

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated April 18, 2013)

Drafting Number: LLS 13-0071

Date: April 25, 2013

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

Bill Status: Senate Appropriations

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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, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
General Fund	\$98,411	\$32,574
FTE Position Change	0.4 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, and applies to reports filed on or after January 1, 2014.		
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, and amended by the Senate Transportation Committee*, allows certain owners of special mobile machinery (SMM) fleets to file specific ownership tax (SOT) on rental equipment directly with the Department of Revenue (DOR) using an electronic system. The SOT is then paid by the fleet owner 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 \$98,411, General Fund, and 0.4 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 system. At a minimum, this system will allow authorized fleet owners to file SOT with the DOR, and record payments to counties based on reported data. This programming will be performed by a contractor at a rate of \$200 per hour, and will cost \$80,000.

In addition, DOR staff is required to implement and administer the program. These duties entail providing authorization to fleet owners to use the electronic system, and enforcing accurate reporting and compliance from fleet owners (in conjunction with the county clerks). This requires 0.8 FTE and \$32,574 annually, however only 0.4 FTE and \$18,411 is needed in FY 2013-14, due to the bill's effective date.

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)	\$2,681	\$5,353
Supplemental Employee Retirement Payments	1,107	2,209
TOTAL	\$3,788	\$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 calculating payments, as directed by the Department of Revenue. To the extent that SMM owners choose to file SOT 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 \$98,411 and 0.4 FTE within the Department of Revenue.

Departments Contacted

Counties
Revenue

Municipalities
Transportation

Local Affairs