



**Colorado
Legislative
Council
Staff**

Bill 7

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0363.02
Prime Sponsor(s):

Date: October 29, 2015
Bill Status: Transportation Legislation Review
Committee Interim Bill Request
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BILL TOPIC: ABANDONED MOTOR VEHICLE NATIONAL TITLE SEARCH

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$18,654</u>	<u>\$44,770</u>
Cash Funds	18,654	44,770
State Expenditures	<u>\$50,675</u>	<u>\$83,188</u>
Cash Funds	35,630	64,939
Centrally Appropriated Costs	15,045	18,248
TABOR Impact	\$18,654	\$44,770
FTE Position Change	0.7 FTE	1.6 FTE
Appropriation Required: \$35,630 - Department of Revenue - FY 2016-17		
Future Year Impacts: Ongoing		

Summary of Legislation

Under current law, the Division of Motor Vehicles in the Department of Revenue (DOR) assists with searching its records to locate the owner of an abandoned vehicle. If the vehicle is not registered with the division, this bill requires the division to conduct a title search using a qualified entity that has a national database and that can retrieve records based both on the vehicles VIN number (vehicle identification number) and registration number (license plate). The entity also must be able to provide appropriate vehicle and owner contact information.

Current law requires that tow operators determine if there is an owner and a lien holder registered with the division and send a notice to the owner and lien holder within three days. This bill extends the period to notify the owner and lien holder of abandoned vehicle from three to five days.

For vehicles abandoned on private property, this bill requires that the division complete its search and transmit the report to the responsible law enforcement or tow operator within 10 working days following receipt of the tow report. This provision aligns with current law for vehicles abandoned on public land.

Background

Under current law, the division provides a system for tow operators and law enforcement to perform abandoned vehicle searches. The system searches Colorado records only. When towing an abandoned vehicle, tow operators notify local law enforcement which then completes a search to determine if the vehicle is stolen. If the vehicle is reported stolen, the tow operator turns over the vehicle to local law enforcement.

If it is determined that the vehicle is not stolen, the tow operator is required to perform their own record search and provide to the division documents and proof that all required steps were followed. This allows the tow operator to take title and sell the abandoned vehicle. Tow operators are required to pay a fee of \$2.20 for each vehicle search performed.

State Revenue

For FY 2016-17, this bill increases state revenue from fees in the division by \$18,654. For FY 2016-17, the fee is prorated over a period of five months since the law takes effect only on vehicles towed on or after January 1st. For FY 2017-18, fee revenue increases to \$44,770.

TABOR Impact. This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

State Expenditures

For FY 2016-17, this bill increases state expenditures in the division by \$50,675 and 0.7 FTE. For FY 2017-18, state expenditures increase to \$83,188 and 1.6 FTE. Table 1 and the discussion that follows below provides more information on these costs.

Table 1. Expenditures Under Interim Bill 7		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$24,293	\$58,303
FTE	0.7 FTE	1.6 FTE
Operating Expenses and Capital Outlay Costs	9,217	1,549
National Database Search Fee	2,120	5,088
Centrally Appropriated Costs*	15,045	18,248
TOTAL	\$50,675	\$83,188

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

Data & Assumptions. The costs of the bill are calculated using the following data and assumptions:

- Over the last seven fiscal years 653,060 abandoned vehicle tow searches have been completed and 142,450 vehicles were not titled or registered in Colorado. This amounts to an average of 20,350 tow searches per year for vehicles not registered in Colorado.

- The average Colorado record search takes approximately 5.0 minutes. Each search is conducted by an Administrative Assistant II.
- Two searches are required by the legislation. The first search is in the Colorado State Titling and Registration System to determine if there is a Colorado record. The second search is in the national database.
- This amounts to approximately 40,700 searches per year (20,350 x 2). Prorated over five months to reflect the bills effective date of January 1, 2017 this amounts to about 8,480 searches in FY 2016-17.

An annual increase in personal services in the amount of \$24,293 for 0.7 FTE for FY 2016-2017 and \$58,303 for 1.6 FTE in future years is anticipated. The additional 1.6 FTE will perform the out-of-state vehicle searches for tow operators. This work will be completed by an Administrative Assistant II. In addition, standard operating costs of \$9,217 in FY 2016-17 and \$1,549 in FY 2017-18 are anticipated due to this legislation.

Currently the division does not have access to a national database to perform the out-of-state vehicle searches. The division will be required to pay an average of \$0.25 fee per search in a national database, \$5,088 annually (20,350 x \$0.25). Prorated over five months this amounts to \$2,120 for FY 2016-17.

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 2.

Table 2. Centrally Appropriated Costs Under Interim Bill 7		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$12,925	\$12,925
Supplemental Employee Retirement Payments	41	99
Indirect Costs	2,079	5,224
TOTAL	\$15,045	\$18,248

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled and no referendum petition is filed. The act applies to all vehicles towed on and after January 1, 2017.

State Appropriations

For FY 2016-17, this bill requires an appropriation of \$35,630 and 0.7 FTE to the Department of Revenue.

State and Local Government Contacts

Revenue Transportation