

Department of Revenue SMART Act Hearing

Joint Finance Committee
January 20, 2023



COLORADO
Department of Revenue



DOR Mission & Vision

Vision

Empowering, Enhancing, and Enriching life in Colorado

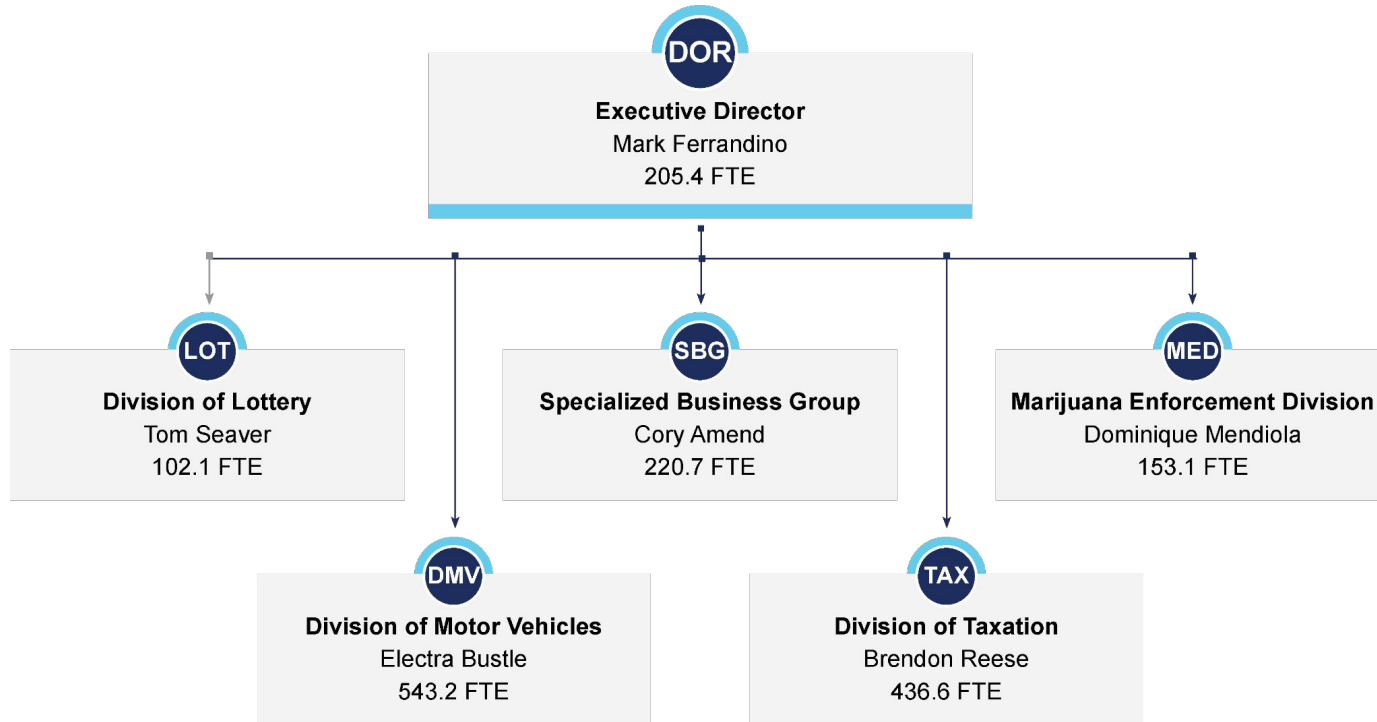
Mission

To become a Trusted Partner to every Coloradoan to help them navigate the complexities of government so they can thrive

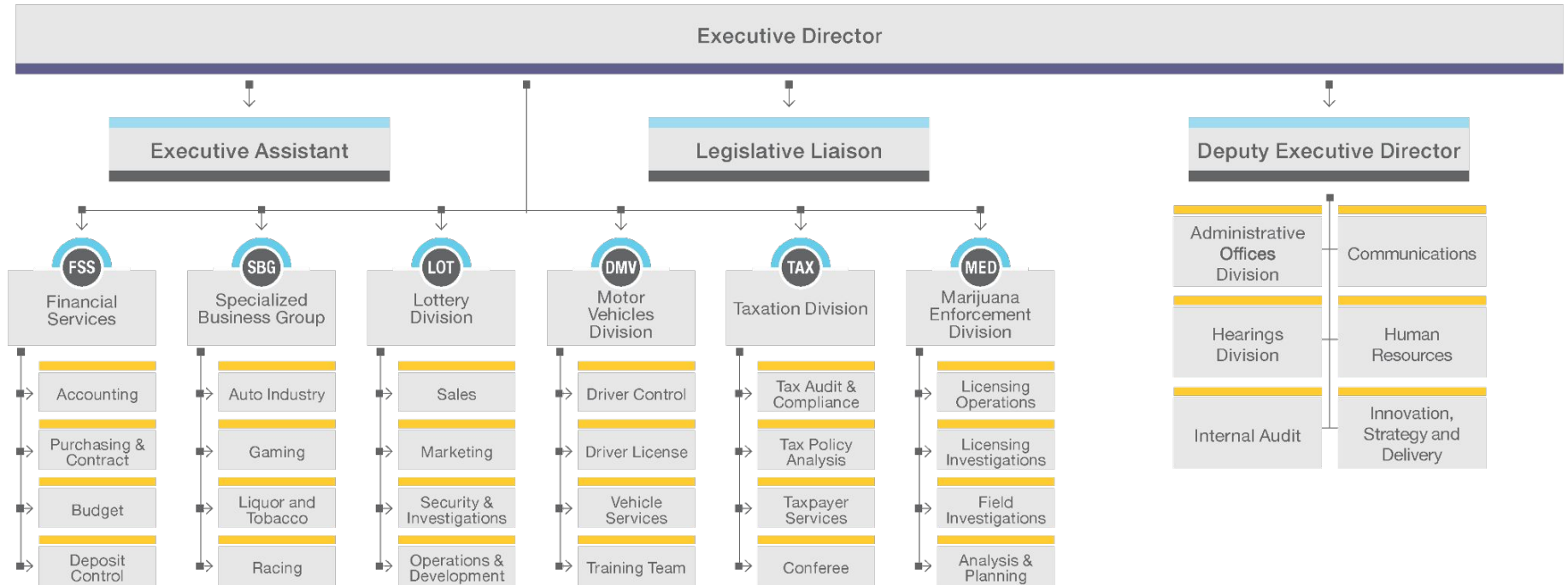
Motto

Always Help!

DOR Organizational Chart



DOR Organizational Chart



DOR FY 2022-23 Wildly Important Goals (WIGs)



**Increase
Self
Service Options**



**Increase Tools
for Underserved /
Underrepresented
Coloradans**



**Enhance the
Customer
Experience**



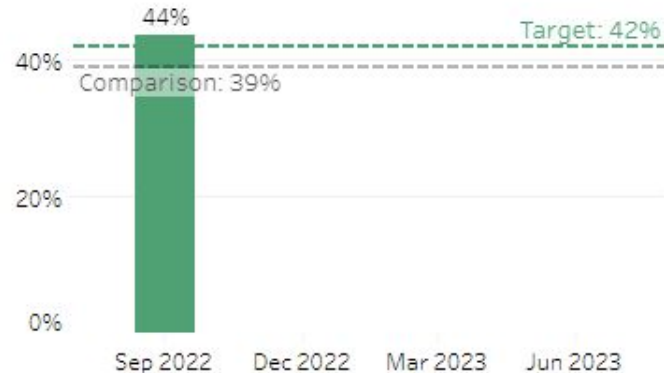
**Increase
Employee
Engagement**

Increase Self-Service Options

DOR FY 2022-23 Wildly Important Goal 1

Wildly Important Goal:

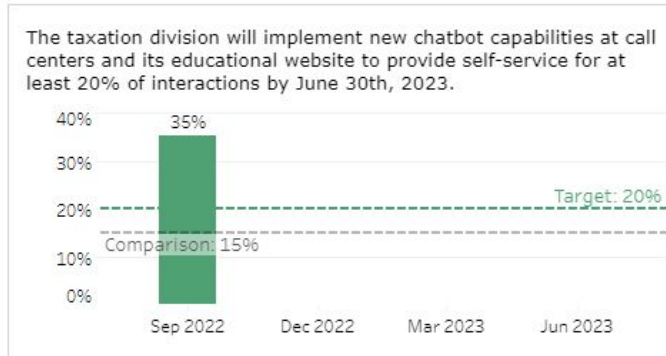
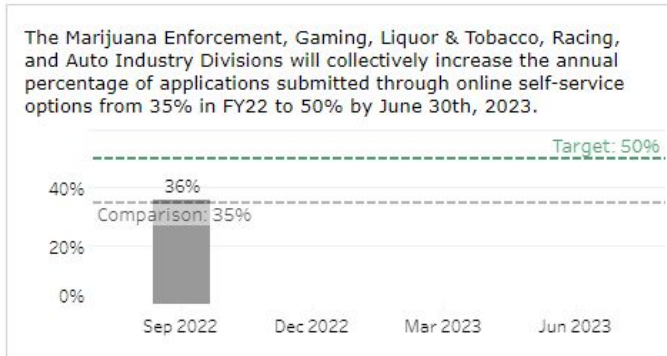
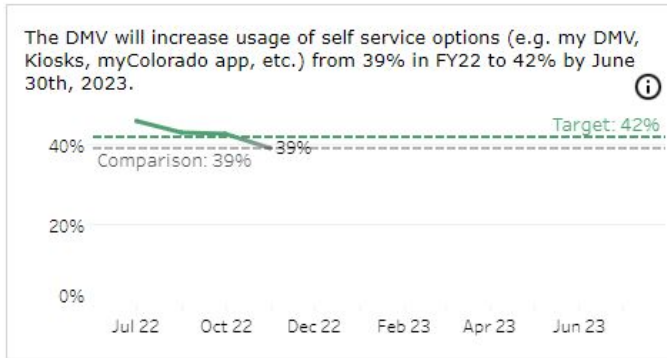
Increase utilization of self-service options, such as online tools or kiosks, from 39% in FY22 to 42% by June 30, 2023, in an effort to provide relevant, efficient, and convenient service to the people of Colorado.



Successful completion of this goal will increase the accessibility for Coloradans to achieve their personal needs for DOR services, such as driver's licenses, vehicle registrations, and business licenses, in a convenient and in-demand way that increases processing efficiency, decreases wait times, and increases user experiences online.

How DOR will accomplish WIG 1:

The Department of Revenue will achieve this goal through the following leading indicators:



MLO & Online Services - SBG / MED / Lottery

SPECIALIZED BUSINESS GROUP (SBG)

The SBG includes the Liquor/Tobacco, Gaming, Auto Industry, and Racing Divisions

- Meeting customer needs by improving self-service options through receiving 10,530 online applications and 28% of forms translated into Spanish.

MARIJUANA ENFORCEMENT DIVISION (MED)

- Increased its digital presence by adding 29 online application options, seeing 12,605 online application submissions in FY22 and translated 4 documents into Spanish.

LOTTERY

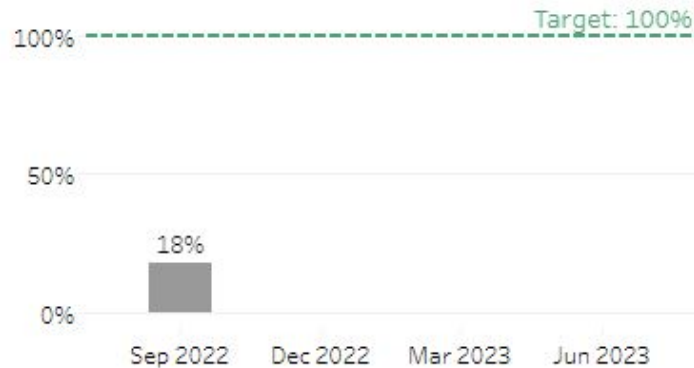
- Created 100% Spanish language consumer and retailer websites
- Developed digital claims process, allowing consumers to claim winning tickets electronically
- Developed digital retailer license renewal form

Expand Tools for Underserved Coloradans

DOR FY 2022-23 Wildly Important Goal 2

Wildly Important Goal:

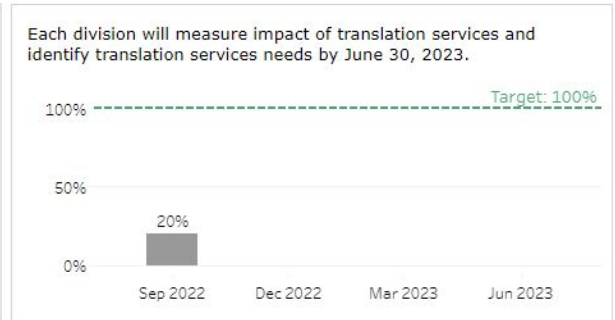
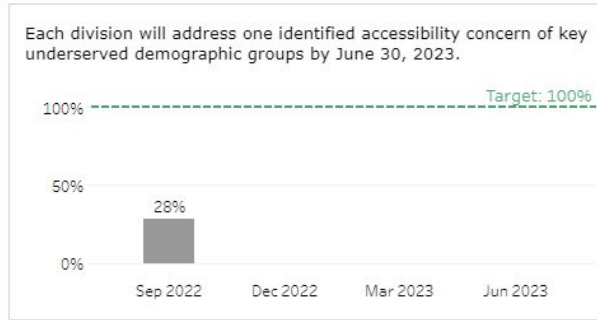
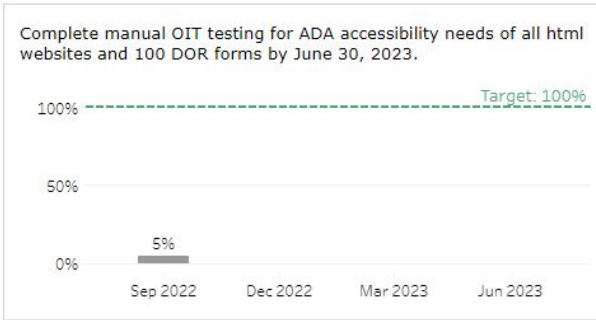
Enhance the accessibility of services and communications for underserved populations by successfully completing the following three activities: ADA compliance testing, accessibility analysis and enhancements, and a needs assessment of translation services by June 30th, 2023.



Successful completion of this goal will improve accessibility and empower Coloradans to use DOR services more independently through a wider breadth of information and tools that more fully meet the needs of the rich diversity of Colorado through a greater understanding of accessibility needs of the underserved groups who are most impacted.

How DOR will accomplish WIG 2:

The Department of Revenue will achieve this goal through the following leading indicators:



Equity, Diversity, and Inclusion

In accordance with the Governor's Executive Order [2020 175](#), the Department has prepared a plan to improve equity, diversity, and inclusion, including efforts to:

- A broad DOR EDI strategic plan has been developed with these focus areas:
 - Community Engagement
 - Accountability
 - Staffing/Retention
 - Training/Awareness Communication
 - Employee Engagement/Feedback
 - Budget/Procurement
 - Accessibility
 - Policy

Equity, Diversity, and Inclusion, continued

The current DOR Strategic Plan emphasizes action items such as:

- **Employee Engagement/Feedback:**
 - Identify gaps through employee feedback
- **Accountability:**
 - EDI Hotline
 - Host Skip-Level meetings
- **Staffing/Retention:**
 - Coach hiring managers
- **Community Engagement:**
 - Engage industry and community stakeholders with recruitment and licensing practices.
- **Communication:**
 - Translating forms and procedures in other languages
 - Simplifying context/instructions

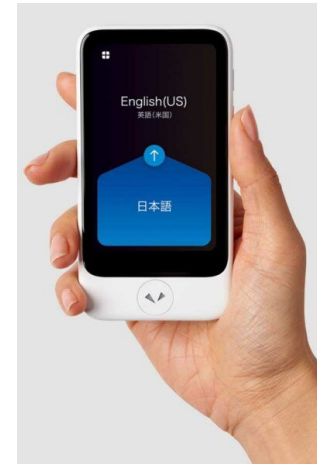
PTC & Pocketalk

Property Tax/Rent/Heat Credit (PTC) Rebate Outreach

- Some of DOR's most vulnerable customers
 - Form and instructions translated to Spanish beginning 2021
- No cost/low cost communication plan executed
 - Leveraged organic reach, partner organizations, and word of mouth
- 14% increase of applications and almost 10% increase in awards

Pocketalk DMV

- Implemented July 2022
- Customer Satisfaction Metrics- First six weeks, 93% of customers have rated their experience "Good" or "Great".
- Learned from successes to procure for other divisions

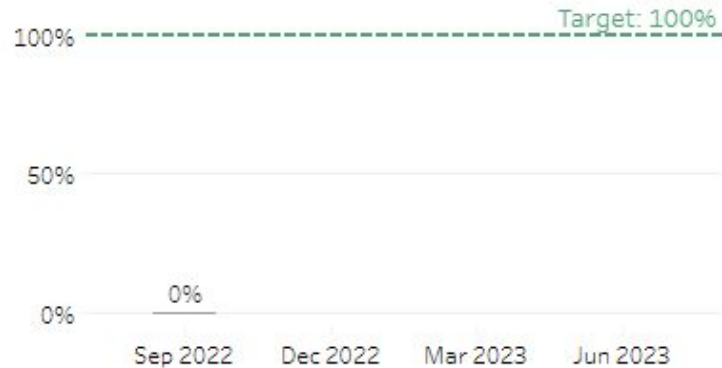


Enhance the Customer Experience

DOR FY 2022-23 Wildly Important Goal 3

Wildly Important Goal:

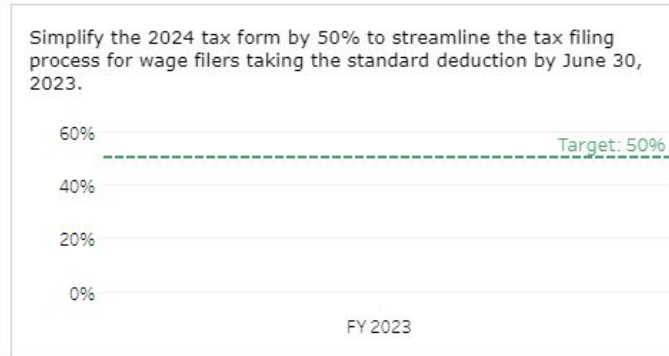
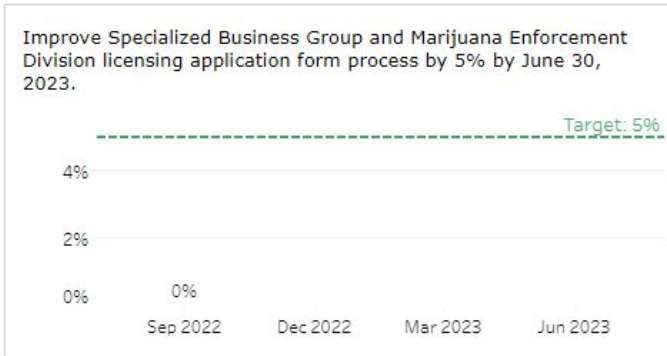
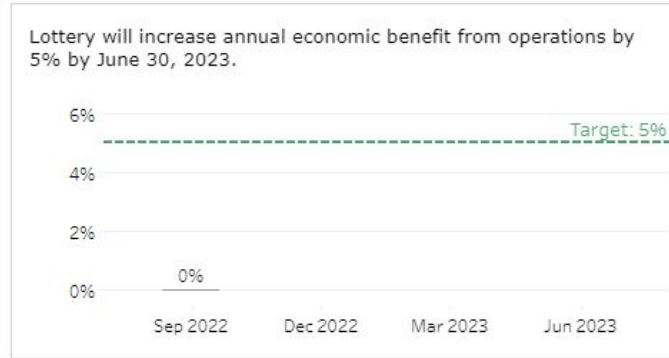
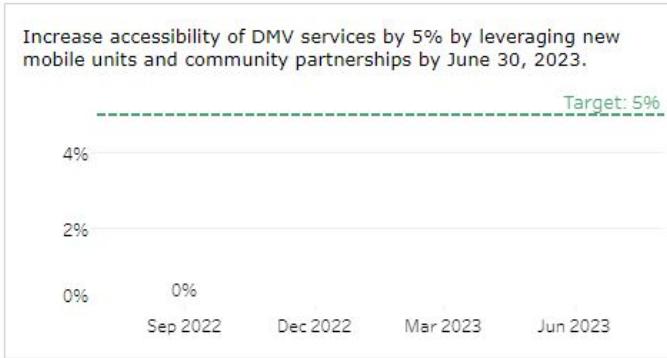
Enhance the customer experience by at least 5% by planning streamlined processes, removing barriers, or increasing proceeds by June 30, 2023.



Successful completion of this goal will enhance the customer experience by expanding availability of department services, increasing funds going to Lottery beneficiaries, or identifying areas to streamline forms and processes.

How DOR will accomplish WIG 3:

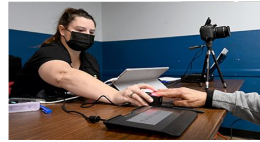
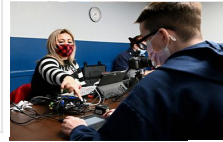
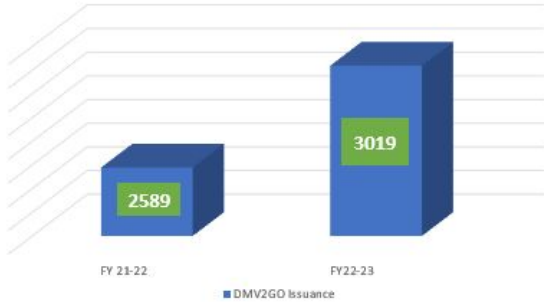
The Department of Revenue will achieve this goal through the following leading indicators:



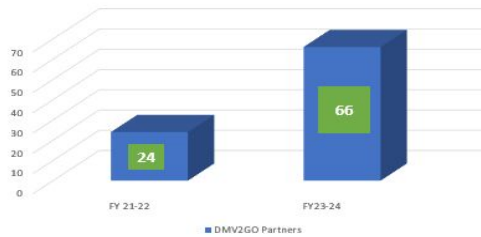
Enhancing Customer Service- DMV2GO

Meeting our Customers Where They Are!

DMV2GO Issuance



DMV2GO Partners

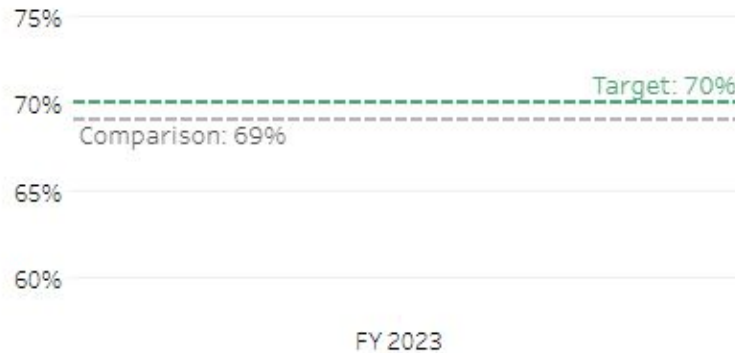


Increase Employee Engagement

DOR FY 2022-23 Wildly Important Goal 4

Wildly Important Goal:

The Department will work to achieve a 70% employee engagement index score by June 30, 2023 through the development and implementation of a new DOR-specific employee engagement survey.

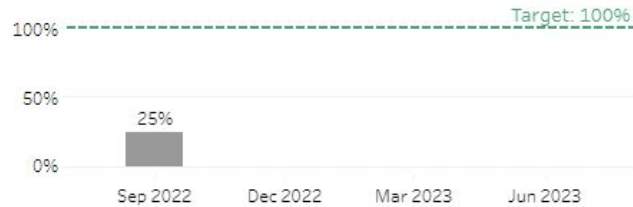


Successful completion of this goal will broadly improve customer experience by increasing employee satisfaction and retention through better understanding of DOR-specific/division-specific employee needs, direct engagement, and response to employee feedback.

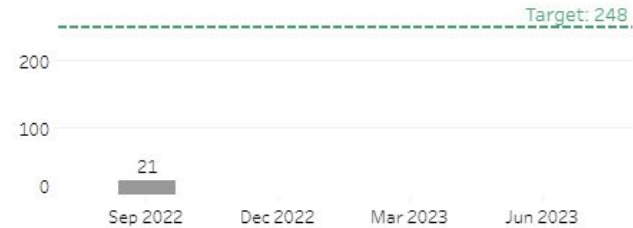
How DOR will accomplish WIG 4:

The Department of Revenue will achieve this goal through the following leading indicators:

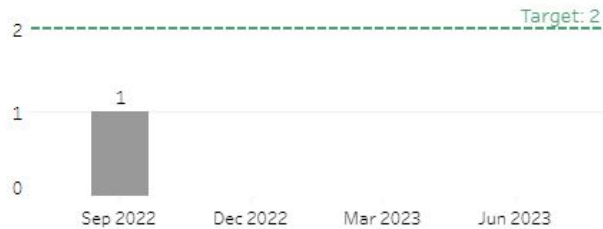
The Department will develop and implement a strategic communications plan centered around DOR's Core Values to foster employee engagement and alignment on organizational effectiveness initiatives by June 30, 2023.



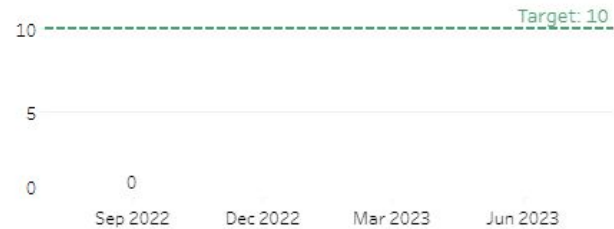
The Department will conduct a position classification and compensation analysis of all DOR classifications to identify long-term solutions for employee retention by June 30, 2023.



The Department will create 2 innovative professional development opportunities as identified through employee feedback by June 30, 2023.



Streamline the employee onboarding process by identifying 10 touchpoints to improve the overall satisfaction rate of new hires by June 30, 2023.



Employee Engagement: Values and Professional Development

- 87% of employees know DOR's shared core values and demonstrate them in their *daily* work
 - 2022 DOR Culture Survey
- Listening Tours
- Growth Mindset:
 - Mentor Program
 - Book Club
 - Self-paced and instructor lead curriculum
- CDOR Leadership Program



Employee Engagement: Career Growth and Staffing

- Classification Study
 - Career Mapping - career path based on goals
- Career Coaching Toolkit
- Succession Planning
- Retention and Referral Pay
- Dedicated Onboarding/Offboarding Specialist

Cannabis Cabinet WIGs

1. **WIG: Help Regulated Marijuana Businesses (RMB) that are designated as Social Equity Licensees (SEL) become operational, with at least 50% of SEL who have been licensed for at least 60 days demonstrating business operations or transactions by June 30, 2023.**
 - a. As of October 24, 2022 - MED is at 12.5%. MED updates this data quarterly.

2. **Lead Measures:**
 - a. Host at least two networking and resource fairs geared towards social equity applicants and licensees, in collaboration with other state and local agencies, by June 30, 2023.
 - b. Develop, launch and host at least two technical assistance clinics for social equity applicants and licensees by June 30, 2023.
 - c. Create at least four compliance tools, such as webinars, industry bulletins, guidance documents, or compliance tips, on topics to assist prospective and current social equity licensees throughout the life cycle of hosting a business license by June 30, 2023.
 - d. Launch a quarterly newsletter with a dedicated section to support social equity licensees, sending at least four newsletters by June 30, 2023.

More information

To view monthly updates on Wildly Important Goals and corresponding lead measures, please visit the [Governor's Dashboard](#).

For more information on additional DOR goals, view our FY 2022-23 Performance Plan at: <https://operations.colorado.gov/performance-management/department-performance-plans/revenue>

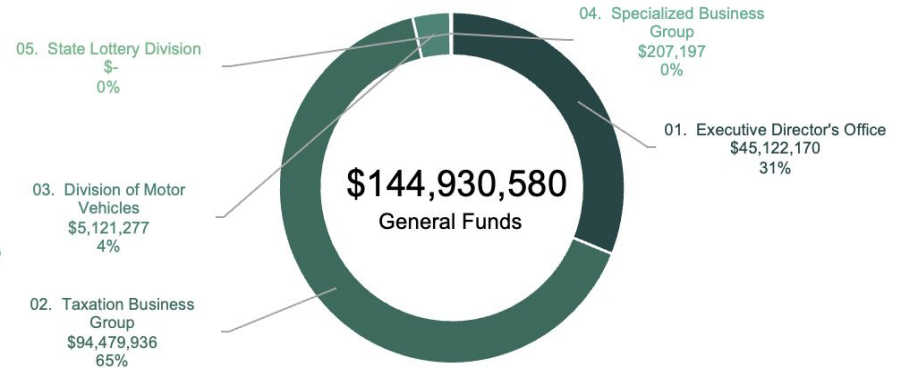
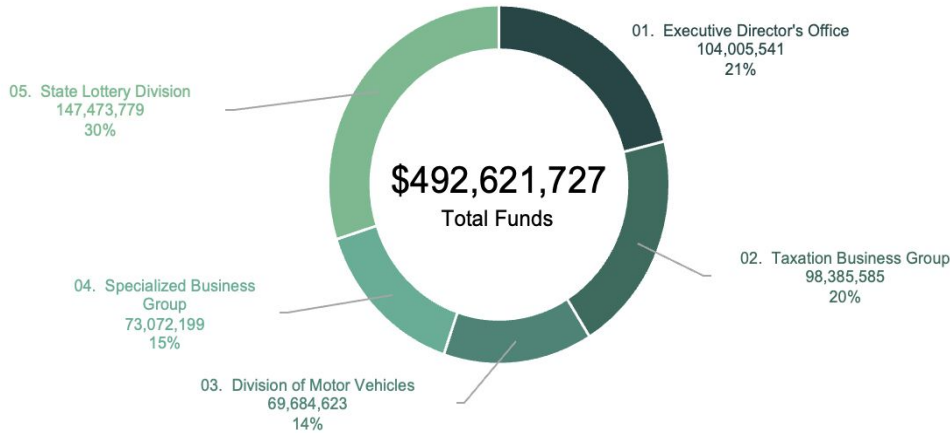
Performance Management Approach

- The performance plan is a **living document** to set objectives and measure progress throughout the year.
- **WIG Development** - Created through a series of interactive stakeholder sessions with all members of the Executive Management Team, program managers and division staff to incorporate all aspects of the work of the Department and its four divisions.
 - Focus on data to develop metrics based on customers usage and feedback from service transformation initiatives.
- Implemented **Quarterly Performance Reviews** - our Leadership Committee present status updates with data and narratives to ensure focus and drive progress to achieving our WIGS.
 - Goals are tracked monthly and reported to the Governor's Office quarterly
- **Values Based Department** - Shifts behaviors to build culture and employee engagement.

Department of Revenue FY 2023-24 Budget Request

Budget Snapshot

Total Funds: \$492.6M | General Fund: \$144.9M | FTE: 1,701.7



Department of Revenue FY 2023-24 Budget Requests

Department of Revenue's FY 2023-24 Budget Request includes the following:

- R-01: Taxation Call Center
- R-02: Lottery Modernization of Sales Equipment
- R-03/SA-01: Racing Compliance Requirements
- R-04: DRIVES and GenTax Operational Realignment
- R-05: GenTax Fuel Tracking System Reduction
- R-06: Marijuana Enforcement Division Cash Fund Solvency
- BA-01: Taxation Prop FF

Long Bill Appropriation by Fund Type

FY 2022-23:

Total DOR:

FTE = 1,661.1

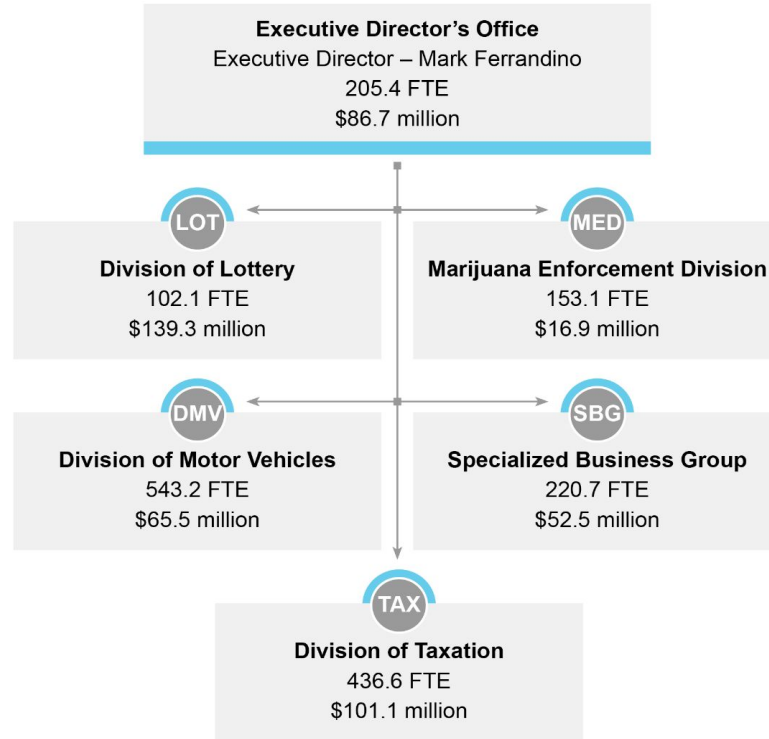
Total Funds = \$462.1 million

General Fund = \$138.6 million

Cash Funds = \$313.8 million

Re-appropriated funds = \$8.5 million

Federal Funds = \$1.2 million



Legislative Agenda

- **Tax:** Modernize collection of local government sales & use tax
- **Tax:** Model federal adjustment reporting
- **AID:** Consumer protection when purchasing from out-of-state dealers
- **MED:** Clarify MED authority to issue license fee refunds
- **MED:** Authorize the MED to embargo regulated marijuana that poses a risk to public health & safety

Regulatory Agenda Available [Here](#)

RULEMAKING PRINCIPLES

- **DEFENSIBLE**
Rules grounded in statute.
- **TRANSPARENT**
Clearly articulate expectations.
- **SYSTEMATIC**
Leverage technology and apply consistently.
- **COLLABORATIVE**
Work with Stakeholders.
- **OPERABLE**
Consistent with business practices and least restrictive while still protecting the public.

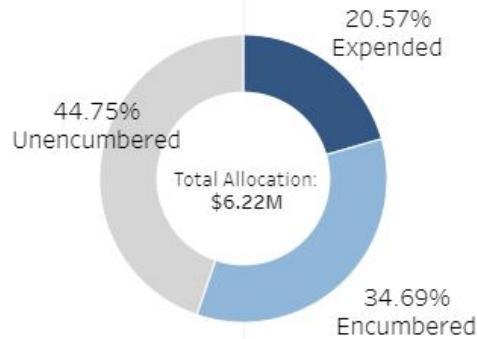
Stimulus Funding Implementation

Overall Spending Status - DOR

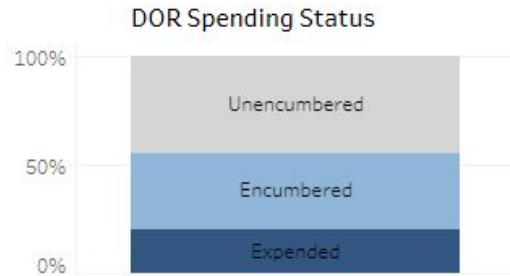
ARPA State & Local Fiscal Recovery Funds (SLFRF)

ARPA Direct to Agency Awards (DAA)

State Stimulus



Stimulus Funding Implementation



Major Program Group	Project Name	Spend by	Allocation	Amount Expended	Amount Encumbered	Percent Expended + Encumbered
Capacity to Serve Coloradans	Consulting Services	12/2023	\$0.42M	\$0.00M	\$0.08M	19.6%
	DMV Programming Backlog Reduction	06/2024	\$2.52M	\$0.32M	\$1.35M	66.2%
	Mobile Drivers License System	08/2024	\$2.25M	\$0.80M	\$0.73M	67.8%
	Taxation Division Customer Service Enhancement	06/2024	\$1.04M	\$0.16M	\$0.00M	15.7%

Stimulus Funding Implementation



DOR has accomplished the following milestones:

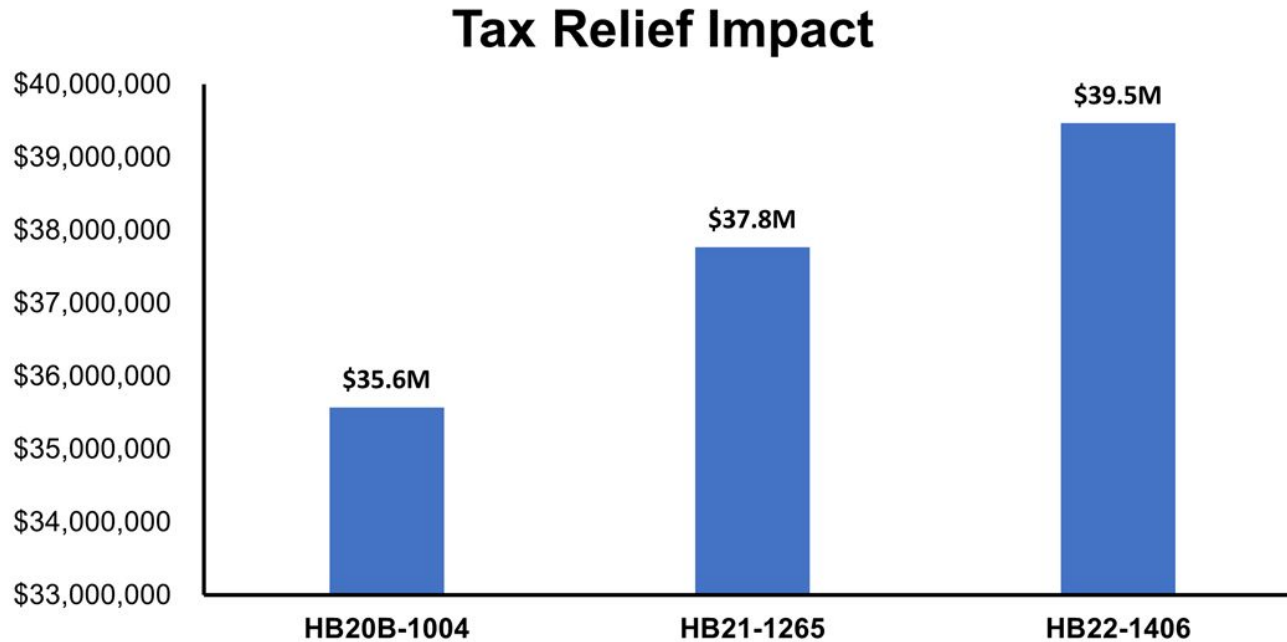
- **Consulting Services:** Launched contract with vendor to analyze liquor, beer, and special event codes and business practices
- **DMV Programming Backlog Reduction:** Implemented plans to fill OIT positions by Dec 2022
- **Mobile Drivers License System:** Fully staffed DMV positions by Aug 2022
- **Taxation Division Customer Service Enhancement:** Additional positions increase calls answered by 17%

Specific Updates Required by Statute: HB22-1406

HB22-1406 extended a provision of state statute enacted previously by HB20B-1004 and HB21-1265. Each bill provided temporary relief to certain retailers impacted by the pandemic by allowing them to retain a portion of the state sales tax they collected. The deduction was allowed for 10 specified months between November 2020 and September 2022.

- The total relief provided to retailers through this combined legislation is approximately \$112.8 million. Monthly details are available in this [report](#) and a summary chart is provided on the next slide.

Specific Updates Required by Statute: HB22-1406 cont'd



Source: Colorado Department of Revenue's State Retail Sales Tax Returns

Specific Updates Required by Statute: HB22-1406 cont'd

- Potentially non-qualified distributions were identified and provided by Collegenvest and returns flagged are reviewed.
- If a review of the return and the submitted documentation results in uncertainty, inquiry letters are sent out to the impacted taxpayers to request more information and make a determination.
- Accounts are billed based on the response to the inquiry letters.

Tax Year	Number of Accounts Selected for Risk Based Analysis	Inquiry Letters Mailed	Bills Issued
2017	1,023	627	429
2018	2,269	806*	320*

* YTD as of 12/20/2022

Source: Department of Revenue Discovery Section workload statistics

Please Visit DOR's Website:

cdor.colorado.gov

Follow DOR on social media:



@CO_Revenue



ColoradoRevenue