

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0592  
**Prime Sponsor(s):** Rep. Brown

**Date:** January 22, 2015  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Kristen Koehler (303-866-4918)

**BILL TOPIC:** OFF-HIGHWAY VEHICLE ROADWAY REGISTRATION

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	FY 2017-2018
<b>State Revenue</b>		<b>\$5.98 million</b>	<b>\$736,969</b>
Cash Funds		\$5.98 million	\$736,969
<b>State Expenditures</b>		<b>\$961,556</b>	<b>\$6,325,389</b>
Cash Funds	\$36,050	919,654	306,795
Centrally Appropriated Costs**		41,902	38,594
<b>Impact on TABOR Refund</b>			\$5.98 million
<b>FTE Position Change</b>		3.8 FTE	3.5 FTE
<b>Appropriation Required:</b> \$36,050 - Department of Revenue (FY 2015-16)			

\* This summary shows changes from current law under the bill for each fiscal year.

\*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

**Summary of Legislation**

Under the bill, a person may operate an off-highway vehicle (OHV) on a county road if the person has a driver's license and obeys the rules of the road. In order to operate on a roadway, the person must register the vehicle with the Department of Revenue (DOR) and obtain a certificate of title. Once registered with the DOR and having paid the associated license plate and title fees, as well as a new, one-time \$10 Off-Highway Vehicle registration fee, the person may operate the vehicle on county roads as approved by the Board of County Commissioners. This bill also extends the requirement in current law that OHVs purchased through a dealer or auctioneer get a certificate of title, to include all OHVs, except those used for agriculture. The bill requires that all OHVs must have a title issued by the DOR by July 1, 2016.

Vehicle owners must comply with the following safety requirements to operate the OHV on a roadway:

- The vehicle must have insurance;
- The vehicle must display the license plate issued by the DOR;
- The vehicle must have brakes, a head lamp if driven at night, and tail lights;
- The vehicle operator must wear eye glasses or a helmet with eye protection; and
- The driver and passenger must wear a helmet if under 18 years of age.

Violations of off-highway vehicle safety requirements are Class B traffic infractions with a penalty assessment of \$15 to \$100, and no license suspension points.

The bill also establishes guidelines for counties to facilitate the use of OHVs on roadways, and requires counties to publish maps of all roadways available for OHV use. In addition, the bill authorizes counties to regulate the use of OHV, authorize people to drive on county roads without a driver's license, and enter into cooperative agreements with the federal government to enforce OHV ordinances.

**State Revenue**

The registration requirement takes effect July 1, 2016, so the bill will not have an impact on FY 2015-16 revenue. For FY 2016-17, this bill is expected to increase state cash fund revenue by an estimated \$5.98 million, and by an estimated \$736,969 in FY 2017-18.

**Assumptions.** The calculations in this fiscal note are based on the following assumptions:

- there are about 330,000 off-highway vehicles in the state;
- annually, 36,000 new off-highway vehicles are added to the state's population;
- 70 percent of off-highway vehicle owners will elect to register with the DOR for use on roadways (231,000 current, 25,200 new);
- all off-highway vehicles must have a certificate of title by July 1, 2016;
- beginning in FY 2017-18, plates for 13.6 percent of existing plated vehicles will need to be replaced (off-highway vehicle registration is one-time until change of ownership);
- off-highway vehicle license plates are motorcycle-sized plates without validation tabs; and
- the power sports vehicle dealer will be required to issue the off-highway vehicle owner a temporary registration permit and dealer stub for new off-highway vehicle purchases or transfers.

**Fee impact on individuals and business.** Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 below identifies the fee impact of this bill.

<b>Table 1. Fee Impact on Individuals, Families or Business under HB 15-1054</b>					
<b>Type of Fee</b>	<b>Proposed Fee</b>	<b>Number Impacted FY 2016-17</b>	<b>FY 2016-17 Fee Impact</b>	<b>Number Impacted FY 2017-18</b>	<b>FY 2017-18 Fee Impact</b>
License Plate Material Fee (LPCF)	\$2.82	256,200	\$722,484	25,200	\$71,064
License Plate Replacement (LPCF)	\$2.82	-	-	34,843	98,257
Dealer Stub Fee (LPCF)	\$0.24	25,200	6,048	25,200	6,048
Temporary Registration Fee (LPCF)	\$1.60	25,200	40,320	25,200	40,320
Title Fee (CSTARS)	\$7.20	366,000	2,635,200	36,000	259,200
Temporary Registration Fee (HUTF)	\$0.40	25,200	10,080	25,200	10,080

<b>Table 1. Fee Impact on Individuals, Families or Business under HB 15-1054 (Cont.)</b>					
<b>Type of Fee</b>	<b>Proposed Fee</b>	<b>Number Impacted FY 2016-17</b>	<b>FY 2016-17 Fee Impact</b>	<b>Number Impacted FY 2017-18</b>	<b>FY 2017-18 Fee Impact</b>
Off-Highway Vehicle Fee (HUTF)	\$10.00	256,200	2,562,000	25,200	252,000
Clerk Hire Fee (County Retained)	\$4.00	256,200	1,024,800	25,200	100,800
Subtotal - State Retained			5,976,132		736,969
Subtotal - County Retained			1,024,800		100,800
TOTAL			\$7,000,932		\$837,769

**Revenue from fines.** This bill creates a penalty for violating the off-highway vehicle safety requirements, making such violations a Class B traffic infraction with a penalty assessment of \$15 to \$100. Under current law, it is a Class B traffic infraction for low power scooters and other toy vehicles to violate the safety requirements contained in statute. There is no record of such violations over the last five years, therefore, this bill is expected to increase revenue from fines by less than \$5,000 per year, beginning in FY 2016-17.

**Highway Users Tax Fund.** In FY 2016-17, this bill will increase HUTF collections by an estimated \$2,572,080, and by about \$262,080 in FY 2017-18. HUTF revenue from OHV registration fees is distributed to the State Highway Fund (60 percent), to counties (22 percent), and to municipalities (18 percent). The State Highway Fund is administered by the Colorado Department of Transportation.

**Other revenue from registration fees.** As noted in Table 1, above, revenue not credited to the HUTF or retained by counties is credited to the License Plate Cash Fund (LPCF) and the Colorado State Titling and Registration System (CSTARS) account within the DOR. In FY 2016-17, the bill will increase revenue to the LPCF by about \$768,852, and by about \$215,689 in FY 2017-18. Registration fee revenue to the CSTARS account will increase by about \$2.6 million in FY 2016-17, and by about \$259,200 in FY 2017-18.

### **TABOR Impact**

This bill increases state cash fund revenue from fees by \$5.98 million in FY 2016-17, and by \$737,113 in FY 2017-18, which will increase the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

### **State Expenditures**

This bill increases one-time cash fund expenditures in the DOR by the amounts shown in Table 2 and explained below.

<b>Table 2. Expenditures Under HB 15-1054</b>			
<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Personal Services		\$134,552	\$123,930
FTE		3.8 FTE	3.5 FTE
Operating and Capital Costs		22,422	3,325
Document Retrieval Fees and License Plate Material		762,680	179,540
Computer System Programming	36,050		
Centrally Appropriated Costs*		41,902	38,594
<b>TOTAL</b>	<b>\$36,050</b>	<b>\$961,556</b>	<b>\$345,389</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Computer system programming.** In order to establish a new license plate type, changes must be made to the Colorado State Titling and Registration System (CSTARS), and to two other computer systems required to register off-highway vehicles. In FY 2015-16, this effort requires 350 hours of programming services at a cost of \$103 per hour. Programming will be completed by the Governor's Office of Information Technology (OIT).

**Personnel.** The DOR requires additional personnel to process and scan documents, and to support callers. In FY 2016-17, the DOR will require an additional 3.8 FTE administrative assistant for these purposes, and in FY 2017-18 the DOR will require 3.5 FTE. FY 2016-17 includes 0.3 FTE for increased document processing in the first year that will no longer be needed in FY 2017-18.

**Document retrieval fees and license plate materials.** Beginning in FY 2016-17, the DOR will incur document retrieval and license plate material costs for processing off-highway vehicle titles and registrations. For FY 2016-17, these costs will be \$762,680, and in FY 2017-18, these costs will be \$179,540.

**Trial courts.** This bill creates statutory provisions related traffic infractions, and as such, trial courts may see an increase in traffic cases; however, the growth in cases is expected to minimal and does not require new appropriations.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

<b>Table 3. Centrally Appropriated Costs Under HB 15-1054*</b>			
<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)		\$30,388	\$27,989
Supplemental Employee Retirement Payments		11,514	10,605
<b>TOTAL</b>		<b>\$41,902</b>	<b>\$38,594</b>

\*More information is available at: <http://colorado.gov/fiscalnotes>

### **Local Government Impact**

Counties registering off-highway vehicles are expected to experience an increase in revenue from registration fees collections beginning in FY 2016-17. For FY 2016-17, fee revenue to counties is expected to increase by about \$1,024,800, and by about \$100,800 in FY 2017-18. In addition, this bill increases the local government revenue from the HUTF portion of the registration fee by \$1,028,832 in FY 2016-17, and by \$104,832 in FY 2017-18.

**Registration fees.** County revenue from registration fees is expected to increase by about \$1,024,800 in FY 2016-17, and by about \$100,800 in FY 2017-18. Revenue from registration fee collections comes from the \$4.00 per registration clerk hire fee.

**Highway Users Tax Fund.** The local government share of HUTF revenue collected from registration fees is expected to increase by \$1,028,832 in FY 2016-17, and by \$104,832 in FY 2017-18. HUTF revenue from registration fees is distributed to counties (22 percent) and to municipalities (18 percent).

**Workload impact.** County clerk and recorder offices will experience an increase in the number of registrations and titles processed beginning in FY 2016-17. Across all 64 counties, this workload will require approximately 20.0 additional FTE at a cost of about \$1.0 million in the first year of implementation.

### **Comparable Crime**

Pursuant to Section 2-2-322 (2.5), C.R.S., Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or changes an element of the existing crime that creates a new factual basis for the offense. This bill creates a new Class B traffic infraction for violations of off-highway vehicle safety requirements. Under current law, it is a Class B traffic infraction for low power scooters and other toy vehicles to violate the safety requirements contained in statute. There is no record of such violations over the last five years, therefore, this bill is expected to result in a minimal impact on the number traffic infractions issued.

### **Technical Note**

The effective date of this legislation for OHVs to be registered with the DOR is July 1, 2016. Due to the complexity of the programming, manufacturing, and implementation requirements, the DOR anticipates that it will not be able to complete OHV registrations until January 1, 2017.

### **Effective Date**

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

**State Appropriations**

For FY 2014-15, the DOR requires a cash fund appropriation of \$36,050 from the CSTAR account. In addition, the Office of Information Technology requires spending authority for \$36,050 in reappropriated funds.

**State and Local Government Contacts**

Revenue  
Counties  
Law  
Judicial

Clerk and Records  
Local Affairs  
Natural Resources  
Transportation

Municipalities  
Agriculture  
Public Safety  
Regulatory Agencies