



Legislative Council Staff

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Revised Fiscal Note

(replaces fiscal note dated May 18, 202)

Drafting Number: LLS 21-0710 **Date:** May 21, 2021
Prime Sponsors: Rep. Herod; Gray **Bill Status:** House Finance
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Bill Topic: DOR ACTION AGAINST CERTAIN DOCUMENTS

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input 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 repeals the Department of Revenue's discretionary and mandatory authority to revoke driver's licenses when certain offenses are committed. The bill will reduce state and local revenue on an ongoing basis and increase state expenditures in FY 2021-22.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$211,500 to the Department of Revenue and may increase expenditures to backfill lost revenue. See State Appropriations section.

Fiscal Note Status: This fiscal note reflects the introduced bill, as amended by House Judiciary Committee.

Table 1
State Fiscal Impacts Under HB 21-1314

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	(\$3,560,600)	(\$3,560,600)
	Total Revenue	(\$3,560,600)	(\$3,560,600)
Expenditures¹	Cash Funds	\$211,500	-
	Total Expenditures	\$211,500	-
Transfers	Marijuana Tax Cash Fund	(\$2,001,200)	(\$1,751,000)
	Other Cash Funds	\$2,001,200	\$1,751,000
	Net Transfer	\$0	\$0
TABOR Refund		-	-

¹ The General Assembly may choose to appropriate General Fund to backfill this revenue loss, as discussed in the State Expenditures section.

Summary of Legislation

The bill repeals the Department of Revenue's (DOR's) discretionary and mandatory authority to cancel, deny, or deny reissuance for a driver's license or minor driver's license for:

- unlawful or fraudulent use or conviction of misuse of license, titles, permits, or license plates;
- failure to register a car in Colorado; and
- having any of the following: an outstanding judgment for a violation related to the regulation of motor vehicles or traffic; having a bench warrant for failure to appear to answer for a traffic situation; or an outstanding judgement for failing to present a valid transit pass or coupon.

The bill repeals the requirement that DOR revoke a license and permit for being convicted of underage possession or consumption of alcohol or marijuana if the minor completed any required alcohol class; aggravated motor vehicle theft; and second degree criminal trespass when the person knowingly and unlawfully enters a motor vehicle. In addition, the bill repeals the requirement that DOR suspend the driver's license of an employee who is convicted of selling or procuring alcohol to a person under the age of 21 or failing to prevent the use of a fake ID card for a person under 21 trying to buy alcohol with knowledge that the person is using a fake ID card.

DUI fee. The bill creates an additional \$25 fee when a person reinstates their license after being convicted of a DUI, DUI per se, DWAI, or UDD. The fee is deposited into the First Time Drunk Driver Account within the Highway Users Tax Fund (HUTF).

Marijuana Tax Cash Fund Transfers. The bill transfers money from the Marijuana Tax Cash Fund including: \$1.4 million to the Licensing Services Cash Fund and \$350,000 to the Judicial Department. In addition, the bill makes a one-time transfer of \$250,200 to the DRIVES Vehicle Service Account in the Highway Users Tax Fund.

State Revenue

Starting in FY 2021-22, the bill will decrease state cash fund revenue to the Department of Revenue and the Judicial Department by an estimated \$4.0 million per year. Revenue reductions result from reduced driver's license reinstatement fees and outstanding judgment administrative fees. Table 2 shows the estimated revenue decrease, which is discussed in further detail below.

**Table 2
 Fee Impact on License Reinstatement**

Fiscal Year	Fee Type	Fee Change	Number Affected	Total Fee Impact
FY 2021-22	Driver License Reinstatement Fee	(\$95)	18,619	(\$1,768,805)
	Outstanding Judgement Administrative Fee	(\$30)	73,848	(\$2,215,445)
	DUI Reinstatement Fee	\$25	16,946	\$423,650
FY 2021-22 Total				(\$3,560,600)

**Table 2
 Fee Impact on License Reinstatement (Cont.)**

Fiscal Year	Fee Type	Fee Change	Number Affected	Total Fee Impact
FY 2022-23	Driver license Reinstatement Fee	(\$95)	18,619	(\$1,768,805)
	Outstanding Judgement Administrative Fee	(\$30)	73,848	(\$2,215,445)
	DUI Reinstatement Fee	\$25	16,946	\$423,650
FY 2022-23 Total				(\$3,560,600)

Driver’s license reinstatement fee—Department of Revenue. The bill is estimated to reduce revenue from individuals having to pay a driver’s license reinstatement fee, which is currently \$95. Using a three-year average of drivers who had their driver’s licenses revoked and reinstated for reasons repealed under the bill, this amount is estimated to be \$1.8 million per year. The fee is deposited into the Highway Users Trust Fund (HUTF) and divided between the Driver’s License Administrative Revocation Account and the First-Time Drunk Driver Account.

Outstanding judgement administrative fee—Judicial Department and Department of Revenue. The bill is estimated to reduce revenue from individuals paying the outstanding judgement administrative fee, which is currently \$30. Using a three-year average of revenue collected from this fee, this amount is estimated to be \$2.2 million, with half of the reduction occurring in the Judicial Department (\$1.1 million) and the other half in the DOR (\$1.1 million). The fee is deposited to multiple cash funds within the Judicial Department and the Driver’s license Administrative Revocation Account in the HUTF.

DUI Reinstatement Fee—Department of Revenue. Starting in FY 2021-22, the bill is estimated to increase revenue to the First Time Drunk Driving Offender Account in the HUTF by an estimated \$423,650 per year. Based on a three-year average, the fiscal note assumes that 21,182 individuals will reinstate their license after a DUI, DUIO per se, DWAI, or UDD and that 20 percent will be indigent and not pay the fee.

Other fee impacts—Judicial Department. To the extent the repeal of the outstanding judgement administrative fee reduces the amount of fees leveraged by the Judicial Department, this will result in an additional decrease in revenue to the Judicial Department.

State Transfers

The bill transfers a total of \$2.0 million in FY 2021-22 and \$1.75 million in FY 2022-23 from the Marijuana Tax Cash Fund to the various state cash funds to backfill revenue loss, as shown in Table 3. The bill does not specify which fund in the Judicial Department will receive the funds; the fiscal note assumes that it will go to a cash fund within the department.

**Table 3
 Transfers Under HB 21-1315**

	FY 2021-22	FY 2022-23
Marijuana Tax Cash Fund	(\$2,001,200)	(\$1,751,000)
Judicial Department	\$350,000	\$350,000
Licensing Services Cash Fund	\$1,401,000	\$1,401,000
DRIVES Cash Fund	\$250,200	-
Total Cost	\$0	\$0

State Expenditures

The bill will increase state expenditures by \$211,500 in FY 2021-22 from the DRIVES Cash Fund in the Department of Revenue. The bill will also create a reduction in expenditures by up to \$4.0 million per year starting in FY 2021-22, as discussed below.

DRIVES programming—Department of Revenue. In FY 2021-22 only, the DOR must update DRIVES to eliminate department actions, identify suspension categories that would no longer be needed, and to test the changes. The fiscal note estimates that this work will take 940 hours at a cost of \$225 per hour.

Cash fund expenditure reduction—Department of Revenue and Judicial Department. The DOR and Judicial Department use cash fund revenue from driver’s license revocation and reinstatement, and other fines and fees collected in association with these actions, to support various administrative and court functions. With the additional transfers, the bill decreases cash fund revenue by about \$1.8 million; however, it does not eliminate the work required in these departments under current law that is supported by this revenue. In the DOR, this revenue funds the Hearings Division and other Division of Motor Vehicle services. In the Judicial Department, this revenue primarily funds victim’s services, local governments, and operational costs. The General Assembly may, at its discretion, appropriate additional General Fund to cover the lost revenue under the bill. Alternately, it may appropriate funding to support additional collections staff in each department, which could mitigate a significant portion of the revenue loss.

Trial courts and probation services—Judicial Department. To the extent the bill results in a reduction in driving under restriction cases filed statewide, this will reduce workload in the trial courts and for related probation services. However, current data on driving under suspension cases and the offenses under the bill cannot be correlated; therefore, any change in appropriations will be addressed through the annual budget process as case impact is better known.

TABOR refunds. The bill decreases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will decrease the amount required to be refunded to taxpayers from the General Fund in FY 2023-24. If the bill causes revenue to fall below the limit by \$30 million, it will trigger a transfer of up to \$30 million from the Unclaimed Property Trust Fund to the Housing Development Grant Fund under current law enacted in House Bill 19-1322.

Federal ARPA funds. This bill decreases state revenue, which may impact the state's flexibility in spending federal American Rescue Plan Act (ARPA) funds. For more information, see the LCS memo, titled "Legislative Changes and Flexibility in Use of American Rescue Plan Funds," available online at: <https://leg.colorado.gov/node/2211881>.

Local Government

Local governments receive a portion of revenue collected in traffic-related stops in their jurisdiction, with will decrease under the bill.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and applies to offenses committed and applications submitted on or after the effective date.

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$211,500 from the DRIVES Cash Fund to the Department of Revenue.

In addition, the General Assembly may choose to appropriate up to \$1,809,600 General Fund to the Department of Revenue and the Judicial Department to backfill the estimated revenue loss from the bill.

State and Local Government Contacts

District Attorneys

Judicial

Revenue

Transportation