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Revised Fiscal Note

(replaces fiscal note dated April 25, 2022)

Drafting Number: LLS 22-0873 Date: April 29, 2022
Prime Sponsors: Sen. Hansen; Zenzinger Bill Status: House Trans. & Local Govt.
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Bill Topic: PROGRAMS THAT BENEFIT PERSONS WITH DISABILITIES

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

The bill makes changes to the Colorado Disability Funding Committee and adjusts the fees and availability of previously retired license plate styles. Starting in FY 2022-23, the bill increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$74,153 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the reengrossed bill, which was recommended by the Joint Budget Committee.

Table 1
State Fiscal Impacts Under SB 22-217

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures, Transfers, and Other Budget Impacts.

## **Summary of Legislation**

The bill makes statutory changes to structure and processes of the Colorado Disability Funding Committee (CDFC), to the availability and fees charged for previously retired license plate styles, and to the services that must be provided to persons with disabilities by the Division of Vocational Rehabilitation in the Department of Labor and Employment (CDLE).

**Clarifications to CDFC statute.** The bill makes changes related to the CDFC, including:

- modifying the structure of committee membership, duties and abilities;
- changing eligibility, application requirements, and award structure for disability assistance grants;
- exempting the Disability Support Fund (DSF) from cash fund uncommitted reserve requirements;
- clarifying that buyers of license plate configurations through the CDFC can claim a tax credit for 20 percent of the price they pay the committee, not the fair market value, and that they are responsible for all standard registration fees and taxes;
- transferring the Disabled Parking Education and Enforcement Fund to the Department of Personnel, with oversight and spending authority given to the CDFC; and
- adjusting the FY 2022-23 Long Bill cash fund appropriation for the CDFC by refinancing \$100,000 cash funds from the DSF with an equal amount of cash funds from the Disabled Parking Education and Enforcement Fund.

**Previously retired license plate styles.** The bill requires the Department of Revenue (DOR) to offer three styles of previously retired license plates, in addition to an existing previously retired style. The bill also modifies fees that are charged for issuance of these plates in addition to regular taxes and fees paid for registration.

**Services for persons with disabilities.** Under current law, the CDLE is required to provide certain rehabilitation services to persons with disabilities at public cost without consideration of financial need. The bill modifies and adds additional services to this requirement, including disability-related skills training, pre-employment transition services, and other services identified as exempt from financial participation in CDLE rules.

## **Background**

**Disability Support Fund.** The DSF primarily receives revenue from the auction and sale of vehicle registration numbers by the CDFC. The CDFC uses the revenue generated to aid persons with disabilities in accessing disability benefits and to fund programs that improve the quality of life and independence of individuals with disabilities.

**Previously retired license plate style.** Senate Bill 21-069 authorized the DOR to issue license plates for passenger cars and trucks in a previously retired style (white alpha-numerals on a background of green mountains and white sky) for additional fees. The previously retired style is available to applicants who pay taxes and fees charged for regular motor vehicle plates, plus an annual fee of \$25.00 to defray the costs of producing and issuing the plates, a \$25.00 one-time fee, and a \$25.00 fee for plate personalization. Currently, the annual and one-time fees are transferred to the DSF.

## Assumptions

The previously retired license plate style authorized by SB 21-069 became available on January 1, 2022, and by March 31, 2022, 178 of the plates had been issued. The fiscal note assumes the issuance of these plates will remain constant, resulting in total issuance of 712 license plates annually, and that demand for the other three previously retired styles of plates authorized by this bill will match demand for the existing previously retired style.

## State Revenue

On net, this bill is anticipated to increase cash fund revenue by \$20,475 in FY 2022-23 and by \$79,516 in FY 2023-24, as shown in Table 2 and discussed below. This revenue is subject to TABOR.

**Table 2**  
**Revenue Under SB 22-217**

	<b>FY 2022-23</b>	<b>FY 2023-24</b>
Disability Support Fund	(\$14,833)	(\$17,800)
Disability Support Fund	\$26,700	\$80,100
License Plate Cash Fund	\$8,608	\$17,216
<b>Total Revenue</b>	<b>\$20,475</b>	<b>\$79,516</b>

**Disability support fund.** Starting in FY 2022-23, the bill both decreases and increases state revenue to the DSF.

- starting on September 1, 2022, a one-time fee of \$25.00 to the DSF will no longer be collected upon purchase of the previously retired license plate style initially authorized by SB 21-069, resulting in 10 months of reduced fee revenue in FY 2022-23, and a full year reduction in FY 2023-24 and future years. Likewise, an annual fee that may be set at a range of \$25.00 to \$75.00 to defray the issuance and production costs of the previously retired license plate style, currently set at \$25.00 and transferred to the DSF, will be replaced with a permanent annual \$25.00 fee to the DSF.
- starting on January 1, 2023, the bill requires the DOR to make three additional previously retired license plates styles available, which require a payment of \$25.00 in annual fees to the DSF, in addition to the taxes and fees charged for regular license plates. As discussed in the Assumptions section, demand for these plates is assumed to match that of the currently available previously retired license plate style authorized by SB 21-069, which will result in an additional 1,068 vehicle registrants paying the annual fee in FY 2022-23, and 3,204 doing so in FY 2023-24.

**Personalized license plate fees.** The bill removes the requirement that plates in the previously retired license plate style be personalized at an annual cost of \$25.00. Plates in this style that have already been issued will continue to be charged the annual fee, but future registrants will be able to choose whether or not to personalize their plate. The number of individuals who choose to do so is indeterminate, and revenue to the DOR will decrease in FY 2022-23 and future years to the extent that individuals choose not to personalize the retired plate style upon issuance.

**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 plates in the previously retired styles 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).

**Income tax credit.** The tax credit for purchases of license plate configurations through the CDFC is not currently utilized by taxpayers. The changes included in the bill are expected to have a minimal effect on state revenues due to the infrequent use of the tax credit. In tax year 2016 (the most recent year where the tax credit was utilized), 10 taxpayers claimed the credit for a total state revenue decrease of \$41.

## State Expenditures

State cash fund expenditures in the DOR will increase by \$74,153 in FY 2022-23 and \$17,216 in FY 2023-24, as shown in Table 3 and detailed below. No change in appropriations is required for the CDLE.

**Table 3**  
**Expenditures Under SB 22-217**

	FY 2022-23	FY 2023-24
<b>Department of Revenue</b>		
Plate and Tab Production Cost	\$8,608	\$17,216
Computer Programming	\$64,945	-
License Plate Design Fee	\$600	-
<b>Total Expenditures</b>	<b>\$74,153</b>	<b>\$17,216</b>

**Department of Revenue.** Costs will increase in the Department of Revenue to offer additional license plate styles. These costs include computer programming, license plate design and production, as well as changes to DOR policies and training.

- *Computer programming.* In FY 2022-23, one-time programming costs of \$53,100 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system. Programming costs, paid from the DSF, are based on 236 hours of programming at a rate of \$225 per hour, as well as \$11,845 in other implementation costs, which include implementation support to the vendor from DOR staff and quality assurance support from the Office of Information Technology.
- *Plate and tab costs.* This fiscal note assumes that an additional 1,068 license plates in previously retired styles will be issued in FY 2022-23 and 2,136 will be issued in FY 2023-24. As discussed in the State Revenue section, plate tab and production costs for previously retired license plate styles are \$8.06 per license plate set. License plate and tab production costs are expended from the LPCF, and license plate design fees for the three new previously retired license plate styles will be paid from the DSF. The Department of Corrections, which manufactures license plates for the DOR,

will have additional costs for the license plate raw materials, postage and new designs, which are assumed will be billed to and paid by the DOR. Any adjustment to reappropriations for this purpose are assumed to occur through the annual budget process based on actual spending.

- *Policy updates and training.* The DOR will be required to update rules, forms, manuals, and the department's website to reflect the change in law, and to 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.

**Department of Labor and Employment.** The bill modifies and expands the rehabilitation services that the Division of Vocational Rehabilitation must provide to persons with disabilities. These expanded services can be provided using 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.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

For FY 2022-23, the bill requires appropriations of \$74,153 to multiple agencies, as follows:

- \$65,545 from the Disability Support Fund to the Department of Personnel; the full amount of which is reappropriated to the Department of Revenue; of this reappropriated amount, \$7,475 is further reappropriated to the Office of Information Technology; and,
- \$8,608 from the License Plate Cash Fund to the Department of Revenue.

In addition, the bill includes an appropriation adjustment to the FY 2022-23 Long Bill for the Disability Funding Committee. Specifically, the appropriation to the committee from the Disability Support Fund is decreased by \$100,000 and an appropriation from the Disabled Parking Education and Enforcement Fund is increased by \$100,000.

**State and Local Government Contacts**

Corrections  
Governor  
Public Safety  
Treasury

Counties  
Information Technology  
Revenue

County Clerks  
Personnel  
Transportation