



# FY 2025-26 Budget Briefing Summary

## Department of Revenue

The Department has three functional groups: the Taxation Business Group collects revenue for the state and for many local governments and assists taxpayers in tax-related matters; the Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, and regulates commercial vehicles; and the Specialized Business Group regulates alcohol, tobacco, marijuana, horse racing and off-track betting, sports betting, limited gaming, and automobile dealers and sales persons. The three functional groups are supported by the Executive Director's Office. The Department also operates the Colorado Lottery. The Department's FY 2024-25 appropriation represents approximately 0.9 percent of statewide operating appropriations and 1.2 percent of statewide General Fund appropriations.

## Summary of Request

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$557,041,568	\$154,621,461	\$392,122,764	\$9,445,211	\$852,132	1,817.2
Other legislation	264,517	314,520	-50,003	0	0	2.1
<b>Total</b>	<b>\$557,306,085</b>	<b>\$154,935,981</b>	<b>\$392,072,761</b>	<b>\$9,445,211</b>	<b>\$852,132</b>	<b>1,819.3</b>
FY 2026-27 Requested Appropriation						
FY 2025-26 Appropriation	\$557,306,085	\$154,935,981	\$392,072,761	\$9,445,211	\$852,132	1,819.3
R1 General fund reductions	-1,275,000	-1,275,000	0	0	0	0.0
R2 DMV realignment	-21,498	-21,498	0	0	0	0.0
R3 Taxation services resources	2,088,239	2,088,239	0	0	0	23.0
Employee comp common policies	12,304,259	5,671,431	6,598,457	34,371	0	0.0
Operating common policies	2,059,207	-32,425	1,521,879	569,753	0	0.0
Impacts driven by other agencies	-305,908	-53,647	-252,261	0	0	1.0
Technical adjustments	3,153,326	1,669,472	1,483,854	0	0	0.0
Prior year actions	-578,483	-231,442	-347,041	0	0	6.5
<b>Total</b>	<b>\$574,730,227</b>	<b>\$162,751,111</b>	<b>\$401,077,649</b>	<b>\$10,049,335</b>	<b>\$852,132</b>	<b>1,849.8</b>
Increase/-Decrease	\$17,424,142	\$7,815,130	\$9,004,888	\$604,124	\$0	30.5
Percentage Change	3.1%	5.0%	2.3%	6.4%	0.0%	1.7%

Changes are assumed to be ongoing unless otherwise noted.

**R1 General fund reductions:** The Department requests General Fund reductions in across various line items in the Executive Director’s Office and Division of Motor Vehicles.

Current year: One-time \$637,500 General Fund reduction.

Year 1: Reductions of \$1,275,000 General Fund.

The Department states that these budget reductions can be absorbed through vacancy savings, employee attrition, the suspension of professional development programs, and decreased discretionary spending on items like computer upgrades for employees. Below are the Department’s proposed General Fund reductions:

\$500,000 reduction to Personal Services in the Executive Director’s Office

\$250,000 reduction to Operating Expenses in the Executive Director’s Office

\$250,000 reduction to Leased Space in the Executive Director’s Office

\$275,000 reduction to Operating Expenses in the Division of Motor Vehicles

**R2 DMV realignment:** The Department requests a net-zero realignment of existing cash fund spending authority within the Division of Motor Vehicles (DMV) and also a reduction of \$21,498 General Fund.

Year 1: Reduction of \$21,498 General Fund.

The Department requests a shift in existing cash fund spending authority and FTE from the Driver Services division to the Vehicle Services and Administration divisions within the DMV. According to the Department this will more accurately align the Long Bill to reflect operations. Additionally, the Department asks for a reduction of \$21,498 General Fund appropriated to DRIVES Maintenance and Support and to Driver Licenses Documents in the DMV.

**R3 Taxation services resources:** The Department requests additional resources to implement and support State costs associated with tax policy changes enacted in federal H.R. 1.

Current year: An increase of \$34,984 for GenTax programming.

Year 1: An increase of \$2.1 million General Fund for an additional 23.0 FTE in the Taxation Services Division.

Year 2: An additional increase of 3.0 FTE and \$174,866 General Fund for resources in the Taxation Services Division.

The recent enactment of federal H.R. 1 is expected to impose additional demands on the Taxation Services Division. Resources are being requested to support Colorado taxpayers and ensure that individuals are accurately filing their returns and complying with the new tax code. For additional information please see the issue brief on the R3 (Taxation services resources) request on page 17.

**Employee compensation common policies:** The request includes a net increase of \$12.3 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$5,809,265	\$2,663,760	\$3,135,852	\$9,653	\$0	0.0
Salary survey	4,627,939	2,097,151	2,512,351	18,437	0	0.0
Step plan	999,436	559,885	435,311	4,240	0	0.0
Unfunded liability amortization payments	741,492	333,304	406,249	1,939	0	0.0
Shift differential	88,180	0	88,180	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Paid family and medical leave insurance	33,367	14,998	18,281	88	0	0.0
Short-term disability	4,580	2,333	2,233	14	0	0.0
Total	\$12,304,259	\$5,671,431	\$6,598,457	\$34,371	\$0	0.0

**Operating common policies:** The request includes a net increase of \$2.1 million for operating common policies

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$1,506,607	\$623,659	\$882,948	\$0	\$0	0.0
State accounting system (CORE)	772,625	294,755	477,870	0	0	0.0
Indirect costs	569,753	-569,753	569,753	569,753	0	0.0
Workers' compensation	90,230	34,412	55,818	0	0	0.0
Leased space	76,006	76,006	0	0	0	0.0
PERA direct distribution	24,010	-43,334	67,344	0	0	0.0
Digital trunked radios	20,804	0	20,804	0	0	0.0
Administrative law judge services	4,751	0	4,751	0	0	0.0
Capitol Complex leased space	1,941	812	1,129	0	0	0.0
Legal services	-508,417	-267,202	-241,215	0	0	0.0
Risk management & property	-466,526	-177,381	-289,145	0	0	0.0
Vehicle lease payments	-32,577	-4,399	-28,178	0	0	0.0
Total	\$2,059,207	-\$32,425	\$1,521,879	\$569,753	\$0	0.0

**Impacts driven by other agencies:** The request includes a net decrease of \$305,908 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$182,762	\$0	\$182,762	\$0	\$0	0.9
NP Statewide enable AI	88,256	69,972	18,284	0	0	0.0
NP State accounting system (CORE) staff	52,058	52,058	0	0	0	0.0
NP Disability opportunity office	27,000	0	27,000	0	0	0.0
NP SB24-205 AI compliance	11,108	11,108	0	0	0	0.1
NP IT operating offset	-514,276	-143,997	-370,279	0	0	0.0
NP IT efficiencies	-152,816	-42,788	-110,028	0	0	0.0
Total	-\$305,908	-\$53,647	-\$252,261	\$0	\$0	1.0

**Technical adjustments:** The request includes an increase of \$3.2 million for various technical adjustments related to contractual agreements and inflation-related cost changes. Adjustments are outlined in the table below, followed by a brief description of each adjustment.

#### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Responsible gaming grant escalator	\$505,000	\$0	\$505,000	\$0	\$0	0.0
IDS print production	494,400	494,400	\$0	0	0	0.0
Postage	483,442	457,764	25,678	0	0	0.0
License plate ordering	315,446	0	315,446	0	0	0.0
Contract escalator GovOs & Alvara (SUTS)	292,913	292,913	0	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Occupational licensing & case mgt	220,269	0	220,269	0	0	0.0
Document management	208,573	208,573	0	0	0	0.0
Fast Enterprises contract escalator	200,544	200,544	0	0	0	0.0
DRIVES contract escalator	196,239	0	196,239	0	0	0.0
Driver's license documents	187,226	0	187,226	0	0	0.0
SAIC contract escalator	33,996	0	33,996	0	0	0.0
Joint audit program fee	15,278	15,278	0	0	0	0.0
<b>Total</b>	<b>\$3,153,326</b>	<b>\$1,669,472</b>	<b>\$1,483,854</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

- Responsible Gaming Grant Program escalator - adjusted on an annual basis based off a percentage of the projected revenue within the Responsible Gaming Grant Fund
- IDS print production - calculation for the print work that is provided to the Department of Revenue from Department of Personnel's print facility.
- Postage - based on the number of mailings that the Taxation Division is statutorily required to mail.
- License Plate ordering - based on population and expected material costs for license plate production.
- GovOs & Avalara (SUTS) – based on the vendor contract administering the statewide sales/use-tax portal
- Occupational licensing and case management –adjustment based on the increase for the ongoing contractual maintenance cost of the new licensing and case management system in the Specialized Business Group.
- Document management – common policy calculated by the Department of Personnel.
- Fast Enterprises contract escalator - contractual obligation the Department of Revenue has with Fast Enterprises for the GenTax system.
- DRIVES contract escalator - contractual obligation the Department of Revenue has with Fast Enterprises for the DRIVES system.
- SAIC contract escalator – contractual obligation to the vendor for IT maintenance expenses within our County Support Services division within the DMV.
- Joint Audit Program - adjustment based on the projected increases in membership assessment produced by the Multi-State Tax Commission for the Joint Audit Budget Package.

**Prior year actions:** The request includes a net decrease of \$578,483 for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY26 R3 Lottery optimization	\$182,080	\$0	\$182,080	\$0	\$0	3.2
HB 24-1325 Tax credits quantum industry	78,237	78,237	0	0	0	0.0
HB 24-1360 CO disability opportunity office	77,926	0	77,926	0	0	0.0
SB 25-310 Proposition 130 implementation	75,857	75,857	0	0	0	0.0
HB 24-1250 Driving improvement course	72,419	0	72,419	0	0	0.4
SB 25-319 Mod higher ed expense income tax	70,859	70,859	0	0	0	1.5
HB 25-1296 Tax expenditure adjustment	66,331	66,331	0	0	0	0.0
HB 24-1249 Tax credit agricultural stewardship	53,942	53,942	0	0	0	0.0
HB 24-1295 Creative industry comm revitalization	50,109	50,109	0	0	0	0.0
SB 24-190 Rail & coal transition	48,956	48,956	0	0	0	0.0
HB 24-1365 Opportunity now grants	48,719	48,719	0	0	0	0.0
HB 24-1240 AmeriCorps tax subtraction	40,016	40,016	0	0	0	0.0
HB 25B-1004 Sale of tax credits	39,547	39,547	0	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 25-1189 Vehicle registration reform & fees	31,162	0	31,162	0	0	0.0
HB 24-1089 Vehicle electronic notifications	24,912	0	24,912	0	0	2.8
HB 25-1274 Healthy school meals for all	19,684	19,684	0	0	0	0.0
HB 24-11344 Tax expenditures to reduce burden	19,058	19,058	0	0	0	0.0
SB 25-008 Adjust necessary doc program	14,716	0	14,716	0	0	0.0
HB 25B-1002 Corporate income tax foreign	12,815	12,815	0	0	0	0.0
HB 25-1083 Vehicle deployed military families	8,006	0	8,006	0	0	0.0
HB 25-1039 Commercial vehicle muffler	5,414	0	5,414	0	0	0.0
HB 25-1189 Motor vehicle registration reform	2,555	0	2,555	0	0	0.0
SB 25-320 Motor vehicle transportation	108	0	108	0	0	0.0
FY 25-26 Salary survey	0	0	0	0	0	0.0
FY 25-26 Step Plan	0	0	0	0	0	0.0
SB 24-214 Implement state climate goals	-318,088	0	-318,088	0	0	0.0
HB 24-1021 Motor vehicle education standards	-177,675	0	-177,675	0	0	2.1
HB 24-1340 Incentives post-secondary education	-131,103	-131,103	0	0	0	-1.0
HB 25-1312 Transgender legal protect	-127,775	-153,969	26,194	0	0	-1.7
SB 24-182 Immigration ID document	-126,615	0	-126,615	0	0	0.0
HB 25B-1005 Eliminate sales tax vendor fee	-88,720	-88,720	0	0	0	-0.3
HB 24-1268 Financial assistance low income	-88,278	-88,278	0	0	0	-0.5
HB 24-1312 State income tax credit care workers	-73,925	-73,925	0	0	0	0.0
HB 24-1288 Earned income tax credit data sharing	-70,000	-70,000	0	0	0	0.0
SB 24-230 Oil & gas production fees	-60,963	-60,963	0	0	0	0.0
HB 24-1311 Family affordability tax credit	-47,002	-47,002	0	0	0	0.0
HB 24-1439 Financial incentive internship	-44,289	-44,289	0	0	0	0.0
HB 24-1157 Employee-owned business tax credit	-40,428	-40,428	0	0	0	0.0
SB 24-100 Commercial vehicle safety measures	-32,356	0	-32,356	0	0	0.0
HB 24-1316 Housing tax credit	-23,514	-23,514	0	0	0	0.0
HB 25-1154 Communication services disabilities	-21,467	0	-21,467	0	0	0.0
SB 24-192 Motor vehicle lemon law	-20,025	0	-20,025	0	0	0.0
HB 25-1311 Sports betting deductions	-17,135	0	-17,135	0	0	0.0
HB 24-1369 Agriculture special license plate	-16,111	0	-16,111	0	0	0.0
HB 24-1105 Chicano special license plate	-15,169	0	-15,169	0	0	0.0
SB 25-026 Adjusting tax expenditures	-13,137	-13,137	0	0	0	0.0
SB 24-019 Renumeration exempt placards	-10,843	0	-10,843	0	0	0.0
HB 24-1269 Modification of recording fees	-10,764	0	-10,764	0	0	0.0
SB 24-210 Modifications to election laws	-10,764	0	-10,764	0	0	0.0
HB 24-1142 Reduce income tax ss benefits	-9,901	-9,901	0	0	0	0.0
SB 25-018 Online search of sales & use tax	-9,718	-9,718	0	0	0	0.0
SB 24-065 Electronic devices & driving	-7,040	0	-7,040	0	0	0.0
HB 24-1319 Fire fighters plate expiration	-3,779	0	-3,779	0	0	0.0
HB 25-1299 Animal protection voluntary contribution	-2,904	0	-2,904	0	0	0.0
HB 24-1135 Offenses related to operating vehicle	-1,020	0	-1,020	0	0	0.0
SB 24-016 Tax credit for contribution intermediaries	-561	-561	0	0	0	0.0
HB 24-1135 Offenses related to operating vehicle	-463	0	-463	0	0	0.0
HB 24-1319 Fire fighters plate expiration	-315	0	-315	0	0	0.0
HB 24-1235 Reduce aviation impacts	-64	-64	0	0	0	0.0
Total	-\$578,483	-\$231,442	-\$347,041	\$0	\$0	6.5

## Issues Presented

**Taxation Services Resources:** This issue brief provides a discussion of the Department of Revenue's R3 (Taxation Services Resources) request for additional resources within the Taxation Business Group to provide additional FTE resources and GenTax programming to implement and support State costs associated with tax policy changes enacted in federal H.R. 1.

**Budget Reduction Options:** The Department requests reductions of \$1.3 million, representing 1.0 percent of its General Fund appropriations. Staff options would bring an additional \$4.5 million in General Fund relief.

## For More Information

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To read the entire briefing: Go to [leg.colorado.gov/content/budget/budget-documents](http://leg.colorado.gov/content/budget/budget-documents) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.