

# Department of Revenue SMART Act Hearing

Joint Finance Committee  
January 10, 2025



**COLORADO**  
Department of Revenue



## Executive Summary

### Department Scope

Overseeing \$536.4M budget with 1,780.9 FTE across 5 divisions

### Key Achievements

Record Lottery revenue, enhanced digital services, expanded language access

### Strategic Focus

Customer service excellence, accessibility, and sustainable growth

## Today's Agenda

- 1. Organizational Overview**  
Mission, structure, and critical functions
- 2. Strategic Goals Progress**  
WIGs tracking and performance metrics
- 3. Divisional Updates**  
Key initiatives and achievements
- 4. Budget and Legislative Agenda**  
FY 2025-26 priorities and funding requests

# Mission, Vision and Values

## Mission

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

## Vision

To empower businesses and individuals through quality customer service, innovation, and collaboration.

## Values

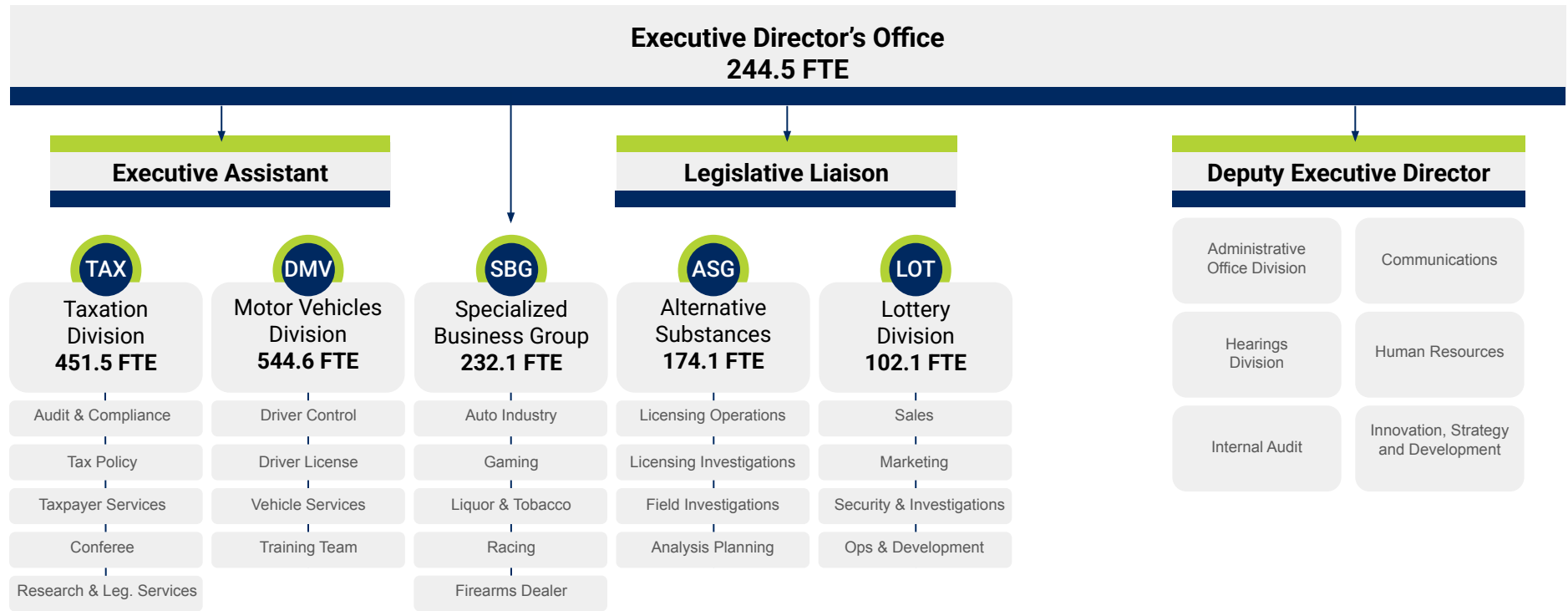
- Service
- Teamwork
- Accountability
- Integrity
- Respect



# DOR's Critical Functions

- Tax oversight and administration
- Regulation of Driver's License & Motor Vehicles
- Specialized business regulation including auto industry, gaming, liquor and tobacco, firearm dealers and horse racing
- Alternative Substances Regulation
  - Marijuana Enforcement Division
  - Natural Medicine Regulation and Enforcement
- Colorado Lottery generates revenue for outdoor recreation, outdoor equity, conservation and schools across Colorado

# DOR Organizational Chart - Divisions



# 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 in cooperation with the Governor's Office to incorporate all aspects of the work of the Department and its divisions.
- **WIG metrics** are tracked monthly and reported to the Governor's Office monthly.

The DOR Performance Plan can be found at:

<https://operations.colorado.gov/performance-management/department-performance-plans/revenue>

# DOR WIGs Reporting and Performance Plan

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 2024-25 Performance Plan at: <https://operations.colorado.gov/performance-management/department-performance-plans/revenue>

# DOR FY 2024-25 Wildly Important Goals (WIGs)



## **WIG #1**

Online Service Quality



## **WIG #2**

Increase Access



## **WIG #3**

Increase the Keep Colorado Wild Pass Opt-in Rate



# WIG #1

## Online Service Quality

# WIG One Metrics and Success

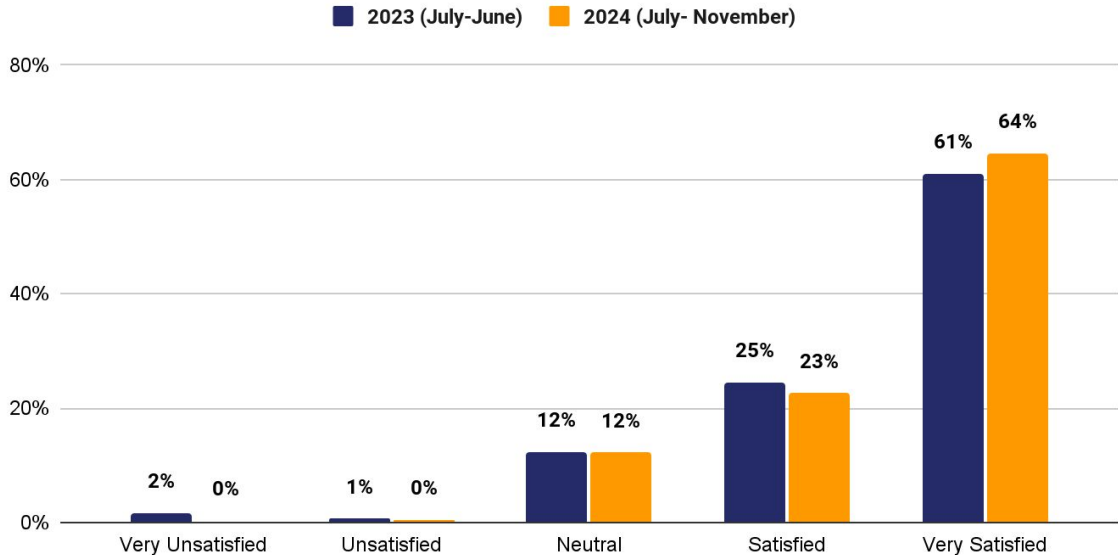
## WIG #1:

Increase customer satisfaction rate for Marijuana Enforcement Division and Specialized Business Group online licensee applications from 85% to 90% by June 30, 2025.

- Overall customer satisfaction with online application
- Only those who select satisfied or very satisfied are counted as “satisfied”
- FY24-25 Goal: 90%
  - Plan: Implement some of the user-suggested items (see next slide)

## Overall Rating of Customer Satisfaction with Online Application

FY2023 vs FY2024 Year-to-Date



# WIG One Metrics and Success (SBG & MED)

## WIG #1 - Lead Measure: Regulatory Divisions Self-Service

### Self-Service (Online-only) Applications:

- MED 2024 year-to-date: 60.0%, up from 49.8% in 2023
- SBG 2024 year-to-date: 58.4%, up from 51.1% in 2023

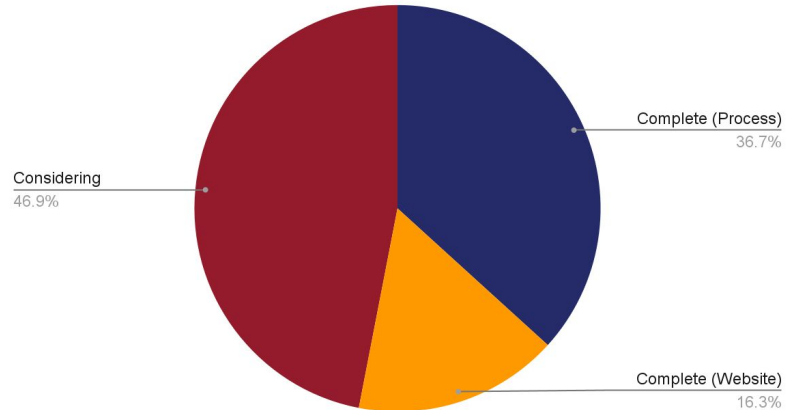
### Capturing User Feedback. For July through November:

- 100% of feedback captured/considered. Goal: 100%
- 179 pieces of feedback received
  - 72% was not actionable (e.g. “costs are too high,” “I can’t locate my downloaded file,” etc.)

### Incorporating Actionable Feedback into System. For July through November:

- Goal: 50%. Year-to-Date: 53.0%
  - 26 modifications made based on user feedback
- In addition, 23 suggestions under consideration / pending implementation

### 2024 Actionable User Feedback



# WIG #2

## Increase Access

# WIG Two Metrics and Success

## WIG #2:

Provide real-time translation services to 3,000 taxpayer customers in FY24-25 (vs. 1,395 in FY23-24).

- Coloradans who speak a language other than English will be able to successfully obtain information needed to be voluntarily compliant with tax laws
- 3000 Coloradans will engage with the Department in a language other than English
  - 2337 calls translated through November
- Post real-time translation services on social media and Department website with a goal of 6,000 impressions by June 30, 2025
  - 635 impressions through October
- Promote real-time translation by installing signage at walk-in services centers
  - 100% complete
- Expand real-time translation services to all tax call centers
  - 100% complete



# WIG #3

Keep Colorado Wild Pass  
Opt-In Rate

# WIG Three Metrics and Success

## WIG #3:

Increase the percentage of vehicle registration renewals that opt-into the Keep Colorado Wild pass from 27% to 29% by June 30, 2025.



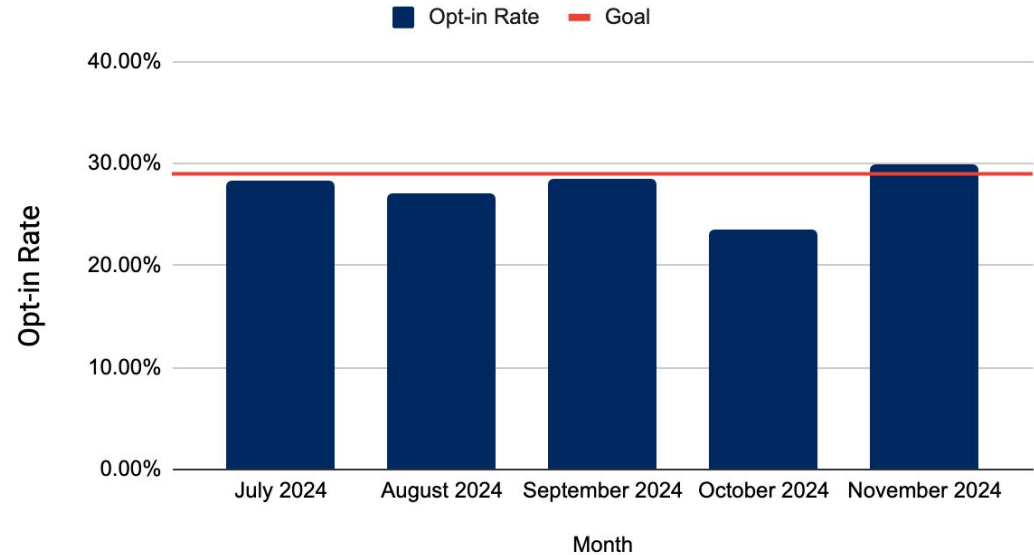
Online renewal opt-ins

Kiosk renewal opt-ins

Lead Measures:

- DMV and DNR Partnership
- County Clerk Engagement
- DMV and Lottery: Social Media Efforts
- DMV and Lottery: Website & Marketing

## FY25 Keep Colorado Wild Pass Opt-in Rate and Goal



# *Legislated Program Development & Implementation*



# Firearms Dealer Program Implementation

## HB 24-1353 Implementation Progress



### Collaborative Rulemaking

Extensive stakeholder engagement through working groups and 20+ site visits to understand diverse business models and operational needs.



### Strategic Implementation

Leveraging experienced regulatory staff and phased approach to ensure efficient use of resources while maintaining strong oversight.



### Program Development

Completed licensing system design, training program development, and essential operational frameworks ahead of implementation timeline.



### On Track for 2025

All critical milestones met for February 2025 implementation, including rules development, systems integration, and operational readiness.



**COLORADO**  
Department of Revenue

Specialized Business Group—  
Firearms Dealer Division

# Natural Medicine Division (NMD): Prop. 122 & SB23-190 Implementation Progress



## Public Engagement

**11**

Listening Sessions completed



## Rulemaking Progress

**8**

Public Rulemaking Sessions



## Implementation Timeline

**Dec. 31, 2024**

License Application Opened



## Program Development

**100%**

Final Rules Adopted

# Digital Accessibility Implementation

## HB 21-1110 Implementation Progress



### Monthly Web Traffic

Extensive stakeholder engagement through working groups and dozens of site visits to understand diverse business models and operational needs.



### Program Development

Completed licensing system design, training program development, and essential operational frameworks ahead of implementation timeline.



### Web Content Accessibility Guidelines (WCAG) Standards

A & AA Compliance Achieved.



### Independent Review

95% of DORs websites have been manually reviewed by the Blind Institute for Accessibility.

# *FY25 Department Highlights*

# Taxation Division: Funding Colorado's Priorities

Collecting critical revenue to fund essential government services



Revenue Collection

**\$20.4 Billion**

Total Revenue Generated



Processing Volume

**49.9 Million**

Sales Tax Filings



Growth Rate

**5.8%**

Return Volume Increase



System Modernization

**14**

2024 Tax Credits Implemented

# Division of Motor Vehicles (DMV): Strategic Service

## Enhanced Customer Service

### Three Year Strategic Plan

#### Customer Outreach



**mDL**

Digital ID  
Launch

#### Website Improvements



**97.2%**

Customer  
Satisfaction

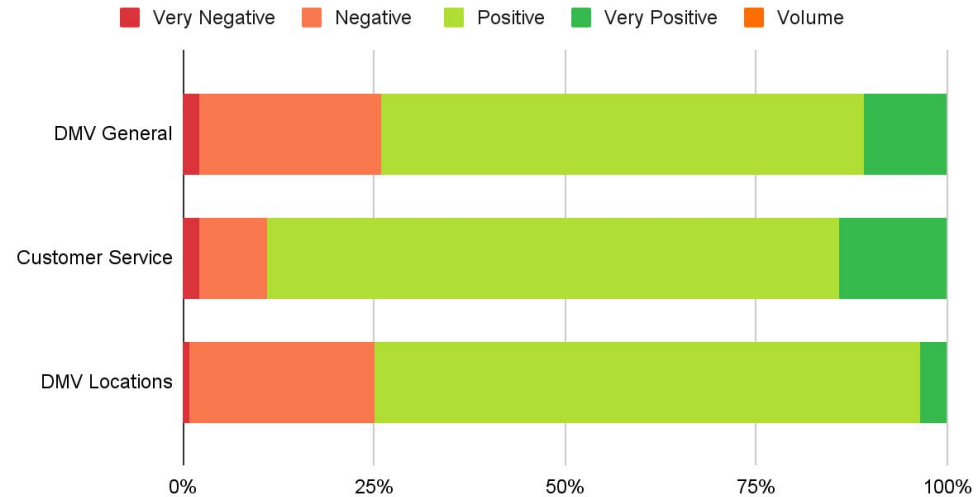
#### Process Automation



**100%**

Online Services  
Availability

### Customer Feedback Analytics



# Colorado Lottery: Investing in Our State

## Lottery Impacts



### Total Contribution

**\$4.3 Billion**

Given Back Since 1983



### Responsible Gaming

**Level Four**

Colorado is among just 10 lotteries in the country that have reached the highest level, Level 4, certification for Responsible Gaming from the World Lottery Association (WLA).



### FY24 Revenue

**\$196 Million**

For Conservation & Recreation. This has included the Hanging Lake Trail Restoration after the Grizzly Fire and funds the Outdoor Equity Grant Program fully.



### Player Protection

**100%**

Age Verification at Kiosks

## Notable Lottery Funded Projects

**Peaks to Plains Trail** **\$15.0M**

Jefferson County

65-mile trail connecting Denver to Continental Divide

**Mt. Tom Conservation** **\$9.6M**

Jefferson County

2,000 acres connecting to 20,000 acres of protected land

**Highline Canal** **\$8.8M**

Adams County

Major infrastructure and recreation project

**Heart of Heil Valley** **\$1.5M**

Boulder County

586 acres added to Heil Valley Ranch open space

# *FY25 Department Operational Updates*



# Department Audit Response & Progress

## Commitment to Continuous Improvement

### 40 of 40

Audit Recommendations Implemented from July 2018 through June 2023



#### Completed

- All prior statewide audit recommendations
- Financial audit implementations
- IT audit recommendations



#### In Progress

- Regular monitoring procedures
- Process improvements



#### Upcoming

- Oil and Gas Reporting Audit
- Fall 2025 timeline
- Proactive preparations

**Next Steps:** Continuing proactive monitoring and implementation of best practices across all divisions

# Employees and Equity, Diversity and Inclusion

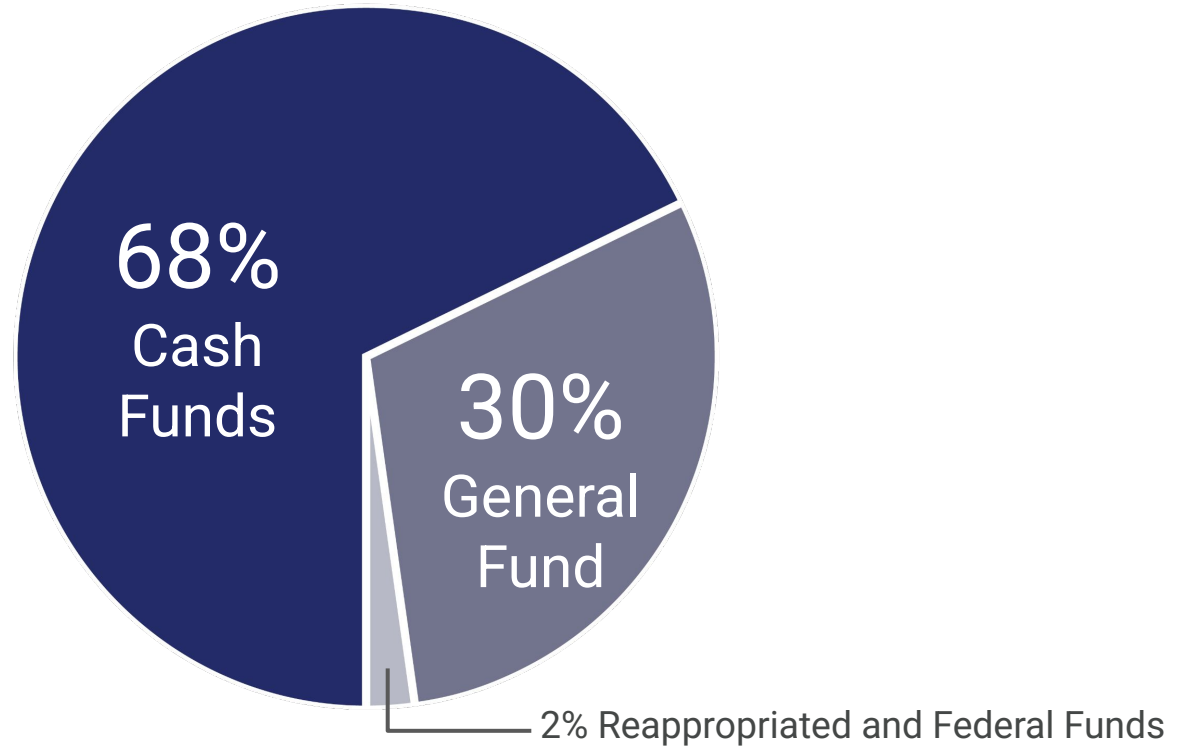
A broad DOR strategic plan has been developed with these focus areas:

- [Employee Engagement/Feedback](#)
  - DPA Survey to guide divisional action plans
- [Staffing/Retention](#)
  - Skills Based Hiring
- [Community Engagement](#)
  - Job fairs, listening sessions
- [Accessibility and Accountability](#)
- [Training/Awareness Communication](#)

# *FY25 Department Budget and Legislative Agenda*

# Department of Revenue Funding - FY 2024-25

Total Funds: \$528.1 million • General Fund: \$158.3 million • FTE: 1,748.9



# FY 2025-26 Decision Items

<b>R-01</b>	Tax – IRS Direct File	\$627k GF with 2.0 FTE
<b>R-02</b>	Tax – Auditor FTE	\$1.1M with 10.0 FTE
<b>R-03</b>	Lottery Optimization	\$14.8M CF with 17.0 FTE
<b>R-04</b>	DMV Efficiency Consolidation	\$0
<b>R-05</b>	GF Reductions	(\$586k) GF (Increases CF by the same amount)
<b>R-06</b>	DMV – Restructure License Plate Cash Fund Revenue	(\$13.5M) and shifts it to Colorado Correctional Industries in DOC

# FY 2025-26 IT Capital Requests

<b>ITCC-01</b>	Continuation Funding: MED Seed to Sale Inventory Tracking System	\$3.1M (\$1M appropriated in FY25; \$3.1M for FY26)
----------------	--	---

# Legislative Agenda



- Peace Officer Status for Certain DOR Employees
- Updating and clarifying the Regulated Marijuana Code to Support Efficient Licensing and Regulation of Medical and Retail Marijuana Businesses
- DNM Clean-up
- DMV Statutory Clean-up
- Repeal Downloadable Software Sales Tax Exemption
- Repeal Interstate Phone Services Sales Tax Exemption
- Converting the Property Tax, Rent and heat Rebate to a tax credit

# Regulatory Agenda

## Rulemaking Activities 2024-2025 Summary

- 150+ planned rules for review/modification in 2025
- 9 active divisions with rulemaking authority
- Major focus areas: Tax, Licensing, Compliance

## Notable Highlights

- New Natural Medicine Division established with comprehensive rulemaking framework
- Major Marijuana Enforcement Division updates focused on testing/safety
- Significant tax rule modernization effort across multiple areas
- Enhanced electronic filing requirements being implemented

## Key Division Activities

- Taxation: Extensive updates to electronic filing, fee structures, and tax credit implementation
- DMV: Updates to licensing procedures and electronic notification systems
- Natural Medicine: New comprehensive regulatory framework development
- MED: Enhanced safety and testing protocols, facility requirements updates
- Gaming: Regular review and updates of gaming procedures



# Specific Updates Required by Statute: 529 Plan Tax Compliance

## Background

- 529 plans provide tax benefits for saving and paying for education expenses
- Contributions are state tax deductible; investment growth is federal tax-free
- But distributions can be taxable if not used for qualified education expenses

## Key Legislation

- HB21-1311 (2021): Directed Dept. of Revenue to examine 2017-2020 tax returns for non qualified distributions from CollegenInvest 529 accounts
- HB22-1406 (2022): Mandates annual review of a risk-based sample of CollegenInvest 529 distributions to identify taxable amounts

Tax Year	Number of Accounts Selected for Risk Based Analysis	Inquiry Letters Mailed	Bills Issued
2017	1,023	627	429
2018	2,269	1,037	834
2019	1,785	1,038	845
2020	1,825	1,083	822

**Source:** Department of Revenue Discovery Section workload statistics

## Purpose

- Identify and collect previously-deducted funds and tax-free investment gains when 529 funds are not used for eligible education expenses

## Expected Benefits

- Maintain compliance & tax fairness
- Recover lost state tax revenue
- Fund vital public services

# Specific Updates Required by Statute: Electronic Vehicle Title & Registration

## Program to allow auto dealers to electronically title & register vehicles

- Reporting required by HB 24-1089
- Functional since November 2022
- Monthly transactions have doubled in past 12 months

## Building on Success

- Right-Sized Staffing to Support Demand
- HB24-1089 Lease Functionality: On Time & On Budget

## Enhancing Collaboration with Partners

- Contract Enhancements
- Improved communication with third-party providers
- Improved Processes



3

Vendors

393

Businesses

64

Counties

172,055

Customers Served

# Thank you

**Please Visit DOR's Website:**

[cdor.colorado.gov](https://cdor.colorado.gov)

**Follow DOR on social media:**



**@CO\_Revenue**



**Colorado Revenue**