



Legislative Council Staff

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FINAL FISCAL NOTE

Drafting Number: LLS 20-0725 Date: August 14, 2020
Prime Sponsors: Sen. Crowder Bill Status: Postponed Indefinitely
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Bill Topic: REGISTER SURPLUS MILITARY VEHICLE AS FARM VEHICLE

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

The bill would have allowed a farmer or rancher to register a surplus military vehicle if the vehicle qualified as a farm vehicle. It would have increased state and local revenue on an ongoing basis, and would have increased state expenditures in FY 2020-21 only.

Appropriation Summary: For FY 2020-21, the bill would have required an appropriation of \$11,700 to the Department of Revenue.

Fiscal Note Status: The fiscal note reflects the reengrossed bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under SB 20-115

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (Cash Funds), Transfers, and TABOR Refund.

## **Summary of Legislation**

The bill would allow a farmer or rancher to register a surplus military vehicle, defined as a self-propelled vehicle that was purchased for nonmilitary use and built for the United States Armed Forces, as a farm vehicle if it satisfies the following requirements:

- the vehicle is only commercially used to transport to market or place of storage raw agricultural products produced or livestock raised by the farmer or rancher; or
- the vehicle is used to transport commodities and livestock purchased by the farmer or rancher for personal use and used in such person's farming or ranching operations.

The qualifying surplus military vehicle will be issued a certificate of title as a motor vehicle for the purpose of being registered as a farm vehicle. However, when the surplus military vehicle is transferred to another person, the certificate of title will be reissued as an off-highway vehicle.

## **Background and Assumptions**

With the implementation of Senate Bill 19-054, a surplus military vehicle is now considered an off-highway vehicle and may not be registered for on-road use by the Department of Revenue (DOR). Prior to Senate Bill 19-054, of the 1,399 total surplus military vehicles titled in Colorado, 125 were registered as farm vehicles.

## **State Revenue**

To the extent that more vehicles are titled and registered, state cash fund revenue will increase to the License Plate Cash Fund and Highway Users Tax Fund (HUTF), which are subject to TABOR. Of the HUTF revenue generated under this bill, 65 percent is credited to the State Highway Fund for expenditure by the Department of Transportation, 26 percent is credited to counties, and 9 percent is credited to municipalities. This revenue increase is expected to be minimal.

## **State Expenditures**

**Department of Revenue.** In FY 2020-21, one-time programming costs of \$11,700 are required to update the Driver License, Record, Identification, and Vehicle Enterprise Solutions (DRIVES) system. Programming costs are calculated at 52 hours at a rate of \$225 per hour. Activities include development, testing, and project administration.

Additionally, workload will increase in the Department of Revenue 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 staff, law enforcement and other entities affected by this bill. This work can be accomplished within existing resources.

**TABOR refund.** The bill is expected to increase state General Fund obligations for TABOR refunds by a minimal amount in FY 2020-21 and 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**

The bill will minimally increase revenue and workload for local governments. As discussed in the state revenue section, of any new revenue deposited into the HUTF from additional registration fees, 26 percent is distributed to counties and 9 percent is distributed to municipalities. Additionally, allowing surplus military vehicles to be registered will increase workload for county clerks. Due to the likely small number of surplus military vehicles registering as farm vehicles, revenue and workload impacts will be minimal.

**Effective Date**

The bill was postponed indefinitely by the House Transportation and Local Government Committee on May 27, 2020.

**State Appropriations**

For FY 2020-21, the bill requires a cash fund appropriation of \$11,700 from the Colorado DRIVES Vehicle Services Account to the Department of Revenue.

**State and Local Government Contacts**

Counties      County Clerks      Revenue