021	
Trinidad Drivers License - DLS	\$2,963	
Wray Drivers License - DLS	\$4,021	
Yuma County Drivers License - DLS	\$4,021	
Total	\$327,434	\$60,000

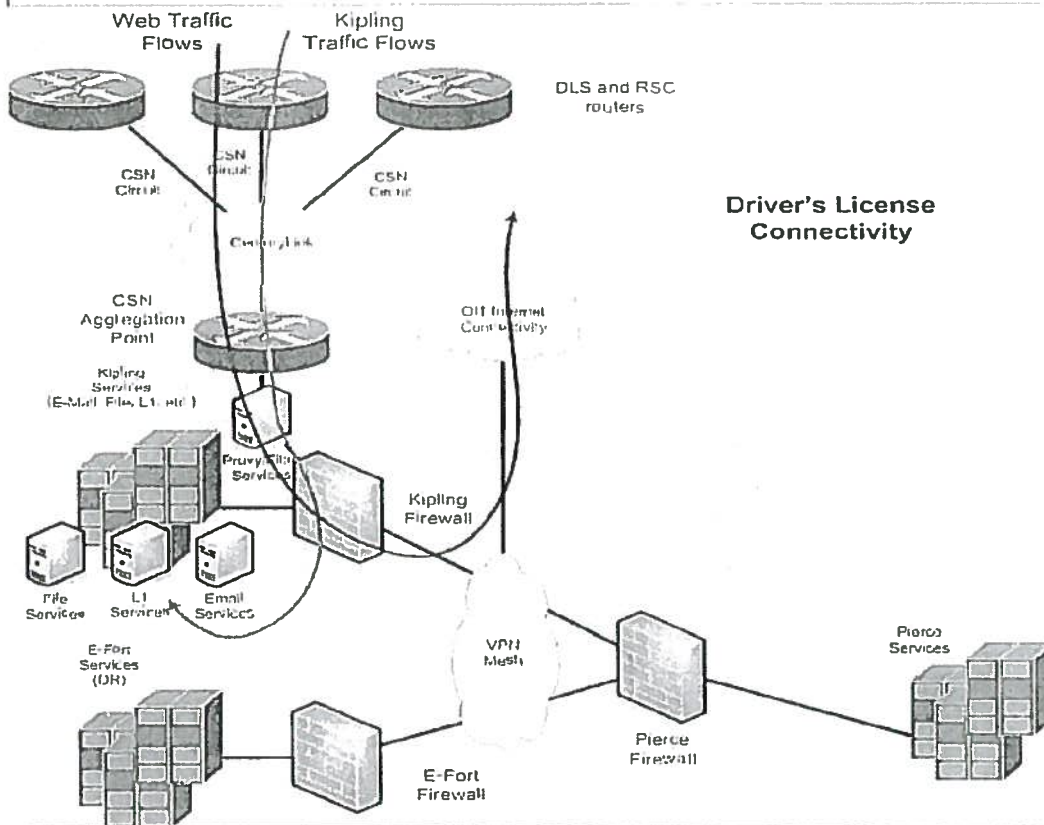
Appendix B: Cash Fund Projections	
Licensing Services Cash Fund Detail - 437	
Item	Total
FY 2011-12 Beginning Balance*	\$3,599,879
Actual/Anticipated Revenue	\$26,262,681
Actual/Appropriated Expenditures	(\$24,920,152)
Available Liquid Fund Balance Prior to New Requests	\$4,942,408
S-3: Driver's License Office Network Upgrades	(\$387,434)
FY 2011-12 Ending Balance	\$4,554,974

*Pursuant to C.R.S. 42-2-114.5, the Prior Year Ending Fund Balance in excess of 16.5% of prior year LSCF appropriations revert to the Highway Users Tax Fund.

Current Driver's License Traffic Flow Diagram



Proposed Driver's License Traffic Flow Diagram



Schedule 13
Funding Request for the 2012-13 Budget Cycle

Department: Revenue
 Request Title: Drivers License Documents Fund Reallocation
 Priority Number: S-4

Dept. Approval by: Barbara Broke 12/15/11
 Date

OSPB Approval by: Evelyn N. Smith 12/18/11
 Date

☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☒ Supplemental FY 2011-12
☐ Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
	Fund	1 Appropriation FY 2011-12	2 Supplemental Request FY 2011-12	3 Base Request FY 2012-13	4 Funding Change Request FY 2012-13	6 Continuation Amount FY 2013-14
Total of All Line Items	Total	3,810,592	-	3,837,618	-	-
	FTE	-	-	-	-	-
	GF	-	-	3,084,441	-	-
	CF	3,810,592	-	753,177	-	-
	HUTF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(5) Division of Motor Vehicles; (B) Driver and Vehicle Services, Drivers License Documents	Total	3,810,592	-	3,837,618	-	-
	FTE	-	-	-	-	-
	GF	-	-	3,084,441	-	-
	CF	3,810,592	-	753,177	-	-
	HUTF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: ☒ No: ☐ If yes, describe the Letternote Text Revision:
 Of this amount, ~~\$2,846,051~~ \$2,994,363 shall be from the Licensing Services Cash Fund created in Section 42-2-114.5 (1), C.R.S. and
~~\$964,541~~ \$816,229 shall be from the Identification Security Cash Fund created in Section 42-1-220 (1), C.R.S.

Cash or Federal Fund Name and COFRS Fund Number: Licensing Services Cash Fund, 437
 Identification Security Cash Fund, 414

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

Approval by OIT? Yes: ☐ No: ☐ Not Required: ☒

Schedule 13s from Affected Departments: N/A

Other Information: N/A



DEPARTMENT OF REVENUE

John W. Hickenlooper
Governor

*FY 2011-12 Supplemental
January 3, 2012*

Barbara Brohl
Executive Director

Department Priority: S-4

Request Title: Drivers License Documents Fund Reallocation

Summary of Incremental Funding Change for FY 2011-12	Total Funds	Licensing Services Cash Fund	Identification Security Cash Fund
Drivers License Documents Fund Reallocation	\$0	\$148,312	(\$148,312)

Request Summary:

The Department requests that the current appropriations for (5) Division of Motor Vehicles; (B) Driver and Vehicle Services, Drivers License Documents, be reallocated to increase the appropriation from the Licensing Services Cash Fund (LSCF) by \$148,312 and decrease the appropriation from the Identification Security Cash Fund (IDSF) by \$148,312 as identified in the Long Bill letternote. This requested reallocation of fund sources for the Drivers License Documents appropriation would entail no net increase in funding.

Based on current document issuance projections, the Department anticipates that the IDSF will become insolvent in FY 2011-12. The IDSF faces impending insolvency due to legislative appropriations and corresponding expenditures from the IDSF chronically exceeding annual revenue collections. The IDSF generates revenue from a \$0.60 surcharge on each photo identification document including driver's licenses, commercial driver's licenses, identification cards, and learner's permits. The IDSF pays for facial recognition security, Social Security Online Verification, and Systematic Alien Verification for Entitlements. While not all documents require all of these services, the blended rate for these services based on utilization is \$0.63 per document. Consequently, for every document issued by the Department,

there is a net loss of \$0.03. In addition, in FY 2011-12 the Department paid \$86,945 from the IDSF to L-1 Secure Credentialing, Inc. to produce and distribute photo identifications.

The gap between revenues and expenditures has been slowly eroding the fund balance in the IDSF. In FY 2009-10, expenditures exceeded revenues by \$200,889 and in FY 2010-11, expenditures exceeded revenues by an additional \$232,790, further eroding the fund balance.

In FY 2011-12, the IDSF appropriation for Drivers License Documents is \$964,541, which is an estimated \$148,000 or 18% above projected revenues of \$815,735. Should the IDSF appropriation be fully expended and the revenue collections remain as projected, the IDSF's beginning fund balance of \$113,236 would be fully exhausted, rendering the fund insolvent by the end of FY 2011-12.

This ongoing structural deficit between IDSF revenues and expenditures has prompted the need to adjust the IDSF appropriation to align with projected revenues. As a result of this request, production costs for Drivers License Documents would be predominantly borne by the LSCF with the remaining security costs being allocated to the IDSF. This request adjusts the percentage cost of document issuance between the two fund sources

in a manner that will ensure IDSF expenditures do not exceed revenue collections for FY 2011-12. Beginning in FY 2012-13, (5) Division of Motor Vehicles; (B) Driver and Vehicle Services, Drivers License Documents is refinanced from LSCF to General Fund. As part of this refinance, the Drivers License Documents appropriation was reallocated between General Fund and IDSF based on historical allocations. As a result, the fund allocation adjustment is for FY 2011-12 only.

Anticipated Outcomes:

With a reallocation of cash fund appropriations, the Department would be able to issue photo identification documents through FY 2011-12, as required by statute, as well as ensure solvency of the IDSF.

Assumptions for Calculations:

The Department pays \$2.077 to produce each photo identification card and \$0.631 for security costs including facial recognition, systematic alien verification for entitlements, and social security number online verification. The total production cost per document is \$2.708. The Department proposes to adjust the total document production cost so that the IDSF pays for \$0.580 per document issued or 21.42% of the total document production costs (See Appendix B).

Consequences if not Funded:

A shortage of funds in the Drivers License Documents line item and potential insolvency of the IDSF would require the Department to cease issuing photo identification documents in June of FY 2011-12 and curtail other program activities related to the issuance of documents. These actions will result in hardships for Colorado citizens whose employment, travel, government benefits, and business activities depend upon

possession and presentation of valid State-issued driver's licenses and identification documents.

Impact to Other State Government Agency:

None

Cash Fund Projections:

Please see Appendix D.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

The criterion for this supplemental request is based on new information. Due to concerns over projected revenues in the LSCF, the Department did not request an adjustment to the fund allocations and, instead, chose to spend down the reserve balance within the IDSF. Based on actual performance of the LSCF in FY 2010-11 and projected performance in FY 2011-12, the Department requests that the funds be reallocated for FY 2011-12 to ensure an adequate fund balance in the IDSF to match its appropriation authority.

Current Statutory Authority or Needed Statutory Change:

Statutory authority to issue the photo identification documents through the LSCF and the IDSF exists in the following sections:

- 42-1-114.5
- 42-1-220
- 42-2-101
- 42-2-302

No statutory change is necessary to support this funding request.

Appendix A - Fund Mix Adjustment

Summary of Request FY 2011-12	Total Funds	GF	LSCF	IDSF
Total Request	\$0	\$0	\$148,312	(\$148,312)
(5) Division of Motor Vehicles; (B) Driver and Vehicle Services, Drivers License Documents FY 2011-12 Appropriation	\$3,810,592	\$0	\$2,846,051	\$964,541
Proposed Fund Mix FY 2011-12	\$3,810,592	\$0	\$2,994,363	\$816,229

Appendix B - Total Estimated Document Cost			
Row	Item	Cost	Description
1	Card Production Cost	\$2.077	Per document cost identified in the L-1 contract. CF: LSCF
2	Facial Recognition Security	\$0.530	Amount increased in the 2003 L-1 contract to provide facial recognition security. CF: IDSF
3	Social Security Online Verification	\$0.067	Fee for document verification through the American Association of Motor Vehicle Administrators (AAMVA). CF: IDSF
4	Systematic Alien Verification for Entitlements	\$0.034	Fee for document verification through the United States Citizenship and Immigration Service (USCIS). CF: IDSF
5	Total Security Cost Per Card	\$0.631	Row 2 + Row 3 + Row 4
6	Total Cost Per Card	\$2.708	Row 1 + Row 5
7	Proposed Security Cost Charged to the Identification Security Cash Fund	\$0.580	See Assumptions.
8	Percentage of Production Costs Paid for Using the Identification Security Cash Fund	21.42%	Row 7 / Row 6, rounded to 4 decimal places.
FY 2011-12			
9	Total Appropriation in FY 2011-12	\$3,810,592	Department of Revenue FY 2012-13 Budget Request.
10	Proposed Allocation to the Identification Security Cash Fund	\$816,229	Row 8 * Row 9, rounded to 0 decimal places
11	Proposed Allocation to the Licensing Services Cash Fund	\$2,994,363	Row 9 - Row 10

Appendix C: Revenues to Expenses			
Item	FY 2011-12	FY 2012-13	FY 2013-14
Licensing Services Cash Fund			
Beginning Fund Balance	\$3,599,879	\$4,186,583	\$6,641,523
Revenues	\$26,262,681	\$26,965,671	\$24,065,818
Expenses*	\$24,920,152	\$24,510,731	\$24,510,731
Total	\$4,942,408	\$6,641,523	\$6,196,610
Sweep to HUTF	\$755,824	\$2,597,253	\$2,152,340
Total Adjusted Balance	\$4,186,583	\$4,044,271	\$4,044,271
Identification Security Cash Fund			
Beginning Fund Balance	\$113,236	(\$135,705)	(\$347,063)
Revenues	\$802,539	\$840,122	\$746,032
Expenses	\$1,051,480	\$1,051,480	\$1,051,480
Total	(\$135,705)	(\$347,063)	(\$652,511)

*For the purposes of this analysis, the Department assumes that expenses will match the FY 2011-12 total appropriation less the remaining approved capital construction costs associated with upgrades to the driver's license system through the Department's contractor L-1. This assumes that legislative action will be taken to permanently fund driver's license services through the Licensing Services Cash Fund as identified through R-6 presented in the November 1, 2011 Budget Request.

*Expenses for FY 2011-12 also reflects explicitly identified cash fund authority in the Department's Long Bill letternotes. In addition, the Department also receives spending authority for Licensing Services Cash Fund in the Long Bill letternotes in the Executive Director's Office under the general appropriation authority of "Various Cash Sources".

Appendix D: Cash Fund Projections						
Cash Fund Name	Cash Fund Number	FY 2010-11 Expenditures	FY 2010-11 End of Year Cash Balance	FY 2011-12 End of Year Cash Balance	FY 2012-13 End of Year Cash Balance	FY 2013-14 End of Year Cash Balance
Licensing Services Cash Fund	437	\$19,900,149	\$5,551,135	\$4,942,408	\$6,641,523	\$6,196,610
Identification Security Fund	414	\$929,462	\$113,236	(\$135,705)	(\$347,063)	(\$652,511)

*The Identification Security Fund balance shows an ending negative fund balance in FY 2011-12 without the Supplemental. Reducing the FY 2011-12 Identification Security Fund appropriation to align with projected revenue collections will ensure that a positive fund balance is maintained and eliminate a structural deficit in the fund. Appropriations from the fund have consistently exceeded fund revenues since FY 2008-09, steadily eroding the fund balance.

Schedule 13
Funding Request for the 2012-13 Budget Cycle

Department: Revenue
Request Title: Motor Vehicle Emissions Program FTE Reduction
Priority Number: S-5, BA-2

Dept. Approval by: Barbara Brohl 12/15/11
Date

OSPB Approval by: Ernst R. Schuler 12/18/11
Date

☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☒ Supplemental FY 2011-12
☒ Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
	Fund	1	2	3	4	6
		Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items	Total	1,265,618	(116,403)	1,287,720	(119,027)	(119,027)
	FTE	17.0	(2.0)	17.0	(2.0)	(2.0)
	GF	-	-	-	-	-
	CF	1,265,618	(116,403)	1,287,720	(119,027)	(119,027)
	HUTF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(5) Division of Motor Vehicles; (C) Vehicle Emissions, Personal Services	Total	1,176,893	(114,503)	1,198,995	(117,127)	(117,127)
	FTE	17.0	(2.0)	17.0	(2.0)	(2.0)
	GF	-	-	-	-	-
	CF	1,176,893	(114,503)	1,198,995	(117,127)	(117,127)
	HUTF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(5) Division of Motor Vehicles; (C) Vehicle Emissions, Operating Expenses	Total	88,725	(1,900)	88,725	(1,900)	(1,900)
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	CF	88,725	(1,900)	88,725	(1,900)	(1,900)
	HUTF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: ☐ No: ☒ If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Automobile Inspection and Readjustment Account Cash Fund, 405

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

Approval by OIT? Yes: ☐ No: ☐ Not Required: ☒

Schedule 13s from Affected Departments: N/A

Other Information: N/A



DEPARTMENT OF REVENUE

*FY 2011-12 Supplemental and FY 2012-13 Budget Amendment
January 3, 2012*

*John W. Hickenlooper
Governor*

*Barbara Brohl
Executive Director*

Department Priority: S-5, BA-2

Request Title: Motor Vehicle Emissions Program FTE Reduction

Summary of Incremental Funding Change for FY 2011-12	Total Funds	Cash Funds	FTE
Motor Vehicle Emissions Program FTE Reduction	(\$116,403)	(\$116,403)	(2.0)

Request Summary:

The Department of Revenue requests a reduction of \$116,403 from the Automobile Inspection and Readjustment (AIR) Account cash fund and 2.0 FTE from (5) Division of Motor Vehicles; (C) Motor Vehicle Emissions Program in FY 2011-12. This would annualize to a reduction of \$119,027 beginning in FY 2012-13 to reflect the changes in PERA contributions. Pursuant to performance audit recommendations proposed by the Office of the State Auditor in September 2010, the Department of Revenue conducted a detailed analysis of its operations to determine program staffing needs and reassign or reduce staff as necessary resulting in a recommendation to reduce staffing by 2.0 FTE without loss of operational effectiveness.

As mandated in Section 42-4-305 C.R.S., the Department is charged with quality assurance, auditing, licensing of facilities, mechanics, and inspectors, providing all necessary forms, issuing, denying, canceling, revoking licenses, issuing waivers, enforcing emissions requirements, and performing complaint mitigation. These activities help ensure the State of Colorado's compliant with federal emissions testing standards in the Emissions Enhanced Program Area (currently defined as the seven county Denver Metro Area as well as parts of Weld and Larimer counties) under the AIR Program mandated by the federal government.

The Motor Vehicle Emissions Program (MVEP) has been monitoring emissions testing facilities in

the Denver area since July 1, 1981, and has offered similar services when mandated by the General Assembly and Air Quality Control Commission to portions of Weld, Larimer, and El Paso counties.

In November 2007, the United States Environmental Protection Agency designated the Denver Metro Area and Northern Front Range as being out of compliance with the then current eight-hour ozone standard. In December 2008, the Air Quality Control Commission, through rule-making authority, re-designated the counties of Larimer and Weld for re-implementation into the enhanced emissions program area. These regulatory changes required the testing of an additional 290,000 vehicles in the newly expanded program area. Senate Bill 09-003 further expanded the boundaries of the enhanced program area in the Northern Front Range by adding an additional 86,000 vehicles above the Commission's requirements. In order to enforce emissions testing regulations and inspections in the enhanced program area, the MVEP was appropriated an additional 2.0 FTE for field inspectors.

Anticipated Outcomes:

This request would ensure that the MVEP's regulatory enforcement activities are being conducted at a staffing and funding level sufficient to meet all field testing, inspection, and licensing requirements stipulated by the General Assembly and the Air Quality Control

Commission without any reduction in programmatic coverage of the recently-expanded enhanced emissions area.

Assumptions for Calculations:

The majority of the Office of the State Auditor audit findings concerned the regulatory activities of the MVEP field staff, the Air Environmental System Technician I (AEST I). Consequently, the focus of the assessment was weighted to address AEST I staffing concerns. In order to conduct the staff analysis, the MVEP analyzed detailed accounts of weekly and monthly activities reported on employee time-keeping reports. Utilizing the time-keeping records, the MVEP formulated AEST I staffing projections based on the estimated types, volume of each, and duration of different job duties, to be performed by the AEST I staff based upon statutory requirements, Air Quality Control Commission standards, and Department Rule.

The analysis identified and assessed the 21 different job duties AEST I staff must perform in order to sufficiently fulfill the MVEP's regulatory and enforcement responsibilities and also accounted for average leave taken by AEST staff on an annual basis. Overall, the analysis indicated approximately 17,787 hours of AEST staff time is required annually, or approximately 9.0 FTE of the AEST classification (see Appendix C). Since the Program has appropriation authority for 11.0 FTE, the Department recommends a reduction in AEST staff by 2.0 FTE and the corresponding funding amount.

Personal Services calculations in this request reflect the base salary for an AEST I of \$52,476, plus the State's contribution for PERA (7.65% in FY 2011-12 and 10.15% in FY 2012-13) and a Medicare Contribution of 1.45%. For 1.0 FTE, this equates to \$57,252 in FY 2011-12 and \$58,564 in FY 2012-13. Operating expenses include \$500 in ongoing supplies and \$450 in ongoing base telephone expenses for a total of \$950 annually for 1.0 FTE. Detailed calculations are included in Appendix A.

Consequences if not Funded:

The MVEP's analysis of staffing, conducted pursuant to the Office of the State Auditor performance audit recommendations, indicates the program has more field enforcement staff than are necessary to satisfy all applicable statutory and regulatory requirements. As such, the Department requests a decrease in spending authority so that the program's cash funding source – the AIR Account, a Special Account of the Highway Users Tax Fund – can be utilized for other purposes.

Impact to Other State Government Agency:

The requested reduction in FTE and corresponding cash funding appropriations would not have any impact on the MVEP or other government agencies, as the program would retain a sufficient level of staffing to perform its statutory responsibilities. As such, there should be no adverse effect on the Department of Public Health and Environment, the Air Quality Control Commission, or any other government agency.

Cash Fund Projections:

Please refer to Appendix B.

Relation to Performance Measures:

The Department's requirement is to comply with statutory and regulatory requirements through complete servicing of the enhanced emissions program area via compliance and enforcement activities as specified in statute and rule.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

The criterion for this supplemental request is based on new information. Although the Department received the audit findings in September 2010 the requirements of the findings were that the Department needed to "conduct a detailed analysis to determine program staffing needs, reassigning or reducing staff as necessary to ensure that all staff are fully utilized, and suspending additional staff hires for the northern Front Range expansion area until the analysis is completed." The Department did not complete this analysis until after the FY 2011-12 Budget

was completed. At present, the MVEP is holding 2.0 FTE positions vacant and has placed spending restrictions on the corresponding appropriations in FY 2011-12.

Current Statutory Authority or Needed Statutory Change:

Current Statutory Authority:

Section 42-4-305 C.R.S.

Section 42-4-306(9) C.R.S.

Section 42-4-301 through Section 42-4-316.5 C.R.S.

42 USC Section 7401 et seq. (Federal Clean Air Act)

No statutory changes are required to effectuate this request.

Appendix A

Calculation Assumptions:

Personal Services -- Based on the Department of Personnel and Administration's August 2011 Annual Compensation Survey Report, an AIR ENVIRONMENT SYSTEMS TECHNICIAN I at the BOTTOM of the pay range will require a monthly salary of \$4,373.

Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$900), Office Suite Software (\$330), and office furniture (\$3,473).

General Fund FTE -- New full-time General Fund positions are reflected in FY 2012-13 as 0.9166 FTE to account for the pay-date shift.

Expenditure Detail		FY 2011-12		FY 2012-13		FY 2013-14	
<i>Personal Services:</i>		FTE	\$	FTE		FTE	\$
Air Environment Systems Technician I	Monthly Salary \$ 4,373	(2.0)	(104,952)	(2.0)	(104,952)	(2.0)	(104,952)
PERA			(8,029)		(10,653)		(10,653)
AED							
SAED							
Medicare			(1,522)		(1,522)		(1,522)
STD							
Health-Life-Dental							
Subtotal Position 1, ## FTE		(2.0)	\$ (114,503)	(2.0)	\$ (117,127)	(2.0)	\$ (117,127)
Subtotal Personal Services		(2.0)	\$ (114,503)	(2.0)	\$ (117,127)	(2.0)	\$ (117,127)
<i>Operating Expenses</i>							
Regular FTE Operating		(2.0)	(1,000)	(2.0)	(1,000)	(2.0)	(1,000)
Telephone Expenses		(2.0)	(900)	(2.0)	(900)	(2.0)	(900)
PC, One-Time					-		
Office Furniture, One-Time					-		
Other					-		
Other					-		
Other					-		
Other					-		
Subtotal Operating Expenses			\$ (1,900)		\$ (1,900)		\$ (1,900)
TOTAL REQUEST		(2.0)	\$ (116,403)	(2.0)	\$ (119,027)	(2.0)	\$ (119,027)
<i>General Fund:</i>							
<i>Cash funds:</i>			\$ (116,403)		\$ (119,027)		(119,027)
<i>Reappropriated Funds:</i>							
<i>Federal Funds:</i>							

	FY 2011-12	FY 2012-13	FY 2013-14
PERA			
AED			
SAED			
Medicare			
STD			
Health-Life-Dental			

Appendix B: Automobile Inspection and Readjustment Account Cash Fund Projections

Cash Fund Name*	FY 2010-11 Expenditures	FY 2010-11 Ending Cash Balance	FY 2011-12 Ending Cash Balance	FY 2012-13 Ending Cash Balance
Automobile Inspection and Readjustment (AIR) Account (Dept. of Revenue Account)	\$1,308,355	\$0; Monies Transferred to DPHE's separate AIR Account	0; Monies Transferred to DPHE's separate AIR Account	0; Monies Transferred to DPHE's separate AIR Account

* The AIR Account consists of two separate sub-accounts: 1) Pursuant to 42-3-304 (18) (a)-(c), C.R.S., one account is available for appropriation to the Department of Public Health & Environment (DPHE) for its motor vehicle emissions regulatory activities; and 2) The other, pursuant to 42-3-304 (18) (b) & (c), is available for appropriation to the Department of Revenue, for emissions testing standards enforcement. Once revenue deposits in the Department of Revenue's sub-account have equaled its appropriation, excess revenues are transferred to the DPHE sub-account and spent pursuant to its appropriations authority.

Appendix C: 2012 Air Environmental Systems Technician FTE Staffing Analysis

	2012 Projected # of Instances	Average Audit Time	2012 Projected Hours	Notes
Stations Licensed/Renewed	52	3.81	198.12	Based on an average of 4.25 per month
Stations Cancelled	3	2.50	7.50	Based on an average of .25 per month
Mechanics Transferred	5	3.17	15.85	Based on an average of .38 per month
Mechanics Licensed/Renewed	189	2.23	421.47	Based on an average of 15.75 per month
RSD Audit/Plan	2,268	1.87	4,241.16	Based on 252 business days in 2012. 18 vans tested every other business day.
30 Day Record Audits	252	2.00	504.00	21 facilities require record audits
60 Day Diesel Audits	240	3.54	849.60	Based on 40 diesel facilities
90 Day TAS Performance	104	4.12	428.48	Based on 26 licensed TAS machines
90 Day Inspector Performance Audits	1,236	0.22	271.92	Completed in conjunction with 90 day equipment audits (x3)
90 Day Lane Equipment Audits	412	2.73	1,124.76	97 testing lanes, 6 tech centers
180 Day Fleet Equipment Audit	23	4.27	98.21	Based on 23 fleet stations
Waivers	942	1.62	1,526.04	Based on an average of 78.50 per month
Software Programming	N/A	N/A	162.00	Based on an average of 13.50 hours per month
Coverts Audits	270	4.44	1,198.80	Based on an average of 22.50 per month
Investigations	35	3.91	136.85	Based on an average of 2.88 per month
Complaints	450	3.02	1,359.00	Based on an average of 37.50 per month
Public Relations	N/A	N/A	309.84	Based on an average of 12.91 hours per month. Projection doubled for 2012.
Phones	N/A	N/A	718.08	Based on an average of 59.84 hours per month
Staff Meetings	N/A	N/A	463.56	Based on an average of 38.63 hours per month
Record Maintenance	N/A	N/A	1,674.24	Based on an average of 139.2 hours per month
Miscellaneous	N/A	N/A	495.72	Based on an average of 41.31 hours per month
Sick Leave	N/A	N/A	912.72	Based on an average of 76.06 hours per month
Annual Leave	N/A	N/A	959.76	Based on an average of 79.98 hours per month
Holiday	N/A	N/A	648.00	Based on 9 Holidays for 9 FTE's
Administrative	N/A	N/A	61.56	Based on an average of 5.13 hours per month
TOTAL			18,787.24	

Required FTE: 18,787 hrs/2080 = 9.03

Surplus FTE: 2.00

Schedule 13

Funding Request for the 2012-13 Budget Cycle

Department: Revenue
 Request Title: FY 2011-12 Common Policy Allocation True-up
 Priority Number: NP

Dept. Approval by: Carla J. Drake 12/22/11
 Date

OSPB Approval by: Erin M. Drake 12/23/11
 Date

☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☒ Supplemental FY 2011-12
☐ Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	6
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items		Total				
	FTE	1,727,258	55,739	1,907,127	-	-
	GF	-	-	-	-	-
	CF	1,105,765	35,614	1,566,528	-	-
	HUTF	595,898	19,300	331,045	-	-
	RF	25,595	825	9,554	-	-
	FF	-	-	-	-	-
(1) Executive Director's Office, Administrative Law Judge Services		Total				
	FTE	3,576	222	13,752	-	-
	GF	-	-	-	-	-
	CF	-	-	-	-	-
	HUTF	3,576	222	13,752	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(1) Executive Director's Office, Capitol Complex Leased Space		Total				
	FTE	1,723,682	55,517	1,893,375	-	-
	GF	-	-	-	-	-
	CF	1,105,765	35,614	1,566,528	-	-
	HUTF	592,322	19,078	317,293	-	-
	RF	25,595	825	9,554	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: ☐ No: ☒ If yes, describe the Letternote Text Revision:
 Cash or Federal Fund Name and COFRS Fund Number: Auto Dealers License Fund 192, Liquor Enforcement Division and State Licensing Authority Cash Fund 236, Limited Gaming Fund 401, Automobile Inspection and Readjustment Account 405, Colorado State Titling and Registration Account 405, Driver's License Administrative Revocation Account 405, Motorist Insurance Identification Account 405, Highway Users Tax Fund 405, Licensing Services Cash Fund 437, State Lottery Fund 503, Medical Marijuana License Cash Fund 152, Racing Cash Fund 16V
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: ☐ No: ☐ Not Required: ☒
 Schedule 13s from Affected Departments: Department of Personnel and Administration
 Other Information: N/A

Schedule 13
Funding Request for the 2012-13 Budget Cycle

Department: Revenue
 Request Title: Annual Fleet True-up
 Priority Number: NP

Dept. Approval by: Barbara Broke 12/22/11
 Date

OSPB Approval by: Grant N. Schaefer 12/23/11
 Date

☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☒ Supplemental FY 2011-12
☐ Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	6
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items	Total	527,422	70,102	527,422	-	-
	FTE	-	-	-	-	-
	GF	91,775	(1,384)	132,334	-	-
	CF	382,521	81,565	341,962	-	-
	HUTF	53,126	(10,079)	53,126	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(1) Executive Director's Office, Vehicle Lease Payments	Total	527,422	70,102	527,422	-	-
	FTE	-	-	-	-	-
	GF	91,775	(1,384)	132,334	-	-
	CF	382,521	81,565	341,962	-	-
	HUTF	53,126	(10,079)	53,126	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: ☐ No: ☒ If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Auto Dealers License Fund 192, Liquor Enforcement Division and State Licensing Authority Cash Fund 236, Limited Gaming Fund 401, Automobile Inspection and Readjustment Account 405, Colorado State Titling and Registration Account 405, Driver's License Administrative Revocation Account 405, Highway Users Tax Fund 405, Licensing Services Cash Fund 437, State Lottery Fund 503, Medical Marijuana License Cash Fund 152, Racing Cash Fund 16V

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

Approval by OIT? Yes: ☐ No: ☐ Not Required: ☒

Schedule 13s from Affected Departments: Department of Personnel and Administration

Other Information: N/A

Schedule 13 **Funding Request for the 2012-13 Budget Cycle**

Department: Department of Revenue

Request Title: Cigarette Tax Stamp

Priority Number: BA-1

Dept. Approval by: *Robert Broke* 12/21/11
Date

OSPB Approval by: *Grant M. Smith* 12/22/11
Date

- ☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☐ Supplemental FY 2011-12
☒ Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
	Fund	1 Appropriation FY 2011-12	2 Supplemental Request FY 2011-12	3 Base Request FY 2012-13	4 Funding Change Request FY 2012-13	6 Continuation Amount FY 2013-14
Total of All Line Items	Total	1,365,913	-	1,220,780	62,531	62,531
	FTE	-	-	-	-	-
	GF	1,217,644	-	1,072,644	62,531	62,531
	GFE	-	-	-	-	-
	CF	148,269	-	148,136	-	-
	RF	-	-	-	-	-
(2) Central Department Operations Division, Operating Expenses	FF	-	-	-	-	-
	Total	1,365,913	-	1,220,780	62,531	62,531
	FTE	-	-	-	-	-
	GF	1,217,644	-	1,072,644	62,531	62,531
	GFE	-	-	-	-	-
	CF	148,269	-	148,136	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: ☐ No: ☒ If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: ☐ No: ☐ Not Required: ☒

Schedule 13s from Affected Departments:

Other Information:



DEPARTMENT OF REVENUE

*FY 2012-13 Budget Amendment
January 3, 2012*

*John W. Hickenlooper
Governor*

*Barbara Brohl
Executive Director*

Department Priority: BA-1
Request Title – Cigarette Tax Stamps

Summary of Incremental Funding Change for FY 2012-13	Total Funds	General Fund	FTE
Cigarette Tax Stamps	\$62,531	\$62,531	0.0

Request Summary:

The Department of Revenue requests \$62,531 General Fund in FY 2012-13 and future fiscal years to fund an increase in costs associated with the purchase of cigarette tax stamps. These stamps are statutorily mandated in Section 39-28-104 (1) (a), C.R.S. and must be adhered to each pack of cigarettes sold in Colorado, as proof of payment of the cigarette excise tax.

The Department is statutorily required to collect excise taxes on the sale of cigarettes in Colorado, and it is statutorily required that payment of the tax be evidenced by affixing stamps on packages containing cigarettes. Licensed wholesalers are required to order the cigarette tax stamps from the Department and affix the stamps on packages of cigarettes prior to selling the cigarettes to Colorado retailers.

Colorado, along with 44 other states using cigarette tax stamps as a method of collecting cigarette excise taxes, purchased the stamps from Meyercord Revenue, Incorporated. In September 2010, that vendor was purchased by SICPA, Incorporated. In May 2011 SICPA announced that the stamps in use by Colorado and a majority of other states contain out-dated technology and can be easily counterfeited. The Department received notification from SICPA that the manufacture and sale of that stamp would be discontinued effective June 2012 and that the new stamp would contain additional security features.

The new stamp will cost \$1.05 per 1,000 stamps compared to \$0.76 per 1,000 stamps the Department paid previously. The sale of the new stamp and the associated pricing became effective on orders placed on or after July 1, 2011; however, the Department was able to avoid the increase in FY 2011-12 by ordering its current year inventory prior to the beginning of the fiscal year. The quoted price will be effective until June 30, 2013, at which point it is possible that the cost will increase again.

During the summer and early fall of 2011, the Department continued discussions with SICPA regarding their proposed pricing matrix while still trying to locate other vendors with a more cost-effective pricing structure to no avail. Although SICPA's pricing for FY 2013 is considerably less than previously quoted, they remain the only vendor capable of producing cigarette excise tax stamps at the present time. Nevertheless, the Department will continue to explore other alternatives to the current vendor.

Anticipated Outcomes:

With sufficient funding, the Department will continue to distribute cigarette tax stamps and collect the cigarette excise tax. Cigarette taxes are distributed to the General Fund, the Old Age Pension Fund, and to the Tobacco Tax Cash Fund.

Assumptions for Calculations:

Cigarette Tax Stamps			
	4 Year Average Annual Amount	Unit Cost	Extended Cost
FY 2012	215,625,000	\$0.00076	\$163,875
FY 2013	215,625,000	\$0.00105	\$226,406
Difference	0	\$0.00029	\$62,531

- Four year average annual volume of ordered stamps will remain unchanged; and
- FY 2013 unit cost is based on quotes from SIPCA Incorporated.

Consequences if not Funded:

Without approval of this request, the Department will not be able to adequately administer the cigarette excise tax program as statutorily mandated.

If the Department does not have cigarette tax stamps available for distribution, licensed cigarette wholesalers cannot sell cigarettes to Colorado retailers, who in turn cannot offer cigarettes for sale in the State, as unstamped cigarettes are statutorily defined as contraband and are illegal. It is likely that consumers will purchase cigarettes from out-of-state and online retailers that do not collect and remit Colorado tax. The resulting reduction in cigarette excise tax revenues will negatively affect State agencies that receive appropriations from cigarette excise tax revenue.

Section 39-28-110, C.R.S. mandates that all moneys collected pursuant to article 28 of title 39, with the exception of Section 39-28-103.5, C.R.S.

be distributed to the general fund (15 percent) and old age pension (85 percent) funds.

Section 39-28-110(2) C.R.S. mandates that all moneys received and collected in payment of the tax imposed pursuant to Section 39-28-103.5 C.R.S. be transmitted to the state treasurer for deposit in the tobacco tax cash fund created in Section 24-22-117 C.R.S. Section 24-22-117 C.R.S. mandates the annual appropriation of 20 percent to the general fund for health related purposes, 46 percent to the health care expansion cash fund administered by the Department of Health Care Policy and Financing, 19 percent to the primary care cash fund administered by the Department of Health Care Policy and Financing, and 16 percent to the tobacco education programs cash fund administered by the Department of Public Health and Environment.

Tax stamps are integral to Colorado's compliance with the 1998 Tobacco Master Settlement and enforcement of its Colorado Tobacco Escrow Funds act. Loss of this funding may have an adverse affect on Colorado's compliance and risk losing millions of dollars from the Tobacco settlement.

Relation to Performance Measures:

N/A

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

New data resulting in substantial changes in funding need.

Current Statutory Authority or Needed Statutory Change:

Statutory authority to distribute cigarette excise tax stamps and collect cigarette excise taxes exists in Section 39-28-104(1) (a), C.R.S. No statutory change is necessary to support this funding request.

Schedule 13
Funding Request for the 2012-13 Budget Cycle

Department: Revenue
 Request Title: OIT Communications Services Payments Utilities Increase
 Priority Number: NP

Dept. Approval by: Bubang Brooks 12/22/11
 Date

OSPB Approval by: Erin M. Smith 12/22/11
 Date

- ☐ Decision Item FY 2012-13
☐ Base Reduction Item FY 2012-13
☐ Supplemental FY 2011-12
☒ Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	6
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items	Total	70,501	-	86,456	296	296
	FTE	-	-	-	-	-
	GF	11,689	-	14,334	49	49
	CF	50,740	-	62,223	213	213
	HUTF	8,072	-	9,899	34	34
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(1) Executive Director's Office, Communication Services Payments	Total	70,501	-	86,456	296	296
	FTE	-	-	-	-	-
	GF	11,689	-	14,334	49	49
	CF	50,740	-	62,223	213	213
	HUTF	8,072	-	9,899	34	34
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: ☐ No: ☒ If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Auto Dealers License Fund 192, Liquor Enforcement Division and State Licensing Authority Cash Fund 236, Limited Gaming Fund 401, Highway Users Tax Fund 405, State Lottery Fund 503, Racing Cash Fund 16V

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

Approval by OIT? Yes: ☐ No: ☐ Not Required: ☒

Schedule 13s from Affected Departments: Office of Information Technology

Other Information: N/A

STATE OF COLORADO

DEPARTMENT OF REVENUE

State Capitol Annex
1375 Sherman Street, Room 409
Denver, Colorado 80261
Phone (303) 866-3091
FAX (303) 866-2400



John W. Hickenlooper
Governor

Barbara J. Brohl
Executive Director

January 3, 2012

The Honorable Representative Cheri Gerou
Chair, Joint Budget Committee
Colorado General Assembly
200 East 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Representative Gerou:

The State Lottery Division's appropriations include three variable cost line items that vary directly with lottery ticket sales; Vendor Fees, Retailer Compensation, and Ticket Costs. In prior years, the Department has submitted an annual supplemental and budget amendment request to adjust the spending authority for these lines to reflect the most current sales projections. In fiscal years where sales projections exceed the appropriated spending authority, this measure ensures that adequate spending authority exists to support robust ticket sales, and that the statewide statutory cap for authorized over-expenditures and fiscal year-end transfers is not at risk. For FY 2011-12, the sales projections result in an overall reduction of \$5.3 million in spending authority. Rather than submit a supplemental and budget amendment for this reduction, the Department will restrict the spending authority in the Colorado Financial Reporting System (COFRS) and it will revert at the end of the fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to read "Barbara J. Brohl".

Barbara J. Brohl
Executive Director, Department of Revenue

cc: The Honorable Senator Mary Hodge, Vice-Chair
The Honorable Senator Kent Lambert, Member of the Joint Budget Committee
The Honorable Senator Pat Steadman, Member of the Joint Budget Committee
The Honorable Representative Jon Becker, Member of the Joint Budget Committee
The Honorable Representative Claire Levy, Member of the Joint Budget Committee
Mr. John Ziegler, Staff Director of the Joint Budget Committee
Mr. David Meng, Staff of the Joint Budget Committee
Ms. Julie Vaeth, Staff of the Office of State Budget and Planning