

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 17, 2014)

Drafting Number: LLS 14-0348
Prime Sponsor(s): Rep. Vigil

Date: February 10, 2014
Bill Status: House Finance
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SHORT TITLE: COUNTY CLERK AND RECORDER DRIVER'S LICENSE FEE

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	(\$61,264)	(\$61,264)
Cash Funds	(61,264)	(61,264)
State Expenditures	\$67,856	\$16,848
Cash Funds	6,592	0
General Fund - LSCF Backfill	61,264	16,848
FTE Position Change		
Appropriation Required: \$67,856 - Department of Revenue (FY 2014-15)		

** This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.*

This fiscal note is revised to reflect new information provided by the Department of Revenue.

Summary of Legislation

The bill adjusts the amount of a driver's license fee that may be retained by a county clerk when issuing a driver's license, in counties with a population of 100,000 people or fewer. Under current law, this amount is \$8; the bill increases this amount to \$13.60. The bill also repeals outdated provisions related to motorcycle endorsement surcharges and to those persons over age 60 who are receiving a driver's license.

Background

The bill allows a county clerk in counties with 100,000 people or fewer to retain \$13.60 of the driver's license fee, and to forward the remaining funds to the Department of Revenue (DOR). There are currently 11 counties that fit this description, including the counties of: Baca, Cheyenne, Kiowa, Kit Carson, Lake, Lincoln, Phillips, Saguache, Sedgwick, Washington, and Yuma.

Current law directs revenue collected from driver's license fees to the Licensing Services Cash Fund (LSCF), less the amount retained by county clerks and the fee credited to the Identification Security Fund (ISF), through FY 2014-15; however, beginning in FY 2015-16 statute directs a portion of the driver's license fee revenue to the Highway Users Tax Fund (HUTF).

State Revenue

This bill is expected to reduce state cash fund revenue by \$61,264 each year beginning in FY 2014-15. State revenue change is shown in Table 1, below, and discussed in greater detail in the narrative that follows.

Assumptions. This fiscal note assumes that 10,940 driver's licenses are issued each year by county clerks in counties with 100,000 or fewer people.

Table 1. State Revenue Change under HB 14-1066					
	Current Amount Retained by DOR	Proposed Amount Retained by DOR	Revenue Change	Number Affected	Total Revenue Reduction
FY 2014-15					
LSCF	\$12.40	\$6.80	\$5.60	10,940	(\$61,264)
Revenue Decrease FY 2014-15	\$12.40	\$6.80	\$5.60	10,940	(\$61,264)
FY 2015-16					
LSCF	\$3.40	\$1.86	\$1.54	10,940	(\$16,848)
HUTF	\$9.00	\$4.94	\$4.06	10,940	(\$44,416)
Revenue Decrease FY 2015-16	\$12.40	\$6.80	\$5.60	10,940	(\$61,264)

Department of Revenue. Under the bill, DOR will receive \$6.80 of the fee for driver's licenses issued by counties with a population of 100,000 people or fewer, creating a revenue loss to the LSCF in FY 2014-15 of \$5.60 per license issued, or \$61,264 overall.

HUTF and LSCF. Beginning in FY 2015-16, current law adjusts the way the \$12.40 received by the DOR is allocated, directing \$3.40 to the LSCF and \$9.00 to the HUTF. Overall, this bill still reduces state cash fund revenue by \$61,264, but of the \$6.80 received by the DOR under the proposed legislation, \$1.86 is distributed to the LSCF. This will result in a revenue loss to the LSCF of \$16,848.

State Highway Fund. Beginning in FY 2015-16, current law distributes \$9.00 of the driver's license fee collected by county clerks to the DOR for distribution to the HUTF. Under the bill, this amount is reduced to \$4.94 per license, resulting in a revenue loss to the HUTF of \$44,416 per year. The Colorado Department of Transportation (CDOT) receives a portion of the money allocated to the HUTF (65 percent) in the State Highway Fund. This bill will reduce CDOT's share of revenue by \$2.64 per license or by \$28,882 per year.

State Expenditures

The bill requires a \$61,264 increase in state General Fund expenditures in FY 2014-15 to make up for the loss in cash fund revenue available to pay for DOR operations. This bill also requires a one-time state cash fund expenditure in the DOR of \$6,592 in FY 2014-15.

Department of Revenue. The bill reduces revenue to the LSCF in the DOR by \$61,264 in FY 2014-15 and by \$16,848 in FY 2015-16, and does not include fees to offset the loss. Given the current underfunded status of these accounts, this fiscal note assumes a need for General Fund backfill equal to the revenue decrease in FY 2014-15 and FY 2015-16.

This bill also requires programming of the Driver's License System (DLS) within the DOR to allow county clerks to retain \$13.60 per driver's license issued. The DOR will be required to purchase IT services in order to develop, analyze, deploy, and test the DLS at a rate of \$103 per hour for 64 hours. Programming will be done by the Governor's Office of Information Technology.

Local Government Impact

This bill will increase revenue to county clerk offices in counties with populations fewer than 100,000 people. Under current law, county clerks retain \$8 per driver's license issued; however, under the bill, \$13.60 of the fee will be retained by eligible county clerks, resulting in a revenue increase of \$61,264 each year to county clerks beginning in FY 2014-15.

This bill will reduce revenue to the HUTF, which is distributed to counties (26 percent) and cities (9 percent) for transportation needs. Beginning in FY 2014-15, the county share of HUTF will be reduced by \$11,596 per year and the city share of HUTF will be reduced by \$3,938 per year.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2014-15, the Department of Revenue requires a cash fund appropriation of \$6,592 from the CSTARs Account. In addition, the Governor's Office of Information Technology requires spending authority for \$6,592 in reappropriated funds. Also, in FY 2014-15 a General Fund appropriation of \$61,264 to the Department of Revenue will be required.

State and Local Government Contacts

Revenue
Local Affairs

Transportation
Clerk and Recorders

Cities and Counties