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**FINAL
FISCAL NOTE**

Drafting Number: LLS 18-1207 **Date:** July 19, 2018
Prime Sponsors: Rep. Salazar; Duran **Bill Status:** Postponed Indefinitely
 Sen. Guzman; Williams A. **Fiscal Analyst:** Ryan Long | 303-866-2066
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Bill Topic: CHICANA/O SPECIAL LICENSE PLATE

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill would have created the Chicana/o special license plate. Beginning in FY 2018-19, this bill would have increased state revenue and expenditures and local government revenue on an ongoing basis.

Appropriation Summary: In FY 2018-19, this bill requires an appropriation of \$16,771 to the Department of Revenue.

Fiscal Note Status: The fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1
State Fiscal Impacts Under HB 18-1424**

		FY 2018-19	FY 2019-20
Revenue*	Cash Funds	\$43,814	\$21,891
	State Highway Fund	\$23,026	\$11,505
	Total	\$66,840	\$33,396
Expenditures	Cash Funds	\$16,771	\$4,191
	Total	\$16,771	\$4,191
Transfers		-	-
TABOR Refund	General Fund	\$66,840	\$33,396

* These revenue impacts do not include Highway Users Tax Fund distributions to local governments. See Table 3 for this estimated distribution.

Summary of Legislation

This bill creates the Chicana/o special license plate. This license plate is available to anyone who donates to one or more organization chosen by the Department of Revenue (DOR) and pays a one-time special plate fee of \$50. At least once every five years, the DOR will choose one more organizations to which applicants must donate to qualify for this licence plate. These organizations must:

- use at least 75 percent of their revenues to provide services to the Latino community in Colorado;
- have been in existence for at least three years; and
- be based in Colorado.

Assumptions

Expected demand for this plate is based on the actual demand for the current Italian American special license plate. It is expected that 1,417 license plates will be issued in FY 2018-19 and 708 will be issued in FY 2018-20 and each fiscal year thereafter. Impacts in FY 2018-19 are prorated to account for the January 1, 2019, implementation date.

State Revenue

This bill is expected to increase cash fund revenue by \$79,239 in FY 2018-19 and \$39,591 in FY 2019-20 and in future years to the License Plate Cash Fund, the Licensing Services Cash Fund, and the Highway Users Tax Fund (HUTF). Table 2 outlines the revenue generated under this bill.

Table 2
Revenue Under HB 18-1424

Revenue Components*	FY 2018-19	FY 2019-20
License Plate Sets Issued	1,417	708
Standard License Plate Revenue <i>License Plate Cash Fund (\$5.92 per plate)</i>	\$8,389	\$4,191
Special License Plate Revenue <i>Licensing Services Cash Fund (\$25 per plate)</i>	\$35,425	\$17,700
Special License Plate Revenue <i>Highway Users Tax Fund (\$25 per plate)</i>	\$35,425	\$17,700
Total Revenue	\$79,239	\$39,591

* Table 2 includes HUTF revenue for both the state government and local governments. See Table 3 for estimated HUTF distributions.

Standard license plate fees. Upon registration, all vehicle owners must pay a plate and tab production fee of \$5.92 for a passenger vehicle plate set and \$3.01 for a motorcycle plate set. This fiscal note assumes motorcycle plate issuance for the Chicano/a special license plate will be minimal. Fees from plate and tab production are credited to the License Plate Cash Fund.

Special license plate fees. Applicants for the Chicana/o special license plate are also required to pay an additional \$50 fee, of which \$25 is credited to the HUTF and \$25 is credited to the Licensing Services Cash Fund.

HUTF distribution. Of the \$25 in special license plate fees that goes to the HUTF, 65 percent is credited to the State Highway Fund for expenditure by the Colorado Department of Transportation, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 3 outlines the estimated HUTF distributions under this bill.

**Table 3
 Estimated HUTF Distributions Under HB 18-1424**

	FY 2018-19	FY 2019-20
State Highway Fund (65%)	\$23,026	\$11,505
Counties (26%)	\$9,211	\$4,602
Municipalities (9%)	\$3,188	\$1,593
Total Distribution	\$35,425	\$17,700

TABOR Refund

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. State revenue subject to TABOR is not estimated for years beyond FY 2019-20. 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 the Department of Revenue will increase by \$8,389 in FY 2018-19, and by \$4,191 in FY 2019-20 and in future years from the License Plate Cash Fund. State expenditures are detailed in Table 4 and described below.

**Table 4
 Expenditures Under HB 18-1424**

	FY 2018-19	FY 2019-20
Department of Revenue		
License Plate Sets Manufactured	1,417	708
Plate and Tab Production Cost (License Plate Cash Fund)	\$8,389	\$4,191
Total Cost	\$8,389	\$4,191

Department of Revenue. In FY 2018-19, license plate and tab production costs of \$5.92 per plate set will be expended from the License Plate Cash Fund, and are equal to the revenue generated from standard license plate fees.

The DOR will also be required to update rules, forms, manuals, and the department's website to reflect the change in law, as well as provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increases or costs associated with these activities can be accomplished within existing appropriations.

Local Government

This bill will increase county and local government HUTF revenue by the amounts shown in Table 3. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Effective Date

The bill was postponed indefinitely by the Senate Appropriations Committee on May 8, 2018.

State Appropriations

For FY 2018-19, the bill requires a cash fund appropriation of \$8,389 from the License Plate Cash Fund to the Department of Revenue.

State and Local Government Contacts

Counties
Information Technology
Revenue

County Clerks
Local Affairs
Transportation

Corrections
Public Safety