HB 25-1039

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1039: COMMERCIAL VEHICLE MUFFLER REQUIREMENTS

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Summary Information

Overview. The bill requires all commercial vehicles to have a muffler and increases the penalty for noncompliance.

Types of impacts. The bill is projected to affect state expenditures through FY 2026-27 and state and local revenue on an ongoing basis:

- State Revenue
- State Expenditures
- Local Government
- TABOR Impact

Appropriations. For FY 2025-26, the bill requires an appropriation of $36,405 to the Department of Revenue.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue (Highway Users Tax Fund)	$7,500	$7,500
State Expenditures (DRIVES Cash Fund)	$36,405	$177,065
Transferred Funds	$0	$0
Change in TABOR Refunds	$7,500	$7,500
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under current law, a commercial vehicle must have a muffler if the commercial vehicle is equipped with an engine brake. The bill requires all commercial vehicles to have a muffler, which must be located on the vehicle where it can be visually inspected to ensure that it is present, intact, and functioning properly, unless the vehicle has the necessary documentation.

The bill increases the fine for a violation, which is a class B traffic infraction, from $500 to $1,000. If the owner or operator can show that a muffler was installed before the citation was issued and that the muffler complied with the manufacturing noise standards, the fine is not imposed. The commercial vehicle may not be registered for one year unless the owner or operator shows compliance. The fine is decreased by 50 percent if a muffler is installed within 30 days after the citation is written.

The bill also requires state agencies to include language in construction contracts stating that a contractor's or subcontractor's commercial vehicle that enters a public project site is required to comply with the bill.

Background and Assumptions

DRIVES Programming

The Division of Motor Vehicles (DMV) in the Department of Revenue (DOR) uses its Driver License, Record, Identification and Vehicle Enterprise Solution (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. As a result, the DOR has requested that any new legislation requiring DRIVES programming have an effective date of July 1, 2027, with roll-forward spending authority through FY 2028-29, noting that each programming requirement during the system upgrade period may increase the overall project timeline. 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.

Registration Holds

Currently, when drivers are cited for a violation of operating a commercial motor vehicle with an engine brake but without a muffler, law enforcement sends a citation to the DOR. The DOR received an average of 17 of these citations per year over the last three fiscal years.

When law enforcement or courts send these citations to the DOR, they are not required to include the Vehicle Identification Number (VIN) of the vehicle that was driven. This is because the conviction is posted only to the driver’s record, not the vehicle’s record. Without this information, the DOR does not have a way to match a driver with a specific vehicle, which the bill requires in order to place a registration hold on the vehicle. As a result, the DOR will need to perform DRIVES programming to require law enforcement to include the vehicle's VIN and license plate information when sending a citation to the DOR, which will allow the DOR to place a registration hold on a specific vehicle. Additional programming will be required to create interfaces between the DOR and law enforcement to implement registration holds.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

Prior Conviction Data

This bill creates a new factual basis for the existing class B traffic infraction of driving a commercial vehicle without a muffler by making the law apply to all commercial vehicles, regardless of whether the vehicle has an engine brake. From FY 2021-22 to FY 2023-24, 39 have been convicted and sentenced for this offense. Of the persons convicted, all 39 were male. Demographically, 31 were White and 8 were classified as "Other."

Assumptions

This analysis assumes that most commercial vehicles have engine breaks and are subject to this law. Therefore, the fiscal note assumes minimal increases in cases by making it apply to all commercial vehicles. The bill will, however, impact the fine amounts. Currently, there are about 30 convictions per year, 13 from the courts, and 17 from citation mailed to the DOR. Visit the Legislative Council Staff Fiscal Notes site for more information about criminal justice costs in fiscal notes.

State Revenue

The bill increases state revenue to the Highway Users Tax Fund (HUTF) by up to $7,500 per year beginning in FY 2025-26 due to the increase in the fine amount for noncompliance from $500 to $1,000. Between the 17 cases processed by the DOR and the 13 processed by the Judicial Department, the fiscal note assumes there will be 30 annual convictions and fine payments. Half of this new revenue is redistributed to local governments, while the other half is distributed into the HUTF and distributed pursuant to the first-stream formula to CDOT (65 percent), counties (26 percent), and municipalities (9 percent). The amount of revenue may be less to the extent individuals show that a muffler was installed; however, it is unknown how often that will occur. These revenue streams are subject to TABOR.

State Expenditures

The bill increases state expenditures in the Department of Revenue by about $36,000 in FY 2025-26 and about $177,000 in FY 2026-27. These costs, paid from the DRIVES Cash Fund, are summarized in Table 2 and discussed below. The bill also increases workload in the Judicial Department.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Programming Costs	$36,405	$37,065
DRIVES Upgrade Extension	$0	$140,000
Total Costs	**$36,405**	**$177,065**
Total FTE	**0.0 FTE**	**0.0 FTE**

DRIVES Programming

The bill requires $36,405 for DRIVES programming in FY 2025-26 to increase the muffler violation fine and ensure law enforcement includes a vehicle's VIN and license plate information when sending a citation to the DOR, as described in the Background and Assumptions section.

These programming costs include $26,950 for 110 hours of programming at a rate of $245 per hour, plus $9,455 for ISD development, Office of Information Technology support, and additional testing. The second round of programming in FY 2025-26 requires $37,065, accounting for an increase in DRIVES programming costs to $255 per hour.

DRIVES Upgrade Extension

The required DRIVES programming under the bill is expected to delay completion of the DRIVES upgrade by almost a month. Any change to the project timeline will require the vendor to retain additional personnel beyond the current agreement, with the DOR responsible for these additional costs. For each month the upgrade is delayed, the vendor will charge the DOR an additional $200,000, resulting in an estimated cost of $140,000.

Judicial Department

Workload will minimally increase in the Judicial Department to update forms.

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 may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

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 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. 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.

Local Government

Similar to the state, the bill will increase revenue in jurisdictions where violations occur, and from the HUTF distribution to counties (26 percent) and municipalities (9 percent).

Technical Note

The fiscal note currently includes a duplicative programming cost for the DOR's DRIVES system, as discussed in the Background and Assumptions section. The duplicate cost would be removed if the bill's effective date were amended to July 1, 2027, when the DRIVES upgrade is complete.

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 2025-26, the bill requires an appropriation of $36,405 from the DRIVES Cash Fund to the Department of Revenue.

State and Local Government Contacts

Judicial

Public Safety

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 the General Assembly website.