

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated February 2, 2015)

Drafting Number: LLS 15-0592

Date: February 17, 2015

Prime Sponsor(s): Rep. Brown

Bill Status: House Finance

Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: OFF-HIGHWAY VEHICLE ROADWAY REGISTRATION

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	FY 2017-2018
State Revenue		<u>\$3.6 million</u>	<u>\$469,528</u>
Cash Funds		3.6 million	469,528
State Expenditures	<u>\$36,050</u>	<u>\$766,203</u>	<u>\$217,882</u>
Cash Funds	\$36,050	745,252	201,341
Centrally Appropriated Costs**		20,951	16,541
TABOR Set-Aside		\$3.6 million	\$469,528
FTE Position Change		1.9 FTE	1.5 FTE
Appropriation Required: \$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.

This revised fiscal note is based on new information on the number of OHVs in Colorado.

Summary of Legislation

As amended by the House State, Veterans, and Military Affairs Committee, the bill allows a person to operate an off-highway vehicle (OHV) on an unpaved county road if the person has a driver's license, registers the OHV with the Department of Revenue (DOR), and obeys the rules of the road. Before registering an OHV, the owner must pay existing title and registration fees, as well as a new, one-time, \$10 OHV registration fee. The bill also changes the types of OHVs that must obtain a certificate of title. Currently, OHV vehicles purchased through a dealer or auctioneer must be titled, unless used exclusively for agricultural purposes on private land. Beginning July 1, 2016, all OHVs must be titled, unless used primarily for agricultural purposes on private land.

Registered OHV owners must comply with the following safety requirements:

- the vehicle must be insured;
- the vehicle must display the license plate issued by the DOR;
- the vehicle must have brakes, brake lights, a head lamp if driven at night, and tail lights;
- the vehicle operator must wear eye glasses or a helmet with eye protection;
- the driver and passenger must wear a helmet if under 18 years of age; and
- the vehicle must obey a speed limit of 35 miles per hour.

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

Under the bill, local boards of county commissioners are authorized to regulate the use of OHVs and enter into cooperative agreements with the federal government to enforce OHV ordinances. Counties are also required to publish maps of all roadways available for OHV use.

State Revenue

Because the registration requirement takes effect July 1, 2016, the bill will not have a revenue impact in FY 2015-16. The bill is expected to increase fee revenue in FY 2016-17 and each year thereafter. Revenues are summarized in Table 1 and discussed below.

Assumptions. In 2014, the number of voluntary, in-state OHV registrations with the Colorado Parks and Wildlife was about 135,000. Because OHV registration with the CPW is a prerequisite for use of state trails and OHVs used for agriculture are exempt from the titling requirements under the bill, it is assumed that this number represents the population of recreational OHV vehicles in the state that would be required to register under the bill. It is assumed that there is an annual 10 percent increase in the OHV population. The population is assumed to be about 163,350 when the bill takes effect. Beginning in FY 2017-18, it is assumed that plates for 13.6 percent of existing plated vehicles will need to be replaced.

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.

Table 1. Fee Impact on Individuals or Business Under HB 15-1054					
Type of Fee (Fund)	Proposed Fee	FY 2016-17		FY 2017-18	
		Number of OHVs	Fee Impact	Number of OHVs	Fee Impact
One-Time OHV Registration Fee (HUTF)	\$10.00	163,350	\$1,633,500	17,969	\$179,690
Title Fee (CSTARS)	\$7.20	163,350	\$1,176,120	17,969	\$129,377
License Plate Material Fee (LPCF)	\$2.82	163,350	\$460,647	17,969	\$50,673
License Plate Replacement (LPCF)	\$2.82	0	\$0	24,659	\$69,538
Dealer Stub Fee (LPCF)	\$0.24	14,850	\$3,564	17,969	\$4,313
Temporary Registration Fee (LPCF)	\$1.60	163,350	\$261,360	17,969	\$28,750
Temporary Registration Fee (HUTF)	\$0.40	163,350	\$65,340	17,969	\$7,188
Clerk Hire Fee (County Retained)	\$4.00	163,350	\$653,400	17,969	\$71,876
Subtotal – State Retained			\$3,600,531		\$469,528
Subtotal – County Retained			\$653,400		\$71,876
TOTAL			\$4,253,931		\$541,404

Revenue from fines. This bill creates a penalty for violating the OHV 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 minimally increase revenue from fines beginning in FY 2016-17.

Highway Users Tax Fund (HUTF). This bill will increase HUTF collections in FY 2016-17 and each year thereafter. HUTF revenue from OHV registration fees is distributed to the State Highway Fund, administered by the Colorado Department of Transportation, as well as to counties and municipalities.

Other revenue from registration fees. 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) Fund within the DOR.

TABOR Impact

This bill increases state cash fund revenue from fees beginning in FY 2016-17, which will increase the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

State Expenditures

This bill increases state cash fund expenditures in the DOR. State expenditures are shown in Table 2 and explained below.

Table 2. Expenditures Under HB 15-1054			
Cost Components	FY 2015-16	FY 2016-17	FY 2017-18
Personal Services	\$0	\$67,276	\$53,113
FTE		1.9 FTE	1.5 FTE
Operating and Capital Costs		11,211	1,425
Document Retrieval Fees and License Plate Material		666,765	146,803
Computer System Programming	36,050		
Centrally Appropriated Costs*		20,951	16,541
TOTAL	\$36,050	\$766,203	\$217,882

* 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 CSTARS, and to two other computer systems required to register OHVs. 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 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 1.9 FTE administrative assistants for these purposes, and in FY 2017-18 the DOR will require 1.5 FTE.

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 OHV titles and registrations.

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.

Table 3. Centrally Appropriated Costs Under HB 15-1054*			
Cost Components	FY 2015-16	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$0	\$15,195	\$11,996
Supplemental Employee Retirement Payments		5,757	4,545
TOTAL	\$0	\$20,952	\$16,541

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

Local Government Impact

Counties registering OHVs are expected to experience an increase in revenue from registration fees and the HUTF beginning in FY 2016-17. Registration fee revenue to counties is expected to increase by about \$653,400 in FY 2016-17, and \$71,876 in FY 2017-18 from the clerk hire fee surcharge on every registration. In addition, this bill increases county and municipal revenue from the HUTF.

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 10.0 additional FTE at a cost of about \$500,000 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 OHV 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 calculations included in this fiscal note are based on the requirement that the DOR begin registering OHVs on July 1, 2016. However, actual implementation may be delayed until as late as January 1, 2017, due to the complexity of the bill's programming, manufacturing, and implementation requirements.

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 2015-16, the DOR requires a cash fund appropriation of \$36,050 from the CSTAR Fund. The OIT 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