



**Colorado
Legislative
Council
Staff**

SB17-176

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 6, 2017)

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

Drafting Number: LLS 17-0874
Prime Sponsor(s): Sen. Moreno
Rep. Rankin

Date: February 13, 2017
Bill Status: House Appropriations
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: MOTOR VEHICLE LICENSE PLATE APPROPRIATION

Fiscal Impact Summary	FY 2016-2017 (current year)	FY 2017-2018	FY 2018-2019
State Revenue			
State Expenditures	<u>\$2,435,572</u>		
General Fund	202,327		
Cash Funds	2,233,245		
Appropriation Required: \$2,435,572 - Department of Revenue (FY 2016-17).			
Future Year Impacts: None.			

Summary of Legislation

The bill, *as amended by the Joint Budget Committee*, authorizes the use of the Colorado State Titling and Registration (CSTAR) Account in the Highway Users Tax Fund by the Department of Revenue to purchase license plates, decals, and validating tabs.

Background

Under current law, the License Plate Cash Fund in the Department of Revenue is the sole funding source for all license plate and registration product purchases from Colorado Correctional Industries in the Department of Corrections. The direct cost to manufacture these materials is the fee the DOR collects, and also represents the revenue to the fund. As a point of reference, current material costs and fees for license plate and registration-related products are shown in Table 1.

Material	Cost
Single embossed license plate (standard)	\$1.89
Single digital license plate (special)	2.82
Year tab (includes envelope)	0.17
Month tab	0.11
Decal (e.g., for special mobile machinery)	0.25

Currently, 22 military license plates are issued at no cost under state law. In addition, it is a common practice for a county clerk to issue a validating year or month tab free of charge if the vehicle owner makes a complaint that the tab was lost in delivery. The majority of revenue to the fund is collected by county clerks and remitted to the DOR, typically on a quarterly basis. As a result of issuing registration materials without collecting a fee and the delay in revenue remittance to DOR, there are consistent revenue shortages to the License Plate Cash Fund. General Fund is typically sought for legislation that would require creation of new registration materials to cover the delay in receiving the revenue from county clerks offices.

A separate bill, House Bill 17-1107, would change the name of the CSTAR Account to the DRIVES Vehicle Services Account if enacted. DRIVES stands for Driver License, Record, Identification, and Vehicle Enterprise Solution, and is the capital project currently underway that replaces both the state's Driver License System and CSTARs. If this renaming is necessary in the future, it will be handled by the revisor of statutes.

State Expenditures

To the extent that the CSTAR Account is used instead of the License Plate Cash Fund to fund motor vehicle registration-related expenses, expenditures from these accounts will increase and decrease respectively. The Correctional Industries Account, which is an enterprise, will be the end recipient of all revenue, as the state's sole manufacturer of registration-related materials.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

In the current FY 2016-17, the bill includes an appropriation of \$2,435,572 to the Department of Revenue to be reappropriated to the Department of Corrections for use by Colorado Correctional Industries, including:

- \$202,327 from the General Fund;
- \$2,043,976 from the Colorado State Titling and Registration Account in the Highway Users Tax Fund; and
- \$189,269 from the License Plate Cash Fund.

State and Local Government Contacts

Corrections

Joint Budget Committee

Revenue