HB07-1020

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number:	LLS 07-0062	**Date:**	January 8, 2007
Prime Sponsor(s):	Rep. McFadyen Sen. May R.	**Bill Status:**	House Transportation & Energy
		Fiscal Analyst:	Brad Denning (303-866-4777)

TITLE: CONCERNING THE AVOIDANCE OF REGISTRATION OF MOTOR VEHICLES.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
NET TOTAL		
State Revenue	Increase Not Quantified	Increase Not Quantified
State Expenditures	$316,479	$44,192
FTE Position Change	1.6 FTE	1.6 FTE
State Revenue Detail		
Cash Funds - Highway Users Tax Fund (HUTF)	Increase	Increase
State Expenditures Detail		
General Fund	$49,000	$44,192
Cash Funds Exempt - Colorado State Titling and Registration System (CSTARS) Account	201,120	
Federal Funds	66,359	
Effective Date: July 1, 2007		
Appropriation Summary for FY 2007-2008: See State Appropriations section of fiscal note		
Local Government Impact: See Local Government Impact section on page 3.		

Summary of Legislation

Current law requires owners of a motor vehicle, trailer, semitrailer, or vehicle primarily designed to be operated on state highways to register their vehicles with the Department of Revenue (DOR) within 60 days after purchase. Failure to register a motor vehicle is considered a class B traffic infraction punishable by a fine of $50 and a surcharge of $7.80. Under the bill, a person who violates the requirement two or more times in a five-year period will be charged with a class 1 misdemeanor and subject to a fine of $500 to $5,000, 6 to 18 months imprisonment, or both.

The bill also requires the DOR to track the number of temporary registration number plates, tags, or certificates issued to a motor vehicle. It also prohibits the issuance of more than two temporary plates per year to any Class A (interstate truck/trailer) or Class B (intrastate trucks) vehicle. However, the department may set rules authorizing the issuance of more than two temporary registrations per year to class A and B vehicles if the motor vehicle title work or lien perfections has caused the need for such an issuance.

State Revenue

The bill is expected to increase state revenues from both fees and fines, but the actual increase cannot be determined.

Registration fees and taxes are due at the time of registration, but the collection of these charges is delayed if a motor vehicle owner fails to register his or her motor vehicle within 60 days after purchase and instead uses temporary registration plates for an extended period of time. The fee for a temporary registration is $2.00. By increasing penalties for failing to register a vehicle and limiting the number of temporary registration plates that may be issued to certain vehicles, the bill is expected to increase fee collections. However, there is currently no way of calculating how many vehicle owners delay registering their vehicles, nor how long registrations are delayed. Motor vehicle registration fees are credited to the HUTF.

The bill establishes a new criminal penalty for failing to register a vehicle, which may increase fine revenue. The current penalty for failing to register a vehicle includes a fine of $50 and a surcharge of $7.80. Under the bill, a person who commits this offense two or more times in a five-year period may be subject to a fine of between $500 and $5,000, in addition to imprisonment in a county jail. Fine revenue not otherwise appropriated is deposited into the Fines Collection Cash Fund. Because the courts have the discretion of incarceration or imposing a fine, and because the number of temporary registrations for the same vehicles in a 1-year period cannot be quantified, the impact to state revenue cannot be determined.

State Expenditures

The bill will increase costs of the DOR by **$316,479 and 1.6 FTE in FY 2007-08 and $44,192 and 1.6 FTE in FY 2008-09.** The bulk of these costs are for computer programming and ongoing data entry. To track the number of temporary registration number plates, tags, or certificates issued to a motor vehicle by the vehicle identification number, the department must modify several computer systems. Both contract and DOR employees will program the systems. The costs are estimated as follows:

The DOR will require 1.6 FTE at a cost of $49,000 in FY 2007-08 for data entry and for personal services on 582,000 vehicle identification numbers.

To the extent that the bill increases collections of motor vehicle registration fees and specific ownership tax collections, it will reduce the need for other state moneys for highway and education funding. Registration fees are credited to the HUTF and are used for highway funding.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

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

Local Government Impact

The bill may result in a minimal increase in HUTF revenue from fees, 35 percent of which is distributed to counties and municipalities for highway purposes. It also may result in a minimal increase in specific ownership tax revenues to local governments if vehicle owners who delay registering their vehicles do so in a more timely manner. The amount of increase is unknown.

In addition, the penalty for a class 1 misdemeanor is six to 18 months imprisonment in a county jail, a fine of $500 to $5,000, or both. Because the courts have the discretion of incarceration or imposing a fine, the impact at the local level cannot be determined. The cost to house an offender in county jails varies from $45 to $50 per day in smaller rural jails to $62 to $65 per day for larger Denver-metro area jails. For the current fiscal year, the state reimburses county jails a daily rate of $48.96 to house state inmates. It is assumed that the impact of this new misdemeanor will be minimal and will not create the need for additional county jail space.

State Appropriations

For FY 2007-08, the Department of Revenue would require an appropriation of $201,120 from the CSTARS Account in the HUTF, 1.6 FTE and $49,000 from the General Fund, and $66,359 federal funds.

Departments Contacted

Judicial	Local Affairs
Public Safety	Regulatory Agencies
Revenue	Transportation