



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1189: MOTOR VEHICLE REGISTRATION REFORM & FEES

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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 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 \$32,817 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	\$0	\$0
State Expenditures (Cash Funds)	\$32,817	\$253,717
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

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

County Clerk Fees

Beginning July 1, 2027, the bill requires the Department of Revenue (DOR) to increase the county clerk staffing fee 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 during initial registration or registration renewal. 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.

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.

Salvage Vehicles

Beginning July 1, 2027, 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.

Background

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

The bill increases state expenditures in the Department of Revenue by about \$33,000 in FY 2025-26 and about \$254,000 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

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Programming Costs	\$32,817	\$33,717
DRIVES Upgrade Extension	\$0	\$220,000
Total Costs	\$32,817	\$253,717
Total FTE	0.0 FTE	0.0 FTE

DRIVES Programming

The bill requires \$32,817 in FY 2025-26 to develop, program, and test for initial fee modifications and annual inflation adjustments, and allow customers to choose their month of expiration. These programming costs include \$25,200 for 100 hours of programming at a rate of \$252 per hour, plus \$7,617 for ISD development, Office of Information Technology support, and additional testing. The second round of programming in FY 2025-26 requires \$33,717, 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 just over 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 \$220,000.

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

The bill increases revenue to county clerks in two areas. First, the \$4 staff hiring fee will be adjusted for inflation in future years. Second, county clerks will receive additional fee revenue related to shipping and handling of all motor vehicle documents. This revenue must go toward recovering direct shipping and handling costs.

Technical Notes

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 for all sections was 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 for some sections of the bill causes funding not to be available prior to July 1, 2025, when the programming changes need to be made.

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, except Sections 1, 4, and 5 take effect July 1, 2027, assuming no referendum petition is filed.

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$32,817 from the DRIVES Cash Fund to the Department of Revenue.

State and Local Government Contacts

Counties

Local Affairs

County Clerks

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](#).