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HB 20-1352

FISCAL NOTE

Drafting Number: LLS 20-0082
Prime Sponsors: Rep. Bird

Date: May 11, 2020
Bill Status: House Finance
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Bill Topic: **COLORADO AIR AND SPACE PORT LICENSE PLATE**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input 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

The bill creates the Colorado Air and Space Port group special license plate, and creates the air and space scholarship program. It will increase state and local revenue and state expenditures beginning in FY 2020-21.

Appropriation Summary: In FY 2020-21, the bill requires an appropriation of \$18,232 to the Department of Higher Education and \$8,560 to the Department of Revenue.

Fiscal Note Status: This fiscal note reflects the introduced bill and incorporates Amendment L001.

Table 1
State Fiscal Impacts Under HB 20-1352

		FY 2020-21	FY 2021-22	FY 2022-23
Revenue	Cash Funds	\$35,460	\$51,825	\$25,740
Expenditures	General Fund	\$18,232	\$29,554	\$29,554
	Cash Funds	\$8,560	\$3,700	\$740
	Centrally Appropriated	\$2,266	\$5,556	\$5,556
	Total	\$29,058	\$38,810	\$35,850
	Total FTE	0.2 FTE	0.5 FTE	0.5 FTE
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

The bill creates the Colorado Air and Space Port group special license plate, and creates the Air and Space Scholarship program. The license plate is available to all applicants that pay a one-time special license plate fee of \$50 and an annual \$15 fee to the newly created Air and Space Scholarship Cash Fund. The group special license plate will be available by January 1, 2021, from the Department of Revenue (DOR).

The bill also creates the Air and Space Scholarship program, administered by the Department of Higher Education, to provide scholarships to post-secondary students for education that prepare students for an occupation in the air or space industries. Subject to appropriation, funds in the Air and Space Scholarship Cash Fund may be awarded to qualifying students.

Assumptions

Expected demand for this license plate is based on the actual demand for the current Colorado Aviation group special license plate. This plate is used for comparison because it has similar qualifications and theme to the air and space port group special license plate. This fiscal note assumes that 500 license plates will be issued in FY 2020-21, 625 license plates will be issued in FY 2021-22, and 125 license plates in FY 2022-23 and each fiscal year thereafter.

State Revenue

The bill increases state cash fund revenue by \$35,460 in FY 2020-21, \$51,825 in FY 2021-22, and \$25,740 in FY 2022-23. Table 2 outlines the revenue generated under this bill.

**Table 2
Revenue Under HB 20-1352**

Revenue Components	FY 2020-21	FY 2021-22	FY 2022-23
License Plate Sets Issued	500	625	125
Revenue: License Plate Cash Fund (\$5.92)	\$2,960	\$3,700	\$740
Revenue: Air and Space Cash Fund (\$15)	\$7,500	\$16,875	\$18,750
Revenue: Highway Users Tax Fund (\$25)	\$12,500	\$15,625	\$3,125
Revenue: Licensing Services Cash Fund (\$25)	\$12,500	\$15,625	\$3,125
Total Revenue	\$35,460	\$51,825	\$25,740

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 will be minimal. Fees from plate and tab production are credited to the License Plate Cash Fund (LPCF).

Air and space cash fund. Applicants for the Air and Space Port group special license plate are also required to pay an annual \$15 fee to the DOR. Funds from the Air and Space Cash Fund will be awarded through the newly created Air and Space Scholarship program.

Special license plate fees. Applicants for the Air and Space Port group special license plate are also required to pay an additional \$50 fee, of which \$25 is credited to the Highway Users Tax Fund (HUTF) and \$25 is credited to the Licensing Services Cash Fund (LSCF).

Colorado Department of Transportation. Of the HUTF revenue generated under this bill, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the Department of Transportation, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 3 outlines the estimated HUTF revenue generated under this bill.

**Table 3
 Estimated HUTF Distributions Under HB 20-1352**

	FY 2020-21	FY 2021-22	FY 2022-23
Revenue: State Highway Fund (65 percent)	\$8,125	\$10,156	\$2,031
Revenue: Counties (26 percent)	\$3,250	\$4,063	\$813
Revenue: Municipalities (9 percent)	\$1,125	\$1,406	\$281
Total HUTF Distribution	\$12,500	\$15,625	\$3,125

State Expenditures

The bill increase state cash fund expenditures by \$29,058 in FY 2020-21, \$38,810 in FY 2021-22, and \$35,850 in FY 2022-23. These expenditures are shown in Table 4 and discussed below.

**Table 4
 Expenditures Under HB 20-1352**

Cost Components	FY 2020-21	FY 2021-22	FY 2022-23
Department of Higher Education			
Personal Services	\$12,032	\$28,879	\$28,879
Capital Outlay Costs	\$6,200	-	-
Operating Expenses	-	\$675	\$675
Centrally Appropriated Costs*	\$2,266	\$5,556	\$5,556
FTE – Personal Services	0.2 FTE	0.5 FTE	0.5 FTE
DHE (Subtotal)	\$20,498	\$35,110	\$35,110
Department of Revenue			
DRIVES Programming	\$5,400	-	-
Plate and Tab Production Cost (5.92 per set)	\$2,960	\$3,700	\$740
Colorado Correctional Industries	\$200	-	-
DOR (Subtotal)	\$8,560	\$3,700	\$740
Total	\$29,058	\$38,810	\$35,850
Total FTE	0.2 FTE	0.5 FTE	0.5 FTE

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

Department of Higher Education. The Department of Higher Education requires 0.5 FTE program coordinator to administer the newly created Air and Space Scholarship program. The program coordinator will be responsible for developing the rules for the program, writing program guidelines, creating an application, publicizing the program, assisting students with the application, and reviewing applications. First-year costs have been prorated to reflect a January start date and the General Fund paydate shift.

Department of Revenue. In FY 2020-21, one time programming costs of \$5,400 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system. Programming costs are calculated at 24 hours at a rate of \$225 per hour. An additional one-time fee of \$200 is required to pay the Colorado Correctional Institute to design the new air and space port group special license plate design.

Additionally, as discussed in the State Revenue section, plate tab and production costs \$5.92 per license plate set. This fiscal note assumes that 500 license plates will be issued in FY 2020-21, 625 will be issued in FY 2021-22, and 125 will be issued in FY 2022-23 and each year thereafter. Workload in the DOR will also increase to update rules, forms, manuals, and the department's website to reflect the change in law. DOR will also provide additional training for 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.

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, are estimated to be \$2,266 in FY 2020-21 and \$5,556 in FY 2021-22 and FY 2022-23.

Local Government

This bill will increase local government HUTF revenue by an estimated \$4,375 in FY 2020-21, by \$5,469 in FY 2021-22, and by \$1,094 in FY 2022-23 and thereafter, as shown in Table 3. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Technical Note

Due to an error in the introduced version of the bill, this fiscal note incorporates Amendment L.001 into this analysis.

Effective Date

The bill takes effect January 1, 2021, if no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires an appropriation of \$18,232 to the Department of Higher Education from the General Fund. In addition, the Department of Revenue requires an appropriation of \$5,400 from the DRIVES Vehicle Services Account, and cash fund spending authority in the amount of \$3,160 from the License Plate Cash Fund.

State and Local Government Contacts

Corrections
Higher Education

Counties
Revenue

County Clerks