



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 21-0710
Prime Sponsors: Rep. Herod

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Bill Status: House Judiciary
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Bill Topic: **DOR ACTION AGAINST CERTAIN DOCUMENTS**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- 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.

Table 1
State Fiscal Impacts Under HB 21-1314

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	(\$3,984,250)	(\$3,984,250)
Expenditures¹	Cash Funds	\$211,500	-
Transfers		-	-
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; 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.

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	Proposed Fee	Number Affected	Total Fee Impact
FY 2021-22	Driver's license Reinstatement Fee	(\$95)	18,619	(\$1,768,805)
	Outstanding Judgement Administrative Fee	(\$30)	73,848	(\$2,215,445)
	FY 2021-22 Total			(\$3,984,250)
FY 2022-23	Driver's license Reinstatement Fee	(\$95)	18,619	(\$1,768,805)
	Outstanding Judgement Administrative Fee	(\$30)	73,848	(\$2,215,445)
	FY 2022-23 Total			(\$3,984,250)

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.

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 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. While this bill decreases cash fund revenue to these departments by about \$4.0 million, 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 approximately 9.0 FTE in the Hearings Division. 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 loss of 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.

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 a \$211,500 from the DRIVES Cash Fund to the Department of Revenue.

In addition, the General Assembly may choose to appropriate up to \$3,984,250 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