



**Colorado
Legislative
Council
Staff**

HB16-1293

FISCAL NOTE

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

Drafting Number: LLS 16-0853
Prime Sponsor(s): Rep. Melton
Sen. Holbert

Date: March 14, 2016
Bill Status: House Transportation and Energy
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: TOTAL LOSS BRAND TITLE MOTOR VEHICLE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	\$3,296	Minimal workload impact.
Cash Funds	3,296	
Appropriation Required: \$3,296 – Department of Revenue (FY 2016-17).		
Future Year Impacts: Ongoing minimal workload impact.		

Summary of Legislation

This bill requires automobile insurers to submit to the Department of Revenue (DOR) a statement notifying DOR when a motor vehicle:

- has been damaged and needs repairs exceeding the vehicle's value;
- has been designated by the insurer as a total loss; or
- was recovered after being reported as stolen and an insurance claim for theft has already been paid by the insurer.

Upon notification, the DOR must issue a new certificate of title branded "insurance loss" to the vehicle. If the insurer's statement includes facts that qualify the vehicle as a salvage vehicle, the DOR must issue the vehicle a salvage title instead.

Background

A branding is a permanent marking on a motor vehicle's title, associated with the vehicle's identification number (VIN), that provides information about the value of the vehicle. A vehicle's title branding must carry forward to future titles, and a branding from another state must carry forward to the vehicle's Colorado title. Under current law, a motor vehicle's certificate of title is branded if the vehicle:

- is a salvage vehicle or is rebuilt from salvage;
- is non-repairable or flood-damaged;

- has had its odometer tampered with; or
- has a designation that was placed on its title by another jurisdiction.

Owners of non-repairable vehicles must apply for a non-repairable title and may only sell the vehicles as scrap or for parts. Owners of salvage vehicles, which include vehicles damaged by collision, fire, flood, accident, trespass, or other occurrence, excluding hail damage, must apply for a salvage title, unless the vehicle has been made roadworthy, in which case the vehicle's title must be branded with "rebuilt from salvage." If a vehicle is determined to be junk, the DOR must cancel the VIN, collect the title, and remove the vehicle from the motor vehicle system. Current law also requires any owner or dealer to disclose any title brand prior to sale or trade of a motor vehicle through a branded title disclosure statement.

The Department of Public Safety (DPS) performs certified VIN inspections on any vehicle deemed appropriate. Typically, these inspections are required for vehicles coming from out of state or rebuilt from salvage. The fee is \$20 for these inspections, and inspections must be conducted by a certified peace officer.

State Expenditures

DOR will have an increase in cash fund expenditures of \$3,296 in FY 2016-17 from the Colorado State Titling and Registration System (CSTARS) Cash Fund. This expenditure is for the CSTARS programming required under the bill to add the "insurance loss" brand. DOR and DPS may also experience a small increase in title transactions and VIN inspections. These workload increases can be accomplished within existing appropriations.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

In FY 2016-17, the Department of Revenue requires an appropriation of \$3,296 from the CSTARS Cash Fund to be reappropriated to the Office of Information Technology.

Departmental Difference

DPS assumes it will require an increase in cash funds appropriations of \$288,807 and 2.8 FTE in FY 2016-17, and \$259,028 and 2.8 FTE in FY 2017-18 and each year thereafter from the VIN Cash Fund and the Highway Users Tax Fund to perform additional VIN inspections under the bill. The fiscal note assumes that nothing in the bill will prompt an additional VIN inspection not already taking place in the course of normal business and therefore assumes this to be a minimal workload increase for DPS that can be accomplished within existing appropriations.

State and Local Government Contacts

Clerk and Records
Revenue

Public Safety

Regulatory Agencies

Research Note Available

An LCS Research Note for HB 16-1293 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.