



**Colorado  
Legislative  
Council  
Staff**

**Bill 2**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 18-0292  
**Prime Sponsor(s):**

**Date:** October 30, 2017  
**Bill Status:** Transportation Legislation Review  
Committee Bill Request  
**Fiscal Analyst:** Erin Reynolds (303-866-4146)

**BILL TOPIC:** PRIVATE INTERSTATE COMMERCIAL VEHICLE REGISTRATION

Fiscal Impact Summary	FY 2018-2019	FY 2019-2020
<b>State Revenue</b>	No change.	
Cash Funds	See State Revenue section.	
<b>State Expenditures</b>	<b>\$100,125</b>	<b>(\$29,089)</b>
Cash Funds	100,125	(23,134)
Centrally Appropriated Costs		(5,955)
<b>FTE Position Change</b>		(0.5 FTE)
<b>Appropriation Required:</b> \$100,125 - Department of Revenue (FY 2018-19).		
<b>Future Year Impacts:</b> Ongoing FTE-related expenditure decrease.		

**Summary of Legislation**

This bill, **requested by the Transportation Legislation Review Committee**, requires the Department of Revenue to promulgate rules in order to allow a private provider to perform expedited vehicle registration for Class A commercial vehicles. The provider may retain a service fee, but will collect and remit the registration taxes and fees to the department.

Private providers of expedited Class A vehicle registrations must:

- be approved by the department;
- utilize a department-approved software that will calculate taxes and fees and be updated regularly to account for any rate changes;
- file evidence of a surety bond or an alternative to a surety bond; and
- provide for reimbursement of any damages caused to the state, local governments, or owners of Class A vehicles through its acts or omissions.

The department is required to ensure that the expedited registration program:

- operates efficiently;
- provides additional services or increases the speed or quality of services at an overall cost savings to the state; and
- complies with state law.

The department may deny, suspend, or revoke approval of a private provider who violates a contract, makes a material misstatement, fails to comply with state law or rules, or fails to provide expedited service.

The department may also accept financial assistance from a private party to implement the expedited registration program to the extent permitted, credited to the Colorado State Titling and Registration System (CSTARS) Account or the Colorado Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES) Vehicle Services Account.

## **Background**

**Commercial vehicle registration.** Class A commercial vehicles are registered through the International Registration Plan, a reciprocity agreement among the states of the U.S., the District of Columbia, and the provinces of Canada which provides for the payment of apportionable registration fees on the basis of total distance operated in all jurisdictions. Carriers register their vehicles in their base jurisdiction with a single application. In Colorado, the registration of these vehicles can be completed in person, via mail, or online. International Registration Plan registrations are completed in the department's GenTax database currently, but will be integrated into the DRIVES database, which is scheduled to come online August 6, 2018.

**CSTARS and DRIVES accounts.** House Bill 17-1107 modified the statutes to update the term CSTARS with the term DRIVES and transferred revenue from the CSTARS Account to DRIVES Vehicle Services account at two points in FY 2018-19. As a result, the fiscal note references the DRIVES Vehicle Services Account throughout.

## **State Revenue**

While the bill allows the Department of Revenue to accept financial assistance to implement the program, the fiscal note assumes that any entity providing funding to the department would not be eligible to be a private provider due to conflicts of interest. Therefore, the fiscal note estimates no change in state revenue to the DRIVES Vehicle Services Account.

## **State Expenditures**

In FY 2018-19, the Department of Revenue will have one-time cash fund expenditure of **\$100,125** to update its DRIVES database, paid from the DRIVES Vehicle Services Account. Beginning in FY 2019-20, the department will have an ongoing cash fund reduction of **\$29,089 and 0.5 FTE** from the DRIVES Vehicle Services Account as a result of the workload offset created by the expedited registration program. These expenditure impacts are shown in Table 1 and discussed further below.

<b>Table 1. Expenditures Under Bill 2</b>		
<b>Cost Components</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Personal Services		(\$22,659)
FTE		(0.5 FTE)
Operating Costs		(475)
Computer Programming	\$100,125	
Centrally Appropriated Costs*		(5,955)
<b>TOTAL</b>	<b>\$100,125</b>	<b>(\$29,089)</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Computer programming.** In FY 2018-19, the Department of Revenue will configure and program DRIVES so that private providers can access the system online using 2-factor authentication. DRIVES programming is performed by a vendor at a contracted rate of \$225 per hour. In all, the workload effort is expected to result in 445 total programming hours, at a cost of \$100,125 paid from the DRIVES Vehicle Services Account.

**Expedited registration program implementation and support — data and assumptions.** Beginning in FY 2019-20, the Department of Revenue will require a reduction of \$29,089 and 0.5 FTE from the DRIVES Vehicle Services Account as a result of a workload offset and a workload increase. This estimate is based on the following assumptions. In FY 2016-17, there were approximately 7,600 International Registration Program transactions processed by 3.0 FTE. The fiscal note assumes that 25 percent of International Registration Program clients will utilize the private provider instead of the department to register its vehicles, which represents 1,900 transactions performed by the private provider and a reduction of workload in the department equivalent to 0.75 FTE. The department will be required to support and oversee private providers — the majority of this workload will involve transaction audits and provider support — for which the fiscal note estimates a requirement of 0.25 FTE per year. As a result of the decrease of 0.75 FTE and an increase of 0.25 FTE, the net reduction is 0.5 FTE. Finally, the fiscal note assumes that this decrease will occur in FY 2019-20, which allows time for the system to be put in place by the department and utilized by International Registration Program clients.

The department can accomplish preliminary processes within existing appropriations. This includes rulemaking, selecting and approving private providers for commercial vehicle registrations through the state procurement process, training private providers, and updating its website and related materials.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Table 2. Centrally Appropriated Costs Under Bill 2</b>		
<b>Cost Components</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)		(\$3,925)
Supplemental Employee Retirement Payments		(2,030)
<b>TOTAL</b>	<b>\$0</b>	<b>(\$5,955)</b>

**Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

**State Appropriations**

In FY 2018-19, the Department of Revenue requires a cash fund appropriation of \$100,125 from the DRIVES Vehicle Services Account.

**State and Local Government Contacts**

Information Technology      Law      Revenue