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FISCAL NOTE

Drafting Number: LLS 18-1015 Date: March 7, 2018
Prime Sponsors: Sen. Neville T.; Lundberg Bill Status: Senate Finance
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Bill Topic: REPEAL LATE VEHICLE REGISTRATION FEE

- Summary of Fiscal Impact:
[x] State Revenue [] TABOR Refund
[x] State Expenditure (minimal) [x] Local Government
[] State Transfer [] Statutory Public Entity

This bill repeals the late vehicle registration fee. Beginning in FY 2018-19, it will decrease revenue to state and local governments, and minimally increase workload for the state.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 18-196

Table with 4 columns: Revenue, Expenditures, Transfers, FY 2018-19, FY 2019-20. Revenue: State Highway Fund (\$5.0 million), (\$10.4 million). Expenditures: -, -. Transfers: -, -.

Summary of Legislation

Under current law, motor vehicle registrations expire on the last day of the month at the end of each 12-month registration period. A 30-day grace period is granted before late fees are assessed. If a vehicle is not registered with the Department of Revenue (DOR) within the timeframe required by law, the vehicle owner is subject to a late fee of \$25 for each month; the total late fee is capped at \$100. Of this fee revenue, the first \$10 is credited to the county government registering a vehicle, and the remaining revenue is deposited into the Highway Users Tax Fund (HUTF) for subsequent distribution to the State Highway Fund (60 percent), counties (22 percent), and municipalities (18 percent).

The bill repeals the late vehicle registration fee for all motor vehicle types, as of January 1, 2019.

Assumptions

In FY 2016-17, approximately \$25.2 million in late fees were collected from 498,209 vehicles. Of this fee, approximately 80 percent was deposited in the HUTF and approximately 20 percent was retained by counties from the first \$10 of late fees. To estimate the HUTF distribution, the fiscal note uses the December 2017 Legislative Council forecast and assumes the distribution of funds to the HUTF and counties will remain the same.

State Revenue

This bill is expected to reduce State Highway Fund revenue from late vehicle registration fee collections by approximately \$5.0 million in FY 2018-19, and by approximately \$10.4 million in FY 2019-20 and thereafter. The first year impact is adjusted to account for the January 1, 2019, effective date. Table 2 displays the estimated reductions to HUTF distributions under the bill.

Table 2
Estimated HUTF Distributions Under SB 18-196

	FY 2018-19	FY 2019-20
State Highway Fund (60%)	\$5.0 million	\$10.4 million
Counties (22%)	\$1.9 million	\$3.8 million
Municipalities (18%)	\$1.5 million	\$3.1 million
Total Distribution	\$8.4 million	\$17.3 million

Department of Transportation. The State Highway Fund (SHF) within the Colorado Department of Transportation (CDOT) receives 60 percent of the revenue credited to the HUTF from late vehicle registration fees. This bill is expected to decrease revenue to the SHF by about \$5.0 million in FY 2018-19, and by about \$10.4 million in FY 2019-20 and thereafter.

TABOR Refund

The bill decreases state revenue subject to TABOR by \$5.0 million in FY 2018-19 and \$10.4 million in FY 2019-20. State revenue is not currently expected to exceed the TABOR limit in either year and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. However, refunds in future years when the state next collects a TABOR surplus will be reduced.

State Expenditures

In FY 2018-19 only, the DOR will be required to update rules, forms, manuals, and the website to reflect the change in law. Training will also be provided by the department to authorized agents, Title and Registration Sections staff, law enforcement, and other entities impacted by the bill. This workload increase can be accomplished within existing appropriations.

Local Government

This bill will decrease revenue to local governments by approximately \$5.6 million in FY 2018-19, and about \$11.4 million each year thereafter.

Late registration fee. Currently, the county government registering a motor vehicle retains \$10 of the late vehicle registration fee. The bill is expected to reduce county government revenue from late vehicle registration fee collections by about \$2.2 million in FY 2018-19, and by about \$4.5 million each year thereafter.

Highway Users Tax Fund. HUTF revenue from late vehicle registration fees is also diverted to counties (22 percent) and municipalities (18 percent). This bill reduces local government HUTF revenue by about \$3.4 million in FY 2018-19, and by \$6.9 million each year thereafter. Estimated HUTF distributions are displayed in Table 2 above.

Effective Date

The bill takes effect July 1, 2019, if no referendum petition is filed.

State and Local Government Contacts

Counties	County Clerks	Local Affairs
Municipalities	Revenue	Transportation