



Legislative Council Staff

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FISCAL NOTE

Drafting Number: LLS 19-1097
Prime Sponsors: Sen. Bridges

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Bill Status: Senate Appropriations
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Bill Topic: ELECTRONIC DOCUMENTS MOTOR VEHICLE APPROPRIATION

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill appropriates \$1.2 million to the Department of Revenue in order to implement House Bill 18-1299. The bill increases state expenditures beginning in FY 2019-20.

Appropriation Summary: In FY 2019-20, the bill requires an appropriation of \$1.2 million to the Department of Revenue.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 19-256

Table with 4 columns: Category, Sub-category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

Summary of Legislation

The bill appropriates \$1.2 million from gifts, grants, and donations to the Department of Revenue (DOR) to implement a system to authorize third-party providers to electronically process registration, lien, and titling information. Any unexpended money as of July 1, 2020, is appropriated to DOR in FY 2020-21.

Background

House Bill 18-1299 allowed DOR to implement a system to allow the electronic transmission of registration, lien, and titling information for motor vehicles. DOR's approval of third-party providers to register a vehicle, file or release liens, or issue a vehicle title must be evidenced by an agreement between the third-party and the DOR. Third-party providers may charge a vendor fee for electronic registration, lien, or titling transactions. Under current law, DOR may only implement the system through gifts, grants, and donations.

State Expenditures

The bill increases state cash fund expenditures from gifts, grants, or donations by \$1.2 million in FY 2019-20 and may increase expenditures by \$209,935 in FY 2020-21. These impacts are summarized in Table 2 and described below.

Table 2
Expenditures Under SB 19-256

| | FY 2019-20 | FY 2020-21 |
|---|--------------------|-------------------|
| Department of Revenue | | |
| Personal Services | \$172,858 | \$169,195 |
| Operating Expenses and Capital Outlay Costs | \$17,054 | \$2,755 |
| Computer Programming | \$997,590 | - |
| Centrally Appropriated Costs* | \$39,873 | \$37,985 |
| Total Cost | \$1,227,375 | \$209,935 |
| Total FTE | 3.1 FTE | \$2.9 FTE |

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

Department of Revenue. This bill appropriates 3.1 FTE in FY 2019-20. These expenditures are discussed in detail below.

- *Title and Registration section.* The Title and Registration section of the DOR is appropriated 1.7 FTE in FY 2019-20. Staff will serve as a dedicated liaison between the department and third-party providers to assist with record management and customer support. Staff time will also increase to provide training to third-party providers and to perform systems testing on third-party provider systems. Expenditures for Title and Registration staff are paid from the DRIVES Vehicle Services Account.

- *Accounting and Financial Services section.* The Accounting and Financial Services section in DOR is appropriated 1.4 FTE in FY 2019-20 to reconcile accounts for new vendors; reconcile the general ledger and payment interfaces with the state's accounting system; and ensure the proper distribution of funds to taxing jurisdictions.
- *Computer programming.* In FY 2019-20 only, this bill will increase cash fund expenditures by \$981,000 to program the DRIVES system to create a new web service interface; configure and create DRIVES accounts for each approved third-party; and create a process in DRIVES to audit third-party provider transactions. These changes will be completed by a vendor, and will require 4,360 hours of work at \$225 per hour. In addition, in FY 2019-20, this bill will also require network modifications and security to facilitate vendor applications. These changes will require 1,300 hours at various rates, for a total of \$16,590, and are reappropriated to the Office of Information Technology.

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, leased space, and supplemental employee retirement payments, are estimated to be \$39,873 in FY 2019-20 and \$37,985 in FY 2020-21.

Effective Date

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

State Appropriations

In FY 2019-20, the bill requires an appropriation of \$1,187,502 to the Department of Revenue from the DRIVES Vehicle Services Account, of which \$16,590 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Revenue