



**Colorado
Legislative
Council
Staff**

HB16-1295

FISCAL NOTE

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

Drafting Number: LLS 16-0234
Prime Sponsor(s): Rep. Salazar
Sen. Ulibarri

Date: March 8, 2016
Bill Status: House Transportation and Energy
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: CHICANO SPECIAL LICENSE PLATE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$12,987</u>	<u>\$25,920</u>
Cash Funds	12,987	25,920
State Expenditures	<u>\$5,461</u>	<u>\$2,679</u>
Cash Funds	5,461	2,679
TABOR Impact	\$12,987	\$25,920
Appropriation Required: \$5,461 – Department of Revenue (FY 2016-17).		
Future Year Impacts: Ongoing revenue and expenditure increases.		

Summary of Legislation

The bill creates the Chicano special license plate for passenger vehicles and motorcycles. The license plate will be available to those individuals who have made a donation to an organization that meets the bill's criteria of providing services to the Latino community and that is designated by the Department of Revenue (DOR). The DOR must designate one or more such organizations at least once every five years. The organization may establish a minimum donation amount. It can either provide services directly to the Latino community or through grants, in which case the organization may spend no more than 10 percent of money raised through the plates on administrative costs. DOR is to design the plate with input from interested persons.

In addition to the donation, standard license plate taxes and fees apply, and applicants must also pay the one-time, standard special license plate fee of \$50—\$25 of which is credited to the Licensing Services Cash Fund and the remaining \$25 to the Highway Users Tax Fund. An applicant may also apply for a personalized Chicano special license plate, upon payment of the annual personalized plate fee.

The plate will be available January 1, 2017, or when the DOR is prepared to issue the plates, whichever is earlier. The DOR may stop issuing the Chicano special license plate if 3,000 are not issued by July 1, 2021, though a person issued the plate may continue to use it even if it is discontinued.

Assumptions

The DOR currently issues three cultural group special license plates:

- American Indian Scholars (1,839 issued since January 1, 2002),
- Italian American Heritage (3,575 issued since July 1, 2008), and
- Pioneer (36,747 issued since January 1, 1998).

The fiscal note assumes that the Chicano special license plate issuance will be similar to the Italian American Heritage plate, so it is expected that 450 Chicano special license plates will be purchased per year.

Motorcycles account for 1 percent of group special license plates overall. It is therefore expected that 1 percent of Chicano license plates, or 5 per year, will be issued to motorcycles.

Finally, it is assumed the bill will become effective January 1, 2017, so FY 2016-17 numbers are prorated assuming plates will be issued for a half-year.

State Revenue

This bill is anticipated to increase state cash fund revenue by ***\$12,987 in FY 2016-17 and \$25,920 in FY 2017-18*** to the License Plate Cash Fund (LCSF), the Licensing Services Cash Fund (LSCF), and the Highway Users Tax Fund. State revenue is detailed in Table 1 below.

Table 1. State Revenue Generated Under HB16-1295					
Revenue Components	Cost	Number Issued	FY 2016-17	Number Issued	FY 2017-18
Passenger Vehicle Plate Sets (LPCF)	\$5.92	225	\$1,332	450	\$2,664
Motorcycle Single Plates (LPCF)	3.01	3	9	5	15
Temporary Permits (LPCF)	1.08	228	246	455	491
Special License Plate Fee (LSCF)	25.00	228	5,700	455	11,375
Special License Plate Fee (HUTF)	25.00	228	5,700	455	11,375
TOTALS			\$12,987		\$25,920

The State Highway Fund in the Colorado Department of Transportation receives 65 percent of the HUTF revenues generated through license plate fees, as discussed in the State Expenditures section below; the remainder is divided between counties and municipalities, as discussed in the Local Government section below.

TABOR Impact

This bill increases state cash fund revenue from fees, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund. Since the bill increases 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 decrease by an identical amount.

State Expenditures

State cash fund expenditures are expected to increase by **\$5,461 in FY 2016-17 and by \$2,679 in FY 2017-18**. State expenditures are detailed in Table 2 and discussed below.

Table 2. State Expenditures Under HB16-1295					
Cost Components	Cost	Number Issued	FY 2016-17	Number Issued	FY 2017-18
Passenger Vehicle Plate and Tab	\$5.92	225	\$1,332	450	\$2,664
Motorcycle Plate and Tab	3.01	3	9	5	15
Computer Programming			\$4,120		0
TOTAL			\$5,461		\$2,679

Materials. The Chicano special license plate will be issued via the Print on Demand program with Colorado Correctional Industries in the Department of Corrections. The DOR will require spending authority for the Chicano special license plates, estimated at \$1,341 in FY 2016-17 and \$2,679 in FY 2017-18.

Computer Programming. In FY 2016-17, one-time programming costs of \$4,120 are required to update the Colorado State Titling and Registration System (CSTARS) in the DOR. Programming costs are calculated at 40 hours at a rate of \$103 per hour, and paid to the Office of Information Technology (OIT).

Application and selection process, forms, and training. To meet the requirement that at least one organization providing services to the Latino community is selected at least every five years, the DOR will need to establish an application and selection process. The DOR will also be required to update forms, manuals, and its website to reflect the change in law, as well as to provide training to authorized agents, staff, and law enforcement. Any workload increase or costs associated with these activities can be accomplished within existing appropriations.

Highway Users Tax Fund. The bill will increase HUTF revenue to the continuously appropriated State Highway Fund in CDOT by an estimated \$3,705 in FY 2016-17, and \$7,394 in FY 2017-18.

Local Government Impact

HUTF revenue generated by license plate fees is distributed to counties (26 percent) and cities (9 percent) for transportation needs. This bill is expected to increase county revenue by \$1,482 in FY 2016-17, and \$2,958 in FY 2017-18, and municipal revenue by \$513 in FY 2016-17, and by 1,024 in FY 2017-18.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed. The Chicano special license plate will be issued either when the DOR is prepared or January 1, 2017, whichever is earlier.

State Appropriations

For FY 2016-17, the Department of Revenue requires an appropriation of \$4,120 from the CSTARs Account, and cash fund spending authority in the amount of \$1,341 from the License Plate Cash Fund. The Office of Information Technology requires \$4,120 in reappropriated funds.

State and Local Government Contacts

Corrections
Public Safety

Clerk and Records
Revenue

Information Technology