

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE FINANCING OF THE DIVISION OF MOTOR VEHICLES IN THE DEPARTMENT OF REVENUE, AND MAKING APPROPRIATIONS THEREFOR.

Prime Sponsors: Representative Pommer  
Senator White

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**Summary of Amendments Made to the Bill After the 03/29/10 Legislative Council Staff Fiscal Note Was Prepared (Amended by the House Committee of the Whole 03/31/10)**

The Reengrossed version of the bill includes an amendment that provided that any moneys remaining in the Licensing Services Cash Fund (LSCF) at the end of a fiscal year, less 16.5 percent of the annual appropriation from the fund, be transferred to the Highway Users Tax Fund (HUTF). This amendment has no effect on reductions in General Fund appropriations or on the appropriations from the LSCF. Starting in FY 2011-12, the bill, as amended by the House, has an impact on the HUTF (described below).

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

Concurs

Does Not Concur

Updated Analysis

**Reason for the Update**

The House amendment to the bill, discussed in the summary of amendments section above, has an impact on the Highway Users Tax Fund (HUTF) starting in FY 2011-12. In FY 2010-11, staff projects that the Licensing Services Cash Fund (LSCF) will not have sufficient fund balance at the end of the fiscal year to trigger the provisions of the amendment to transfer excess moneys into the HUTF. In FY 2011-12, staff projects that \$1.4 million will be transferred from the Licensing Services Cash Fund to the HUTF at the end of the fiscal year. Pursuant to Section 43-4-205 (5.5) (c), C.R.S., 35.0 percent of moneys from driver's license fees are distributed to cities and counties. Of the \$1.4 million projected to be transferred from the LSCF to the HUTF, \$0.5 million will be then credited to the cities and counties. The remaining \$0.9 million would be credited to the State Highway Fund.

These projections are detailed in the following table:

<b>Licensing Services Cash Fund (LSCF) House Bill 10-1387 Revenue and Expenditure Projections</b>			
	<b>FY 2009-10 Appropriation</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Projection</b>
Beginning Fund Balance	\$1,631,149	\$193,709	\$1,838,140
LSCF Revenue (Not including H.B. 10-1387 diversion)	17,538,517	8,144,967	9,287,433
H.B. 10-1387 diversion to LSCF	0	15,828,199	19,865,826
One-time appropriations of HUTF "Off-the-Top" funding	<u>4,064,839</u>	<u>2,702,602</u>	<u>0</u>
<b>Total Revenue</b>	<b>23,234,505</b>	<b>26,869,477</b>	<b>30,991,399</b>
Direct and indirect costs of Driver's License Offices operations	(18,592,902)	(25,031,337)	(25,398,337)
One-time LSCF expenditures	<u>(4,447,894)</u>		
<b>Total appropriations</b>	<b>(23,040,796)</b>	<b>(25,031,337)</b>	<b>(25,398,337)</b>
Surplus/(Deficit) of cash funds to operate Driver's License Offices	193,709	1,838,140	5,593,062
Statutory 16.5 percent reserve	3,801,731	4,130,171	4,190,726
<b>Transfer to HUTF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,402,336</b>

**Amendments/Appropriation Status**

The bill includes an appropriation clause that adjusts appropriations in the FY 2010-11 Long Bill by decreasing General Fund to several divisions within the Department of Revenue by \$19,961,127, and increasing cash funds to those same divisions by \$19,961,127. The cash funds are from the Licensing Services Cash Fund (\$17,258,525) and the HUTF "off-the-top" (\$2,702,602). The appropriations of cash funds are for the operations of driver's license offices and the associated expenses (such as centrally appropriated expenses) in the Executive Director's Office and Central Department Operations, as well as the indirect costs. The FY 2009-10 appropriation did not fully fund the centrally-appropriated expenses, nor the indirect costs, while the FY 2010-11 and FY 2011-12 appropriations do fully fund those expenses.

The Department of Revenue does not require an appropriation of \$1,962 cash funds from the Licensing Services Cash Fund for computer programming costs as identified in the Legislative Council Staff Fiscal Note dated March 29, 2010, because the Long Bill includes an appropriation

for the Department of Revenue to implement legislation that requires computer programming hours. Programming costs for the Department of Revenue to implement legislation are shown in the Long Bill line item titled "Programming Costs for 2010 Session Legislation."

**Bill Sponsor Amendments**

Staff is not aware of any sponsor amendments to be offered.

**Points to Consider**

The Joint Budget Committee (JBC) has introduced a balanced budget package for FY 2010-11 based on the March 2010 Legislative Council Staff forecast. The JBC has included as part of its plan the \$19,961,127 General Fund savings that would result from the passage of this bill, as introduced.