



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 19-0745 Date: February 22, 2019
Prime Sponsors: Sen. Coram; Moreno Bill Status: Senate Finance
Rep. Galindo; Singer Fiscal Analyst: Katie Ruedebusch | 303-866-3001
Katie.Ruedebusch@state.co.us

Bill Topic: MORE COLORADO ROAD AND COMMUNITY SAFETY ACT OFFICES

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

The bill requires the Department of Revenue to issue Senate Bill 13-251 documents at ten or more offices across the state by January 31, 2020. The bill increases state and local government revenue and expenditures beginning in FY 2019-20.

Appropriation Summary: In FY 2019-20, the bill requires an appropriation of \$1,751,639 to the Department of Revenue which, due the number of FTE required by the bill, includes an appropriation for costs that are typically addressed through the annual budget process.

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

Table 1 State Fiscal Impacts Under SB 19-139

Table with 4 columns: Category, Sub-category, FY 2019-20, FY 2020-21. Rows include Revenue (Cash Funds, Total), Expenditures (Cash Funds, Total, Total FTE), Transfers, and TABOR Refund (General Fund).

Summary of Legislation

Under current law, the Colorado Road and Community Safety Act (Senate Bill 13-251) authorizes the state Division of Motor Vehicles (DMV) within the Department of Revenue (DOR) to issue a driver license, identification card, or instruction permit (SB 13-251 documents) to an individual who is either temporarily lawfully present in the U.S. or a Colorado resident who is not a U.S. citizen and does not have permanent residency status. These SB 13-251 documents are valid for three years after issuance, with an exception for minor driver licenses. By January 31, 2020, this bill requires that the DMV issue SB 13-251 documents at ten offices, including the DMV offices already issuing documents, in varying geographic areas around the state.

Background

Individuals seeking to obtain SB 13-251 documents are currently required to meet several documentation requirements, including documents that prove a person's name, date of birth, identity, and Colorado residency. Individuals who are not lawfully present must visit one of three offices — Lakewood, Colorado Springs, or Grand Junction — which cumulatively offer 155 appointments per day. An office in Aurora provides an additional 52 renewal-only appointments.

Since implementation of SB 13-251 on August 1, 2014, DOR has issued a total of 138,322 SB 13-251 documents. Funds from the program must be appropriated by the General Assembly, from the Licensing Services Cash Fund. The fees paid by applicants for SB 13-251 documents provide funding for all direct and indirect costs for this program.

Assumptions

This fiscal note assumes that DOR will process an additional 14,490 documents in FY 2019-20 and 34,500 in FY 2020-21. The fiscal note also assumes that new offices will be located in:

- Alamosa;
- Glenwood Springs;
- Lamar
- Montrose;
- Pueblo; and
- Sterling.

State Revenue

The bill will increase state cash fund revenue to the Licensing Services Cash Fund in DOR by \$417,378 in FY 2019-20 and \$993,756 in FY 2020-21. Impacts for FY 2019-20 are prorated to account for a February 2020 implementation date.

Fee impact on individuals. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Actual fees will be set administratively by DOR based on the cash fund balance, estimated program costs, and the estimated number of individuals subject to the fee. This fiscal note assumes that fees for SB 13-251 documents will remain at the current rate through FY 2020-21.

The current fee schedule is:

- \$33.00 for a driver license;
- \$21.00 for an instruction permit; and
- \$13.00 for an identification card.

The fees paid by applicants for SB 13-251 documents provide funding for all direct and indirect costs for this program. The fiscal note assumes that some of DOR's expenditures can be covered by the existing Licensing Services Cash Fund balance.

State Expenditures

The bill increases state cash fund expenditures for DOR by \$1,751,639 in FY 2019-20 and \$1,400,381 FY 2020-21 from the Licensing Service Cash Fund to expand the program to six additional offices.

Table 2
Expenditures Under SB 19-139

	FY 2019-20	FY 2020-21
Department of Revenue		
Personal Services	\$909,560	\$909,560
Operating Expenses and Capital Outlay Costs	\$123,986	\$20,520
Equipment	\$166,119	-
Office Construction	\$174,480	-
License Documents	\$60,278	\$143,520
Driver Manual Printing	\$6,876	\$16,441
Leased Space	\$38,000	\$38,000
Centrally Appropriated Costs*	\$272,340	\$272,340
Total Cost	\$1,751,639	\$1,400,381
Total FTE	21.6 FTE	21.6 FTE

* Centrally appropriated costs for bills with 20 or more FTE are included in the bill's appropriation.

Department of Revenue. Beginning in FY 2019-20, DOR will require 21.6 FTE to implement the program at six additional offices. Cost include purchasing equipment, building out office space, leased space, and additional document costs. Additional costs are funded from SB 13-251 documents. Additional information on these expenditures are outlined below.

- *Personal services.* DOR will require new personnel to implement the program in six additional DMV offices. FTE impacts for FY 2019-20 are not prorated to account for a February 2020 implementation date due to necessary hiring and specialized training required for departmental staff.
- *Equipment.* DOR will require additional DMV workstation equipment, such as intake and image capture stations, vision screeners, license processing machines, and signature pads.

- *Office construction and leased space.* DOR will require funding to build out DMV office space. Costs include intake stations and extended counter space, which will be used to process the paperwork and documents. In addition, offices in Alamosa and Lamar will require relocation for additional square footage, with signage, wiring, and administrative costs related to the relocations. These relocations will result in increased leased space costs.
- *SB 13-251 documents.* Document costs are calculated at \$4.16 per document. Impacts for FY 2019-20 are prorated to account for a February 2020 implementation date. It is assumed that each new office will issue 23 documents per day for 105 calendar days at a rate of \$4.16 per document.
- *Driver manual printing.* DOR will print driver's manuals for appointments and document issuance. The number of additional manuals needed ranges from 2,740 to 3,750 at a printing cost of \$0.73 per manual. Impacts for FY 2019-20 are prorated to account for a February 2020 implementation date.

TABOR refund. The bill is expected to increase state General Fund obligations for TABOR by \$417,378 in FY 2019-20. Under current law and the December 2018 forecast, the bill will correspondingly increase 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.

Centrally appropriated costs. Pursuant to fiscal note and Joint Budget Committee policy, centrally appropriated costs for bills involving more than 20 FTE are appropriated in the bill, rather than through the annual budget process. These costs, which include employee insurance and supplemental employee retirement payments for DOR, are estimated to be \$272,340 in FY 2019-20 and \$272,340 in FY 2020-21.

Technical Note

DOR notes that four of the six new locations will be able to operate by January 31, 2020. However, two offices may require additional time for lease and construction, which may delay their operation to July 1, 2020.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2019-20, the bill requires an appropriation of \$1,751,639 from the Licensing Services Cash Fund to DOR, and an allocation of 21.6 FTE.

State and Local Government Contacts

Revenue