

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0442
Prime Sponsor(s): Rep. Scott

Date: January 21, 2014
Bill Status: House Transportation & Energy
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SHORT TITLE: SCOTTISH AMERICAN LICENSE PLATE

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	\$55,920	\$39,144
Cash Funds	\$55,920	\$39,144
State Expenditures	\$10,040	\$4,144
Cash Funds	\$10,040	\$4,144
FTE Position Change		
Appropriation Required: \$10,040 - Department of Revenue (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year. See the State Expenditures section for more information.

Summary of Legislation

This bill creates the Scottish American special license plate. The license plate will be available to an applicant who provides documentation to the Department of Revenue (DOR) confirming that he or she has made an appropriate donation to the St. Andrew Society of Colorado. In addition to the standard license plate fees, applicants for the Scottish American special license plate must pay a one-time additional fee of \$50. Of this fee, \$25 is credited to the Licensing Services Cash Fund (LSCF) and \$25 is credited to the Highway Users Tax Fund (HUTF). The plate will be available January 1, 2015. The DOR is authorized to stop producing the plate if 3,000 sets are not issued by July 1, 2019. The St. Andrew Society of Colorado is required to provide annual proof of its nonprofit status while the special plates are being issued.

State Revenue

This bill is anticipated to increase state cash fund revenues by \$55,920 in FY 2014-15 and by \$39,144 per year thereafter. Revenue is discussed in greater detail in Table 1, below, and in the explanation that follows.

Assumptions. Expected demand for the Scottish American special license plate is based on historical demand for the Italian American Heritage special license plate. This note assumes that 1,000 plate sets will be issued in FY 2014-15 and 700 sets will be issued each year thereafter.

Table 1. State Revenue Generated Under HB 14-1046		
Revenue Components	FY 2014-15	FY 2015-16
Number of License Plate Sets to be Issued	1,000	700
Revenue Credited to License Plate Cash Fund (\$5.92)	\$5,920	\$4,144
Revenue Credited to Highway Users Tax Fund (\$25)	\$25,000	\$17,500
Revenue Credited to Licensing Services Cash Fund (\$25)	\$25,000	\$17,500
TOTAL	\$55,920	\$39,144

Revenue is generated from the plate and tab production fee of \$5.92 per plate set, credited to the License Plate Cash Fund (LPCF), which all vehicle owners must pay upon registration. Applicants for the Scottish American special license plate are also required to pay an additional \$50 fee; of this, \$25 is credited to the HUTF and \$25 is credited to the LSCF. The State Highway Fund (SHF) receives 65 percent of the HUTF revenues generated through license plate fees.

State Expenditures

State cash fund expenditures will increase by \$10,040 in FY 2014-15 and by \$4,144 each year thereafter. State expenditures are detailed in Table 2, below, and discussed in more detail in the explanation that follows.

Assumptions. This note assumes that 1,000 plate sets will be issued in FY 2014-15 and 700 sets will be issued each year thereafter.

Table 2. State Expenditures Under HB 14-1046		
Cost Components	FY 2014-15	FY 2015-16
Number of License Plate Sets to be Manufactured	1,000	700
Plate and Tab Production Cost per Set (\$5.92)	\$5,920	\$4,144
Computer Programming	\$4,120	\$0
TOTAL	\$10,040	\$4,144

Department of Revenue. In FY 2014-15, one-time programming costs of \$4,120 are required to update the Colorado State Titling and Registration System (CSTARS) in the DOR. Programming costs are calculated at 40 hours at a rate of \$103 per hour. The DOR will be required to update rules, forms, manuals, and the department's website to reflect the change in law. Additionally, the DOR will provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increase or costs associated with these activities will be accomplished within existing appropriations. License plate and tab production costs are expended from the LPCF. Based on the expected demand for the Scottish American plate, an initial run of 1,000 plate sets will be necessary.

Local Government Impact

This bill will increase local government HUTF revenue by an estimated \$8,750 in FY 2014-15 and by \$6,125 per year thereafter. HUTF revenue generated by license plate fees is distributed to counties (26 percent) and cities (9 percent) for transportation needs.

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 DOR requires two cash fund appropriations; \$5,920 from the License Plate Cash Fund, and \$4,120 from the HUTF CSTAR Account. In addition, the Governor's Office of Information Technology requires spending authority for \$4,120 in reappropriated funds.

State and Local Government Contacts

Revenue Corrections Transportation Office of Information Technology