

DEPARTMENT OF TREASURY
FY 2025-26 JOINT BUDGET COMMITTEE HEARING AGENDA

Thursday, November 21, 2024

1:30 pm – 2:30 pm

1:30-1:40 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Colorado State Treasurer Dave Young

1:40-1:45 COMMON QUESTIONS

The Department of Treasury received tentative “Common Questions” on Tuesday 11/19/24 and will provide written responses by 12/20/24, as determined by the Department’s JBC analyst.

Main Presenters:

- Colorado State Treasurer Dave Young

Topics:

- R-06 - Deferred Property Tax Program: Pages 3-5, Questions 1-4 in the packet, Slides 7-10
- R-03 - CSSP Program Overview: Pages 5-6, Question 5 in the packet, Slide 11
- R-07 - Colorado Household Financial Recovery Pilot Program: Page 6, Questions 6-7 in the packet, Slide 12
- General Fund Relief Option - Property Tax Reimbursement Destroyed by Natural Cause: Pages 6-7, Questions 8-9 in the packet, Slide 13

1:45-2:05 DEFERRED PROPERTY TAX PROGRAM

Main Presenters:

- Colorado State Treasurer Dave Young

Topics:

- Program Overview: Pages 3-4, Questions 1-3 in the packet, Slides 7-9
- CoreLogic Contract: Pages 4-5, Question 4 in the packet, Slide 10

2:05-2:15 CSSP/CDLE ENFORCEMENT

Main Presenters:

- Colorado State Treasurer Dave Young

Topics:

- Program Overview: Pages 5-6, Question 5 in the packet, Slide 11

2:15-2:20 COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM

Main Presenters:

- Colorado State Treasurer Dave Young

Topics:

- Program Overview: Page 6, Questions 6-7 in the packet, Slide 12

2:20-2:25 GENERAL FUND RELIEF OPTION: PROPERTY DESTROYED BY NATURAL CAUSE

Main Presenters:

- Colorado State Treasurer Dave Young

Topics:

- Program Overview: Pages 6-7, Questions 8-9 in the packet, Slide 13

DEPARTMENT OF TREASURY
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COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

(Common questions are still being finalized. Andrew will inform JBC Staff once the Committee has decided on the common questions.)

The Colorado Department of the Treasury (the Department) is the constitutional custodian of the public's funds. It is the Treasury's duty to manage and account for tax dollars from the time they are received until the time they are disbursed.

The Department plays a unique and critical role in state operations. A team of just 36 employees provides banking services for state funds; finances important state infrastructure projects; manages a state investment portfolio worth \$19 billion; and administers several public-facing programs that improve the financial wellbeing of Coloradans. Each year, staff process hundreds of thousands of transactions and deposit billions of dollars that powers the work of state and local agencies. The other 24 employees of the Treasury manage Colorado's unclaimed property trust fund—exceeding \$1 billion—and continue to return more lost assets to their rightful owners year over year.

Given this scope, the FY 25-26 budget request includes crucial staffing and technology resources that ensure the Department can faithfully execute its statutory mission and legislative obligations. Many of the functions of the Treasury require highly-specialized knowledge and skills that cannot be easily found nor replaced. Said succinctly, the state depends on the Treasury staff's success.

The Department appreciates the support from the Joint Budget Committee and General Assembly over the last several years and hopes to continue our partnership during the upcoming fiscal year. We are pleased to share answers to your questions below. Should you have questions or further items for discussion, please email the Department's legislative liaison, Leah Marvin-Riley, at leah.marvin-riley@state.co.us.

R6 DEFERRED PROPERTY TAX PROGRAM & CORELOGIC

PROGRAM OVERVIEW

[Rep. Taggart] If the Deferred Property Tax program is for seniors on fixed income, how does this work? Are we kicking the can down the road and making it worse and worse? Please explain the logic of this program and how it helps seniors.

The Property Tax Deferral Program (DPT Program) is available to seniors, active military and tax growth applicants (those whose property taxes have increased by 4% over the last two years.) Currently, the majority of people enrolled in the program are seniors across the state. The Property Tax Deferral program allows those who qualify, including seniors, to defer their property taxes for any amount of time.

Simple interest is applied, based on the ten-year Treasury rate as of February 1 each year, which is currently 3.87%. Enrollees may repay their property taxes at this fixed rate and on a timeline that works for them. They can choose to pay back the simple-interest loan over time, or wait until their house has been sold or allow their estate to pay it off after they pass. This removes the burden of making a high cost, one-lump sum property tax payment, which would provide challenges to folks who are on a fixed income.

[*Sen. Bridges*] How many people are using this program? What type of funding support is needed for this program?

This past deferral year, there were 1,042 participants in the program. This represents 30 counties, doubling the participation from when the program was previously administered by individual counties.

The Department has the option of negotiating a contract extension with the third-party vendor, CoreLogic, on an annual basis through Fiscal Year 2032. In FY 24, the Department requested \$2,092,710 to cover all CoreLogic system expenses, and \$2,197,346 for FY 25. FY 25 included an incremental increase of \$108,971, pursuant to SB 24-233.

[*Sen. Kirkmeyer*] Can you talk about the legislation and history related to this program?

The Property Tax Deferral Program (DPT) has existed since 1984. It has historically been available for seniors and active military and was managed by County Treasurers and one staff member in the Office of the State Treasurer.

- **[SB 21-293](#)**: Property Tax Classification And Assessment Rates
 - Required Governor's office to study the feasibility of expanding the DPT Program.
- **Summer 2021** — Governor's office selected a vendor to do the study. CoreLogic performed an analysis and determined the program could be utilized by up to [35,000 people](#).
- **[SB 22-220](#)**: Property Tax Deferral Program
 - DPT Program was expanded to include all homeowners with a 4% increase in property tax rate over the past two years. The program is centralized by removing it from the County Treasurer's offices and into the Department of the Treasury. This bill included an appropriation for hiring a third party administrator and 1 FTE for a Program Director in Treasury.
- **Summer and Fall 2022** — RFP by Treasurer's office and DPA to hire a third party administrator. CoreLogic was selected to build the application system and website, run the call center, and manage marketing. Program director hired in Treasury.
- **January 2023** — DPT Program that includes seniors, military, and "tax growth cap" launched.
- **[HB23-1284](#)**: Modifications to the Property Tax Deferral Program
- **[HB23B-1008](#)**: Appropriation to Department of Treasury
 - Treasury received 1 FTE in Accounting to help manage the DPT Program.
- **[SB 24-233](#)**: Property Tax
 - The General Assembly expanded the state's property tax deferral program to allow homeowners of a primary residence to defer an increase in their property tax bill with any growth in that tax. Treasury received .5 FTE.

CORELOGIC CONTRACT

[*Sen. Amabile*] What is the Department's role in the CoreLogic contract? What exactly are we paying for in this contract?

- **What is the Department's role in the CoreLogic contract:**

The Deferred Property Tax Program Director in Treasury provides oversight and continuous monitoring of the third party administrator, CoreLogic. The Director oversees all improvements to the program and maintenance of the portal system collaboratively with CoreLogic.

The DPT team meets with the CoreLogic team weekly to discuss metrics, analytics, marketing, pending improvements, and any other feedback relevant to the success and growth of the program.

- **What exactly are we paying for in this contract:**

The CoreLogic contract includes an extensive scope of work. The contract not only includes the licensing fee of the custom platform designed for DPT, but also includes a fully staffed call center (13 staff members), a team of 5-6 engineers and coding specialists, a marketing specialist, product website manager, all fully dedicated specifically to the CoreLogic contract. The contract is inclusive of costs for the full CoreLogic team.

The contract also includes phone line expenses for the call center, a marketing budget, as well as continuous improvements to the platform and system itself.

The program utilizes a unique dual-sided platform: public-facing application for the DPT program and administrative back-end system. It is fully adaptable and continuously evolving through direct feedback to meet the State's and division's needs.

This updated system has replaced a completely manual process with an optimized automated process, where full management of this division only requires 2.5 FTE within the Department of Treasury. The automated process also helps with the collection of historic delinquent accounts by flagging these outstanding balances.

Additional tasks and improvements include:

- Enhancements to call center processes leverage an interactive voice response, text messaging answers/links and outbound call reminder messages
- Increased portal system access for county level staff to grant visibility for metrics and program utilization reporting, offers real-time analytics through an advanced platform (Mixpanel)
- A payment module which completely automizes a manual task previously estimated to take ~2-3 hours per application to complete.
- Implementation of real time E-recording of deferral certificates, replacing previous manual mail-in and tracking process
- In 2024, 2,780 calls came to CoreLogic — 85 % of the calls came in from January to April

R3 – COLORADO SECURESAVINGS PROGRAM ENFORCEMENT COMPLIANCE

[Rep. Taggart] If this was initially intended to be self-funded, what is the balance and the savings right now?

The current balance of assets under management totals over \$88M which includes nearly 65,000 individual funded accounts, with an estimated \$400M in assets and 125,000 individual accounts by the end of FY 2025-26.

The Colorado SecureSavings Program (CSSP) was officially launched in 2022, and is still expanding. CSSP is out-pacing comparable states in both total funds under management as well as number of total accounts, reaching benchmarks two years earlier than Illinois despite Illinois launching their program several years before Colorado and having double the population of Colorado.

The current fee structure for assets under management is 5.0 basis points. The [statute](#) includes a cap on the fees that the program can charge.

The Department estimates that CSSP will be self-funded by FY 2030-31 through conservative assumptions. This figure does not include any FY 2025-26 staffing or enforcement compliance funding requests.

In addition, once compliance enforcement is in place, the Department expects a material increase in the number of individual total funds and total funds under management.

R7 COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM

PROGRAM OVERVIEW

[Rep. Sirota] Can you speak to the legislative history of this program? Why is the Department requesting \$200,000?

[HB22-1359](#) created the Household Financial Recovery Pilot Program. The Program's purpose is to support Coloradans long-term economic recovery by incentivizing financial institutions to provide low-interest, small-dollar loans to those negatively impacted by the pandemic. The bill created a \$5.2 million fund as part of the Pilot Project.

The Program was established in the Colorado Department of the Treasury (Treasury). Beginning in Fiscal Year FY 22-23, the Program allocated 0.6 FTE to the Treasury, for workload increases in overseeing the Program, selecting administrators, establishing program policies, and overseeing the administrator's work. The Treasury hired a full-time program coordinator in June of 2023.

Per the terms of the contract, Impact Development Fund receives ongoing administrative support at a rate of \$50,000 per calendar quarter (\$200,000 per year). These costs are necessary to ensure adequate Program support including training of Program staff, coordination and training of partner organizations, and other critical Program components. The statute states that administrative costs will be paid out of the initial \$5.2 million fund, but the contract as it is currently written, allocates a separate \$200,000 annual payment. The Department is requesting these funds to ensure they can cover the administrative costs in the upcoming fiscal year.

[Staff] This is supposed to be a pilot program – can you give an update on its efficacy?

This is a pilot program that doesn't have an end date in statute. The Vendor, Impact Development Fund, launched the program in January of 2024 and submitted its most recent [annual report](#) to the JBC and Legislature on November 1.

After establishing program policies and procedures and selecting partner organizations, Impact Development Fund began accepting applications for loans in August 2024. As of November 1, nine loans have been issued with a total of \$23,966 being disbursed. A significantly higher level of participation is expected moving forward as the Program is launched to the public and marketing and outreach efforts increase.

GENERAL FUND RELIEF OPTION: PROPERTY DESTROYED BY NATURAL CAUSE

PROGRAM OVERVIEW

[Sen. Amabile] Who is utilizing this program?

The program reimburses counties for lost property taxes following a natural disaster; 16 counties (some more than once) have utilized this program since §39-1-123, C.R.S. was enacted in 2014. Garfield County has received the most reimbursements by fiscal year with five fiscal years, where Boulder, El Paso, and Logan Counties each have made reimbursement requests in four fiscal years. The average size of reimbursements by year totals \$570,516 since FY15, which is skewed by Boulder County due to the Marshall fires (\$3.797M in FY22). Removing this outlier results in an average of \$190,831 since FY 2014-15. Average reimbursement by county totals \$158,615. However, removing the Boulder County Marshall fires reimbursement results in an average of \$55,615 for all claims.

[Sen. Bridges] How do people find out about this program?

If property is destroyed, the assessor in essence freezes the time frame where the property was intact, and removes that value (prorates) from the remainder of the year to just the land value. The program provides a break to taxpayers so they do not owe taxes on improvements to the property, either real or business personal property. County assessors work with county treasurers to determine what properties have been impacted by natural disaster. This is done through the county assessor's office in the normal course of business. It is a normal and expected process when there is a natural disaster and the property is destroyed.

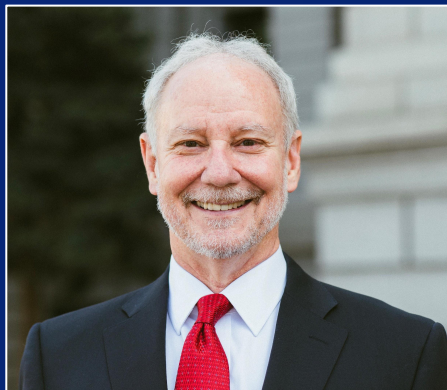
For example, Boulder County used this program after the Marshall Fire. The Boulder County Treasurer's office worked with their County Assessor's office to determine the number of properties destroyed and their property tax values. The Property Destroyed by Natural Cause fund reimbursed Boulder County for the total value of the improved value property tax amounts that weren't paid by homeowners who lost their homes. Property owners paid property taxes based on the value of the land without being taxed for the improvement (for instance, the home lost due to fire).

This is a benefit to taxpayers as it ensures they don't owe taxes on the improved property for the amount of time it existed before it was destroyed and a benefit to the county because the taxing authorities are able to receive payment for the lost improvement value of the properties.



Colorado Department of the Treasury

FY 25-26 Budget Presentation



Presentation to the Joint Budget Committee

Nov. 21, 2024

Today's Agenda



- About the Colorado Department of the Treasury
- FY 25-26 Budget Request
- Property Tax Deferral Program
- Colorado SecureSavings Program
- Colorado Household Financial Recovery Pilot Program
- Property Destroyed by Natural Cause
- Questions and Discussion

What We Do



Securing Colorado's Future

The Colorado State Treasury is the constitutional custodian of the public's funds. It is the Treasury's duty to manage and account for tax dollars from the time they are received until the time they are disbursed. Treasury staff is committed to safeguarding and managing the people's monies with the same diligence and care as they do their own.

Key Functions

- Provide banking and investing services for state funds
- Manage state investment portfolios
- Administer public programs that support Coloradans' financial wellbeing



Treasury Programs



The Great Colorado Payback is responsible for reuniting Coloradans with their lost or forgotten assets. We maintain a list of over 1.7 million names of individuals as well as businesses for whom property is owed.



Colorado SecureSavings gives businesses a convenient way to help employees save for their future. Once enrolled, employees can contribute to a Roth Individual Retirement Account and access tools to help them reach their financial goals.



Colorado's Property Tax Deferral Program helps Coloradans continue to afford to live in their homes by deferring the payment of their property taxes. The application must be filed between January 1 and April 1 of a given tax year.

Our Impact | FY 23-24



181K

State Transactions
Processed



\$1.2B

Temporary Cash Flow
Assistance Issued to
School Districts



74K

Unclaimed Property
Claims Processed



\$79B

Operating Cash
Deposits Managed



\$19B

Annual Investment Portfolio



\$62M

Paid in Unclaimed
Property Claims

FY 25-26 Budget Request



Request	Description	Amount
R1	Administration Staffing: 5.5 FTE to support accounting, cash management operations, debt management and SecureSavings analyst, as well as a COO	\$752,100
R2	Unclaimed Property Staffing: 3 FTE supporting operations and auditing	\$374,380*
R3	CSSP Enforcement Compliance: 6.0 FTE requested on behalf of CDLE to support statutorily required enforcement compliance efforts for SecureSavings	\$738,857
R4	Administrative Technology and Expenses: Software and expenditures supporting investing, debt management, cybersecurity, and financial wellness services	\$348,450
R5	Technology and Expenses for Unclaimed Property: Expenditures for fraud research tool, new phone system, and postage to process increased claims volume	\$411,052*
R6	CoreLogic Contract for Property Tax Deferral Program: Covers maintenance of homeowner portal, county portal, call center and program marketing	\$2,459,187
R7	Colorado Household Financial Recovery Pilot Program: Covers contract costs to program administrator, Impact Development Fund	\$200,000

*Cash funded



Property Tax Deferral Program

This program helps Coloradans **afford to live in their homes**. The state invests in homeowners by offering simple loans to defer their property tax payments; the state makes back the amount loaned plus interest accrued.

The deferral program has three tracks:

- **Seniors***
- **Active military personnel***
- **Tax Growth Cap:** Homeowners with a property tax bill that exceeds 4%, averaged from the preceding two years (until Property Tax Year 2025)
 - The minimum amount a taxpayer may defer is \$100; the maximum cumulative taxes that a taxpayer may defer is \$10,000.

The application must be filed between **January 1 through April 1**. Taxpayers **must reapply each year** to continue deferring prior year taxes or to request a new deferral on the current tax year.

**Seniors, active military personnel defer the full amount.*

Program Utilization



Tax Year	Deferral Applications	Counties in Programs
2021	540	15
2022	910	20
2023	1,042	30



2023 Property Tax Year



1600+

Total Applications Processed
Not all applicants were eligible



\$3,872

Program Average - Tax Amount Deferred
Average Differs by County

1,042 Deferrals Awarded

854 Senior Tax Growth Accounts

5 Active Military

183 Tax Growth Accounts

CoreLogic Contract (Property Tax Deferral)



CoreLogic supports program administration, including:

- Homeowner application portal
- County portal to upload tax data
- Call center
- Marketing (direct mailers, radio advertisements, digital advertisements, rack cards)



Colorado SecureSavings Program Compliance



- Since the program launched two years ago, plan participants hold almost **\$90 million** in savings across nearly **65,000** accounts. We've enrolled about **16,000 employers**.
- Maine, Delaware and Vermont are current members of the **Partnership for a Dignified Retirement** with additional states expected to join in the coming months.
- **R1** includes funding for a full-time analyst position supporting compliance efforts.

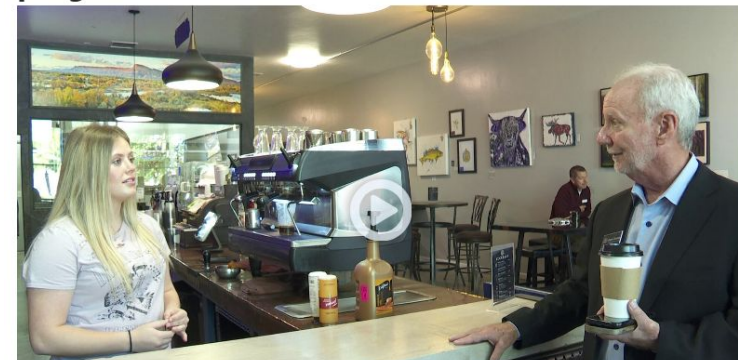
The New York Times

Why States Are Offering Workers at Private Companies Access to I.R.A.s

With the plans, workers are automatically enrolled and contribute through payroll deductions. The goal is to help more Americans save for retirement.



Colorado Treasurer visits Mountain Air Roasters to meet people impacted by his department's programs



Colorado Household Financial Recovery Pilot Program



- **HB 22-1359** set aside \$5.2 million for small-dollar loans for individuals affected by the pandemic.
- The program targets **unbanked and underbanked populations** to protect from predatory lending products.
- The Treasury contracted with Impact Development Fund in November 2023 to administer the program. To date, **nine loans worth \$23,966** have closed across the state.





Property Destroyed by Natural Cause

- The program **reimburses counties** for lost property taxes following a natural disaster.
- Since FY 2015, **16 counties** have participated in the program. Garfield, Boulder, El Paso and Logan counties have made the most requests.
- Average payment per county since FY 2015:
 - **\$570,516** including Marshall Fire payments
 - **\$190,831** excluding Marshall Fire payments



Questions or Comments?



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