

**FINAL
FISCAL NOTE**

Drafting Number: LLS 10-0488
Prime Sponsor(s): Rep. Bradford
 Sen. Cadman

Date: June 30, 2010
Bill Status: Signed into Law
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING THE REGISTRATION OF MOBILE MACHINERY IN ORDER TO PAY SPECIFIC OWNERSHIP TAX, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
Highway Users Tax Fund	\$ 84,750	\$ 113,000
License Plate Cash Fund	326	434
Fines Collection Cash Fund	< 5,000	< 5,000
State Expenditures		
Cash Funds		
Highway Users Tax Fund – CSTAR Account*	\$ 7,846	\$ 0
License Plate Cash Fund	560	434
FTE Position Change		
Effective Date: The Governor signed the bill into law on May 27, 2010, and unless a referendum petition is filed, the bill will take effect October 1, 2010.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: See Local Government Section.		

** No separate appropriation of these funds is required because of ongoing appropriations to the Department of Revenue for computer programming provided in the Long Bill for new legislation.*

Summary of Legislation

This bill changes the registration of mobile machinery such that:

- mobile machinery is officially renamed to special mobile machinery, the definition is rephrased for clarity, and procedures are developed for machinery and vehicles with different model years;
- farm tractors are included as equipment that must be registered as Class F personal property (special mobile machinery) if used for purposes under the definition of special mobile machinery such as for the construction, maintenance, and repair or roadways for more than a 24-hour period;
- special mobile machinery that is rented or leased must be registered on an annual basis;

- special mobile machinery identifying decals for rental vehicles must be issued and expire concurrently with the vehicle's registration; and
- special mobile machinery must be registered to operate legally.

The bill also establishes demonstration plates and corresponding fees for special mobile machinery dealers or wholesalers. The plates are for special mobile machinery that is for sale and is used for demonstration purposes. The plate may be transferred from one piece of equipment to another without reporting the transfer to the Department of Revenue (DOR). Violating the requirements of a special license plate is a class 2 misdemeanor.

Finally, the bill authorizes the use of individual temporary registration plates, tags, or certificates that are good for up to 60 days. Temporary registration fees are set at \$2.00, of which \$1.60 is retained by the county clerks office or the DOR. The remaining \$0.40 is credited to the Highway Users Tax Fund (HUTF).

State Revenue

Total state revenue is estimated to increase by **\$85,076 in FY 2010-11 and \$113,434 in FY 2011-12**. First year revenue calculations are based on the bill being effective for 9 months. The discussion below and Table 1 detail the revenue changes.

Table 1. Revenue Under HB10-1172			
Revenue Sources	Cash Fund	FY 2010-11	FY 2011-12
Dealer Demonstration License Plate Fees	HUTF	\$84,750	\$113,000
License Plate Charge	LPCF	326	434
TOTAL		\$85,076	\$113,434

Dealer Demonstration Plate Fees. Issuance of demonstration license plates is anticipated to generate \$113,000 in annual revenue based on 200 plates issued at \$565 per plate. Dealer demonstration plate fee revenue is credited to the HUTF.

License Plate Charge for Dealer Demonstration Plates. A charge of \$2.17 is applied to each of the 200 license plates. Plate revenue is credited to the License Plate Cash Fund (LPCF) to pay for plate manufacturing.

Farm Equipment Registration. Although registering farm equipment as special mobile machinery is expected to generate revenue, only a small number of new registrations is expected. The use of farm equipment for purposes such as road construction is fairly limited. The number of new registrations has not been quantified at this time.

Temporary Registration of Special Mobile Machinery. An increase in revenue for the issuance of temporary registrations of special mobile machinery is expected, but it has not been quantified at this time. Under the bill, \$0.40 of the \$2.00 fee is credited to the HUTF for each temporary registration. Standard registration fees will also apply to each temporary registration.

Fines. The bill may increase state revenue from fines, although less than \$5,000 in new state revenue is expected per year. According to Section 18-1.3-501, C.R.S., the penalty for a class 2 misdemeanor is 3 to 12 months imprisonment in a county jail, a fine of \$250 to \$1,000, or both. Fine revenue that is not otherwise appropriated is deposited into the Fines Collection Cash Fund. Because the courts have the discretion of incarceration, imposing a fine, or both, the impact to state revenue cannot be determined.

State Expenditures

Costs to implement this bill are **\$8,406 in FY 2010-11 and \$434 in FY 2011-12**. Costs are in the DOR for making the following changes to the registration of special mobile machinery:

- ***Computer Programming (\$7,846 in FY 2010-11 only).*** Colorado State Registration and Titling System (CSTARS) computer programming is required to incorporate modifications to registration permits and to add the demonstration license plate. Changes require 200 hours of programming at \$39.23 per hour.
- ***Demonstration License Plate Stock (\$560 in FY 2010-11 and \$434 in FY 2011-12).*** The department requires 258 plates to distribute to counties for special mobile machinery dealers initially and 200 each year thereafter. Plates cost \$2.17 each.

No appropriation is necessary for the computer programming costs (\$7,846) because of ongoing appropriations to the department provided in the Long Bill for new legislation.

Local Government Impact

Highway Users Tax Fund. The addition of the specific mobile machinery dealer demonstration plate results in more revenue to the HUTF and, subsequently, more revenue distributed to counties and municipalities. To some degree, this amount is offset by the reduction in HUTF revenue that results from changes to the special mobile machinery weight threshold.

Temporary Registration of Special Mobile Machinery. As noted above, revenue increases for the issuance of temporary registrations of special mobile machinery. Although the number of registrations has not been quantified, \$1.40 per registration is retained by the county clerk.

Misdemeanor Penalty. The penalty for a class 2 misdemeanor is 3 to 12 months imprisonment in a county jail, a fine of \$250 to \$1,000, 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 \$50.44 to house state inmates. It is assumed that the impact of this new misdemeanor will be minimal and no additional county jail space is needed.

State Appropriations

Consistent with this fiscal note, the bill includes an appropriation of \$560 from the License Plate Cash Fund to the Department of Revenue for FY 2010-11.

Departments Contacted

Revenue Judicial Public Safety