

county based on the property taxes attributable to each local government in the county. Vehicles used in interstate commerce pay registration fees and taxes that are apportioned among each of the states in which the vehicle travels based on the miles traveled in each state. Within Colorado, revenue from these fees and taxes are allocated to counties based on the number of highway miles in each county, regardless of the county in which the vehicle is based. This bill would allow mobile machinery and self-propelled construction equipment that is registered in Colorado but used in other states to pay registration fees and taxes based on the interstate apportionment system.

State Revenue

The bill is estimated to reduce state revenue from registration fees by **\$252,000 in FY 2009-10** and by \$504,000 per year thereafter, as shown in Table 1. FY 2009-10 figures reflect one-half of the total annual impact based on the bill's January 1, 2010, effective date.

Table 1. Estimated Revenue Impact of HB 09-1029		
Components	FY 2009-10	FY 2010-11
Vehicles	14,000	28,000
Loss in Registration Fee Revenue (Avg = \$17.50)	\$245,000	\$490,000
Loss in CSTARs* Fee Revenue (\$0.50 per vehicle)	\$7,000	\$14,000
TOTAL STATE REVENUE LOSS	\$252,000	\$504,000

**Colorado State Titling and Registration System*

This fiscal note assumes that only vehicle owners who would pay less under the bill will register their mobile machinery as class A vehicles. Without detailed data about how and where each of these vehicles is used, the estimated impact on state revenue assumes that roughly one-half of an estimated 56,000 mobile machines based in Colorado will register as class A vehicles. It also assumes that the interstate apportionment system will reduce the registration fees paid on those vehicles by one-half. On average, these vehicles currently pay about \$35 per year in registration fees.

The actual impact on state revenue may differ from this estimate depending on the actual number of vehicles registered as class A under the bill and the proportion of miles driven by those vehicles in Colorado. Registration fees are credited to the Highway Users Tax Fund (HUTF). A separate \$0.50 fee imposed on motor vehicle registrations is credited to the Colorado State Titling and Registration System (CSTARs) Account of the HUTF.

State Expenditures

The bill will increase state expenditures by an estimated \$231,219 in FY 2009-10 and \$533,033 in FY 2010-11, as shown in Table 2 and described below. Actual costs may differ from this estimate depending on the number of pieces of mobile machinery and self-propelled construction equipment based in Colorado that register as class A vehicles.

Table 2. Estimated State Expenditures Under HB 09-1029			
Cost Components	FY 2009-10	FY 2010-11	FY 2011-12
Personal Services	\$67,958	\$135,915	\$135,915
FTE	1.7	3.4	3.4
Operating Expenses and Capital Outlay	\$10,503	\$12,118	\$3,230
Computer Programming	\$55,318	\$0	\$0
License Plate Manufacturing	\$97,440	\$0	\$0
State Aid Backfill for Schools	\$0	\$375,000	\$750,000
TOTAL	\$231,219	\$523,033	\$889,145

Department of Revenue — Personal Services, Operating Expenses, and Capital Outlay. The Department of Revenue is responsible for registering class A vehicles through its Motor Carrier Services Division. Based on the number of vehicles identified in Table 1, the division will require 1.7 FTE in FY 2009-10 and 3.4 FTE per year thereafter. Costs for these staff are based on salary and benefits (\$35,820 per FTE per year), ongoing operating expenses (\$950 per FTE per year), and one-time capital outlay for desks and computers (\$5,228 per FTE). These costs will be paid from the General Fund.

Department of Revenue — Computer Programming and License Plate Manufacturing. The department will have to modify its computer systems to accommodate the new type of class A vehicles specified by this bill. Changes will have to be made to both the credentialing and registration systems. In total, these changes will require 1,432 hours of computer programming, paid at a rate of \$38.63 per hour. Computer programming changes will be paid from the General Fund, but because the department receives ongoing appropriations for this purpose, no separate appropriation is required for this bill. The department will also have to produce 28,000 new interstate license plates at a cost of \$3.48 each. License plate costs are paid from the License Plate Cash Fund.

Department of Education — State Aid Backfill for Schools. Specific ownership taxes help fund public schools, so a reduction in those taxes will increase the need for state aid. It is assumed that about 25 percent of these taxes are attributable to school finance act funding, so a \$3 million reduction would require an increase in state aid of about \$750,000. The first-year impact is one-half the annual total and does not occur until FY 2010-11 because the school finance act formula counts specific ownership tax collections from the prior year in the calculation of state need in the current year. The primary source of funding for the school finance act is the state General Fund.

Expenditures Not Included

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 summarized in Table 3.

Table 3. Expenditures Not Included Under HB 09-1029*		
Cost Components	FY 2009-10	FY 2010-11
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$11,638	\$23,276
Supplemental Employee Retirement Payments	2,209	5,640
TOTAL	\$13,847	\$28,916

**More information is available at: http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf*

Local Government Impact

The bill will affect local governments in several ways. First, it will reduce specific ownership tax collections by about \$3 million per year (one-half that amount in FY 2009-10). These moneys are currently allocated to counties, municipalities, school districts, and special districts. It will also change the allocation of any remaining portion of specific ownership tax revenue paid by vehicles that are registered as class A under the bill. Instead of the revenue remaining in the county in which the vehicle is registered, it would be allocated across all counties in the state. As a result, counties where these vehicles are based will receive significantly less than they currently receive, but other counties will receive more than under current law.

Second, the bill reduces HUTF allocations to counties and municipalities from motor vehicle registration fees by an estimated \$490,000 per year (one-half that amount in FY 2009-10). Finally, the bill will reduce the number of vehicles registered by county clerks, as well as the amount of revenue from motor vehicle registrations retained by clerks.

State Appropriations

For FY 2009-10, the Department of Revenue will require the following appropriations:

- \$78,460 from the General Fund and 1.7 FTE; and
- \$97,440 from the License Plate Cash Fund.

Departments Contacted

Revenue