



Legislative
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FISCAL NOTE

Drafting Number:	LLS 20-0989	Date:	March 3, 2020
Prime Sponsors:	Rep. Cutter; Will Sen. Bridges	Bill Status:	House Finance
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Bill Topic: SPECIAL OLYMPICS LICENSE PLATE AND TAX CHECK-OFF

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

The bill continues the Special Olympics Colorado income tax check-off and creates the Special Olympics Colorado group special license plate. It will increase state and local revenue and state expenditures beginning in FY 2020-21.

Appropriation Summary: In FY 2020-21, the bill requires an appropriation of \$10,195 to the Department of Revenue.

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

Table 1
State Fiscal Impacts Under HB 20-1323

		FY 2020-21	FY 2021-22
Revenue	Cash Funds	\$30,290	\$38,650
	State Highway Fund	\$16,250	\$20,313
	Total	\$47,170	\$58,963
Expenditures	Cash Funds	\$10,195	\$7,400
	Total	\$10,195	\$7,400
Transfers		-	-
TABOR Refund	General Fund	\$55,920	\$69,900

Summary of Legislation

This bill extends the Special Olympics Colorado income tax check-off and creates the Special Olympics Colorado group special license plate. The license plate is available to all applicants that pay a one-time special license plate fee of \$50 and give a donation to a designated Colorado nonprofit organization as determined by the Colorado Department of Revenue (DOR). The group special license plate will be available by January 1, 2021. The Department of Revenue (DOR) may stop issuing the license plate if 3,000 plates are not issued by July 1, 2025; however, anyone issued the license plate in advance of that date may continue to use the plate.

Assumptions

Expected demand for this plate is based on the actual demand for the current Colorado Rockies group special license plate. This fiscal note assumes that 1,000 license plates will be issued in FY 2020-21, and 1,250 will be issued in FY 2021-22.

State Revenue

This bill is anticipated to increase state cash fund revenue by \$55,920 in FY 2020-21 and \$69,900 in FY 2021-22. Table 2 outlines the revenue generated under this bill.

Table 2
Revenue Under HB 20-1323

Revenue Components	FY 2020-21	FY 2021-22
License Plate Sets Issued	1,000	1,250
Revenue: License Plate Cash Fund (\$5.92)	\$5,920	\$7,400
Revenue: Highway Users Tax Fund (\$25)	\$25,000	\$31,250
Revenue: Licensing Services Cash Fund (\$25)	\$25,000	\$31,250
Total Cost	\$55,920	\$69,900

Standard license plate fees. Upon registration, all vehicle owners must pay a plate and tab production free of \$5.92 for a passenger vehicle plate set and \$3.01 for a motorcycle plate set. This fiscal note assumes motorcycle plate issuance will be minimal. Fees from plate and tab production are credited to the License Plate Cash Fund (LPCF).

Special license plate fees. Applicants for the Special Olympics Colorado group special license plate are also required to pay an additional \$50 fee, of which \$25 is credited to the Highway Users Tax Fund (HUTF) and \$25 is credited to the Licensing Services Cash Fund (LSCF).

Colorado Department of Transportation. Of the HUTF revenue generated under this bill, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the department, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 3 outlines the estimated HUTF revenue generated under this bill.

**Table 3
 Estimated HUTF Distribution Under HB 20-1323**

	FY 2020-21	FY 2021-22
License Plate Sets Issued	1,000	1,250
Revenue: State Highway Fund (65 percent)	\$16,250	\$20,313
Revenue: Counties (26 percent)	\$6,500	\$8,125
Revenue: Municipalities (9 percent)	\$2,250	\$2,812
Total Cost	\$25,000	\$31,250

State Expenditures

State cash fund expenditures in DOR will increase by \$10,195 in FY 2020-21, and by \$7,400 in FY 2021-22. State expenditures are detailed in Table 4 and discussed below.

**Table 4
 Expenditures Under HB 20-1323**

	FY 2020-21	FY 2021-22
Department of Revenue		
Plate and Tab Production Cost (\$5.92 per set)	\$5,920	\$7,400
Computer Programming	\$4,275	-
Total Cost	\$10,195	\$7,400

Department of Revenue. As discussed in the State Revenue section, plate tab and production costs \$5.92 per license plate set. This fiscal note assumes that 1,000 license plates will be issued in FY 2020-21, and 1,250 will be issued in FY 2021-22. The fiscal note assumes 80 percent of the license plates will be issued in first year and costs in FY 2020-21 reflect a half-year impact. In FY 2020-21, one-time programming costs of \$4,275 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system. Programming costs are calculated at 19 hours at a rate of \$225 per hour. DOR will be required to update rules, forms, manuals, and the department's website to reflect the change in law. Additionally, the DOR will 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. License plate and tab production costs are expended from the LPCF.

In addition, the DOR requires no change in expenditures or workload to continue administering the Special Olympics Colorado tax check-off.

TABOR refunds. The bill is expected to increase state General Fund obligations for TABOR refunds by \$55,920 in FY 2020-21 and \$69,900 in FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the bill will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Local Government

This bill will increase local government HUTF revenue by an estimated \$8,750 in FY 2020-21 and \$10,937 in FY 2021-22 and thereafter, as shown in Table 3. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires and includes an appropriation to the Department of Revenue of \$4,275 from the DRIVES Vehicle Services Account, and cash fund spending authority in the amount of \$5,920 from the License Plate Cash Fund.

State and Local Government Contacts

County Clerks Information Technology Revenue Transportation