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Fiscal Note

Drafting Number: LLS 23-0062 **Date:** February 22, 2023
Prime Sponsors: Sen. Danielson; Cutter **Bill Status:** Senate Finance
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Bill Topic: STEGOSAURUS STATE FOSSIL LICENSE PLATE

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

The bill creates the stegosaurus state fossil license plate. Starting in FY 2023-24, the bill increases state and local revenue and state expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$221,516 to the Department of Revenue.

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

Table 1
State Fiscal Impacts Under SB 23-145

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	Cash Funds	\$1,556,124	\$400,787
Expenditures	Cash Funds	\$221,516	\$65,737
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$1,556,124	\$400,787

Summary of Legislation

The bill creates the stegosaurus state fossil license plate. By January 1, 2024, the license plate will be available to applicants that make a donation to a qualifying nonprofit organization designated by the Department of Revenue. In addition, an applicant must pay two one-time fees of \$25, in addition to standard license plate fees.

Assumptions

Expected demand for the plate is based on the actual demand for the wildlife sporting license plate.

State Revenue

The bill will increase state cash fund revenue by \$1.6 million in FY 2023-24 and \$400,787 in subsequent years, as shown in Table 2. This revenue is subject to TABOR.

Table 2
State Revenue Under SB 23-145

	FY 2023-24	FY 2024-25
License Plate Sets Issued	3,315	829
DRIVES Cash Fund (\$25)	\$670,050	\$167,525
Highway Users Cash Fund (\$25)	\$670,050	\$167,525
License Plate Cash Fund	\$216,024	\$65,737
Total Revenue	\$1,556,124	\$400,787

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 stegosaurus fossil special license plate are required to pay an additional \$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 SB 23-145**

	FY 2023-24	FY 2024-25
State Highway Fund (65 percent)	\$435,533	\$108,891
Counties (26 percent)	\$174,213	\$43,557
Municipalities (9 percent)	\$60,304	\$15,077
Total HUTF Distribution	\$670,050	\$167,525

State Expenditures

State expenditures in the Department of Revenue (DOR) will increase by \$221,516 in FY 2023-24 and \$65,737 in subsequent years, as shown in Table 4 and detailed below. Expenditures are paid from the License Plate Cash Fund and the DRIVES Cash Fund the.

**Table 4
State Expenditures Under SB 23-145**

	FY 2023-24	FY 2024-25
Department of Revenue		
Plate and Tab Production	\$216,224	\$65,737
DRIVES Programming	\$5,292	-
Total Expenditures	\$221,516	\$65,737

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. Based on the assumed number of plates, this will increase costs by the amounts shown in Table 4 above. In addition, Colorado Correctional Industries will receive a one-time fee of \$200 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 \$5,292 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system with the license plate. Programming costs assume 16 hours at a rate of \$225 per hour for a total cost of \$4,500. Testing can be accomplished within existing appropriations. 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. 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.

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 December 2022 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 takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires appropriations of \$221,516 to the Department of Revenue. Of this total:

- \$5,292 is from the DRIVES Cash Fund; and,
- \$216,224 is from the License Plate Cash Fund.

State and Local Government Contacts

Corrections
Information Technology

Counties
Revenue

County Clerks
Transportation