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Final Fiscal Note

Drafting Number: LLS 23-0600 Date: May 16, 2023
Prime Sponsors: Rep. Wilson Bill Status: Postponed Indefinitely
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Bill Topic: RESERVED PARKING PRIVILEGES MILITARY LICENSE PLATE

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

The bill would have allowed qualified individuals up to two sets of military license plates with identifying figures and one parking placard. It would have increased state and local revenue and state expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill would have required an appropriation of \$13,813 to the Department of Revenue.

Fiscal Note Status: The fiscal note reflects the introduced bill. The bill was postponed indefinitely by the House State, Civic, Military, and Veterans Affairs Committee on February 2, 2023; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 23-1082

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (General Fund, Cash Funds, Total Expenditures), Transfers, and Other Budget Impacts (TABOR Refund, General Fund Reserve).

Summary of Legislation

The bill authorizes the Department of Revenue (DOR) to issue individuals up to two sets of military license plates with identifying figures and one parking placard, for a total of three reserved parking items.

Background

Currently, DOR issues either two military plates with identifying figures or one military plate with an identifying figure and a parking placard, for a total of two reserved parking items to qualified disabled veterans. These plates and placards allow the individual to use reserved parking spaces. The parking placard allows an individual to use reserved parking in interchangeable vehicles.

Colorado offers 40 military license plate types, which include a persons with disabilities (PWD) option with the identifying figure. Under current law, the first set of certain plates – such as disabled veteran and prisoner of war plates – are exempt from fees. A second set of fee-exempt military license plates or non-exempt military plates requires a one-time fee of \$50 for issuance or replacement of plates, in addition to other taxes and fees.

Assumptions

This fiscal note assumes 50 percent of the 6,749 current PWD military plate owners will purchase a second set of plates in FY 2023-24. In FY 2024-25, the fiscal note assumes an additional 20 percent of existing military PWD license plate owners will purchase a second set due to increased awareness in the change in statute, a total of 1,350 plates and placards. The general growth rate in new license plate purchases will lead to an additional 44 sets in FY 2024-25.

State Revenue

The bill will increase state cash fund revenue by \$195,953 in FY 2023-24 and \$83,614 in subsequent years, as shown in Table 2. This revenue is subject to TABOR.

Table 2
State Revenue Under HB 23-1082

	FY 2023-24	FY 2024-25
License Plate Sets Issued	3,375	1,398
DRIVES Cash Fund (\$25)	\$84,375	\$34,950
Highway Users Cash Fund (\$25)	\$84,375	\$34,950
License Plate Cash Fund	\$27,203	\$13,714
Total Revenue	\$195,953	\$83,614

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 in FY 2023-24 and \$9.81 the following year. 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 special license plate are 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.

Highway Users Tax Fund. Of the HUTF revenue, 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
 Expected HUTF Distributions Under HB 23-1082**

	FY 2023-24	FY 2024-25
State Highway Fund (65 percent)	\$54,844	\$22,718
Counties (26 percent)	\$21,937	\$9,087
Municipalities (9 percent)	\$7,594	\$3,145
Total HUTF Distribution	\$84,375	\$34,950

State Expenditures

State expenditures in the DOR will increase by \$13,813 in FY 2023-24 and \$628 the following year costs to produce the new plate and placard options and perform computer system changes, as shown in Table 4 and detailed below. Expenditures are paid from the General Fund and the License Plate Cash Fund.

**Table 4
 State Expenditures Under SB 23-025**

	FY 2023-24	FY 2024-25
Department of Revenue		
DRIVES Programming	\$12,632	-
License Plate Cash Fund	\$1,181	\$628
Total Expenditures	\$13,813	\$628

Parking placard production. Parking placard production costs are \$0.35 per placard in FY 2023-24 and \$0.45 the following year. This will increase costs by the amounts shown in Table 4 above. Placard production costs are paid from the LPCF.

DRIVES programming. In FY 2023-24, one-time programming costs of \$12,632 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system with the license plate. Programming costs assume 48 hours at a rate of \$225 per hour for a total cost of \$10,800. Testing can be accomplished within existing appropriations. Office of Information Technology (OIT) support requirements are estimated at 18.5 hours at a rate of \$99 per hour for a total cost of \$1,832, which will be allocated to the DOR and paid to OIT via real time billing.

Training and materials updates. The DOR will be required to update rules, forms, manuals, and the department's website to include the new regulations. The DOR will also 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 2022 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. 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. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve as shown in Table 1, 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

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

State Appropriations

For FY 2023-24, the bill requires appropriations of \$13,813 to the Department of Revenue. Of this total:

- \$12,632 is from the General Fund; and,
- \$1,181 is from the License Plate Cash Fund.

State and Local Government Contacts

County Clerks
Public Safety

Information Technology
Revenue

Military Affairs