

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0763
Prime Sponsor(s): Rep. Navarro

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Bill Status: House SVMA
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BILL TOPIC: PARKING PRIVILEGES DISABLED VETERAN LICENSE PLATE

Fiscal Impact Summary*	FY 2015-16	FY 2016-17	FY 2017-18
State Revenue	\$47,364	\$47,532	\$23,486
Cash Funds	47,364	47,532	23,486
State Expenditures	\$7,880	\$2,996	\$2,486
General Fund	2,866		
Cash Funds	5,014	2,996	2,486
TABOR Set-Aside	\$47,364	\$47,532	\$23,486
FTE Position Change			
Appropriation Required: \$7,880 - Department of Revenue (FY 2015-16).			

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

Summary of Legislation

Under current law, a military veteran who meets the statutory requirements for physical impairment may be issued one set of persons with disabilities (PWD) disabled veteran license plates that allow the driver to utilize PWD reserved parking. This bill allows for the issuance of two sets of PWD disabled veteran license plates per qualified disabled military veteran.

Background

Under current law, a qualified disabled military veteran who has been issued one set of PWD disabled veteran license plates may also be issued a standard PWD license plate and/or a placard to utilize PWD reserved parking with additional vehicles. House Bill 14-1029 amended state law to allow for the issuance of two standard PWD license plates to qualifying persons, but did not make a similar amendment to the PWD disabled veteran license plate category.

State Revenue

This bill is anticipated to increase state cash fund revenue by **\$47,364 in FY 2015-16**, **\$47,532 in FY 2016-17**, and **\$23,486 in FY 2017-18** and each year thereafter. State revenue assumptions are discussed below and outlined in Table 1 on the following page.

Assumptions. Expected demand for the additional set of PWD disabled veteran license plates is based on current demand for the first set. As of November 2014, there were a total of 3,439 PWD disabled veteran license plates in circulation, issued at an average rate of 1,416 per year, or 118 per month. The fiscal note assumes that 30 percent of the current population—86 vehicle owners per month—and 30 percent of new applicants—35 vehicle owners per month—will acquire the additional set of plates.

PWD disabled veteran license plates are not in the category of Print on Demand, therefore 64 counties will require inventory for immediate issuance of the plate sets, which cost \$5.92 per set to manufacture. The DOR receives revenue from the plate sales approximately 4 months in arrears, therefore the number of plateholders in the calculation is prorated to account for the revenue delay. It is assumed that 7 months of revenue will occur in FY 2015-16 and will include both current plate owners issued a second set of plates as well as new applicants being issued two sets of plates at first issuance (the fiscal note only counts the second set of plates for purposes of the state revenue calculation). In FY 2016-17, it is assumed that the remaining 5 months of current plate owner revenue will occur. After FY 2016-17, revenue is anticipated to come solely from new applicants.

While the first set of PWD disabled veteran license plates are exempt from taxes and fees, the second set authorized under the bill will be subject to standard taxes and fees, including the \$50 special license plate issuance fee, of which \$25 is deposited into the Highway Users Tax Fund (HUTF) and \$25 into the Licensing Services Cash Fund (\$25).

Components	FY 2015-16	FY 2016-17	FY 2017-18
Number of Current Plate Holders*	602	430	0
Number of New Applicants*	247	420	420
TOTAL Applicants	847	850	420
Revenue Credited to LPCF (\$5.92)	\$5,014	\$5,032	\$2,486
Revenue Credited to HUTF(\$25)	21,175	21,250	10,500
Revenue Credited to LSCF (\$25)	21,175	21,250	10,500
TOTAL Revenue	\$47,364	\$47,532	\$23,486

* Applicant number is reduced by 4 months to reflect actual revenues received in arrears by the DOR

The State Highway Fund receives 65 percent of HUTF revenue generated through license plate fees for expenditure by the Colorado Department of Transportation. This bill is estimated to increase SHF revenue by \$13,764 in FY 2015-16, \$13,813 in FY 2016-17, and \$6,825 in FY 2017-18 and each year thereafter.

TABOR Impact

This bill increases state cash fund revenue, which will increase the amount required to be refunded under TABOR.

State Expenditures

This bill is expected to increase state expenditures by **\$7,880 in FY 2015-16, \$2,996 in FY 2016-17, and \$2,486 in FY 2017-18** and each year thereafter. Expenditures are outlined in Table 2 and explained below.

Table 2. Expenditures Under HB 15-1136			
Cost Components	FY 2015-16	FY 2016-17	FY 2017-18
Amount of Plate Sets to be Manufactured	1,331	506	420
General Fund (4 months)	\$2,866	-	-
License Plate Cash Fund (LPCF)	\$5,014	\$2,996	\$2,486
Total Production Cost (\$5.92/set)	\$7,880	\$2,996	\$2,486

Assumptions. Because PWD disabled veteran license plates are not printed on demand, the fiscal note assumes that plates will be manufactured and distributed to the state's 64 counties in advance. Because the LPCF does not have the capital to purchase advanced inventory, the DOR will require General Fund backfill to offset the initial 4 months of inventory cost.

Department of Revenue. The Division of Motor Vehicles (DMV) within the DOR partners with Colorado Correctional Industries (CCI) to manufacture digital license plate sets at a cost of \$5.92 each set. License plate costs are outlined in Table 2. The DOR will experience an increase in workload that is expected to be accomplished within existing appropriations. This includes updating rules, forms, manuals, the department's website, and the Colorado State Titling and Registration System (CSTARS) to reflect the change in law. Additionally, the DOR will provide training to authorized agents, Title and Registration Section staff, and law enforcement.

Local Government Impact

The bill will increase local government HUTF revenue by \$7,411 in FY 2015-16, \$7,437 in FY 2016-17, and \$3,675 in FY 2017-18. 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 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State Appropriations

In FY 2015-16, the Department of Revenue requires a General Fund appropriation of \$2,866 and a cash fund appropriation of \$5,014 from the License Plate Cash Fund.

State and Local Government Contacts

Clerk and Records
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Military Affairs
Transportation

Counties
Local Affairs
Public Safety

Corrections
Municipalities
Revenue