

Department of Revenue Systems Update

Joint Technology Committee
June 15, 2022



COLORADO
Department of Revenue



Agenda

- Overview
- Staffing Update
- DRIVES Upgrade Strategy
- Large System Support
- GenTax
 - SUTS Update
- MLO
- Metrc

Overview

- DOR system strategy focused on addressing short term needs and long term goals
- Staffing for the future
- Multi-year road mapping exercises
- Intake process to help provide visibility to efforts that require shared resources
- Focus on data management strategy for DOR active POC underway

System Support Staffing Summary

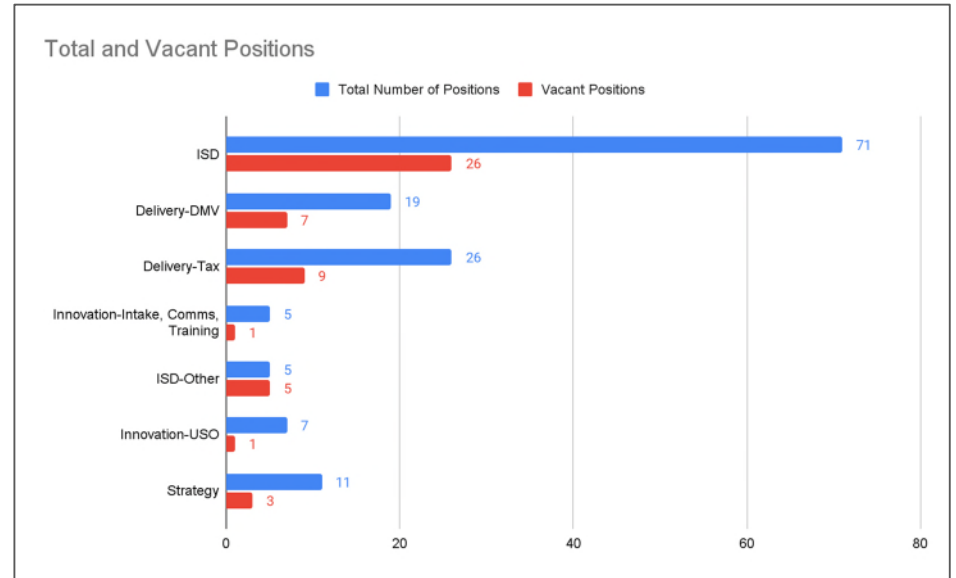
- Hiring and Recruitment Support
- Training part of the plan
- Big focus on creating a deliberate onboarding experience in a remote environment
- Lots of career opportunities

	ISD GenTax	ISD DRIVES	ISD Strategy	OIT
October				
November		3		
December	1	2		4
January		1	1	1
Feb	4	5		
March				
April				
May	1	1		1
Total	6	12	1	6

System Support Staffing Summary

Staffing does have challenges

- Low application rate
- High quantity of candidates who do not meet minimum qualifications driving reposting cycles
- A majority of positions filled in the last 9 months have been promotional opportunities resulting in leaving a vacated position on the team that requires backfilling.



DRIVES

- DRIVES: Net reduction of overall backlog by 120 SQRs in last 8 months (Oct. 21 - Jun. 22)
 - 768 total opened
 - 888 total closed
- FY22 Legislation:
 - Electronic Renewals by Seniors
 - Military Motor Vehicles
 - License Plate Change of Ownership
 - DOR Actions on Documents
 - Misdemeanor Reform
 - Disability Symbol
 - Third-Party Titles and Registration
 - Transportation System
 - Electric Vehicle License Plate
 - Seven additional new license plates
 - Protecting PII
 - Sustainability of the
- FY22 Projects:
 - At Home Testing
 - Customer Upload of Citation Data
 - Online Citation
 - Payments

Two DRIVES Service Packs

DRIVES

Decision made to defer DRIVES Upgrade to post-2024 election cycle

Key Considerations:

- Upcoming workload for legislative, stakeholder, maintenance and upgrade requests
- Risk tolerances, stakeholder needs, staffing conditions

What We Gain

Time to Staff
Appropriately & Enhance
Upgrade Messaging

Reinvigorated Focus on
Stakeholder Needs

Analysis & Completion of
Backlog Requests

Manageable Negative Impacts

Upgrade must be a
priority at the next
plausible window

DRIVES

JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
VSS: Credit Cards				DC: Alcohol Monitoring			2022 Legislation				
VSS: Road Safety Surcharge Reduction											
VSS: Autocycle/Motorcycle											
VSS: HB18-1299 aka SB21-076 3rd Party Transactions (TPT) (Phase II)											
VSS: SB21-249 Keep Colorado Wild											
VSS: SMM											
VSS: Taxes/Fees Late Registration											
VSS: License Plates											
VSS: HB22-1339 - Merge DOR DMV Cash Fund											
SB22-217 - Programs That Benefit Persons With Disabilities											
HB22-1388 - Vehicle Registration And Certificate Of Title											
SB22-204 - Repeal Federal Government Confirm Status For Identification Documents											
DL & DC: Mobile Driver License Phase I				ALL: Recurring Fee Updates (January)							
ALL: Channel Utilization (Dev resumes in July/August)											2023 Legislation
ALL: Backlog Draw-Down											
DL: Incarcerated Felon Flag SQR 21112											
DRIVES Service Pack							DRIVES Service Pack				

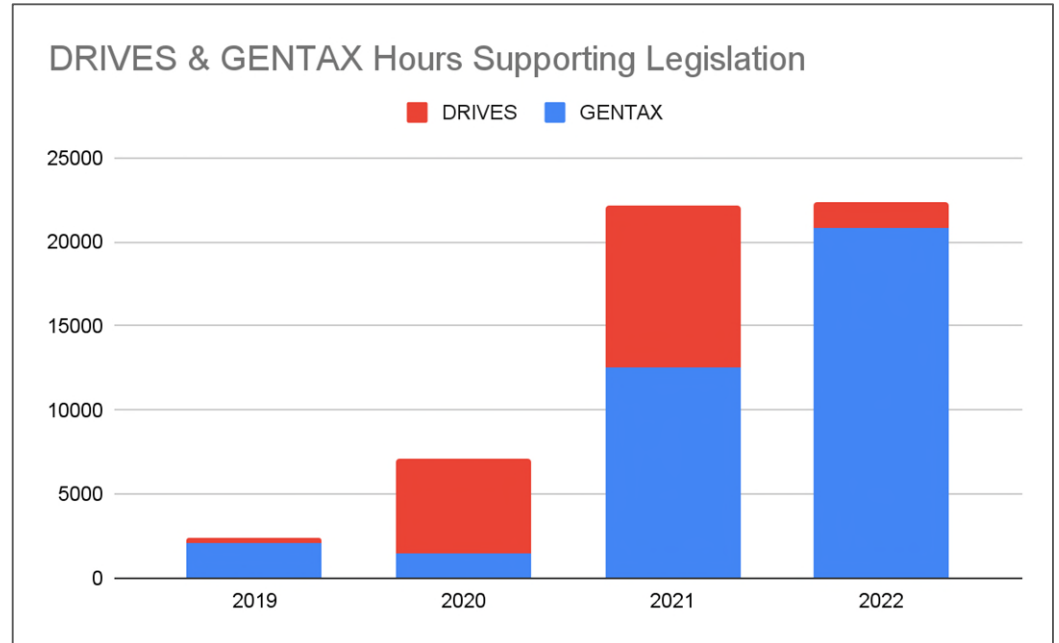
- Estimate upgrade work will likely begin 1st half of FY 2024-25 start
 - Will focus on communications and stakeholder readiness exercises
 - Monitoring interim releases to inform upgrade strategy and maximize impact
- FY 2021-22 legislative requests quickly becoming primary focus, after major June 26 release



Legislative Support

Over the past several years, we have had a high volume of system enhancements to support legislation.

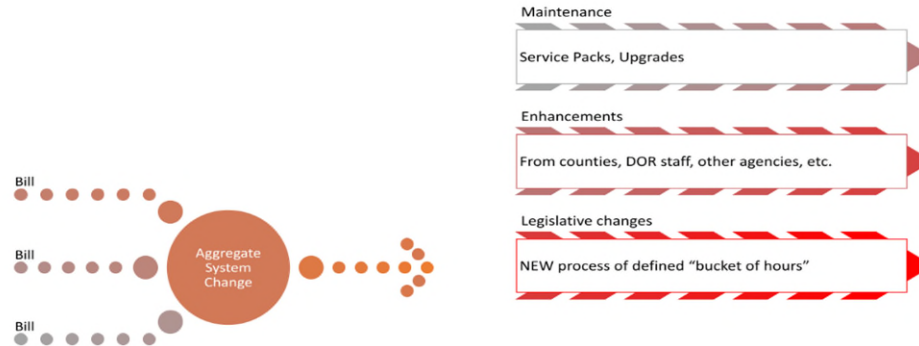
Our current staffing level has been enough to achieve a majority of the legislative goals but has not been able to keep pace with the system maintenance or get back to the technical debt because of demands on both the DMV and TAX teams.



Pending 2019 tax summary

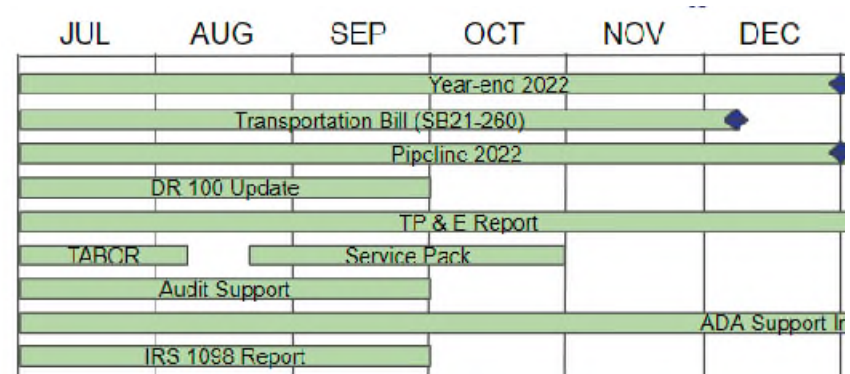
Large System Funding Model

- FTE requests in fiscal notes to hire incremental programmers to make legislative changes to the systems.
- Hours should be used as the “currency” for the fiscal note rather than dollars to consume the legislative allocation of time the teams have available to support legislative needs.
- Having “legislative change” resources year-round ensures they are available and productive with minimal training.



GenTax

- GenTax: Total System Request for FY22
 - 1622 total opened
 - 1699 total closed
- Major Legislation:
 - Fuels Legislation: Modified how we track and collect taxes relating to all fuel sold in the State, eliminating a vendor.
 - Transportation Bill: Implements new T&C for rental cars, fees for delivery services, and a new tax for ride-share companies.
 - Cryptocurrency: In partnership with SIPA, allow DOR to accept certain cryptocurrency to pay tax liabilities.
 - TABOR: Provides a tax refund for qualified citizens in the state.



Sales & Use Tax System (SUTS)

- Almost \$100,000,000 remitted through SUTS through May 31, 2022 ([Dashboard](#) link)
 - \$46.2M to Home-Rules, \$52.9M State tax
- 56 cities have signed the SUTS agreement, and 53 of those cities are live in the system.
 - Boulder is live in the system and working on custom integration with GovOS.
 - Louisville is scheduled to go live on July 1, 2022.
 - Aurora has identified an issue that needs to be resolved before going live.
 - Lakewood is working on integration with GovOS.
- Third-party integration update
 - Third-party bulk filing is available in SUTS. GovOS is willing to work with companies should they need assistance utilizing the functionality.
 - Shopping cart integration.
 - A WooCommerce plug-in was developed and made available via an open source platform for anyone to use for free.
 - WooCommerce and Shopify have contracted with Avalara (TTR) to integrate the sales tax data into their first party shopping carts. These two platforms account for around 45% of the ecommerce market share.

SUTS update (cont.)

- Governance committee
 - Executive Committee meets quarterly to review and prioritize work within the existing appropriation
 - Q & A with the members
- Programming cost for Retail Delivery Fee has changed significantly.

MyLicense Office (MLO)

MyLicense Office (MLO) is the licensing database and records management system of record for the Specialized Business Group (SBG). The Marijuana Enforcement Division (MED) also currently utilizes MLO as its Case Management System, which catalogs all regulatory and criminal investigations. MLO has served as MED's licensing database since the organization was initially formed as the Medical Marijuana Enforcement Division (MMED) in 2010. At the time, the system was in use by the Division of Gaming. The MLO contract ends June 30, 2026 and will require a competitive solicitation.

- The total amount to implement a new system is estimated to be a one-time cost of approximately \$10 million, with an annual renewal fee between \$350,000 and \$850,000.
- The project would include: funding discussions, solicitation, contract, analysis and software requirements, design, development and testing preparation, training, communication and documentation, and cutover.
- From September 2021 through May 31, 2022, MED and SBG have received 16,859 applications online. This represents 55% of all the applications submitted (30,602 total apps).

METRC: State Marijuana Inventory Tracking System

Overview

- Provides MED the ability to identify and account for marijuana from “seed-to-sale” through a web-based interface coupled with radio frequency identification (RFID) technology. Required to be used by all licensees.
- Data is catalogued per licensee by subject matter, e.g. plants, testing and sales, which gives state regulators significant data, and allows for sophisticated data analysis.
- Analytic tools and reporting functionality for on-the-spot analysis to assist in various regulatory capacities.

Updates

- New inventory tracking functionality implemented pursuant to [HB21-1317](#). Requirements include real-time tracking of patient sales.
- December 2021 - MED Issued [Industry-Wide Bulletin](#) on required Metrc updates.

Questions