



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 24-0284
Prime Sponsors: Rep. Wilson
Date: July 12, 2024
Bill Status: Postponed Indefinitely
Fiscal Analyst: Nina Forbes | 303-866-4785
nina.forbes@coleg.gov

Bill Topic: GADSDEN FLAG DON'T TREAD ON ME LICENSE PLATE

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

The bill would have created the Gadsden flag "Don't Tread on Me" license plate. It would have increased state and local revenue and state expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill would have required an appropriation of \$18,329 to the Department of Revenue.

Fiscal Note Status: The final fiscal note reflects the introduced bill. The bill was postponed indefinitely by the House Finance Committee on April 1, 2024; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 24-1064

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Cash Funds: \$98,635 to \$106,954), Expenditures (Cash Funds: \$18,329 to \$19,910), Transfers (- to -), and Other Budget Impacts (TABOR Refund: \$98,635 to \$106,954).

Summary of Legislation

The bill creates the Gadsden flag "Don't Tread on Me" license plate. The license plate will be available to all applicants that pay three one-time fees of \$25, one of which will be credited to the State Charter School Debt Reserve Fund. It will be available January 1, 2025, or when the department is able to issue the plates.

Background

DRIVES programming. The Division of Motor Vehicles (DMV) in the DOR uses its Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES) information technology system for all driver license and motor vehicle transactions. The DRIVES system requires an extensive 18-month upgrade which is scheduled to take place from July 1, 2024, through March 31, 2026. As a result, the DOR has requested that any new legislation requiring DRIVES programming have an effective date of April 1, 2026, with roll-forward spending authority through FY 2026-27, noting that each programming requirement during the system upgrade period may increase the overall project timeline. Based on the current effective date in the bill, the fiscal note includes costs for the DRIVES programming to take place twice—in the existing and new system.

Assumptions

Demand for this new plate is assumed to be similar to the demand for the Pueblo Chile license plate. For the Pueblo Chile license plate, 1,160 plates were issued in the first year of availability and 1,248 were issued in the second year.

State Revenue

The bill is anticipated to increase cash fund revenue by \$98,635 FY 2024-25 and \$106,954 in FY 2025-26 and future years, as shown in Table 2. This revenue is subject to TABOR.

Table 2
State Revenue Under HB 24-1064

| | FY 2024-25 | FY 2025-26 |
|--|-------------------|-------------------|
| License Plate Sets Issued | 1,160 | 1,248 |
| Highway Users Tax Fund (\$25) | \$29,000 | \$31,200 |
| DRIVES Cash Fund (\$25) | \$29,000 | \$31,200 |
| State Charter School Debt Reserve Fund (\$25) | \$29,000 | \$31,200 |
| License Plate Cash Fund (\$10.03 in FY 2024-25, \$10.70 in FY 2025-26) | \$11,635 | \$13,354 |
| Total Revenue | \$98,635 | \$106,954 |

Standard license plate fees. Upon registration, all vehicle owners must pay a plate and tab production fee of \$10.03 for a digital passenger vehicle plate set in FY 2024-25 and \$10.70 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 the Gadsden flag special license plate are also required to pay an additional \$75 in one-time fees, of which \$25 is credited to the Highway Users Tax Fund (HUTF), \$25 is credited to the DRIVES Cash Fund, and \$25 is credited to the State Charter School Debt Reserve Fund.

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, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 3 outlines the estimated distribution of HUTF revenue generated under this bill.

**Table 3
Estimated HUTF Distributions Under HB 24-1064**

| | FY 2024-25 | FY 2025-26 |
|---------------------------------|-------------------|-------------------|
| State Highway Fund (65 percent) | \$18,850 | \$20,280 |
| Counties (26 percent) | \$7,540 | \$8,112 |
| Municipalities (9 percent) | \$2,610 | \$2,808 |
| Total HUTF Distribution | \$29,000 | \$31,200 |

State Expenditures

Expenditures in DOR will increase by \$18,329 in FY 2024-25, and by \$19,910 in FY 2025-26 and future years, as shown in Table 4. Spending from the State Highway Fund by the Department of Transportation will also increase.

**Table 4
Expenditures Under HB 24-1064**

| | FY 2024-25 | FY 2025-26 |
|------------------------------|-------------------|-------------------|
| Department of Revenue | | |
| Computer Programming | \$6,444 | \$6,556 |
| Plate and Tab Production | \$11,885 | \$13,354 |
| Total Cost | \$18,329 | \$19,910 |

Department of Revenue. The DOR will have costs to make computer system changes, produce the new plates, and make other updates, as outlined below.

- **Computer programming.** Computer programming costs in FY 2024-25 and FY 2025-26 include DRIVES programming, estimated at 16 hours at a rate of \$248 per hour in FY 2024-25 and 16 hours at a rate of \$255 per hour in FY 2025-26; ISD development and testing costs, estimated at 23 hours at a rate of \$35 per hour in each year; support from the Office of Information Technology estimated at 13 hours at a rate of \$99 per hour in each year, paid to OIT through real-time billing; and business user acceptance testing at 12 hours at a rate of \$32 per hour in each year.
- **Plate and tab production.** As discussed in the State Revenue section, plate tab and production costs are \$10.03 per license plate set in FY 2024-25 and \$10.70 per license plate set in FY 2025-26. Based on the assumed number of plates, this will increase costs as shown in Table 4 above. These costs are paid from the LPCF.
- **Update training and materials.** 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.

Department of Transportation. By increasing revenue to the State Highway Fund, expenditures by the Department of Transportation on transportation projects will also increase. Future decisions on the amount and timing of such expenditures will be made by the Transportation Commission and are not estimated here.

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 2023 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.

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 2024-25, the bill requires appropriations of \$18,329 to the Department of Revenue, including:

- \$11,885 from the License Plate Cash Fund; and
- \$6,444 from the DRIVES Cash Fund.

State and Local Government Contacts

Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).