

**Legislative
Council Staff***Nonpartisan Services for Colorado's Legislature***FINAL
FISCAL NOTE**

Drafting Number:	LLS 19-0942	Date:	July 10, 2019
Prime Sponsors:	Sen. Gonzales; Scott Rep. Benavidez; Bockenfeld	Bill Status:	Signed into Law

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Bill Topic:	LICENSE BUSINESS SELLING ITS USED MOTOR VEHICLES
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Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue <input checked="" type="checkbox"/> State Expenditure <input type="checkbox"/> State Transfer	<input type="checkbox"/> TABOR Refund <input checked="" type="checkbox"/> Local Government <input type="checkbox"/> Statutory Public Entity
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The bill creates a new motor vehicle business disposal license and sets provisions for license denial, suspension, and revocation. The bill increases state and local government revenue and expenditures beginning in FY 2019-20.

Appropriation Summary:	In FY 2019-20, the bill requires, and includes, an appropriation of \$14,000 to the Department of Revenue.
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Fiscal Note Status:	The fiscal note reflects the enacted bill.
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Table 1
State Fiscal Impacts Under SB 19-249

	FY 2019-20	FY 2020-21
Revenue	-	-
Expenditure	Cash Funds	\$14,000
Transfer	-	-
TABOR Refund	-	-

Summary of Legislation

The bill creates a new motor vehicle business disposal license. The license allows businesses to sell used motor vehicles that have been owned by the business for more than a year; are exclusively used for business purposes; are titled in the name of the business; for which all taxes have been paid; and are not designed or used primarily to carry passengers. A business only qualifies for the disposal license if motor vehicle sales do not exceed 20 percent of the business's gross revenue. In addition, the bill enumerates the grounds for which a business disposal license may be denied, suspended, or revoked by the Colorado Motor Vehicle Dealer Board and the associated penalties for selling specified vehicles without a license. Finally, the bill clarifies that business disposal licensees must comply with bond requirements.

Background

The Colorado Motor Vehicle Dealer Board in the Department of Revenue (DOR) processes and reviews license applications for entities and individuals selling motor vehicles and powersports vehicles. The board also generally enforces the laws regarding licensees, including holding hearings, ordering corrective actions, and resolving consumer complaints and setting fees for the Automobile Industry Division. The division employs criminal investigators to review and evaluate consumer complaints against licensees.

Assumptions

This fiscal note assumes it is unknown at this time how many businesses may qualify for a business disposal license. It is unclear how many currently licensed businesses may qualify for the new business disposal license. Subject to further rulemaking, it is unknown whether businesses will need one business disposal license or each business location will require a separate license. However, the fiscal note assumes that some equipment rental companies may qualify and that the total number of equipment rental companies in Colorado is unknown.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or changes an element of an existing crime. This section outlines data on crimes comparable to the offense in this bill and discusses assumptions on future rates of criminal conviction for those offense.

Prior conviction data and assumptions. This bill add the new business disposal license to an existing class 3 misdemeanor. Based on recent convictions under the current offense of operating without a motor vehicle license, the fiscal note assumes that there will be minimal or no additional case filings or convictions for the new offense under the bill.

Visit leg.colorado.gov/fiscalnotes for more information about criminal justice costs in fiscal notes.

State Revenue

The bill may increase state fee and fine revenue beginning in FY 2019-20. This revenue is subject to TABOR.

Fee impact on businesses. To the extent that current businesses qualify for the new business disposal license, fee revenue will increase. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The fee amount has not been estimated as the number of potential licensees has not been determined. Actual fees will be set administratively by DOR based on cash fund balance, estimated program costs, and the estimated number of licenses subject to the fee.

Criminal fines and court fees. By modifying an existing misdemeanor offense, the bill may increase state revenue from criminal fines and court fees by a minimal amount beginning in FY 2019-20, credited to the Fines Collection Cash Fund, various other cash funds in the Judicial Department, and the General Fund. The fine penalty for a class 3 misdemeanor offense is \$1,000 for individuals and ranges from \$5,000 to \$25,000 for corporations. Additionally, court fees may be imposed on a case-by-case basis for a variety of court-related costs, such as late fees.

State Expenditures

The bill increases state cash fund expenditures by \$14,000 in FY 2019-20 and increases state workload on an ongoing basis. These impacts are described below.

Department of Revenue. The bill increases state cash fund expenditures in DOR by \$14,000 in FY 2019-20. Workload will increase in DOR to update forms, manuals, and the department's website to reflect the change in law, as well as provide training for staff.

- *Computer programming.* DOR requires \$14,000 to update and add a liability code to the current licensing administration software program to include the new business disposal license.
- *Potential costs.* In future fiscal years, DOR expenditures may increase once the impact is known to engage in any required rulemaking; hire additional staff; administer licensing-related functions; handle business financial records; investigate licensee backgrounds and consumer complaints; and initiate disciplinary proceedings. This fiscal note assumes that any future expenditures will be covered by license fees and requested through the annual budget process.

Judicial Department. This bill may increase costs and workload for the trial courts in the Judicial Department to process additional case filings. Overall, it is assumed that this workload can be accomplished within existing appropriations. Should a change in funding be required for any agency or division with the Judicial Department, it will be addressed through the annual budget process.

Local Government Impact

Denver County Court. The bill may increase revenue, costs and workload for the Denver County Court, which is managed and funded by the City and County of Denver, to try misdemeanor cases under the bill.

Effective Date

The bill was signed into law by the Governor on May 28, 2019, and takes effect August 2, 2019, assuming no referendum petition is filed.

State Appropriations

In FY 2019-20, the bill requires, and includes, an appropriation of \$14,000 to the Department of Revenue from the Auto Dealers Cash Fund.

State and Local Government Contacts

Information Technology Revenue