



IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 10-CV-01546-REB-CBS

The Direct Marketing Association,

Plaintiff,

v.

Roxy Huber, in her capacity as Executive
Director, Colorado Department of Revenue,

Defendant.

DECLARATION OF CARL E. WOOCK

I, Carl E. Woock, in accordance with 28 U.S.C. § 1746, do depose and state as follows:

1. I am a paralegal with the law firm of Brann & Isaacson LLP, counsel to the Direct Marketing Association ("DMA") in connection with the above matter. I make this declaration upon my personal knowledge.

2. I am the paralegal currently responsible for obtaining and maintaining copies of certain publicly-available documents relevant to this litigation, including documents issued by the Colorado General Assembly and its committees, and the Colorado Department of Revenue.

3. Attached hereto as Exhibit 1 is a true and accurate copy of portions of the Colorado General Assembly, Joint Budget Committee's "Appropriations Report: Fiscal

Year 2010-11," concerning the Department of Law and the Department of Revenue, available at http://www.state.co.us/gov_dir/leg_dir/jbc/FY10-11apprept.pdf.

4. Attached hereto as Exhibit 2 is a true and accurate copy of the Department of Revenue's "Statement of Basis and Purpose" for Regulation 39-21-112.3.5, available at <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251620008600&ssbinary=true>.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 29th day of November, 2010.

s/ Carl E. Woock
Carl E. Woock

STATE OF COLORADO
JOINT BUDGET COMMITTEE



APPROPRIATIONS REPORT:
Fiscal Year 2010-11

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FISCAL YEAR 2010-11 APPROPRIATIONS REPORT

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INTRODUCTION

The purpose of this report is to assist members of the General Assembly, state personnel, and other interested parties in understanding state funding decisions made during the 2010 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2010 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2010-11 Appropriations Report includes the following five sections.

Part I: Overview of Revenues and Expenditures

This section of the report includes: (A) an overview of state General Fund revenues and expenditures, as well as a discussion of related statutory requirements and limitations; (B) a discussion of constitutional revenue and spending limits; and (C) a series of charts identifying the sources of General Fund revenues and comparing the distribution of expenditures by program and fund source over a ten year period.

Part II: Summary Tables

This section consists of a series of tables that summarize FY 2010-11 appropriations and FTE authorizations by department and funding source. Tables in subsection B provide comparable data for the previous three fiscal years.

Part III: Expenditure and Appropriation Detail by Department

This section contains detailed information regarding funding for the operations of each state department and for capital construction projects. The subsection for each department summarizes funding and FTE authorizations for FY 2009-10 and FY 2010-11. The format reflects appropriations by bill and by division or program area. Narrative sections describe major changes in funding from FY 2009-10 to FY 2010-11, factors impacting departmental budgets, fund sources for each division, and division activities. This section also includes brief summaries of bills adopted in the 2009 and 2010 Regular Sessions that contained an appropriation or implemented a major policy change.

The footnotes to the 2010 Long Bill (H.B. 10-1376) can be found at the end of each departmental section in the 2010 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/CLICS/CLICS2010A/csl.nsf/lbcontainer/HB10-1376?OpenDocument>

Additional information on department activities and funding requests may also be found in Joint Budget Committee staff briefing, supplemental, and figure setting documents. These documents may be accessed via the internet at the following address:

http://www.state.co.us/gov_dir/leg_dir/jbc/jbchome.htm

Note that these documents, unlike information included in this appropriations report, reflect staff recommendations rather than final funding decisions made by the General Assembly.

Appendices

The following appendices are included in this report:

- A - Glossary of terms used in this report
- B - Descriptions of the general policies that have been applied to determine funding for operations of state departments
- C - Tables summarizing 2010 Regular Session adjustments to operating and capital construction appropriations for years prior to FY 2009-10
- D - Table summarizing appropriations from the State Education Fund
- E - Table summarizing appropriations from the Highway Users Tax Fund
- F - Summary of severance tax allocations
- G - Summary of tobacco settlement allocations
- H - Summary of General Fund moneys that were deemed exempt from the restrictions on General Fund appropriations
- I - Copies of letters sent by the Joint Budget Committee to the Governor and other elected officials requesting information on programs and expenditures

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Finally, this report includes an index to assist the reader in identifying the state department associated with a particular division, service, or program.

DEPARTMENT OF LAW (Attorney General's Office)

The Attorney General's Office represents and defends the legal interests of the people of the State of Colorado. It serves as chief legal counsel for state agencies and represents Colorado in state and federal courts. The office works concurrently with Colorado's 22 district attorneys and with other local, state and federal law enforcement authorities to carry out its criminal justice responsibilities and represents the State in criminal appeals. It has primary authority for enforcement of consumer protection laws, antitrust laws, and certain natural resource and environmental laws. The Department is comprised of the following divisions: Administration, Legal Services to State Agencies, Criminal Justice and Appellate, Water and Natural Resources, Consumer Protection, and Special Purpose.

Department Budget: Recent Appropriations

Funding Source	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
General Fund	\$8,675,523	\$8,855,044	\$9,225,846	\$9,615,003
Cash Funds/1	6,817,942	8,117,746	9,292,899	9,900,454
Cash Funds Exempt/1	29,450,172	n/a	n/a	n/a
Reappropriated Funds/1	n/a	29,708,104	29,557,289	31,089,374
Federal Funds	<u>1,095,355</u>	<u>1,097,051</u>	<u>1,263,078</u>	<u>1,469,096</u>
Total Funds	\$46,038,992	\$47,777,945	\$49,339,112	\$52,073,927
Full Time Equiv. Staff	378.4	392.4	398.6	414.5

/1 Appropriations for FY 2008-09, FY 2009-10, and FY 2010-11 are presented in a new format that redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

In FY 2010-11, funding for this department consists of 18.5 percent General Fund, 19.0 percent cash funds, 59.7 percent reappropriated funds, and 2.8 percent federal funds.

Legal Services to State Agencies

In FY 2010-11, the Department of Law will provide \$25.8 million of legal services to state agencies, which represent 49.5 percent of the Department's total appropriation and 0.13 percent of the total state operating appropriation. (This measure of legal service costs includes appropriations to the Legal Services to State Agencies Division (LSSA) and central appropriations for LSSA that appear in the Administration Division.) As shown in the next table, seven agencies account for four fifths of these services. The table also shows the total number of hours of legal services provided and the average rate that the Department charges for legal services.

	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Approp.	FY 10-11 Approp.
Regulatory Agencies	\$5,310,731	\$5,761,082	\$6,544,571	\$7,121,534	\$7,681,236	\$7,460,628
Natural Resources	2,471,139	2,555,184	2,864,980	3,165,863	3,383,808	3,331,732
Personnel & Administration	2,548,690	2,578,495	2,951,969	2,584,869	2,722,047	2,583,431
Public Health & Environment	1,599,380	1,616,692	1,921,117	2,306,833	2,440,578	2,421,724
Transportation	1,098,635	1,110,286	1,208,886	1,183,597	1,238,644	1,205,616
Human Services	1,301,464	1,354,909	1,396,381	1,328,161	1,389,932	1,352,869
Corrections	1,012,821	948,962	846,504	1,101,915	1,153,163	1,122,414
Other agencies	3,950,419	4,328,158	4,644,005	5,986,924	5,641,631	6,295,880
Total	\$19,293,279	\$20,253,768	\$22,378,413	\$24,779,696	\$25,651,039	\$25,774,294
Percent change from prior year	0.0%	5.0%	10.5%	10.7%	3.5%	0.5%
Percent of total dept. appropriation	52.8%	50.6%	48.6%	51.9%	52.0%	49.5%
Percent of state operating approp.	0.13%	0.12%	0.13%	0.13%	0.13%	0.13%
Blended Legal Rate Per Hour	\$64.45	\$67.77	\$72.03	\$75.10	\$75.38	\$73.37
Percent change from prior year	4.7%	5.2%	6.3%	4.3%	0.4%	(2.7)%
Total Hours	298,038	298,291	310,387	329,956	340,290	351,292
Percent change from prior year	1.7%	0.1%	4.1%	6.3%	3.1%	3.2%

/1 The appropriation columns include estimates of unappropriated legal services to be provided to institutions of higher education. The actual columns include actual services provided to those institutions.

Criminal Justice and Appellate

The largest user of General Fund in the Department is the Criminal Justice and Appellate Division, which accounts for 47.1 percent of the Department's FY 2010-11 General Fund appropriation. Approximately 54 percent of the Division's General Fund appropriation is devoted to the Appellate Unit, which represents the State in criminal appeals, and 35 percent is devoted to the Special Prosecutions Unit, which investigates and prosecutes a variety of crimes. The Appellate unit receives almost all of its support from the General Fund, while the General Fund provides 55 percent of the Special Prosecutions Unit's support. The following table contains summary appropriation and workload measures for the Appellate Unit.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Approp.
Appropriation	\$2,369,667	\$2,523,613	\$2,727,798	\$2,583,755	\$2,648,687
New Cases	951	979	1,240	1,200	n/a
Case Backlog /1	258	270	395	425	n/a

/1 Number of cases awaiting answer briefs at the end of the fiscal year.

District Attorney Salaries

House Bill 07-1170 established the following schedule for the minimum salaries of the state's twenty-two district attorneys, with the state paying 80 percent of the minimum and the remainder coming from local funds. Many districts use local funds to pay more than the minimum.

Date	Minimum Salary
Prior to January 1, 2009	\$67,000
January 1, 2009	100,000
January 1, 2010	110,000
January 1, 2011	120,000
January 1, 2012	130,000

As a consequence of H.B. 07-1170, District Attorneys' salaries have become the second largest General Fund appropriation in the Department, after the General Fund appropriations to the Criminal Justice and Appellate Division, accounting for 24.1 percent of the Department's General Fund appropriation. The following table shows recent expenditures and appropriations.

Fiscal Year	General Fund	Increase from prior year	Percentage Increase
2006-07 expenditure	\$1,307,731	\$5,894	0.5%
2007-08 expenditure	1,315,985	8,254	0.6%
2008-09 expenditure	1,654,605	338,620	25.7%
2009-10 appropriation	2,096,078	441,473	26.7%
2010-11 appropriation	2,313,828	217,750	10.4%

Summary of FY 2009-10 and FY 2010-11 Appropriations

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Total Appropriation:	\$49,339,112	\$9,225,846	\$9,292,899	\$29,557,289	\$1,263,078	398.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	8,132,251	1,426,437	415,658	6,154,447	135,709	42.2
Legal Services to State Agencies	22,709,787	0	1,700,540	21,009,247	0	220.4
Criminal Justice and Appellate	9,902,120	4,116,066	3,090,922	1,567,763	1,127,369	84.5
Water and Natural Resources	2,212,385	788,178	878,329	545,878	0	13.0
Consumer Protection	3,357,953	795,549	2,282,450	279,954	0	38.5
Special Purpose	3,024,616	2,099,616	925,000	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 09-259	47,688,779	10,008,042	6,660,336	29,727,339	1,293,062	394.2
SB 09-026	21,779	0	0	21,779	0	0.2
SB 09-123	751	0	0	751	0	0.0

Department of Law

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 09-138	3,755	0	0	3,755	0	0.0
SB 09-163	7,135	0	0	7,135	0	0.0
SB 09-167	4,882	0	0	4,882	0	0.0
SB 09-239	33,795	0	0	33,795	0	0.2
HB 09-1036	1,494,995	0	1,494,995	0	0	1.0
HB 09-1086	30,000	0	0	30,000	0	0.2
HB 09-1136	11,265	0	0	11,265	0	0.1
HB 09-1173	7,510	0	0	7,510	0	0.1
HB 09-1202	24,783	0	0	24,783	0	0.2
HB 09-1319	10,139	0	0	10,139	0	0.0
SB 10-065	3,004	0	0	3,004	0	0.0
HB 10-1305	295	(782,196)	1,137,568	(325,093)	(29,984)	2.4
HB 10-1313	(3,755)	0	0	(3,755)	0	0.0

FY 2010-11 Total Appropriation: \$52,073,927 \$9,615,003 \$9,900,454 \$31,089,374 \$1,469,096 414.5

Breakdown of Total Appropriation by Administrative Section

Administration	8,441,516	1,346,510	552,256	6,411,443	131,307	42.2
Legal Services to State Agencies	23,740,102	0	1,582,388	22,157,714	0	231.3
Criminal Justice and Appellate	10,514,905	4,531,090	3,760,182	885,844	1,337,789	90.0
Water and Natural Resources	2,083,882	516,519	643,017	924,346	0	12.0
Consumer Protection	3,472,194	907,056	2,287,611	277,527	0	39.0
Special Purpose	3,821,328	2,313,828	1,075,000	432,500	0	0.0

Breakdown of Total Appropriation by Bill

HB 10-1376	50,757,240	10,057,017	9,040,268	30,398,294	1,261,661	403.8
SB 10-072	905	0	0	905	0	0.0
SB 10-109	612,463	0	0	612,463	0	5.2
SB 10-124	7,538	0	0	7,538	0	0.0
SB 10-167	276,580	69,145	0	0	207,435	3.0
SB 10-203	4,522	0	0	4,522	0	0.0
HB 10-1018	15,076	0	0	15,076	0	0.2
HB 10-1125	7,538	0	0	7,538	0	0.0
HB 10-1128	(9,799)	0	0	(9,799)	0	0.0

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1141	6,407	0	0	6,407	0	0.0
HB 10-1148	(11,307)	0	0	(11,307)	0	0.0
HB 10-1176	2,000	0	0	2,000	0	0.0
HB 10-1193	40,000	0	0	40,000	0	0.0
HB 10-1224	2,261	0	0	2,261	0	0.0
HB 10-1260	17,262	0	0	17,262	0	0.1
HB 10-1278	15,679	0	0	15,679	0	0.1
HB 10-1284	271,368	0	0	271,368	0	2.0
HB 10-1329	41,384	(511,159)	0	552,543	0	0.0
HB 10-1365	13,041	0	0	13,041	0	0.1
HB 10-1385	0	0	860,186	(860,186)	0	0.0
HB 10-1415	3,769	0	0	3,769	0	0.0
Increase/(Decrease)	\$2,734,815	\$389,157	\$607,555	\$1,532,085	\$206,018	15.9
Percentage Change	5.5%	4.2%	6.5%	5.2%	16.3%	4.0%

FY 2009-10 Appropriation Adjustment Highlights:

1. Supplemental appropriation adjustments reduce expenditures for various programs by a total of \$672,000, including \$416,000 General Fund, to reflect expenditure reductions and furlough adjustments.
2. Supplemental appropriation adjustments provide an additional \$300,000 cash funds for tobacco settlement litigation.
3. Supplemental appropriation adjustments provide \$260,000 of net additional funding for the provision of legal services to state agencies, comprised of a \$719,000 cash funds increase and a \$459,000 reappropriated funds decrease.

FY 2010-11 Appropriation Highlights:

1. The appropriation provides an additional \$1.9 million of reappropriated funds and 10.9 FTE for legal services and litigation expenses involving other departments. This consists of \$0.9 million in the Long Bill and \$1.0 million in other bills.
2. The appropriation provides \$277,000 for a new Medicaid False Claims program; 75 percent of the funding is federal funds.

3. The appropriation provides an additional \$218,000 General Fund for the state share of the salaries of local district attorneys.
4. The appropriation provides an additional \$175,000 cash funds for auto theft prevention.
5. The appropriation provides an additional \$150,000 cash funds for tobacco-settlement arbitration.
6. The appropriation reduces personal services expenditures by a total of \$724,000 from all fund sources due to the state PERA contribution reduction.
7. The appropriation reduces General Fund expenditures for CERCLA (Superfund) work by \$511,000, refinancing the work with cash funds from H.B. 10-1329 (Solid Waste User Fees).
8. The appropriation reduces funding for the Colorado River Unit by \$133,000 cash funds and 1.0 FTE.

Detail of Appropriation by Administrative Section

Administration

This division contains the Office of the Attorney General, which includes the Attorney General and top deputies, as well as the Department's human resources, accounting/budgeting, information technology, and text management sections. The Division coordinates and oversees the operation of the Department's other divisions and provides support services to the entire department. The Division's cash funds support central appropriations and come from a variety of sources. Reappropriated funds derive from indirect cost recoveries and from central appropriations of funds that support other divisions. Federal funds reflect centralized appropriations for the Medicaid Fraud Control Unit.

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$8,386,625	\$1,435,526	\$417,330	\$6,397,536	\$136,233	42.2
HB 10-1305	(254,374)	(9,089)	(1,672)	(243,089)	(524)	0.0
TOTAL	\$8,132,251	\$1,426,437	\$415,658	\$6,154,447	\$135,709	42.2
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$8,132,251	\$1,426,437	\$415,658	\$6,154,447	\$135,709	42.2
Restore temporary 2009-10 reductions	279,065	0	0	279,065	0	0.0
Centrally-appropriated line items	95,613	(4,714)	25,366	79,363	(4,402)	0.0
Fund source adjustment	0	(37,522)	0	37,522	0	0.0
State PERA contribution reduction	(65,413)	0	0	(65,413)	0	0.0
HB 10-1376	\$8,441,516	\$1,384,201	\$441,024	\$6,484,984	\$131,307	42.2

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1329	0	(37,691)		37,691	0	0.0
HB 10-1385	0	0	111,232	(111,232)	0	0.0
TOTAL	\$8,441,516	\$1,346,510	\$552,256	\$6,411,443	\$131,307	42.2
Increase/(Decrease)	\$309,265	(\$79,927)	\$136,598	\$256,996	(\$4,402)	0.0
Percentage Change	3.8%	(5.6)%	32.9%	4.2%	(3.2)%	0.0%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations in H.B. 10-1305 reflect FY 2009-10 furloughs and other expenditure reductions as well as common policy reductions for workers' compensation, purchases of computer services, capital complex leased space, and risk management and property fund payments.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore temporary 2009-10 reductions: The Department's FY 2009-10 appropriation included one-time adjustments to save General Fund in FY 2009-10 that are no longer available.

Centrally-appropriated line items: The appropriation includes adjustments to centrally-appropriated line items for the following: health, life, and dental benefits; short-term disability; amortization equalization disbursement; supplemental amortization equalization disbursement; workers' compensation; payment to risk management and property funds; vehicle lease payments; Capitol complex leased space; other leased space, building security; ADP capital outlay; and communication services payments.

Fund source adjustment: The appropriation reflects an increase in the use of reappropriated funds from indirect cost recoveries and reduced use of General Fund.

State PERA contribution reduction: The appropriation reflects a reduction to the state's contribution to the Public Employees' Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Legal Services to State Agencies

The Department of Law provides legal services on a fee-for-service basis to state agencies and enterprises. The Legal Services to State Agencies division contains appropriations for the attorneys, paralegals, and support personnel who provide these services. In FY 2010-11, the Department expects to provide 351 thousand hours of services at an average billing rate of \$73.37 per hour, a 2.7 percent decrease as compared with the FY 2009-10 average rate. The Division's cash funds come from legal services provided to state enterprises, while reappropriated funds come from legal services provided to other state agencies.

Legal Services to State Agencies

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$22,294,568	\$0	\$981,826	\$21,312,742	\$0	217.5
SB 09-026	21,779	0	0	21,779	0	0.2
SB 09-123	751	0	0	751	0	0.0
SB 09-138	3,755	0	0	3,755	0	0.0
SB 09-163	7,135	0	0	7,135	0	0.0
SB 09-167	4,882	0	0	4,882	0	0.0
SB 09-239	33,795	0	0	33,795	0	0.2
HB 09-1086	30,000	0	0	30,000	0	0.2
HB 09-1136	11,265	0	0	11,265	0	0.1
HB 09-1173	7,510	0	0	7,510	0	0.1
HB 09-1202	24,783	0	0	24,783	0	0.2
HB 09-1319	10,139	0	0	10,139	0	0.0
SB 10-065	3,004	0	0	3,004	0	0.0
HB 10-1305	260,176	0	718,714	(458,538)	0	1.9
HB 10-1313	<u>(3,755)</u>	<u>0</u>	<u>0</u>	<u>(3,755)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,709,787	\$0	\$1,700,540	\$21,009,247	\$0	220.4

FY 2010-11 Appropriation:

FY 2009-10 Appropriation	\$22,709,787	\$0	\$1,700,540	\$21,009,247	\$0	220.4
Legal services	535,953	0	0	535,953	0	3.2
Fund source adjustment	0	0	(118,152)	118,152	0	0.0
State PERA contribution reduction	(414,871)	0	0	(414,871)	0	0.0
Indirect cost assessment	(89,490)	0	0	(89,490)	0	0.0
HB 10-1376	\$22,741,379	\$0	\$1,582,388	\$21,158,991	\$0	223.6
SB 10-072	905	0	0	905	0	0.0
SB 10-109	612,463	0	0	612,463	0	5.2
SB 10-124	7,538	0	0	7,538	0	0.0
SB 10-203	4,522	0	0	4,522	0	0.0
HB 10-1018	15,076	0	0	15,076	0	0.2
HB 10-1125	7,538	0	0	7,538	0	0.0
HB 10-1128	(9,799)	0	0	(9,799)	0	0.0

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1141	6,407	0	0	6,407	0	0.0
HB 10-1148	(11,307)	0	0	(11,307)	0	0.0
HB 10-1176	2,000	0	0	2,000	0	0.0
HB 10-1193	40,000	0	0	40,000	0	0.0
HB 10-1224	2,261	0	0	2,261	0	0.0
HB 10-1260	17,262	0	0	17,262	0	0.1
HB 10-1278	15,679	0	0	15,679	0	0.1
HB 10-1284	271,368	0	0	271,368	0	2.0
HB 10-1365	13,041	0	0	13,041	0	0.1
HB 10-1415	<u>3,769</u>	<u>0</u>	<u>0</u>	<u>3,769</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,740,102	\$0	\$1,582,388	\$22,157,714	\$0	231.3
Increase/(Decrease)	\$1,030,315	\$0	(\$118,152)	\$1,148,467	\$0	10.9
Percentage Change	4.5%	n/a	(6.9)%	5.5%	n/a	4.9%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations in H.B. 10-1305 reflect changes in the level and mix of legal services provided to other agencies as well as changes to the procurement plan for mail services equipment. For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 09-026, 138, 167, and 239 and H.B. 09-1086, 1136, and 1202 also see the "Recent Legislation" section at the end of the Department of Regulatory Agencies. For information on S.B. 09-123 and 163 and H.B. 09-1319 also see the "Recent Legislation" section at the end of the Department of Education. For information on H.B. 09-1173 also see the "Recent Legislation" section at the end of the Department of Revenue.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Legal services: The appropriation adjusts legal services in support of prior legislation and decision items for other departments.

Fund source adjustment: Aligns the appropriation with the expected need for legal services from client agencies that provide different types of funding to the Department.

State PERA contribution reduction: The appropriation reflects a reduction to the state's contribution to the Public Employees' Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of FTE and funding sources within the Department as well as changing costs for common policy items.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 10-072 also see the "Recent Legislation" section at the end of the Department of Agriculture. For information on S.B. 10-109 and 124 and H.B. 10-1128, 1141, 1148, 1224, 1260, 1278, 1365, and 1415 also see the "Recent Legislation" section at the end of the Department of Regulatory Agencies. For information on S.B. 10-203 also see the "Recent Legislation" section at the end of the Department of State. For information on H.B. 10-1018 also see the "Recent Legislation" section at the end of the Department of Local Affairs and the Department of Public Safety. For information on S.B. 10-109 and H.B. 10-1018, 1125, 1260 and 1284 also see the "Recent Legislation" section at the end of the Department of Public Health and Environment. For information on H.B. 10-1176 also see the "Recent Legislation" section at the end of the Department of Personnel and Administration. For information on H.B. 10-1193 and 1284 also see the "Recent Legislation" section at the end of the Department of Revenue.

Criminal Justice and Appellate

This division includes the following units:

- **Special Prosecutions Unit:** Investigates and prosecutes insurance, securities and workers' compensation fraud; gang-related criminal activity; complex crimes; and environmental crimes. Also assists district attorneys investigating and prosecuting homicide cases; handles death-penalty appeals in state and federal courts; and handles foreign prosecutions.
- **Appellate Unit:** Represents Colorado when felony convictions are appealed in state and federal courts.
- **Medicaid Fraud Control Unit:** Investigates and prosecutes criminal fraud involving Colorado's Medicaid program as well as patient abuse at Medicaid-funded facilities in Colorado.
- **Peace Officers Standards and Training (P.O.S.T.) Board:** Certifies and helps train peace officers appointed by state and local law enforcement agencies.

Cash funds for workers' compensation fraud come from the State Compensation Insurance Authority (Pinnacle Assurance), while cash funds for the P.O.S.T. Board come from fees paid by peace officers and from a statewide vehicle registration fee. Reappropriated funds for securities and insurance fraud activities come from the Department of Regulatory Agencies, while reappropriated funds for victim's assistance and auto theft prevention come from the Department of Public Safety. Federal moneys help support the Medicaid Fraud Control Unit.

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$8,556,115	\$4,588,846	\$1,524,211	\$1,286,229	\$1,156,829	83.0
HB 09-1036	1,494,995	0	1,494,995	0	0	1.0

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1305	<u>(148,990)</u>	<u>(472,780)</u>	<u>71,716</u>	<u>281,534</u>	<u>(29,460)</u>	<u>0.5</u>
TOTAL	\$9,902,120	\$4,116,066	\$3,090,922	\$1,567,763	\$1,127,369	84.5
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$9,902,120	\$4,116,066	\$3,090,922	\$1,567,763	\$1,127,369	84.5
Restore temporary 2009-10 reductions	216,165	467,872	367	(281,534)	29,460	0.0
Auto Theft Prevention Grant	174,893	0	(72,083)	246,976	0	1.5
Transfer Safe2Tell	98,351	98,351	0	0	0	1.0
Indirect cost assessment	1,403	0	6,894	599	(6,090)	0.0
Use indirect cost assessments to reduce use of General Fund by Appellate Unit	0	(82,830)	0	82,830	0	0.0
Consolidate Units	0	0	0	0	0	0.0
Fund source adjustment	0	(59)	0	0	59	0.0
State PERA contribution reduction	(154,607)	(96,071)	(14,872)	(23,220)	(20,444)	0.0
HB 10-1376	\$10,238,325	\$4,503,329	\$3,011,228	\$1,593,414	\$1,130,354	87.0
SB 10-167	276,580	69,145	0	0	207,435	3.0
HB 10-1329	0	(41,384)	0	41,384	0	0.0
HB 10-1385	<u>0</u>	<u>0</u>	<u>748,954</u>	<u>(748,954)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,514,905	\$4,531,090	\$3,760,182	\$885,844	\$1,337,789	90.0
Increase/(Decrease)	\$612,785	\$415,024	\$669,260	(\$681,919)	\$210,420	5.5
Percentage Change	6.2%	10.1%	21.7%	(43.5)%	18.7%	6.5%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations in H.B. 10-1305 reflect FY 2009-10 furloughs and other expenditure reductions as well as the refinance of General Fund appropriations with funds deriving from indirect cost recoveries, the receipt of a grant from the Colorado Auto Theft Prevention Authority, and changes to the procurement plan for mail services equipment.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore temporary 2009-10 reductions: The Department's FY 2009-10 appropriation included one-time adjustments to save General Fund in FY 2009-10 that are no longer available.

Auto Theft Prevention Grant: The appropriation provides spending authority that will allow the Department to spend the grant that it received from the Colorado Automobile Theft Prevention Authority, which is in the Department of Public Safety.

Transfer Safe2Tell: The appropriation transfers the Safe2Tell program from the Department of Public Safety to the Department of Law. Safe2Tell operates a toll-free hotline and a web site where students and others can anonymously provide tips on potential safety issues at school and elsewhere.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of FTE and funding sources within the Department as well as changing costs for common policy items.

Use indirect cost assessments to reduce use of General Fund by Appellate Unit: The appropriation uses some of the Department's indirect cost recoveries to offset the General Fund appropriation to the Appellate Unit.

Consolidate Units: The appropriation consolidates the Victims Assistance program into the Appellate Unit. Victims Assistance does about 80 percent of its work for the Appellate Unit.

Fund source adjustment: Changes the fund mix to reach the 25 percent General Fund/75 percent federal funds balance required for the Medicaid Fraud Control Unit.

State PERA contribution reduction: The appropriation reflects a reduction to the state's contribution to the Public Employees' Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 10-167, see also the "Recent Legislation" section at the end of the Department of Health Care Policy and Financing. For information on H.B. 10-1329, see also the "Recent Legislation" section at the end of the Department of Public Health and Environment. For information on H.B. 10-1385, see also the "Recent Legislation" section at the end of the Department of Regulatory Agencies.

Water and Natural Resources

This division contains two units:

- **Federal and Interstate Water Unit:** provides legal counsel and representation for cases involving federal water rights, compliance with federal regulatory programs, and interstate water allocation agreements such as the Colorado River Basin Compact.
- **CERCLA Unit:** leads enforcement actions at sites contaminated with hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, frequently called the Superfund Act).

Cash funds come from the Colorado Water Conservation Board's Litigation Fund, the Hazardous Substance Response Fund, and attorney fees and costs recovered by the Department, while reappropriated funds come from the Department of Public Health and Environment.

Water and Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$2,246,379	\$967,172	\$828,329	\$450,878	\$0	13.0
HB 10-1305	<u>(33,994)</u>	<u>(178,994)</u>	<u>50,000</u>	<u>95,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,212,385	\$788,178	\$878,329	\$545,878	\$0	13.0
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$2,212,385	\$788,178	\$878,329	\$545,878	\$0	13.0
Restore temporary 2009-10 reductions	33,994	178,994	(50,000)	(95,000)	0	0.0
Defense of the Colorado River Compact	(133,329)	0	(133,329)	0	0	(1.0)
Rocky Mountain Arsenal Natural Resource Damages	(45,000)	0	(45,000)	0	0	0.0
State PERA contribution reduction	(25,552)	(18,569)	(6,983)	0	0	0.0
HB 10-1376	\$2,042,498	\$948,603	\$643,017	\$450,878	\$0	12.0
HB 10-1329	<u>41,384</u>	<u>(432,084)</u>	<u>0</u>	<u>473,468</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,083,882	\$516,519	\$643,017	\$924,346	\$0	12.0
Increase/(Decrease)	(\$128,503)	(\$271,659)	(\$235,312)	\$378,468	\$0	(1.0)
Percentage Change	(5.8)%	(34.5)%	(26.8)%	69.3%	n/a	(7.7)%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations in H.B. 10-1305 reflect FY 2009-10 furloughs and other expenditure reductions as well as litigation expenses for Arkansas River rule making, the refinance of General Fund appropriations with funds deriving from the Natural Resource Damage Recovery Fund, and a new \$20,000 appropriation for water-quality monitoring deriving from federal funds appropriated in the Department of Public Health and Environment.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore temporary 2009-10 reductions: The Department's FY 2009-10 appropriation included one-time adjustments to save General Fund in FY 2009-10 that are no longer available.

Defense of the Colorado River Compact: The appropriation reduces funding for the Colorado River Unit, reflecting the reduced grant support that the Unit has received from the Colorado Water Conservation Board.

Rocky Mountain Arsenal Natural Resource Damages: The state won \$35 million in its lawsuit to recover Natural Resource Damages at the Rocky Mountain Arsenal and must now use the award to acquire or improve natural resources similar to those that were damaged; the cost of implementing the settlement is declining.

State PERA contribution reduction: The appropriation reflects a reduction to the state's contribution to the Public Employees' Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on H.B. 10-1329, see also the "Recent Legislation" section at the end of the Department of Public Health and Environment.

Consumer Protection

This division includes the following programs:

- **Antitrust Program:** Investigates and prosecutes antitrust violations involving such practices as price fixing, bid rigging, and attempts to monopolize a market or industry.
- **Consumer Protection Program:** Investigates and prosecutes deceptive or fraudulent trade and advertising practices in such areas as telephone solicitation, health clubs, automobile repossession, and manufactured home sales.
- **Consumer Credit Program:** Regulates debt collection agencies, debt management services, credit repair services, payday lending, rent-to-own agreements, and certain other lenders.

The Division's cash funds come from fees paid by regulated entities, custodial funds awarded to the Department in consumer protection lawsuits, and tobacco settlement moneys. Reappropriated funds come from the Department of Regulatory Agencies.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$3,476,476	\$912,882	\$2,283,640	\$279,954	\$0	38.5
HB 10-1305	<u>(118,523)</u>	<u>(117,333)</u>	<u>(1,190)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,357,953	\$795,549	\$2,282,450	\$279,954	\$0	38.5
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$3,357,953	\$795,549	\$2,282,450	\$279,954	\$0	38.5
Restore temporary 2009-10 reductions	147,835	132,555	11,193	4,087	0	0.0
Funding and FTE for the Consumer Credit Unit	51,404	0	51,404	0	0	0.5
Combine Collection Agency Board and Uniform Consumer Credit Code Unit	0	0	0	0	0	0.0
State PERA contribution reduction	(63,718)	(21,048)	(37,896)	(4,774)	0	0.0
Indirect cost assessment	(21,280)	0	(19,540)	(1,740)	0	0.0

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1376	<u>\$3,472,194</u>	<u>\$907,056</u>	<u>\$2,287,611</u>	<u>\$277,527</u>	<u>\$0</u>	<u>39.0</u>
TOTAL	\$3,472,194	\$907,056	\$2,287,611	\$277,527	\$0	39.0
Increase/(Decrease)	\$114,241	\$111,507	\$5,161	(\$2,427)	\$0	0.5
Percentage Change	3.4%	14.0%	0.2%	(0.9)%	n/a	1.3%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations in H.B. 10-1305 reflect FY 2009-10 furloughs and other expenditure reductions as well as changes to the procurement plan for mail services equipment.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore temporary 2009-10 reductions: The Department's FY 2009-10 supplemental bill included one-time adjustments to save General Fund in 2009-10 that are no longer available.

Funding and FTE for the Consumer Credit Unit: The added funding will finance enforcement efforts involving unlicensed internet payday lenders and debt management services.

Combine Collection Agency Board and Uniform Consumer Credit Code Unit: The appropriation consolidates the two units into a single line item called the Consumer Credit Unit.

State PERA contribution reduction: The appropriation reflects a reduction to the state's contribution to the Public Employees' Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of FTE and funding sources within the Department as well as changing costs for common policy items.

Special Purpose

This division contains the appropriation that pays eighty percent of the base salaries of Colorado's twenty-two district attorneys, as well as appropriations for programs that do not fit elsewhere within the Department's budget, such as tobacco-settlement litigation. The Litigation Management and Technology Fund line item provides funding for unanticipated legal expenditures and for information technology projects. Cash funds derive from the surplus earned by the Legal Services to State Agencies program and from tobacco settlement moneys.

	Special Purpose					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$2,728,616	\$2,103,616	\$625,000	\$0	\$0	0.0
HB 10-1305	<u>296,000</u>	<u>(4,000)</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,024,616	\$2,099,616	\$925,000	\$0	\$0	0.0
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$3,024,616	\$2,099,616	\$925,000	\$0	\$0	0.0
Lobato Litigation Expenses	432,500	0	0	432,500	0	0.0
Third year impact of H.B. 07-1170	217,750	217,750	0	0	0	0.0
Tobacco settlement litigation	150,000	0	150,000	0	0	0.0
HIPAA support	(3,538)	(3,538)	0	0	0	0.0
HB 10-1376	<u>\$3,821,328</u>	<u>\$2,313,828</u>	<u>\$1,075,000</u>	<u>\$432,500</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$3,821,328	\$2,313,828	\$1,075,000	\$432,500	\$0	0.0
Increase/(Decrease)	\$796,712	\$214,212	\$150,000	\$432,500	\$0	0.0
Percentage Change	26.3%	10.2%	16.2%	n/a	n/a	n/a

FY 2009-10 Appropriation Adjustments

Supplemental appropriations in H.B. 10-1305 provide extra funding for tobacco settlement litigation and reduced HIPAA legal expenditures.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Lobato Litigation Expenses: The appropriation provides funding to the Governor's Office for litigation expenses of the Lobato lawsuit concerning school funding adequacy. This appropriation gives the Department of Law the authority to spend moneys received from the Governor's Office.

Third year impact of H.B. 07-1170: House Bill 07-1170 (Compensation of Elected DA's) increased the base salaries of district attorneys, 80 percent of which is paid by the state, each year until 2012.

Tobacco settlement litigation: The appropriation increases funding for the tobacco-settlement arbitration proceeding that is expected to begin in FY 2010-11.

HIPAA support: The Department formerly received an appropriation that provided HIPAA (Health Insurance Portability and Accountability Act) legal support for General Fund programs. The appropriation has been eliminated.

Recent Legislation

2009 Session Bills

S.B. 09-026: Requires athletic trainers to register with the Department of Regulatory Agencies. For FY 2009-10 provides \$21,779 of reappropriated funds and 0.2 FTE to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 09-123: Establishes a pilot program to reduce the dropout rate of adolescent students. For FY 2009-10 provides \$751 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Education. For more information see the corresponding bill description for the Department of Education.

S.B. 09-138: Continues the certification of nurse aides. For FY 2009-10 provides \$3,755 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 09-163: Amends the Education Accreditation Act. For FY 2009-10 provides \$7,135 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Education. For more information see the corresponding bill description for the Department of Education.

S.B. 09-167: Continues the regulation of chiropractors. For FY 2009-10 provides \$4,882 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 09-239: Continues the regulation of nurses. For FY 2009-10 provides \$33,795 of reappropriated funds and 0.2 FTE to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 09-259: General appropriations act for FY 2009-10.

H.B. 09-1036: Increases the motor vehicle registration fee that funds the Peace Officers Standards and Training Board from 25¢ to 60¢ beginning on July 1, 2009. Appropriates \$1,494,995 cash funds and 1.0 FTE to the Department of Law's Criminal Justice and Appellate Division for FY 2009-10.

H.B. 09-1086: Establishes continuing professional competency requirements for the renewal of licenses or certifications for social workers, marriage and family therapists, professional counselors, and addiction counselors. For FY 2009-10 provides \$30,000 of reappropriated funds and 0.2 FTE to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 09-1136: Establishes continuing professional competency requirements for the renewal of licenses of electricians. For FY 2009-10 provides \$11,265 of reappropriated funds and 0.1 FTE to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 90-1141: Simplifies the fee structure for the Department of Law's Uniform Consumer Credit Code program, removes statutory caps on fees, sets a reserve limit equal to one third of annual program expenditures, and allows the Department to set fees.

H.B. 09-1173: Increases state resources for the enforcement of tobacco laws. Increases penalties for violation of those laws. Appropriates \$7,510 cash funds and 0.1 FTE to the Department of Law for the provision of legal services to the Department of Revenue for FY 2009-10. For more information see the corresponding bill description for the Department of Revenue.

H.B. 09-1202: Creates a registration program for funeral establishments and crematories. For FY 2009-10 provides \$24,783 of reappropriated funds and 0.2 FTE to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 09-1319: Repeals existing concurrent enrollment programs, replacing them with a program designed to broaden access, improve quality, and increase accountability of concurrent enrollment programs. For FY 2009-10 provides \$10,139 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Education. For more information see the corresponding bill description for the Department of Education.

2010 Session Bills

S.B. 10-065: Supplemental appropriation to the FY 2009-10 Long Bill for the Department of Education. Increases the FY 2009-10 appropriation made in H.B. 09-1319 to the Department of Law for the provision of legal services to the Department of Education by \$3,004 reappropriated funds. House Bill 09-1319 repeals existing concurrent enrollment programs, replacing them with a program designed to broaden access, improve quality, and increase accountability of concurrent enrollment programs.

S.B. 10-072: Creates the Colorado Seed Potato Act. For FY 2010-11 provides \$905 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Agriculture. For more information see the corresponding bill description for the Department of Agriculture.

S.B. 10-109: Requires the Department of Public Health and Environment and the Department of Regulatory Agencies to regulate physicians who certify that patients may benefit from medical marijuana. Provides for sanctions against physicians who are in violation. For FY 2010-11 provides \$99,879 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Public Health and Environment and provides \$512,584 of reappropriated funds for the provision of legal services to the Department of Regulatory Agencies. Also provides 5.2 FTE to the Department of Law. For more information see the corresponding bill description for the Department of Public Health and Environment and the Department of Regulatory Agencies.

S.B. 10-124: Extends the Michael Skolnik Medical Transparency Act to certain health care professionals. For FY 2010-11 provides \$7,538 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 10-167: Creates the Medicaid False Claims Act (Act), which authorizes a civil action by the state or by a private person (a whistleblower) against those who submit false Medicaid claims to the state, such as a claim

for payment for medical services that were not provided. Specifies penalties for submitting false claims and allows whistleblowers to receive a portion of penalties and recoveries that result from the information they provide. Allows whistleblowers to sue those who retaliate against them, provided the whistleblower has acted lawfully in the false claims action. The whistleblower's complaint is initially filed under seal and is initially given to the state but not to the defendant. The complaint must be supported by evidence that is given to the state but is not initially filed in court. If the federal government rules that the Act complies with federal requirements, Colorado will retain an extra 10 percent of most recoveries received by the state and share less of the recoveries with the federal government. For FY 2010-11 appropriates \$69,145 General Fund, \$207,435 federal funds, and 3.0 FTE to the Department of Law's Medicaid Fraud Control Unit to carry out the Act's provisions. For more information see the corresponding bill description for the Department of Health Care Policy and Financing.

S.B. 10-203: Regulates independent expenditures made in connection with state elections. These are expenditures not controlled by or coordinated with a candidate or a candidate's agent. For FY 2010-11 provides \$4,522 of reappropriated funds to the Department of Law for the provision of legal services to the Department of State. For more information see the corresponding bill description for the Department of State.

H.B. 10-1018: Alters the allocation of waste-tire fees, consolidates fees within the Department of Public Health and Environment, and adds various waste-tire requirements. For FY 2010-11 provides \$15,076 reappropriated funds and 0.2 FTE to the Department of Law for the provision of legal services to the Department of Public Health and Environment. For more information see the corresponding bill descriptions for the Department of Local Affairs, the Department of Public Health and Environment, and the Department of Public Safety.

H.B. 10-1125: Gives the Department of Public Health and Environment the authority to regulate the collection, transportation, and disposal of grease. For FY 2010-11 provides \$7,538 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Public Health and Environment. For more information see the corresponding bill description for the Department of Public Health and Environment.

H.B. 10-1128: Modifies the regulation of dentists, massage therapists, chiropractors, medical doctors, and athlete agents. For FY 2010-11 reduces the appropriation to the Department of Law for the provision of legal services to the Department of Regulatory Agencies by \$9,799 reappropriated funds. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 10-1141: Modifies the regulation of mortgage companies and loan originators. For FY 2010-11 provides \$6,407 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 10-1148: Repeals the continuing professional competency requirement for architects. Reduces the FY 2010-11 appropriation to the Department of Law for the provision of legal services to the Department of Regulatory Agencies by \$11,307 reappropriated funds. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 10-1176: Requires audits of certain state agencies. For FY 2010-11 provides \$2,000 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Personnel and

Administration. For more information see the corresponding bill description for the Department of Personnel and Administration.

H.B. 10-1193: Requires out-of-state retailers that do not collect Colorado sales tax to notify Colorado customers that they are required to file a Colorado sales or use tax return. Requires these retailers to send a consolidated year-end report of these purchases to the Department of Revenue and to the Colorado customer. For FY 2010-11 provides \$40,000 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Revenue. For more information see the corresponding bill description for the Department of Revenue.

H.B. 10-1224: Continues the regulation of podiatrists. For FY 2010-11 provides \$2,261 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 10-1260: Continues the regulation of medical doctors by the Colorado Medical Board, which is located within the Department of Regulatory Agencies. Transfers the regulation of emergency medical technicians from the Board to the new Emergency Medical Practice Advisory Council within the Department of Public Health and Environment. For FY 2010-11 provides \$16,584 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Public Health and Environment and provides \$678 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies for a total appropriation of \$17,262. In addition, provides 0.1 FTE to the Department of Law. For more information see the corresponding bill descriptions for the Department of Public Health and Environment and the Department of Regulatory Agencies.

H.B. 10-1278: Creates the Home Owners Association Information and Resource Center within the Department of Regulatory Agencies. For FY 2010-11 provides \$15,679 of reappropriated funds and 0.1 FTE to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 10-1284: Creates, within the Department of Revenue, the Medical Marijuana State Licensing Authority, which licenses centers that sell medical marijuana. Directs the Department of Public Health and Environment to regulate medical-marijuana caregivers. For FY 2010-11 provides \$271,368 of reappropriated funds and 2.0 FTE to the Department of Law for the provision of legal services to the Department of Revenue. For more information see the corresponding bill descriptions for the Department of Public Health and Environment and the Department of Revenue.

H.B. 10-1305: Supplemental appropriation to the FY 2009-10 Long Bill for the Department of Law.

H.B. 10-1313: Supplemental appropriation to the FY 2009-10 Long Bill for the Department of Regulatory Agencies. Reduces the FY 2009-10 appropriation made in H.B. 09-1136 to the Department of Law for the provision of legal services to the Department of Regulatory Agencies by \$3,755 reappropriated funds. House Bill 09-1136 deals with continuing professional competency requirements for the renewal of licenses of electricians.

H.B. 10-1329: Allows the Solid and Hazardous Waste Commission within the Department of Public Health and Environment to set the solid waste user fees that provide revenue to the Hazardous Substance Response Fund. Previously the fees were set in statute. One of these fees is a per-cubic-yard fee on hazardous waste haulers, up to 3.5 cents of which can be used to support the Department of Law's CERCLA Unit. CERCLA

is the federal Comprehensive Environmental Response, Compensation and Liability Act, which is commonly referred to as the Superfund program. Switches from General Fund to reappropriated funds \$511,159 of FY 2010-11 appropriations to the Department of Law that are contained in the FY 2010-11 Long Bill. The funding source for the reappropriated funds is an additional appropriation of \$511,159 from the Hazardous Substance Response Fund to the Colorado Department of Public Health and Environment for payments to the Department of Law for CERCLA-related services. In addition, increases the appropriation for indirect cost assessments by \$41,384 reappropriated funds. For more information see the corresponding bill description for the Department of Public Health and Environment.

H.B. 10-1365: Requires utilities with coal-fired electric generating plants to submit emissions reduction plans for those plants to the Public Utilities Commission. For FY 2010-11 provides \$13,041 of reappropriated funds and 0.1 FTE to the Department of Law for the provision of legal services to the Public Utilities Commission. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 10-1376: General appropriations act for FY 2010-11. Contains supplemental adjustments to FY 2009-10 and FY 2008-09 appropriations.

H.B. 10-1385: The Long Bill (H.B. 10-1376) provides \$860,186 to the Department of Law's Insurance Fraud program from the Division of Insurance Cash Fund. In a two-step appropriation, these moneys pass through the Division of Insurance within the Department of Regulatory Agencies, where they appear as a cash funds appropriation, to the Department of Law, where they appear as reappropriated funds. Approximately \$700,000 of these moneys derive from the insurance-fraud fee paid by insurance companies regulated by the Division of Insurance, while the remainder come from insurance premium taxes. House Bill 10-1385 increases the fraud fee from \$425 to \$561 and directs all fraud-fee revenues to the Insurance Fraud Cash Fund, which is created by the bill. The bill then replaces the two-step appropriation with a direct cash fund appropriation to the Department of Law from the Insurance Fraud Cash Fund. For more information see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 10-1404: Transfers the Independent Ethics Commission from the Department of Personnel and Administration to the Judicial Department starting in FY 2010-11. This includes the transfer of \$67,842 of FY 2010-11 General Fund appropriations for the purchase of legal services. There is no net change of reappropriated funds within the Department of Law, but the source of the reappropriated funds changes. For more information see the corresponding bill description for the Judicial Department and the Department of Personnel and Administration.

H.B. 10-1415: Creates a registration program for surgical assistants and technologists within the Department of Regulatory Agencies. For FY 2010-11 provides \$3,769 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies. For more information see the corresponding bill description for the Department of Regulatory Agencies.

DEPARTMENT OF REVENUE

The Department of Revenue is organized into three functional groups: Taxation, Motor Vehicles, and Enforcement. The Taxation Business Group collects revenues for state government and for local governments. The Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, issues titles and registration documents for motor vehicles, enforces vehicle emission standards, operates the Motorist Insurance Identification Database program, and regulates commercial vehicles in a separate division. The Enforcement group regulates limited stakes gambling, alcohol, tobacco, racing events, and motor vehicle dealers, operates the hearings division, and new for FY 2010-11, regulates medical marijuana dispensaries, cultivation facilities and infused products manufacturing facilities. The three functional areas are supported by the Executive Director's Office and the Central Department Operations and Information Technology divisions.

The Department is statutorily authorized to contract with cities and counties to collect any tax which it also collects for state government. The Central Department Operations Division currently receives and distributes sales and use taxes on behalf of 246 local governments and special districts.

The Department also operates the State Lottery, which accounts for approximately 70 percent of the Department's annual budget. Lottery proceeds are distributed to the Conservation Trust Fund, Great Outdoors Colorado, Parks and Outdoors Recreation, and public school construction projects.

Department Budget: Recent Appropriations

Funding Source	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
General Fund /1	\$95,291,960	\$100,649,490	\$73,749,339	\$70,714,586
Cash Funds	53,730,841	583,661,442	615,399,703	630,786,977
Cash Funds Exempt /2	453,907,053	n/a	n/a	n/a
Reappropriated Funds /2	n/a	1,392,448	1,398,939	1,537,481
Federal Funds	<u>1,546,214</u>	<u>1,471,598</u>	<u>1,525,374</u>	<u>815,619</u>
Total Funds	\$604,476,068	\$687,174,978	\$692,073,355	\$703,854,663
Full Time Equiv. Staff	1,480.0	1,496.8	1,490.7	1,521.5

/1 Includes moneys (\$20,800,000 in FY 2009-10 and \$19,500,000 in FY 2010-11) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

/2 Appropriations for FY 2008-09, FY 2009-10, and FY 2010-11 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

The Department's primary budget drivers are the state tax structure, population levels, business activity in regulated industries, and technological capabilities. In addition, increases in mineral severance activity and legislative changes related to identification document requirements have increased demands on department staff and systems in recent years. The Department's funding for FY 2010-11 consists of 10.0 percent General Fund, 89.6 percent cash funds, 0.2 percent reappropriated funds, and 0.1 percent federal funds. More than 72 percent of the Department's budget is for the State Lottery, and almost 95 percent of the Lottery expenditures are for prizes, commissions and other expenses that vary directly with sales.

Taxation Business Group

Last year, the Department collected \$9.0 billion in state taxes consisting primarily of income taxes and sales, use and excise taxes. In addition, another \$1.1 billion in sales taxes were collected on behalf of local governments. The complexity of Colorado's tax structure affects the resources required by the Taxation Business Group and the Central Department Operations and Information Technology divisions. Colorado's sales and use tax structure is particularly complex, relative to other states. In addition to state taxes, the Department collects local taxes for most counties, cities and special districts in Colorado, and tracks and distributes the collections monthly to the local governments. Local sales taxes collected include: county lodging, local marketing, regional transportation, football stadium, scientific and cultural, local improvement, mass transit, and short term rental tax.

Colorado's severance tax structure is also particularly complex, relative to other states. One significant reason for the complexity of Colorado's severance tax is that it is applied at the mineral interest owner level. This means that producers, working interest owners, royalty interest owners, and those with any other interest in oil and gas produced in Colorado, must pay severance taxes on their respective ownership percentage. Because each owner is only responsible for reporting a percentage of the gross income, it is difficult for the Department to verify that the total oil and gas production of a well has been reported.

However, the most confusing aspect of Colorado's severance tax for both tax collectors and taxpayers is the ad valorem (property) tax credit. The complexity of local property tax rates contributes to the complexity of the ad valorem tax credit and severance tax collection. There are currently more than 2,600 mill levies in Colorado, and one mineral lease can be subject to several different mill levies if it cuts across jurisdictions or if it is located in overlapping jurisdictions. The ever-changing nature of local government mill levies compounds the confusion.

The cost of administering the tax code relative to tax collections has been declining since FY 2002-03, though it increased slightly in FY 2008-09. The costs of collecting taxes has declined from a ten-year high of 1.38 percent in FY 2002-03 to 1.01 percent in FY 2008-09. The primary reason that the cost of collecting taxes as a percentage of tax revenue increased from FY 2007-08 to FY 2008-09 is that tax revenues fell by 7.4 percent, while the administrative costs fell by 3.8 percent. A similar increase occurred during the last economic downturn. The administrative costs of collecting state taxes for the last ten years is shown in the table below.

Fiscal Year	Gross Collections	Administrative Costs	Costs as Percentage of Collections
1999-00	\$8,149,688,523	\$102,687,504	1.26%
2000-01	8,653,902,089	108,855,606	1.26%
2001-02	8,012,213,761	107,136,494	1.34%
2002-03	7,981,969,628	110,484,770	1.38%
2003-04	8,335,854,177	104,393,751	1.25%
2004-05	9,027,369,791	107,948,818	1.20%
2005-06	10,197,697,020	109,003,382	1.07%
2006-07	10,919,575,395	108,895,307	1.00%
2007-08	11,529,208,182	112,484,115	0.98%
2008-09	10,670,993,094	108,186,172	1.01%

Division of Motor Vehicles

The Division of Motor Vehicles issues driver's licenses and identification cards, maintains driver records and administers administrative sanctions, suspensions, and reinstatements of drivers licenses, regulates commercial driving schools, oversees the State's vehicle emissions program, provides support for the statewide vehicle titling and registration system (CSTARS), oversees the motorist insurance identification database program, and administers the ignition interlock subsidy program.

Driver and Vehicle Services

There are more than 3.6 million licensed drivers in Colorado. Drivers license offices issue driver's licenses and state identification (ID) cards, as well as vehicle titles and registrations, dealer licenses, and other official state documents. In FY 2001-02, the term of a driver's license was increased from five to ten years. The number of driver's licenses issued dropped in FY 2006-07 as the first drivers who were issued ten-year licenses did not have to renew their licenses. As a result of subsequent legislation passed in order to comply with federal law, the State returned to five-year renewals beginning in 2005. Starting January 2010, the first driver's licenses that were issued with the five year expiration dates are due for renewal, as well as ten-year licences that are due for renewal, resulting in an expected increase in the number of documents issued.

FY 2003-04 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Projected	FY 2010-11 Projected
Documents Issued	1,056,727	629,888	899,194	866,332	895,796	1,085,583
Percentage Change	(20.1)%	(40.4)%	42.8%	(2.8)%	3.4%	21.2%

At the same time, recent changes in state and federal law have increased transaction times for driver's licenses and ID cards, because the Department has had to institute new policies and procedures to insure that those documents are secure and verifiable.

Legislation on both the state and federal levels is a significant budget driver for this division. In the past, the purpose and function of the driver's license was to certify that a driver is competent to operate a motor vehicle. Today, the driver's license serves not only as proof of the ability and permission to use state roads, but also as proof of identity and of lawful presence for other essential needs, such as public benefits and voting. It also serves as proof of age for tobacco and liquor enforcement, and other purposes.

More specifically, under Colorado's "Restrictions on Public Benefits" law (H.B. 06S-1023), citizen-applicants for federal, state, or local public benefits must present a Colorado driver's license or ID (or tribal or military ID) in order to receive public benefits. In addition, under Colorado's "Help America Vote Act" (H.B. 03-1356), a person must provide a driver's license or ID number (or be issued a voter registration ID number by the Secretary of State) in order to register to vote. The Act also requires the Department of Revenue to match information in the voter registration database with information in the motor vehicle database and to verify applicable information with the federal social security database.

Senate Bill 07-241 refinanced the Driver and Vehicle Services unit, lowering General Fund appropriations by \$5.8 million and increasing cash fund appropriations from the Licensing Services Cash Fund by a like amount. The act authorized the opening of three new driver's license offices in the front range and added 53.0 FTE to staff the new offices and increase staff at other offices. Senate Bill 09-274 refinanced, for FY 2009-10, \$17 million of General Fund with cash funds from the Licensing Services Cash Fund (to which all driver's license fees were diverted) and with Highway Users Tax Fund (HUTF) "Off-the-top" moneys. House Bill 10-1387 extended that refinance for FY 2010-11 and FY 2011-12, refinancing \$20.0 million General Fund with \$20.0 million cash funds each year, including \$2.7 million in HUTF "Off-the-Top" moneys for FY 2010-11.

In addition to issuing drivers licenses, the Driver and Vehicle Services section is responsible for managing drivers licensing records; verifying documents presented for identification, including proof of the applicant's legal presence in the United States, identifying and administering administrative sanctions, including all restraints for alcohol related driving offenses, investigating fraud related to drivers licenses and identification cards, providing support and coordination for the motor vehicle registration process, and supervising license plate ordering and distribution.

Vehicle Emissions Program

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

Titles Program

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

Motorist Insurance Identification Database (MIIDB) Program

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

Ignition Interlock Subsidy Program

The ignition interlock subsidy program was created to assist first-time drunk driving offenders obtain an ignition interlock device that prevents driving while intoxicated. The subsidy assists those who cannot afford the devices.

Motor Carrier Services Division

The Motor Carrier Services Division (Ports of Entry) receives a portion of Highway Users Tax Fund (HUTF) revenues for supervision of the highways. The distributions to the Ports of Entry and to the State Patrol are taken "off-the-top" before the formula allocations of HUTF to the State Highway Fund, counties, and cities. State law permits the off-the-top HUTF appropriations for highway supervision to grow by six percent annually over the previous fiscal year's off-the-top appropriation, regardless of any increase or decrease in overall highway-related revenues. The off-the-top limit is calculated on the previous fiscal year's base; it is not a proportion of revenues going to HUTF, nor is there a specific percentage or monetary cap.

The table below shows Ports of Entry and safety inspection activity for the last five fiscal years.

	Motor Carrier Services Activity				
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Number of trucks cleared	5,777,134	5,969,603	6,348,808	6,484,733	5,893,170
Trucks weighed	4,930,889	5,016,784	5,423,400	5,525,622	4,968,423
Special fuel permits	6,197	5,986	6,806	6,571	6,162
Hazardous material permits	1,234	1,299	1,426	1,372	1,253
Safety Inspections	32,442	30,228	24,579	20,608	24,476
Safety citations issued	11,925	13,779	12,810	11,507	11,430
Trucks/Drivers placed out of service	14,503	12,938	10,719	9,295	9,920
Out-of-service safety violations	29,510	19,955	22,886	19,796	17,678

Enforcement Business Group

The Enforcement Business Group regulates the liquor, tobacco, racing, gambling (except games of chance operated for charity, which are regulated by the Secretary of State), and automobile sales industries. The Limited Gaming Control Commission approves the Limited Gaming Division budget. For FY 2006-07, gaming revenues were \$112.1 million. The Division of Racing Events collected approximately \$2.8 million in pari-mutual taxes in FY 2007-08, a reduction of \$400,000 from FY 2006-07. State pari-mutuel tax collections have fallen from \$4.5 million in FY 2002-03 to \$471,000 in FY 2008-09.

Limited Gaming Division

The Limited Gaming Division licenses and regulates the limited gaming industry, including gaming devices, facilities, personnel, and activities. The division also enforces the laws contained in the Limited Gaming Act as well as the rules and regulations promulgated by the Colorado Limited Gaming Control Commission (Commission). The Commission has constitutional authority to allocate moneys to the Division. Moneys remaining in the Limited Gaming Fund after the payment of the Division's expenses are distributed according to the Constitution as follows:

- 28 percent to the State Historical Society
- 12 percent to the gaming counties (Gilpin and Teller) in amounts proportional to gaming revenues collected in each county
- 10 percent to the gaming cities (Black Hawk, Central City, and Cripple Creek) in amounts proportional to gaming revenues collected in each city
- 50 percent to the General Fund or such other uses or funds as the General Assembly may provide.

With the voters' approval of Amendment 50 in 2008, limited gaming was expanded to include higher limits on bets, extended hours, and new games. The proceeds of expanded gaming, after expenses and distributions to limited gaming cities and counties, are to benefit the state's community colleges.

State limited gaming revenues, expenses and distributions are detailed in the following table.

Limited Gaming Revenues, Actual Expenses, and Distributions					
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Limited Gaming revenue	\$100,571,614	\$108,017,575	\$116,034,393	\$112,074,885	\$97,445,021
Commission/Division expenses	<u>8,379,344</u>	<u>8,701,436</u>	<u>9,012,969</u>	<u>10,318,448</u>	<u>11,251,725</u>
Available for Distribution	\$92,192,270	\$99,316,139	\$107,021,424	\$101,756,437	\$86,193,296
Distributions					
State Historical Society	\$26,020,457	\$28,041,290	\$29,779,880	\$28,165,675	\$23,878,704
<u>Limited Gaming Counties</u>					
Gilpin County	8,893,755	9,616,921	10,317,452	9,773,892	8,196,195
Teller County	2,257,869	2,400,775	2,445,354	2,297,112	2,037,536
<u>Limited Gaming Cities</u>					
City of Black Hawk	6,587,172	7,110,170	7,530,055	7,172,188	6,056,663
Central City	824,291	903,931	1,067,821	972,722	773,499
City of Cripple Creek	1,881,558	2,000,646	2,037,795	1,914,260	1,697,946
General Fund	40,238,779	17,464,148	6,547,293	0	2,811,210
Local Government Gaming Impact Fund	6,040,463	6,509,585	6,913,186	6,538,460	5,543,271
Department of Transportation	0	0	5,259,411	14,292,757	10,127,274
Tourism Promotion Fund	185,860	19,000,000	19,676,799	20,107,662	15,578,699
State Council on the Arts Cash Fund	0	1,500,000	1,553,432	1,587,447	1,200,026
Film Incentives Cash Fund	0	600,000	621,373	634,979	180,011
New Jobs Incentives Cash Fund	0	3,000,000	3,106,863	3,174,894	1,400,052
Bioscience Discovery Evaluation Grant Program	0	2,000,000	2,500,000	0	4,500,000
Clean Energy Fund	0	0	7,000,000	3,959,650	0
Office of Economic Development Film Commission	0	0	0	0	300,000
Innovative Higher Ed Research Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>
Total Distributions	\$92,930,204	\$100,147,466	\$106,356,714	\$100,591,698	\$85,281,086

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. The Division enforces the provisions of the Liquor, Beer, and Special Events Codes. The following table details the enforcement actions the Division has undertaken in the last five fiscal years.

Liquor Enforcement Division - Violations					
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
State administrative actions	64	173	191	248	320
State revocations	1	0	0	3	1
State suspensions	61	93	71	78	115
State denials	0	2	1	1	3
Division-filed court cases	456	270	292	340	512
Division-assisted local hearings	2	11	9	11	13

Tobacco Enforcement Program

The Tobacco Enforcement Program enforces laws that prohibit the sale of tobacco products to minors.

Division of Racing Events

The Division of Racing Events licenses and regulates horse racing events, enforcing all laws, rules, and regulations related to racing activities. The Division is responsible for ensuring the health and welfare of horses racing in Colorado. As live greyhound racing in Colorado is no longer active, the Division has ceased activities related to greyhound racing and reduced staff by 6.8 FTE in FY 2009-10. The table below shows live racing days, pari-mutuel sales and State tax collections since 2004.

State Racing Events, Pari-mutuel sales and Pari-mutuel tax collections					
	2005	2006	2007	2008	2009
<u>Live Racing Days</u>					
Horse racing	37	39	35	36	36
Greyhound racing	263	276	259	126	0
Pari-mutuel sales /a	\$159,457,155	\$149,213,562	\$127,108,766	\$90,238,986	\$64,216,527
Pari-mutuel tax collections	\$3,550,926	\$3,235,268	\$2,792,776	\$1,568,600	\$470,859

/a Includes off-track betting figures.

Hearings Division

The Hearings Division conducts administrative hearings regarding various licenses issued by the Department, including driver's licenses, liquor licenses, horse and dog racing licenses, and motor vehicle dealer's licenses.

Motor Vehicle Dealer Licensing Division

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

Lottery

The State Lottery recorded sales of \$493.4 million in FY 2008-09 and net proceeds of \$119.6 million. The total sales and distributions of net proceeds from the lottery for the last five fiscal years are shown in the table below:

Lottery Sales and Distributions (\$millions)					
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Total Sales	\$417.0	\$468.0	\$455.7	\$505.8	\$493.4
<u>Distributions</u>					
Conservation Trust Fund	\$41.5	\$50.2	\$47.6	\$48.9	\$47.8
Great Outdoors Colorado	50.1	50.2	51.3	53.1	54.3
Parks and Outdoor Recreation	10.4	12.6	11.9	12.2	12.0
State Public School Fund /a	1.7	12.6	8.2	N/A	N/A
Lottery Contingency Reserve Fund /b	N/A	N/A	N/A	1.5	N/A
Public School Capital Construction Fund /c	N/A	N/A	N/A	N/A	5.5
Total Distributions	\$103.7	\$125.6	\$119.0	\$115.7	\$119.6

/a State Public School Fund existed from FY 2001-02 to FY 2006-07.

/b Lottery Contingency Reserve Fund replaced the State Public School Fund in FY 2007-08.

/c The Public School Capital Construction Fund replaced the Lottery Contingency Reserve Fund in FY 2008-09.

Summary of FY 2009-10 and FY 2010-11 Appropriations

Department of Revenue						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Total Appropriation:	\$692,073,355	\$73,749,339	\$615,399,703	\$1,398,939	\$1,525,374	1,490.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	28,732,444	13,041,688	15,137,497	553,259	0	47.9
Central Department Operations Division	11,706,300	10,918,955	720,091	67,254	0	103.6
Information Technology Division	12,860,925	4,960,011	7,504,670	396,244	0	108.8
Taxation Business Group	46,282,225	42,985,194	2,366,013	168,594	762,424	334.5
Division of Motor Vehicles	33,703,539	1,028,020	32,653,970	21,549	0	447.2
Motor Carrier Services Division	8,888,915	632,896	7,409,225	83,844	762,950	143.5
Enforcement Business Group	42,611,695	182,575	42,320,925	108,195	0	179.2
State Lottery Division	507,287,312	0	507,287,312	0	0	126.0

Department of Revenue

	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 09-259	683,955,771	92,108,733	588,970,877	1,388,417	1,487,744	1,509.0
SB 09-003	106,331	0	106,331	0	0	0.5
SB 09-006	186,160	0	186,160	0	0	1.2
SB 09-025	0	(292,807)	292,807	0	0	0.0
SB 09-098	37,630	0	0	0	37,630	0.0
SB 09-161	16,080	0	16,080	0	0	0.0
SB 09-274	808,719	(16,177,258)	16,985,977	0	0	0.0
SB 09-275	68,412	68,412	0	0	0	0.8
HB 09-1100	16,080	0	16,080	0	0	0.0
HB 09-1133	528,000	0	528,000	0	0	0.0
HB 09-1160	21,549	0	0	21,549	0	0.0
HB 09-1173	75,043	0	75,043	0	0	0.8
HB 09-1246	29,170	0	29,170	0	0	0.5
HB 09-1266	(17,425)	0	(17,425)	0	0	(0.4)
HB 09-1342	12,840	12,840	0	0	0	0.3
HB 09-1347	16,080	0	16,080	0	0	0.0
HB 10-1189	94,322	94,322	0	0	0	0.9
HB 10-1190	94,322	94,322	0	0	0	0.9
HB 10-1191	94,322	94,322	0	0	0	0.9
HB 10-1192	94,322	94,322	0	0	0	0.9
HB 10-1194	94,322	94,322	0	0	0	0.9
HB 10-1195	94,322	94,322	0	0	0	0.9
HB 10-1314	6,280,593	(2,064,903)	8,356,523	(11,027)	0	(22.9)
HB 10-1376	(633,610)	(471,610)	(162,000)	0	0	(4.5)
FY 2010-11 Total Appropriation:	\$703,854,663	\$70,714,586	\$630,786,977	\$1,537,481	\$815,619	1,521.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	38,633,409	14,617,740	22,876,647	1,139,022	0	47.8
Central Department Operations Division	11,990,682	10,925,865	982,012	82,805	0	102.2
Information Technology Division	5,665,348	838,331	4,814,244	12,773	0	5.4

Department of Revenue

	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Taxation Business Group	46,749,053	43,557,306	2,303,314	168,183	720,250	352.0
Division of Motor Vehicles	33,097,567	0	33,097,567	0	0	449.7
Motor Carrier Services Division	7,936,806	593,570	7,237,387	10,480	95,369	134.4
Enforcement Business Group	52,454,046	181,774	52,148,054	124,218	0	304.0
State Lottery Division	507,327,752	0	507,327,752	0	0	126.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	692,910,944	90,178,072	599,754,847	1,494,825	1,483,200	1,416.9
SB 10-103	17,760	0	17,760	0	0	0.0
SB 10-120	476,195	0	476,195	0	0	1.4
SB 10-141	116,020	0	0	116,020	0	0.0
HB 10-1019	30,341	0	30,341	0	0	0.2
HB 10-1045	63,538	0	63,538	0	0	0.0
HB 10-1058	1,400	0	1,400	0	0	0.0
HB 10-1073	107	0	107	0	0	0.0
HB 10-1113	(810,516)	0	(69,571)	(73,364)	(667,581)	(8.8)
HB 10-1139	35,520	0	35,520	0	0	0.0
HB 10-1161	10,064	0	10,064	0	0	0.0
HB 10-1172	560	0	560	0	0	0.0
HB 10-1193	161,584	161,584	0	0	0	1.0
HB 10-1209	83,088	0	83,088	0	0	0.0
HB 10-1214	17,760	0	17,760	0	0	0.0
HB 10-1284	10,317,583	0	10,317,583	0	0	110.0
HB 10-1285	86,658	0	86,658	0	0	0.8
HB 10-1338	336,057	336,057	0	0	0	0.0
HB 10-1387	0	(19,961,127)	19,961,127	0	0	0.0
Increase/(Decrease)	\$11,781,308	(\$3,034,753)	\$15,387,274	\$138,542	(\$709,755)	30.8
Percentage Change	1.7%	(4.1)%	2.5%	9.9%	(46.5)%	2.1%

/1 Includes amounts (\$20,800,000 in FY 2009-10 and \$19,500,000 in FY 2010-11) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

FY 2009-10 Appropriation Adjustment Highlights:

1. Supplemental appropriations add \$8.2 million for Lottery line items that vary directly with sales. The increase reflects mid-year adjustments in projected Lottery sales.
2. Supplemental appropriations refinance an additional \$293,000 of General Fund with cash funds from the Licensing Services Cash Fund (in addition to the refinancing in S.B. 09-274).
3. Supplemental appropriations reduce General Fund by \$1.1 million and 16.1 FTE throughout the Department by eliminating FTE and reducing operating expenses to address the FY 2009-10 revenue shortfall.
4. Supplemental appropriations decrease \$440,000 total funds to reflect the actual impact of the FY 2009-10 furloughs.
5. Supplemental appropriations reflect a decrease of \$162,000 cash funds for the Amendment 35 distribution to local governments to account for a lower forecast of sales of cigarettes contained in the March 2010 Legislative Council economic forecast.

FY 2010-11 Appropriation Highlights:

1. The appropriation provides \$1.6 million total funds to restore reductions in funding associated with furloughs in FY 2009-10.
2. The appropriation reflects an increase of \$1.5 million cash funds and 16.0 FTE authorized by the Limited Gaming Control Commission to implement and enforce expanded limited gaming authorized by the voters in the November 2008 election.
3. The appropriation provides \$1.1 million General Fund and 3.7 FTE to address a backlog of conservation easement appraisals.
4. The appropriation provides \$810,000 General Fund and 9.9 FTE to annualize a FY 2009-10 decision item increasing out-of-state audit staff.
5. The appropriation provides \$650,000 General Fund for several programs and initiatives to increase compliance with Colorado tax laws.
6. The appropriation refinances \$20.0 million of General Fund in the Division of Motor Vehicles with \$17.3 million from the Licensing Services Cash Fund and \$2.7 million from the Highway Users Tax Fund "Off-the-Top" appropriation.
7. The appropriation reduces funding by \$1.8 million total funds, including \$623,000 General Fund, to reflect reduced employer contributions to the State Public Employees Retirement Association required by S.B. 10-146.
8. The appropriation reflects a \$1.5 million decrease in funding for: (1) Cigarette tax rebate; (2) the Old Age Heat & Fuel & Property Tax assistance grant; and (3) the Amendment 35 distribution to local governments. These reductions reflect the March 2010 Legislative Council economic forecast.

9. The appropriation reduced total expenditures in information technology by \$700,000 as a result of the consolidation of information technology staff resources in the Governor's Office of Information Technology.

Detail of Appropriation by Administrative Section

Executive Director's Office

The Executive Director's Office includes a citizens' advocate, a public information officer, and the following units: Central Budget Office, Accounting and Financial Services, Internal Audit, Office of Human Resources, and Office of Research and Analysis. The Executive Director's Office section of the Long Bill includes centrally appropriated direct and indirect costs. Major sources of cash funds include the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, the Aviation Fund, the Highway Users Tax Fund, the Colorado State Titling and Registration Account, the Limited Gaming Fund, the Driver's License Administrative Revocation Account, and the Automobile Inspection and Readjustment (AIR) Account. The sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$29,195,241	\$17,686,948	\$10,950,507	\$557,786	\$0	48.8
SB 09-003	2,614	0	2,614	0	0	0.0
SB 09-006	23,742	0	23,742	0	0	0.0
SB 09-274	0	(3,980,851)	3,980,851	0	0	0.0
HB 09-1173	17,670	0	17,670	0	0	0.0
HB 09-1246	2,614	0	2,614	0	0	0.0
HB 10-1314	<u>(509,437)</u>	<u>(664,409)</u>	<u>159,499</u>	<u>(4,527)</u>	<u>0</u>	<u>(0.9)</u>
TOTAL	\$28,732,444	\$13,041,688	\$15,137,497	\$553,259	\$0	47.9
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$28,732,444	\$13,041,688	\$15,137,497	\$553,259	\$0	47.9
Statewide information technology staff consolidation	6,910,842	3,610,310	2,855,193	445,339	0	0.0
Conservation easement backlog	389,371	389,371	0	0	0	0.0
Statewide information technology common policy adjustments	272,137	144,201	140,920	(12,984)	0	0.0
Restore FY 2009-10 furlough reductions	77,160	41,301	25,066	10,793	0	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Tax code compliance initiatives	20,400	20,400	0	0	0	0.0
Indirect costs adjustments	0	(17,873)	(14,547)	32,420	0	0.0
Annualize prior year funding	(326,620)	3,698,637	(4,019,058)	(6,199)	0	(0.1)
Centrally-appropriated line items	(136,647)	143,670	(294,043)	13,726	0	0.0
State PERA contribution reduction	(87,099)	(22,329)	(51,418)	(13,352)	0	0.0
HB 10-1376	\$35,851,988	\$21,049,376	\$13,779,610	\$1,023,002	\$0	47.8
SB 10-141	116,020	0	0	116,020	0	0.0
HB 10-1113	(9,625)	0	(9,625)	0	0	0.0
HB 10-1193	30,000	30,000	0	0	0	0.0
HB 10-1284	2,308,969	0	2,308,969	0	0	0.0
HB 10-1338	336,057	336,057	0	0	0	0.0
HB 10-1387	0	(6,797,693)	6,797,693	0	0	0.0
TOTAL	\$38,633,409	\$14,617,740	\$22,876,647	\$1,139,022	\$0	47.8
Increase/(Decrease)	\$9,900,965	\$1,576,052	\$7,739,150	\$585,763	\$0	(0.1)
Percentage Change	34.5%	12.1%	51.1%	105.9%	n/a	(0.2)%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 reduced General Fund by cash funding an internal auditor position, reflected the actual impact of the FY 2009-10 furloughs, eliminated a security contract for the Capitol Annex, and reduced maintenance, among other changes.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Statewide information technology staff consolidation: The appropriation includes the impact of transferring information technology staff resources to the Governor's Office of Information Technology (OIT). The consolidation of information technology staff resources in OIT results in a ten percent cost savings statewide. The increase in this Division is offset by decreases in other divisions, primarily the Information Technology Division.

Conservation easement backlog: The appropriation includes funding to address a backlog in appraisals of gross conservation easements. The Department estimates that this funding will increase General Fund revenues by approximately \$4.1 million per year for five years.

Statewide information technology common policy adjustments: The appropriation includes adjustments to line item appropriations for the following: purchase of services from the computer center; multiuse network payments; management and administration of the Office of Information Technology; and communications services payments.

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Tax code compliance initiatives: The appropriation provides funding for several tax code compliance initiatives that the Department projects will increase General Fund revenue by \$15.4 million in FY 2010-11 and \$4.9 million in FY 2011-12.

Indirect costs adjustments: The appropriation includes an adjustment to indirect costs reimbursements to the Executive Director's Office. The appropriation decreases General Fund and cash funds which are offset by an increase in reappropriated funds.

Annualize prior year funding: The appropriation includes adjustments related to prior year legislation and budget actions.

Centrally-appropriated line items: The appropriation includes adjustments to centrally-appropriated line items for the following: health, life, and dental insurance benefits; short-term disability; amortization equalization disbursement; supplemental amortization equalization disbursement; shift differential; workers' compensation; legal services; administrative law judge services; payment to risk management and property funds; vehicle lease payments; and Capitol complex leased space.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 10-141, see also the "Recent Legislation" section at the end of the Department of State.

Central Department Operations Division

This division maintains documents and records transactions for taxes, licensing, and other fee payments; deposits tax remittances; processes tax documents; issues income tax refunds; and handles a variety of incoming and outgoing mail. Major sources of cash funds include the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, the Aviation Fund, the Highway Users Tax Fund, the Identification Security Fund, the Colorado State Titling and Registration Account, the Limited Gaming Fund, the Driver's License Administrative Revocation Account, the Outstanding Judgments and Warrants Account, and the AIR Account. Sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.

Central Department Operations Division

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$12,097,957	\$11,305,122	\$725,100	\$67,735	\$0	109.9
SB 09-275	47,011	47,011	0	0	0	0.0
HB 09-1266	(2,749)	0	(2,749)	0	0	0.0
HB 10-1314	<u>(435,919)</u>	<u>(433,178)</u>	<u>(2,260)</u>	<u>(481)</u>	<u>0</u>	<u>(6.3)</u>
TOTAL	\$11,706,300	\$10,918,955	\$720,091	\$67,254	\$0	103.6
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$11,706,300	\$10,918,955	\$720,091	\$67,254	\$0	103.6
Delinquency billings program	163,849	163,849	0	0	0	0.0
Treasury offset program	152,230	152,230	0	0	0	0.0
Restore FY 2009-10 furlough reductions	107,168	99,693	6,164	1,311	0	0.0
Tax code compliance initiatives	21,145	21,145	0	0	0	0.0
Indirect costs adjustments	0	(18,684)	3,141	15,543	0	0.0
State PERA contribution reduction	(112,270)	(98,231)	(12,255)	(1,784)	0	0.0
Annualize prior year funding	(65,530)	(65,530)	0	0	0	(1.6)
Other	4,085	1,344	2,260	481	0	0.0
HB 10-1376	\$11,976,977	\$11,174,771	\$719,401	\$82,805	\$0	102.0
HB 10-1055	1,400	0	1,400	0	0	0.0
HB 10-1073	107	0	107	0	0	0.0
HB 10-1284	12,198	0	12,198	0	0	0.2
HB 10-1387	<u>0</u>	<u>(248,906)</u>	<u>248,906</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,990,682	\$10,925,865	\$982,012	\$82,805	\$0	102.2
Increase/(Decrease)	\$284,382	\$6,910	\$261,921	\$15,551	\$0	(1.4)
Percentage Change	2.4%	0.1%	36.4%	23.1%	n/a	(1.4)%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 reduced appropriations through the permanent elimination of FTE, elimination of cashiering services at the Annex, elimination of overtime, elimination of a security contract at the Annex, reflected the actual impact of the FY 2009-10 furloughs, included a rate reduction for services provided by the Department of Personnel and Administration, and a reduction in documents imaged, among other changes.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Delinquency billings program: The appropriation provides funding for mailing additional notices to delinquent taxpayers, which the Department estimates will increase General Fund revenue by \$4.2 million in FY 2010-11.

Treasury offset program: The appropriation provides funding for a program to intercept federal tax refunds of Colorado taxpayers who owe money to the State. The Department estimates that the program will increase General Fund revenue by \$4.2 million in FY 2010-11.

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Tax code compliance initiatives: The appropriation provides funding for several tax code compliance initiative made possible by the Colorado Integrated Tax Architecture (CITA) project. In total, these initiatives are projected to increase General Fund revenue by \$15.4 million in FY 2010-11 and by \$4.9 million in FY 2011-12.

Indirect costs adjustments: The appropriation includes an adjustment to the indirect costs reimbursements to the Executive Director's Office. The appropriation reduces General Fund and increases cash funds and reappropriated funds.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Annualize prior year funding: The appropriation includes adjustments related to prior year legislation and budget actions.

Other: The appropriation includes other minor adjustments.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Information Technology Division

This division includes two sections: Systems Support, which provides most of the Department's information technology support; and the Colorado State Titling and Registration System (CSTARS). CSTARS is the motor vehicle titling and registration information system that automates the distribution of vehicle registration taxes among the State, counties, and the Highway Users Tax Fund (HUTF). CSTARS enables Colorado's 64 county clerk offices to issue approximately 2.1 million vehicle titles and 4.3 million vehicle registrations annually.

Major sources of cash funds include the Racing Cash Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Auto Dealers License Fund, the Aviation Fund, the Highway Users Tax Fund, the Colorado State Titling and Registration Account, the Limited Gaming Fund, the Driver's License Administrative Revocation Account, the AIR Account, and the Outstanding Judgments and Warrants Account. Sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.

Information Technology Division

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$13,113,549	\$5,351,692	\$7,362,610	\$399,247	\$0	113.6
SB 09-006	89,228	0	89,228	0	0	0.0
HB 10-1314	<u>(341,852)</u>	<u>(391,681)</u>	<u>52,832</u>	<u>(3,003)</u>	<u>0</u>	<u>(4.8)</u>
TOTAL	\$12,860,925	\$4,960,011	\$7,504,670	\$396,244	\$0	108.8
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$12,860,925	\$4,960,011	\$7,504,670	\$396,244	\$0	108.8
Restore FY 2009-10 furlough reductions	171,038	88,241	75,072	7,725	0	0.0
Programming costs for 2010 session legislation	17,392	6,242	11,150	0	0	0.0
Indirect costs adjustments	0	(58,597)	(42,025)	100,622	0	0.0
Statewide information technology staff consolidation	(7,614,091)	(3,998,607)	(3,131,286)	(484,198)	0	(106.6)
Annualize prior year funding	(498,676)	(71,235)	(430,444)	3,003	0	0.0
State PERA contribution reduction	(168,929)	(87,724)	(70,582)	(10,623)	0	0.0
HB 10-1376	\$4,767,659	\$838,331	\$3,916,555	\$12,773	\$0	2.2
SB 10-120	476,195	0	476,195	0	0	1.4
HB 10-1284	334,836	0	334,836	0	0	1.0
HB 10-1285	<u>86,658</u>	<u>0</u>	<u>86,658</u>	<u>0</u>	<u>0</u>	<u>0.8</u>
TOTAL	\$5,665,348	\$838,331	\$4,814,244	\$12,773	\$0	5.4
Increase/(Decrease)	(\$7,195,577)	(\$4,121,680)	(\$2,690,426)	(\$383,471)	\$0	(103.4)
Percentage Change	(55.9)%	(83.1)%	(35.9)%	(96.8)%	n/a	(95.0)%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 reduced appropriations by eliminating FTE, reflected furlough adjustments, eliminated a security contract at the Annex, and reflected the actual impact of the FY 2009-10 furloughs, among other changes. The reductions were offset by increases to reflect the actual costs of programming required to implement 2009 session legislation.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Programming costs for 2010 session legislation: The appropriation makes an adjustment to provide sufficient funding for known programming costs during FY 2010-11.

Indirect costs adjustments: The appropriation includes an adjustment to the indirect costs reimbursements to the Executive Director's Office. The appropriation decreases General Fund and cash funds and increases reappropriated funds.

Statewide information technology staff consolidation: The appropriation includes the impact of transferring information technology staff resources to the Governor's Office of Information Technology (OIT). The consolidation of information technology staff resources in OIT results in a ten percent cost savings statewide.

Annualize prior year funding: The appropriation includes adjustments related to prior year legislation and budget actions.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on H.B. 10-1285, see also the "Recent Legislation" section at the end of the Judicial Department.

Taxation Business Group

The Taxation Business Group administers business taxes; income taxes; severance taxes; estate and transfer taxes; special taxes, including gasoline, special fuel, aviation fuel, cigarette, tobacco, and liquor excise taxes; public utility assessments; and food service licensing fees. Sources of cash funds include the Private Letter Ruling Fund, the Aviation Fund, the Tobacco Tax Cash Fund, the Alternative Fuels Rebate Fund, the Highway Users Tax Fund (for the Fuel Tracking System), the Mineral Audit Program, and the State Board of Land Commissioners. Sources of reappropriated funds include the Mineral Audit Program (federal funds), the State Board of Land Commissioners, and the Oil and Gas Conservation Commission.

The Mineral Audit Division audits oil, gas, and mineral rents and royalties; the mill levy from oil and gas production; and severance taxes from federal, state, and private lands. It receives funding from the U.S. Department of Interior's Minerals Management Service under a cooperative agreement for delegated authority to audit federal minerals production in Colorado.

The Taxation Business Group manages the State's subsystem of the International Fuel Tracking System, which licenses fuel distributors, suppliers, importers, exporters and transporters, and collects fuel taxes for the Highway Users Tax Fund. This group also administers the old age heat and fuel and property tax assistance grants, the cigarette tax rebate to local governments, the Amendment 35 distribution to local governments of proceeds from the tobacco tax fund, and the alternative fuels rebate.

Taxation Business Group

	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$46,629,404	\$43,328,307	\$2,407,709	\$168,594	\$724,794	335.1
SB 09-098	37,630	0	0	0	37,630	0.0
SB 09-275	21,401	21,401	0	0	0	0.8
HB 09-1173	57,373	0	57,373	0	0	0.8
HB 09-1342	12,840	12,840	0	0	0	0.3
HB 10-1189	94,322	94,322	0	0	0	0.9
HB 10-1190	94,322	94,322	0	0	0	0.9
HB 10-1191	94,322	94,322	0	0	0	0.9
HB 10-1192	94,322	94,322	0	0	0	0.9
HB 10-1194	94,322	94,322	0	0	0	0.9
HB 10-1195	94,322	94,322	0	0	0	0.9
HB 10-1314	(408,745)	(471,676)	62,931	0	0	(3.4)
HB 10-1376	<u>(633,610)</u>	<u>(471,610)</u>	<u>(162,000)</u>	<u>0</u>	<u>0</u>	<u>(4.5)</u>
TOTAL	\$46,282,225	\$42,985,194	\$2,366,013	\$168,594	\$762,424	334.5

FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$46,282,225	\$42,985,194	\$2,366,013	\$168,594	\$762,424	334.5
Annualize prior year funding	821,184	747,284	111,530	0	(37,630)	7.3
Conservation easement backlog	739,909	739,909	0	0	0	3.7
Restore FY 2009-10 furlough reductions	362,014	360,237	1,777	0	0	0.0
Tax code compliance initiatives	284,605	284,605	0	0	0	5.5
Treasury offset program	6,450	6,450	0	0	0	0.0
Program adjustments /1	(1,471,000)	(1,300,000)	(171,000)	0	0	0.0
State PERA contribution adjustment	(402,963)	(398,821)	(4,142)	0	0	0.0
Federal funding adjustment	(4,544)	0	0	0	(4,544)	0.0
Indirect cost adjustments	(411)	864	(864)	(411)	0	0.0
HB 10-1376	\$46,617,469	\$43,425,722	\$2,303,314	\$168,183	\$720,250	351.0
HB 10-1193	<u>131,584</u>	<u>131,584</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$46,749,053	\$43,557,306	\$2,303,314	\$168,183	\$720,250	352.0

Taxation Business Group						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$466,828	\$572,112	(\$62,699)	(\$411)	(\$42,174)	17.5
Percentage Change	1.0%	1.3%	(2.7)%	(0.2)%	(5.5)%	5.2%

/1 Includes amounts (\$20,800,000 in FY 2009-10 and \$19,500,000 in FY 2010-11) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S. For FY 2009-10, this amount includes \$12,200,000 for the Cigarette Tax Rebate and \$8,600,000 for the Old Age Heat and Fuel and Property Tax Assistance Grant. For FY 2010-11, this amount includes \$11,300,000 for the Cigarette Tax Rebate and \$8,200,000 for the Old Age Heat and Fuel and Property Tax Assistance Grant.

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 reduced appropriations by eliminating FTE, eliminating a security contract at the Annex, eliminating contract conservation easement appraisals, and reflecting the actual impact of the FY 2009-10 furloughs, among other changes. These reductions were offset by an increase in funding for the alternative fuels rebate program. Supplemental appropriations included in H.B. 10-1376 (the FY 2010-11 Long Bill) reduced appropriations on six sales tax bills that included duplicate appropriations for implementation and adjusted the appropriation for the Amendment 35 distribution to local governments to reflect updated tax collection information. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Annualize prior year funding: The appropriation includes adjustments related to prior year legislation and budget actions.

Conservation easement backlog: The appropriation includes funding to address a backlog in appraisals of gross conservation easements. The Department projects that this funding will result in increased General Fund revenues of \$4.1 million for each of the next five fiscal years.

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Tax code compliance initiatives: The appropriation provides funding for several tax code compliance initiatives that were made possible by the implementation of the Colorado Integrated Tax Architecture (CITA) project. The first initiative will compare and bill for over-claimed estimated tax payments or unbilled balance due accounts. The second will allow the state to compare "1099" forms (non-wage income reports) that are filed with the State with filed tax returns to determine if taxpayers are claiming the income from the "1099" forms. The third is a voluntary compliance program to reach the estimated 100,000 taxpayers who have received low dollar "1099" income forms and inform them of the requirement to pay taxes on those amounts. These Department estimates that these initiatives will increase General Fund revenue by \$15.4 million in FY 2010-11 and by \$4.9 million in FY 2011-12.

Treasury offset program: The appropriation provides funding for a treasury offset program which will allow the State to intercept the federal tax refunds of Colorado taxpayers who owe State taxes. The Department estimates that the program will increase General Fund revenue by \$4.2 million each year.

Program adjustments: The appropriation reflects reduction in three programs administered by the Department of Revenue. The reductions are based on the March 2010 Legislative Council economic forecast for the following programs: the cigarette tax rebate program (a reduction of \$800,000 General Fund); the Old Age Heat & Fuel & Property Tax Assistance grants (a reduction of \$400,000 General Fund); and the Amendment 35 distribution to local governments (a reduction of \$171,000 cash funds). These programs are informational appropriations.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Indirect costs adjustments: The appropriation includes an adjustment to the indirect costs reimbursements to the Executive Director's Office. The appropriation increases General Fund and decreases cash funds and reappropriated funds.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Division of Motor Vehicles

The Division of Motor Vehicles licenses drivers and issues personal identification documents; provides administrative support for the statewide vehicle titling and registration system; regulates commercial driving schools; oversees the Motor Carrier Services Division; oversees the Motorist Insurance Identification Database; and enforces the State's auto emissions program, including overseeing daily audits of the nine clean screen vans in the Denver metropolitan area.

Major sources of cash funds are the Licensing Services Cash Fund and the License Plate Cash Fund. Other cash funds sources include the Highway Users Tax Fund, the Colorado State Titling and Registration System Account, the AIR Account, the Driver's License Administrative Revocation Account, the Identification Security Account, and the Motorist Insurance Identification Account.

Division of Motor Vehicles						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$32,008,446	\$13,579,259	\$18,429,187	\$0	\$0	445.2
SB 09-003	103,717	0	103,717	0	0	0.5
SB 09-006	73,190	0	73,190	0	0	1.2
SB 09-025	0	(292,807)	292,807	0	0	0.0
SB 09-161	16,080	0	16,080	0	0	0.0
SB 09-274	808,719	(12,196,407)	13,005,126	0	0	0.0
HB 09-1100	16,080	0	16,080	0	0	0.0
HB 09-1133	528,000	0	528,000	0	0	0.0

Division of Motor Vehicles

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 09-1160	21,549	0	0	21,549	0	0.0
HB 09-1246	26,556	0	26,556	0	0	0.5
HB 09-1266	(5,137)	0	(5,137)	0	0	(0.2)
HB 09-1347	16,080	0	16,080	0	0	0.0
HB 10-1314	<u>90,259</u>	<u>(62,025)</u>	<u>152,284</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$33,703,539	\$1,028,020	\$32,653,970	\$21,549	\$0	447.2
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$33,703,539	\$1,028,020	\$32,653,970	\$21,549	\$0	447.2
Restore FY 2009-10 furlough reductions	355,299	0	355,299	0	0	0.0
Emission testing program enhancement	119,020	0	119,020	0	0	2.0
Indirect costs funding adjustment	0	(7,110)	7,110	0	0	0.0
Program section for ignition interlock subsidy program	0	0	0	0	0	0.0
Annualize prior year funding	(918,479)	11,893,618	(12,790,548)	(21,549)	0	0.3
State PERA contribution reduction	(420,443)	0	(420,443)	0	0	0.0
HB 10-1376	\$32,838,936	\$12,914,528	\$19,924,408	\$0	\$0	449.5
SB 10-103	17,760	0	17,760	0	0	0.0
HB 10-1019	30,341	0	30,341	0	0	0.2
HB 10-1045	63,538	0	63,538	0	0	0.0
HB 10-1139	35,520	0	35,520	0	0	0.0
HB 10-1161	10,064	0	10,064	0	0	0.0
HB 10-1172	560	0	560	0	0	0.0
HB 10-1209	83,088	0	83,088	0	0	0.0
HB 10-1214	17,760	0	17,760	0	0	0.0
HB 10-1387	<u>0</u>	<u>(12,914,528)</u>	<u>12,914,528</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$33,097,567	\$0	\$33,097,567	\$0	\$0	449.7
Increase/(Decrease)	(\$605,972)	(\$1,028,020)	\$443,597	(\$21,549)	\$0	2.5
Percentage Change	(1.8)%	(100.0)%	1.4%	(100.0)%	n/a	0.6%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 refinanced General Fund with cash funds, made a technical correction, and reflected the actual impact of the FY 2009-10 furloughs, among other changes. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Emissions testing program enhancement: The appropriation provides funding for the expansion of enhanced vehicles emission testing in Larimer and Weld counties.

Indirect costs funding adjustments: The appropriation includes an adjustment to the indirect costs reimbursements to the Executive Director's Office. The appropriation decreases General Fund and increases cash funds.

Program section for the ignition interlock subsidy program: The appropriation creates a new program section for the ignition interlock subsidy program, which assists first-time drunk driving offenders with obtaining an interlock system for their vehicles to allow for commuting to work and other essential driving. The funding and FTE are transferred from the Driver and Vehicle Services program section.

Annualize prior year funding: The appropriation includes adjustments related to prior year legislation and budget actions.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Motor Carrier Services Division

This division enforces interstate trucking laws through the ports of entry system. It registers motor carriers, collects registration fees on fuel distributors, petroleum storage companies, and interstate carriers; enforces vehicle safety regulations; and enforces regulations concerning owners and operators of motor carriers. It operates 17 port of entry buildings at ten locations and ten mobile port scales. Please note that the Taxation Business Group manages the federally funded interstate trucker registration audit system, known as the Joint Federal-State Motor Fuel Tax System. Major sources of cash funds include the Highway Users Tax Fund, the Nuclear Materials Transportation Fund, the Hazardous Materials Safety Fund, and the Motor Carrier Safety Assistance Program.

House Bill 10-1113 transfers the Motor Carrier Safety Assistance Program to the Department of Public Safety, Colorado State Patrol, effective August 15, 2010 and also commissions a study to determine possible improvements to the operations of the Ports of Entry section, including what department is best suited to operate the program.

Motor Carrier Services Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$8,760,909	\$670,670	\$7,243,445	\$83,844	\$762,950	144.2
SB 10-1314	<u>128,006</u>	<u>(37,774)</u>	<u>165,780</u>	<u>0</u>	<u>0</u>	<u>(0.7)</u>
TOTAL	\$8,888,915	\$632,896	\$7,409,225	\$83,844	\$762,950	143.5
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$8,888,915	\$632,896	\$7,409,225	\$83,844	\$762,950	143.5
Restore FY 2009-10 furlough reductions	136,382	12,241	124,141	0	0	0.0
Increase for dispatch services	81,494	0	81,494	0	0	0.0
Annualize prior year funding	(205,302)	(39,522)	(165,780)	0	0	(0.3)
State PERA contribution reduction	(163,792)	(12,045)	(151,747)	0	0	0.0
HB 10-1376	\$8,737,697	\$593,570	\$7,297,333	\$83,844	\$762,950	143.2
HB 10-1113	<u>(800,891)</u>	<u>0</u>	<u>(59,946)</u>	<u>(73,364)</u>	<u>(667,581)</u>	<u>(8.8)</u>
TOTAL	\$7,936,806	\$593,570	\$7,237,387	\$10,480	\$95,369	134.4
Increase/(Decrease)	(\$952,109)	(\$39,326)	(\$171,838)	(\$73,364)	(\$667,581)	(9.1)
Percentage Change	(10.7)%	(6.2)%	(2.3)%	(87.5)%	(87.5)%	(6.3)%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 reduced the appropriation by eliminating FTE and temporary staffing and reflected the actual impact of the FY 2009-10 furloughs, among other changes. These reductions were offset by an increase in the appropriation for dispatch services provided by the Department of Public Safety.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Increase for dispatch services: The appropriation provides increased funding for the dispatch services provided by the Colorado State Patrol to the Motor Carrier Services Division.

Annualize prior year funding: The appropriation includes adjustments related to prior year legislation and budget actions.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Enforcement Business Group

This group regulates limited gaming; enforces the State's liquor and tobacco laws; licenses liquor retailers, wholesalers, and manufacturers; regulates horse and dog racing events; regulates the sale and distribution of motor vehicles; and adjudicates complaints related to driver's licenses, liquor licenses, certain racing licenses, and some tax disputes. Major sources of cash funds include the Limited Gaming Fund, the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, the Horse Breeders' and Owners' Awards and Supplemental Purse Fund, the Driver's License Administrative Revocation Account, and the Tobacco Education Programs Fund. The source of reappropriated funds is the Limited Gaming Fund.

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$43,076,702	\$186,735	\$42,778,756	\$111,211	\$0	186.2
HB 09-1266	(9,539)	0	(9,539)	0	0	(0.2)
SB 09-1314	<u>(455,468)</u>	<u>(4,160)</u>	<u>(448,292)</u>	<u>(3,016)</u>	0	<u>(6.8)</u>
TOTAL	\$42,611,695	\$182,575	\$42,320,925	\$108,195	\$0	179.2
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$42,611,695	\$182,575	\$42,320,925	\$108,195	\$0	179.2
Gaming Commission increase	1,467,468	0	1,467,468	0	0	16.0
Annualize prior year funding	640,154	0	640,154	0	0	0.0
Restore FY 2009-10 furlough reductions	222,818	0	222,818	0	0	0.0
Indirect cost assessment	138,490	(1,610)	124,293	15,807	0	0.0
State PERA contribution reduction	(270,160)	(3,351)	(264,009)	(2,800)	0	0.0
Statewide information technology staff consolidation	(30,029)	0	(30,029)	0	0	0.0
Interactive voice response system	(4,840)	0	(4,840)	0	0	0.0
Other	16,870	4,160	9,694	3,016	0	0.0

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1376	\$44,792,466	\$181,774	\$44,486,474	\$124,218	\$0	195.2
HB 10-1284	<u>7,661,580</u>	<u>0</u>	<u>7,661,580</u>	<u>0</u>	<u>0</u>	108.8
TOTAL	\$52,454,046	\$181,774	\$52,148,054	\$124,218	\$0	304.0
Increase/(Decrease)	\$9,842,351	(\$801)	\$9,827,129	\$16,023	\$0	124.8
Percentage Change	23.1%	(0.4)%	23.2%	14.8%	n/a	69.6%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 eliminated FTE associated with regulating greyhound racing and reflected the actual impact of the FY 2009-10 furloughs, among other changes. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Gaming Commission increase: The appropriation reflects the increased funding and FTE for the Limited Gaming Division for the costs associated with implementing Amendment 50, which expanded the number of games available, increased the betting limits, and expanded the hours of operations for casinos. The proceeds of the increased gaming are dedicated to the State's community colleges.

Annualize prior year funding: The appropriation includes adjustments related to prior year legislation and budget actions.

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Indirect costs assessments: The appropriation includes a net increase in indirect cost assessments, primarily to the Limited Gaming Division.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Statewide information technology staff consolidation: The appropriation includes the impact of transferring information technology staff resources to the Governor's Office of Information Technology (OIT). The consolidation of information technology staff resources in OIT results in a ten percent cost savings statewide.

Interactive voice response system: The appropriation includes funding for an interactive voice response system that will allow the hearings division to conduct more hearings by telephone, saving time and expenses as well as allowing hearing participants to save travel and time to attend the hearings.

Other: The appropriation includes other minor adjustments.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

State Lottery Division

The State Lottery Division is an enterprise under Article X, Section 20, of the Colorado Constitution (the Taxpayer's Bill of Rights). Expenditures are paid from the State Lottery Fund and appropriated as cash funds. The Lottery's direct costs for worker's compensation, variable vehicle expenses, legal services, the purchase of services from the computer center, multiuse network payments, payments to risk management, vehicle lease payments, leased space, Capitol Complex leased space, and communications services payments are shown in consolidated budget lines within the Executive Director's Office.

State Lottery Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2009-10 Appropriation:						
SB 09-259	\$499,073,563	\$0	\$499,073,563	\$0	\$0	126.0
SB 10-1314	<u>8,213,749</u>	<u>0</u>	<u>8,213,749</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$507,287,312	\$0	\$507,287,312	\$0	\$0	126.0
FY 2010-11 Appropriation:						
FY 2009-10 Appropriation	\$507,287,312	\$0	\$507,287,312	\$0	\$0	126.0
Restore FY 2009-10 furlough reductions	172,688	0	172,688	0	0	0.0
Indirect cost assessment	45,353	0	45,353	0	0	0.0
State PERA contribution reduction	(166,428)	0	(166,428)	0	0	0.0
Statewide information technology staff consolidation	(19,453)	0	(19,453)	0	0	0.0
Other	8,280	0	8,280	0	0	0.0
HB 10-1376	<u>\$507,327,752</u>	<u>\$0</u>	<u>\$507,327,752</u>	<u>\$0</u>	<u>\$0</u>	<u>126.0</u>
TOTAL	\$507,327,752	\$0	\$507,327,752	\$0	\$0	126.0
Increase/(Decrease)	\$40,440	\$0	\$40,440	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%

FY 2009-10 Appropriation Adjustments

Supplemental appropriations included in H.B. 10-1314 reflected the actual impact of the FY 2009-10 furloughs and made mid-year adjustments to line items that vary directly with sales to reflect mid-year projections of sales.

FY 2010-11 Appropriation - H.B. 10-1376 (Long Bill) Issue Descriptions

Restore FY 2009-10 furlough reductions: The appropriation restores one-time reductions associated with the furlough of non-exempt state employees in FY 2009-10.

Indirect costs assessments: The appropriation includes a net increase in indirect cost assessments.

State PERA contribution reduction: The appropriation reflects a reduction to the State's contribution to the Public Employees Retirement Association (PERA) equal to 2.5 percent of employees' salaries, pursuant to S.B. 10-146.

Statewide information technology staff consolidation: The appropriation includes the impact of transferring information technology staff resources to the Governor's Office of Information Technology (OIT). The consolidation of information technology staff resources in OIT results in a ten percent cost savings statewide.

Other: The appropriation includes other minor adjustments.

Recent Legislation

2009 Session Bills

S.B. 09-003: Expands the areas of the state that are subject to the enhanced emissions testing program to include most of Larimer and Weld counties. Changes the definition of a collector's item for purposes of motor vehicle registration and emissions testing, requires the Department of Public Health and Environment to cooperate with the Legislative Audit Committee's review of the remote sensing program, and delays deployment of the program until validity and viability of the program is determined. Appropriates \$39,304 cash funds and 0.5 FTE to the Department of Revenue, Vehicle Emissions section, from the Department of Revenue subaccount of the Automobile Inspection and Readjustment (AIR) Account of the HUTF; \$97,112 cash funds and 1.5 FTE to the Department of Public Health and Environment, Air Quality Control Division; and \$67,027 cash funds from the License Plate Cash Fund to the Department of Revenue, for the purchase of license plates from the Department of Corrections, Correctional Industries.

S.B. 09-006: Creates a new County Jail Mobile Identification Unit within the Division of Motor Vehicles, consisting of a vehicle staffed by personnel from the Division of Motor Vehicles. It will travel to jails in Adams, Arapahoe, Boulder, Denver, Douglas, and Jefferson counties on a regular basis to issue new identification cards to each prisoner who does not already have an identification card, but does have all of the proper documentation. Jail personnel may assist prisoners in obtaining documentation. This bill was recommended by the Legislative Oversight Committee for the Continuing Examination of the Treatment of Persons with Mental Illness who are Involved in the Criminal Justice System. Funding is provided through

gifts, grants, and donations. Creates the County Jail Identification Processing Unit Fund and appropriates \$186,160 (contingent upon receipt of funds) from the fund in FY 2009-10 to the Division of Motor Vehicles.

S.B. 09-025: Extends the \$0.60 surcharge on driver's licenses to provide funding for the issuance of driver's licenses and identification documents. The surcharge is deposited into the Identification Security Fund. Appropriates \$292,000 from the fund to the Division of Motor Vehicles.

S.B. 09-075: Creates the low-speed electric vehicle in state statutes as a new category of vehicle. Authorizes the Department of Transportation to regulate these vehicles outside of municipalities with proper signage. Requires that these vehicles must be registered with the Division of Motor Vehicles in the Department of Revenue. Also identifies a type of low-speed electric vehicle, which can reach speeds above 25 but less than 45 miles per hour and states that these vehicles shall not be titled or registered until the U.S. Department of Transportation adopts safety standards for these vehicles.

S.B. 09-098: Permits dyed diesel fuel to be blended by a licensed distributor with biodiesel fuel after withdrawal at a terminal or refiner rack up to the maximum federally allowed blend and retain its exemption from the State's special fuel tax. Specifies that only licensed fuel blenders may blend dyed diesel with biodiesel after withdrawals at a terminal rack and specifies penalties for violation. Provides funding, including federal funding, which may be used for computer programming expenses to monitor and track exempt dyed diesel fuel that has been blended with biodiesel fuel.

S.B. 09-126: Extends the voluntary contribution designation (or income tax checkoff) benefitting the Multiple Sclerosis Fund from tax year 2009 through tax year 2011.

S.B. 09-161: Creates the Colorado Ski Country special license plate. The plate will be available to applicants who pay the appropriate license fees, plus a one-time fee of \$50. The one-time fee is credited equally between the Highway Users Tax Fund (HUTF) and the Licensing Services Cash Fund (LSCF). Appropriates \$16,080 from the License Plate Cash Fund in FY 2009-10 to the Division of Motor Vehicles for the purchase of the license plates.

S.B. 09-212: Temporarily reduces the vendor fee (the fee that vendors are allowed to keep as compensation for their expenses in collecting sales taxes for the state) from 3.33 percent to 1.35 percent for vendors who must file their taxes monthly. The reduced fee is in effect until December 31, 2011. Appropriates \$140,000 General Fund and \$300 cash funds in FY 2008-09 to the Department to notify vendors of the changes.

S.B. 09-259: General appropriations act for FY 2009-10.

S.B. 09-274: For FY 2008-09, this bill authorizes the use of HUTF "off-the-top" and Motorist Insurance Identification Account (MIIDB) moneys in the Division of Motor Vehicles, Driver and Vehicle Services, reduces the HUTF "off-the-top" appropriation to the Motor Carrier Services Division, refinances \$649,381 of the appropriation from the LSCF with HUTF "off-the-top" moneys, and refinances \$765,000 of the appropriation from the LSCF with MIIDB moneys. These adjustments, along with funds "earned" by the LSCF, allow a \$2.6 million transfer to the General Fund from the LSCF in FY 2009-10. That transfer is included in S.B. 09-279.

For FY 2009-10, diverts driver's license fee revenues that were previously credited to the HUTF to the LSCF, allowing for the refinance of \$16.2 million of General Fund from the LSCF. Modified the 2009 Long Bill by

reducing General Fund appropriations to the Division of Motor Vehicles (including centrally appropriated expenses) by \$16.2 million, increasing the LSCF appropriation by \$12.9 million and increasing the HUTF appropriation by \$4.0 million.

S.B. 09-275: Suspends, for two fiscal years, the vendor fee (the fee that vendors are allowed to keep as compensation for their expenses in collecting sales taxes for the state) for all vendors. Provides that if the Legislative Council Staff economic forecast issued in September 2010 predicts that state revenues will be sufficient to fully fund a six percent increase in General Fund spending for FY 2010-11, then the vendor fee will revert to 3.33 percent effective January 1, 2011. Appropriates \$185,000 General Fund, and \$300 cash funds in FY 2008-09 to notify vendors of the change, and appropriates \$68,000 in FY 2009-10 to handle questions and problems with the changes.

H.B. 09-1001: Provides an income tax credit equal to one-half of a firm's federal social security and Medicare taxes on jobs created pursuant to this law to firms that create jobs in Colorado effective for tax years 2009 through 2018. If the jobs are created within an enhanced rural enterprise zone, firms must create at least five jobs and retain them for one year. If the jobs are not being created within an enhanced rural enterprise zone, at least 20 jobs must be created and retained for one year. In order to qualify for the credit, the jobs must bring wages of at least 110 percent of the average wage of the county in which the new jobs are located. Grants the Colorado Economic Development Commission authority to deny any initial application and authorizes the commission to audit the accounts of each firm within twelve months following the receipt of the credit by the firm.

H.B. 09-1026: Changes, deletes, and adds several motor vehicle definitions. Specifically, makes the following changes:

- removes several categories of self-propelled vehicles in Colorado law, including: "motor-driven cycle," "motor scooter," and "motorized bicycle;"
- defines low-power scooter, electric personal assistive mobility device or EPAMD (a Segway, for example), and electrical assisted bicycle and indicates allowed use of the devices;
- puts new speeding penalties in place for low-power scooter operators who exceed 40 miles per hour;
- applies compulsory liability insurance laws to operators of low-power scooters, effective July 1, 2010;
- requires persons selling low-power scooters to obtain a powersports vehicle distributor license from the Colorado Department of Revenue;
- defines a wholesaler and requires licensure; and
- specifies that drug and alcohol driving offenses apply to operators of low-power scooters.

H.B. 09-1035: Allows certain clean technology and medical device firms that are headquartered in Colorado and employ no more than 50 employees to receive refunds not to exceed \$50,000 in any calendar year on sales and use taxes paid on the purchase of equipment used in research and development. Provides that if a December Legislative Council Staff revenue forecast indicates insufficient revenue to allow General Fund (GF) appropriations to increase by six percent during that fiscal year, the refund will not be available for purchases made in the calendar year during which the December forecast is released. Allows taxpayers to carry refunds forward and claim them during the first year in which revenue is sufficient to allow GF appropriations to increase by six percent.

H.B. 09-1043: Creates a new income tax checkoff as a funding mechanism for the Make-A-Wish Foundation of Colorado Fund to provide money to grant the wishes of children who have been diagnosed with a life-threatening medical condition.

H.B. 09-1093: Establishes administrative and auditing measures to allow the Department of Revenue to improve compliance with Colorado's corporate income tax reporting requirements, adopts definitions of a real estate investment trust and a captive real estate investment trust established by the Multistate Tax Commission, requires the disclosure of transactions that are described by specific sections of the Internal Revenue Code, the Code of Federal Regulations, and Department rules, establishes penalties ranging from \$15,000 to \$50,000 for a company that fails to disclose these transactions, and establishes penalties of up to \$20,000 for material advisors that fail to disclose reportable transactions to the Department.

H.B. 09-1100: Creates the "Alive at Twenty-Five" special license plate for individuals who support the Colorado State Patrol Family Foundation and makes an appropriation to manufacture and purchase the special license plates for inventory. The plate will be available to applicants who pay the appropriate license fees, plus a one-time fee of \$50. Appropriates \$16,080 cash funds from the License Plate Cash Fund in FY 2009-10 for the purchase of plates from Correctional Industries.

H.B. 09-1101: Imposes a penalty on vendors that are either delinquent in filing their sales tax return to the Department or incorrectly account for the amount of sales taxes due on their return but fail to file the corresponding tax return. When the tax return is not filed on time, the Department is unable to determine where to distribute the local government portion of sales taxes it receives. The penalty is equal to 10 percent of the sales taxes due or that was incorrectly accounted for, with a minimum penalty of \$15. Increases the 10 percent penalty by 0.5 percent each month that the tax return is delinquent or inaccurate, up to a maximum of 18 percent.

H.B. 09-1105: Allows certain investors to receive an income tax credit for investments made during tax year 2010 in businesses involved in the research and development or manufacturing of new technologies, products, or processes and creates the Colorado Innovation Investment Tax Credit Cash Fund. The credit can only be claimed if \$832,055 is deposited into the Fund by the Colorado Office of Economic Development. In addition, any other gifts, grants, and donations deposited into the Fund are authorized to be used to defray the costs of the tax credit. The credit is equal to 15 percent of the investment, up to a maximum total of \$20,000. The credit is non-refundable, non-transferable, and may be carried forward for five years. Allows the State to grant a maximum of \$750,000 in credits on a first-come, first-served basis.

In order to qualify for a credit, an investor must make an investment of at least \$25,000, may not own more than a 30 percent controlling interest in the small business immediately before making the investment, and cannot be a C corporation. In addition, the small business must:

- maintain its principal place of business in Colorado;
- have at least half of its gross assets and employee base located in Colorado;
- have less than \$2.0 million in annual revenue and total assets of less than \$5.0 million prior to receiving the investment;
- have been in operation for less than five years; and
- have at least two non-administrative, full-time-equivalent employees residing in Colorado.

An investor must apply for and receive a tax credit certificate from the Governor's Office of Economic Development. The tax credit certificate must then be presented to the Department of Revenue with the investor's income tax return. Requires the Office of Economic Development and the Department of Revenue to share information and specifies penalties for the misrepresentation of qualifications for the credit.

H.B. 09-1126: Exempts, for FY 2009-10 through FY 2013-14, all sales, storage and use of components used in solar thermal systems from the State sales and use tax. Specifies various components for solar thermal systems that are affected, and defines such a system as one whose primary purpose is to use energy from the sun to produce heat or cold for heating or cooling a residential or commercial building or water or any industrial, commercial, or manufacturing process, and the bill allows local governments to provide the same financial incentives for solar thermal installations as are now be provided for solar electric installations.

H.B. 09-1133: Authorizes the Director of the Division of Correctional Industries in the Department of Corrections, with input from the Department of Revenue and the Governor's Office of State Planning and Budgeting, to set fees to recover license plate production costs (license plate fees were previously set in statute). Also requires the Director of the Division of Correctional Industries to file a report every five years with the House and Senate Transportation Committees detailing any changes within the preceding five years in the amount of fee changes and the reasons for the change. Appropriates \$528,000 cash funds in FY 2009-10 to the Department of Revenue from the License Plate Cash Fund and reappropriates those funds to the Department of Corrections.

H.B. 09-1137: Expands the Gambling Payment Intercept Act to add outstanding court required restitution payments to the list of other payments (such as child support) that casinos already intercept.

H.B. 09-1160: Requires the Department to modify the driver's license system to transfer additional signatures to the Department of State. Reappropriates \$21,549 in FY 2009-10 to the Department of Revenue from the Department of State Cash Fund for implementation of this act. For more information on H.B. 09-1160, see the "Recent Legislation" section at the end of the Department of State section of this document.

H.B. 09-1173: Requires the Department to audit retailers' compliance with laws related to "other tobacco products," to determine the level of compliance in the State. Appropriates \$75,000 cash funds in FY 2009-10 from the Tobacco Settlement Defense Account in the Tobacco Tax Litigation Settlement Cash Fund to the Department of Revenue. For more information on H.B. 09-1173, see the "Recent Legislation" section at the end of the Department of Public Health and Environment section of this document.

H.B. 09-1219: Reduces the interest the Department will pay on overpayments associated with corporate tax returns. The bill prohibits the payment of interest on overpayments of corporate income taxes that are not made to satisfy a bona fide estimate of tax liability. Equates the calculation of interest on overpayments for corporate taxpayers with the calculation for individual income taxpayers.

H.B. 09-1230: Specifies that auto dealers will be "held harmless" for any tax, charge, or fee due to a local government in cases in which a dealer proves that the money was not collected solely because a consumer provided an incorrect address. In order to be held harmless, auto dealers must inform consumers of the State's titling and registration requirements and must obtain a signed affidavit from a consumer stating that the address he or she provided conforms to the address requirements in law for where the vehicle must be registered. Requires the Transportation Legislation Review Committee to study, during the 2009 interim, best practices for the collection of sales taxes on vehicle purchases.

H.B. 09-1246: Requires the Department to contract with a private entity to evaluate the curriculum and effectiveness of driver improvement classes conducted around the state, and for that private entity to provide annual reports of its findings to the Department and to the courts that sentence drivers to driver improvement schools within three months of any such sentence. Provides for a fee to be charged by driver improvement class providers and remitted to the Department for the costs of the contract and department oversight of the contractor. Requires courts to offer defendants the opportunity to take driver improvement classes if the driver has not had a ticket in the most recent 18 months, require the driver improvement class for any driver, regardless of the most recent ticket, and to suspend all or a portion of the fine or sentence of imprisonment associated with the traffic infraction. Creates the Defensive Driving School Fund and appropriates \$29,170 and 0.5 FTE from the fund to the Division of Motor Vehicles in FY 2009-10 for implementation of the act.

H.B. 09-1266: Current law permits the revocation of driving privileges as a penalty for committing certain criminal offenses. This act removes the driving privilege revocation as a penalty for the following crimes: criminal mischief; defacing property; offenses related to the forgery of a traffic ticket issued to a minor; unlawful use of a controlled substance; unlawful distribution, manufacturing, dispensing, sale or possession of a controlled substance; and offenses related to marijuana; and offenses related to possession of alcohol by minors (does not apply when the minor fails to complete a court-ordered treatment program). Reduces the appropriation to the Department by \$17,425 and 0.4 FTE in FY 2009-10.

H.B. 09-1272: Implements Amendment 50, the initiative approved by Colorado voters in the November 2008 general election to increase the maximum bet allowed, increase the number of games that can be offered, and repeal the limitation of casino hours of operation. Provides that the additional revenues resulting from this measure will benefit the community colleges in Colorado.

Specifically, the act defines new games and creates the Extended Limited Gaming Fund, which receives revenues derived from the expanded gaming. Requires that moneys from the Extended Limited Gaming Fund be used to cover the portion of the ongoing expenses of the Colorado Limited Gaming Control Commission and other state agencies related to the administration of extended limited gaming and to make distributions to current recipients of Limited Gaming Fund revenue based on formula that considers growth in gaming revenue.

Requires that the remaining additional gaming tax revenue be distributed in the following percentages:

- 78 percent to the state's public community colleges, junior colleges, and local district colleges in operation on and after January 1, 2008. Moneys will be used to supplement existing state funding;
- 10 percent to the governing bodies of the cities of Central, Black Hawk, and Cripple Creek; and
- 12 percent to the governing bodies of Gilpin and Teller Counties.

H.B. 09-1331: Changes the types of vehicles that qualify for the existing State income tax credit for the purchase of alternative fuel vehicles, conversion of existing vehicles to allow for the use of alternative fuels, or replacement of a vehicle's power source with a power source that uses an alternative fuel. Changes the tax credit amount for certain types of alternative fuel vehicles. Creates a new tax credit for tax years 2012 through 2015 for the same types of alternative fuel vehicles, and makes similar changes to the State's alternative fuel rebate program available to governmental and nonprofit entities.

H.B. 09-1342: Eliminates the State sales and use tax exemption of the sale of cigarettes for FY 2009-10 and FY 2010-11, while maintaining the exemption for counties, statutory municipalities, and special districts. Appropriates \$177,815 General Fund in FY 2008-09 and \$12,840 General Fund in FY 2009-10 for the implementation of the act.

H.B. 09-1347: Creates the Donate Life special license plate and makes an appropriation to manufacture and purchase the special license plates for inventory. Appropriates \$16,080 cash funds from the License Plate Cash Fund in FY 2009-10.

H.B. 09-1366: Eliminates the Colorado source capital gains subtraction for gains on stock and ownership interests beginning in tax year 2010 for Colorado real property purchased between May 5, 1994 and the effective date of the act; in-state tangible personal property purchased after May 5, 1994; and out-of-state tangible property purchased after the effective date of the act. Eliminates the TABOR refund mechanisms that expands the annual Colorado source capital gains subtraction.

2010 Session Bills

S.B. 10-103: Creates the "Colorado State Parks" special license plate for persons who pay the regular renewal fees, a one-time fee of \$50 split between the Highway Users Tax Fund and the Licensing Services Cash Fund, and who donate \$44 to the Foundation for Colorado State Parks. Makes an appropriation of \$17,760 cash funds from the License Plate Cash Fund for the purchase of special license plates from Correctional Industries.

S.B. 10-120: Imposes a charge of 1.4 percent on the retail sale of prepaid wireless telephone service to fund local enhanced 9-1-1 services (E911). The collected charges will be remitted to local 911 authority boards by formula established by the Public Utilities Commission. The Department of Revenue is authorized to retain up to \$450,000 of the E911 charges to cover the initial startup costs and up to 3.0 percent per year for ongoing administration. Allows retailers to retain 2.0 percent of the total charges collected until July 1, 2011, after which the retailer may retain 3.3 percent of the total charges collected. Makes an appropriation of \$476,195 cash funds and 1.4 FTE to fund the startup costs of implementing the bill.

S.B. 10-139: Establishes an income tax form checkoff for voluntary donations to the unwanted horse fund. The income checkoff will be established in the first year in which the Executive Director of the Department of Revenue files a certificate stating that there are no more than fourteen other income tax checkoffs for the next income tax year.

S.B. 10-141: Transfers, subject to voter approval, responsibility for the regulation of games of chance (bingo/raffle) to the Department of Revenue from the Secretary of State (effective July 1, 2011). Makes an appropriation of \$116,020 reappropriated funds to the Department of Revenue to implement the act during FY 2010-11. For more information, see the "Recent Legislation" section at the end of the Department of State.

S.B. 10-198: Reduces the amount of the late fee for the registration of a vehicle without motive power weighing less than 16,000 pounds or a camper or multipurpose trailer regardless of weight to \$10.

H.B. 10-1019: Regarding the reserved parking and enforcement program for persons with disabilities:

- Requires applications for handicapped parking placards or decals to include documentation from a physician or other authorized professional certifying the disability under penalty of perjury.

- Placards must have a "punch-out" system to identify expiration dates and have a sticker applied to it, like license plates currently have.
- Changes the fines for illegal use of a placard or use of a parking space reserved for persons who are disabled.
- Current law is expanded to make it illegal to make or use a device that mimics a placard.
- Authorizes a peace officer to confiscate placards that are used in violation of the law.
- Authorizes a peace officer or property owner to have a vehicle towed if it is parked illegally in a reserved space, with the vehicle's owner to pay towing costs.
- If a person witnesses misuse of a placard, the person can notify law enforcement without fear of disciplinary action by his or her employer.
- Prohibits a pay parking provider that does not have an accessible payment system from ticketing or towing a vehicle.
- Creates the Disabled Parking Education and Enforcement Fund, into which one-half of the fine revenue from reserved parking program enforcement is deposited. The Fund will be used to provide moneys for an education program about the eligibility standards, appropriate use of parking privileges, violations, and the advantages of a volunteer enforcement program; create or make available a training program to assist professionals in determining the standards required to obtain a placard or license plate that permits parking in the reserved parking program; and for administration of the reserved parking program.

For FY 2010-11, the bill appropriates \$30,341 cash funds and 0.2 FTE to the Department of Revenue for administration of the reserved parking program and \$17,918 cash funds to the Governor's Office for educational grants for the purposes outlined above. The cash funds source is the Disabled Parking Education and Enforcement Fund.

H.B. 10-1045: Requires the Department of Revenue and Secretary of State to provide a link on each departments' web site to allow individuals to make a change of address notification electronically for the purposes of voter registration, driver's licenses, identification cards, and state income tax. Appropriates \$63,538 cash funds from the Licensing Services Cash Fund to establish the link between the Department of Revenue's and Secretary of State's web sites.

H.B. 10-1049: Requires a manufacturer that has terminated a motor vehicle or powersports franchise, for any reason other than bad conduct, to reimburse the franchisee for any upgrades required by the manufacturer during the last five years and pay the franchisee for lost goodwill if the termination was due to the manufacturer's insolvency. If a franchise has been terminated due to the manufacturer's insolvency, the dealer is granted the first right of refusal when another franchise is granted in the area, or the dealer may choose to receive compensation for the value of the lost dealership.

H.B. 10-1055: Requires a debt collection agency or attorney to add fees for the services rendered in the third-party collection of delinquent taxes to the total amount collected. Such fees shall not exceed 20 percent of the total amount collected.

H.B. 10-1058: Extends the authority of the Department of Revenue to impose a civil penalty for the purchase or possession of unstamped cigarettes, regardless of whether the cigarettes have been confiscated. Clarifies the Department's authority to specify that the authority does not apply to cigarettes purchased from a military exchange or commissary, as long as the cigarettes are not for resale in the state. Appropriates \$1,400 cash funds from the Tobacco Tax Enforcement Cash Fund.

H.B. 10-1060: Requires a person who fails to withhold severance income for taxes due to pay, in addition to interest owed, a penalty of the greater of \$30 or 30 percent of the required payment. A person who withholds the taxes due but fails to file the required report shall pay a penalty of the lesser of 15 percent of the taxes due or \$1,500.

H.B. 10-1073: Creates a new income tax checkoff as a funding mechanism for the Colorado 2-1-1 First Call for Help fund.

H.B. 10-1090: Eliminates the mandatory 5-day jail sentence for a person who is convicted of driving a motor vehicle or off-highway vehicle upon any highway of the state with the knowledge that his or her license or privilege to drive is under restraint for any reason other than conviction of driving under the influence (DUI), DUI per se (driving with a blood alcohol level above the legal limit, even if driving is not impaired), driving while ability impaired, habitual user, or underage drinking and driving. Eliminates the requirement that a court require an offender to immediately surrender his or her driver's license or instruction permit upon entry of a plea of guilty or nolo contendere to a driving-under restraint violation.

H.B. 10-1113: Transfers responsibility for the Motor Carrier Safety Assistance Program (MSCAP) to the Department of Public Safety, Colorado State Patrol, effective August 15, 2010. The transfer includes 10.0 FTE (prorated to 8.8 FTE for FY 2010-11), of which 9.0 FTE are federally funded and 1.0 FTE is cash funded from the Nuclear Materials Transportation Fund and the Highway Users Tax Fund (HUTF) "Off-the-Top" moneys. Delineates the responsibilities of the Ports of Entry and Colorado State Patrol with regard to commercial vehicles. Authorizes the Department of Public Safety, the Department of Revenue and the Department of Transportation to solicit a vendor to conduct a performance study of the Ports of Entry to assess the operations, potential cost savings and efficiencies, and which department is best suited to operate the Ports of Entry. In addition to the transfer of funds, the Department of Public Safety requires an appropriation of \$255,011 cash funds from the HUTF "off-the-top" moneys to provide matching efforts for the federal grant, which the Department of Revenue had been providing with "in-kind" services.

H.B. 10-1139: Creates the Veteran of Iraq and Veteran of Afghanistan special license plates, available to veterans who served in the armed forces during those conflicts. Appropriates \$17,760 cash funds from the License Plate Cash Fund in FY 2010-11.

H.B. 10-1161: Creates a new "Livery" license plate for vehicles classified by the Public Utilities Commission as luxury limousines, which currently bear standard license plates. The license plates will be issued to owners of such vehicles upon initial registration or renewal. Appropriates \$10,064 cash funds from the License Plate Cash Fund for FY 2010-11 for the purchase of livery license plates.

H.B. 10-1172: Changes and clarifies certain definitions pertaining to vehicle and equipment definitions; renames mobile machinery to special mobile machinery; requires rented or leased special mobile machinery to be registered annually to be operated legally; establishes demonstration plates for dealers or wholesalers when a piece of special mobile machinery is used for demonstration purposes; authorizes the use of individual temporary registration plates, tags or certificates; and specifies how mounted equipment will be registered. Appropriates \$560 cash funds from the License Plate Cash Fund for FY 2010-11 for the purchase of demonstration license plates.

H.B. 10-1189: Eliminates the sales and use tax exemption for materials used in direct mail advertising, which the Department estimates will increase General Fund revenues by \$160,000 in FY 2009-10 and \$800,000 in FY 2010-11. Appropriates \$94,322 and 0.9 FTE for the implementation of the bill. The appropriation in H.B. 10-1189 is sufficient to implement H.B. 10-1190, H.B. 10-1191, H.B. 10-1192, H.B. 10-1194, and H.B. 10-1195.

H.B. 10-1190: Temporarily eliminates the sales tax exemption for the storage, use, or consumption of energy used for industrial purposes. The Department estimates that the increased sales and use taxes will increase General Fund revenue by \$7.2 million in FY 2009-10 and by \$37.6 million in FY 2010-11. Sales and use tax will apply to electricity, coal, coke, fuel oil, steam, nuclear fuel or natural gas for use in processing, manufacturing, mining, refining, irrigation, construction, telephone and radio communication, and street transportation services. Excludes the storage, use, or consumption of fuel purchased for railroad transportation services, or purchased for off-road or agricultural purposes. Requires the Department of Revenue to account for all revenue attributable to this bill, and to the extent information is available, make quarterly reports to the General Assembly regarding the net revenue gain and specifies that the General Assembly appropriate at least 40 percent of any estimated net revenue increase to fund preschool through twelfth grade education, and prohibits the use of any of this money to fund additional state FTE. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

H.B. 10-1191: Excludes the purchase of candy and soft drinks, including such purchases through vending machines, from the state sales tax exemption for purchases of food for off-premises consumption. The Department estimates that the increased sales and use taxes will increase General Fund revenue by \$1.4 million in FY 2009-10 and by \$18.0 million in FY 2010-11. The department is required to account for the revenue attributable to this bill, and to the extent information is available, make quarterly reports to the legislature about the revenue gain. The bill directs that none of the new revenue be used to fund additional state FTE. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

H.B. 10-1192: Repeals the Department of Revenue regulation on taxable computer software, which required sales and use tax only for prepackaged software in a tangible form. This bill applies sales tax to software that is downloaded to a computer or other electronic device over the internet and software that is manually installed on a computer or other electronic device by a vendor. The Department estimates that the increased sales and use taxes will increase General Fund revenue by \$4.6 million in FY 2009-10 and \$23.7 million in FY 2010-11. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

H.B. 10-1193: Creates a rebuttable presumption that a retailer that is part of a controlled group of corporations that has a component member with a physical presence in the State is doing business in the State. Requires an out-of-state retailer that does not collect Colorado sales tax to:

- notify each Colorado purchaser that Colorado requires the purchaser to file a sales or use tax return;
- send each purchaser a separate notification by January 31 of each year showing information on purchases made in the previous year. The notification must state that Colorado requires a sales or use tax return when tax is not paid by the retailer, and provides the date of purchase(s), the amount of each purchase, and the category of purchase, including, if known, whether the purchase is exempt or not exempt from taxation; and
- file an annual statement by March 1 of each year with the Department of Revenue showing the total amount paid for Colorado purchases for each purchaser during the preceding calendar year.

The Department estimates that the sales and use taxes collected will increase General Fund revenue by \$900,000 in FY 2009-10 and by \$4,700,000 in FY 2010-11. Appropriates \$161,584 General Fund and 1.0 FTE to the Department of Revenue for implementation. Of those moneys, reappropriates \$40,000 to the Department of Law.

H.B. 10-1194: Narrows the state sales and use tax exemptions for sales to retailers or vendors of food, meals, or beverages of articles, containers, and bags that are furnished to the consumer without a separate charge for those articles, containers, and bags that are essential (such as a soup container for soup). The Department estimates that the sales and use taxes collected will increase General Fund revenue by \$400,000 in FY 2009-10 and by \$2,000,000 in FY 2010-11. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

H.B. 10-1195: Suspends from March 1, 2010 to June 30, 2013, the sales and use tax exemption for agricultural compounds used in caring for livestock, semen for agricultural and ranching purposes, and pesticides for use in the production of agricultural and livestock products. The Department estimates that the sales and use taxes collected will increase General Fund revenue by \$900,000 in FY 2009-10 and by \$4,600,000 in FY 2010-11. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

H.B. 10-1196: Effective January 1, 2011, disqualifies a category of vehicle currently eligible for a state income tax credit. The disqualified vehicles are vehicles that get more than 30 but less than 40 miles per gallon. The Department estimates that this change will increase General Fund revenue by \$2,700,000 in FY 2010-11.

H.B. 10-1197: Limits aggregate credits for donating conservation easements to \$26 million each year for the 2011, 2012, and 2013 income tax years. Taxpayers are first required to submit a claim for a tax credit to the Division of Real Estate, which will issue a certificate in the order the claims were received. If more than \$26 million in credits are claimed, the claims not issued certificates will be placed on a waiting list and certificates will be issued in a subsequent year. Appropriates \$9,028 cash funds and 0.2 FTE from the Conservation Easement Holder Certification Fund to the Division of Real Estate in the Department of Regulatory Affairs. The Department estimates that this change will increase General Fund revenue by \$18,500,000 in FY 2010-11.

H.B. 10-1199: Limits, in each of the next three income tax years, the amount of net operating loss (NOL) that a corporation may carry forward to \$250,000 and extends the carry forward period for amounts in excess of \$250,000. The corporation may increase the NOL by 3.25 percent for interest on the portion of NOL that was not allowed to be carried forward during the three income tax years. The Department estimates that this change will increase General Fund revenue by \$8,200,000 in FY 2010-11.

H.B. 10-1200: Temporarily, for tax years 2011, 2012 and 2013, limits the amount of the investment tax credit for investing in enterprise zones to \$250,000, and defers the portion of the tax credit over \$250,000 to tax year 2014. Allows the taxpayer who defers excess credits to carry forward the excess credits for 12 income tax years after the credit was initially allowed, plus an additional year for each year the taxpayer defers claiming the credit in excess of \$250,000. The Department estimates that this change will increase General Fund revenue by \$11,800,000 in FY 2010-11.

H.B. 10-1209: Allows an eligible member of the U.S. military to have a special designation placed upon their driver's license signifying the branch of the military that the applicant serves with. Requires an additional fee of \$15 for the designation. Appropriates \$83,088 cash funds from the Highway Users Tax Fund to the Department of Revenue for implementation.

H.B. 10-1211: Reduces the late registration fee for a vehicle without motive power weighing less than 2,000 pounds (empty weight) to \$10.

H.B. 10-1212: Requires the Executive Director (Director) of the Department of Revenue to promulgate rules that establish circumstances in which a vehicle owner shall be exempted from paying the late fee for registration of a motor vehicle. Such rules shall apply uniformly throughout the state. Includes a list of circumstances that will exempt an owner from paying the late fee. The Director must also promulgate rules that allow a waiver or reduction of late fees for a commercial trailer or farm vehicle if the owner can establish the vehicle was idled and not operated on any public highway for at least a full registration period.

H.B. 10-1214: Creates the "Adopt a Shelter Pet" special license plate. There is a charge of \$75 in addition to the regular license plate and registration fees for the plate, which includes a \$25 donation to the Adopt a Shelter Pet account in the Pet Overpopulation Fund in the State Treasury. The \$25 donation is required upon annual renewal of the license plate. Permits the vehicle owner to apply for a personalized license plate upon payment of required fees for a personalized plate. Appropriates \$17,760 cash funds from the License Plate Cash Fund to implement the legislation.

H.B. 10-1284: Creates the Medical Marijuana State Licensing Authority (SLA) in the Department of Revenue. The provisions of H.B. 10-1284 include:

- The SLA grants, refuses or renews medical marijuana licenses after the potential licensee has received local approval.
- License may be issued to operate medical marijuana centers and associated off-premises cultivation and medical marijuana infused products manufacturers and associated cultivation operations.
- The SLA will operate in a similar fashion to the State Licensing Authority for alcohol sales.

- Permits a locality to ban the sale, distribution, cultivation, and dispensing of medical marijuana by a majority vote of its governing board or a majority vote of its citizens.
- A medical marijuana center may only sell products it cultivates itself or products purchased from another center in a quantity that does not exceed 30 percent of its inventory.
- Requires the Department of Public Health and Environment (DPHE) to promulgate rules allowing a homebound patient to have a primary caregiver transport the patient's medical marijuana to that patient.
- Provides a sales tax exemption to indigent patients.
- Requires DPHE to promulgate rules related to what constitutes significant responsibility for managing the well-being of a patient.
- Allows a primary caregiver to serve no more than five patients on the registry at one time, except in exceptional cases.
- Requires patients permitted to use medical marijuana have a registry identification card at all times when they are in possession of medical marijuana.
- Provides an exception to the adulterated food offenses for medical marijuana centers that manufacture or sell food that contains medical marijuana, as long as the food is labeled.

Appropriates \$10,317,583 cash funds from the Medical Marijuana License Cash Fund and 110.0 FTE for FY 2010-11 to the Department of Revenue, to staff the Medical Marijuana Licensing Authority, which will enforce the provisions of the act. Included in this appropriation are appropriations of \$271,368 reappropriated funds and 2.0 FTE to the Department of Law for legal services and \$260,700 reappropriated funds and 1.2 FTE to the Department of Public Safety for background checks. Appropriates \$59,747 cash funds and 1.2 FTE for FY 2010-11 from the Medical Marijuana Program Cash Fund to the Department of Public Health and Environment. Allows the Department of Revenue to borrow up to \$1.0 million from the Medical Marijuana Program cash fund in FY 2010-11 to get the program started.

Captures the first \$2 million in sales tax revenue from the sale of medical marijuana and allocates half to the Department of Human Services, for mental health and alcohol and drug abuse services. Allocates the other half to the Screening, Brief Intervention and Referral to Treatment (SBIRT) program. For FY 2010-11, appropriates \$334,227 General Fund to the Department of Human Services. House Bill 10-1033, which creates the SBIRT program and was contingent upon the passage of H.B. 10-1284, appropriates \$334,227 General Fund to SBIRT.

For more information, see the corresponding bill descriptions for the Department of Health Care Policy and Financing and the Department of Public Health and Environment.

H.B. 10-1285: Increases the penalties for overweight vehicles operating on Colorado's highways and, after subtracting the costs of administration of the fund, uses the increased penalties to offset the cost of an income tax credit and sales tax refund for commercial investment in Colorado. Establishes procedures for qualifying for the credit and refund. Clarifies that a motor vehicle registered in Colorado, subsequently registered in another state, then again registered in Colorado is not subject to taxes and fees for the time it was registered

in another state. Appropriates \$86,658 cash funds from the Commercial Vehicle Enterprise Tax Fund and 0.8 FTE to the Department of Revenue in FY 2010-11.

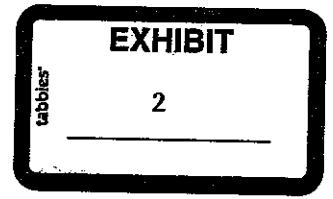
H.B. 10-1314: Supplemental appropriation to the Department of Revenue to modify FY 2009-10 appropriations included in the FY 2009-10 Long Bill (S.B. 09-259).

H.B. 10-1338: Allows a person who has two or more prior felony convictions to be eligible for probation, with certain exceptions. Makes an appropriation to the Department of Revenue of \$336,057 General Fund for the implementation of H.B. 09-1137, which was passed during the 2009 regular session and enacted into law. For more information on H.B. 10-1338, please see the "Recent Legislation" section in the Judicial Department section of this document. For more information on H.B. 09-1137, please see the "2009 Session Bills" subsection of this section.

H.B. 10-1341: Temporarily diverts those moneys remaining in the in the Motorist Insurance Identification Account at the end of a fiscal year that are currently transferred to the Highway Users Tax Fund to the Colorado State Titling and Registration Account. The diversion will be in effect for FY 2010-11 and FY 2011-12.

H.B. 10-1376: General appropriations act for FY 2010-11. Includes supplemental appropriations that modify the FY 2009-10 appropriations.

H.B. 10-1387: Extends the refinance of Driver's License offices in the Division of Motor Vehicles for two additional fiscal years. For FY 2010-11, refinances \$20.0 million General Fund with \$20.0 million cash funds from the Licensing Services Cash Fund (\$17.3 million) and the Highway Users Tax Fund (\$2.7 million "off-the-top" moneys). For FY 2011-12, the refinance is entirely from the Licensing Services Cash Fund (LSCF). Requires all funds in the LSCF at the end of the fiscal year, less a 16.5 percent reserve, be transferred to the Highway Users Tax Fund.



**Colorado Department of Revenue
Statement of Basis and Purpose**

**Regulation 39-21-112.3.5
1 CCR 201-1**

Basis

This regulation is promulgated pursuant to §39-21-112 and §39-21-112(3.5), C.R.S.

Purpose

The purpose of this regulation is to implement HB10-1193 which sets forth new criteria for retailers who are not required to collect Colorado sales and use tax but are doing business in Colorado.