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**FINAL
FISCAL NOTE**

Drafting Number:	LLS 18-0676	Date:	July 19, 2018
Prime Sponsors:	Sen. Baumgardner Rep. Becker J.	Bill Status:	Postponed Indefinitely
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Bill Topic: EXEMPT OLD VEHICLES FROM SOME REGISTRATION CHARGES

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input 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 eliminated certain vehicle registration fees for vehicles 30 years and older. It would have reduced state revenue on an ongoing basis beginning in FY 2018-19.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This 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 SB 18-078**

		FY 2018-19	FY 2019-20
Revenue*	State Highway Fund	(\$7.5 million)	(\$8.1 million)
Expenditures		\$825	-
Transfers		-	-

* 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 provides an exception for two motor vehicle registration fees for vehicles 30 years and older as of July 1, 2018, as follows:

- the registration fee based on the age of a motor vehicle, which is currently \$7 for vehicles 30 years and older; and
- the road safety surcharge, which is based on the weight class of the vehicle.

State Revenue

This bill will reduce revenue to the Highway Users Tax Fund (HUTF) by \$12.3 million in FY 2018-19 and \$13.3 million in FY 2019-20. These impacts are shown in Table 2 and described below.

**Table 2
Revenue Under SB 18-078**

FY 2018-19	Type of Fee	Current Fee	Vehicles Affected	Total Fee Impact
Registration	Fee for vehicles 10 years and older	\$7	417,680	(\$2,923,760)
	Motorcycles, scooters, and motor bicycles	\$16	94,420	(\$1,510,720)
Road Safety Surcharge	Vehicles between 2,000 to 5,000 pounds	\$23	275,380	(\$6,333,740)
	Vehicles between 5,000 to 10,000 pounds	\$28	27,213	(\$761,964)
	Vehicles between 10,000 to 16,000 pounds	\$37	12,651	(\$468,087)
	Vehicles over 16,000 pounds	\$39	7,990	(\$311,610)
FY 2018-19 Total				(\$12,309,881)
FY 2019-20	Type of Fee	Current Fee	Number of Vehicles Affected	Total Fee Impact
Registration	Fee for vehicles 10 years and older	\$7	447,050	(\$3,129,350)
	Motorcycles, scooters, and motor bicycles	\$16	96,366	(\$1,541,856)
Road Safety Surcharge	Vehicles between 2,000 to 5,000 pounds	\$23	299,785	(\$6,895,055)
	Vehicles between 5,000 to 10,000 pounds	\$28	30,286	(\$848,008)
	Vehicles between 10,000 to 16,000 pounds	\$37	13,658	(\$505,346)
	Vehicles over 16,000 pounds	\$39	8,929	(\$348,231)
FY 2019-20 Total				(\$13,267,846)

Data and assumptions. As of this writing, there are 417,680 vehicles that are 30 years or older registered in Colorado. An additional 29,370 vehicles are expected to reach the age of 30 years in FY 2019-20.

Highway Users Tax Fund. This bill is expected to decrease the state portion of HUTF revenue by about \$7.5 million in FY 2018-19 and about \$8.1 million in FY 2019-20. Revenues from registration fees on older vehicles and the Road Safety Surcharge are distributed by formula from the HUTF to the State Highway Fund, which is administered by the Colorado Department of Transportation (CDOT), counties, and municipalities. Table 3 below shows the revenue reduction to the state, counties, and municipalities. The actual revenue reduction will vary based on the total number of vehicles that are registered and the amount of "off-the-top" revenue diverted from annual registration fees to the Colorado State Patrol and ports of entry.

Table 3
Estimated HUTF Distribution under SB 18-078

	Share of HUTF Distribution	FY 2018-19	FY 2019-20
Annual Registration Fees	<i>First Stream</i>		
State Highway Fund - CDOT	65 percent	(\$1,900,444)	(\$2,034,078)
Counties	26 percent	(\$760,178)	(\$813,631)
Municipalities	9 percent	(\$263,138)	(\$281,642)
Road Safety Surcharge	<i>Second Stream</i>		
State Highway Fund - CDOT	60 percent	(\$5,631,673)	(\$6,083,098)
Counties	22 percent	(\$2,064,947)	(\$2,230,469)
Municipalities	18 percent	(\$1,689,502)	(\$1,824,929)

TABOR Refund

The bill decreases state revenue subject to TABOR by approximately \$12.3 million in FY 2018-19 and \$13.3 million in FY 2019-20. State revenue is not currently expected to exceed the TABOR limit in either year and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. However, refunds in future years when the state next collects a TABOR surplus will be reduced.

State Expenditures

The Division of Motor Vehicles in the Department of Revenue will have expenditures of \$825 in FY 2018-19 from the CSTARs Account to program the Colorado State Titling and Registration System. See Technical Note.

Local Government

This bill will reduce revenue to the HUTF, which will reduce funds distributed to counties and municipalities from the fund. These amounts are shown in Table 3 above.

Technical Note

CSTARS will be replaced by the Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES). If the effective date of the bill were pushed to September 1, 2018, the computer programming could be accomplished within the existing technology upgrade and no appropriation is required.

Effective Date

The bill was postponed indefinitely by the Senate Transportation Committee on April 24, 2018.

State and Local Government Contacts

Counties
Municipalities

County Clerks
Revenue

Local Affairs
Transportation