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**Fiscal Note**

**Drafting Number:** LLS 23-0912  
**Prime Sponsors:** Sen. Winter F.  
Rep. Froelich

**Date:** April 3, 2023  
**Bill Status:** Senate Transportation  
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**Bill Topic:** **AUTOMATED VEHICLE IDENTIFICATION SYSTEMS**

**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 establishes new regulations on the use of Automated Vehicle Identification Systems (AVIS) by state, county, and city jurisdictions. It increases state and local expenditures in FY 2023-24 and impacts state and local revenue on an ongoing basis.

**Appropriation Summary:** For FY 2023-24, the bill requires an appropriation of \$158,967 to the Department of Revenue.

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

**Table 1**  
**State Fiscal Impacts Under SB 23-200**

		<b>Budget Year FY 2023-24</b>	<b>Out Year FY 2024-25</b>
<b>Revenue</b>	Cash Funds	\$3,800	\$3,800
<b>Expenditures</b>	Cash Fund	\$158,967	-
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	TABOR Refund	\$3,800	\$3,800

## **Summary of Legislation**

The bill regulates the use of Automated Vehicle Identification Systems (AVIS) by state, county, and city jurisdictions. The bill:

- removes the requirement that penalty assessment notices or summons be served and allows it to be sent through mail;
- changes the deadlines when a jurisdiction is required to issue a notice for a violation detected by AVIS from 90 days to 30 days for vehicles registered in-state and 60 days for vehicles registered outside the state;
- requires registered owners to pay the notice unless the owner requests a hearing to dispute the violation;
- establishes that owners of motor vehicles who do not pay the civil penalty are presumed liable for any civil penalty imposed, unless the owner proves the vehicle was leased to another person for more than one year;
- requires a jurisdiction implementing a new AVIS system to announce the system's implementation through its website for at least 30 days prior to the use of the system, and issue only warnings for the first 30 days after the system is installed or deployed;
- requires a jurisdiction utilizing AVIS to report unpaid violations to the Department of Revenue (DOR), and instructs the DOR to keep a record of unpaid violations and suspend the registration or prohibit the transfer of title until the penalty is paid. The DOR is allowed to collect a \$25 administration fee to cover its administration costs;
- allows a municipality to designate all or a portion of a street as an AVIS corridor within which the municipality may locate a system to detect traffic violation under specified circumstances;
- permits a jurisdiction to compensate a manufacturer or vendor of AVIS system equipment; and
- restricts when AVIS may take photographs and requires most photographs and videos to be destroyed after a specified period.

## **State Revenue**

**Administration fee.** Starting in FY 2023-24, state revenue to the Highway Users Tax Fund (HUTF) will increase by an estimated \$3,800 per year from a \$25 administration fee from unpaid violations recorded by traffic control devices reported to the DOR. This fiscal note assumes there will be 152 violations per year, based on a three-year average of failure-to-pay citations applied to driver records for failure to comply with a traffic control device. To the extent there are additional AVIS systems statewide that do not currently report unpaid citations to the DOR, revenue could increase above this estimate.

**Highway Users Tax Fund.** Because the bill does not specify to which fund the fee is remitted, it is assumed that it will be deposited to the Highway Users Tax Fund (HUTF). Of the HUTF revenue, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the Department of Transportation, 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 2**  
**Expected HUTF Distributions Under SB 23-145**

	FY 2023-24	FY 2024-25
State Highway Fund (65 percent)	\$2,470	\$2,470
Counties (26 percent)	\$988	\$988
Municipalities (9 percent)	\$342	\$342
<b>Total HUTF Distribution</b>	<b>\$3,800</b>	<b>\$3,800</b>

## State Expenditures

The bill increases state expenditures in the DOR by \$158,967 in FY 2023-24, paid from the DRIVES Cash Fund. Expenditures are shown in Table 3 and detailed below.

**Table 3**  
**Expenditures Under SB 23-200**

	FY 2023-24	FY 2024-25
<b>Department of Revenue</b>		
DRIVES Programming	\$137,088	-
OIT Support	\$21,879	-
<b>Total Cost</b>	<b>\$158,967</b>	<b>-</b>

**DRIVES programming.** The DOR must update the Driver License, Record, Identification, and Vehicle Enterprise Solutions (DRIVES) system to allow the DOR to record and track unpaid violations, to suspend registrations, and to prohibit title transfers due to unpaid violations in DRIVES. Programming costs assume 576 hours at \$238 per hour for a cost of \$137,088 in FY 2023-24 only. Office of Information Technology (OIT) support requirements are estimated at 8 hours at a rate of \$99 per hour, which will be allocated to DOR and paid to OIT via real time billing.

**Training and materials updates.** The DOR will have to develop additional processes, training, and materials for the prohibition of title transfers as specified in this bill. The DOR will also need to engage in rulemaking regarding the suspension of registrations to codify these impacts on the DOR, customer, and stakeholder agencies. The additional workload increases and costs associated with these activities can be accomplished within existing resources.

## Other Budget Impacts

**TABOR refunds.** The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will increase the amount of General Fund available to spend or save.

## **Local Government**

**Local government revenue.** The bill will likely increase revenue to local governments that implement AVIS by increasing the number of civil penalties that are paid in a timely manner. It is assumed persons committing violations will be more likely to pay in order to avoid having their registration suspended or ability to transfer title restricted. Also, the ability to issue citations by mail, without the need to issue a summons, will also result in increased collections. This impact will vary by jurisdiction and their use of AVIS.

**Local government expenditures.** The bill may increase workload and expenditures for municipalities and other local jurisdictions that use AVIS. It moves up the deadline in which a jurisdiction is required to issue a violation notice, and requires a jurisdiction implementing a new AVIS system to announce the system's implementation through its website for at least 30 days. These new requirements may require additional staff time. In addition, jurisdictions installing AVIS systems may incur additional costs if they choose to compensate vendors or manufacturers of AVIS equipment.

## **Technical Note**

**High Performance Transportation Enterprise.** The bill requires vendors operating AVIS to program the system to take photographs only upon a violation of a municipal traffic regulation or state traffic law. Currently, the High Performance Transportation Enterprise, which enforces the I-70 Peak Period Shoulder Lane using AVIS, is not technically capable of photographing only vehicles committing a violation, as it continuously photographs vehicles and then uses analytics after the fact to identify violations. According to the enterprise, technology to implement this portion of the bill is not available. The fiscal note assumes that the bill's intent is not to limit the ability of the enterprise to enforce the I-70 Peak Should Lane. However, if the intent is to require the enterprise to operate in a manner consistent with this restriction in the bill, the Colorado Transportation Investment Office's would be unable to use AVIS enforcement on the I-70 Peak Period Shoulder Lane, resulting in the projected revenue decline of up to \$3.2 million per year.

**Administration fee.** The bill allows the DOR to collect a \$25 administration fee on unpaid violations, but does not specify to which fund fee revenue will be deposited. Current statute states that such a fee will be credited to the Highway Users Cash Fund unless specified in the bill. If the intent is for this revenue to go to the DRIVES Cash Fund, the bill should be amended to specifically identify this fund.

**Effective date.** The bill takes effect upon signature of the Governor. Because the DRIVES Programming required by the bill cannot be completed by the bill's effective date, some provisions of the bill will not immediately be implemented, including the ability of the DOR to suspend the registration or prohibit the transfer of a vehicle for unpaid citations. It is assumed this programming work will be completed and the provisions implemented by June 1, 2024.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State Appropriations**

For FY 2023-24, the bill requires an appropriation of \$158,967 from the DRIVES Cash Fund to the Department of Revenue.

## **State and Local Government Contacts**

Corrections  
County Clerks  
Revenue

Counties  
Information Technology  
Transportation

County Treasurers  
Municipalities