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Final Fiscal Note

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|-------------------------|---|------------------------|---|
| Drafting Number: | LLS 23-0970 | Date: | July 5, 2023 |
| Prime Sponsors: | Rep. Lukens; Velasco Sen. Marchman; Will | Bill Status: | Signed into Law |
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Bill Topic: BORN TO BE WILD SPECIAL LICENSE PLATE

| | | |
|----------------------------------|---|--|
| 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 creates the Born to Be Wild special license plate for the purpose of funding conflict mitigation related to gray wolf population management. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$647,642 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 23-1265**

| | | Budget Year FY 2023-24 | Out Year FY 2024-25 | Out Year FY 2025-26 |
|-----------------------------|--------------|---------------------------|------------------------|------------------------|
| Revenue | Cash Funds | \$1,184,588 | \$848,879 | \$706,962 |
| Expenditures | Cash Funds | \$647,642 | \$711,879 | \$696,962 |
| Transfers | | - | - | |
| Other Budget Impacts | TABOR Refund | \$636,588 | \$163,879 | \$11,962 |

Summary of Legislation

The bill creates the Born to Be Wild special license plate. By January 1, 2024, the license plate will be available to applicants who pay an annual \$50 fee credited to the Wildlife Cash Fund, two one-time special license plate fees of \$25, and standard license plate fees. The Division of Parks and Wildlife will use money from the annual fee for nonlethal methods of mitigating and preventing human conflict with gray wolves, including programs and training, deploying equipment and technology, supporting relevant research, and promoting and marketing the plate.

Assumptions

Expected demand for the Born to Be Wild plate is based on 60 percent of the actual demand for the Wildlife Sporting license plate in its first three years of availability, in which the Department of Revenue (DOR) issued 22,810 plates. As such, the fiscal note assumes that the Born to Be Wild plate will be issued on the following schedule: 10,960 in the first year, 2,740 the next year, and at least 200 plates per year thereafter.

State Revenue

The bill increases state cash fund revenue in the DOR and Department of Natural Resources (DNR) by \$1.2 million in FY 2023-24, \$850,000 in FY 2024-25, and \$710,000 in FY 2025-26 and ongoing, as shown in Table 2. Fee revenue to the DOR is subject to TABOR; fee revenue to the Wildlife Cash Fund is not subject to TABOR.

**Table 2
State Revenue Under HB 23-1265**

| | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|--------------------|-------------------|-------------------|
| License Plate Sets Issued | 10,960 | 2,740 | at least 200 |
| Department of Revenue | | | |
| DRIVES Cash Fund (\$25) | \$274,000 | \$68,500 | \$5,000 |
| Highway Users Cash Fund (\$25) | \$274,000 | \$68,500 | \$5,000 |
| License Plate Cash Fund | \$88,588 | \$26,879 | \$1,962 |
| DOR Subtotal | \$636,588 | \$163,879 | \$11,962 |
| Department of Natural Resources | | | |
| Wildlife Cash Fund (\$50) | \$548,000 | \$685,000 | \$695,000 |
| DNR Subtotal | \$548,000 | \$685,000 | \$695,000 |
| Total Revenue | \$1,184,588 | \$848,879 | \$706,962 |

Department of Revenue

Standard license plate fees. Upon registration, all vehicle owners must pay a plate and tab production fee of \$8.06 for a digital passenger vehicle plate set in FY 2023-24 and \$9.81 the following year. All specialty plates are manufactured as digital plates, and the fiscal note assumes motorcycle issuance will be minimal. Fees from plate and tab production are credited to the License Plate Cash Fund (LPCF).

Special license plate fees. Applicants for the Born to Be Wild license plate are required to pay an annual fee of \$50, credited to the Wildlife Cash Fund, which the DNR will use to support nonlethal methods of mitigating human conflict with gray wolves. Applicants will also make a one-time payment of \$50 in fees, of which \$25 is credited to the Highway Users Tax Fund (HUTF) and \$25 is credited to the Licensing Services Cash Fund.

Highway Users Tax Fund. 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 3
Expected HUTF Distributions Under HB 23-1265

| | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---------------------------------|-------------------|-------------------|-------------------|
| State Highway Fund (65 percent) | \$178,100 | \$44,525 | \$3,250 |
| Counties (26 percent) | \$71,240 | \$17,810 | \$1,300 |
| Municipalities (9 percent) | \$24,660 | \$6,165 | \$450 |
| Total HUTF Distribution | \$274,000 | \$68,500 | \$5,000 |

Department of Natural Resources

The Division of Parks and Wildlife in the DNR will receive \$50 per year for each plate issued. As shown in Table 3 and discussed in the Assumptions section, this will increase TABOR-exempt revenue to the Wildlife Cash Fund by \$550,000 in FY 2023-24, and increasing amounts thereafter.

State Expenditures

State expenditures in the DOR will increase by \$99,642 in FY 2023-24 and \$28,879 in FY 2024-25, as shown in Table 4 and detailed below. Expenditures are paid from the License Plate Cash Fund and the DRIVES Cash Fund.

**Table 4
State Expenditures Under HB 23-1265**

| | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|------------------|------------------|------------------|
| Department of Revenue | | | |
| Plate and Tab Production | \$88,588 | \$26,879 | \$1,962 |
| DRIVES Programming | \$11,054 | - | |
| DOR Subtotal | \$99,642 | \$26,879 | \$1,962 |
| Department of Natural Resources | | | |
| Wildlife Cash Fund | \$548,000 | \$685,000 | \$695,000 |
| DNR Subtotal | \$548,000 | \$685,000 | \$695,000 |
| Total Expenditures | \$647,642 | \$711,879 | \$696,962 |

Department of Revenue

Plate and tab production. As discussed in the State Revenue section, plate tab and production costs for special group plates are \$8.06 per license plate set in FY 2023-24 and \$9.81 the following year. In addition, Colorado Correctional Industries will receive a one-time fee of \$250 for designing the plate. Plate and tab production costs are paid from the LPCF.

DRIVES programming. In FY 2023-24, one-time programming costs of \$11,055 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system with the license plate. Programming costs assume 40 hours at a rate of \$238 per hour for a total cost of \$9,520. Testing can be accomplished within existing appropriations. Office of Information Technology (OIT) support requirements are estimated at 15.5 hours at a rate of \$99 per hour, which will be allocated to DOR and paid to OIT via real time billing. DRIVES programming costs are paid from the DRIVES Cash Fund.

Training and materials updates. DOR will be required to update rules, forms, manuals, and the department's website to include the license plate. The DOR will also provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increases or costs associated with these activities can be accomplished within existing appropriations.

Department of Natural Resources

The Division of Parks and Wildlife will use Born to Be Wild funding for wolf population management activities, specifically conflict management.

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 reduce the amount of General Fund available to spend or save.

Local Government

This bill will increase local government HUTF revenue by the amounts shown in Table 3. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Effective Date

The bill was signed into law by the Governor on May 20, 2023, and takes effect on August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes appropriations of \$99,642 to the Department of Revenue. Of this total:

- \$11,054 is from the DRIVES Cash Fund; and,
- \$88,588 is from the License Plate Cash Fund.

The bill also requires and includes an appropriation of \$548,000 to the Department of Natural Resources from the Wildlife Cash Fund.

State and Local Government Contacts

Corrections
Information Technology
Transportation

Counties
Natural Resources

County Clerks
Revenue