



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1127: REGISTER & DRIVE SURPLUS MILITARY VEHICLES

Prime Sponsors:

Rep. Barron
Sen. Pelton B.

Fiscal Analyst:

Colin Gaiser, 303-866-2677
colin.gaiser@coleg.gov

Published for: House Appropriations

Drafting number: LLS 25-0646

Version: First Revised Note

Date: February 18, 2025

Fiscal note status: The fiscal note reflects the introduced bill, as amended by the House Transportation, Housing, and Local Government Committee.

Summary Information

Overview. The bill allows the owner of a surplus military vehicle to register the vehicle and drive it on a highway.

Types of impacts. The bill is projected to affect the following areas on a limited basis (state expenditures) and ongoing basis (state revenue and local governments) beginning in FY 2027-28:

- State Revenue
- State Expenditures
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2025-26 | Out Year FY 2027-28 | Out Year FY 2028-29 |
|---------------------------------|---------------------------|------------------------|------------------------|
| State Revenue (Cash Funds) | \$0 | \$55,992 | \$54,493 |
| State Expenditures (Cash Funds) | \$0 | \$62,951 | \$0 |
| Transferred Funds | \$0 | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | not estimated | not estimated |
| Change in State FTE | 0.0 FTE | 0.0 FTE | 0.0 FTE |

Summary of Legislation

Beginning January 1, 2028, the owner of a surplus military vehicle — defined as a self-propelled vehicle that was built for the U.S. Armed Forces and purchased for nonmilitary use — may register the vehicle and drive it on a highway.

Background

The DMV estimates there are 991 surplus military vehicles in the state based on those that have off-highway titles. The fiscal note assumes 33 percent of these vehicles, or 330 vehicles, will register in FY 2027-28, and on an annual basis thereafter.

State Revenue

The bill will increase state revenue by about \$56,000 in FY 2027-28 and \$55,000 in subsequent years from fees collected by DOR for the annual registration of military surplus vehicles. Revenue will increase in various cash funds including the Highway Users Tax Fund (HUTF) and the DRIVES Cash Fund. Revenue from the License Plate Cash Funds will be less after the first year because of one-time plate and tab costs. This revenue, which is subject to TABOR, is summarized in Table 2.

Table 2
State Revenue

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2027-28 | Out Year FY 2028-29 |
|------------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| DRIVES Cash Fund ¹ | \$0 | \$363 | \$363 |
| License Plate Cash Funds | \$0 | \$1,525 | \$149 |
| Highway Users Tax Fund | \$0 | \$52,470 | \$52,470 |
| Emissions-Area AIR Account | \$0 | \$660 | \$660 |
| P.O.S.T. Account | \$0 | \$314 | \$314 |
| Emergency Medical Services Account | \$0 | \$660 | \$660 |
| Total Revenue | \$0 | \$55,992 | \$54,493 |

¹ Fees paid into the DRIVES Cash Fund include the \$0.50 collected by state for specific ownership taxes. Additional revenue from specific ownership taxes, which are based on vehicle age and taxable value, are passed through to local governments and have not been included in this calculation.

Highway Users Tax Fund Distributions

Of the HUTF revenue generated under this bill, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the Department of Transportation, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 2A outlines the estimated distribution of HUTF revenue generated under this bill.

Table 2A
HUTF Distributions
Department of Transportation and Local Governments

| HUTF Distributions | FY 2025-26 | FY 2027-28 | FY 2028-29 |
|---------------------------------|-------------------|-------------------|-------------------|
| State Highway Fund (65 percent) | \$0 | \$34,106 | \$34,106 |
| Counties (26 percent) | \$0 | \$13,642 | \$13,642 |
| Municipalities (9 percent) | \$0 | \$4,722 | \$4,722 |
| Total HUTF Distribution | \$0 | \$52,470 | \$52,470 |

State Expenditures

Department of Revenue

The bill requires \$62,951 in FY 2027-28, paid from the DRIVES Cash Fund, for DRIVES programming to allow the DMV to be able to register surplus military vehicles. These programming costs include \$48,384 for 192 hours of programming at a rate of \$252 per hour, plus \$14,567 for ISD development, Office of Information Technology support, and additional testing.

School Finance

To the extent that the bill increases the local share of total program funding for school finance through additional specific ownership tax collections, the state aid requirement will decrease. This impact is expected to be minimal.

TABOR Refunds

The bill may increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above; however, 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

The bill increases revenue to local governments through the HUTF (see Table 2A above) and through specific ownership taxes (SOT). SOT revenue is distributed to local governments, including cities, school districts, and special districts, based on the proportion of the property taxes levied in the prior year. The amount of SOT charged during vehicle registration is calculated based on a number of different factors, including the vehicle's value and age, and has not been estimated.

Technical Note

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 July 1, 2027, and applies to applications made for registration submitted on or after January 1, 2028.

State and Local Government Contacts

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](#).