

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0360  
**Prime Sponsor(s):** Rep. Fischer  
 Sen. Jones

**Date:** February 12, 2013  
**Bill Status:** House Transportation & Energy  
**Fiscal Analyst:** Ryan Brendle (303-866-4105)

**TITLE:** CONCERNING CHARGES RELATED TO MOTOR VEHICLES THAT TRAVEL ON THE PUBLIC HIGHWAYS OF THE STATE.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2018-19</b>
<b>State Revenue</b>			
Cash Funds - HUTF	\$43,800	\$169,107	\$495,043
<b>State Expenditures</b>			
Cash Funds - CSTARS, HUTF, License Plate Cash Fund	\$295,901	\$157,155	\$375,863
<b>FTE Position Change</b>	1.1 FTE	2.5 FTE	4.0 FTE
<b>Effective Date:</b> January 1, 2014			
<b>Appropriation Summary for FY 2013-2014:</b> See the State appropriations section.			
<b>Local Government Impact:</b> See the Local Government Impact section.			

**Summary of Legislation**

HB13-1110 alters excise tax and fee revenue collected from vehicles propelled by natural gas and plug-in electricity. Table 1 illustrates the differences between current law and HB13-1110. Under current law, in addition to normal registration fees, natural gas-based vehicles pay an annual fee based on the weight of the vehicle. The Department of Revenue issues these vehicles a decal, that must be displayed. Under HB13-1110, the decal system would be repealed and natural gas-based vehicles will instead pay an excise tax on a gallon of gas equivalent when the fuel is purchased.

Under HB13-1110, plug-in electric vehicles would pay an annual fee of \$30. The Department of Revenue would then issue a decal that is required to be displayed.

<b>Table 1. Comparison of Fees for Natural Gas and Plug-in Electric Vehicles Under Current Law and HB13-1110</b>		
<b>Vehicles by Fuel Type</b>	<b>Current Law</b>	<b>HB13-1110</b>
Compressed Natural Gas; Liquefied Petroleum Gas; and Liquefied Natural Gas.	-An annual license fee is charged based on the weight of the vehicle. (decal system)	-The decal system is repealed. -A new excise tax is levied on a gallon of gasoline equivalent. (See table 3 on page 3)
Plug-in Electric Vehicles	None	An annual license decal fee of \$30

The Department of Revenue will administer the new excise taxes on natural gas-based fuels. County clerks and recorders are required to collect the \$30 decal fee for plug-in electric vehicles and remit the money to the State Treasurer for deposit into the Highway Users Tax Fund (HUTF). The Division of Oil and Public Safety in the Department of Labor and Employment is required to write and enforce rules related to the use of natural gas-based fuels. The Department of Transportation is required to submit an impact report to the Transportation Legislation Review Committee by January 1, 2017. A series of conforming changes are also made.

### State Revenue

As shown in Table 2, the bill will increase revenue to the HUTF by \$43,800 in FY 2013-14 and \$169,107 in FY 2014-15. Revenue will increase by \$495,043 in FY 2018-19, the year the bill is fully phased-in. Each type of revenue source is explained below.

<b>Table 2. Revenue Under HB13-1110</b>			
<b>Revenue Component</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2018-19</b>
Repeal of Natural Gas Decal	(\$60,599)	(\$133,318)	(\$195,191)
Excise Tax	20,727	64,259	320,553
Electric Vehicle Decal	83,672	238,166	369,681
<b>TOTAL</b>	<b>\$43,800</b>	<b>\$169,107</b>	<b>\$495,043</b>

**Repeal of Natural Gas Decal.** The bill will decrease revenue by \$60,599 in FY 2013-14, \$133,318 in FY 2014-15, and \$195,191 in FY 2018-19, when the bill is fully implemented. Currently all liquefied petroleum gas (LPG), compressed natural gas (CNG), and liquefied natural gas (LNG) vehicles are required to annually buy a decal when the vehicle is registered. The repeal of this decal system will decrease revenue to the HUTF. Estimates for reduced revenue figures are based on current decal revenue and expectations for growth in the demand for these vehicles.

**Excise Tax.** The bill will increase revenue by \$20,727 in FY 2013-14, \$64,259 in FY 2014-15, and \$320,553 in FY 2018-19, when the bill is fully implemented. Instead of the decal system, the bill subjects LPG, LNG, and CNG fuels to a special fuels tax rate on a gallon of gas

equivalent. This rate, displayed in Table 3, is phased in over six years and will yield an increase in revenue to the HUTF. It is assumed that consumption of natural gas-based fuels will follow historical growth rates.

<b>Fuel Type</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Compressed Natural Gas	¢3	¢6	¢9	¢12	¢15	¢18
Liquefied Natural Gas	¢3	¢5	¢7	¢8	¢10	¢12
Liquefied Petroleum Gas	¢3	¢5	¢7	¢9	¢11	¢13

**Electric Vehicle Decal Fee.** The bill will increase revenue by \$83,672 in FY 2013-14, \$238,166 in FY 2014-15, and \$369,681 in FY 2018-19, when the bill is fully implemented. The bill requires plug-in electric vehicles to be charged an annual fee of \$30 to purchase a decal when the vehicle is registered. The decal is required to be displayed in the upper right corner of the windshield at all times. This fee is specifically for plug-in vehicles and will not apply to hybrid vehicles that cannot be plugged in. These figures assume that sales of plug-in vehicles will grow at rates similar to those of other hybrid technologies.

### State Expenditures

As shown in Table 4, the bill will increase expenditures by \$295,901 in FY 2013-14 and \$157,255 in FY 2014-15. Expenditures will increase by an estimated \$375,863 in FY 2018-19, when the bill is fully phased-in.

<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2018-19</b>
<b>Department of Labor and Employment - General Fund</b>	\$108,085	\$157,155	\$375,863
FTE	1.1	2.5	4.0
<b>Department of Revenue - Cash Funds</b>	187,816		
<b>TOTAL</b>	<b>\$295,901</b>	<b>\$157,155</b>	<b>\$375,863</b>

**Division of Oil and Public Safety.** The division will incur expenses of \$108,085 in FY 2013-14 for personal services. This money will be used to hire inspectors to administer and enforce the various standards. As the advent of natural gas technology spreads, it is estimated that more inspectors will be needed.

**The Department of Revenue.** The Department of Revenue will need one-time funding of \$187,816 in FY 2013-14 to implement this bill. Programming updates to the Colorado State Tilting and Registration System (CSTARS) and other databases will cost \$68,212. Altering the programming for the fuel tracking and GenTax systems is expected to cost \$110,400, and the

purchase of decals for electric vehicles is expected to cost \$9,204. These are one time expenses, although additional decals will need to be ordered over time. These expenses will be funded from the HUTF, Colorado State Titling and Registration System (CSTARS), and License Plate cash funds.

**Expenditures Not Included**

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. The centrally appropriated costs subject to this policy are summarized in Table 5.

<b>Table 5. Expenditures Not Included Under HB13-1110*</b>			
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2018-19</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,875	\$11,251	\$17,997
Supplemental Employee Retirement Payments	3,300	8,696	13,718
<b>TOTAL</b>	<b>8,175</b>	<b>19,947</b>	<b>33,733</b>

*\*More information is available at: <http://colorado.gov/fiscalnotes>*

**Local Government Impact**

All funds in the HUTF are distributed between the state, counties, and municipalities based on a statutory formula. Because this bill alters HUTF revenue, it will also affect the funds received by counties and municipalities.

Table 6 shows the increase in revenue to counties and municipalities under the bill.

<b>Table 6. Transfers from the HUTF to Local Governments under HB13-1110</b>			
	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2018-19</b>
Counties	\$11,388	\$43,967	\$121,448
Cities	3,942	15,219	60,895
<b>TOTAL</b>	<b>15,330</b>	<b>59,186</b>	<b>182,343</b>

**State Appropriations**

*The Department of Revenue.* The Department of Revenue will require an appropriation of \$187,816 from the following cash funds in FY 2013-14:

- Colorado State Titling and Registration System (CSTARS): \$68,212
- Highway Users Tax Fund (HUTF): \$110,400
- License Plate Cash Fund: \$9,204

*The Department of Labor and Employment.* The Department of Labor and Employment will require a General Fund appropriation \$108,085 in FY 2013-14. and 1.1 FTE.

**Departments Contacted**

Revenue  
Law

Transportation  
Counties

Personnel  
Municipalities

Labor