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Fiscal Note

Drafting Number: LLS 23-0332
Prime Sponsors: Rep. Holtorf

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Bill Status: House State Affairs
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Bill Topic: VOLUNTARY AMERICAN CITIZENSHIP NOTATION ON STATE IDS

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill allows an applicant for a driver license or state identification card to voluntarily receive a "USA" notation on their license or card. It increases state revenue and expenditures on an ongoing basis beginning in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$61,011 to the Department of Revenue.

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

Table 1
State Fiscal Impacts Under HB 23-1193

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	Cash Funds	\$42,300	\$21,150
Expenditures	Cash Funds	\$61,011	-
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$42,300	\$21,150

Summary of Legislation

The bill allows an applicant for a driver license, minor’s driver license, driver instruction permit, or state identification card to voluntarily receive a “USA” notation on their license or card, on or after January 1, 2024. The applicant must submit proof of their national citizenship status. Once the notation is included on an applicant’s license or card, it must be included on any renewal or replacement unless the applicant requests its removal. The Department of Revenue (DOR) may charge a fee to recoup its costs.

Assumptions

In FY 2021-22, 0.94 percent of credential holders elected to utilize an “Affinity Icon,” an optional symbol included on the back of the Colorado Digital ID on the myColorado app. The fiscal note assumes half of this percentage (0.47 percent) will elect to include the “USA” notation on their license, permit, or identification card in the first year the notation is available, and this number will decrease by half in the out year.

State Revenue

The bill will increase the Driver License, Record, Identification, and Vehicle Enterprise Solution (DRIVES) cash fund revenue by \$42,300 in FY 2023-24 and \$21,150 in subsequent years, as shown in Table 2. This revenue is subject to TABOR.

Table 2
State Revenue Under HB 23-1193

	FY 2023-24	FY 2024-25
“USA” Notations Issued	7,050	3,525
DRIVES Cash Fund	\$42,300	\$21,150
Total Revenue	\$42,300	\$21,150

Fee impact on USA notation applicants. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. This fiscal note assumes all customers will pay a \$6 fee for the notation—the cost to add the disability indicator to a driver license—and that there will be 7,050 customers in FY 2023-24 and 3,525 in FY 2024-25, as discussed in the Assumptions section. Fee revenue is credited to the DRIVES cash fund.

State Expenditures

State expenditures in the DOR will increase by \$61,011 in FY 2023-24 only, as shown in Table 3 and detailed below. Expenditures are paid from the DRIVES Cash Fund.

**Table 3
State Expenditures Under HB 23-1193**

	FY 2023-24	FY 2024-25
Department of Revenue		
DRIVES Programming	\$61,011	-
Total Expenditures	\$61,011	-

DRIVES Programming. The DOR must update DRIVES programming to create the “USA” notation, incorporate the accompanying fee, and update interfaces, reports, and letters. Programming costs assume 232 hours at a rate of \$225 per hour for a cost of \$52,200. Testing can be accomplished within existing appropriations. In addition, Office of Information Technology (OIT) support requirements are estimated at 89 hours at a rate of \$99 per hour for a cost of \$8,811. OIT support costs will be allocated to DOR and paid to OIT via real time billing.

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 2022 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. 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.

Effective Date

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

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$61,011 to the Department of Revenue from the DRIVES Cash Fund.

State and Local Government Contacts

Counties	County Clerks	Judicial
Regulatory Agencies	Revenue	Transportation

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.