JOINT BUDGET COMMITTEE

INTERIM SUPPLEMENTAL BUDGET REQUEST FY 2019-20

DEPARTMENT OF REVENUE

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
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INTERIM SUPPLEMENTAL REQUESTS

SPECIAL BILL APPROPRIATION LONG BILL LOCATION

	REQUEST	RECOMMENDATION
TOTAL	**$0**	**$0**
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]	**YES**
Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	**YES**

Explanation: JBC staff and the Department agree that this request is the result of technical errors.

DEPARTMENT REQUEST: The Department of Revenue requests a net neutral technical adjustment related to five bills enacted in the 2019 legislative session for FY 2019-20 and annualized into future years.

STAFF RECOMMENDATION: Staff recommends that the Committee approve the request.

STAFF ANALYSIS:
The Department requests net neutral adjustments for appropriations made in the following bills:

- H.B. 19-1090 Publicly Licensed Marijuana Companies
- H.B. 19-1230 Marijuana Hospitality Establishments
- H.B. 19-1234 Regulated Marijuana Delivery
- H.B. 19-1327 Authorize and Tax Sports Betting
- S.B. 19-248 State Tax System Working Group

Senate Bill 19-248 includes a $30,000 General Fund appropriation to the Taxation Division for staff resources related to the 2019 interim working group. The Department requests that the appropriation be placed in the Executive Director's Office (EDO).

The additional four bills include appropriations made in the Marijuana Enforcement and Limited Gaming program line items that should have been made in the Hearings Division within the EDO.

The following tables outline the Marijuana Enforcement to Hearings Division adjustments, the Limited Gaming to Hearings Division adjustments, and the Taxation Division to EDO adjustment.

FY 2019-20 DOR Marijuana Enforcement Bill Appropriation Adjustments										
		Start Marijuana Enforce. Approps.			Adjustments to Hearings Division			Final Marijuana Enforce. Approps.		
		GF	CF	FTE	GF	CF	FTE	GF	CF	FTE
H.B. 19-1090	Publicly Licensed Marijuana Companies	$0	$2,440,779	15.5	$0	$108,428	1.5	$0	$2,332,351	14.0
H.B. 19-1230	Marijuana Hospitality Establishments	0	316,090	3.2	0	37,278	0.5	0	278,812	2.7
H.B. 19-1234	Regulated Marijuana Delivery	0	349,450	3.6	0	30,763	0.4	0	318,687	3.2
Subtotal - Appropriations and Adjustments		**$0**	**$3,106,319**	**22.3**	**$0**	**$176,469**	**2.4**	**$0**	**$2,929,850**	**19.9**

FY 2019-20 DOR Limited Gaming Bill Appropriation Adjustments										
		Start Limited Gaming Approps.			Adjustments to Hearings Div.			Final Limited Gaming Approps.		
		GF	CF	FTE	GF	CF	FTE	GF	CF	FTE
H.B. 19-1327	Authorize and Tax Sports Betting	$1,118,477	$0	11.6	$186,618	$0	2.3	$931,859	$0	9.3

FY 2019-20 DOR Taxation Division Bill Appropriation Adjustments										
		Start Taxation Div. Approps.			Adjustments to EDO			Final Taxation Div. Approps.		
		GF	CF	FTE	GF	CF	FTE	GF	CF	FTE
S.B. 19-248	State Tax System Working Group	30,000	0	0	30,000	0	0	$0	$0	0.0

The following table outlines the line item adjustments.

FY 2019-20 DOR Line Item Appropriation Adjustments										
		Bill Appropriations			Adjustments			Requested Appropriations		
		General Fund	Cash Funds	FTE	General Fund	Cash Funds	FTE	General Fund	Cash Funds	FTE
Executive Director's Office	Personal Services	$0	$0	0.0	$30,000	$0	0	$30,000	$0	0
EDO - Hearings Division	Personal Services	0	0	0.0	170,324	155,377	4.7	170,324	155,377	4.7
EDO - Hearings Division	Operating Expenses	0	0	0.0	16,294	21,092	0.0	16,294	21,092	0.0
Taxation Business Group	Personal Services	30,000	0	0.0	(30,000)	0	0.0	0	0	0.0
Limited Gaming Division	Personal Services	882,345	0	11.6	(170,324)	0	-2.3	712,021	0	9.3
Limited Gaming Division	Operating Expenses	236,132	0	0.0	(16,294)	0	0.0	219,838	0	0.0
Marijuana Enforcement	Program Expenses	0	3,129,667	22.3	0	(176,469)	-2.4	0	2,953,198	19.9
Subtotal - Line Item Approps. and Adjustments		**$1,148,477**	**$3,129,667**	**33.9**	**$0**	**$0**	**0.0**	**$1,148,477**	**$3,129,667**	**33.9**

In the appropriations process, staff failed to break out the appropriations for the Hearings Division for the four House Bills and appropriated resources to the Taxation Division that should have been appropriated in the EDO.

Due to the technical nature of these corrections and the net-neutral reassignment of appropriations, staff recommends that the Committee approve the request, including FY 2019-20 adjustments and annualizations.

	FY 2018-19 Appropriation	FY 2019-20 Appropriation	Fiscal Year 2019-20 Interim Supplemental		
			Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF REVENUE					
Interim Supplemental - Special Bill Appropriation Long Bill Location					
Part XIX, Department of Revenue					
(1) Executive Director's Office					
(A) Administration and Support					
Personal Services	9,634,991	10,522,055	30,000	30,000	10,552,055
FTE	126.1	134.7	0.0	0.0	134.7
General Fund	3,680,120	4,670,555	30,000	30,000	4,700,555
Cash Funds	497,691	594,382	0	0	594,382
Reappropriated Funds	5,457,180	5,257,118	0	0	5,257,118
Federal Funds	0	0	0	0	0
(B) Hearings Division					
Personal Services	2,227,978	2,234,729	325,701	325,701	2,560,430
FTE	29.6	29.6	4.7	4.7	34.3
General Fund	0	0	170,324	170,324	170,324
Cash Funds	2,227,978	2,234,729	155,377	155,377	2,390,106
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operating Expenses	95,457	95,457	37,386	37,386	132,843
General Fund	0	0	16,294	16,294	16,294
Cash Funds	95,457	95,457	21,092	21,092	116,549
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
(3) Taxation Business Group					
(A) Administration					
Personal Services	540,557	586,456	(30,000)	(30,000)	556,456
FTE	5.0	5.0	0.0	0.0	5.0
General Fund	512,427	557,497	(30,000)	(30,000)	527,497
Cash Funds	28,130	28,959	0	0	28,959

	FY 2018-19 Appropriation	FY 2019-20 Appropriation	Fiscal Year 2019-20 Interim Supplemental		
			Requested Change	Recommended Change	New Total with Recommendation
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
(5) Enforcement Business Group					
(B) Limited Gaming Division					
Personal Services	6,937,637	8,420,783	(170,324)	(170,324)	8,250,459
FTE	89.0	101.6	(2.3)	(2.3)	99.3
General Fund	0	882,345	(170,324)	(170,324)	712,021
Cash Funds	6,937,637	7,538,438	0	0	7,538,438
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operating Expenses	1,022,457	1,262,526	(16,294)	(16,294)	1,246,232
General Fund	0	234,416	(16,294)	(16,294)	218,122
Cash Funds	1,022,457	1,028,110	0	0	1,028,110
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
(F) Marijuana Enforcement					
Marijuana Enforcement	10,035,750	15,586,130	(176,469)	(176,469)	15,409,661
FTE	104.3	136.2	(2.4)	(2.4)	133.8
General Fund	0	0	0	0	0
Cash Funds	10,035,750	15,586,130	(176,469)	(176,469)	15,409,661
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Totals					
DEPARTMENT OF REVENUE					
TOTALS for ALL Departmental line items	370,972,654	404,621,889	0	0	404,621,889
FTE	1,472.2	1,564.4	0.0	0.0	1,564.4
General Fund	113,271,850	124,688,584	0	0	124,688,584
Cash Funds	250,494,506	272,747,155	0	0	272,747,155
Reappropriated Funds	6,381,910	6,149,821	0	0	6,149,821
Federal Funds	824,388	1,036,329	0	0	1,036,329