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FISCAL NOTE

Drafting Number: LLS 18-0799 **Date:** April 24, 2018
Prime Sponsors: Rep. Foote; Weissman **Bill Status:** House Transportation
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Bill Topic: DRIVER'S LICENSES & JUDGMENTS FOR TRAFFIC REGULATION

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill prohibits the Department of Revenue from denying or canceling a driver license when an applicant or license holder fails to pay a monetary judgment related to a traffic infraction. Beginning in FY 2018-19, it decreases state revenue on an ongoing basis. It increases state expenditures in FY 2018-19 on an ongoing basis.

Appropriation Summary: In the current FY 2017-18, the bill requires an appropriation of \$46,788 to the Judicial Department. In FY 2018-19, it requires an appropriation of \$607,800 to multiple agencies.

Fiscal Note Status: The preliminary fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 18-1406**

		FY 2017-18 <i>(current year)</i>	FY 2018-19	FY 2019-20
Revenue	Cash Funds	(\$46,788)	(\$561,450)	(\$561,450)
	State Highway Fund	(\$343,108)	(\$4,117,300)	(\$4,117,300)
	Total	(\$389,896)	(\$4,678,750)	(\$4,678,750)
Expenditures	General Fund	\$46,788	\$561,450	\$561,450
	Cash Funds	-	\$46,350	-
	Total	\$46,788	\$607,800	561,450
Transfers		-	-	-
TABOR Refund	General Fund	(\$389,896)	(\$4,678,750)	(\$4,678,750)

Summary of Legislation

Under current law, an individual cited for certain traffic infractions must either pay the penalty assessment or appear in court for a hearing. If the individual fails to do either, the court may issue a judgment or warrant against them. Individuals with an outstanding judgment or warrant may not receive a new or renewed driver license, and the Department of Revenue (DOR) may cancel the driver license.

This bill prohibits the DOR from denying or cancelling a driver license when an applicant or license holder has an outstanding judgment or warrant issued for failure to pay a penalty or appear at a post-sentencing court appearance, or failure to pay a public transportation fare.

State Revenue

This bill will reduce state cash fund revenue by at least \$389,896 in the current FY 2017-18, and at least \$4.6 million in FY 2018-19 and future years. These impacts are shown in Table 2 and described below.

Table 2
Revenue Reduction Under HB 18-1406

Revenue Components	FY 2017-18	FY 2018-19	FY 2019-20
Driver License Administrative Revocation Account	(\$227,699)	(\$2,732,390)	(\$2,732,390)
First Time Drunk Driving Offender Account	(\$68,222)	(823,460)	(\$823,460)
Administrative Fee - Highway Users Tax Fund	(\$46,788)	(\$561,450)	(\$561,450)
Administrative Fee - Fines Collection Cash Fund	(\$46,788)	(\$561,450)	(\$561,450)
Total Revenue	(\$389,896)	(\$4,678,750)	(\$4,678,750)

Assumptions. Annually, there are approximately 73,000 judgments and warrants assessed, of which 70 percent are related to judgments for traffic infractions. Additionally, 37,430 (51 percent) outstanding judgment suspension actions were taken against drivers in 2017. The revenue estimate in this fiscal note is based on the 37,430 drivers who received a suspension action. The impact in the current FY 2017-18 is prorated to reflect one month of revenue reduction, based on an assumption the bill will be signed into law by June 1, 2018.

Department of Revenue. To reinstate a driver license that was cancelled or denied due to an outstanding judgment, drivers must pay a \$95 reinstatement fee to the DOR. Of this fee, \$73 is deposited in the Driver License Administrative Revocation Account, and \$22 is deposited in the First Time Drunk Driving Offender Account. Additionally, a \$30 administrative processing fee is collected each time the court issues an outstanding judgment or warrant. Of this fee, \$15 is remitted to the Judicial Department, and \$15 to the DOR and deposited in the Highway Users Tax Fund. It is assumed that DOR will no longer collect these fees, as this bill specifies that drivers cannot be denied a license for an outstanding judgment related to a traffic infraction.

Judicial Department. The remaining \$15 collected from the \$30 administrative processing fee is retained by the Judicial Department in the Fines Collection Cash Fund and is used to support the operating budget of the trial courts. While not all of the administrative processing fee may be collected by the Judicial Department due to indigence, the rate of indigence for this fee is unknown.

Additionally, this bill may result in a reduction in collections from initial traffic infraction assessments. As driver license revocation creates an incentive to pay penalties for driver license reinstatement, fewer of these penalties may be collected. This bill may also lead to fewer citations or further criminal actions related to cases where a driver's license is no longer cancelled, which may potentially decrease fee and fine revenue in the Fines Collection Cash Fund. These impacts have not been estimated.

Department of Transportation. This bill decreases revenue to the Highway Users Tax Fund by \$46,788 in FY 2018-19 and \$561,450 in FY 2019-20 and future years. Of this amount, 65 percent is distributed to the State Highway Fund for use by the Colorado Department of Transportation.

TABOR Refund

This bill reduces state revenue from fees, which will reduce the amount of money required to be refunded under TABOR by at least \$389,896 in FY 2018-19 and at least \$4.6 million FY 2019-20. A TABOR refund obligation is not expected for the current FY 2017-18. Since the bill reduces the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will increase by an identical amount. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

This bill will increase state expenditures by \$46,788 in the current FY 2017-18, \$607,800 in FY 2018-19, and \$561,450 in FY 2019-20 and ongoing.

Department of Revenue. In FY 2018-19 only, this bill will increase DRIVES Vehicle Services Account expenditures by \$46,350 in the DOR to modify DRIVES to allow driver license issuance with unpaid traffic violations. This estimate assumes that 206 hours of programming will be required at \$225 per hour. Additionally, as this bill will prevent the department from canceling or issuing a license due to an outstanding judgment, DOR will no longer need to process license reinstatements due to outstanding judgments, and workload will decrease. As reinstatements for an outstanding judgment are largely done electronically through the DRIVES system, it is assumed that any decrease in workload will be minimal.

Judicial Department. This bill will require at least \$46,788 in FY 2018-19 and at least \$561,450 in FY 2019-20 and future years of General Fund to offset lost administrative processing fee revenue from judgments on traffic infractions, which are used to support the trial court's operating budgets. Additionally, it will increase workload in the Judicial Department to modify its case management system to distinguish between warrants for a failure to pay from other warrants. It is assumed that this work can be accomplished within existing appropriations.

Local Government

The bill will decrease local government revenue, as discussed below.

Highway Users Tax Fund. This bill will decrease county and local government HUTF revenue by \$16,376 in FY 2018-19 and \$196,508 in FY 2019-20 and future years. HUTF revenue is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Fine revenue. This bill may result in a reduction in collections from initial traffic infraction assessments collected by municipal courts or the Denver County Court. As driver's license revocation creates an incentive to pay penalties for driver license reinstatement, fewer of these penalties may be collected by local governments. This impact has not been estimated for the fiscal note.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For the current FY 2017-18, this bill requires a General Fund appropriation of \$46,350 to the Judicial Department. For FY 2018-19, it requires a General Fund appropriation of \$561,450 to the Judicial department and an appropriation of \$46,350 from the DRIVES Vehicle Services Account to the Department of Revenue.

State and Local Government Contacts

Counties	Information Technology	Judicial
Law	Personnel	Revenue