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Final Fiscal Note

Drafting Number: LLS 23-0405
Prime Sponsors: Rep. Bockenfeld
Date: June 26, 2023
Bill Status: Postponed Indefinitely
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Bill Topic: STOLEN CATALYTIC CONVERTER REPLACEMENT EXEMPTION

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

The bill would have lowered the emissions requirements for a replacement catalytic converter when an individual's catalytic converter is stolen. It would have increased state expenditures in FY 2023-24 and FY 2024-25 only.

Appropriation Summary: For FY 2023-24, the bill would have required an appropriation of \$238,822 to the Department of Public Health and Environment.

Fiscal Note Status: The fiscal note reflects the introduced bill. This bill was postponed indefinitely by the House Energy and Environment Committee on January 26, 2023; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 23-1038

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

Current law requires catalytic converters to comply with the California Air Resources Board air quality standards. The bill allows an individual to operate a motor vehicle with a catalytic converter that complies with the less stringent federal Environmental Protection Agency standards if their previous catalytic converter was stolen, they reported the theft to law enforcement, and they made a reasonable effort to obtain a new catalytic converter that complies with existing standards. The Air Quality Control Commission in the Colorado Department of Public Health and Environment (CDPHE) must promulgate rules to implement these provisions, which repeal July 1, 2025.

State Expenditures

The bill increases state expenditures in CDPHE by approximately \$280,000 in FY 2023-24 and \$270,000 in FY 2024-25 from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under Bill 8**

	FY 2023-24	FY 2024-25
Department of Public Health and Environment		
Personal Services	\$178,485	\$214,181
Operating Expenses	\$2,835	\$3,510
Capital Outlay Costs	\$20,010	-
Translation Services and Materials	\$10,000	-
Legal Services	\$27,492	-
Centrally Appropriated Costs ¹	\$43,739	\$52,590
FTE – Personal Services	2.1 FTE	2.6 FTE
FTE – Legal Services	0.1 FTE	-
Total Cost	\$282,561	\$270,281
Total FTE	2.2 FTE	2.6 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staffing. CDPHE requires 2.6 FTE to conduct rulemaking, outreach, tracking, and enforcement of the temporary policy. Staff costs in the first year are prorated to account for a September 1, 2023, start date and the General Fund pay date shift. Standard operating and capital outlay costs are included.

Translation services and materials. In FY 2023-24 only, CDPHE requires additional operating costs associated with rulemaking and outreach, estimated at \$10,000.

Legal services. In FY 2023-24 only, CDPHE requires 260 hours of legal services for the Air Quality Control Commission to promulgate new rules. Legal services are provided by the Department of Law at a rate of \$105.74 per hour.

Potential technology solution. CDPHE notes that a digital tracking system may be required to meet state standards and goals for data security. Based on the bill's repeal date and the time-limited nature of the bill's provisions, the fiscal note assumes that these requirements can be accomplished through a manual tracking process. If a software system is implemented, CDPHE and the Office of Information Technology estimate costs to be \$565,000 and 2.1 FTE in FY 2023-24, and \$80,000 in FY 2024-25. Manual tracking would still take place for a portion of FY 2023-24 while the system is in development.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts in Table 1, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires a General Fund appropriation of \$238,822 to the Department of Public Health and Environment, and 2.1 FTE. Of this amount, \$27,492 is reappropriated to the Department of Law, with an additional 0.1 FTE.

State and Local Government Contacts

Information Technology
Revenue

Law

Public Health and Environment