



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-1097: REGISTER & DRIVE SURPLUS MILITARY VEHICLES

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**Prime Sponsors:**

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### Summary Information

**Overview.** The bill allows owners of certain surplus military vehicles to register the vehicle and drive it on a highway under certain conditions.

**Types of impacts.** The bill is projected to affect the following areas on a limited basis (state expenditures) and ongoing basis (state revenue and local governments) beginning in FY 2027-28:

- State Revenue
- State Expenditures
- Local Government

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures (Cash Funds)	\$0	\$50,082
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## **Summary of Legislation**

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Beginning January 1, 2028, the bill allows the owner of a surplus military vehicle—defined as a self-propelled vehicle that was built for the U.S. Armed Forces and purchased for nonmilitary use—to register the vehicle with the Department of Motor Vehicles (DMV) and be issued a license plate. The vehicle must use wheels for movement, meet certain weight requirements, not have a mounted firearm, and the owner must sign an affidavit stating that the vehicle will not be driven on roadways for more than 1,500 miles per year.

The bill also allows surplus military vehicles to be driven on highways if they are assisting with firefighting efforts, being serviced or repaired, or if the vehicle is an authorized emergency vehicle. Certain surplus military vehicles may register with the DMV as a collector's item. Current surplus military vehicles that are registered as off-highway vehicles with the DMV may convert their title to operate on highways if the vehicle meets the requirements detailed above.

## **Background and Assumptions**

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The DMV estimates there are 991 surplus military vehicles in the state based on those that have off-highway titles. The fiscal note assumes 33 percent of these vehicles, or 330 vehicles, will register in FY 2027-28, and on an annual basis thereafter. Because applying for an off-highway title is optional, there may be a population of surplus military vehicles unaccounted for by the DMV.

## **State Revenue**

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### **Department of Revenue**

Beginning January 1, 2028, the bill is expected to increase revenue to the DOR from fees collected for the annual registration of surplus military vehicles. This revenue, which is subject to TABOR, will increase in various cash funds including the Highway Users Tax Fund (HUTF), the DRIVES Cash Fund, and the License Plate Cash Fund (LCPF). However, because fees are based on vehicle-specific criteria, such as vehicle weight and the age of the vehicle, revenue will vary significantly based on the kinds of vehicles that register. Thus, the revenue to these funds is indeterminate. Cash fund revenue is subject to TABOR.

For informational purposes, if 330 vehicles register with the DMV as detailed in the Background and Assumptions section above, state revenue would increase by \$363 to the DRIVES Cash Fund and by \$2,811 to the LCPF, plus any additional surcharges for vehicle weight and age.

## **Highway Users Tax Fund Distributions**

Of the HUTF revenue generated under this bill, 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. These amounts will vary based on the types of vehicles that register.

## **State Expenditures**

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### **Department of Revenue**

The bill requires \$50,082 in FY 2027-28, paid from the DRIVES Cash Fund, for DRIVES programming to allow the DMV to register surplus military vehicles and convert surplus military vehicle off-highway vehicle titles to on-highway titles. These programming costs include \$37,520 for 140 hours of programming at a rate of \$260 per hour, plus \$12,562 for ISD development, Office of Information Technology support, and additional user acceptance testing.

### **School Finance**

To the extent that the bill increases the local share of total program funding for school finance through additional specific ownership tax collections, the state aid requirement will decrease. This impact is expected to be minimal.

## **TABOR Refunds**

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The bill may minimally increase the amount of state revenue required to be refunded to taxpayers; however, a forecast of state revenue subject to TABOR is not available beyond FY 2027-28. 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 in any future years when the state is over its revenue limit.

## **Local Government**

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The bill minimally increases local government revenue from the HUTF and specific ownership taxes (SOT). SOT revenue is distributed to local governments, including cities, school districts, and special districts, based on the proportion of the property taxes levied in the prior year. The amount of SOT charged during vehicle registration is calculated based on a number of different factors, including the vehicle's value and age, and has not been estimated.

## Technical Note

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The bill does not amend the section of statute related to certificates of title to add military vehicles to the definition of motor vehicles, leaving military vehicles defined as off-highway vehicles in this section. As a result, the DMV would only be able to title military vehicles as on-highway vehicles if they were first titled as off-highway vehicles and then registered, which is contrary to current titling and registration processes.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to applications for vehicle registration submitted on or after January 1, 2028.

## Departmental Difference

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The Department of Public Health and Environment estimates the bill requires about \$25,000 in FY 2027-28 only to program vehicle databases to store and manage relevant surplus military vehicle information, plus \$30,000 beginning in FY 2027-28 for 0.3 FTE environmental protection specialist to manage inquiries, coordinate emissions testing, and assist with database system enhancements. The fiscal note assumes any new workload can be absorbed with existing resources.

## State and Local Government Contacts

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Local Affairs

Revenue

Public Health and Environment

Transportation

Public Safety

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).