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Fiscal Note

Drafting Number: LLS 21-0418
Prime Sponsors: Rep. Williams

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Bill Status: House SCMVA
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Bill Topic: **DONATION TO NONPROFIT FOR TRAFFIC VIOLATIONS**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill allows individuals to donate time or money in lieu of paying a traffic fine and surcharge. The bill will reduce state and local revenue and expenditures on an ongoing basis.

Appropriation Summary: This bill requires an appropriation reduction of \$1.2 million to multiple state agencies.

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

Table 1
State Fiscal Impacts Under HB 21-1175

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	(\$1,202,164)	(\$1,767,267)
	Total Revenue	(\$1,202,164)	(\$1,767,267)
Expenditures	General Fund	\$21,540	\$22,635
	Cash Funds	(\$1,202,164)	(\$1,767,267)
	Centrally Appropriated	\$4,382	\$7,096
	Total Expenditures	(\$1,176,242)	(\$1,737,536)
	Total FTE	0.2 FTE	0.4 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill allows individuals to donate time or money to a nonprofit entity instead of paying a traffic fine and surcharge up to \$500. If a person chooses to donate to a nonprofit, the person must provide proof of the donation of an equal or greater amount of the traffic infraction to the court. If donating time, the person must provide the court a notarized statement from the nonprofit that converts the time donated into a monetary value that is equal or greater than the traffic fine. To calculate the monetary value, an individual must multiply the hours worked by the state's minimum wage. An individual can choose to donate to a nonprofit instead of a paying a traffic fine for both state and local traffic offenses.

Assumptions

From January 1, 2018, through December 31, 2020, there were 466,146 unique cases filed under Article 4 of Title 42 (Regulation of Vehicles and Traffic), or 155,382 a year. The fiscal note assumes that 10 percent of individuals, or 15,538 individuals, will choose to donate time or money instead of paying a traffic fine and surcharge.

State Revenue

The bill will decrease revenue to a number of cash funds including, but not limited to, the Highway Users Tax Fund (HUTF); the Crime Victim Compensation Fund; the Victims and Witnesses Assistance and Law Enforcement Fund; the Judicial Stabilization Fund; and Brain Injury Fund. From January 1, 2018, through December 31, 2020, the average assessment in traffic cases was \$179. As a result, the bill will decrease revenue by \$1.2 million in FY 2021-22 and by \$1.8 million in FY 2022-23, as shown in Table 2. Estimates take into account indigence and collection rates. The revenue impact in FY 2021-22 reflects an October 1, 2021, start date.

Table 2
Reduction in Traffic Fine Revenue Under HB 21-1175

Fiscal Year	Average Assessment	Number Affected	Total Fee Impact
FY 2021-22	\$179	6,716	(\$1,202,164)
FY 2022-23	\$179	9,873	(\$1,767,267)

State Expenditures

The bill will decrease state expenditures by \$1.2 million in FY 2021-22 and by \$1.7 million in FY 2022-23 in various state agencies. In addition, the bill will increase expenditures in the Judicial Department by 0.4 FTE, as shown in Table 3 and discussed below.

**Table 3
 Expenditures Under HB 21-1175**

Cost Components	FY 2021-22	FY 2022-23
Judicial Department		
Personal Services	\$14,588	\$21,883
Operating Expenses	\$352	\$352
Capital Outlay Costs	\$6,600	\$400
Centrally Appropriated Costs ¹	\$4,382	\$7,096
FTE – Personal Services	0.2 FTE	0.4 FTE
Judicial Subtotal	\$25,922	\$29,731
Various State Agencies		
State Programs Funded By Traffic Fines and Fees	(\$1,202,164)	(\$1,767,267)
Various Agency Subtotal	(\$1,202,164)	(\$1,767,267)
Total	(\$1,176,242)	(\$1,737,536)
Total FTE	0.2 FTE	0.4 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Judicial Department. Starting in FY 2021-22, the bill will require 0.4 FTE to review and record statements submitted to the trial courts for donations to nonprofits. The fiscal note assumes that each statement will require 3 minutes of work. Costs in FY 2021-22 are prorated for an October 1, 2021, start date and the General Fund pay date shift.

Various state agencies. Because the bill will reduce the amount of traffic fine revenue, the state will see a corresponding decrease of expenditures in programs funded through traffic fines and surcharges. Programs that will experience a decrease in expenditures include the Colorado State Patrol, transportation funding, crime victim compensation, the Family-Friendly Court Program, and programs for traumatic brain injuries, to name a few.

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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$4,382 in FY 2021-22 and \$7,096 in FY 2022-23.

TABOR refunds. The bill decreases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will decrease the amount required to be refunded to taxpayers from the General Fund in FY 2023-24. If the bill causes revenue to fall below the limit by \$30 million, it will trigger a transfer of up to \$30 million from the Unclaimed Property Trust Fund to the Housing Development Grant Fund under current law enacted in House Bill 19-1322.

Local Government

The bill will decrease local revenue from the HUTF to counties and municipalities. Currently, counties receive 26 percent of first-stream allocations from the HUTF and municipalities receive 9 percent. In addition, local revenue from local traffic fines will decrease to the extent more individuals choose to donate to a nonprofit in lieu of paying the fine. Impacts will vary based on jurisdiction.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

The bill requires an appropriation of \$21,540 and 0.2 FTE from the General Fund to the Judicial Department. In addition, the bill will require a reduction in spending authority of \$1,202,164 from various cash funds that receive revenue from traffic fines and surcharges.

State and Local Government Contacts

Counties	District Attorneys	Information Technology
Judicial	Municipalities	Revenue
Transportation		