

**DEPARTMENT OF REVENUE
FY 2012-13 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Wednesday January 18, 2012
"Upon Adjournment" – 12:00 pm**

10:00 - 10:20 INTRODUCTIONS AND OPENING COMMENTS

10:20 - 10:30 QUESTIONS COMMON TO ALL DEPARTMENTS

A. PERFORMANCE-BASED GOALS AND THE BUDGET REQUEST

1. Please describe the process the Department used to develop its strategic plan.

Response:

The Department developed its strategic plan by establishing five core objectives that encapsulated its key functions and responsibilities to include: 1) Revenue Generation; 2) Regulation, Enforcement, and Education; 3) Alternative Service Delivery; 4) Customer Service; and 5) Accounts, Control, and Infrastructure. Performance measures and workload indicators were developed to support each objective and to monitor progress in providing services efficiently and effectively. Under the leadership of a new Executive Director, the Department is undergoing a comprehensive review of its strategic plan. This includes a review of its mission and vision statements, core objectives, performance measures, and workload indicators. It is the Department's intent to specifically focus on outcomes rather than outputs, identify the resources necessary to achieve the desirable outcomes, and align strategies and actions with the budget. The Department's goal is to complete this review by the end of the fiscal year.

2. Regarding the performance measure the Department chose as the main metric for Goal #2 - Regulation, Enforcement, and Education (percent compliance of tobacco sales to minors at or above federal requirements), why was this metric chosen as it is a fairly small part of the Department's overall responsibilities? Does the Department's strategic plan provide more detailed metrics that review the entire department?

Response:

The Department chose this performance measure as the main metric because this compliance effort determines whether the Colorado Department of Human Services receives the Federal Substance Abuse Prevention and Treatment Grant (approximately \$9.6 million). SYNAR federal regulations require that each state program that enforces the tobacco-sales-to-minors statutory prohibitions be able to demonstrate an 80% compliance rate through the use of random inspections of businesses that sell tobacco at retail.

The Department's strategic plan does include other performance measures and workload indicators for the core objective Regulation, Enforcement, and Education.

These performance measures include the following: (1) Number of individuals registering to be an organ/tissue donor through the Division of Motor Vehicles; (2) Perform compliance inspections of casinos in Central City, Black Hawk, and Cripple Creek; (3) Perform compliance quarterly inspections of Medical Marijuana Centers, Optional Premise Cultivation Centers, and Infused Product Manufacturers throughout the state; and (4) Perform license inspections of Medical Marijuana Centers, Option Premise Cultivation Centers, and Infused Product Manufacturers throughout the state.

Workload indicators include the following: (1) Liquor Investigations Conducted; (2) Auto Dealer-Total Licenses Issued; (3) Auto Dealer-Dealer Licenses Issued; (4) Auto Dealer- Manufacturer Licenses Issued; (5) Auto Dealer-Salesperson Licenses Issued; (6) Auto Dealer-Complaints Received; (7) Auto Dealer-Investigations Completed; (8) Auto Dealer-Consumer Harm; (9) Auto Dealer-Cases presented to Dealer Board; (10) Hearings Conducted; (11) Gaming Licenses Issued; (12) Medical Marijuana Licenses Issued; and (13) Racing Investigations Completed.

3. Regarding the Department's Goal #4, Customer Service, please relate cost savings related to provision of services, such as on-line renewal of driver's licenses.

Response:

The Department is currently conducting a cost accounting study of nearly one hundred Division of Motor Vehicle activities. One of these activities is the online renewal of driver's license and identification documents. The completion of this analysis will allow the Department to assess cost savings, in addition to the already identified customer service benefits, related to online renewals. While the availability of electronic issuance will lead to a decrease in required staffing resources, in-person issuance of documents will remain a necessary part of driver's license operations.

B. OTHER QUESTIONS COMMON TO ALL DEPARTMENTS

4. Please explain why the Department has audit recommendation that have not been fully implemented after extended periods of time. What are the obstacles the Department has faced in implementing recommendations? How does it plan to address outstanding audit findings? Please focus on those financial audit findings classified as "material weakness" or "significant deficiency".

Response:

The Department has one audit recommendation that is classified as "significant deficiency." Recommendation number 33 relates to the internal controls over the processing of severance tax returns. The procedures were updated as of March 2011 and employees were trained on those procedures. Therefore, the requirements of the audit recommendation were met.

The Department also has three audit recommendations that are classified as “deficiency in internal control.” Audit recommendation numbers 44e and 44f are to strengthen information systems controls and pertain to the Office of Information Technology (OIT). Both recommendations are slated to be implemented by August 2012. Audit recommendation number 48 is to improve controls over the preparation of fiscal year-end exhibits submitted to the Office of the State Controller. This recommendation was implemented August 2011.

5. How does the Department define FTE? Is the Department using more FTE than are appropriated to the Department in the Long Bill and other legislation? How many vacant FTE did the Department have in FY 2009-10 and FY 2010-11?

Response:

The Governor’s Office of State Planning and Budgeting (OSPB) and the Department of Personnel and Administration (DPA) are working with all departments to provide quarterly reports on FTE usage to the Joint Budget Committee (JBC). These reports will ensure that all departments are employing the same definition of FTE. This definition comprises a backward-looking assessment of total hours worked by department employees to determine the total full-time equivalent staffing over a specific period. These reports will provide the JBC with a more clear linkage between employee head-count and FTE consumption. As it concerns FTE usage in excess of Long Bill 'authorizations,' departments will continue to manage hiring practices in order to provide the most efficient and effective service to Colorado's citizens within the appropriations given by the General Assembly.

The Department reverted 133.7 FTE or 9.0% of the appropriated FTE (1,490.7) in FY 2009-10 and 232.2 FTE or 15.3% of the appropriated FTE (1,520.5) in FY 2010-11. The FY 2009-10 reversion is due in part to a residual impact of a hiring freeze imposed in the prior fiscal year, which created a backlog in vacant positions, along with the Department’s decision to hold vacancies to minimize the impact of impending budget reductions. Additionally, the Department held positions vacant in Driver and Vehicle Services to mitigate solvency issues with the Licensing Services Cash Fund in both FY 2009-10 and FY 2010-11. The FY 2010-11 reversion also includes 95.6 FTE for the Medical Marijuana Enforcement program, which was in the start-up phase of implementation and represents 41.2% of the total FTE reversion. Excluding this anomaly, the FY 2010-11 FTE reversion is 136.6 FTE and is more in line with the reported FY 2009-10 FTE reversion. Another contributing factor to the reversions in both fiscal years is an increased number of retirements.

10:30 – 10:45 DEPARTMENT OVERVIEW QUESTIONS

6. What is the background of the Old Age Heat and Fuel and Property Tax Assistance program? If the Department is able to do so, please explain the differences between the Old Age Heat and Fuel and Property Tax Assistance program and the Low-income

Energy Assistance Program. How do they differ? Can a person qualify for both? If a person can qualify for both, how is that coordinated between the two Departments? Would it be better to have them both in the same department, or perhaps a third department? How do these two programs work with the Senior Citizen and Disabled Veteran Homestead Property Tax Exemption?

Response:

The Colorado Property Tax/Rent/Heat (PTC) Rebate was implemented in 1972 to provide property tax assistance to low income Colorado residents over age 65 and surviving spouses over age 58. Assistance for heat expenses was added in 1980. The rebate was made available to disabled individuals in 1987. To be eligible for LEAP, an individual or household must: (a) meet residency requirements; (b) be vulnerable to the rising costs of heat (documented by a heat bill, receipt, or rental agreement, for example); and (c) have income equal to or less than 150.0 percent of the federal poverty level.

Individuals can qualify for both benefits, but because counties administer the LEAP program, as with most social service benefits, they would refer potential PTC applicants to the Department of Revenue, not the state's Department of Human Services. The departments do, however, coordinate advertising for the programs. The departments have discussed program consolidation, but because the Department of Revenue has income data and can easily verify lawful presence for the PTC benefit, which can be achieved programmatically through the new GenTax system, it was determined that moving the program to the Department of Human Services would be costly. As such, it may be difficult to achieve the same level of verification that is attained by the Department of Revenue.

The Senior Citizen and Disabled Veteran Homestead Property Tax Exemption may reduce the PTC benefit because qualifying for the exemption will lower the property tax paid.

7. Has the Department developed data for the number of seniors that are expected to be served through the expansion of the Old Age Heat and Fuel and Property Tax Assistance grants? How do these numbers compare to the number of senior expected to be served under current law?

Response:

The Department is currently working with OSPB to develop a distribution model that expends \$24.9 million in the Old Age Heat and Fuel and Property Tax Assistance grants. Various scenarios are being developed that adjust phase-out rates, rebate amounts, and income thresholds.

The table below shows the Old Age Property Tax and Heat Credits over the last five years.

**Returns Filed for Old Age Property Tax
and Heat Credits**

Year	Number of Returns	Amount of Refund/Credit	Average Credit
2011	24,206	\$7,373,322	\$305
2010	23,595	\$7,581,317	\$321
2009	26,058	\$8,290,629	\$318
2008	36,200	\$8,728,936	\$241
2007	30,399	\$8,255,633	\$272

Note: Data is from Department's Annual Report. The previous accounting system tracked the number of transactions involving Property Tax Credit rebates prior to 2009. The new accounting system tracks and counts the number of income tax filers receiving the rebates.

8. What does the Department of Revenue expect to do regarding the fees assessed pursuant to H.B. 08-1194 on the reinstatement of driver's licenses? Have the revenues from the program been sufficient to fully fund the intent of the legislation? How is the program working now that it has been in place for several years?

Response:

Endorsed by the legislatively created Interagency Task Force on Drunk Driving, H.B. 08-1194 was enacted to improve public safety by expanding the ignition interlock program with participation incentives for first offenders and by increasing the number of annual High Visibility DUI Enforcement episodes administered by the Colorado Department of Transportation (CDOT). The bill created the First Time Drunk Driving Offender Account ("the Fund") and funded the account through a \$35 increase in reinstatement fees charged to all drivers seeking restoration of driving privileges. Annual fund appropriations pay for the Department's administrative costs associated with the expanded interlock program, a portion of the ignition interlock costs for those first offenders that are unable to pay full cost, and CDOT's increased DUI enforcement episodes. Fund accumulations are not subject to reversion or transfer for other purposes. On average, annual reinstatement fee revenues deposited in the First Time Drunk Driving Offender Account total approximately \$3 million. Fund revenues are sufficient to support the legislation, which specifies an annual \$2 million appropriation to CDOT. The current fund balance of approximately \$4.5 million includes \$3 million under-appropriated funds to CDOT.

The legislation has been very successful in expanding the interlock population through incentives for first offenders. Before enactment, Colorado's total ignition interlock population numbered approximately 7,500. Since enactment, Colorado's interlock population has grown to approximately 16,500 at any given time. This is primarily due to the increased first offender population. Annually, there are

approximately 14,000 interlock program-eligible first offenders. Since enactment, approximately 13,500 first offenders have participated in the interlock program. Colorado has approximately 6,500 current first offender participants and approximately 7,500 potentially eligible first offender non-participants.

The Department sets financial assistance eligibility thresholds based on Poverty Guidelines established by the U.S. Department of Health and Human Services. Every first offender that elects to participate in the interlock program is afforded the opportunity to apply for financial assistance. Of the first offenders participating in the interlock program since the implementation of the financial assistance program, 5,495 allowed the Department to check for financial assistance eligibility and 1,652 met the assistance qualifications, resulting in disbursements of \$401,213 over a period of 19 months.

Financial assistance is managed through credits for installation fees and ongoing lease fees charged by interlock vendors. In order to qualify, applicants must be first offenders, must meet the poverty guidelines, and must be and remain compliant with the requirements of the interlock program. In accordance with HB 08-1194, financial assistance is designed to pay only a portion of the costs; however, the credit system provides the assistance when it is most needed, at the time of the first participant expenses, and it continues throughout the participant's successful participation in the program.

Having neither actual fund revenue numbers nor experience regarding the actual encumbrances for financial assistance that would be charged against the fund, the Department used projection models and adopted a conservative approach to assistance awards. The financial assistance program continues to expand and staff is currently analyzing historical application amounts, usage, and financial data to adjust its formula for awarding financial assistance. This could include revising eligibility thresholds, adjusting financial assistance amounts, or using additional alternative criteria for assistance.

9. How will the Department address the large fund balance that has accumulated in the First Time Drunk Driving Offender Account? Could there be a rebate?

Response:

Addressing the fund balance on the First Time Drunk Driving Offender Account requires three actions. First, and most significantly, is the need to modify the Long Bill appropriation in CDOT. Section 42-2-132 (4)(b)(II)(B), C.R.S., authorizes \$2 million annually to CDOT to nearly double CDOT's high visibility drunk driving enforcement actions. HB 08-1194 appropriated the full \$2 million to CDOT for FY 2008-09; however, in each subsequent fiscal year (including FY 2011-12) the appropriation has been only \$1 million. Increasing the Long Bill appropriation to CDOT in line with the statutory authorization should go a long way towards bringing annual fund expenditures in line with fund revenues.

Second, as stated above, the Department is analyzing the current use of the ignition interlock financial assistance program and evaluating how eligibility thresholds, financial assistance levels, and information technology, could be optimally revised and deployed to increase financial assistance utilization to a level at or approaching the current appropriation.

Going forward, these two changes should eliminate fund balance growth. For example, if the amount appropriated to CDOT pursuant to HB 08-1194 in fiscal years 2008-09 through FY 2010-11 had been \$2 million instead of \$1 million annually, the starting fund balance in FY 2011-12 would have been \$3 million less, reducing the account balance by 85%. Revising the CDOT appropriation, in conjunction with the Department prudently increasing eligibility for interlock financial assistance would effectively address the increasing account balance.

Finally, legislation would be required to reduce the current excess balance accumulation. Annual revenues appear to match the annual expenditures anticipated by the legislation. However, even with financial assistance adjustments and a correction in the annual appropriation to CDOT, the excess \$3 million will remain in the fund. Because HB 08-1194 specifies that fund accumulations must remain in the fund, the Department sees no opportunity for rebate under existing law.

10. How would the introduction of new lottery games with legislatively designated recipients (such as veterans' programs) impact the existing games and their designated recipients?

Response:

According to Section 3 (1) (b) of Article XXVII of the state constitution all profits from the sale of all Lottery products are mandated to be distributed according to the following formula: 50 percent to the Great Outdoors Colorado (GOCO), 40 percent to the Conservation Trust Fund, and 10 percent to the Colorado Division of Parks and Wildlife. The GOCO funds are capped; however, if funds exceed the cap, they are distributed to the Colorado Department of Education, Public School Capital Construction Assistance Fund.

A new Scratch game associated with a specific cause would almost certainly have an impact on current recipients. In addition to the profit share, it is likely that a new game would impact sales of other games in similar categories and retailer commissions. In the event that a game is required to be in the market for an extended period of time to achieve a sellout, retailer commissions and overall profits would be compromised through the displacement of more popular and profitable games. Retailers are paid a commission on every transaction and requiring a slow-selling ticket to remain in the market reduces the commission earned.

The Lottery has no research indicating that a new Scratch game with a specific cause would appeal to significant numbers of new players. While the novelty of a new game could attract a different segment of the population, the Lottery has no

research indicating that the impact would be significant. As players are faced with selecting games to play, it is possible that a new game would negatively impact sales of other games and their beneficiaries if new players are not attracted to the new game. For the introduction of a new Scratch game associated with a specific cause to not impact the sales of other Scratch games that are part of the general Lottery Scratch game scheme, the new Scratch game would have to be supported by new players.

11. Would the legislative establishment of such a lottery game entail additional overhead?

Response:

With the assumption that a new game would have all proceeds accounted for separately from other Lottery proceeds and be charged all related overhead costs, the largest impact to Lottery operations would be the IT, fiscal, and marketing sections in order to set up processes and track related proceeds and costs for the new game. For example, while a number of fiscal processes are currently in place, an analysis to determine net profit for a specific game would need to be performed to establish the correct distributions when the game ends its sales cycle. This would include the amount spent on marketing and promotional materials and distribution costs. While these costs would not be additional overhead expenses, the capturing and reporting of these costs would be.

10:45 – 11:00 CONSERVATION EASEMENT DISPUTE RESOLUTION

12. Please explain the lack of progress toward resolution of disputed conservation easement credits through the mediation process and justify continuation of funding provided by FY 2010-11 Budget Amendment #4, which provided funding to resolve the conservation easement backlog. The Department should include an explanation of how the mediation process works in conjunction with the provisions of H.B. 11-1300, which included an appropriation of \$3.4 million General Fund and 18.7 FTE for FY 2011-12 to expedite the resolution of these disputes.

Response:

Soon after the Department received resources to expedite the resolution of protested conservation easement cases through mediation, amnesty for those protests was debated via H.B. 11-1208. The prospect of amnesty significantly weakened the state's negotiating position as there was little incentive to engage in mediation. Despite this, the Department was able to enter into mediation with two groups of easement holders; however, the efforts of both parties did not result in a settlement that was acceptable to either. Mediation has not proven successful with these two groups because of two primary issues:

1. A wide range in valuation – taxpayers' appraisals valued the easements at \$35,255,800 while the Department's independent appraisers valued the same easements at \$620,007. This is a difference of \$34,635,793 or a 5,686.4 percent overvaluation; and,

2. A wide range in credits – taxpayers’ claimed credits totaling \$13,186,402 while the Department asserted credits should be \$600,007. This is a difference of \$12,586,395 or a 2,197.7 percent over claim of credit.

As indicated during last year’s budget hearing, the Department achieved success in instances where these primary issues were not present.

Concurrent to the debate regarding amnesty, the General Assembly considered, and ultimately passed, H.B. 11-1300, which established an expedited hearing process within the Department and an option to bypass administrative remedies to proceed directly to district court. Election of the options was required by October 1, 2011.

Even though mediation has not proven as successful as we would have liked, the Department requires the resources provided in both the FY 2010-11 Budget Amendment and H.B. 11-1300. Although the overwhelming majority of the taxpayers elected to go to district court, the Department continues to work with all taxpayers in seeking resolution. The volume of protested cases in both the administrative hearing process and district court is such that a reduction in staff to historic levels will result in further delay in resolution. In order to assure that staff is fully focused on resolving these matters, all conservation easement matters are being worked on by staff who are solely dedicated to such matters. Workload associated with the 542 cases subject to provisions of H.B. 11-1300 is as follows:

1. 464 cases opted to waive the administrative hearing process and appeal directly to district court. The Department and Attorney General staffs are actively working on these cases and will work on the remaining as the Department is served. Conferees provide documentation, calculations, background information, and testimony in these cases;
2. 31 cases elected to remain in the administrative process and requested an expedited hearing; and
3. 47 made no election.

While H.B. 11-1300 appropriated \$3.4 million and 18.7 FTE, the Department of Revenue received \$2.7 million and 3.6 FTE. Of the \$2.7 million appropriated to the Department of Revenue, approximately \$1.3 million is for Attorney General representation, \$1.0 million is for appraisals, and \$0.4 million is for Department staff and related expenses. The Department of Revenue plans to utilize the resources provided for mediation in the effort to resolve cases that elect to proceed to district court for the reasons identified above.

11:00 – 11:15 DECISION ITEM #5 - FUNDING DRIVER'S LICENSE OFFICES

13. How does Colorado compare to other states in the funding sources for the operation of driver's licenses?

Response:

The Department recently conducted a survey with the American Association of Motor Vehicle Administrators (AAMVA) to determine how states fund driver's license offices. Based on 12 responses, 3 indicated that driver's license services were funded with General Fund and the remaining 9 indicated that they were funded with cash funds. Of those, three states indicated that they were funded through a transportation fund. (Please see Appendix 2 for responses from participating states.)

14. How does Colorado's fee for a driver's license compare with other states?

Response:

The cost for a driver's license in the State of Colorado is \$21.00 and is valid for 5 years. Therefore, the annual cost is \$4.20. Appendix 1 provides an analysis of driver's license document fees by state. Colorado ranks 36th overall based on annual cost. The average annual cost for a driver's license for all states is \$5.48 or \$1.28 higher than Colorado. The average cost for a 5-year document is \$27.40 or \$6.40 higher than Colorado.

15. Are the current fees sufficient to fund driver's license offices?

Response:

Prior to the next legislation session, the Department will develop a comprehensive financing strategy that will fund ongoing driver's license operations and critical investments in information technology systems that support these operations. In doing so, the Division of Motor Vehicles is currently participating in a cost accounting study of its operations. The purpose of the study is to calculate costs of providing specific services. This information will be used to evaluate whether the current fee structure can adequately support driver's license services in the long-term. In addition, the Department will initiate a Feasibility Study of its information technology systems to determine options and costs of system replacement. In the interim, the Department is proposing legislation to permanently refinance driver's license operations with the Licensing Services Cash Fund. However, in the 2013 legislative session, the Department intends to present the results of the various studies and propose any necessary legislative changes.

16. How are county-run offices funded? Are the fees raised sufficient to fund the county-run offices?

Response:

Per statute, for a driver's license issued by a county-run office, the county retains \$8.00 of the \$21.00 charged. For a commercial driver's license issued by county-run office, the county retains \$8.00 of the \$35.00 charged.

Counties provide staff and space for county-run offices and the Department of Revenue pays for all administrative and document issuance costs. Both county and state offices utilize the state's information technology systems and infrastructure.

17. If driver's licenses were funded in the manner requested in this decision item, what would the effect be on road-building?

Response:

The Department requests a decision item to permanently fund driver's license services with fees collected from administering those services. The request in total shifts \$22,683,088 in funding from the General Fund to the Licensing Services Cash Fund (LSCF). A driver's license costs \$21.00, of which \$20.40 is currently deposited in the LSCF and \$0.60 is deposited in the Identification Security Fund (IDSF). In FY 2012-13, the funding of driver's license services reverts back to the funding distribution formula that occurred prior to FY 2009-10 whereby of the \$21.00, \$15.00 is deposited into HUTF, \$5.40 is deposited into LSCF, and \$0.60 is deposited into the IDSF. The General Fund was utilized to supplement the LSCF to fund driver's license services. The Department's decision item would permanently reallocate the \$15.00 that was previously deposited into the Highway Users Tax Fund (HUTF) to the LSCF. Fees collected from other types of documents, such as commercial driver's licenses, learner's permits, and duplicate documents, which are issued in driver's license offices would also be permanently allocated to the LSCF. No General Fund would be appropriated to support driver's license operations. Please see the table below for the historical distribution of fees based on document type. While this financing model would decrease funds allocated to the HUTF for road building purposes, funding driver's license services with General Fund would also decrease the amount of General Fund available for K-12 education, higher education, or the state's safety net programs, for example.

Driver's License Fees Based on State Statute

Fee	HUTF	LSCF	IDSF	County	Total
FY 2008-09, FY 2012-13 and on					
Driver's License (State Issued)	\$15.00	\$5.40	\$0.60	\$0.00	\$21.00
Driver's License (County Issued)	\$9.00	\$3.40	\$0.60	\$8.00	\$21.00
Commercial Driver's License (State Issued)	\$25.00	\$9.40	\$0.60	\$0.00	\$35.00
Commercial Driver's License (County Issued)	\$19.00	\$7.40	\$0.60	\$8.00	\$35.00
Learner's Permits	\$10.00	\$3.40	\$0.60	\$0.00	\$14.00
Identification Cards	\$0.00	\$9.90	\$0.60	\$0.00	\$10.50
1st Duplicate Document	\$5.00	\$1.90	\$0.60	\$0.00	\$7.50
2st Duplicate Document	\$10.00	\$3.40	\$0.60	\$0.00	\$14.00
FY 2009-10, FY 2010-11 and FY 2011-12					
Driver's License (State Issued)	\$0.00	\$20.40	\$0.60	\$0.00	\$21.00
Driver's License (County Issued)	\$0.00	\$12.40	\$0.60	\$8.00	\$21.00

Commercial Driver's License (State Issued)	\$0.00	\$34.40	\$0.60	\$0.00	\$35.00
Commercial Driver's License (County Issued)	\$0.00	\$26.40	\$0.60	\$8.00	\$35.00
Learner's Permits	\$0.00	\$13.40	\$0.60	\$0.00	\$14.00
Identification Cards	\$0.00	\$9.90	\$0.60	\$0.00	\$10.50
1st Duplicate Document	\$0.00	\$6.90	\$0.60	\$0.00	\$7.50
2st Duplicate Document	\$0.00	\$13.40	\$0.60	\$0.00	\$14.00

18. How is the on-line and mail renewal of driver's licenses working? Is there confusion over how to do this on your web site? Does the web site explain the reasons why someone is not eligible to renew on-line?

Response:

The utilization of the online renewal application continues to grow with 11.68% of all renewals currently being issued online.

	Total Documents Issued	Internet Renewal	% Internet Renewal
FY 08-09	908,099	4,696	0.52%
FY 09-10	931,914	21,609	2.32%
FY 10-11	1,291,562	109,204	8.46%
FY 11-12 thru Dec '11	639,023	74,655	11.68%

The website has been designed to inform the public of the reasons why one cannot renew online. On www.colorado.gov website, there is information on Drivers License/State ID Online Renewal Process, State ID Online Renewal Eligibility, Driver's License Online Renewal Eligibility, Eligibility Errors, and much more. Specifically, the website has the following information as it pertains to online renewal of a Driver's License:

Driver's License Online Renewal Eligibility

You are unable to renew your Driver's License online if at least one of the following is true regarding your license:

- The license has been expired for more than 365 days.
- The age of the licensee is not age 21 through 65 (adult, regular license). Adult, regular license holders, age 66 and older, may be eligible to renew by mail. **Please visit the Renew by Mail eligibility page.**
- A name change involving the licensee has occurred since the last time the license was renewed.
- The license is a Commercial Driver's License.
- The license was last renewed either online or via the Renew by Mail process.

- The license is associated with an immigration document.
- The licensee is required to pass a written test prior to renewing.
- The licensee has an acting or pending departmental action on record.
- The licensee has an outstanding judgment or warrant on record.
- The licensee has a returned or NSF check on file with the Division of Motor Vehicles.
- The licensee has a medical restriction on file with the Division of Motor Vehicles.
- The licensee does not have a Social Security Number on file with the Division of Motor Vehicles.

Eligibility Errors

If you've reached an Eligibility Error screen for your Driver's License or State-Issued ID, you will not be able to renew online and it is unlikely you will be able to renew through the mail. Please keep in mind that there may be more than one reason for the online renewal ineligibility. For more information, please contact or attend a Driver's License Office.

11:15 – 11:25 DECISION ITEM #7 - REFINANCE OF SEVERANCE TAX COLLECTION AND ADMINISTRATION

19. Please explain the philosophy behind the refinance of the collection and administrative costs for the Severance Tax. Why is this being proposed?

Response:

In light of constraints on the state's general fund, the Department of Revenue analyzed its various programs to determine if General Fund subsidization occurred in any areas of tax administration. This analysis identified several instances where the General Fund subsidizes the administration and collection of taxes whose revenues accrue to funds other than the General Fund. One such example is the severance tax; the Department collects, administers, and enforces the severance tax with General Fund moneys. The tax revenues, however, accrue to the Severance Tax Trust Fund (Section 39-29-109 (1), C.R.S.) for distribution to other state agencies and local jurisdictions. This proposal was included as a budget balancing proposal in the Governor's FY 2012-13 budget.

11:25 – 11:40 OFFICE OF THE STATE AUDITOR PERFORMANCE EVALUATION OF THE DEPARTMENT OF REVENUE TAX PIPELINE

20. Please explain the time frame of the costs of implementing the technology solution for the Tax Pipeline and the time period during which savings would occur.

Response:

The Department of Revenue and the Department of Personnel and Administration (DPA) agreed to utilize LEAN principals in their joint review of the tax pipeline. A third party vendor has agreed to facilitate this process. Regardless of which department is determined to be the best entity to implement a technology solution for the tax pipeline, the solution will be implemented in such a way as to not adversely affect the ability to process tax returns and payments in a timely and accurate manner. As such, the Department believes that any technology solution needs to be implemented prior to income tax filing season.

21. Did the Department submit a request for the technology upgrades in FY 2012-13? If it has not been submitted, when does the Department plan to submit a request?

Response:

The Department did not submit either a capital construction or an operating request related to its remittance processing system for FY 2012-13. As indicated above, the Department and DPA are actively engaged in determining a solution that is based on the best business case and is the most fiscally prudent for the state. At this time, any change request for an updated remittance processing system will be for FY 2013-14 at the earliest pending OSPB approval.

11:40 – 11:50 OFFICE OF THE STATE AUDITOR PERFORMANCE EVALUATION OF THE LIMITED GAMING DIVISION - REGARDING THE ISSUE OF MULTIPLE ATTACHED CASINOS OPERATING UNDER DIFFERENT LICENSES

22. Is the Gaming Commission going to rule making by July or is this just forestalling legislative action? Can the General Assembly take action without the Gaming Commission? Who is responsible for originating legislation and what is the process?

Response:

In October 2011, the Gaming Commission held a public rulemaking hearing to determine whether changes needed to be made to gaming regulations to address the manner in which contiguous and commonly owned retail casino licenses are taxed. The Commission received lengthy public testimony and the hearing was continued to the November meeting for the purpose of collecting additional information on the issue. The November 17, 2011 meeting was held in Central City and the Commission received public testimony from many stakeholders after which it closed the rulemaking hearing. The Commission took the testimony under advisement from the entire rulemaking hearing conducted in October and November and deferred a decision until a later time. The Commission has 180 days from November 17 to make a decision. If the Gaming Commission determines that changes need to be made regarding this issue, it will consider options to address it. Options may include promulgating rules to change Colorado Gaming Regulations, recommending statutory changes, a combination of the two, or no changes at all. Should the Gaming Commission find any laws that it determines require immediate amendment, it will report such finding to the appropriate parties pursuant to CRS

12-47.1-301 (1)(f). The General Assembly could take action in the form of legislative changes without the Gaming Commission.

11:50 – 12:00 TAX AMNESTY

23. Has the Department looked at the revenues collected from the Tax Amnesty program (S.B. 11-184) to determine if there are gaps in the Department tax audits that could be included in the Department's audit program so that the revenues could be collected in a more timely manner?

Response:

The Department collected \$13.3 million in delinquent taxes as a result of amnesty offered between October 1 and November 15, 2011. The Department has begun an analysis of the accounts that were paid through the amnesty program in order to identify characteristics of the taxpayers who were delinquent. The Colorado Integrated Tax Architecture (CITA) project greatly expedites this effort as it allows the Department to quickly analyze the list of taxpayers and determine which type of taxpayer needs more attention from the Department's compliance programs in the future.

Moreover, this analysis will assist the Department in the development of an automated audit selection program in which data analysis can be used to evaluate potential audit targets. The information gained from the research of amnesty accounts will help the department develop audit selection criteria and maximize the use of audit resources.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

QUESTIONS COMMON TO ALL DEPARTMENTS

24. What is the Department's entire Information Technology (IT) budget for FY 2011-12 and FY 2012-13? Does the Office of Information Technology (OIT) manage the Department's entire IT budget? If not what IT activities is the Department managing separately from OIT and what percentage is that of the entire IT budget for the Department for FY 2011-12 and FY 2012-13? Of the IT activities the Department still manages outside of OIT, what could be moved to OIT?

Response:

Nearly all IT-related personnel appropriations have been consolidated into the Governor's Office of Information Technology. IT-related professional services and operating expense budgets continue to reside in departments' individual appropriations, and have not been consolidated into OIT. At this time, it is expected that budgets for IT professional services and operating expenses will remain in the departments' individual appropriations. However, during this fiscal year, all IT procurements will be centralized through the Office of Information Technology (the OIT Storefront). For FY 2012-13, the Executive Branch believes this represents the

most efficient division of IT-related appropriations to ensure that departments maintain appropriate discretion in making technology and program decisions. The Executive Branch will consider further consolidation of IT appropriations in future fiscal years.

The Department's total Information Technology appropriation for FY 2011-12 and FY 2012-13 is \$18,219,109 and \$19,405,672, respectively. This amount consists of a number of appropriations in the Information Technology Division group of the Department's Long Bill and the OIT consolidated appropriations; all of which are managed by OIT. The Information Technology Division's appropriations were retained in the Department to meet ongoing IT contractual needs and the operational needs of the Colorado State Titling and Registration System. These appropriations total \$4,927,403 in FY 2011-12 and \$4,644,962 in FY 2012-13, including special bills. Of these amounts, the Colorado State Titling and Registration System appropriation accounts for \$3,706,515 in FY 2011-12 and \$3,668,453 in FY 2012-13. The OIT consolidated appropriations (Purchase of Services from Computer Center, Multiuse Network Payments, and Management and Administration of OIT) total \$13,291,706 in FY 2011-12 and \$14,760,710 in FY 2012-13. For FY 2010-11, the percentage of total IT-related expenditures that flow through the consolidated OIT process (centralized appropriations) is 75.7% and the percentage of IT expenditures that make use of "regular" appropriations is 24.3%, most of which is for the Colorado State Titling and Registration System.

25. What hardware/software systems, if any, is the Department purchasing independently of the Office of Information Technology (OIT)? If the Department is making such purchases, please explain why these purchases are being made outside of OIT?

Response:

OIT is involved in the majority of the Department's IT-related procurements. An exception to this is the State Lottery Division (Lottery) where some IT purchases under \$10,000 are allowed to be procured directly by the Lottery. However, all other purchases made by the Lottery are approved by OIT. Lottery's flexibility is important to maintain because their IT systems are autonomous from the rest of the state and Department of Revenue systems. Also, the Multi-state Lottery Association (the entity that administers multi-state games such as Powerball) may not allow Colorado to participate in multi-state games if they determine that the Lottery does not have full control of all IT systems used to validate draw results. In addition, state statutes give the Lottery some autonomy over IT activities:

- C.R.S. 24-35-204 (3) The Lottery director, as administrative head of the division, shall direct and supervise all its administrative and technical activities. In addition to the duties imposed upon the director elsewhere in this part 2, it shall be the director's duty:
- C.R.S. 24-35-204 (3) (c) To employ and direct such personnel as may be necessary to carry out the purposes of this part 2, but no person shall be

employed who has been convicted of a felony or gambling-related offense, notwithstanding the provisions of section [24-5-101](#). The director by agreement may secure and, pursuant to section [24-35-210](#) (2), provide payment for such services as the director may deem necessary from any department, agency, or unit of the state government and may employ and compensate such consultants and technical assistants as may be required and as otherwise permitted by law. The director shall ensure that the division conducts full criminal background investigations of vendors, officers of licensed sales agents, members of the commission, and division employees as are necessary to ensure the security and integrity of the operation of the state lottery.

Another exception is the Department's portal activities, which are coordinated with and managed by the Statewide Internet Portal Authority and Colorado Interactive.

26. Please list and briefly describe any programs that the Department administers or services that the Department provides that directly benefit public schools (e.g., school based health clinics, educator preparation programs, interest-free cash flow loan program, etc.)

Response:

The Department does not administer any programs or provide any services that directly benefit public schools.

GENERAL QUESTIONS

27. Regarding medical marijuana enforcement, how many positions were approved and how many positions have been filled?

Response:

There are 55.2 appropriated FTE for FY 2011-12. Of the 55.2 FTE, 35.5 positions have been filled and 22.0 positions are in the process of being filled this fiscal year.

28. In light of no live greyhound racing in the State, has the State repealed laws and regulations related to live greyhound racing?

Response:

The Department has not taken any steps to eliminate laws or regulations related to live greyhound racing. Currently, there are no live greyhound races; however, the current statute provides for an entity to request and run a live greyhound race if licensing requirements with the Racing Commission can be satisfied. Thus, the potential exists for a resumption of greyhound racing in Colorado.

SB 09-174, Concerning Pari-Mutual Racing, modified existing statutes by removing the restrictions of greyhound and horse tracks from receiving only 250 days of imported simulcast signals on which betting occurs to allow simulcast racing of both horse and greyhound meets. This allowed, with Commission approval, both

greyhound tracks and horse tracks to take advantage of simulcast for the entire year. This benefited the existing horse track and still allows for live greyhound racing to resume at some point. The purpose was not to eliminate live greyhound racing, but to allow for new track applications to be received and give the Racing Commission more latitude to approve non-traditional race days.

29. Were Racing Division personnel performing some of the work of the Medical Marijuana Enforcement Division? If so, has the Racing Division been reimbursed?

Response:

Yes. Given the organizational structure of the Enforcement Business Group, reimbursement was not necessary. Senior Management utilized existing FTE in the Enforcement Business Group to implement the legislative intent of the divisions under its purview. Overtime hours worked by criminal investigators assisting the Medical Marijuana Enforcement Division were reimbursed.

30. Please explain how the Department or Revenue's responsibilities regarding medical marijuana differ from the responsibilities of the Department of Public Health and Environment.

Response:

The principal difference is that the Department of Public Health and Environment (DPHE) regulates registered patients and caregivers, while the Department of Revenue (DOR) regulates medical marijuana centers, marijuana infused products facilities, and optional premises cultivation operations. DOR carries out its responsibilities through the MMED, which regulates the cultivation, manufacture, and sale of medical marijuana and medical marijuana-infused products. MMED licenses these businesses (after local authority approval) and their owners and employees and conducts background checks before licensing to ensure suitability standards for ownership and employment based on Colorado residency and a determination of good moral character. DOR's statutory authority to regulate medical marijuana is found at CRS 12-43.3-101 et seq., and DPHE's statutory duties regarding medical marijuana are found at CRS 25-1.5-106.

31. Please explain the process the Department uses to coordinate with the Department of Public Safety to ensure that the total request for funds from the Highway Users Tax Fund Off-the-top appropriation do not exceed the limit for a fiscal year.

Response:

The only permanent HUTF OTT funding that the Department of Revenue receives is to support the Division of Motor Carrier Services Port of Entry operations. Any requests that the Department makes to utilize HUTF OTT funding to support these services is vetted through the Office of State Planning and Budgeting to ensure that the HUTF OTT limits are not exceeded in any fiscal year.

32. Are dissolvable tobacco products currently regulated? Are tobacco regulations keeping up generally with the proliferation of non-cigarette or smokeless tobacco products?

Response:

Dissolvable tobacco products are regulated, as are non-cigarette and smokeless tobacco products. HB 11-1016 expanded the definition of "tobacco products" to include all these products, so tobacco enforcement covers all such products.

33. How are smokeless and other non-cigarette products treated for taxation purposes? Are retailers of these products confused about the tax treatments?

Response:

The Department views dissolvable tobacco products as subject to the tobacco products tax under Title 28, Article 28.5. However, the statutes are not entirely clear in their application to these new products. The term "tobacco product" is defined in 39-28.5-101 C.R.S. in a broad list of products. The list includes cigars and cigar variants, loose smoking tobaccos, snuff and its variants, chewing tobaccos, other forms of loose tobacco, and "other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or for smoking in a pipe or otherwise..." The term "snuff" appears to encompass ground tobacco, and can be in both dry and moist form. Dissolvable tobacco products are forms of ground tobacco that have been molded into pellets ("orbs"), flat sheets ("strips"), or sticks and are ingested in much the same way as moist snuff. They are placed in the mouth to extract flavor and nicotine. Thus, the Department considers dissolvable tobacco products a form of snuff, taxable under the statutes. Additionally, while not marketed to be chewed, dissolvable tobacco products are literally "prepared in such manner as to be suitable for chewing" (emphasis added). Therefore, the Department believes that dissolvable tobacco products are taxable under the current definition of "tobacco products".

34. As a result of the passage of Amendment 50, how many casinos have established all-night gaming? How has the establishment of all-night gaming impacted gaming taxes collected by the Department?

Response:

The number of casinos that opt to remain open for business for 24-hours fluctuates based on the individual casino's business needs. It is a business decision by each casino. Some choose to remain open for 24 hours a day in the summer, but may decide to reduce hours during the winter months when business slows. Additionally, some casinos may opt to operate shorter days during the week and longer days on the weekends and holidays. As of January 2012, there are 40 casinos in operation. Eighteen are in Black Hawk, 14 in Cripple Creek, and 8 in Central City. Of these 40, 25 casinos operate 24/7, two casinos operate 24-hours a day on Saturday and Sunday only, and the remaining 13 casinos have opted not to operate 24-hours/day.

The gaming tax impact of 24-hour operations is difficult to quantify for a variety of reasons. In addition to allowing 24-hour gaming, Amendment 50, which became effective July 2, 2009, authorized the games of craps and roulette and increased the maximum wager amount from \$5 to \$100. Presumably, these additional games and increased bet limit had a positive impact on gaming taxes collected; however, it is not possible to quantify. For example, with tens of thousands of wagers placed daily, the Division is unable to determine the amount of gaming tax attributable to a \$5 bet, a \$10 bet, a \$20 bet, and so on, on over 14,500 separate slot machines and over 320 table games. Adding to the challenge are the impacts of the smoking ban, which became effective January 1, 2008 and the economic recession that began before Amendment 50 was implemented, both of which have had a negative impact on casino gaming revenue. For informational purposes, the following gaming taxes were collected by the Department:

FY 2006-07:	\$112,004,927
FY2007-08:	\$108,176,398
FY2008-09:	\$94,906,277
FY2009-10:	\$107,667,716 (Amend. 50 went into effect)
FY2010-11:	\$104,794,878
FY2011-12 YTD thru November 2011:	\$30,954,626

35. Regarding Decision Item #1: Was this a new contract or is the increased postage rates just returning the costs to what they would normally be? Did the Department rebid the contract and accept the lowest bidder or did it renew the old contract at the higher rates?

Response:

The Department of Revenue contract with L1 Secure Credentialing, Inc. (the contractor) is not a new contract. L1 provides a centralized document issuance capability for the state whereby all identification cards are produced and mailed directly to the customer from the production facility. All postage costs being referenced in the decision item are related to the mailing of identification documents from the factory to the customer.

The contract was initiated on May 26, 1999 and was originally set to expire on February 26, 2007; however, extensions were issued per contract allowance. Additionally, the terms of the original contract were then amended in March 2009 (Amendment #7) for the purpose of retaining the contractor for the Refresh/Upgrade Project. This project implemented system enhancements to allow for facial recognition and document authentication as part of the document production process. Before Amendment #7, the contractor was responsible for all postage costs in excess of \$86,945. Amendment #7 modified this requirement and as of July 1, 2012, transferred all postage costs to the State. The current contract will expire on October 31, 2015 and the State intends to issue an RFP for these services, which includes both document production and mailing.

36. Is producing and mailing driver's licenses something that Central Services in the Department of Personnel and Administration do? If Central Services can perform these functions, why weren't they chosen to perform this work?

Response:

The Department of Revenue currently contracts with L1 Secure Credentialing, Inc. to produce and mail photo identification documents. There are a number of sophisticated security features related to the production of these documents that is required to ensure they are protected from potential fraudulent activity. Such features include facial recognition, applicant verification, and document authentication. To the Department's knowledge Secure Credentialing, Inc. is the only company in the country that can provide these comprehensive services.

The materials used to produce the identification documents and the security features offered by L1 are not commercially available. In addition, Real ID Act requirements identify the need to provide factory security and in-depth background checks of all employees. Further, the Act requires secure materials handling and card construction processes. It also requires a full issuance process that includes facial recognition, field capture hardware and applications (and support), and a central image server. Consequently, the technology and security features utilized in the production of photo identification documents to comport with federal law is far more sophisticated than what can be provided by Central Services at this time.

37. Regarding Decision Item #5: Please explain the cash funding sources of the Commercial Vehicle Enterprise Cash Fund.

Response:

The Commercial Vehicle Enterprise Tax Fund receives revenue from penalties and surcharges identified in Section 42-4-1701 (4) (a) (II), C.R.S., which are assessed on weight violations of commercial vehicles pursuant to Section 42-4-507, C.R.S.

38. Regarding the State Sales Tax Map or database that vendors use to determine the appropriate sales tax for purchases – Who owns the map or database, how much does it cost the vendors? Could the Department of Revenue provide that service for free and if so, what would that cost?

Response:

The Department does not own the databases. State law directs the Department to certify that the error rate in a database is less than 5 percent. This law was an industry proposal to indemnify businesses against audit assessments, such that if a business used the system on a transaction, the business would be held harmless against an audit adjustment that said they attributed the sale to the wrong jurisdiction.

The Department could provide this service free of charge; however, it would require a significant investment in software and staff to maintain it. Moreover, as any

solution would utilize Geographic Information Systems (GIS) technology, the Department believes that the state approach such technology with an enterprise solution in mind.

Appendix 1: Driver's License Document Fees by State

Rank	State	Fee	Duration (months)	Annual Cost	Description
1	Vermont	\$45.00	48.0	\$11.25	Assumes that drivers will choose the cheaper 4 year license over the 2 year license at \$28.
2	Connecticut	\$66.00	72.0	\$11.00	
3	Massachusetts	\$50.00	60.0	\$10.00	
4	New Hampshire	\$50.00	60.0	\$10.00	
5	New York	\$75.23	96.0	\$9.40	Assumes 8 year renewal license. Blended rate based on county of residence. MCTD counties include Bronx, Kings, New York, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. MCTD counties account for 67.04% of the state population in the 2010 census. MCTD counties pay \$80.50 and all other counties pay \$64.50.
6	Ohio	\$33.50	48.0	\$8.38	Includes \$25.75 renewal fee, \$3.50 deputy registrar transaction fee, \$1.50 lamination fee and \$2.75 vision screening.
7	Illinois	\$30.00	48.0	\$7.50	
8	Pennsylvania	\$28.00	48.0	\$7.00	
9	Idaho	\$55.18	96.0	\$6.90	Weighted average based on age and duration. Assume that 21-63 will choose the cheaper per year document (8 year over 4 year).
10	Rhode Island	\$31.50	60.0	\$6.30	
11	California	\$31.00	60.0	\$6.20	
12	Louisiana	\$24.50	48.0	\$6.13	Assumes the inclusion of the \$3 service fee.
13	Minnesota	\$24.00	48.0	\$6.00	
14	New Jersey	\$24.00	48.0	\$6.00	
15	Maryland	\$30.00	60.0	\$6.00	
16	Florida	\$48.00	96.0	\$6.00	
17	Alabama	\$23.50	48.0	\$5.88	Includes a photo fee.
18	Missouri	\$35.00	72.0	\$5.83	
19	Nevada	\$22.00	48.0	\$5.50	

Appendix 1: Driver's License Document Fees by State (continued)

Rank	State	Fee	Duration (months)	Annual Cost	Description
20	Nebraska	\$26.50	60.0	\$5.30	Assumes that document is valid for 5 years (lowest net cost).
21	Mississippi	\$21.00	48.0	\$5.25	
22	Oklahoma	\$20.62	48.0	\$5.16	Weighted average based on age.
23	Montana	\$40.50	96.0	\$5.06	
24	Arkansas	\$20.00	48.0	\$5.00	
25	Kentucky	\$20.00	48.0	\$5.00	
26	Wyoming	\$20.00	48.0	\$5.00	
27	Utah	\$25.00	60.0	\$5.00	
28	Washington	\$25.00	60.0	\$5.00	
29	Maine	\$30.00	72.0	\$5.00	
30	Delaware	\$40.00	96.0	\$5.00	Effective December 11, 2011.
31	Oregon	\$40.00	96.0	\$5.00	
32	Michigan	\$18.00	48.0	\$4.50	
33	Kansas	\$26.00	72.0	\$4.33	
34	New Mexico	\$34.00	96.0	\$4.25	Assumes that the document is valid for 8 years (lowest net cost).
35	Wisconsin	\$34.00	96.0	\$4.25	
36	Colorado	\$21.00	60.0	\$4.20	
37	Texas	\$25.00	72.0	\$4.17	
38	Alaska	\$20.00	60.0	\$4.00	
39	Georgia	\$20.00	60.0	\$4.00	
40	Iowa	\$20.00	60.0	\$4.00	
41	South Dakota	\$20.00	60.0	\$4.00	
42	North Carolina	\$32.00	96.0	\$4.00	Age 66 and older 5 year license but same annual cost.
43	Virginia	\$32.00	96.0	\$4.00	Assumes a standard renewal with no endorsements.
44	Tennessee	\$19.50	60.0	\$3.90	
45	Hawaii	\$14.19	48.0	\$3.55	Hawaii is weighted by county. Documents are issued for 2, 4 or 8 years.
46	Indiana	\$21.00	72.0	\$3.50	
47	Arizona	\$17.39	60.0	\$3.48	Weighted average based on age.

Appendix 1: Driver's License Document Fees by State (continued)

Rank	State	Fee	Duration (months)	Annual Cost	Description
48	West Virginia	\$13.00	60.0	\$2.60	WV is phasing in a 5 year expiration date. Although the base fee of \$2.50 is the same, everyone is charged \$0.50 for the voter registration fee. This calculation is based on a 5 year renewal.
49	North Dakota	\$10.00	48.0	\$2.50	
50	South Carolina	\$25.00	120.0	\$2.50	

Compares document costs for individuals between the ages of 21 and 64.

Assumes document renewal rates. Some states charge different rates for first time licenses but these rates are excluded from this analysis.

Average \$5.48

Appendix 2: State Financing Survey

State	Is your motor vehicle program at least partially funded directly by fees you collect for services you provide?	Approximately what percentage of the overall funding comes directly from fees?	What are the primary fee sources?
Alberta	No. All funds go into Government general fund.	NA	Each department is given their budget just prior to the fiscal year start.
Connecticut	No. CT DMV is funded from the general fund and a special transportation fund. Fees go directly into the general fund.		
Hawaii	No. Funding source - General Fund. Fees collected are deposited to the General Fund and taxes collected deposited to the Highway Fund.		
Illinois	No - May refer to the Illinois Vehicle Code - 625 ILCS 5/6-118 Fees regarding what portion of fees is paid into various funds, such as the Road Fund, Driver Education Fund, Drunk and Drugged Driving Prevention Fund.		
Missouri	Yes	The Department is capped at 3% of the fees collected related to highway usage. The cost of collecting these fees is greater than the 3%; therefore, the Department receives funding from General Revenue operating fund.	The Department's primary fee sources are Motor Vehicle titling and registration fees, driver license and non-driver license fees and motor vehicle sales and use tax.
South Carolina	Yes	Approximately 28%.	<ol style="list-style-type: none"> 1) Financial Responsibility reinstatement fees 2) Sale of information 3) Title fees 4) Penalties/driver reinstatement fees 5) Fee paid by insurance companies
South Dakota	Yes. The Driver Licensing Program is totally funded by fees collected for services provided.		Sale of motor vehicle records (driving records), applications for driver licenses and ID cards including reinstatement fees.

Appendix 2: State Financing Survey (Continued)

State	Is your motor vehicle program at least partially funded directly by fees you collect for services you provide?	Approximately what percentage of the overall funding comes directly from fees?	What are the primary fee sources?
Utah	The Utah Driver License Division is funded by fees collected for services provided. Legislature appropriates funding during the annual session.	100%	License and ID card fees and reinstatement fees.
Vermont	Yes. Fees and taxes collected by VT DMV are deposited into the State's Transportation Fund. In turn the state funded portion of the annual budget comes from the Transportation Fund.	90% (this includes revenue from both fees and taxes, such as Purchase and Use Tax and Fuel Taxes). Approx. 10% of annual budget comes from federal grants. These primarily are for motor carrier/commercial vehicle enforcement through the Motor Carrier Safety Assistance Program (MCSAP).	Fees related to registration/licensing and taxes related to Motor Fuel taxes (gas and diesel) and Purchase and Use Tax connected to registering a motor vehicle in Vermont.
Virginia	Yes	95%	Vehicle registration and titling, special/personalized plates, and driver's license fees.
Washington	The motor vehicle program is funded by the legislature in its biennial Transportation Budget. All fees collected by the department go into State accounts to be expended by the legislature to designated account funds.	NA	Vehicle and vessel licensing related fees, Driver licensing related fees, Prorate and fuel tax related fees.
Wisconsin	Yes, most fees collected are deposited in the unified Transportation fund which funds the motor vehicle program.	Unknown	Motor fuel tax and titling, registration, and driver licensing fees.