



**Colorado
Legislative
Council
Staff**

HB16-1364

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1135
Prime Sponsor(s): Rep. Ryden; Brown

Date: April 5, 2016
Bill Status: House Transportation and Energy
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BILL TOPIC: MILITARY SPECIAL AND STANDARD LICENSE PLATE EXCHANGE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$560</u>	<u>\$1,299</u>
Cash Funds	560	1,299
State Expenditures	<u>\$560</u>	<u>\$1,299</u>
Cash Funds	560	1,299
TABOR Impact	\$560	\$1,299
Appropriation Required: \$560 – Department of Revenue (FY 2016-17).		
Future Year Impacts: Ongoing revenue and expenditure increases.		

Summary of Legislation

The bill allows a person who has a vehicle registered with any type of military special license plate to exchange it for a standard license plate without paying additional taxes and fees for the current registration period. However, the person is required to pay material fees to transfer military plates for standard plates.

Background

Colorado currently has 74 military special license plates:

- 58 require the person to be active military or a military veteran, with 22 of these license plate types issued free of charge and exempt from taxes for the first license plate set;
- 10 may be issued to a person meeting relationship requirements to military veterans; and
- 6 may be issued to any person that supports an affiliated organization.

All military special license plates are issued at clerk and recorders offices in the county where the person resides and are printed on demand. There are currently 138,520 vehicles registered with military special license plates, accounting for 2.45 percent of the state's total vehicle population. On average, 1,800 new military special license plates are issued monthly.

Currently, any person issued any of the Colorado license plate types may exchange that license plate for any of the other license plates if that person and his or her vehicle qualifies for it. The Colorado State Titling and Registration System (CSTARS) currently has the ability to provide exemptions and credits and to retain them on a person's record so that these carry forward to renewal.

As a point of information, the license plate material fees are as follows:

- \$4.06 for passenger, light truck, recreational truck, or motorhome license plate sets;
- \$5.92 for disability passenger, light truck, recreational truck, or motorhome plate sets;
- \$2.17 for a motorcycle license plate; and
- \$3.10 for a disability motorcycle license plate.

Assumptions

The fiscal note incorporates the following assumptions:

- the standard license plate will be issued for the same registration period as the military special license plate being exchanged, and no fee exempt military special license plates will be exchanged (these are the Disabled Veterans, Purple Heart, Pearl Harbor, and Prisoner of War special license plates), so the revenue impact from waived taxes and fees will be neutral;
- a \$4.06 material fee (the passenger license plate rate); and
- 1 in 500 (0.2 percent) plate exchanges per year, prorated for FY 2016-17.

State Revenue

The bill will increase state revenue in the Department of Revenue (DOR) by \$560 in FY 2016-17 and by \$1,299 in FY 2017-18 to the License Plate Cash Fund as shown in Table 1 below. FY 2016-17 revenue is prorated for the bill's January 1, 2017 implementation date.

Fiscal Year	Projected Registered	Exchange Rate	Exchange Population	Material Fee	Revenue
16-17	138,519	0.1%	138	\$4.06	\$560
17-18	160,095	0.2%	320	4.06	1,299

TABOR Impact

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

The bill will increase state expenditures in DOR by \$560 in FY 2016-17 and by \$1,299 in FY 2017-18 from the License Plate Cash Fund. Expenditures account for the cost of license plate materials, as outlined in the State Revenue section. Because the License Plate Cash Fund is unable to absorb any additional costs, if more license plate exchanges are driven by the bill than estimated in this fiscal note, the License Plate Cash Fund may require a one-time General Fund backfill in order to keep regular plates stocked and available at clerk and recorders offices. However, this fiscal note expects that the DOR will be stocked enough for the limited participant pool under HB16-1364.

Local Government Impact

Because the fiscal note assumes that the license plate will be issued for the same registration period, county revenue paid to clerk and recorders offices (a clerk hire fee of \$4 per transaction) will not change.

Technical Note

There is currently no definition of "standard" license plate in state law. The fiscal note assumes this refers to one of the license plate categories the Department of Revenue categorizes as "regular," which is the green and white license plate.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed. It applies to license plate applications made on or after January 1, 2017.

State Appropriations

For FY 2016-17, the Department of Revenue requires a cash fund appropriation of \$560 from the License Plate Cash Fund.

State and Local Government Contacts

Clerk and Recorders

Information Technology

Revenue