

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0063	Date: July 22, 2013
Prime Sponsor(s): Rep. Holbert Sen. Tochtrop	Bill Status: Signed into Law
	Fiscal Analyst: Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE TYPE OF VEHICLE THAT QUALIFIES TO REGISTER AS A COLLECTOR VEHICLE, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2013-14	FY 2014-15
State Revenue		
Cash Funds - Various	\$4,480,667	(\$2,412,819)
State Expenditures		
Cash Funds	<u>\$193,489</u>	
CSTAR Account (HUTF)	604	
License Plate Cash Fund	192,885	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor on June 5, 2013, and takes effect August 7, 2013, assuming no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government section.		

Summary of Legislation

This bill allows a vehicle with a model year that is at least 32 years old to become a collector's vehicle. A vehicle that becomes a collector's vehicle under this bill will have to pass an emissions test within 12 months of registration, if the vehicle is within the Enhanced Emissions program area. Under current law, vehicles with model year 1975 or older are eligible to become collector's vehicles. This bill expands the eligible model years to 1976 through 1981, and increases one additional year forward with each year's passing.

This fiscal note is revised to reflect amendments made in the House, and new information concerning the number of vehicles affected by this bill.

State Revenue

In FY 2013-14, this bill will increase state revenue by \$4,480,667, cash funds. This increase is offset in future years, because this first-year revenue covers a five-year registration period. Revenue is subsequently reduced in each year after the initial registration by at least \$2.4 million. This money is currently collected as motor vehicle registration fees and emissions testing by the Department of Revenue and by the Department of Public Health and Environment. The registration for collector's vehicles is valid for five years.

When the collector's vehicle is renewed, the owner pays all taxes and fees for five full years, but only one year of the Bridge and Road Safety surcharges amounting to \$41, in addition to the other fees. The owner does not pay these surcharges again until the vehicle's registration is renewed. On that occasion, the owner similarly pays just one year of the surcharges. Since the collector's registration is paid forward for five years, the state will receive no revenue from that registration in the second, third, fourth and fifth years.

This fiscal note assumes fifty percent of the eligible vehicles in any given year will opt to become a collector's vehicle, foregoing annual registration costs and paying for a five-year registration. It is anticipated that approximately 32,500 vehicles will be affected by this bill in the first year, and 12,000 will be added each year thereafter.

Eligible collector's vehicles under this bill must also pass an emissions test within 12 months preceding registration, which will be required every five years thereafter. The Department of Revenue and the Department of Public Health and Environment each collect twenty-five cents per vehicle that passes the emissions test.

In addition, owners of collector's vehicles may choose to buy collector's specialty plates for their vehicle. The cost for such plates are the same as regular plates, and it is assumed that the standard plates currently affixed to the vehicles affected by this bill will be discarded in exchange for new collector's plates. Revenue changes are displayed in Table 1.

Table 1. Revenue: Current Law versus HB13-1071 Over a Five-Year Period, Based on 32,582 Vehicles						
Cost Components	FY 2013-14	FY 2014-15**	FY 2015-16	FY 2016-17	FY 2017-18	Total
Current Law						
Registration (\$29.90)	\$974,202	\$974,202	\$974,202	\$974,202	\$974,202	\$4,871,009
Surcharges (\$41.00)	1,335,862	1,335,862	1,335,862	1,335,862	1,335,862	6,679,310
Emissions* (\$0.50)	5,000	0	5,000	0	5,000	15,000
SOT (\$3.00)	97,746	97,746	97,746	97,746	97,746	488,730
Total Revenue Current Law*	2,412,819	2,412,819	2,412,819	2,412,819	2,412,819	12,054,049
HB13-1071						
Registration (\$149.50)	\$4,871,009	0	0	0	0	\$4,871,009
Surcharges (\$41.00)	1,335,862	0	0	0	0	1,335,862
Collector's Plates (\$5.92)	192,885	0	0	0	0	192,885
Emissions (\$0.50)	5,000	0	0	0	0	5,000
SOT (\$15.00)	488,730	0	0	0	0	488,730
Total Revenue for HB 13-1071	6,893,486	0	0	0	0	6,893,486
Revenue difference between HB13-1071 and current law						(\$5,160,563)

* Emissions tests are required bi-annually, and is based on 10,000 located in the Enhanced Emissions Area.

** (Not Shown) Each year, another 12,000 vehicles are added, compounding revenue loss from the previous year. For the purpose of simplicity, these losses are not shown in this table.

State Expenditures

For FY 2013-14, this bill is expected to increase cash fund expenditures by \$193,489, cash funds, within the Department of Revenue. These costs are associated with computer programming to the CSTAR software, which is used by the department to register vehicles, and are estimated at \$604. In addition, owners of collector's vehicles will likely buy collector's specialty plates for their vehicle. The cost for such plates are \$5.92 each, and it is expected that 32,582 vehicles will get these plates, totaling \$192,885 expended for plate manufacturing costs.

Local Government Impact

This bill increases local government Highway Users Tax Fund (HUTF) revenue by an estimated \$1,335,862 in 2013-14, but reduces this revenue by \$1,335,862 in second, third, fourth and fifth year of the collector's registration. In addition, approximately 12,000 vehicles will be added to

this program each year beginning in FY 2014-15, generating an increase in revenue of \$492,000 million in the first year, but reducing revenue by \$492,000 each year for the next four. HUTF revenue generated by the Road Safety Surcharge is distributed to the State Highway Fund (60 percent), counties (22 percent) and cities (18 percent) for transportation.

State Appropriations

For FY 2013-14, this Department of Revenue requires two cash fund appropriations – \$192,885 from the License Plate Cash Fund, and \$604 from the CSTARs Account of the Highway Users Tax Fund.

Departments Contacted

Revenue Public Health