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REVISED FISCAL NOTE

(replaces fiscal note dated February 5, 2018)

Drafting Number: LLS 18-0066 Date: April 2, 2018
Prime Sponsors: Sen. Crowder; Coram Bill Status: House Local Government
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Bill Topic: ELIGIBILITY COLORADO ROAD & COMMUNITY SAFETY ACT

- Summary of Fiscal Impact:
[x] State Revenue (no net change) [] TABOR Refund
[x] State Expenditure [] Local Government
[] State Transfer [] Statutory Public Entity

This bill allows for the renewal of Senate Bill 13-251 documents and allows an applicant to use their social security number. This bill results in no net change to state revenue and increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$117,492 to the Department of Revenue.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 18-108

Table with 4 columns: Category, Sub-category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures, Transfers, and TABOR Refund.

Summary of Legislation

Under current law, the Colorado Road and Community Safety Act (Senate Bill 13-251) authorizes the state Division of Motor Vehicles (DMV) within the Department of Revenue (DOR) to issue a driver license, identification card, or instruction permit (SB 13-251 documents) to an individual who is either temporarily lawfully present in the U.S. or a Colorado resident who is not a U.S. citizen and does not have permanent residency status. These SB 13-251 documents are valid for three years after issuance, with an exception for minor driver licenses. The bill clarifies that SB 13-251 documents may be renewed or reissued in accordance with the process used for standard documents without the individual having to resubmit the initial requisite documentation if the individual provides a previously issued SB 13-251 document and proof of current Colorado residency. As with standard licenses, SB 13-251 documents may be extended by the DMV for one year if the individual is temporarily out of state or is prevented by disability from renewing a document and pays a fee. A person whose license is lost or stolen may obtain a replacement without renewing the license.

Individuals seeking to obtain SB 13-251 documents are currently required to meet several documentary requirements, including providing an individual taxpayer identification number (ITIN). The bill allows an applicant to provide his or her social security number (SSN) in lieu of an ITIN. Acceptable documentation of the SSN may include a social security card itself, electronic confirmation through the Social Security Online Verification System, or any other documentation deemed by rule to be acceptable by the DOR.

Background

The DMV began issuing SB 13-251 documents on August 1, 2014. Currently, individuals who are not lawfully present and possess a SB 13-251 document are expected to make an in-person appointment at the DMV to renew SB 13-251 documents and are required to submit all documentation to reissue the document, which includes:

- an ITIN issued by the U.S. Internal Revenue Service;
- a signed affidavit stating that he or she has applied, or will apply as soon as the applicant is eligible, for lawful presence within the U.S. with U.S. Citizenship and Immigration Services;
- a signed affidavit stating that the individual is currently a resident of Colorado with proof of a Colorado tax return filing for the immediately preceding year and evidence of residency in Colorado; or, if the individual has not filed a Colorado tax return, a signed affidavit stating that the individual has been continuously a resident of Colorado for the preceding 24 months with proof of residency for that time period; and
- one of the following from the applicant's country of origin: a passport, a consular identification card, or a military identification document.

Individuals who are able to demonstrate temporary lawful presence in the U.S. may apply at any state driver license office, while those unlawfully present must visit one of three offices — Denver Central, Colorado Springs, or Grand Junction — which cumulatively offer 93 appointments per day. Pursuant to the 2017 Long Bill (Senate Bill 17-254), the DMV must discontinue issuing SB 13-251 documents from the Colorado Springs and Grand Junction offices when issuance to first-time applicants falls below 5,000 per month overall or total appointments served has reached 66,000. While issuance is well above 5,000 per month, the DMV expects to

reach the 66,000 appointments mark for first-time applicants in Fall 2018. At that point in time, Denver Central will be the only DMV location issuing SB 13-251 documents, serving 31 appointments per day.

The fees paid by applicants for SB 13-251 documents provide funding for all direct and indirect costs for this program. The current fee schedule is:

- Driver License: \$79.58;
- Instruction Permit: \$48.19; and
- Identification Card: \$26.68.

At the end of FY 2016-17, about \$1.6 million in unexpended funds remained for the SB 13-151 document program. Funds from the program must be appropriated by the General Assembly, from the Licensing Services Cash Fund.

Data and Assumptions

Table 2 below shows the number of expected SB 13-251 documents that will be renewed in the next three fiscal years.

Table 2
Estimated Number of SB 13-251 Document Renewals

Fiscal Year Issued	Fiscal Year Renewed	Number of Documents Issued	Estimated Renewals
FY 2015-16	FY 2018-19	43,323	14,441
FY 2016-17	FY 2019-20	54,384	18,128
FY 2017-18	FY 2020-21	65,445	21,815

State Revenue

The bill will have a net zero impact on state cash fund revenue to the Licensing Services Cash Fund in DOR beginning in FY 2018-19. The fiscal note assumes that allowing SB 13-251 renewals to take place online or by mail will expedite revenue collections for renewals, which would have otherwise been collected more gradually through the limited in-person DMV appointment process already authorized under current law. While this represents a revenue increase in a given fiscal year; overall the net revenue collected is the same. No impact on the TABOR refund amount is expected.

State Expenditures

This bill will increase state cash fund expenditures in the DMV from the Licensing Services Cash Fund by \$143,296 and 1.2 FTE in FY 2018-19 and \$160,962 and 2.7 FTE in FY 2019-20 and ongoing. These expenditures are shown in Table 3 and described below.

**Table 3
 Expenditures Under SB 18-108**

	FY 2018-19	FY 2019-20
Department of Revenue		
Personal Services	\$44,446	\$104,353
Operating Expenses and Capital Outlay Costs	\$19,046	\$11,518
Computer Programming	\$54,000	-
Centrally Appropriated Costs*	\$25,804	\$45,091
FTE – Personal Services	1.2 FTE	2.7 FTE
Total Cost	\$143,296	\$160,962
Total FTE	1.2 FTE	2.7 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Personal services. The DOR will require new personnel to implement the online renewal system and process documents that are uploaded by applicants. Impacts for FY 2018-19 are prorated to account for a January 2019 implementation date. It is assumed that approximately one-third of all SB13-251 documents will be eligible for renewal every year (as shown in Table 2), and that most individuals will renew online to avoid the limited scheduled appointment process. Additionally, capital outlay costs include intake stations and extended counter space, which will be used to process the online renewal paperwork and documents, at \$4,250 per employee. These personnel costs will be funded from SB 13-251 document fees, which are deposited in the Licensing Services Cash Fund.

Computer programming. In FY 2018-19 only, cash fund expenditures will increase by \$54,000 to allow online SB 13-251 document renewals. Computer programming will be performed in the DRIVES system by the system vendor at a rate of \$225 per hour for an estimated 240 hours.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, and leased space, are estimated to be \$25,804 in FY 2018-19 and \$45,091 in FY 2019-20.

Effective Date

The bill takes effect January 1, 2019, if no referendum petition is filed.

State Appropriations

In FY 2018-19, the bill requires an appropriation of \$117,492 to the Department of Revenue from the Licensing Services Cash Fund.

State and Local Government Contacts

Information Technology

Revenue