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FISCAL NOTE

Drafting Number: LLS 19-0712 Date: January 17, 2019
Prime Sponsors: Sen. Crowder Bill Status: Senate SVMA
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Bill Topic: MILITARY VEHICLE MOTOR VEHICLE REGULATION

- Summary of Fiscal Impact:
- State Revenue (potential)
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill classifies demilitarized vehicles as motor vehicles and creates certain exemptions from emissions and physical inspection requirements. It creates potential revenue impacts for state and local government and increases state expenditures for the Department of Revenue in FY 2019-20 only.

Appropriation Summary: In FY 2019-20, the bill requires an appropriation to the Department of Revenue of \$45,000 from the Colorado DRIVES Vehicle Services Account.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 19-054

Table with 3 columns: Category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures (Cash Funds, Total), Transfers, and TABOR Refund.

Summary of Legislation

The bill defines a demilitarized motor vehicle as a motor vehicle that was built for the U.S. Armed Forces, commonly used by the U.S. Armed Forces to transport persons or property over the highway, and purchased for a nonmilitary use. The bill also exempts demilitarized motor vehicles from emissions requirements and allows persons to sell, register, or reregister a demilitarized motor vehicle with an emissions waiver certification. In addition, the bill allows demilitarized motor vehicles to be deemed roadworthy without a physical vehicle identification number (VIN) inspection. Finally, the bill allows certificates of title to include information about a vehicle's status as a demilitarized motor vehicle.

Background

Current law defines a military vehicle as a vehicle of any size or weight that is valued for historical purposes, was manufactured for use by any nation's armed forces, and that is maintained in a condition that represents its military design or markings. Military vehicles are not deemed roadworthy in Colorado and under federal safety standards. The state's old title and registration system, CSTARs, was unable to perform system checks for vehicle compliance. Due to this, 349 ineligible demilitarized motor vehicles were titled and registered. The state's new DRIVES system now performs a check to prohibit this registration.

Emissions testing of gas- and diesel-powered vehicles is required when registering or selling vehicles in Boulder, Broomfield, Denver, Douglas, and Jefferson Counties, and in portions of Adams, Arapahoe, Larimer, and Weld Counties. Parts of El Paso County also require diesel vehicles to obtain emissions testing prior to sale. Emissions inspection fees for gas-powered vehicles range from \$15 to \$25, while the fee for diesel vehicles varies, with \$5 credited to the state. Revenue from emissions inspections fees is credited to the AIR Account for the administration of the emissions inspection program by the Department of Public Health and Environment and the Department of Revenue (DOR).

Revenue from motor vehicle title and registration fees is credited to the Highway Users Tax Fund (HUTF), as well as several other cash funds.

Data and Assumptions

There are 349 motor vehicles titled and registered in the state that qualify as demilitarized motor vehicles. The state knows of three demilitarized motor vehicles that have been denied title and registration. It is indeterminate how many individuals in Colorado own unregistered demilitarized motor vehicles. In addition, it is assumed that 300 fewer diesel emissions tests will be conducted each year under the bill, a 0.5 percent reduction in diesel emissions testing.

State Revenue

This bill may increase and decrease revenue to the Highway Users Tax Fund (HUTF) and several other cash funds as described below.

Department of Revenue. To the extent that additional demilitarized motor vehicles are titled and registered in Colorado, revenue may increase. Revenue from motor vehicle title and registration fees is credited to the HUTF, as well as several other cash funds.

Emissions testing of gas- and diesel-powered vehicles is required when registering or selling vehicles in several counties. In addition, Parts of El Paso County also require diesel vehicles to obtain emissions testing prior to sale. Emissions inspection fees for gas-powered vehicles range from \$15 to \$25, while the fee for diesel vehicles varies, with \$5 credited to the state. To the extent that current registered demilitarized motor vehicles are no longer required to pay emissions inspection fees, revenue will decrease to the Department of Revenue (DOR) from the AIR Account. Revenue from emissions inspections fees is credited to the AIR Account for the administration of the emissions inspection program by the Department of Public Health and Environment and DOR.

Department of Public Health and Environment. To the extent that current registered demilitarized motor vehicles are no longer required to pay emissions inspection fees, revenue will decrease to the Department of Public Health and Environment from the AIR Account.

State Expenditures

Department of Revenue. In FY 2019-20, one-time programming costs of \$45,000 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system. Programming costs are calculated at 200 hours at a rate of \$225 per hour.

The bill increase expenditures for DOR to reissue titles for the 349 current titled and registered demilitarized motor vehicles. Because these vehicles are already titled and registered in Colorado, this increase can be accomplished within existing resources. Additionally, workload will increase in DOR to engage in any required rulemaking and to update forms, manuals, and the department's website to reflect the change in law, as well as provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increases or costs associated with these activities can be accomplished within existing appropriations.

TABOR refunds. The bill may increase state General Fund obligations for TABOR refunds. Under current law and the December 2018 forecast, the bill will correspondingly increase the amount refunded to taxpayers via sales tax refunds on income tax returns for tax year 2020. The state is not expected to collect a TABOR surplus in FY 2020-21.

Local Government

Similar to the state, local governments receive a portion of title and registration fees collected upon registration and from the HUTF. To the extent that additional demilitarized motor vehicles are titled and registered in Colorado, revenue may increase for local governments.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires an appropriation of \$45,000 from the Colorado DRIVES Vehicle Services Account to the Department of Revenue.

State and Local Government Contacts

Information Technology Public Health and Environment Revenue