



**Colorado
Legislative
Council
Staff**

HB16-1362

**REVISED
FISCAL NOTE**

(replaces fiscal note dated April 12, 2016)

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

Drafting Number: LLS 16-1038

Date: May 2, 2016

Prime Sponsor(s): Rep. Young
Sen. Martinez Humenik

Bill Status: Senate Finance

Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: LICENSE PLATE AUCTION TRANSFER DISABILITY BENEFIT

Fiscal Impact Summary*	FY 2016-2017	FY 2017-2018
State Revenue	Potential increase.	
Cash Funds	Potential gifts, grants, and donations.	
State Expenditures	<u>\$49,695</u>	<u>\$48,823</u>
Cash Funds	42,483	41,152
Centrally Appropriated Costs	7,212	7,671
TABOR Impact		Potential increase.
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$42,483 – Department of Personnel and Administration (FY 2016-17).		
Future Year Impacts: Ongoing potential revenue increase and expenditure increase.		

Summary of Legislation

The **reengrossed** bill transfers the functions of the License Plate Auction Group, currently housed in the Governor's Office, to the Disability-Benefit Support Contract Committee, housed in the Department of Personnel and Administration (DPA), and renames the new entity the Colorado Disability Funding Committee. The committee consists of 13 Governor-appointed members, whose terms and qualifications are outlined in the bill, and the option for one ex officio member. Members may receive per diem or expense reimbursement.

The committee will contract with an entity, that it will retain oversight of, to sell and auction registration numbers, for which it will also determine a reasonable commission. The committee and the Department of Revenue (DOR) must enter into an agreement to establish the process for requesting registration numbers. The committee may also sell the right to use additional license plate options, such as historically used backgrounds, for a fee if approved by DOR and the Colorado State Patrol within the Department of Public Safety (DPS). DPS may prohibit any action of the committee concerning the sale of registration numbers if the decision would affect the state's policy concerning their use.

When adequate funding is available through registration number sales, the committee is required to contract with a nonprofit entity that will aid people with disabilities in accessing disability benefits. Once this contract is in place, the committee may also make grants or loans to pilot projects or programs that aim to improve quality of life or increase independence for people with disabilities.

The committee may obtain the services of professional advisors or contract employees to provide administrative assistance. DPA may also hire employees to provide administrative support resulting from the committee being housed in DPA.

The License Plate Auction Group and its Registration Number Fund are repealed within 60 days after the bill's effective date. The License Plate Auction Group must transfer all records, property, and information to the committee with the assistance of the DOR.

The Disability Investigational and Pilot Support (DIPS) Fund in DPA is renamed the Disability Support Fund. The Registration Number Fund balance and all future proceeds from the sales of registration numbers is to be transferred to the Disability Support Fund. The Disability-Benefit Support Fund is repealed. Any money used to implement additional license plate options must be transferred to the Division of Correctional Industries (CCi) in the Department of Corrections (DOC).

Background

Disability-Benefit Support Contract Committee and the License Plate Auction Group. House Bill 11-1216 established the Disability-Benefit Support Contract Committee to award state contracts to one or more nonprofit organizations that assist disabled persons with obtaining benefits and the License Plate Auction Group to market and manage the sales of vehicle registration numbers to fund the Disability-Benefit Support Contract Committee, along with gifts, grants, and donations. HB11-1216 also created the Disability-Benefit Support Fund, from which the DPA was allocated 0.3 FTE and \$15,648 to pay for contracting support, and the Registration Number Fund in DOR, to which revenue from registration number sales was to be credited.

Senate Bill 13-276 renamed and moved the DIPS Fund to DPA, formerly the Coordinated Care for People with Disabilities (CCPD) Fund in the Department of Health Care Policy and Financing (HCPF), to be managed by the Disability-Benefit Support Contract Committee. The CCPD Fund had a balance of \$1.1 million when transferred to the DIPS Fund. Since 2013, the DIPS Fund has granted about \$300,000 to programs that support persons with disabilities in accessing benefits; \$300,000 was transferred from the DIPS Fund to the Registration Number Fund, of which \$194,900 was recently credited back to the DIPS Fund; and interest earnings from the Breast and Cervical Cancer Prevention and Treatment Program Fund in HCPF are credited to the DIPS Fund at a rate of between \$2,000 to \$4,000 per month. At present, there is about \$577,000 in the DIPS Fund, while the Registration Number Fund and the Disability-Benefit Support Fund both have a zero balance.

The DPA never filled the 0.3 FTE it was allocated due to a lack of cash fund revenue in the Disability-Benefit Support Fund. Both the Disability-Benefit Support Contract Committee and the License Plate Auction Group have contracted for administrative support at a cost of \$218,000 since July 2012, which includes operating expenses.

State Revenue

The bill continues the sale of registration numbers already authorized through previous legislation. Because the bill streamlines the registration number sale and auction process, additional revenue is expected to be generated. This revenue will be credited to the Disability Support Fund in DPA to implement the provisions of the bill. The Disability Support Fund may also receive gifts, grants, and donations. As of writing, no source of gifts, grants, or donations has been identified.

Assuming increased registration number sales, a correlating revenue increase will occur when the registration number is registered to a vehicle. Personalized license plate sets cost \$5.92, credited to the License Plate Cash Fund in DOR, along with standard vehicle registration fees. This potential revenue increase has not been estimated.

TABOR Impact

This bill may increase 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.

State Expenditures

The bill will increase state cash fund expenditures in DPA by **\$49,695 and 0.5 FTE in FY 2016-17 and \$48,823 and 0.5 FTE in FY 2017-18** from the Disability Support Fund. It will also minimally increase workload in the DOR, DPS, and DOC.

Table 1. Expenditures Under HB16-1362		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$37,105	\$40,477
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	5,178	475
Travel	200	200
Centrally Appropriated Costs*	7,212	7,671
TOTAL	\$49,695	\$48,823

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

Assumptions. It is assumed that the Disability Support Fund will absorb legal services and board reimbursement costs within current appropriations. The State Board of Personnel in DPA was used as a proxy to estimate workload for the committee.

Department of Personnel and Administration. Under the bill, 0.5 FTE General Professional IV will be responsible for the procurement of auction vendors, the reservation of registration numbers with DOR, accounting, preparing grant solicitations and applications, meeting administration, and general outreach and communications. FY 2016-17 costs are prorated for the bill's effective date. Standard operating and capital outlay expenses are included. Travel costs are included to accommodate one remote board meeting per year.

Colorado Disability Funding Committee. The committee, housed in DPA, will require future appropriations of registration number sales revenue to implement the bill from the Disability Support Fund. This is expected to occur during the annual budget process.

Department of Revenue. The DOR will assist the transfer of License Plate Auction Group records to the DPA. It will also be required to create an agreement with the committee related to the frequency of registration number requests and respond to these requests. Finally, DOR may also be called upon to approve additional license plate designs for sale or auction in collaboration with DPS. These workload increases can be accomplished within existing appropriations.

Department of Public Safety. The DPS will monitor committee actions concerning the sale of registration numbers and approve additional license plate designs for sale or auction in collaboration with DOR. This workload increase can be accomplished within existing appropriations.

Department of Corrections. The DOC will account for transfers to the Correctional Industries Account in CCI used to implement additional license plate options, if and when they occur. This workload can be accomplished within existing appropriations.

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.

Table 2. Centrally Appropriated Costs Under HB16-1362		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,037	\$4,044
Supplemental Employee Retirement Payments	3,175	3,627
TOTAL	\$7,212	\$7,671

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.

State Appropriations

For FY 2016-17, the bill requires a cash fund appropriation of \$42,483 from the Disability Support Fund and an allocation of 0.5 FTE to the Department of Personnel and Administration.

State and Local Government Contacts

Corrections
Health Care Policy and Financing
Information Technology
Personnel and Administration
Revenue

Governor's Office
Human Services
Law
Public Safety
Treasury