



**Colorado
Legislative
Council
Staff**

**HB16-1415
REVISED
FISCAL NOTE**

(replaces fiscal note dated March 30, 2016)

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

Drafting Number: LLS 16-0924
Prime Sponsor(s): Rep. Hamner
Sen. Steadman

Date: April 6, 2016
Bill Status: Senate Second Reading
Fiscal Analyst: Larson Silbaugh (303-866-4720)

BILL TOPIC: DRIVER & MOTOR VEHICLE SERVICES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-19
State Revenue	<u>\$1,093,742</u>	<u>\$1,940,679</u>	<u>\$2,630,875</u>
DMV Fee Increases	\$1,093,742	\$1,940,679	\$2,630,875
State Transfers	\$0		
Licensing Services Cash Fund	\$2,000,000		
Highway Users Tax Fund	(\$2,000,000)		
State Expenditures	\$0		
General Fund	(\$3,200,000)		
Licensing Services Cash Fund	\$1,200,000		
Highway Users Tax Fund	\$2,000,000		
TABOR Impact	\$1,093,742	\$1,940,679	Not Estimated
FTE Position Change			
Appropriation Required: See State Appropriations section.			
Future Year Impacts: Ongoing state cash fund revenue increase.			

This fiscal note is provided pursuant to Senate Rule 25(e). The fiscal note incorporates amendment L.003 adopted during Senate second reading.

Summary of Legislation

As amended, this bill changes how the state funds driver and vehicle services within the Division of Motor Vehicles (DMV). Specifically, this bill increases the fees charged for services, allows for funding through the Highway Users Tax Fund (HUTF), eliminates the end of the year transfer of the excess reserve from the Licensing Services Cash Fund (LSCF) to the HUTF, and exempts the LSCF from the limit on cash reserves. The bill also specifies that the surcharge to retake a driving test applies regardless of whether an applicant retakes the exam with the DMV or with an approved third-party. The bill increases the amount that counties retain by \$5.00 for each driver's license that they issue, rather than depositing this money in the LSCF. Finally, this bill transfers \$2,000,000 from the HUTF to the LSCF, allows for a \$1,200,000 appropriation for the LSCF, and reduces the General Fund appropriation to the Department of Revenue DMV by \$3,200,000 in FY 2016-17.

Background

In 2007 the General Assembly created the LSCF and fees charged by the DMV were deposited in the LCSF to pay for the operation of the DMV. There have been several modifications to the funding of the DMV since 2007, including in 2014 when the DMV was allowed to raise fees in a limited way and several other financing changes were made. Despite the changes in 2014, a gap remains between the DMV appropriations and fee revenue generated in the LSCF. In the past two budgets, the funding gap has been filled by one-time only appropriations from the General Fund.

State Revenue

State transfers. This bill transfers \$2,000,000 from the HUTF to the LSCF in FY 2016-17. The State Highway Fund (SHF) in CDOT receives 65 percent of the HUTF revenues. Transferring \$2,000,000 from the HUTF will reduce money received by the SHF by \$1,300,000 in FY 2016-17.

State revenue. The net increase in LCSF revenue from the fee increases and the reduced remittances from counties that issue drivers licenses is \$1,093,742 in FY 2016-17, \$1,940,679 in FY 2017-18, and \$2,630,875 in FY 2018-19. Table 1 below compares the cost to provide each document with the current fee and new fee.

This bill increases state and local revenue raised by fees by \$1,776,850 in FY 2016-17, \$2,609,088 in FY 2017-18, and \$3,242,264 in FY 2018-19 and similar amounts in future fiscal years reflected in Table 3 through Table 5. The bill allocates a portion of driver's license fee revenue to counties that issue driver's licenses. In the past three fiscal years, 15.7 percent of driver's licenses were issued by counties. These counties are allowed to keep an additional \$5.00 per driver's license issued. This will decrease the remittances counties make to the LSCF by \$683,108 in FY 2016-17, \$668,409 in FY 2017-18, and \$611,389 in FY 2018-19. The net impact on state revenue is shown in Table 2.

Table 1. Cost to Provide DMV Documents Compared with Fees Under HB 16-1415			
	Cost to Provide	Current fee	New Fee
Driver's License	\$27.88	\$25.00	\$28.00*
Duplicate License or Permit	\$12.33	\$9.00	\$12.00
Driver's License Extension	\$6.51	\$3.60	\$6.50
Driving Record	\$17.37	\$2.60	\$9.00
Certified Driving Record	\$21.72	\$3.20	\$10.00
Commercial Driver's License (CDL) Testing Unit License (Initial)	\$3,093.17	\$360.00	\$3,094.00
CDL Testing Unit License (Renewal)	\$1,051.49	\$120.00	\$1,052.00
CDL Tester License (Initial)	\$147.29	\$120.00	\$148.00
CDL Tester License (Renewal)	\$139.11	\$60.00	\$140.00

Source: Joint Budget Committee

*The fee for driver's licenses increases by \$1.00 per fiscal year until it reaches \$28.00 on July 1, 2018.

	FY 2016-17	FY 2017-18	FY 2018-19
Fee increases	\$1,776,850	\$2,609,088	\$3,242,264
Retained by Counties (L.003)	(\$683,108)	(\$668,409)	(\$611,389)
Net Impact	\$1,093,742	\$1,940,679	\$2,630,875

Fee Impact on Individuals, Families or Business. State law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The DMV forecasts the number of documents issued based on historical trends. The new fees were applied to these forecasts to determine the increase in LSCF revenue. Tables 3 through 5 identify the fee impact of this bill for FY 2016-17, FY 2017-18, and FY 2018-19, respectively. Tables 4 and 5 differentiate the fee impact for driver's licenses separate from that for other documents affected by the bill because the bill increases the fee for driver's licenses gradually through FY 2018-19, while the fee for other documents are increased only once. Relative to current law, fee revenue from all other documents are estimated to increase \$907,183 each fiscal year, while fee revenue from driver's licenses will increase by \$869,667 in FY 2016-17, \$1,701,905 in FY 2017-18, and \$2,335,081 in FY 2018-19.

Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Driver's License	\$25.00	\$26.00	\$1.00	869,667	\$869,667
Duplicate License or Permit	9.00	12.00	3.00	36,855	110,565
Driver's License Extension	3.60	6.50	2.90	4,160	12,064
Driving Record	2.60	9.00	6.40	104,896	671,334
Certified Driving Record	3.20	10.00	6.80	704	4,787
CDL Testing Unit License (Initial)	360.00	3,094.00	2,734.00	4	10,936
CDL Testing Unit License (Renewal)	120.00	1,052.00	932.00	89	82,948
CDL Tester License (Initial)	120.00	148.00	28.00	31	868
CDL Tester License (Renewal)	60.00	140.00	80.00	171	13,680
TOTAL					\$1,776,850

Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Driver's License	\$25.00	\$27.00	\$2.00	850,953	\$1,701,905
All Other Documents					907,183
TOTAL					\$2,609,088

Table 5. Fee Impact on Individuals Under HB 16-1415 for FY 2018-19					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Driver's License	\$25.00	\$28.00	\$3.00	778,361	\$2,335,081
All Other Documents					907,183
TOTAL					\$3,242,264

TABOR Impact

This bill increases state revenue from DMV services, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

Local Government Impact

This bill will reduce local government HUTF revenue by \$700,000 in FY 2016-17. HUTF revenue is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Counties that issue driver's licences will retain an additional \$5.00 per license issued. This will increase county revenue by \$683,108 in FY 2016-17, \$668,409 in FY 2017-18, and \$611,389 in FY 2018-19.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The new fees take effect July 1, 2016.

State Appropriations

A total of \$3,200,000 is appropriated for the DMV within the Department of Revenue. This is made up of the \$2,000,000 transfer from the HUTF and \$1,200,000 from the LSCF. In addition, the General Fund appropriation to the Department of Revenue in the long bill is reduced by \$3,200,000.

State and Local Government Contacts

Counties Municipalities Revenue Transportation

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: www.colorado.gov/fiscalnotes.