

*Colorado Legislative Council Staff Fiscal Note*

**STATE and LOCAL  
REVISED FISCAL IMPACT**

(replaces fiscal note dated February 4, 2014)

<b>Drafting Number:</b> LLS 14-0545	<b>Date:</b> February 24, 2014
<b>Prime Sponsor(s):</b> Rep. Hamner Sen. Schwartz	<b>Bill Status:</b> House Appropriations <b>Fiscal Analyst:</b> Kristen Koehler (303-866-4918)

**SHORT TITLE:** 10th MOUNTAIN DIVISION LICENSE PLATE QUALIFICATION

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue	Minimal impact. See State Revenue section.	
State Expenditures	Workload increase. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		

**Summary of Legislation**

**As amended by the House Transportation and Energy Committee**, this bill requires that applicants for a first-time issuance of a 10th Mountain Division group special license plate provide certification issued by the 10th Mountain Division Foundation, Inc. showing they meet the qualifications established by the foundation for the plate. Beginning July 1, 2017, renewals for 10th Mountain Division group special license plate will also be required to provide certification issued by the foundation. The foundation may require a specific level of contribution to qualify for the plate, which is set by the bill at an amount of at least \$15 but not more than \$100.

**Background**

The 10th Mountain Division group special license plate was established in July 1999 through an agreement with the DOR and the 10th Mountain Division Foundation, Inc. Currently, there are no qualification requirements to be issued or renew the 10th Mountain Division group special license plate. Out of the 35 current types of group special license plates, the 10th Mountain Division is the sixth highest registered group special license plate with 12,768 registered vehicles. On average 2,759 new 10th Mountain Division plates are issued each year.

**State Revenue**

Overall, this bill is anticipated to reduce state cash fund revenue by a minimal amount.

**Special license plate fee and surcharge.** Under current law, persons who are issued a group special license plate pay a one-time \$50 fee, which is split evenly between the Highway Users Tax Fund (HUTF) and the Licensing Services Cash Fund (LSCF). The bill requires applicants for a 10th Mountain Division group special license plate to donate at least \$15 to the

foundation. The fiscal note assumes that this requirement will likely decrease the number of these plates issued annually, and therefore will reduce revenue collections to the HUTF and LSCF. The extent to which the qualification requirement under the bill will dissuade vehicle owners from purchasing the plate is unknown, and therefore, reductions in revenue cannot be calculated but are expected to be minimal.

**Department of Revenue.** The LSCF within the DOR funds the operations of licensing offices. A \$25 fee is collected and credited to the fund from applicants for group special license plates. Revenue to the fund may be reduced as a result of the bill; however, the amount of this reduction cannot be determined.

**Colorado Department of Transportation.** The CDOT receives 65 percent of HUTF revenue collected from the \$25 fee required of special license plate applicants. To the extent that there is a reduction in the number of 10th Mountain Division group special license plates issued, so too will revenue to the CDOT from the HUTF be reduced.

### **State Expenditures**

Beginning in FY 2014-15, this bill is expected to increase workload in the Department of Revenue and in Division of Motor Vehicle offices. For FY 2016-17, the bill is expected to increase one-time expenditures in the DOR by \$1,684.

**Department of Revenue.** The DOR will experience workload increases as a result of the bill. The DOR will be required to work with the 10th Mountain Division Foundation, Inc. to come up with an agreement on the required donation amount, to establish the certificate that will be used to prove eligibility, and to establish procedures for applicants who may have lost their certificate before having presented it to the DOR. The DOR will also be required to update rules, forms, manuals, and the department's website to reflect the change in law. Training will be provided to authorized agents, Title and Registration Section staff, and other entities impacted by the bill. These activities can be completed without new appropriations.

**Division of Motor Vehicles (DMV).** DMV offices will experience increased workload as a result of the bill. 10th Mountain Division plate holders that require foundation certification in order to renew their vehicle registration on or after July 1, 2017, must come into the office to present documentation in-person, rather than renewing online. This is expected to increase the number of in-person renewals by approximately 15,527 in the first year, by 18,286 in the second year, and by 21,045 in the third year. This will continue to increase annually as more plates are issued and added to those required to meet the qualification to renew. Workload increases can be accommodated within existing appropriations.

**Programming.** In FY 2016-17, the DOR will be required to purchase one-time computer programming services at a cost of \$103 per hour for 16 hours, or \$1,648. Programming will be required to update the renewal process for 10th Mountain Division group special license plate owners. The fiscal note assumes that any change in appropriations due to programming costs under this bill will be requested through the annual budget process.

### **Local Government Impact**

County clerk and recorders (clerks) administer DMV offices around the state as authorized agents of the DOR, and as such, issue and renew the 10th Mountain Division group special license plate to qualified applicants in the county. The renewal process is generally completed through a

renewal postcard notification being sent to the owner. The bill will require clerks to mail a renewal notification letter in lieu of mailing a renewal notification postcard, which will direct those who have received the license plate after the effective date of the bill to the 10th Mountain Division Foundation, Inc. to meet the qualifications established by the foundation.

Currently, county DMV offices pay postage rates of \$0.49 per renewal notification letter, and \$0.22 per renewal postcard. Using the average annual increase in the number of new 10th Mountain Division license plates issued (2,759), county DMV offices will increase the amount of postage paid beginning July 1, 2017. In the first year, postage expenses will increase by \$4,192, by \$4,937 in the second year, and by \$5,682 in the third year. Postage expenses will continue to increase annually as more plates are issued and added to those that are required to meet the qualification to renew.

Finally, local governments may experience a decrease in HUTF revenue as a result of the bill. Under current law, applicants for group special license plates pay a one-time \$50 fee, of which \$25 is credited to the HUTF and distributed to the CDOT, cities (9 percent share), and counties (26 percent share) for transportation needs. To the extent that the new qualification requirement under the bill reduces the demand for the 10th Mountain Division plate, revenue to local governments from the HUTF may also decrease. The extent to which the qualification requirement will reduce demand for the plate is unknown.

### **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. The bill applies to plates issued on or after January 1, 2015, and to plates renewed on or after July 1, 2017.

### **State and Local Government Contacts**

Clerk and Recorder

Revenue

Counties