

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0250  
**Prime Sponsor(s):** Rep. Wilson

**Date:** January 21, 2015  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Kristen Koehler (303-866-4918)

**BILL TOPIC:** MODIFY LATE VEHICLE REGISTRATION FEE

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>		
Revenue Change	<b>(\$17.6 million)</b>	<b>(\$17.6 million)</b>
Cash Funds	(17.6 million)	(17.6 million)
<b>State Expenditures</b>	<b>\$412</b>	-
Cash Funds	412	-
<b>FTE Position Change</b>		
<b>Impact on TABOR Refund</b>		(\$17.6 million)
<b>Appropriation Required:</b> None.		

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

**Summary of Legislation**

Under current law, motor vehicle registrations expire on the last day of the month at the end of each 12-month registration period. A 30-day grace period is granted before late fees are assessed. If a vehicle is not registered with the Department of Revenue (DOR) within the time frame required by law, the vehicle owner is subject to a late fee of \$25 for each month, or portion of a month, following the expiration of the registration period; except that the total late fee is capped at \$100. Fee revenue is credited \$10 to the county government registering a vehicle; remaining revenue is deposited into the Highway Users Tax Fund (HUTF) for subsequent distribution to the State Highway Fund (60 percent), counties (22 percent), and municipalities (18 percent).

This bill caps the late vehicle registration fee at \$10 and credits the fee to the county government registering the vehicle. The bill applies to late fees assessed on or after July 1, 2015.

**State Revenue**

This bill is expected to reduce state HUTF revenue from late vehicle registration fee collections by approximately \$17.6 million per year beginning in FY 2015-16. Table 1 displays the estimated reductions in HUTF distributions under the bill.

**Assumptions.** From FY 2011-12 to FY 2013-14, approximately \$22.3 million was collected in late vehicle registration fees on average per year (from an average of 447,947 persons paying an average late vehicle registration fee of \$49.71 per year). Of this, approximately \$17.6 million per year was deposited into the HUTF for distribution to the SHF, counties, and municipalities. In

addition, an average of \$4.7 million per year was retained by the county registering the vehicle. This fiscal note assumes similar late vehicle registration fee collections for FY 2015-16 and each year thereafter. Only HUTF moneys are impacted by this bill; the \$4.7 million retained by the county government registering the vehicle is not impacted.

<b>Table 1. HUTF Late Vehicle Registration Fee Revenue Under HB 15-1077</b>		
	<b>FY 2015-16</b>	<b>FY 2016-17</b>
State Highway Fund - CDOT (60 percent)	(\$10.56 million)	(\$10.56 million)
Counties (22 percent)	(\$3.87 million)	(\$3.87 million)
Municipalities (18 percent)	(\$3.17 million)	(\$3.17 million)
<b>TOTAL</b>	<b>(\$17.6 million)</b>	<b>(\$17.6 million)</b>

**Department of Transportation.** The State Highway Fund (SHF) within the Colorado Department of Transportation (CDOT) receives 60 percent of the revenue credited to the HUTF from late vehicle registration fees. Beginning in FY 2015-16, this bill is expected to reduce revenue to the SHF by about \$10.56 million.

### **TABOR Impact**

This bill reduces state cash fund revenue from fees by \$17.6 million beginning in FY 2015-16 which will decrease the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund in the year following excess collections.

### **State Expenditures**

For FY 2015-16, the bill requires a one-time cash fund expenditure in the DOR of \$412. The department will be required to purchase four hours of programming services at \$103 per hour to update the Colorado State Titling and Registration System (CSTARS) to discontinue the assessment, collection, and distribution of the late vehicle registration fee. Programming will be completed by the Governor's Office of Information Technology. Costs for programming can be absorbed within existing appropriations.

The department will also be required to update rules, forms, manuals, and the website to reflect the change in law. Training will also be provided by the department to authorized agents, Title and Registration Sections staff, law enforcement, and other entities impacted by the bill. These activities do not require new appropriations.

### **Local Government Impact**

This bill will decrease revenue to local governments beginning in FY 2015-16. Local governments receive a portion of the HUTF revenue collected from late vehicle registration fees. Municipalities receive 18 percent of the HUTF revenue and counties receive 22 percent. For FY 2015-16 and beyond, this bill reduces local government HUTF revenue by about \$7.0 million per year.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Revenue  
Municipalities

Transportation  
Clerk and Recorders

Counties  
Local Affairs