



**Colorado
Legislative
Council
Staff**

HB16-1009

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0581
Prime Sponsor(s): Rep. Buck
Sen. Cooke

Date: May 19, 2016
Bill Status: Postponed Indefinitely
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: FALLEN HEROES LICENSE PLATES LOCAL AUTHORITIES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$3,500</u>	<u>\$350</u>
Cash Funds	3,500	350
State Expenditures	<u>\$37,940</u>	<u>\$350</u>
Cash Funds	37,940	350
TABOR Impact		\$350
Appropriation Required: \$37,940 – Department of Revenue (2016-17).		
Future Year Impacts: Ongoing revenue and expenditure increases.		

Note: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill allows the current Fallen Heroes group special license plate to be issued to a local government. A local government that opts to use Fallen Heroes license plates on its vehicles must pay material fees and the required donation to the Colorado Chapter of the Concerns of Police Survivors, but is not required to pay the one-time special license plate fee of \$50, nor the specific ownership tax or registration fees from which local governments are already exempt. License plates issued to local governments must contain notification indicating that it is a local government license plate. The bill also repeals the retirement date of the Fallen Heroes group special license plate, which was set to expire July 1, 2017, if the plate failed to be registered for 3,000 vehicles.

Background

The Fallen Heroes group special license plate became effective January 1, 2013. As of January 2016, the plate has been issued to 1,888 vehicles. Standard group special license plate fees include a one-time additional fee of \$50, of which \$25 is credited to the Licensing Services Cash Fund and \$25 is credited to the Highway Users Tax Fund (HUTF).

Assumptions

The following assumptions were used to estimate the state revenue and expenditure impacts of the bill:

- three local governments (Weld County, City of Greeley, and the Greeley Police Department) have expressed interest in a Fallen Heroes license plate in lieu of a government plate, representing about 350 new Fallen Heroes license plates to be issued in FY 2016-17;
- the fiscal note assumes that an additional 150 new Fallen Heroes license plates will be issued to local governments in FY 2016-17, and 50 each year thereafter;
- these license plates will be print-on-demand, requiring issuance of a temporary permit for each vehicle; and
- the license plate will include visual notice that it is a government plate in the design.

State Revenue

The bill is estimated to increase state cash fund revenue in the Department of Revenue (DOR) by **\$3,500 in FY 2016-17, and by \$350 in FY 2017-18 and each year thereafter**. Revenue from the material cost of each temporary and permanent license plate issued in this category is deposited into the License Plate Cash Fund (LPCF).

Components	Cost	Number of Plates	FY 2016-17	Number of Plates	FY 2017-18
Temporary Tags	\$1.08	500	\$540	50	\$54
License Plates	\$5.92		2,960		296
TOTAL			\$3,500		\$350

TABOR Impact

This bill increases state cash fund revenue from fees, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund. No TABOR refund is expected in FY 2016-17.

State Expenditures

The bill will increase costs in the DOR by **\$37,490 in FY 2016-17, and by \$350 in FY 2017-18 and each year thereafter**. Costs for computer programming are paid from the Colorado State Titling and Registration System (CSTARS) account, while material costs are paid from the LPCF. Costs are outlined in Table 2 and discussed below.

Cost Components	FY 2016-17	FY 2017-18
Computer Programming (CSTARS)	\$33,990	
Materials (LPCF)	3,500	350
TOTAL	\$37,490	\$350

DOR. One-time computer programming of both the CSTARTS and VIPER systems is required in order to issue non-government license plates to government vehicles while retaining tax and fee exemptions. It is estimated that 330 hours of computer programming will be completed by the Office of Information Technology at the rate of \$103 per hour. Finally, DOR will be required to train authorized agents, titling and registration staff, law enforcement, and other entities affected by this bill. It will also update rules, forms, manuals, and websites. These workload impacts are expected to be minimal and can be absorbed within existing appropriations.

Local Government

The bill allows local governments to be issued a Fallen Heroes license plate without paying the special license plate fee of \$25 per plate to the HUTF, of which local governments collect 35 percent. The impact to the HUTF is expected to be minimal, as these local governments are typically issued a standard government plate and would not be opting into special license plates without the bill. Also, to the extent that local governments opt-in to this license plate, their costs will increase to pay the \$50 required donation to the Colorado Chapter of the Concerns of Police Survivors per vehicle.

Effective Date

The bill was postponed indefinitely by the Senate Appropriations Committee on April 27, 2016.

State Appropriations

In FY 2016-17, the Department of Revenue requires a cash fund appropriation of \$37,490. Of this, \$33,990 is to be appropriated from the CSTARTS account, and reappropriated to the Office of Information Technology. The remaining \$3,500 is appropriated from the License Plate Cash Fund.

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