



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1121: PERMANENT TRAILER REGISTRATION

Prime Sponsors:

Rep. Suckla

Fiscal Analyst:

Colin Gaiser, 303-866-2677

colin.gaiser@coleg.gov

Published for: House Finance

Drafting number: LLS 25-0663

Version: Initial Fiscal Note

Date: February 7, 2025

Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill allows a person to register a trailer for the duration of their ownership on a modified fee schedule.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2025-26, the bill requires an appropriation of \$71,920 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 (Cash Funds)	-\$136,745	-\$237,594
State Expenditures (Cash Funds)	\$71,920	\$606,264
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$154,245	-\$241,094
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under the bill, an owner of a trailer may register their trailer one time, and the registration does not expire until the trailer changes ownership. The trailer must be classified as class B or class C personal property under specific ownership tax provisions. To register a trailer in this way, the owner of the trailer must prepay 10 years of annual specific ownership taxes and pay fees totaling \$24.50, which are outlined in the bill and differ from current registration fees paid by trailer owners. The Department of Revenue (DOR) must issue a license plate for a trailer, but a validating sticker or tab is not required. The owner is required to notify the DOR when transferring the trailer to a new owner, or have their authority to register a trailer suspended for three years.

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.

Number of Permanent Trailer Registrations

As of 2024, about 35,000 class B trailers and zero class C trailers were actively registered. The fiscal note assumes 10 percent of these owners (3,500) will register their trailers permanently in the first year, and 2 percent (700) will register in subsequent years.

State Revenue

The bill decreases revenue overall by about \$136,745 in FY 2025-26 and \$237,594 in FY 2026-27 and ongoing years to various cash funds by eliminating revenue from annual registration fees when owners elect to register their trailers permanently. The majority of revenue loss is from Highway Users Tax Fund (HUTF), while the Bridge and Tunnel Enterprise and the DRIVES Cash Fund will see an increase in revenue under the bill. These impacts are summarized below in Table 2. Revenue is subject to TABOR, except that collected on behalf of the Statewide Bridge and Tunnel Enterprise.

Permanent Trailer Registrations

Beginning in FY 2025-26, less revenue will flow into certain cash funds and more into others as some owners elect to register their trailer permanently instead of annually. As discussed in the Background and Assumptions section, the fiscal note assumes 3,500 will elect for permanent registration first year and an additional 700 will register in ongoing years. These impacts are summarized below in Table 2.

**Table 2
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
DRIVES Cash Fund	\$0	\$1,750
License Plate Cash Fund	-\$7,420	-\$17,654
Highway Users Tax Fund	-\$141,750	-\$215,600
Statewide Bridge and Tunnel Enterprise (TABOR Exempt)	\$17,500	\$3,500
P.O.S.T. Board Account	-\$3,325	-\$3,390
State AIR Account	-\$1,750	-\$2,100
Total Revenue	-\$136,745	-\$237,594

Fee Impacts on Trailer Owners

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only; actual fee revenue will be based on the number of individuals that elect to register their trailers in this manner. Table 2A below identifies the fee impact of this bill for the registration fee included in the bill.

**Table 2A
Fee Impact on Permanent Trailer Registrations¹**

Year	Type of Fee	Current Law	HB 25-1121
FY 2025-26	Trailer Registration Fees	\$55.82	\$24.50
FY 2026-27	Trailer Registration Fees	\$55.82	\$0

¹ These amounts do not include the SOT, which is based on vehicle age and taxable value, is credited to counties, and is not subject to TABOR.

Programs Impacted by Revenue Reductions

The following fees will no longer be collected under the bill for permanent trailer registrations, which will affect the following programs:

- the Road Safety Surcharge, the Bridge Safety Surcharge, and the Registration Base Fee, which are credited to the HUTF and split 65 percent to the Department of Transportation, and 35 percent to local governments (26 percent to counties, and 9 percent to municipalities) for transportation infrastructure;
- the Peace Officer Standards and Training Board fee, which is used by the POST Board in the Department of Law; and
- the State and County Emissions Fees, with are used by the Department of Public Health and Environment and county emissions programs, where applicable.

The specific ownership tax will be collected on a different schedule. This impact has not been estimated, but may minimally impact the state share of school finance.

State Expenditures

The bill increases state expenditures in the Department of Revenue by about \$72,000 in FY 2025-26 and about \$606,000 in FY 2026-27. These costs, paid from the DRIVES Cash Fund, are summarized in Table 3 and discussed below.

Table 3
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Programming Costs	\$71,920	\$73,264
DRIVES Upgrade Extension	\$0	\$533,000
Total Costs	\$71,920	\$606,264
Total FTE	0.0 FTE	0.0 FTE

DRIVES Programming

The bill requires \$71,920 for DRIVES programming in FY 2025-26 to allow permanent registration for certain trailers and to update accounting functions and reporting. These programming costs include \$54,880 for 110 hours of programming at a rate of \$245 per hour, plus \$17,040 for ISD development, Office of Information Technology support, and additional testing. The second round of programming in FY 2025-26 requires \$73,264, 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 nearly three months. 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 \$533,000.

DOR Hearings Division

To the extent that suspensions are issued and appealed under the bill, workload will increase for the DOR Hearings Division. Any impact is expected to be minimal and absorbable.

School Finance

To the extent that the bill's changing of specific ownership tax collection timelines impacts the local share of total program funding for school finance, the state aid requirement may also change. Any impact is assumed to be minimal.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers as shown in Table 1 above, which factors in an enterprise fee. 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, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

Local Government

Similar to the state, the bill will decrease revenue to local governments by reducing or removing fees and modifying specific ownership tax collection schedules.

Technical Note

Duplicative DRIVES Costs

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.

DRIVES Fund Solvency

The fiscal note assumes that increased costs for the bill will be paid from the DRIVES Cash Fund, and that the DOR will raise fees as necessary to ensure that it has sufficient funds to pay for program expenses. However, the DOR reports that recent cash fund consolidations have placed the fund above the allowable statutory reserve and it is unable to raise fees currently. At the same time, current spending from the fund is projected to deplete the available fund balance within the next two years. If the DOR is unable or unwilling to raise fees, the General Fund may be required, either in this bill or through the annual budget process, to ensure cash fund solvency.

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 \$71,920 from the DRIVES Cash Fund to the Department of Revenue.

State and Local Government Contacts

Counties	Transportation
Local Affairs	Treasury
Revenue	

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](#).