



**Colorado
Legislative
Council
Staff**

SB16-138

**REVISED
FISCAL NOTE**

(replaces fiscal note dated April 11, 2016)

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

Drafting Number: LLS 16-1059
Prime Sponsor(s): Sen. Scott
Rep. Priola

Date: May 4, 2016
Bill Status: House Transportation and Energy
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: STUDY DELEGATING DIVISION MOTOR VEHICLE FUNCTIONS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue General Fund		Potential increase.
State Expenditures General Fund	\$200,000 \$200,000	Workload increase.
TABOR Impact		Potential increase.
Appropriation Required: \$200,000 - Department of Revenue (FY 2016-17).		
Future Year Impacts: None.		

Summary of Legislation

The *reengrossed* bill requires the Department of Revenue (DOR) to study and make recommendations concerning the delegation of certain Division of Motor Vehicles (DMV) services — including issuance and renewal of driver's licenses (excluding commercial driver's licenses), motor vehicle registrations, and certificates of title — to private entities. The bill outlines specific study criteria. DOR must report the findings and make recommendations for implementing legislation to the General Assembly by July 1, 2017.

In addition, the bill authorizes the DOR to conduct a kiosk pilot program, where a private provider may offer motor vehicle services at state and county DMV offices for a convenience fee, subject to the state's procurement process.

Background

DMV workings. The DMV provides direct oversight to 42 state and 14 county operated driver's license offices and operational support to 64 counties offices serving as authorized agents for motor vehicle title and registration transactions.

- There were 1.3 million driver's licenses, instruction permits, identification cards, and driving record transactions completed in FY 2014-15.
- On average, there are 10 million registration transactions performed each year, including approximately 5.6 million renewals.

- On average, 1.7 million titles are issued annually.
- The DMV currently issues 176 license plate types, three year tab types, two disability placard types, a temporary permit, and six other speciality decals and stickers. These and print-on-demand license plates are manufactured by the Colorado Correctional Industries in the Department of Corrections. Every county office is supplied with a three month inventory of license plates and related products.

DRIVES. The DOR has a capital project currently underway to replace both the state's Driver's License System (DLS) and the Colorado State Titling and Registration System (CSTARS) with an updated system known as the Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES). The DRIVES system is expected to be fully operational in August 2018, with the driver's license portion that replaces the DLS functionality scheduled to come online March 2017, followed by the portion that replaces the CSTARS functionality.

Third-party vendors. Third-party vendors currently provide regular and commercial driver training and testing, and emissions testing in Colorado. At least 22 states allow third-party vendors to provide some motor vehicle-related services.

State Revenue

If the DOR implements the kiosk pilot program, state fee revenue may increase beginning in FY 2017-18. The bill authorizes the DOR to assess a convenience fee of up to \$3, and to allow an authorized agent or private provider to retain a portion of this fee. Because the bill does not specify a fund into which this fee would be deposited, this fiscal note assumes the General Fund. As the amount of fee revenue will vary based on the amount set by the DOR, the amount retained by authorized agents and private providers, and the number of DMV customers who will use the kiosk, the fee increase has not been estimated for this fiscal note.

TABOR Impact

To the extent that state fee revenue is increased, this will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

DMV services study. This bill is expected to increase General Fund expenditures for the DOR by \$200,000 in FY 2016-17 to contract for a feasibility study that will meet the bill's criteria. Workload in the DOR and the Department of Law will also increase in FY 2016-17 to contribute to the study. The DRIVES project is expected to have some applicability to the study, creating a slight workload offset.

Kiosk pilot program. The kiosk pilot program will create a workload and potential cost increase in the DOR beginning in FY 2017-18, as the fiscal note assumes that the DOR will begin the kiosk pilot program after it concludes the DMV services study. Workload will involve an examination of potential services to be offered at a kiosk and overall program impact. As the bill is permissive, if the DOR opts to move forward with the pilot program, workload related to the procurement process for a private vendor of kiosk DMV services will increase. Information technology costs will increase if the pilot program is implemented. The fiscal note anticipates that these costs will be addressed during the annual budget process.

Local Government Impact

County clerk and recorders offices are required to be consulted in the course of the study, which will increase workload in those offices in FY 2016-17. To the extent that county DMV offices are involved in the kiosk pilot program, workload will increase related to program implementation beginning in FY 2017-18.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

The Senate Appropriations committee added a provision to the bill requiring the Department of Revenue to implement the bill within existing resources. However, the fiscal note estimates that the bill requires a General Fund appropriation of \$200,000 to the Department of Revenue for FY 2016-17.

State and Local Government Contacts

Clerk and Recorders
Law

Information Technology
Revenue