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Fiscal Note

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Prime Sponsors:

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Bill Status: Bill Request
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Bill Topic: **MOTOR VEHICLE DRIVER EDUCATION STANDARDS**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill modifies driver education requirements and requires commercial driving instructors to undergo criminal background checks. The bill increases state revenue in FY 2024-25 only and state expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$495,144 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Transportation Legislation Review Committee.

Table 1
State Fiscal Impacts Under Bill 8

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue	Cash Funds	\$47,400	-
	Total Revenue	\$47,400	-
Expenditures	General Fund ¹	\$459,246	\$80,069
	Cash Funds	\$35,898	-
	Centrally Appropriated	\$50,298	\$22,310
	Total Expenditures	\$545,442	\$102,379
	Total FTE	2.8 FTE	1.3 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$33,900	-
	General Fund Reserve	\$68,887	\$12,010

¹ Expenditures in the Department of Revenue's DRIVES Account are projected to exceed revenue in FY 2024-25 if fees remain the same; therefore, General Fund is indicated in this fiscal note.

Summary of Legislation

The bill modifies driver education requirements and requires commercial driving instructors to undergo criminal background checks, as discussed further below.

Driver education requirements. The bill modifies driver education-related requirements by eliminating the current tiered requirements based on the age of a minor driver. A comparison of current law to the bill’s requirements is outlined in Table 2 below. In addition to the requirements shown in Table 2, all permit and license applicants must pass a written and driving exam to obtain each document.

**Table 2
Changes to Driver Education Requirements Under Bill 8**

Current Requirements to Obtain Driver License

Age	Driver Education	Permit	Supervised Driving	Behind-the-Wheel Training
15-15.5	30-hour course	Hold for at least 12 months	50 hours (10 nighttime)	6 hours with an approved instructor; or 12 hours with an adult if the minor lives over 30 miles from a driving school
15.5-16	4-hour driver awareness program or 30-hour course			
16-16.5	None			
16.5-18		None		
18-21		Hold a valid instruction permit	None	None

Bill 8 Proposed Requirements to Obtain Driver License

Age	Driver Education	Permit	Supervised Driving	Behind-the-Wheel Training
15-18	30-hour course	Hold for at least 12 months	50 hours (10 nighttime)	6 hours with an approved instructor; or 12 hours with a parent, guardian, or alternate permit supervisor
18-21	4-hour driver awareness program or 30-hour course (unless applicant holds a license from another jurisdiction)	None	None	None

Permits. The bill also repeals and reenacts state laws governing instruction permits and temporary licenses to mirror the driver education requirements for driver licenses for applicants ages 15 to 20.

Commercial driving instructors – criminal background check. Effective July 1, 2026, a person who was convicted of, or pled guilty or no contest to, sexual misconduct or violent crimes outlined in the bill may not be employed as a commercial driving instructor. Commercial driving schools must require instructors to obtain a fingerprint-based criminal history check.

Background

Current permit and license requirements for minors. For a complete list of requirements to receive an instructional permit under current law, visit: <https://dmv.colorado.gov/minor-permit>. For complete list of requirements for a minor’s license, visit: <https://dmv.colorado.gov/minor-license#BTW%20Training>.

DRIVES Account. While not in fund balance deficit, expenditures in the DRIVES Account are projected to exceed revenue if fees remain the same; therefore, General Fund is indicated in this fiscal note as the bill does not have a specific revenue component. For informational purposes, DOR last increased fees for driver licenses, permits, and temporary licenses on July 1, 2020, by 10 percent. The current fee structure is available online at: <https://dmv.colorado.gov/state-dmv-fees>.

State Revenue

Fingerprint-based background checks — DPS. This bill increases state cash fund revenue from fingerprint-based criminal history background checks to the Colorado Bureau of Investigation (CBI) Identification Unit Cash Fund in the DPS by \$47,400 in FY 2024-25, assuming 1,200 checks will be conducted. Currently, driving instructors are required only to do a name-based background check. There are approximately 880 instructors certified to teach in the classroom, behind-the-wheel, or both, and an additional 320 behind-the-wheel instructors.

The current fee for background checks is \$39.50, which includes \$11.25 for a Federal Bureau of Investigation (FBI) fingerprint based check, which is passed on to that federal agency. The federal portion of this fee is excluded from the state TABOR limit.

State Expenditures

The bill increases state expenditures in multiple state agencies by \$545,442 in FY 2024-25 and \$102,379 in FY 2025-26, and ongoing, paid from the General Fund and the CBI Identification Unit Cash Fund. Expenditures are shown in Table 3 and detailed below.

**Table 3
Expenditures Under Bill 8**

	FY 2024-25	FY 2025-26
Department of Revenue		
Personal Services	\$129,624	\$78,405
Operating Expenses	\$3,328	\$1,664
Capital Outlay Costs	\$20,010	-
Computer Programming	\$185,624	-
Outreach	\$85,000	-
Driver Education Handbook Update	\$35,660	-
Centrally Appropriated Costs ¹	\$42,069	\$22,310
FTE – Personal Services	2.6 FTE	1.3 FTE
DOR Subtotal	\$501,315	\$102,379
Department of Public Safety		
Personal Services	\$11,150	-
Operating Expenses	\$256	-
FBI Pass-Through Fee	\$13,500	-
Processing Costs	\$10,992	-
Centrally Appropriated Costs ¹	\$8,229	-
FTE – Personal Services	0.2 FTE	-
DPS Subtotal	\$44,127	-
Total	\$545,442	\$102,379
Total FTE	2.8 FTE	1.3 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. Based on DOR data, the fiscal note estimates nearly 50,000 individuals will be required to take the 30-hour driver education course or 4-hour driver awareness course each year under this bill, and over 30,000 individuals will be required to complete behind-the-wheel training. Both requirements generate two forms that the department must audit. Based on current workload standards, the DOR requires 1.3 FTE Technician IV to manage the additional forms on an ongoing basis. Additionally, an estimated 170,000 individuals ages 15 to 20 will be impacted by the changes in the bill, which is estimated to increase DMV Call Center volume by 30 percent, or 200 additional calls per day. A call center employee typically manages 100 calls per day; therefore, 2.0 FTE Administrative Assistant II are required for a 9-month period following the bill's passage in FY 2024-25 only.

Department of Revenue. Based on the assumptions outlined above, the DOR requires 2.6 FTE in FY 2024-25 and 1.3 FTE in FY 2025-26 and ongoing. Standard operating and capital outlay costs are included for this staff. Staffing costs have also been prorated for a September 1 start date and assume the temporary call center staff will be required for 9 months only.

The DOR will also have costs to implement the changes in the bill as follows:

- **Computer programming.** Computer programming costs in FY 2024-25 only include DRIVES programming, estimated at 552 hours at a rate of \$238 per hour; ISD development and testing costs, estimated at 625 hours at a rate of \$35 per hour; and support from the Office of Information Technology estimated at 327 hours at a rate of \$99 per hour, paid to OIT through real-time billing.
- **Outreach and Driver Education Handbook updates.** The DOR will also have one-time costs of \$85,000 to update forms, signage, websites, and advertising, and \$35,660 to reprint the department's Driver Education Handbook.

Department of Public Safety. As discussed in the State Revenue section, DPS will have costs to perform the background checks required by the bill. Costs assume the background checks will be conducted in FY 2024-25. Any out-year background checks can be accomplished within existing resources. Background check costs assume 0.1 FTE each of a Fingerprint Examiner and Data Specialist based on current CBI workload standards.

- **Federal Bureau of Investigation Pass-through.** The DPS passes \$11.25 of every application on to the federal government. With 1,200 applications, this equates to \$13,500 in FY 2024-25.
- **Processing costs.** DPS will also incur the following costs associated with each background check application: \$6.10 dedicated to equipment maintenance; \$1.55 for print digitization; \$0.88 to access the Colorado Crime Information Center for information pertinent to the background check; and \$0.63 for printing and postage costs.

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 include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$33,900 in FY 2024-25. This estimate assumes the September 2023 LCS revenue forecast. 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.

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to documents issued on or after this date.

State Appropriations

For FY 2024-25, the bill requires the following appropriations:

- \$459,246 from the General Fund to the Department of Revenue, and 2.6 FTE; and
- \$35,898 from the CBI Identification Unit Cash Fund to the Department of Public Safety, and 0.2 FTE.

State and Local Government Contacts

Public Safety

Revenue