

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0071

Date: February 13, 2013

Prime Sponsor(s): Rep. Tyler
Sen. Hudak

Bill Status: House Transportation and Energy
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TITLE: CONCERNING THE AUTHORIZATION OF OWNERS OF RENTAL SPECIAL MOBILE MACHINERY TO PAY SPECIFIC OWNERSHIP TAX THROUGH AN ELECTRONIC REPORTING PROCESS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
General Fund	\$120,348	\$32,574
FTE Position Change	0.9 FTE	0.8 FTE
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill, *recommended by the Transportation Legislation Review Committee*, allows certain owners of special mobile machinery (SMM) fleets to pay specific ownership tax (SOT) on rental equipment directly to the Department of Revenue (DOR) using an electronic system. The SOT is then distributed to the counties at the same proportions as under current law. Fleet owners currently pay SOT in each county where the rental vehicles are used. This bill applies to fleet owners who belong to the 2 percent program, which allows fleet owners to pay SOT monthly, based on 2 percent of the rental income on SMM, rather than paying SOT annually based on the equipment's value.

State Expenditures

For FY 2013-14, this bill is expected to increase expenditures by \$120,348, General Fund, and 0.9 FTE. In FY 2014-15 and forward, this bill is expected to cost \$32,574, General Fund, and 0.8 FTE. This bill requires adding a new functionality to the DOR's GenTax software to enable an electronic reporting and payment system. At a minimum, this system will allow authorized fleet owners to file and pay SOT with the DOR, and require a payment distribution system to counties based on reported data. This programming will be performed by a contractor at a rate of \$200 per hour.

In addition, additional DOR staff is required to implement and administer the program. These duties entail providing authorization to fleet owners to use the electronic system, enforcing accurate reporting and compliance from fleet owners (in conjunction with the county clerks), and overseeing the payment distribution to counties.

It should be noted that under current law, the DOR is not authorized to retain the money for either the cost of collection of SOT or to deposit to the CSTARs cash fund. Under the bill as currently written, the DOR may need to request moneys from the General Fund to fund the activities associated with collecting this tax on behalf of the counties.

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 1.

Table 1. Expenditures Not Included Under HB13-1153*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,022	\$5,353
Supplemental Employee Retirement Payments	2,164	2,209
TOTAL	\$8,186	\$7,562

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

Local Government Impact

This bill may decrease expenditures for counties to the extent staff time is reduced for payment processing by electronic means. To the extent that SMM owners choose to file SOT payments with the DOR, workload at county offices may be reduced, but this reduction may be partially offset by interactions with DOR to verify submitted information.

State Appropriations

For FY 2013-14, the DOR requires a General Fund appropriation of \$120,348 and 0.9 FTE within the Department of Revenue.

Departments Contacted

Counties
Revenue

Municipalities
Transportation

Local Affairs