



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 22-0218
Prime Sponsors: Rep. Jodeh
Sen. Pettersen

Date: July 14, 2022
Bill Status: Signed into Law
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Bill Topic: **EPILEPSY AWARENESS SPECIAL LICENSE PLATE**

Summary of Fiscal Impact:

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

This bill creates the Epilepsy Awareness special license plate. It increases state and local revenue and state expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$29,671 to the Department of Revenue.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 22-1014

| | | Budget Year FY 2022-23 | Out Year FY 2023-24 |
|-----------------------------|----------------------|---------------------------|------------------------|
| Revenue | Cash Funds | \$41,281 | \$10,335 |
| | Total | \$41,281 | \$10,335 |
| Expenditures | General Fund | \$23,940 | - |
| | Cash Funds | \$5,731 | \$1,435 |
| | Total | \$29,671 | \$1,435 |
| Transfers | | - | - |
| Other Budget Impacts | TABOR Refund | \$41,281 | \$10,335 |
| | General Fund Reserve | \$3,591 | - |

Summary of Legislation

This bill creates the Epilepsy Awareness group special license plate. The license plate will be available to all applicants that pay two one-time special license plate fees of \$25 and give a donation to a designated Colorado nonprofit organization as determined by the Colorado Department of Revenue (DOR). The nonprofit organization may establish a minimum donation amount to qualify for the license plate, and must use the donations to support individuals affected by epilepsy in Colorado.

Assumptions

Expected demand for the plate is based on the actual demand for the Amyotrophic Lateral Sclerosis (ALS) group special license plate.

State Revenue

The bill is anticipated to increase state cash fund revenue by \$41,281 in FY 2022-23 and \$10,335 in FY 2023-24, as shown in Table 2. This revenue is subject to TABOR.

Table 2
Revenue Under HB 22-1014

| | FY 2022-23 | FY 2023-24 |
|-----------------------------------|-------------------|-------------------|
| License Plate Sets Issued | 711 | 178 |
| License Plate Cash Fund (\$8.06) | \$5,731 | \$1,435 |
| Highway Users Tax Fund (\$25) | \$17,775 | \$4,450 |
| License Services Cash Fund (\$25) | \$17,775 | \$4,450 |
| Total Cost | \$41,281 | \$10,335 |

Standard license plate fees. Upon registration, all vehicle owners must pay a plate and tab production fee of \$8.06 for a digital passenger vehicle plate set, \$4.73 for an embossed passenger vehicle plate set, or \$3.01 for a motorcycle plate set. All specialty plates are manufactured as digital plates, and the fiscal note assumes motorcycle issuance will be minimal. Fees from plate and tab production are credited to the License Plate Cash Fund (LPCF).

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

Colorado Department of Transportation. Of the HUTF revenue, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the department, 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 22-1014**

| | FY 2022-23 | FY 2023-24 |
|---------------------------------|-----------------|----------------|
| State Highway Fund (65 percent) | \$11,553 | \$2,892 |
| Counties (26 percent) | \$4,622 | \$1,157 |
| Municipalities (9 percent) | \$1,600 | \$401 |
| Total HUTF Distribution | \$17,775 | \$4,450 |

State Expenditures

State expenditures in the DOR will increase by \$29,671 in FY 2022-23 and \$1,435 in FY 2023-24, as shown in Table 4 and detailed below.

**Table 4
Expenditures Under HB 22-1014**

| | FY 2022-23 | FY 2023-24 |
|-------------------------------|-----------------|----------------|
| Department of Revenue | | |
| Plate and Tab Production Cost | \$5,731 | \$1,435 |
| Computer Programming | \$23,940 | - |
| Total Expenditures | \$29,671 | \$1,435 |

Department of Revenue. As discussed in the State Revenue section, plate tab and production costs for special group plates are \$8.06 per license plate set. This fiscal note assumes that 711 license plates will be issued in FY 2022-23 and 178 will be issued in FY 2023-24. In FY 2022-23, one-time programming costs of \$23,940 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system. Programming costs, to be paid from the General Fund, are based on 84 hours of programming at a rate of \$225 per hour, as well as \$5,041 in other implementation costs, which include implementation support to the vendor from DOR staff and quality assurance support from the Office of Information Technology. License plate and tab production costs are expended from the LPCF.

In addition, DOR will be required to update rules, forms, manuals, and the department's website to reflect the change in law. Additionally, the DOR will provide training to 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.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$3,591 in FY 2022-23, which will decrease the amount of General Fund available for other purposes.

Local Government

This bill will increase local government HUTF revenue by the amounts shown in Table 3. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Effective Date

This bill was signed into law by the Governor on May 26, 2022, and takes effect on August 9, 2022, assuming no referendum petition is filed.

State Appropriations

For FY 2022-23, the bill requires and includes appropriations of \$29,671 to the Department of Revenue. Of this total:

- \$23,940 is from the General Fund, of which, \$3,168 is reappropriated to the Office of Information Technology; and
- \$5,731 is from the License Plate Cash Fund.

State and Local Government Contacts

Corrections
Information Technology

Counties
Revenue

County Clerks
Transportation