



**Colorado
Legislative
Council
Staff**

SB16-138

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 16-1059
Prime Sponsor(s): Sen. Scott
Rep. Priola

Date: August 8, 2016
Bill Status: Signed into Law
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: STUDY DELEGATING DIVISION MOTOR VEHICLE FUNCTIONS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue Cash Funds	Potential increase.	
State Expenditures	Minimal workload increase.	
TABOR Impact		Potential increase.
Future Year Impacts: Potential ongoing revenue and minimal workload increases.		

Summary of Legislation

The bill authorizes county clerk and recorders offices, acting as authorized agents of the Department of Revenue (DOR), to conduct a kiosk pilot program to offer motor vehicle services at county Division of Motor Vehicle (DMV) offices through a private provider. The county clerk and the DOR must coordinate with each other to ensure that the pilot program will operate successfully and in accordance with state law.

The county clerk may use a competitive bid process to select the private provider that will provide the kiosk. The county clerk may also assess a convenience fee, not to exceed \$3, which it may authorize the private provider to retain in whole or in part.

The DOR may accept financial assistance from the county clerk to implement the program, credited to the Colorado State Titling and Registration (CSTARS) account.

Background

DMV workings. The DMV provides direct oversight to 42 state and 14 county operated driver's license offices and operational support to 64 counties offices serving as authorized agents for motor vehicle title and registration transactions.

- There were 1.3 million driver's licenses, instruction permits, identification cards, and driving record transactions completed in FY 2014-15.
- On average, there are 10 million registration transactions performed each year, including approximately 5.6 million renewals.
- On average, 1.7 million titles are issued annually.
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- The DMV currently issues 176 license plate types, three year tab types, two disability placard types, a temporary permit, and six other speciality decals and stickers. These and print-on-demand license plates are manufactured by the Colorado Correctional Industries in the Department of Corrections. Every county office is supplied with a three month inventory of license plates and related products.

DRIVES. The DOR has a capital project currently underway to replace both the state's Driver's License System (DLS) and the Colorado State Titling and Registration System (CSTARS) with an updated system known as the Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES). The DRIVES system is expected to be fully operational in August 2018, with the driver's license portion that replaces the DLS functionality scheduled to come online March 2017, followed by the portion that replaces the CSTARS functionality.

Third-party vendors. Third-party vendors currently provide regular and commercial driver training and testing, and emissions testing in Colorado. At least 22 states allow third-party vendors to provide some motor vehicle-related services.

State Revenue

State fee revenue may increase beginning in FY 2016-17. To the extent that costs arise, the bill authorizes the DOR to accept financial assistance from county clerks, to be credited to the CSTARS account. No costs have been identified as of writing. The bill also authorizes county clerks to assess a convenience fee, not to exceed \$3, for the services provided at the kiosk. However, because the bill authorizes the private provider to retain the fee in whole or in part, the fiscal note assumes that a state revenue increase from this fee will likely not occur, or be minimal.

State Expenditures

Beginning in FY 2016-17, workload will minimally increase in the DOR. Because county clerks are taking the lead on the pilot project, workload in the DOR will primarily involve a daily data transfer from the kiosk into the Colorado State Registration and Titling System (CSTARS), as well as coordination with the county clerks to ensure the pilot program's success and operation in accordance with state law. These workload impacts can be accomplished within existing appropriations.

Local Government Impact

County clerks will implement the pilot program at up to three county Division of Motor Vehicle offices (in Arapahoe, El Paso, and Larimer counties, potentially) using a private provider selected through a competitive bid process. While workload will increase to get the program off the ground, the kiosk is expected to provide a workload offset for vehicle registration renewals.

Effective Date

The bill was signed into law by the Governor on May 16, 2016, and takes effect August 10, 2016, assuming no referendum petition is filed.

State and Local Government Contacts

Clerk and Recorders
Revenue

Information Technology

Law