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Fiscal Note

Drafting Number: LLS 22-0840
Prime Sponsors: Rep. Bird

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Bill Status: House Trans. & Local Govt.
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Bill Topic: **CASA SPECIAL LICENSE PLATE**

Summary of Fiscal Impact:

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

The bill creates the CASA special license plate. The bill increases state and local revenue and state expenditures on an ongoing basis.

Appropriation Summary:

For FY 2022-23, the bill requires an appropriation of \$28,943 to the Department of Revenue.

Fiscal Note Status:

The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1241

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	Cash Funds	\$101,605	\$25,430
	Total	\$101,605	\$25,430
Expenditures	General Fund	\$14,838	-
	Cash Funds	\$14,105	\$3,530
	Total Expenditures	\$28,943	\$3,530
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$101,605	\$25,430
	General Fund Reserve	\$2,226	-

Summary of Legislation

This bill creates the Court-Appointed Special Advocates (CASA) special license plate. By January 1, 2023, the license plate is available to applicants who pay one-time special license plate fees of \$50.

Assumptions

Expected demand for the plate is based on the actual demand for the Kids First special license plate.

State Revenue

The bill is anticipated to increase state cash fund revenue by \$101,605 in FY 2022-23 and \$25,430 in FY 2023-24, as shown in Table 2. This revenue is subject to TABOR.

Table 2
Revenue Under HB 22-1241

	FY 2022-23	FY 2023-24
License Plate Sets Issued	1,750	438
License Plate Cash Fund (\$8.06)	\$14,105	\$3,530
Highway Users Tax Fund (\$25)	\$43,750	\$10,950
License Services Cash Fund (\$25)	\$43,750	\$10,950
Total Cost	\$101,605	\$25,430

Standard license plate fees. Upon registration, all vehicle owners must pay a plate and tab production fee of \$8.06 for a digital passenger vehicle plate set, \$4.73 for an embossed passenger vehicle plate set, or \$3.01 for a motorcycle plate set. All specialty plates are manufactured as digital plates, and the fiscal note assumes motorcycle issuance will be minimal. Fees from plate and tab production are credited to the License Plate Cash Fund (LPCF).

Special license plate fees. Applicants for the CASA special license plate are also required to pay an additional \$50 in fees, of which \$25 is credited to the Highway Users Tax Fund (HUTF) and \$25 is credited to the Licensing Services Cash Fund.

Colorado Department of Transportation. Of the HUTF revenue, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the department, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 3 outlines the estimated HUTF revenue generated under this bill.

Table 3
Estimated HUTF Distributions Under HB 22-1241

	FY 2022-23	FY 2023-24
State Highway Fund (65 percent)	\$28,437	\$7,117
Counties (26 percent)	\$11,375	\$2,847
Municipalities (9 percent)	\$3,938	\$986
Total HUTF Distribution	\$43,750	\$10,950

State Expenditures

State expenditures in the DOR will increase by \$28,943 in FY 2022-23 and \$3,530 in FY 2023-24, as shown in Table 4 and detailed below.

Table 4
Expenditures Under HB 22-1241

	FY 2022-23	FY 2023-24
Department of Revenue		
Plate and Tab Production Cost	\$14,105	\$3,530
Computer Programming	\$14,838	-
Total Expenditures	\$28,943	\$3,530

Department of Revenue. As discussed in the State Revenue section, plate tab and production costs for special group plates are \$8.06 per license plate set. This fiscal note assumes that 1,750 license plates will be issued in FY 2022-23 and 438 will be issued in FY 2023-24. In FY 2022-23, one-time programming costs of \$14,838 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system. Programming costs, to be paid from the General Fund, are based on 52 hours of programming at a rate of \$225 per hour, as well as \$3,138 in other implementation costs, which include implementation support to the vendor from DOR staff and quality assurance support from the Office of Information Technology. License plate and tab production costs are expended from the LPCF.

In addition, the DOR will be required to update rules, forms, manuals, and the department's website to reflect the change in law. Additionally, the DOR will provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increases or costs associated with these activities can be accomplished within existing appropriations.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$2,226 in FY 2022-23, which will decrease the amount of General Fund available for other purposes.

Local Government

This bill will increase local government HUTF revenue by the amounts shown in Table 3. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires appropriations of \$28,943 to the Department of Revenue. Of this total:

- \$14,838 is from the General Fund, of which, \$1,979 is reappropriated to the Office of Information Technology; and,
- \$14,105 is from the License Plate Cash Fund.

State and Local Government Contacts

Corrections
Information Technology

Counties
Revenue

County Clerks
Transportation