

Summary of Legislation

As of January 31, 2019, this bill requires the Department of Revenue (DOR) to promulgate rules in order to allow a private provider to perform expedited vehicle registration for Class A commercial vehicles. The provider may retain a service fee, but will collect and remit the registration taxes and fees to the department.

Private providers of expedited Class A vehicle registrations must:

- be approved by DOR;
- utilize a department-approved software that will calculate taxes and fees and be updated regularly to account for any rate changes;
- file evidence of a surety bond or an alternative to a surety bond; and
- provide for reimbursement of any damages caused to the state, local governments, or owners of Class A vehicles through its acts or omissions.

DOR is required to ensure that the expedited registration program:

- operates efficiently;
- provides additional services or increases the speed or quality of services at an overall cost savings to the state; and
- complies with state law.

DOR may deny, suspend, or revoke approval of a private provider who violates a contract, makes a material misstatement, fails to comply with state law or rules, or fails to provide expedited service. DOR may also accept financial assistance from a private party to implement the expedited registration program to the extent permitted, credited to the Colorado State Titling and Registration System (CSTARS) Account or the Colorado Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES) Vehicle Services Account.

Background

Commercial vehicle registration. Class A commercial vehicles are registered through the International Registration Plan, a reciprocity agreement among the states of the U.S., the District of Columbia, and the provinces of Canada which provides for the payment of apportionable registration fees on the basis of total distance operated in all jurisdictions. Carriers register their vehicles in their base jurisdiction with a single application. In Colorado, the registration of these vehicles can be completed in person, via mail, or online. International Registration Plan registrations are completed in DOR's GenTax database currently, but will be integrated into the DRIVES database, which is scheduled to come online August 6, 2018.

CSTARS and DRIVES accounts. House Bill 17-1107 modified the statutes to update the term CSTARS with the term DRIVES and transferred revenue from the CSTARS Account to DRIVES Vehicle Services account at two points in FY 2018-19. As a result, the fiscal note references the DRIVES Vehicle Services Account throughout.

State Revenue

While the bill allows DOR to accept financial assistance to implement the program, the fiscal note assumes that any entity providing funding to the department would not be eligible to be a private provider due to conflicts of interest. Therefore, the fiscal note estimates no change in state revenue to the DRIVES Vehicle Services Account.

State Expenditures

DOR will have net cash fund expenditures of \$20,865 and a reduced allocation of 0.3 FTE in FY 2018-19 and a reduction of \$8,777 and a reduced allocation of 0.3 FTE beginning in FY 2019-20, paid from the DRIVES Vehicle Services Account and the Licensing Services Cash Fund. These expenditure impacts are shown in Table 2 and discussed further below.

**Table 2
Expenditures Under HB 18-1042**

	FY 2018-19	FY 2019-20
Department of Revenue		
Personal Services	(\$5,276)	(\$5,758)
DRIVES Programming	\$10,125	-
Office of Information Technology Programming	\$16,016	-
Centrally Appropriated Costs*	(\$2,198)	(\$3,019)
FTE – Personal Services	(0.3 FTE)	(0.3 FTE)
Total Cost	\$18,667	(\$8,777)
Total FTE	(0.3 FTE)	(0.3 FTE)

* Centrally appropriated costs are not included in the bill's appropriation.

Data and assumptions. In FY 2016-17, there were approximately 7,600 IRP transactions processed by 3.0 FTE. The fiscal note assumes that about 30 percent of IRP customers will utilize the private provider instead of the department to register its vehicles, which represents 2,280 transactions and a reduction of workload in the department equivalent to 0.9 FTE Administrative Assistant II. The department will also be required to support and oversee private providers — the majority of this workload will involve transaction audits and provider support — for which the fiscal note estimates a requirement of 0.6 FTE Administrative Assistant III per year. Additionally, the fiscal note assumes that commercial vehicle registration providers will access the state's DRIVES program to perform registrations, which will create one-time programming costs related to programming and security.

Personal services. Beginning in FY 2018-19, the Department of Revenue will reduce IRP staff by 0.9 FTE of an Administrative Assistant II to respond to efficiencies created under the bill and add 0.6 FTE of an Administrative Assistant III to manage commercial vehicle registration providers, for a net reduction of 0.3 FTE from the Licensing Services Cash Fund. These amounts have been prorated for the bill's effective date.

The department can accomplish preliminary processes related to vehicle registration by private providers within existing appropriations. This includes rulemaking, selecting and approving private providers for commercial vehicle registrations through the state procurement process, training private providers, and updating its website and related materials.

Computer programming. In FY 2018-19, DOR's contractor will program DRIVES so that private providers can perform registrations in the system. This requires 45 hours of programming at the contracted rate of \$225 per hour, for a total of \$10,125. In addition, the Office of Information Technology will create information security protections in the system. This requires 104 hours of programming at the information security architect rate of \$154 per hour, for a total of \$16,016. These costs will be paid from the DRIVES account.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain cost reductions 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 cost reductions, which include employee insurance, supplemental employee retirement payments, and leased space, are estimated to be \$2,198 in FY 2018-19 and \$3,019 in FY 2019-20.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

In FY 2018-19, the bill requires a net cash fund appropriation of \$20,865, as follows:

- a reduction of -\$30,747 and -0.9 FTE from the Licensing Services Cash Fund;
- an increase of \$25,471 and 0.6 FTE to the Licensing Services Cash Fund; and
- an increase of \$26,141 to the DRIVES Vehicles Services Account, of which \$16,016 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Information Technology

Law

Revenue