



COLORADO
Department of Revenue

Executive Director's Office

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June 29, 2016

The Honorable Ray Scott
Chair, Senate State, Veterans, and Military Affairs Committee
Colorado General Assembly

The Honorable Sue Ryden
Chair, House State, Veterans, and Military Affairs Committee
Colorado General Assembly

The Honorable Kevin Lundberg
Chair, Senate Health and Human Services Committee
Colorado General Assembly

The Honorable Dianne Primavera
Chair House Public Health Care and Human Services Committee
Colorado General Assembly

Dear Senators and Representatives:

House Bill 15-1255, Section 1 added C.R.S 26-2-104 (2) (f) that requires on or before January 1, 2016, and July 1, 2016, and on or before each January thereafter, the Department of Revenue and the Department of Human Services shall each submit, and present the reports at the same meeting, on electronic benefits transfers to the State, Veterans, and Military Affairs Committees of the Senate and House of Representatives, the Health and Human Services Committee of the Senate, and the Public Health Care and Human Services Committee of the House of Representatives, or any successor committees. The reports must list the numbers of instances that a client accessed cash benefits through the electronic benefits transfer service through automated teller machines located in each type of establishment described in paragraph (a) of the subsection (2) or any other establishment in which a client is prohibited from accessing benefits by Federal Law.

The Department of Revenue (DOR) has the Liquor, Marijuana, Racing, and Gaming Divisions that are governed by House Bill 15-1255. The DOR has provided licensee information from these regulated industries to the Department of Human Services (DHS). With this information, DHS has compiled reports of EBT prohibited card use at DOR's licensed regulated industries and has provided this information to DOR. The chart below details the EBT card use as at prohibited licensed locations regulated by the DOR since the law became effective on May 1, 2015. The second column in the chart shows activity through November 30, 2015; these figures were reported to the referenced Committees on December 29, 2015. The third column in the chart shows the most recent activity for the period December 1, 2015 through May 31, 2016.

DOR Regulated Industry	Number of Instances of EBT Card Use 5/1/15 - through 11/30/15	Number of Instances of EBT Card Use 12/1/15 through 5/31/16
Liquor	9,204	6,438
Racing	40	16
Marijuana	134	214
Gaming	737	98
Total	10,115	6,766

House Bill 15-1255 also required the DOR to adopt rules on or before January 1, 2016 to enforce the prohibition of clients accessing benefits at an automated teller machine located in the DOR regulated industries listed above.

The DOR held a stakeholder work group on October 5, 2015 made up of representatives from each of the industries affected by the legislation. A draft of proposed Rule 1 CCR 210-4, Enforcement of the Prohibited Use of Electronic Benefits Transfer Cards at Certain Locations, was discussed at the work group and comments from the work group were taken. Industry comments were incorporated into the rule that was presented at the rulemaking hearing on October 26, 2015. The regulated industries were invited to participate in the rulemaking hearing and testimony was taken from industry representatives on proposed Rule 1 CCR 210-4. The final proposed version of the rule was adopted by Executive Director Brohl of the DOR on November 4, 2015, promulgating the rule to be effective January 1, 2016.

The DOR took an educational approach with each of its regulated industries by sending industry bulletins to affected licensees in November 2015. The industry bulletins advised the respective licensees of the requirements of House Bill 15-1255 and promulgation of Rule 1 CCR 210-4 to be effective January 1, 2016.

In addition to the industry bulletin sent to DOR's regulated industries, licensees specifically identified from DHS reports showing prohibited EBT card use on their licensed premises were sent a letter of non-compliance in December 2015 advising them to take steps to comply with the law as soon as possible. The DOR continues to issue letters and conduct field visits with our licensees in an effort to gain voluntary compliance. The chart above demonstrates that these efforts are beginning to have a positive impact on reducing the instances of prohibited EBT transactions at the businesses we regulate. The DOR has seen a 33% reduction in prohibited EBT card use in DOR licensed establishments during the reporting period December 2015 through May 2016.

The DOR will continue its education and regulatory enforcement efforts to ensure our licensees comply with the requirements of House Bill 15-1255.

Sincerely,

Barbara J. Brohl
Executive Director
Colorado Department of Revenue

cc: Members of the Senate State, Veterans, and Military Affairs Committee, Colorado General Assembly
Members of the House State, Veterans, and Military Affairs Committee, Colorado General Assembly
Members of the Senate Health and Human Services Committee, Colorado General Assembly
Members of the House Public Health Care and Human Services Committee, Colorado General Assembly

Senate State, Veterans, and Military Affairs Committee Members:

The Honorable Jerry Sonnenberg, Vice Chair
The Honorable Own Hill
The Honorable Matt Jones
The Honorable Jessie Ulibarri

House State, Veterans, and Military Affairs Committee Members:

The Honorable Joe Salazar, Vice Chair
The Honorable Mike Foote
The Honorable Steve Humphrey
The Honorable Susan Lontine
The Honorable Patrick Neville
The Honorable Dianne Primavera
The Honorable Jack Tate
The Honorable Dan Thurlow
The Honorable Max Tyler
The Honorable Yeulin Willett

Senate Health and Human Services Committee Members:

The Honorable Larry Crowder, Vice Chair
The Honorable Irene Aguilar
The Honorable Beth Martinez Humenik
The Honorable Linda Newell

Public Health Care and Human Services Committee Members:

The Honorable Jonathan Singer, Vice Chair
The Honorable Kathleen Conti
The Honorable Jessie Danielson
The Honorable Justin Everett
The Honorable Joann Ginal
The Honorable Janak Joshi
The Honorable Lois Landgraf
The Honorable Dominick Moreno
The Honorable Brittany Pettersen
The Honorable Lang Sias
The Honorable Max Tyler
The Honorable JoAnn Windholz