SB10-144

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number:	LLS 10-0845	**Date:**	February 15, 2010
Prime Sponsor(s):	Sen. Scheffel	**Bill Status:**	Senate Transportation
		Fiscal Analyst:	David Porter (303-866-4375)

TITLE: CONCERNING THE REGISTRATION OF EQUIPMENT MOUNTED ON A MOTOR VEHICLE.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue Cash Funds Highway Users Tax Fund – CSTAR Account	Minimal decrease	
State Expenditures General Fund* School Finance Act**	$ 34,601 at least 188,500	at least $ 377,000
FTE Position Change		
Effective Date: July 1, 2010.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: See Local Government Impact 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.*

** *This expenditure could be from the General Fund or the State Education Fund.*

Summary of Legislation

Under current law, if a vehicle has equipment weighing over 500 pounds attached to it, the equipment is considered "mounted equipment" and must be registered separately from the vehicle. This bill removes the requirement that the equipment be registered separately and requires the vehicle be considered mobile machinery or construction equipment. The taxable value of the vehicle must include the value of the mounted equipment.

Background

In addition to vehicle registration fees, Colorado imposes a specific ownership tax on motor vehicles in lieu of a property tax. For all vehicles except those used in interstate commerce, specific ownership tax revenue remains within the county where the vehicle is based. Revenue is allocated to local governments within the county (municipalities, school districts, special districts, and the county itself) based on property tax collections. Vehicles used in interstate commerce pay specific ownership taxes and registration fees that are apportioned among each of the states in which a vehicle travels based on the miles traveled in each state. Within Colorado, specific ownership tax revenue from interstate vehicles is allocated to counties based on the number of highway miles in each county, regardless of the county in which the vehicle is based.

State Revenue

Registration of mounted equipment includes a $0.50 fee for each transaction. Removing the requirement that mounted equipment be registered separately will eliminate the state's collection of the $0.50 per vehicle. Although the number of vehicles that will no longer be registered is unknown, the change in revenue is expected to be minimal.

State Expenditures

State expenditures under this bill are **$223,101 in FY 2010-11 and $377,000 in FY 2011-12.**

Department of Revenue. Expenditures in the Department of Revenue are for programming of the Colorado Vehicle Credentials System and the International Registration Plan – systems that track vehicle registrations and taxable value. Programming work is expected to require 882 hours at $39.23 per hour and will be complete by January 1, 2011. No appropriation is necessary for these costs because of ongoing appropriations to the department for computer programming provided in the Long Bill for new legislation.

School Finance Act. The bill is expected to reduce specific ownership taxes by at least $1.3 million each year, starting in FY 2010-11. Under the School Finance Act, specific ownership taxes provide a source of local funding that offsets the need for state aid and the state is required to backfill any reduction in such funding. Of the $1.3 million, approximately 29 percent is distributed to school district funding under the act. Thus, the backfill amount is at least $377,000 annually, half of which is expected in FY 2010-11 due to the implementation schedule ($188,500).

Local Government Impact

The bill reduces revenue to local governments in two ways. First, it eliminates specific ownership tax collections for mounted equipment on vehicles used in interstate commerce by $1.3 million per year (one-half that amount in FY 2010-11). These moneys are currently allocated to counties, municipalities, school districts, and special districts. Second, adding the value of the mounted equipment to the taxable base of the vehicle generates less revenue than taxing the vehicle and mounted equipment separately. This is because specific ownership tax on vehicles is based on a percentage of the vehicle's value. Specific ownership tax on mounted equipment is based on the full value of the equipment. The impact of this change has not been calculated for this fiscal note.

Departments Contacted

Revenue Transportation