



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated May 21, 2021)

Drafting Number: LLS 21-0710 **Date:** May 26, 2021
Prime Sponsors: Rep. Herod; Gray **Bill Status:** Senate Finance
 Sen. Moreno; Rodriguez **Fiscal Analyst:** Aaron Carpenter | 303-866-4918
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Bill Topic: DOR ACTION AGAINST CERTAIN DOCUMENTS

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 repeals the Department of Revenue's discretionary and mandatory authority to revoke driver licenses when certain offenses are committed. The bill will reduce state and local revenue on an ongoing basis and increase state expenditures in FY 2021-22.

Appropriation Summary: For FY 2021-22, the bill requires and includes an appropriation of \$211,500 to the Department of Revenue. It also appropriates funds from the Marijuana Tax Cash Fund to offset reductions in Judicial Department fee revenue. See Technical Note and State Appropriations sections for more information.

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

Table 1
State Fiscal Impacts Under HB 21-1314

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	(\$1,780,300)	(\$3,560,600)
	Total Revenue	(\$1,780,300)	(\$3,560,600)
Expenditures¹	Judicial Cash Funds	(\$553,862)	(\$1,107,723)
	Marijuana Tax Cash Fund	\$553,862	\$1,107,723
	Licensing Services Cash Fund	\$211,500	-
	Total Expenditures	\$211,500	\$0
Transfers	Marijuana Tax Cash Fund	(\$912,000)	(\$1,401,000)
	Other Cash Funds	\$912,000	\$1,401,000
	Net Transfer	\$0	\$0
TABOR Refund		-	-

¹ The bill currently backills \$1.1 million in lost revenue to the Judicial Department in FY 2021-22. The fiscal note estimates that this should be \$553,862 to account for the half-year impact in the first year. See Technical Note section.

Summary of Legislation

The bill repeals the Department of Revenue's (DOR's) discretionary and mandatory authority to cancel, deny, or deny reissuance for a driver license or minor driver license for:

- unlawful or fraudulent use or conviction of misuse of license, titles, permits, or license plates;
- failure to register a car in Colorado; and
- having any of the following: an outstanding judgment for a violation related to the regulation of motor vehicles or traffic; having a bench warrant for failure to appear to answer for a traffic situation; or having an outstanding judgement for failing to present a valid transit pass or coupon.

The bill repeals the requirement that the DOR revoke a license and permit for:

- underage possession or consumption of alcohol or marijuana, as long as the minor completes any required alcohol class;
- aggravated motor vehicle theft; and
- second degree criminal trespass when the person knowingly and unlawfully enters a motor vehicle.

In addition, the bill repeals the requirement that DOR suspend the driver license of an employee who is convicted of selling or procuring alcohol to a person under the age of 21 or failing to prevent the use of a fake ID card for a person under 21 trying to buy alcohol with knowledge that the person is using a fake ID card.

DUI fee. The bill creates an additional \$25 fee when a person reinstates their license after being convicted of a DUI, DUI per se, DWAI, or UDD. The fee is deposited into the First Time Drunk Driver Account within the Highway Users Tax Fund (HUTF).

Backfilling lost revenue. The bill backfills lost revenue to the DOR in two ways. First, the bill transfers \$912,000 in FY 2021-22 and \$1.4 million in FY 2022-23 from the Marijuana Tax Cash Fund to the Licensing Services Cash Fund. Second, the bill allows the General Assembly to appropriate Marijuana Tax Cash Fund to be used for trial court programs and the appropriates \$1.1 million from the fund to the Judicial Department for this purpose.

Study group. By September 1, 2021, the bill requires the Colorado State Patrol to convene a study group to study methods to encourage persons to appear in court to contest a citation or pay the judgement associated with the citation. The group will survey evidence-based policy; review the efficacy of municipal practices; survey policies and procedures of municipal courts; gather stakeholder feedback; and study the cost of implementing improved systems. The study group must report their findings to the Department of Public Safety by December 31, 2021, and the department must present the report in its annual report to the General Assembly in 2022.

State Revenue

The bill will decrease state cash fund revenue to the Department of Revenue and the Judicial Department by an estimated \$1.8 million in FY 2021-22 (half-year impact) and \$3.6 million in FY 2022-23 and future years. Revenue reductions result from reduced driver license reinstatement fees and outstanding judgment administrative fees. Table 2 shows the estimated revenue decrease, which is discussed in further detail below.

**Table 2
 Fee Impact on License Reinstatement**

Fiscal Year	Fee Type	Fee Change	Number Affected	Total Fee Impact
FY 2021-22	Driver License Reinstatement Fee	(\$95)	9,309	(\$884,402)
	Outstanding Judgement Administrative Fee	(\$30)	36,924	(\$1,107,723)
	DUI Reinstatement Fee	\$25	8,473	\$211,825
FY 2021-22 Total				(\$1,780,300)
FY 2022-23	Driver License Reinstatement Fee	(\$95)	18,619	(\$1,768,805)
	Outstanding Judgement Administrative Fee	(\$30)	73,848	(\$2,215,445)
	DUI Reinstatement Fee	\$25	16,946	\$423,650
FY 2022-23 Total				(\$3,560,600)

Driver license reinstatement fee—Department of Revenue. The bill is estimated to reduce revenue from individuals having to pay a driver license reinstatement fee, which is currently \$95. Using a three-year average of drivers who had their driver licenses revoked and reinstated for reasons repealed under the bill, this amount is estimated to be \$884,402 in FY 2021-22 and \$1,768,805 in FY 2022-23 and future years. The fee is deposited into the HUTF and divided between the Driver License Administrative Revocation Account and the First-Time Drunk Driver Account.

Outstanding judgement administrative fee—Judicial Department and Department of Revenue. The bill is estimated to reduce revenue from individuals paying the outstanding judgement administrative fee, which is currently \$30. This revenue is split evenly between the Judicial Department and the Department of Revenue. Using a three-year average of revenue collected from this fee, this amount is estimated to be \$1.1 million in FY 2021-22 and \$2.2 million in FY 2022-23 and ongoing. The fee is deposited to multiple cash funds within the Judicial Department and the Driver License Administrative Revocation Account in the HUTF.

DUI Reinstatement Fee—Department of Revenue. Starting in FY 2021-22, the bill is estimated to increase revenue to the First Time Drunk Driving Offender Account in the HUTF by an estimated \$211,825 in FY 2021-22 and \$423,650 per year thereafter. Based on a three-year average, the fiscal note assumes that 21,182 individuals will reinstate their license after a DUI, DUIO per se, DWAI, or UDD and that 20 percent will be indigent and not pay the fee.

Other fee impacts—Judicial Department. To the extent the repeal of the outstanding judgement administrative fee reduces the amount of fees leveraged by the Judicial Department, this will result in an additional decrease in revenue to the Judicial Department.

State Transfers

The bill transfers \$912,000 in FY 2021-22 and \$1.4 million in FY 2022-23 from the Marijuana Tax Cash Fund to the Licensing Services Cash Fund.

State Expenditures

The bill impacts state expenditures in two ways. First, it will increase state expenditures by \$211,500 in FY 2021-22 from the Licensing Services Cash Fund in the Department of Revenue. Second, the bill reduces fee-supported cash fund appropriations to the Judicial Department and appropriates funds from the Marijuana Tax Cash Fund, backfilling the lost revenue and resulting in no net change in expenditures in the Judicial Department. More detail can be found in Table 3 and below.

**Table 3
 Expenditures Under HB 21-1315**

	FY 2021-22 ¹	FY 2022-23
DRIVES Programming—DOR	\$211,500	-
Lost Revenue—Judicial	(\$553,862)	(\$1,107,723)
MTCF Backfill—Judicial	\$553,862	\$1,107,723
Total Cost	\$211,500	\$0

¹ See Technical Note section concerning the backfill of lost revenue in the Judicial Department.

DRIVES programming—Department of Revenue. In FY 2021-22 only, the DOR must update DRIVES to eliminate department actions, identify suspension categories that would no longer be needed, and to test the changes. The fiscal note estimates that this work will take 940 hours at a cost of \$225 per hour.

Backfilling lost judicial revenue. Starting in FY 2021-22, the bill will impact expenditures in the Judicial Department. First, the bill decreases cash fund appropriations in the Judicial Department that are supported by fees that are reduced under the bill and appropriates funds from the Marijuana Tax Cash Fund to backfill this lost revenue. The result is in no net change in expenditures in the Judicial Department. See Technical note section concern the amount of this backfill.

Trial courts and probation services—Judicial Department. To the extent the bill results in a reduction in driving under restriction cases filed statewide, this will reduce workload in the trial courts and for related probation services. However, current data on driving under suspension cases and the offenses under the bill cannot be correlated; therefore, any change in appropriations will be addressed through the annual budget process as case impact is better known.

Study group. Workload will increase in the Department of Public Safety to convene a study group. The fiscal note assumes that this workload can be accomplished within existing appropriations.

TABOR refunds. The bill decreases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will decrease the amount required to be refunded to taxpayers from the General Fund in FY 2023-24. If the bill causes revenue to fall below the limit by \$30 million, it will trigger a transfer of up to \$30 million from the Unclaimed Property Trust Fund to the Housing Development Grant Fund under current law enacted in House Bill 19-1322.

Federal ARPA funds. This bill decreases state revenue, which may impact the state's flexibility in spending federal American Rescue Plan Act (ARPA) funds. For more information, see the LCS memo, titled "Legislative Changes and Flexibility in Use of American Rescue Plan Funds," available online at: <https://leg.colorado.gov/node/2211881>.

Local Government

Local governments receive a portion of revenue collected in traffic-related stops in their jurisdiction, with will decrease under the bill.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and applies to offenses committed and applications submitted on or after the effective date; except that sections 1 through 17 take effect January 1, 2022.

State Appropriations

For FY 2021-22, the bill currently includes the following appropriations:

- \$211,500 from the Licensing Services Cash Fund to the Department of Revenue;
- a decrease of \$1,107,723 from various fees and cost recoveries to the Judicial Department; and
- \$1,107,723 from the Marijuana Tax Cash Fund to the Judicial Department.

Instead, the fiscal note estimates that the bill requires the following appropriations:

- \$211,500 from the DRIVES Cash Fund to the Department of Revenue;
- a decrease of \$553,862 from various fees and cost recoveries to the Judicial Department; and
- \$553,862 from the Marijuana Tax Cash Fund to the Judicial Department.

Technical Note

As described in the State Appropriations section above, the bill backfills \$1.1 million in lost Judicial Department fee revenue with Marijuana Tax Cash Fund. The actual amount of lost revenue is expected to be \$553,862 in FY 2021-22. The fiscal note has been written under the assumption that the backfill amount will be amended so that it equals the projected revenue loss (\$553,862). If an amendment is not adopted, the fiscal note will be revised to reflect the higher appropriation (\$1.1 million) from the Marijuana Tax Cash Fund.

State and Local Government Contacts

District Attorneys
Revenue

Judicial
Transportation

Public Safety