



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 19-1138

FISCAL NOTE

Drafting Number: LLS 19-0780
Prime Sponsors: Rep. Williams D.; Melton

Date: February 5, 2019
Bill Status: House Trans. & Local Govt.
Fiscal Analyst: Katie Ruedebusch | 303-866-3001
Katie.Ruedebusch@state.co.us

Bill Topic: VEHICLE TRANSFER REGISTRATION FEE CREDIT

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill credits the unused portion of certain motor vehicle registration fees to the vehicle owner if the owner sells the vehicle before the registration year ends. It decreases state revenue on an ongoing basis and increases state expenditures for the Department of Revenue in FY 2019-20 only.

Appropriation Summary: In FY 2019-20, the bill requires an appropriation to the Department of Revenue of \$7,200.

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

Table 1
State Fiscal Impacts Under HB 19-1138

Table with 3 columns: Category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures (Cash Funds), Transfers, and TABOR Refund.

Summary of Legislation

Under current law, vehicle owners receive a prorated credit of taxes and some registration fees when a vehicle is sold before the end of the vehicle registration year. This bill extends that credit to additional registration fees. The credit is only allowed if the total prorated credit of specific ownership tax and registration fees exceeds \$10.

Background

Vehicles in Colorado are registered for a 12-month period, with registration expiring on the last day of the month of the 12-month registration period. Persons registering a vehicle in Colorado pay registration fees and surcharges, specific ownership taxes, and title fees. Registration fees are based on the empty weight and type of vehicle. Currently, the Department of Revenue credits a majority of registration fees to a vehicle owner when the owner sells a vehicle or transfers his or her license plates to a new vehicle.

State Revenue

Beginning in FY 2019-20, the bill may decrease revenue to several cash funds from registration fees.

Highway Users Tax Fund. The bill may decrease revenue from to the Highway Users Tax Fund (HUTF) from any credited road safety surcharge, late registration fees, and temporary registration permit fees. Of this HUTF revenue, 65 percent goes to the State Highway Fund in the Colorado Department of Transportation. Revenue from these registration fees in the HUTF is subject to TABOR.

Motorcycle Operator Safety Training Account. The bill may decrease revenue to the Motorcycle Operator Safety Training (MOST) Operating Account in the Department of Public Safety from credited motorcycle surcharge registration fees. The MOST program promotes motorcycle safety and supports training courses. Revenue in the MOST Operating Account is subject to TABOR.

Bridge Special Fund. The bill may decrease revenue to the Bridge Special Fund from credited bridge safety surcharges. Revenue in the Bridge Special Fund is used for the repair and rehabilitation of functionally obsolete and structurally deficient bridges. Revenue in the Bridge Special Fund is not subject to TABOR.

Other funds. The bill may decrease revenue to the Breast and Cervical Cancer Prevention and Treatment Fund and the Pet Overpopulation Fund. Revenues in these funds come from a surcharge on the use of two group special license plates: the Breast Cancer Awareness license plate and the Adopt a Shelter Pet license plate. Revenue in these funds is not subject TABOR.

State Expenditures

In FY 2019-20, the Department of Revenue requires one-time programming costs of \$7,200 to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system in order to update the number of registration fees that are credited to vehicle owners upon sale. Programming costs are calculated at 32 hours at a rate of \$225 per hour.

TABOR refunds. The bill may decrease state General Fund obligations for TABOR refunds. Under current law and the December 2018 forecast, the bill will correspondingly decrease the amount refunded to taxpayers via sales tax refunds on income tax returns for tax year 2020. The state is not expected to collect a TABOR surplus in FY 2020-21.

Local Government

The bill may decrease local government HUTF revenue beginning in FY 2019-20. HUTF revenue is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Effective Date

The bill takes effect January 1, 2020, if no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires an appropriation of \$7,200 from the Colorado DRIVES Vehicle Services Account to the Department of Revenue.

State and Local Government Contacts

Information Technology
Revenue

Counties
Transportation