



**Colorado  
Legislative  
Council  
Staff**

**HB17-1107**

**FINAL  
FISCAL NOTE**

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

**Drafting Number:** LLS 17-0635 **Date:** July 10, 2017  
**Prime Sponsor(s):** Rep. Thurlow; Bridges **Bill Status:** Signed into Law  
 Sen. Martinez Humenik **Fiscal Analyst:** Erin Reynolds (303-866-4146)

**BILL TOPIC:** DIVISION OF MOTOR VEHICLES CO DRIVES SYSTEM

<b>Fiscal Impact Summary</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
<b>State Revenue</b>		<b>\$0</b>
<i>State Transfers</i>		0
Highway Users Tax Fund (CSTARS Account)		(19.2 million)
Highway Users Tax Fund (DRIVES Account)		19.2 million
<b>State Expenditures</b>	Minimal workload increase.	
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> Ongoing minimal workload increase.		

**Summary of Legislation**

The bill primarily modifies the statutes to update the term "Colorado State Titling and Registration System (CSTARS)" with the term "Driver License, Record, Identification, and Vehicle Enterprise Solution (DRIVES)" and creates two revenue transfers from the CSTARS account to the newly created Colorado DRIVES Vehicle Services account as follows:

- 33 percent of the CSTARS account fund balance to the DRIVES account on September 1, 2018; and
- the remainder of the CSTARS account fund balance to the DRIVES account on June 30, 2019.

In addition, the bill:

- replaces the CSTARS Advisory Committee, which is currently composed of seven county clerks, with the DRIVES County Governance Committee, composed of nine total members including six county clerks, two Department of Revenue (DOR) employees, and one Office of Information Technology (OIT) employee, who approve DRIVES' annual operating budget and may establish subcommittees and working groups to report to the committee;
- authorizes the Division of Motor Vehicles (DMV) to share images with driver license agencies in other states;

- clarifies responsibility for title and registration documents between county clerks and DOR;
- codifies in law the practice whereby county clerks transfer motor vehicle transaction revenue electronically to the DMV;
- aligns the terms "authorized agent" and "county clerk" to be synonymous, and redefines last known address for notifications regarding driving privileges; and
- redirects CSTARS account revenue to the DRIVES account as of September 1, 2018, and adds the purchase of license plates, decals, and validating tabs as acceptable uses of the funds.

## Background

A capital project is currently underway at the DMV in DOR to replace both the state's Driver License System and CSTARS with an updated computer system called DRIVES. The driver license portion of DRIVES came online February 2017. The portion that replaces CSTARS is scheduled to come online August 2018.

## State Revenue

While the bill does not affect overall state revenue, it results in two state cash fund transfers as described below.

**State transfers.** In FY 2018-19, the bill creates two state transfers from the CSTARS account to the DRIVES account of the Highway Users Tax Fund: a transfer of 33 percent of the total fund balance on September 1, 2018, and a transfer of the remaining fund balance on June 30, 2019. As of writing, the CSTARS account is projected to have a beginning FY 2018-19 fund balance of approximately \$19.2 million. As the bill creates several new mechanisms to direct revenue from the CSTARS to the DRIVES account as of September 1, 2018, the fiscal note assumes that this fund balance will not increase in FY 2018-19. As a result, the fiscal note estimates that approximately \$19.2 million will be transferred from the CSTARS account to the DRIVES account in two installments during FY 2018-19. This amount does not consider other 2017 legislation. Actual state transfer amounts will be determined by the State Treasurer.

## State Expenditures

There will be a minimal workload increase in DOR and OIT to serve on the DRIVES County Governance Committee. This workload increase is expected to be accomplished within the existing appropriations of these departments.

## Local Government Impact

County clerk workload will remain substantially unchanged under the bill. Notably, there is one less county clerk serving on the DRIVES County Governance Committee. Process-wise, the county clerks will now scan documents and send them to DOR immediately, instead of sending batches, but the workload remains the same. The rest of the changes in the bill codify current practice and have no workload impact.

## Effective Date

The bill was signed into law by the Governor on April 4, 2017. The repeal of CSTARs takes effect July 30, 2018. The remainder of the bill takes effect August 9, 2017, assuming no referendum petition is filed.

## State and Local Government Contacts

County Clerks  
Personnel

Information Technology  
Revenue

Law