



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1057: VETERAN DISABILITY LICENSE PLATES TAXES & FEES

Prime Sponsors:

Rep. Bradfield; Marshall
Sen. Snyder

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill allows veterans with a disability to receive any license plate without being charged taxes or fees.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$22,378 to the Department of Revenue.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|------------------------------------|---------------------------|------------------------|
| State Revenue (Cash Funds) | -\$5,339,180 | -\$5,339,180 |
| State Expenditures (Various Funds) | \$22,378 | \$6,000,000 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | -\$5,339,180 | -\$5,339,180 |
| Change in State FTE | 0.0 FTE | 0.0 FTE |

Fund sources for these revenue and expenditure impacts are shown in Tables 2 and 3.

Summary of Legislation

Under current law, a veteran who is disabled and meets certain qualifications does not need to pay taxes and fees for one set of disabled veteran or disabled woman veteran license plates. The bill allows a veteran to be issued any set of plates without being charged taxes and fees. The exemption does not apply to commercial vehicles, implements of husbandry, farm trucks, or truck tractors that are taxed at a reduced rate.

Assumptions

According to DOR estimates, as of 2026, there are 141,251 disabled veterans in Colorado that own a vehicle. As of December 2025, there were 53,938 disabled veterans receiving fee-exempt license plates—either disabled veteran or disabled woman veteran plates—meaning 87,313 additional disabled veterans that currently own a vehicle would qualify under the bill to be exempted from paying license plate taxes and fees.

The revenue estimates in this fiscal note assume 50 percent of disabled veterans who do not currently receive a fee-exempt license plates will opt in to do so. Revenue reductions will be larger than amounts published here if additional disabled veterans opt in.

State Revenue

Department of Revenue

The bill decreases state cash fund revenue by to the DOR by an estimated \$5.3 million beginning in FY 2026-27. This revenue, which is subject to TABOR, is discussed below and shown in Tables 2 and 2A.

License Plate Taxes and Fees

The amount of state taxes and fees charged to a vehicle owner can vary significantly based a vehicle's size, age, weight, and other variables. To calculate the revenue impact, the fiscal note assumes the current average of \$122.30 paid in state taxes and fees per plate. Revenue from vehicle taxes and fees are distributed to multiple cash funds, as shown in Table 2. See the Local Government and State Expenditures sections below for impacts related to specific ownership taxes and local governments.

Table 2
State Revenue
Department of Revenue

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|--|---|--------------------------------------|
| Highway Users Tax Fund (See Table 2A for detail) | -\$4,624,962 | -\$4,624,962 |
| Emergency Medical Services Account | -\$87,313 | -\$87,313 |
| Air Account | -\$21,828 | -\$21,828 |
| DRIVES Cash Fund | -\$48,022 | -\$48,022 |
| License Plate Cash Fund | -\$515,582 | -\$515,582 |
| Peace Office Fund | -\$41,473 | -\$41,473 |
| Total Revenue Impact | -\$5,339,180 | -\$5,339,180 |

As discussed in the assumptions section above, the fiscal note assumes 50 percent of eligible disabled veterans will opt in to the fee exemption.

Highway Users Tax Fund Distributions

Of the HUTF revenue decreasing under the bill, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the Department of Transportation, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 2A outlines the estimated decrease in HUTF revenue under the bill.

Table 2A
HUTF Distributions
Department of Transportation and Local Governments

| Fund Source | FY 2026-27 | FY 2027-28 |
|---------------------------------|---------------------|---------------------|
| State Highway Fund (65 percent) | -\$3,006,225 | -\$3,006,225 |
| Counties (26 percent) | -\$1,202,490 | -\$1,202,490 |
| Municipalities (9 percent) | -\$416,247 | -\$416,247 |
| Total Revenue Impact | -\$4,624,962 | -\$4,624,962 |

State Expenditures

The bill increases state expenditures in DOR by \$22,000 in FY 2026-27 only, and for the state share of school finance by an estimated \$6.0 million beginning in FY 2027-28. Costs are shown in Table 3 and discussed below.

Table 3
State Expenditures
All Departments

| Department | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|--|---|--------------------------------------|
| Department of Revenue (DRIVES Cash Fund) | \$22,378 | \$0 |
| State Share of School Finance (General Fund, State Education Fund, and State Public School Fund) | \$0 | \$6,000,000 |
| Total Costs | \$22,378 | \$6,000,000 |

Department of Revenue

In FY 2026-27 only, the bill increases state expenditures from the DRIVES Cash Fund in the DOR by \$22,378 to conduct DRIVES programming to allow the disabled veteran exemption to any eligible license plate. Programming costs assume 64 hours at a rate of \$260 per hour for a total cost of \$16,640. Testing and development support is estimated to require 82 hours at between \$41 per hour for a total cost of \$3,362. Office of Information Technology (OIT) support requirements are estimated at 22 hours at a rate of \$108 per hour for a total cost of \$2,376, which will be allocated to DOR and paid to OIT via real time billing.

School Finance

Specific ownership taxes (SOT) distributed to school districts make up a portion of the school district's local share of school finance funding. By reducing the number of vehicle owners paying the SOT, the bill increases the state share of school finance funding to make up for the decrease in local funding. The increase in the state share is estimated at \$6.0 million in FY 2027-28. The fiscal note assumes that the increase in the state share of funding will be handled through the school finance midyear adjustment for FY 2027-28. The state share is paid from a combination of the General Fund, State Education Fund, and State Public School Fund.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by about \$5.3 million in FY 2026-27 and FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Local Government

The bill decreases local government revenue by about \$16.8 million beginning in FY 2026-27, as shown in Table 4 and discussed below.

Table 4
Local Government Revenue

| Local Taxes & Fees | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|-------------------------------|-----------------------------------|--------------------------------|
| Specific Ownership Tax | -\$16,545,349 | -\$16,545,349 |
| Other Fees | -\$217,845 | -\$217,845 |
| Total Revenue Impact | -\$16,763,194 | -\$16,763,194 |

Specific Ownership Tax & Other Fees

As discussed in the State Expenditures section above, the bill reduces the number of vehicle owners paying an annual SOT. To calculate the revenue impact to local governments, the fiscal note assumes the current average annual SOT of about \$379 per vehicle owner. The actual SOT is calculated based on a vehicle's value and age. SOT revenue is distributed to counties, cities, school districts, and special districts based on the proportion of the property taxes levied in the prior year.

Qualified vehicle owners will also be exempt from paying the \$4.00 Clerk Hire Fee or the \$0.94 County Road and Bridge Fee.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$22,378 from the DRIVES Cash Fund to the Department of Revenue.

State and Local Government Contacts

Corrections

Revenue

Counties

Treasury

County Clerks

Local Affairs