



Fiscal Note

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HB 26-1102: FUNDING FOR COLORADO DRIVES ACCOUNT

Prime Sponsors:

Rep. Lindsay
Sen. Snyder

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Fiscal note status: This revised fiscal note reflects the reengrossed bill, as amended by the Senate Finance Committee.

Summary Information

Overview. Conditional upon passage of House Bill 26-1289 concerning the modification of tax expenditures, the bill redirects revenue from certain fees from the Highway Users Tax Fund to the DRIVES Cash Fund.

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

- State Diversion
- State Expenditures
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Diverted Funds	\$4,512,677	\$6,312,677
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in Table 1A below.

Table 1A
State Diversion

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
DRIVES Cash Fund	\$4,512,677	\$6,312,677
Highway Users Tax Fund	-\$4,512,677	-\$6,312,677
Net Diversion	\$0	\$0

Summary of Legislation

Conditionally, the bill redirects registration fees for personalized license plates from the Highway Users Tax Fund (HUTF) to the DRIVES Cash Fund, except \$2 of each fee is still remitted to the county in which the plate was issued. Beginning July 1, 2027, the bill redirects \$2 of each late vehicle registration fee from the HUTF to the DRIVES Cash Fund.

The bill only takes effect upon passage if Section 21 of [House Bill 26-1289](#), which increases motor and special fuel tax revenue to the HUTF, becomes law.

Background

DRIVES Cash Fund

The DRIVES Cash Fund pays the direct and indirect costs of the DMV, and primarily generates its revenue from driver license fees, which make up over 65 percent of the fund's total income. Driver license fees were last increased in June 2025 by 3.7 percent, bringing the fee to \$32. However, based on projected expenditures, the fund is expected to be insolvent at the end of FY 2027-28.

State Diversion

Conditional upon passage of HB 26-1289, the bill diverts \$4.5 million in FY 2026-27 and \$6.3 million in FY 2027-28 and future years from the HUTF to the DRIVES Cash Fund. This will increase available funds in the DRIVES Cash Fund and decrease money in the HUTF. These impacts are described in more detail below.

Registration Fees

The fiscal note assumes that each year the DMV issues about 77,000 new personalized plates and renews about 86,000 personalized plates. New personalized plates are subject to a \$35 fee and renewals of these plates are subject to a \$25 fee. Under the bill, \$33 of the new plate fee

and \$23 of the renewal fee will be retained by the DOR in the DRIVES Cash Fund, rather than deposited into the HUTF, starting in FY 2026-27. The fiscal note also assumes there will be 900,000 late registration fees each year starting in FY 2027-28, of which \$2 will be retained in the DRIVES Cash Fund, rather than deposited to the HUTF. These impacts are shown in Tables 2A and 2B.

Table 2A
Registration Fees Diverted from HUTF to DRIVES Cash Fund
FY 2026-27

Type of Fee	Current Fee	Amount Diverted to DRIVES CF	Number Affected	Total Fee Diversion
New Personalized Plate Registration	\$35	\$33	76,692	\$2,530,836
Personalized Plate Renewal	\$25	\$23	86,167	\$1,981,841
Total Diversion to DRIVES Cash Fund – FY 2026-27				\$4,512,677

Table 2B
Registration Fees Diverted from HUTF to DRIVES Cash Fund
FY 2027-28

Type of Fee	Current Fee	Amount Diverted to DRIVES CF	Number Affected	Total Fee Diversion
New Personalized Plate Registration	\$35	\$33	76,692	\$2,530,836
Personalized Plate Renewal	\$25	\$23	86,167	\$1,981,841
Late Registration Fee	\$25	\$2	900,000	\$1,800,000
Total Diversion to DRIVES Cash Fund – FY 2027-28				\$6,312,677

Highway Users Tax Fund Distributions

Based on the diversions to the DRIVES Cash Fund above, the bill will correspondingly reduce revenue deposited to, and allocated from, the HUTF. Of the revenue diverted from the HUTF under the bill, 65 percent would have gone to the State Highway Fund for expenditure by the Department of Transportation, 26 percent would have gone to counties, and 9 percent would have gone to municipalities. Table 2C outlines the reduction in HUTF allocations resulting from the diversion of revenue to the DRIVES Cash Fund under this bill.

**Table 2C
HUTF Distributions
Department of Transportation and Local Governments**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
State Highway Fund (65 percent)	-\$2,933,240	-\$4,103,240
Counties (26 percent)	-\$1,173,296	-\$1,641,296
Municipalities (9 percent)	-\$406,141	-\$598,141
Total HUTF Distribution	-\$4,512,677	-\$6,312,677

State Expenditures

Conditional upon passage of HB 26-1289, the bill increases workload for the DOR and CDOT.

Department of Revenue

The bill increases workload in the DOR to adjust where fees are deposited. This workload increase is absorbable with existing resources.

Colorado Department of Transportation

By reducing revenue in the State Highway Fund by the amounts shown in Table 2C, there will be less money in CDOT available for certain transportation projects. The State Highway Fund is continuously appropriated and most funding is dedicated to multi-year projects at the discretion of the Transportation Commission.

Local Government

Conditional upon passage of HB 26-1289, the bill will decrease local government HUTF revenue by the amount shown Table 2C. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Effective Date

This act takes effect upon signature of the Governor, or upon becoming law without his signature; except that sections 1 through 4 of take effect only if section 39-27-102 in Colorado Revised Statutes, as amended in section 21 of House Bill 26-1289, becomes law, in which case section 2 of this act takes effect July 1, 2027, and sections 1, 3, and 4 of the bill take effect upon passage of this bill or upon the effective date of House Bill 26-1289, whichever is later.

State and Local Government Contacts

Counties

Transportation

County Clerks

Treasury

Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).