HB10-1287

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 10-0823	**Date:**	February 22, 2010
Prime Sponsor(s):	Rep. Lambert Sen. Cadman	**Bill Status:**	House SVMA
		Fiscal Analyst:	Kerry White (303-866-3469)

TITLE: CONCERNING THE USE OF A STATE-OWNED MOTOR VEHICLE FOR COMMUTING PURPOSES.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue General Fund and Cash Funds (Multiple)	up to ($1,750,000)	up to ($3,500,000)
State Expenditures General Fund, Cash Funds, and Federal Funds*	at least ($292,699)	at least ($585,398)
FTE Position Change		
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

* *Cost savings affect the General Fund, various cash funds, and federal funds based on how each agency's vehicle costs are allocated; approximately 60 percent is General Fund.*

All state departments were canvassed for purposes of this fiscal note, but information from some was not available at the time the note was written. Therefore, this fiscal note should be considered preliminary; it will be revised if more information becomes available.

Summary of Legislation

Under current law, a state agency may assign a state-owned vehicle to an employee or officer for commuting to promote state interests or create cost savings. HB10-1287 limits the commuter program to an employee or officer whose job description includes responsibility for providing public health, safety, or emergency response services outside of business hours. Each agency's executive director is required to determine which employees meet the new requirement by January 1, 2011.

Among other things, the bill also repeals a state agency's ability to waive reimbursement to the state for commuting and requires commuter program information be reported each August to the Division of Central Services (DCS) within the Department of Personnel & Administration (DPA). Any person who fails to reimburse the state for their participation in the commuter program before the annual August report is subject to a new civil penalty of twice the amount owed. The DCS is authorized to collect penalties and deposit them in a new Commuting Reimbursement Cash Fund.

Background

There are 1,277 persons enrolled in the state commuter program. Participation and costs are shown in Table 1.

Table 1. Current Commuter Program Vehicle Distribution and Costs

Agency	Total Commuters	Estimated Annual Miles	Cost Per Mile Driven	Current Cost
Corrections	332	2,340,600	$0.37	$866,022
Higher Education	4	28,200	$0.37	10,434
Human Services*	12	84,600	$0.37	31,302
Judicial	2	14,100	$0.37	5,217
Local Affairs	16	112,800	$0.37	41,736
Military and Veterans Affairs	1	7,050	$0.37	2,609
Natural Resources	155	1,092,750	$0.44	480,810
Public Health and Environment	3	21,150	$0.37	7,826
Public Safety	357	2,516,850	$0.38	956,403
Regulatory Agencies	38	267,900	$0.37	99,123
Revenue*	125	881,250	$0.32	282,000
Transportation*	232	1,635,600	$0.34	556,104
TOTAL	**1,277**	**9,002,850**		**$3,339,585**

* *These departments may have employees enrolled in the commuter program that should be reclassified as non-commuters. This includes employees who work from home and have a state vehicle assigned to them. The fiscal note assumes they will be reclassified prior to the beginning of FY 2010-11.*

Employees who commute to work using a state vehicle must pay income taxes based on the value of the vehicle to the employee. Most employees in the program pay taxes on $60 per month of imputed income. This amount represents the taxable value of the commuting benefit and is not a reimbursement to the state.

State Revenue

Overall, the bill will decrease state revenue by up to $3.5 million per year. Due to the bill's effective date, half of that amount, or $1.75 million, is anticipated in FY 2010-11. Revenue will increase from commuter reimbursements, but will decrease as a result of lost productivity among revenue agents who will no longer be eligible to commute using a state vehicle.

Reimbursement from Commuters — $1.5 million per year. Under HB10-1287, the state would no longer waive reimbursement or impute income for commuters. While a small amount of state income tax from the imputed income will be lost, this amount is more than offset by reimbursements from approximately 989 employees that meet the new requirements to participate in commuter program. Although a number of alternatives exist, this analysis assumes the DCS will adopt a variable reimbursement rate plan. This method allows the state to recover different amounts from employees depending on the ratio of commuting miles to total miles driven in a month. The variable rate is based on the known value, operating costs, and life span of the vehicle, and averages $0.21 per mile. Table 2 shows the reimbursement impacts under HB10-1287.

Table 2. Anticipated Reimbursements from Employees in the Commuter Program

Department	FY 2010-11	FY 2011-12
Corrections	$245,763	$491,526
Public Health & Environment	2,221	4,442
Public Safety	264,269	528,539
Regulatory Agencies	28,130	56,259
Revenue	37,753	75,506
Transportation	153,972	307,944
TOTAL	**$732,107**	**$1,464,215**

Lost Productivity Among Revenue Agents — $5 million per year. The Department of Revenue (DOR) will reduce revenues by approximately $2.5 million in FY 2010-11 and $5 million in FY 2011-12. The DOR has 32 commuter vehicles in the Taxation and Compliance Division, assigned to employees that work in the field and generate revenue through tax recovery. This fiscal note assumes that these employees will no longer be eligible to participate in the commuter program, and will be required to access a state vehicle from an office location. This change will increase the amount of work time spent driving to return a vehicle to a state office, translating to the equivalent of 2 FTE per year. As each FTE currently recovers an average of $2.5 million annually, this could impact revenues by up to $5 million per year.

State Expenditures

HB10-1287 affects total expenditures for vehicles by reducing the number of vehicles used for commuting and their associated operating costs, as shown in Table 3. This savings is offset by a marginal increase in parking fees.

Table 3. Avoided Vehicle Miles Traveled for Commuting		
Department	**FY 2010-11**	**FY 2011-12**
Higher Education	($5,217)	($10,434)
Judicial	(2,609)	(5,217)
Local Affairs	(20,868)	(41,736)
Military and Veterans Affairs	(1,304)	(2,609)
Natural Resources	(240,405)	(480,810)
Revenue	(36,096)	(72,192)
TOTAL	**($306,499)**	**($612,998)**

Avoided Vehicle Miles Traveled for Commuting. Beginning on January 1, 2011, state expenditures for vehicles will be impacted by eliminating 210 vehicles from the commuter program. These vehicles will remain assigned to specific employees for use during business hours, but will be ineligible for commuting purposes.

Parking for State Vehicles. The DOR's Taxation and Compliance Division has 32 vehicles that will become ineligible for use in the commuting program. Of this number, 23 will require a leased parking space, for a total cost of $27,600 per year.

State Appropriations

The many appropriations required in this bill will be addressed in a revised fiscal note.

Departments Contacted

All departments