



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 25-075: LICENSE TO SELL VEHICLES CRIMINAL OFFENSE

**Prime Sponsors:**

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

### Summary Information

**Overview.** The bill shortens the length of time that the Motor Vehicle Dealer Board is required to revoke or deny licenses for people with certain criminal convictions—from convictions within 10 years to only those convictions within 3 years—and requires the board to make determinations regarding the applicant or licensee’s rehabilitation and risk to public safety.

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

- State Revenue
- State Expenditures
- TABOR Refunds

**Appropriations.** For FY 2025-26, the bill requires an appropriation of \$51,117 to the Department of Revenue.

**Table 1  
State Fiscal Impacts**

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$75,000	\$90,000
State Expenditures	\$65,158	\$72,963
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$75,000	\$90,000
Change in State FTE	0.8 FTE	1.0 FTE

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	\$75,000	\$90,000
<b>Total Revenue</b>	<b>\$75,000</b>	<b>\$90,000</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$51,177	\$0
Cash Funds	\$0	\$55,499
Federal Funds	\$0	\$0
Centrally Appropriated	\$13,981	\$17,464
<b>Total Expenditures</b>	<b>\$65,158</b>	<b>\$72,963</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.0 FTE</b>

## Summary of Legislation

The Auto Industry Division and the Colorado Motor Vehicle Dealer Board (MVDB) within the Department of Revenue (DOR) license motor vehicle dealers and salespersons. Under current law, applications and licenses must be denied or revoked if the applicant or licensee has been convicted of certain felonies or motor vehicle-related fraudulent activities within 10 years. The bill shortens this mandatory denial/revocation period to 3 years. If an applicant's criminal record is being considered beyond this 3-year denial period, their criminal record must not be the sole basis for a denial of a license.

## Background

The Auto Industry Division within DOR processes applications for motor vehicle sales-related licenses and refers applications to the MVDB when appropriate. This includes when the mandatory denial based on certain criminal convictions is present. It is current practice that, if an applicant is within the 10-year criminal activity window, the MVDB grants authority to their Executive Secretary to issue the denial without requiring further board action. The Executive Secretary is not authorized to revoke licenses; revocations are considered by the MVDB and allow the licensee an opportunity for a hearing.

Approximately 3,600 applications for a new motor vehicle sales-related license are submitted to the Auto Industry Division each year. Of those, approximately 25 percent disclose some type of criminal history.

## **Assumptions**

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### **Revenue**

The fiscal note assumes that reducing the criminal history timeframe from 10 years to three years will result in a 10 percent increase in applications. Revenue collected from new license applications in FY 2023-24 totaled \$913,046. As the exact licenses types that will increase cannot be determined, the fiscal note uses the total revenue to calculate this increase, estimated at \$90,000 annually.

### **Expenditures**

The fiscal note assumes the Executive Secretary of the MVDB will continue automatically denying applicants with a covered criminal conviction within 3 years; see Technical Note. Based on the 25 percent rate of applicants disclosing a criminal history coupled with the 10 percent increase in total applications, 990 applications will have a criminal history disclosed. It is assumed that of those 990 applications, 39 percent, or 390 applications, will require further investigation from the MVDB to determine if the applicant with a criminal history may be issued a license without creating an unreasonable risk to public safety. These investigations will require 4 hours of work from a compliance investigator, and 1 hour of review from a compliance investigator supervisor, on average.

### **State Revenue**

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The bill will increase state revenue to the Auto Dealer License Cash Fund by approximately \$75,000 in FY 2025-26 and \$90,000 per year ongoing. This revenue results from increased applications from the population of newly eligible applicants for motor vehicle sales-related licenses, as outlined in the Assumptions section above. Fees for licenses are subject to TABOR. The first-year revenue is prorated for the bill's effective date.

### **State Expenditures**

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The bill increases state expenditures in the Department of Revenue by \$65,158 in FY 2025-26 and \$72,963 in FY 2026-27 and ongoing. These costs, paid from the General Fund in FY 2025-26, and from the Auto Dealer License Cash Fund in FY 2026-27 and ongoing, are summarized in Table 2 and discussed below.

**Table 2**  
**State Expenditures**  
**Department of Revenue**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$43,483	\$54,219
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	\$0
Centrally Appropriated Costs	\$13,981	\$17,464
<b>Total Costs</b>	<b>\$65,158</b>	<b>\$72,963</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.0 FTE</b>

### **Staff**

DOR requires 0.8 FTE Compliance Investigator I and 0.2 FTE Compliance Investigator II to review an additional 390 applications and conduct background checks, as outlined in the Assumptions section above. Costs are prorated for a September 2025 start date and standard operating and capital outlay expenses are included.

### **Centrally Appropriated Costs**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

### **TABOR Refunds**

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

## Technical Note

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Additional clarity may be required for the Department of Revenue to implement the bill. As drafted, it is unclear whether the MVDB may continue denying or revoking licenses based on an applicable criminal history within three years. This is because the bill also requires the MVDB not to rely solely on criminal history to deny or revoke a license. The fiscal note assumes that the additional provisions apply to applicants outside of the 3-year window.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to license or renewal applications made on or after this date.

## State Appropriations

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For FY 2025-26, the bill requires a General Fund appropriation of \$51,117 to the Department of Revenue and 0.8 FTE.

## Departmental Difference

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The Department of Revenue estimates that the bill requires \$257,854 in FY 2025-26 and \$280,578 in FY 2026-27 and ongoing to implement the bill. These additional expenditures are based on an assumption that all applicants with a criminal history will require action from the Motor Vehicle Dealer Board, resulting in 1,260 additional reviews being conducted. According to DOR, this will require 2.6 FTE Compliance Investigator I, 1.2 FTE Compliance Investigator II, and about 550 hours of Legal Services.

The fiscal note differs from this estimate based on the assumptions outlined in the Technical Note above. The fiscal note also assumes that only 39 percent of applicants with a criminal history will require a background check, instead of 100 percent.

## State and Local Government Contacts

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Judicial  
Law

Revenue

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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](#).