

**STATE and LOCAL
FISCAL IMPACT**

This fiscal note is prepared pursuant to Joint Rule 22(b)(2).

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Date: February 17, 2010

Prime Sponsor(s): Rep. Balmer

Bill Status: House SVMA

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TITLE: CONCERNING AUTHORIZATION TO PLACE VOLUNTARILY AN IDENTIFIER OF A BRANCH OF THE UNITED STATES ARMED FORCES ON CERTAIN IDENTIFICATION DOCUMENTS ISSUED BY THE DEPARTMENT OF REVENUE.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
License Services Cash Fund	\$ 98,538	
Highway Users Tax Fund	22,962	\$ 243,000
State Expenditures		
Cash Funds		
License Services Cash Fund	\$ 98,538	\$ 0
FTE Position Change		
Effective Date: July 1, 2010, with driver's licenses available by January 1, 2011.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

HB10-1209 with amendment L.001 allows a current military service member or veteran to request a driver's license or identification card that has a military identifier. The identifier will indicate which branch of service the person belongs to and can only be acquired after payment of a \$15 fee and presenting a valid military identification document. Once the direct and indirect costs associated with the bill are paid, all fee revenue is credited to the Highway Users Tax Fund.

State Revenue

State revenue under the bill is **\$121,500 in FY 2010-11 and \$243,000 in FY 2011-12** and thereafter. Revenue is estimated based on 16,200 military members acquiring a military identifier on their driver's license or identification card annually. The estimate is based on the following assumptions:

- P there are approximately 425,000 service members and veterans in Colorado;
- P over 135,000 military license plates are registered, 2.7 percent of all license plates;

- P 2.7 percent of the 600,000 annual driver's license issued is 16,200 licenses; and
- P driver's licenses with a military identifier will be available beginning in January 2011 – yielding 6 months of revenue in FY 2010-11.

After payment for computer programming costs described in the State Expenditures section, fee revenue is credited to the Highway Users Tax Fund (HUTF) and subsequently distributed to the State Highway Fund (60%), counties (22%), and municipalities (18%). Table 1 displays revenue by recipient or account according to the HUTF distribution.

Table 1. Highway Users Tax Fund Distribution Under HB10-1209		
	FY 2010-11	FY 2011-12
State Highway Fund	\$13,777	\$145,800
Counties	5,052	53,460
Municipalities	4,133	43,740
TOTAL	\$22,962	\$243,000

State Expenditures

In FY 2010-11, the bill requires expenditures of \$98,538 from the License Services Cash Fund. Expenditures are for computer programming in the Department of Revenue and are in FY 2010-11 only. Programming costs are as follows:

- P ***License and Identification Card Modification (\$75,000)*** – L-1 Identity Systems, the vendor that prints and mails driver's licenses and identification cards, requires \$75,000 to modify systems to accept a flag indicating a military identifier is required on the card. The modification will also print the military identifier on the card.
- P ***Driver's License System Modifications (\$23,538)*** – The system used to process driver's license and identification card transactions must be modified to flag for the military identifier option. The system must also be able to account for the \$15 fee. Costs are based on 600 hours of programming at \$39.23 per hour.

This fiscal note assumes that programming costs will be paid from the License Services Cash Fund. Costs will be offset by fee revenue.

Local Government Impact

As shown in Table 1 in the state revenue section of this fiscal note, county and municipal governments will receive a portion of the HUTF revenue from the fee on the military identifier. Local governments will receive **\$9,185 in FY 2010-11 and \$97,200 in FY 2011-12.**

State Appropriations

For FY 2010-11, the Department of Revenue requires an appropriation from the License Services Cash Fund of \$98,538.

Departments Contacted

Revenue Military and Veterans Affairs