



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 22-0925 Date: June 21, 2022
Prime Sponsors: Rep. Herod Bill Status: Signed into Law
Sen. Hansen Fiscal Analyst: Will Clark | 303-866-4720
Will.Clark@state.co.us

Bill Topic: MODIFY DOR MOTOR VEHICLE-RELATED FUNCTIONS FUNDING

- Summary of Fiscal Impact:
State Revenue (unchecked)
State Expenditure (checked)
State Transfer (checked)
TABOR Refund (unchecked)
Local Government (checked)
Statutory Public Entity (unchecked)

Budget package bill. The bill modifies funding sources for two divisions in the Department of Revenue. The bill repeals an annual transfer from the Marijuana Tax Cash Fund, and shifts appropriations to the Department of Revenue from the Licensing Services Cash Fund to the Highway Users Tax Fund in FY 2022-23 only; in future years, it is assumed General Fund will be used to pay division costs. On net, it will not change state expenditures.

Appropriation Summary: For FY 2022-23, the bill includes an appropriation increase of \$1.26 million and a corresponding decrease of \$1.26 million to the Department of Revenue, resulting in no net change in appropriations.

Fiscal Note Status: The fiscal note reflects the enacted bill. The bill was recommended by the Joint Budget Committee as part of its FY 2022-23 Long Bill package.

Table 1
State Fiscal Impacts Under HB 22-1338

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Highway Users Tax Fund, Licensing Services Cash Fund, Net Expenditures), Transfers (Marijuana Tax Cash Fund, Licensing Services Cash Fund, Net Transfer), and Other Budget Impacts.

Summary of Legislation

The Hearings Division and the Division of Motor Vehicles in the Department of Revenue (DOR) are currently appropriated funding from the Licensing Services Cash Fund, which receives an annual transfer of \$1.40 million from the Marijuana Tax Cash Fund. This bill repeals this annual transfer and shifts \$1.26 million in appropriations for these divisions from the Licensing Services Cash Fund to the “off-the-top” portion of the Highway Users Tax Fund (HUTF) in FY 2022-23 only.

State Transfers and Diversions

The bill repeals an annual statutory transfer from the Marijuana Tax Cash Fund to the Licensing Services Cash Fund that was scheduled to begin on July 1, 2022. This repeal reduces annual cash fund transfers to the Licensing Services Cash Fund in the DOR by \$1.4 million starting in FY 2022-23.

Because the bill increases off-the-top HUTF expenditures, it decreases available first-stream HUTF revenue credited to the State Highway Fund for use by the Department of Transportation (65 percent), to counties (26 percent), and to municipalities (9 percent). Table 2 outlines the estimated decrease in first-stream HUTF revenue as a result of off-the-top appropriations under this bill.

Table 2
Estimated HUTF Diversions Under HB 22-1338

	FY 2022-23	FY 2023-24
Off-the-top Funding	\$1,261,000	-
State Highway Fund (65 percent)	(\$819,650)	-
Counties (26 percent)	(\$327,860)	-
Municipalities (9 percent)	(\$113,490)	-
Net Change to HUTF Distribution	\$0	-

State Expenditures

On net, the bill does not change state expenditures in the DOR, based on the amounts expected to be appropriated to the Hearings Division and the Division of Motor Vehicles in the FY 2022-23 Long Bill. Instead, it reduces \$1.26 million in appropriations from the Licensing Services Cash Fund and increases appropriations by the same amounts from the off-the-top portion of the HUTF. Because the bill does not identify a replacement source for this funding in FY 2023-24 and beyond, the fiscal note assumes General Fund will be used for these purposes in future years.

Local Government

The bill increases off-the-top funding for DOR programs in FY 2022-23. As a result, funding will decrease to local governments in FY 2022-23 by the amounts shown in Table 2 above.

Effective Date

This bill was signed into law by the Governor and took effect on April 25, 2022.

State Appropriations

For FY 2022-23, the bill includes the following appropriations to the Department of Revenue:

- an increase of \$1,261,000 from the Highway Users Tax Fund, including \$548,000 to the Division of Motor Vehicles and \$713,000 to the Hearings Division; and
- a decrease of \$1,261,000 from the Licensing Services Cash Fund, including \$548,000 to the Division of Motor Vehicles and \$713,000 to the Hearings Division.

State and Local Government Contacts

Revenue

Treasury

Joint Budget Committee Staff