



**Colorado  
Legislative  
Council  
Staff**

**HB17-1012**

**FISCAL NOTE**

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

**Drafting Number:** LLS 17-0219  
**Prime Sponsor(s):** Rep. Esgar

**Date:** January 24, 2017  
**Bill Status:** House Transportation and Energy  
**Fiscal Analyst:** Ryan Long (303-866-2066)

**BILL TOPIC:** PUEBLO CHILE VEHICLE LICENSE PLATE

<b>Fiscal Impact Summary</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
<b>State Revenue</b>	<b><u>\$5,201</u></b>	<b><u>\$10,345</u></b>
Cash Funds	5,201	10,345
<b>State Expenditures</b>	<b><u>\$4,871</u></b>	<b><u>\$1,095</u></b>
Cash Funds	4,871	1,095
<b>TABOR Impact</b>	\$5,201	\$10,345
<b>Appropriation Required:</b> \$4,871 - Department of Revenue (FY 2017-18).		
<b>Future Year Impacts:</b> Ongoing state revenue and expenditure increase.		

**Summary of Legislation**

This bill creates the Pueblo chile special license plate. This license plate will use a design from an association of Pueblo chile growers, and will be available to all applicants. In addition to the standard license plate fees, applicants for the Pueblo chile license plate must pay a one-time additional fee of \$50. Of this fee, \$25 is deposited in the Highway Users Tax Fund (HUTF) and \$25 is credited to the Licensing Services Cash Fund (LSCF). This plate will be available January 1, 2018.

**Assumptions**

As there are currently no other license plates with a similar theme in Colorado, expected demand for this plate is based on the actual demand for the current Boy Scouts special license plate. This plate is used for comparison because it does not require any pre-qualifications and it is in the mid-range in issuance as compared with other special license plates. This fiscal note assumes that 93 license plates will be issued in FY 2017-18, and 185 will be issued in FY 2018-19 and thereafter.

**State Revenue**

**This bill is anticipated to increase state cash fund revenues by \$5,201 in FY 2017-18 and \$10,345 in FY 2018-19 and thereafter.** Table 1 outlines the revenue generated under this bill.

<b>Table 1. Revenues Under HB17-1012</b>		
<b>Revenue Components</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
Number of License Plate Sets to be Issued	93	185
Revenue Credited to License Plate Cash Fund (\$5.92)	\$551	\$1,095
Revenue Credited to Highway Users Tax Fund (\$25)	\$2,325	4,625
Revenue Credited to Licensing Services Cash Fund (\$25)	\$2,325	4,625
<b>TOTAL</b>	<b>\$5,201</b>	<b>\$10,345</b>

Revenue is generated from the plate and tab production fee of \$5.92 per plate set. As a point of reference, motorcycle plate sets cost \$3.01. This fiscal note assumes motorcycle plate issuance will be minimal. Fees from plate and tab production are credited to the License Plate Cash Fund, which all vehicle owners must pay upon registration. Applicants for the Pueblo chile license plate are also required to pay an additional \$50, of which \$25 is credited to the HUTF and \$25 is credited to the LSCF. This fiscal note assumes that the Department of Revenue (DOR) will issue 93 plate sets in FY 2017-18, and 185 in FY 2018-19 and thereafter.

**TABOR Impact**

This bill increases state cash fund revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. 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.

**State Expenditures**

**State cash fund expenditures in DOR will increase by \$4,871 in FY 2017-18, and by \$1,095 in FY 2018-19 and thereafter.** State expenditures are detailed in Table 2.

<b>Table 2. Expenditures Under HB17-1012</b>		
<b>Cost Components</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
Number of License Plate Sets to be Manufactured	93	185
Plate and Tab Production Cost per Set (\$5.92)	\$551	\$1,095
License Plate Design	\$200	\$0
Computer Programming	\$4,120	\$0
<b>TOTAL</b>	<b>\$4,871</b>	<b>\$1,095</b>

**Department of Revenue.** In FY 2017-18, one-time programming costs of \$4,120 are required to update the Colorado State Titling and Registration System (CSTARS) in the DOR. Programming costs are calculated at 40 hours at a rate of \$103 per hour. The DOR will be required to update rules, forms, manuals, and the department's website to reflect the change in law. Additionally, the DOR will provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increase or costs associated with these activities will be accomplished within existing appropriations. License plate and tab production costs are expended from the LPCF. Based on the expected demand for the Pueblo Chile plate, an initial run of 93 will be necessary.

Since no nonprofit organization has applied to DOR to create the Pueblo Chile special license plate, the department will be responsible for the payment of this design fee. This fiscal note estimates that it will take one design hour to create the license plate, and will require a \$200 appropriation in FY 2017-18 from the CSTARS Special Purpose Account.

**Colorado Department of Transportation.** Of the HUTF revenues generated under this bill, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the department, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 3 outlines the potential breakout of HUTF revenue generated under this bill.

<b>Table 3. Estimated HUTF Distribution Under HB17-1012</b>		
<b>HUTF Distribution</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
CDOT (65 percent)	\$1,511	\$3,006
Counties (26 percent)	605	1,203
Municipalities (9 percent)	209	416
<b>TOTAL</b>	<b>\$2,325</b>	<b>\$4,625</b>

### Local Government Impact

This bill will increase local government HUTF revenue by an estimated \$814 in FY 2017-18 and \$1,619 in FY 2018-19 and thereafter, as shown in Table 3. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

### Technical Note

To meet the deadline of January 1, 2018, outlined in the bill, the DOR will need to complete programming in CSTARS. However, CSTARS is currently scheduled to be fully replaced by the Colorado DRIVES system in August 2018. To complete the work in CSTARS, the DOR will require appropriations and expenditures of \$4,120 to complete programming on a system that will be eliminated. These costs could be eliminated if the effective date was pushed back to September.

### Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

## State Appropriations

For FY 2017-18, the DOR requires three cash fund appropriations:

- \$551 from the License Plate Cash Fund;
- \$4,120 from the CSTAR Account, reappropriated to the Office of Information Technology; and
- \$200 from the CSTAR Special Purpose Account.

CDOT does not require an appropriation as the SHF is continuously appropriated to the department.

## State and Local Government Contacts

Corrections  
Information Technology  
Transportation

Counties  
Public Safety

County Clerks  
Revenue