



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**HB 18-1406**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated April 24, 2018)

**Drafting Number:** LLS 18-0799  
**Prime Sponsors:** Rep. Foote; Weissman

**Date:** May 2, 2018  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** Ryan Long | 303-866-2066  
RyanC.Long@state.co.us

**Bill Topic:** DRIVER'S LICENSES AND JUDGMENTS FOR TRAFFIC REGULATIONS

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill prohibits the Department of Revenue from denying or canceling a driver license when an applicant or license holder fails to pay a monetary judgment related to a traffic infraction. Beginning in FY 2018-19, it decreases state revenue and increases state expenditures on an ongoing basis.

**Appropriation Summary:** In FY 2018-19, the bill requires an appropriation of \$786,233 to the Judicial Department and \$46,350 to the Department of Revenue.

**Fiscal Note Status:** The revised fiscal note reflects the introduced bill, as amended by the House Transportation committee.

**Table 1  
State Fiscal Impacts Under HB 18-1406**

		<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Revenue*</b>	State Highway Fund	(\$511,051)	(\$536,440)
	Cash Funds	(\$2,744,545)	(\$2,718,006)
	<b>Total</b>	<b>(\$3,255,596)</b>	<b>(\$3,254,446)</b>
<b>Expenditures</b>	General Fund	\$786,233	\$825,292
	Cash Funds	\$46,350	-
	<b>Total</b>	<b>\$832,583</b>	<b>\$825,292</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>	General Fund	(\$3,255,546)	(\$3,254,446)

\* The revenue totals do not include the county and municipal distribution of HUTF funds, which total (\$275,180) in FY 2018-19 and (\$288,851) in FY 2019-20 and future years.

**Summary of Legislation**

Under current law, an individual cited for certain traffic infractions must either pay the penalty assessment or appear in court for a hearing. If the individual fails to do either, the court may issue a judgment or warrant against them. Individuals with an outstanding judgment or warrant may not receive a new or renewed driver license, and the Department of Revenue (DOR) may cancel the driver license.

This bill prohibits the DOR from denying or canceling a driver license when an applicant or license holder has an outstanding judgment or warrant issued for failure to pay a penalty or appear at a post-sentencing court appearance, or failure to pay a public transportation fare. Additionally, it creates a \$30 administrative fee that is assessed when a judgment is entered against someone for failing to pay a traffic infraction penalty. If this fee is not paid within 45 days, violators must also pay a \$95 outstanding judgement fee. The bill requires the court to send a written notice of a judgment to a violator, outlining all penalties and fees owed.

**State Revenue**

This bill will result in a net cash fund revenue decrease of \$3.5 million beginning in FY 2018-19. These impacts are summarized in Table 2 and detailed by line item below. All totals for FY 2018-19 are prorated to account for the effective date of the bill.

**Table 2  
 Revenue Summary Under HB 18-1406**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Fees Assessed Under Current Law</b>		
Administrative Processing Fee	(\$1,630,165)	(\$1,778,362)
Reinstatement Fee	(\$2,151,289)	(\$2,346,861)
<b>Subtotal</b>	<b>(\$3,781,454)</b>	<b>(\$4,125,223)</b>
<b>New Fees</b>		
New Administrative Processing Fee	\$57,701	\$127,779
Outstanding Judgment Fee	\$192,977	\$454,147
<b>Subtotal</b>	<b>\$250,678</b>	<b>\$581,926</b>
<b>Total</b>	<b>(\$3,530,776)</b>	<b>(\$3,543,297)</b>

**Administrative processing fee.** Under current law, there is a \$30 administrative processing fee assessed on all cases with a traffic conviction. Of this fee, \$15 is retained by the Judicial Department and used to support the operating budget of the trial courts, and \$15 is transferred to the Highway Users Tax Fund. In 2017, the Judicial Department brought in \$2,371,150 from this administrative fee on all traffic convictions. It is assumed that 75 percent of this revenue came from outstanding judgments. As this bill specifies that a driver cannot be denied a license for an outstanding judgment related to a traffic violation, state revenue will decrease by 75 percent, or \$1,778,363 annually. Of this, \$889,181 will be retained by the Judicial Department, and \$889,182 will be transferred to the Highway Users Tax Fund.

**Table 3**  
**Change to Administrative Processing Fee Revenue Under HB 18-1406**

<b>Case Class</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Felony/Criminal	(\$20,014)	(\$21,833)
Juvenile Delinquent	(\$316)	(\$345)
Misdemeanor	(\$94,234)	(\$102,801)
Infraction	(\$524,469)	(\$572,148)
Traffic	(\$991,132)	(\$1,081,235)
<b>Total FTE</b>	<b>(\$1,630,165)</b>	<b>(\$1,778,362)</b>

*Colorado Department of Transportation.* Of the administrative processing fees collected, \$15 is diverted to the Highway Users Tax Fund. The Colorado Department of Transportation receives 65 percent of this revenue, which is deposited in the State Highway Fund. This bill creates a net decrease to the State Highway Fund of \$511,051 in FY 2018-19 and \$536,440 in FY 2019-20.

**License reinstatement fee.** Under current law, drivers must pay a \$95 reinstatement fee to reinstate a driver license that was cancelled or denied due to an outstanding judgment. Of this fee, \$73 is deposited in the Driver License Administrative Revocation Account and \$22 is deposited in the First Time Drunk Driving Offender Account. In 2017, 37,430 driver license suspension actions were taken against drivers for having an outstanding judgment. Of these, it is assumed that approximately 66 percent reinstated their license, or 24,704. As drivers will no longer have their license cancelled or denied due to an outstanding judgment, drivers will no longer pay this fee, and it is estimated that state revenue will be reduced by \$2.2 million in FY 2018-19 and \$2.3 million in FY 2019-20 and future years. This impact is shown in Table 3.

**Table 4**  
**Revenue Reduction Under HB 18-1406**

<b>Revenue Components</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Driver License Administrative Revocation Account	(\$1,653,096)	(\$1,803,377)
First Time Drunk Driving Offender Account	(\$498,193)	(\$543,484)
<b>Total Revenue</b>	<b>\$2,151,289</b>	<b>\$2,346,861</b>

**New administrative processing fee.** This bill creates a new \$30 administrative processing fee assessed on anyone who receives a judgment for a traffic infraction, which is distributed in the same manner as the administrative processing fee under current law. It is estimated that there are approximately 26,195 traffic infraction convictions entered each year. Of these infractions, the average collection rate is 58 percent, with approximately 25 percent unable to pay the fee due to indigence. Based on similar fees that do not have incentives to pay, such as a driver license suspension, it is assumed that annual collections will decrease to 11 percent of the total fee assessed. Table 4 below shows the estimated revenue collection from the new \$30 administrative fee.

**Table 5  
New Administrative Processing Fee Impact Under HB 18-1406**

<b>Fiscal Year</b>	<b>Fee</b>	<b>Fee Assessed</b>	<b>Cases Subject to Penalty</b>	<b>Number Paying Fine*</b>	<b>Estimated Total Fine Collected**</b>
FY 2018-19	Administrative Processing Fee	\$30	23,314	17,485	\$57,701
<b>FY 2018-19 Total</b>					<b>\$57,701</b>
FY 2019-20	Administrative Processing Fee	\$30	26,195	19,646	\$64,833
	FY 2018-19 Fee Revenue***				\$62,947
<b>FY 2019-20 Total</b>					<b>\$127,780</b>

\* All figures in this column are the number of violations less 25 percent to account for indigence.

\*\* It is assumed that 11 percent of each year's fine revenue will be collected by June 30th of each fiscal year.

\*\*\* It is assumed that an additional 12 percent of FY 2018-19 fees will be collected in FY 2019-20 to account for fines from previous years being collected in future years.

**Outstanding judgment fee.** This bill creates a \$95 outstanding judgment fee that is assessed if an individual fails to pay the new administrative fee within 45 days. As discussed above, it is assumed at 11 percent of individuals will pay the new administrative fee. As such, 89 percent of individuals will be assessed the outstanding judgment fee, or 18,467 individuals in FY 2018-19. Based on similar fees that do not have incentives, such as a driver license suspension, it is assumed that annual collections will decrease to 11 percent of the total fee assessed. Totals for FY 2018-19 are prorated to account for the effective date of the bill.

**Table 6  
Fine Impact Under HB 18-1406**

<b>Fiscal Year</b>	<b>Fee</b>	<b>Fee Assessed</b>	<b>Cases Subject to Penalty</b>	<b>Estimated Total Fine Collected*</b>
FY 2018-19	Outstanding judgment fee	\$95	18,467	\$192,977
<b>FY 2018-19 Total</b>				<b>\$192,977</b>
FY 2019-20	Outstanding judgment fee	\$95	23,314	\$243,627
	FY 2018-19 Fee Revenue**			\$210,520
<b>FY 2019-20 Total</b>				<b>\$454,147</b>

\* It is assumed that 11 percent of each year's fine revenue will be collected by June 30th of each fiscal year.

\*\* It is assumed that an additional 12 percent of FY 2018-19 fees will be collected in FY 2019-20 to account for fines from previous years being collected in future years.

**Additional fee collection.** As driver license revocation creates an incentive to pay penalties for driver licence reinstatement, this bill will result in a reduction in collections from all other initial traffic infraction assessments, fees, and restitution collections. As discussed above, the fiscal note assumes that collection rates will decrease from about 58 percent to 11 percent without the penalty of a driver license revocation.

**TABOR Refund**

On net, this bill reduces state revenue from fees, which will reduce the amount of money required to be refunded under TABOR in FY 2018-19 and FY 2019-20. Since the bill reduces the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will increase by an identical amount.

**State Expenditures**

This bill will increase state expenditures by \$832,583 in FY 2018-19, and \$825,292 in FY 2019-20 and ongoing.

**Table 7  
Expenditures Under HB 18-1406**

<b>Cost Components</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Trial Courts Operating Budget	\$786,223	\$825,292
DRIVES	\$46,350	-
<b>Total</b>	<b>\$832,583</b>	<b>\$825,292</b>

**Judicial Department.** This bill will require at least \$786,223 in FY 2018-19 and at least \$825,292 in FY 2019-20 and future years of General Fund to offset lost administrative processing fee revenue from judgments on traffic infractions, which are used to support the trial court's operating budgets. Additionally, it will increase workload in the Judicial Department to modify its case management system to distinguish between an warrants for a failure to pay from other warrants. It is assumed that this work can be accomplished within existing appropriations.

**Department of Revenue.** In FY 2018-19 only, this bill will increase DRIVES Vehicle Services Account expenditures by \$46,350 in the DOR to modify DRIVES to allow driver license issuance with unpaid traffic violations. This estimate assumes that 206 hours of programming will be required at \$225 per hour. Additionally, as this bill will prevent the department from canceling or issuing a license due to an outstanding judgment, DOR will no longer need to process license reinstatements due to outstanding judgments, and workload will decrease. As reinstatements for an outstanding judgment are largely done electronically through the DRIVES system, it is assumed that any decrease in workload will be minimal.

**Local Government**

**Highway Users Tax Fund.** This bill will decrease county and local government HUTF revenue by \$275,180 in FY 2018-19 and \$288,851 in FY 2019-20 and future years. HUTF revenue is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

**Fine revenue.** This bill will result in a reduction in collections from initial traffic infraction assessments collected by municipal courts or the Denver County Court. As driver's license revocation creates an incentive to pay penalties for driver license reinstatement, fewer of these penalties may be collected by local governments. This impact has not been estimated for the fiscal note.

**Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2017, as scheduled, and no referendum petition is filed.

**State Appropriations**

For FY 2018-19, it requires a General Fund appropriation of \$786,223 to the Judicial Department and an appropriation of \$46,350 from the DRIVES Vehicle Services Account to the Department of Revenue.

**State and Local Government Contacts**

Counties  
Law

Information Technology  
Personnel

Judicial  
Revenue