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Final Fiscal Note

Drafting Number: LLS 24-1172 Date: July 9, 2024
Prime Sponsors: Sen. Hinrichsen Bill Status: Postponed Indefinitely
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Bill Topic: ADJUSTMENTS TO THE NECESSARY DOCUMENT PROGRAM

Summary of Fiscal Impact: [ ] State Revenue [ ] State Transfer [ ] Local Government
[ x ] State Expenditure [ ] TABOR Refund [ ] Statutory Public Entity

The bill would have made adjustments to the Necessary Document Program in the Department of Public Health and Environment. It would have increased state expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill would have required appropriations totaling \$118,824 to two state agencies.

Fiscal Note Status: The final fiscal note reflects the introduced bill. This bill was postponed indefinitely by the Senate Health and Human Services Committee on May 1, 2024; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under SB 24-211

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (General Fund, DRIVES Cash Fund, Centrally Appropriated, Total Expenditures), Total FTE, Transfers, and Other Budget Impacts.

## Summary of Legislation

The bill makes adjustments to the Necessary Document Program in the Department of Public Health and Environment (CDPHE). Specifically, the bill:

- eliminates the ability of the department to contract with a vendor to administer the program;
- allows an individual eligible for the program to obtain necessary documents at no cost to the individual at certain Department of Motor Vehicle (DMV) locations, any Vital Statistics Office, or any governmental office that offers vital statistics documents;
- establishes that an individual may self-attest to their eligibility for the program; and,
- clarifies how the CDPHE may use its annual \$300,000 General Fund appropriation, including for reimbursements to the Department of Revenue (DOR) and the CDPHE for necessary documents issued for free as part of the program.

## Background

The Necessary Document Program helps Colorado residents who are victims of domestic violence, impacted by a natural disaster, low-income, disabled, experiencing homelessness, or elderly pay the fees to acquire a necessary document. Necessary documents are defined as social security cards, driver's licenses, identification cards, or a vital statistics report (such as a birth, death, or marriage certificate). The CDPHE currently contracts with a nonprofit organization or collection of non-profit organizations to implement the program. The program facilitates the issuance of approximately 10,500 documents per year.

## State Expenditures

The bill increases state expenditures in the DOR and the CDPHE by about \$119,000 in FY 2024-25, paid from the General Fund and DRIVES Cash Fund. Cost in FY 2025-26 increase \$36,000 in FY 2025-26, primarily from the DRIVES Cash Fund. In FY 2026-27 and future years, costs will increase by around \$4,000 for centrally appropriated costs associated with new staff. Expenditures are shown in Table 2 and detailed below. See Technical Note section regarding the timing of these expenditures.

**Table 2  
Expenditures Under SB 24-211**

	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Department of Public Health and Environment</b>			
Vendor Contract / Oversight	-	(\$300,000)	(\$300,000)
Personal Services	-	\$20,638	\$20,638
Kiosk and Licensing Costs	\$58,100	\$188,150	109,020
IT System Updates	\$30,000	-	-
Reimbursements for No-Cost Documents	-	\$91,212	\$170,342
Centrally Appropriated Costs <sup>1</sup>	-	\$4,241	0.2 FTE
FTE – Personal Services	-	0.2 FTE	0.2 FTE
<b>CDPHE Subtotal</b>	<b>\$88,100</b>	<b>\$4,241</b>	<b>\$4,241</b>
<b>Department of Revenue</b>			
DRIVES Programming	\$30,724	\$31,396	-
<b>DOR Subtotal</b>	<b>\$30,724</b>	<b>\$31,396</b>	<b>-</b>
<b>Total Costs</b>	<b>\$118,824</b>	<b>\$35,637</b>	<b>\$4,241</b>
<b>Total FTE</b>	<b>-</b>	<b>0.2 FTE</b>	<b>0.2 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

<sup>2</sup>

**Public Health and Environment.** Beginning in FY 2024-25, the CDPHE will have costs to stand up a new version of the Necessary Document Program without a contracted organization. In FY 2025-26, costs will continue to operate the program in-house within current appropriation levels. Specific costs are listed below.

- **Kiosk and licensing costs.** It is assumed the CDPHE will use kiosks at vital records offices, DMV offices, and other locations (around 118 in total) where people can request and receive an electronic voucher for documents under the program. Costs shown in Table 2 above reflect the purchase of kiosks and tablets, as well as software licensing and maintenance. Hardware purchases are assumed to begin in FY 2024-25 in order to roll out the program on July 1, 2025 (see Technical Note). Hardware is assumed to be refreshed on a four-year cycle.
- **IT system costs.** The CDPHE will have one-time costs to make changes to the vital records data system, estimated at \$30,000 in FY 2024-25 only.
- **Personal services.** The CDPHE requires 0.2 FTE to oversee the program, resulting in costs of around \$21,000 per year starting in FY 2025-26.

- **Reimbursements for no-cost documents.** After accounting for administrative expenses, \$90,000 in FY 2025-26, \$170,000 in FY 2026-27, and varying amounts in this range will be available to reimburse the DOR and the CDPHE for necessary documents provided at no cost to a requestor. Funds available for reimbursement vary depending on where the fiscal year falls within the hardware refresh cycle for the kiosks.
- **Existing contractor.** Currently, the CDPHE is appropriated \$300,000 for the Necessary Document Program, which is used to contract with a vendor and oversee the contract. These costs will be eliminated starting in FY 2025-26, and replaced with the costs discussed above. The program will continue to operate within the same \$300,000 appropriation amount specified in the bill.
- **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 shown in Table 2.

**Department of Revenue.** The DOR will have costs of \$30,724 in FY 2024-25 and \$31,396 in FY 2025-26 for programming to the Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES) to update the system to accept a self-attestation affidavit and allow individuals to receive a credential with no fee. Programming is also required to create an account through which the DOR can be reimbursed by the CDPHE for the issuance of no-fee credentials. Note: The DMV in the DOR uses the DRIVES information technology system for all driver license and motor vehicle transactions. The DRIVES system requires an extensive 18-month upgrade which is scheduled to take place from July 1, 2024, through March 31, 2026. Based on the current effective date in the bill, the fiscal note includes costs for the DRIVES programming to take place twice — in the existing and new system.

## Effective Date

The bill takes effect July 1, 2025.

## Technical Note

As noted above, the bill takes effect July 1, 2025. However, in order for the CDPHE to stand up the restructured program by this date, costs will be incurred prior to the bill's effective date (for hardware purchases and preparation). The fiscal note assumes that the bill will be amended to allow any necessary appropriations to take effect in FY 2024-25 prior to the other substantive provisions taking effect on July 1, 2025.

In addition, the bill limits the direct and indirect costs in the CDPHE of administering the program to \$15,000. A similar amount is currently used by the CDPE to administer the existing program using a contractor. With the CDPHE responsible for operating the program itself, rather than contracting, its administrative costs will be higher than \$15,000, including capital outlay expenses for hardware under the kiosk-based implementation proposed by the department. For

this initial analysis, the fiscal note considers the kiosk strategy to be an efficient means of operating the program in multiple sites around the state. If alternate implementation strategies are identified, the fiscal note may be revised.

### **State Appropriations**

For FY 2024-25, the bill requires the following appropriations:

- \$88,100 from the General Fund to the Department of Public Health and Environment; and
- \$30,724 from the DRIVES Cash Fund to the Department of Revenue.

### **State and Local Government Contacts**

Counties	Human Services	Local Affairs
Public Health and Environment	Revenue	

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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 the [General Assembly website](#).