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Revised Fiscal Note

(replaces fiscal note dated February 23, 2024)

Drafting Number: LLS 24-0699 Date: April 8, 2024
Prime Sponsors: Rep. Hernandez Bill Status: House Appropriations
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Bill Topic: CREATING THE CHICANO SPECIAL 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 creates the Chicana/o special license plate. It increases state and local government revenue and state expenditure on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$14,191 to the Department of Revenue.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House Finance Committee. It has also been updated to correct fund sources in the State Appropriations section.

Table 1
State Fiscal Impacts Under HB 24-1105

Table with 4 columns: Category, Fund Source, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Cash Funds: \$43,762), Expenditures (Cash Funds: \$14,191), Transfers (-), and Other Budget Impacts (TABOR Refund: \$43,762).

## Summary of Legislation

The bill creates the Chicana/o special license plate. The license plate is available to all applicants who provide a certificate to the Department of Revenue (DOR) confirming that the applicant has made a donation to a designated nonprofit organization and pays two one-time fees of \$25.

At least once every five years, the DOR will choose one or more tax-exempt nonprofit organizations with a division in Colorado that:

- provides Chicana/o youth leadership training;
- promotes and facilitates access to higher education for Chicana/o students;
- provides Chicana/o youth violence prevention programs;
- works to increase the cultural, social, political, and economic well-being of the Chicana/o community; or
- provides ethnic studies educational programs, including those related to Chicana/o history, institutional racism, and immigration.

The nonprofit may establish a minimum donation amount to qualify for the license plate. The nonprofit must either provide services directly or act as a fiscal agent by implementing a grant program to other organizations that provide services. No more than ten percent of the money raised for these purposes may be retained for or spent on administrative costs.

The plate 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 Department of Revenue (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 Support Pollinators license plate, which has a 0.032 percent participation rate across the over 7 million vehicles registered in Colorado. This assumption results in an estimated 729 plates being issued in FY 2024-25 and 785 in FY 2025-26.

**State Revenue**

The bill is anticipated to increase cash fund revenue by \$43,762 FY 2024-25 and \$47,650 in FY 2025-26 and future years, as shown in Table 2. This revenue is subject to TABOR.

**Table 2  
 State Revenue Under HB 24-1105**

	FY 2024-25	FY 2025-26
<b>License Plate Sets Issued</b>	<b>729</b>	<b>785</b>
Highway Users Tax Fund (\$25)	\$18,225	\$19,625
DRIVES Cash Fund (\$25)	\$18,225	\$19,625
License Plate Cash Fund (\$10.03 in FY 25, \$10.70 in FY 26)	\$7,312	\$8,400
<b>Total Revenue</b>	<b>\$43,762</b>	<b>\$47,650</b>

**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 Chicana/o special license plate are also required to pay an additional \$50 fee, of which \$25 is credited to the Highway Users Tax Fund (HUTF) and \$25 is credited to the DRIVES Cash 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 24-1105**

	FY 2024-25	FY 2025-26
State Highway Fund (65 percent)	\$11,846	\$12,756
Counties (26 percent)	\$4,739	\$5,103
Municipalities (9 percent)	\$1,640	\$1,766
<b>Total HUTF Distribution</b>	<b>\$18,225</b>	<b>\$19,625</b>

## State Expenditures

Expenditures in DOR will increase by \$14,191 in FY 2024-25, and by \$15,169 in FY 2025-26, as shown in Table 4. Spending from the State Highway Fund by the Department of Transportation will also increase.

**Table 4**  
**Expenditures Under HB 24-1105**

	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Department of Revenue</b>		
Computer Programming	\$6,629	\$6,769
Plate and Tab Production	\$7,562	\$8,400
<b>Total Cost</b>	<b>\$14,191</b>	<b>\$15,169</b>

**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 20 hours at a rate of \$248 per hour in FY 2024-25 and 20 hours at a rate of \$255 per hour in FY 2025-26; ISD development and testing costs, estimated at 15 hours at a rate of \$35 per hour in each year; support from the Office of Information Technology estimated at 8 hours at a rate of \$99 per hour in each year, paid to OIT through real-time billing; and business user acceptance testing at 11 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.

## Technical Note

The fiscal note currently includes a duplicative programming cost for the DOR's DRIVES system, as discussed in the Background section. The duplicate cost would be removed if the bill's effective date were amended to April 1, 2026, when the DRIVES upgrade is complete.

## 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 \$14,191 to the Department of Revenue, including:

- \$7,562 from the License Plate Cash Fund; and
- \$6,629 from the DRIVES Cash Fund.

## State and Local Government Contacts

Revenue

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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](#).