



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1189: MOTOR VEHICLE REGISTRATION REFORM & FEES

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**Prime Sponsors:**

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### Summary Information

**Overview.** The bill raises vehicle registration and titling fees and gives the additional revenue to counties, and adjusts rules for titling of certain vehicles.

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

- State Expenditures
- Local Government

**Appropriations.** For FY 2025-26, the bill requires an appropriation of \$24,998 to the Department of Revenue.

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**Table 1**  
**State Fiscal Impacts**

<b>Type of Impact</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
State Revenue	\$0	\$0
State Expenditures (Cash Funds)	\$24,998	\$205,682
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## **Summary of Legislation**

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The bill makes changes to various vehicle titling and registration fees and policies.

### **County Clerk Fees**

The bill raises the clerk hire fee related to the titling and registration of vehicles by \$4 (\$8 total) with county clerks retaining the additional revenue. The Department of Revenue (DOR) must increase these fees annually for inflation, but not by more than 5 percent per year.

### **Title Fees**

The bill increases the fee for the issuance of vehicle titles, duplicates, and copies of recorded certificates of title by \$4. County clerks retain the additional revenue. The Department of Revenue (DOR) must increase these fees annually for inflation, but not by more than 5 percent per year.

### **Vehicle Registration Expiration Dates**

The bill allows vehicle owners, for any reason, to choose the month of their vehicle's expiration. Under current law, this is only available for owners of multiple vehicles so that each vehicle expires on the same month.

### **Shipping Fees for Motor Vehicle Documents**

The bill allows county clerks to set fees for the shipping and handling of all motor vehicle documents. These fees must be published on or before October 15 if the fees apply to the registration period beginning January 1 of the following year.

### **Salvage Vehicles**

The bill requires the DOR to include a statement of salvage disclosure on the title of salvage vehicles. The disclosure must include the reason the vehicle is salvage, a statement from the owner on the determination of the vehicle as a salvage vehicle, and the signature of the seller and buyer to sell the salvage vehicle.

### **Rebuilder's Title for Vehicles as Collector's Items**

For a vehicle considered a collector's item, the bill allows the DOR or a county clerk to issue a rebuilder's title if the applicant is able to provide evidence of ownership. If the vehicle is later made roadworthy, the owner may receive a title by surrendering the previous ownership document or title.

## Background

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The Division of Motor Vehicles (DMV) in the 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 until 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.

## State Expenditures

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The bill increases state expenditures in the Department of Revenue by about \$25,000 in FY 2025-26 and about \$206,000 in FY 2026-27. These costs, paid from the DRIVES Cash Fund, are summarized in Table 2 and discussed below.

**Table 2**  
**State Expenditures**  
**Department of Revenue**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Programming Costs	\$24,998	\$25,682
DRIVES Upgrade Extension	\$0	\$180,000
<b>Total Costs</b>	<b>\$24,998</b>	<b>\$205,682</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

## DRIVES Programming

The bill requires \$24,998 in FY 2025-26 to develop, program, and test for initial fee modifications and annual inflation adjustments; allow customers to choose their month of expiration; and allow for certain modifications to vehicle titles. These programming costs include \$19,152 for 76 hours of programming at a rate of \$252 per hour, plus \$5,846 for ISD development, Office of Information Technology support, and additional testing. The second round of programming in FY 2025-26 requires \$25,682, accounting for an increase in DRIVES programming costs to \$261 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 \$180,000.

## Other Impacts

The bill minimally increases workload at the DOR to calculate and publish certain fees and issue statements of salvage disclosure on the title of certain vehicles. This workload increase is absorbable with existing resources.

## Local Government

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The bill increases revenue to local governments by increasing certain titling and registration fees and having the additional revenue go to county clerks. According to [the 2024 DOR Annual Report](#), the DOR received about 1.87 million title applications and had 7.38 million active vehicles registered in FY 2023-24. Assuming the number of transactions will increase by of 1 percent annually, the additional \$4 per transaction will result in at least \$37.7 million additional revenue to counties statewide beginning in FY 2025-26. Revenue to individual counties will depend on the number of vehicles registered within.

This estimate does not include all fees and transaction types affected by the bill, and does not account for any additional revenue related to fees related to shipping and handling of all motor vehicle documents. The fiscal note will be updated if more information becomes available.

## Technical Notes

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### Duplicative DRIVES Costs

The fiscal note currently includes a duplicative programming cost for the DOR's DRIVES system, as discussed in the Background 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

DOR needs to begin DRIVES programming prior to July 1, 2025, to complete the programming on time. However, the bill's August effective date causes funding not to be available prior to July 1, 2025, when the programming changes need to be made.

## **Shipping and Handling Fees**

The bill allows county clerks to set fees for the shipping and handling of all motor vehicle documents, but maintains language saying fees should approximately cover the costs incurred for shipping and handling while not exceeding \$5 dollars.

## **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**

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

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For FY 2025-26, the bill requires an appropriation of \$24,998 from the DRIVES Cash Fund to the Department of Revenue.

## **State and Local Government Contacts**

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Counties	Local Affairs
County Clerks	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](#).