

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 07-0212  
**Prime Sponsor(s):** Rep. Frangas

**Date:** February 19, 2007  
**Bill Status:** House Transportation & Energy  
**Fiscal Analyst:** Chris Ward (303-866-5834)

**TITLE:** CONCERNING THE ISSUANCE OF CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A MOTOR VEHICLE FOR HIRE AS A TAXICAB.

| Fiscal Impact Summary  | FY 2007-2008       | FY 2008-2009       |
|--|--------------------|--------------------|
| <b>State Revenue</b>   |                    |                    |
| Cash Funds   |                    |                    |
| Medicaid Nonemergency Transportation Fund  | \$75,000           | \$25,000           |
| Fees   | 26,250             | 13,125             |
| Cash Funds Exempt - Pass-Through Fees to FBI                                     | 33,000             | 16,500             |
| <b>State Expenditures</b>  |                    |                    |
| Cash Funds   |                    |                    |
| Motor Carrier Cash Fund  | \$716,096          | \$174,413          |
| Medicaid Nonemergency Transportation Fund  | up to 75,000       | up to 25,000       |
| Fees   | 28,568             | 7,814              |
| Cash Funds Exempt - Pass-Through Fees to FBI                                     | 33,000             | 16,500             |
| Federal Funds  | potential increase | potential increase |
| <b>FTE Position Change</b>   | 10.2 FTE           | 2.6 FTE            |
| <b>Effective Date:</b> Upon signature of the Governor                            |                    |                    |
| <b>Appropriation Summary for FY 2007-2008:</b> See State Appropriations section. |                    |                    |
| <b>Local Government Impact:</b> None   |                    |                    |

**Summary of Legislation**

The bill changes the standard for the Public Utilities Commission (PUC) to approve new taxi and other service providers. Instead of having to prove that new service is required to meet a public convenience or necessity, the standard would allow the PUC to approve service offered by an operator that meets safety, insurance, and service quality standards.

Companies wishing to carry passengers would have to pay an initial fee of \$10,000 and an annual fee of \$5,000. Revenue from the fees are credited to the Nonemergency Transportation Cash Fund and used to provide transportation to persons who qualify for assistance under Medicaid, the Children's Basic Health Plan, or the Colorado Indigent Care Program.

Principal owners of a taxi service and taxi drivers must have a criminal history record check and certificates would not be issued to owners who have been convicted of felonies involving dishonesty or drivers who have been convicted of a crime against a person.

**State Revenue**

State revenue from fees will increase by at least \$134,250 in FY 2007-08 and \$54,625 per year thereafter, including fees paid to the PUC by taxi companies and fees paid by owners and drivers for background checks. Of the FY 2007-08 total, \$101,250 will be retained by the state and \$33,000 will be passed on to the FBI. Of the FY 2008-09 total, \$38,125 will be retained by the state and \$16,500 will be passed on to the FBI.

***PUC Fees on Taxi Service Licenses.*** Revenue from licensing fees is expected to increase by \$75,000 in FY 2007-08 and \$25,000 per year thereafter based on the following assumptions:

- 5 of the existing 37 taxi companies operating in Colorado would apply for and be awarded a license to operate a taxi service;
- 32 existing taxi companies would choose to be licensed as common carriers in order to avoid the new fees; and
- in the first year, taxi companies would owe \$15,000, including an initial fee of \$10,000 and an annual fee of \$5,000.

***Background Checks.*** Owners and drivers must submit to fingerprint criminal background checks, which will increase state revenue from fees by \$26,250 in FY 2007-08 and \$13,125 per year thereafter. However, it should be noted that the bill does not specify a state or local government law enforcement agency to receive the results of such background checks, as required by federal law. This estimate assumes 1,500 background checks in FY 2007-08 and 750 per year thereafter. The fee for a fingerprint background check is \$39.50, of which \$17.50 is paid to the Colorado Bureau of Investigation (CBI) and \$22 is passed on to the FBI. A total of \$33,000 would be passed through to the FBI in FY 2007-08. Beginning in FY 2008-09, the pass-through would total \$16,500 per year.

***Fee Impact on Individuals, Families, and Businesses.*** 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. The table below identifies the fee impact of this bill.

| <b>Table 1. Fee Impact on Individuals, Families, and Businesses in FY 2007-08</b> |                    |                     |                   |                        |                         |
|---|--------------------|---------------------|-------------------|------------------------|-------------------------|
| <b>Type of Fee</b>  | <b>Current Fee</b> | <b>Proposed Fee</b> | <b>Fee Change</b> | <b>Number Affected</b> | <b>Total Fee Impact</b> |
| Initial Certification   | \$0                | \$10,000            | \$10,000          | 5                      | \$50,000                |
| Annual Licensure  | \$0                | \$5,000             | \$5,000           | 5                      | \$25,000                |
| Criminal Background Check for taxi company owners and drivers                     | \$39.50            | n/a                 | n/a               | 1,500                  | \$59,250                |
| <b>TOTAL</b>  |                    |                     |                   |                        | <b>\$134,250</b>        |

**State Expenditures**

The bill will increase state expenditures by **\$852,665 in FY 2007-08**, including costs of the PUC in the Department of Regulatory Agencies, the CBI in the Department of Public Safety, and the Department of Health Care Policy and Financing, as described below. Of the FY 2007-08 total, \$819,665 is attributable to state costs and \$33,000 is money that will pass through to the FBI. Beginning in FY 2008-09, costs are expected to total \$223,727, including \$16,500 that will pass through to the FBI.

**Public Utilities Commission.** Costs of the PUC are shown in Table 2 and would be paid from the Motor Carrier Cash Fund.

| <b>Table 2. Expenditures of the Public Utilities Commission Under HB 07-1114</b> |                   |                   |
|--|-------------------|-------------------|
| <b>Cost Components</b>   | <b>FY 2007-08</b> | <b>FY 2008-09</b> |
| Personal Services  | \$672,267         | \$168,642         |
| FTE  | 9.9               | 2.5               |
| Operating Expenses   | \$13,954          | \$5,771           |
| Capital Outlay (one-time cost)   | \$29,875          | \$0               |
| <b>TOTAL</b>   | <b>\$716,096</b>  | <b>\$174,413</b>  |

The costs shown in Table 2 are based on the following assumptions:

- taxi service applications will decline, but other types of applications will increase;
- in the first year, 300 new applications will be received, of which 270 will require a hearing conducted by an administrative law judge, and 243 will ultimately be approved;
- 25 percent of companies approved to carry passengers will turn over every year and be replaced by new licensees; and
- the PUC will inspect vehicles, approve fares, and verify insurance coverage for each licensee.

**Colorado Bureau of Investigation.** Background checks will increase costs by the amounts shown in Table 3. It should be noted, however, that the introduced bill does not specify a state or local government law enforcement agency to receive the results of such background checks, as required by federal law.

| <b>Table 3. Expenditures of the Department of Public Safety Under HB 07-1114</b> |                   |                   |
|--|-------------------|-------------------|
| <b>Cost Components</b>   | <b>FY 2007-08</b> | <b>FY 2008-09</b> |
| Personal Services  | \$14,348          | \$5,279           |
| FTE  | 0.3               | 0.1               |
| Operating Expenses   | \$14,220          | \$2,535           |
| <b>TOTAL</b>   | <b>\$28,568</b>   | <b>\$7,814</b>    |

***Health Care Policy and Financing.*** The state already pays for transportation services through Medicaid, but not for people who qualify for assistance under the Children's Basic Health Plan or the Colorado Indigent Care Program. Since the level of service to be provided is not specified in the bill, this fiscal note assumes that the department will provide transportation services only to the extent permitted by the revenue available in the Nonemergency Transportation Cash Fund: **\$75,000 in FY 2007-08** and \$25,000 per year thereafter. Examples include the following:

- for the Children's Basic Health Plan, providing 3.5 percent of the eligible population with 2 rides (1 round-trip) per year is estimated to cost \$198,530, including \$69,835 in state funds and \$129,694 in federal funds; and
- for the Colorado Indigent Care Program, the cost to provide 1 percent of the eligible population with 2 rides (1 round-trip) per year is estimated to be \$45,273.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, funding for the items noted below are not included in fiscal note expenditure estimates.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

### **State Appropriations**

The Department of Regulatory Agencies would require an appropriation of \$716,096 and 9.9 FTE from the Motor Carrier Cash Fund. The Department of Public Safety would require a cash fund appropriation of \$28,568 and 0.3 FTE from fees paid to conduct background checks, as well as a cash funds exempt appropriation of \$33,000 for fees passed through to the FBI. The Department of Health Care Policy and Financing would require spending authority for moneys in the Nonemergency Transportation Cash Fund — \$75,000.

### **Departments Contacted**

Health Care Policy and Financing

Public Safety

Regulatory Agencies

### **Omissions and Technical or Mechanical Defects**

The bill requires a fingerprint background check for owners and drivers. However, federal law requires that the results of such background checks be transmitted only to state or local government law enforcement agencies, not private individuals.