



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 10-0984
Prime Sponsor(s): Rep. Pommer
 Sen. White

Date: March 29, 2010
Bill Status: House Appropriations
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING THE FINANCING OF THE DIVISION OF MOTOR VEHICLES IN THE DEPARTMENT OF REVENUE, AND MAKING APPROPRIATIONS THEREFOR.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Transfers or Diversions Diversion from the Highway Users Tax Fund to the Licensing Services Cash Fund	(\$ 17.3 million)	(\$ 22.1 million)
State Expenditures General Fund Cash Funds Licensing Services Cash Fund* Highway Users Tax Fund appropriation to the Department of Revenue	(\$ 20.0 million) 17.3 million 2.7 million	(\$ 20.0 million) 20.0 million
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

* *Of this amount, \$1,962 is for computer programming. No separate appropriation is required for these costs because of ongoing appropriations to the Department of Revenue for computer programming provided in the Long Bill for new legislation.*

Budget Package Bill. For FY 2009-10, SB09-274 diverted fee revenue from the Highway Users Tax Fund (HUTF) to the Licensing Services Cash Fund (LSCF) to fund the Division of Motor Vehicle in the Department of Revenue. This bill removes the repeal date in current law and makes the cash funds diversions permanent. Diverted fees are from driver's license examinations and from driver's licenses, commercial driver's licenses, learner's permits, minor driver's licenses, and identification cards issued by the department.

The bill also permits the use of fund balance from the motorist insurance identification account of the HUTF for expenses incurred by the division in FY 2010-11. Finally, it permits the use of funds in FY 2010-11 from the HUTF "off-the-top" appropriation to be used for the expenses incurred by the division. Funding the division from these sources reduces revenue for state highways and at the same time reduces the General Fund obligation.

State Transfers and Diversions

In FY 2010-11 and thereafter, all fee revenue from driver's licenses currently credited to the HUTF will be credited to the LSCF. This results in decreased revenue to the HUTF of \$17.3 million in FY 2010-11 and \$22.1 million in FY 2011-12.

State Expenditures

Department of Revenue. With the exception of \$1,962 in computer programming costs, there are no new state expenditures under HB10-1387. However, several funding sources are changed to refinance General Fund expenditures with cash funds as described below. Note that this fiscal note is prepared with the assumption that the diversions enacted under SB09-274 *will* expire – the same assumption used by the Joint Budget Committee Staff and the Department of Revenue in the Long Bill process.

The bill allows for the Driver and Vehicle Services program to be supported by driver's license and permit fee revenue. This change is anticipated to allow for a reduction in General Fund spending of \$17.3 million in FY 2010-11 and \$20.0 million in FY 2011-12. In addition, the bill permits a \$2.7 million HUTF "off-the-top" appropriation for the Department of Revenue in FY 2010-11, bringing the total reduction in General Fund spending to \$20.0 million in FY 2010-11.

Current projections indicate that cash fund revenues should fully support operations beginning in FY 2011-12 and no off-the-top diversion is necessary. The amount of revenue generated for the Licensing Services Cash Fund in each year reduces revenue to the HUTF. Moneys from the motorist insurance identification account of the HUTF are not expected to be necessary.

Finally, the department requires \$1,962 for 50 hours of computer programming. Programming will enable the department to run accounting reports on license fees. 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.

Department of Transportation. HUTF funding that otherwise is allocated to the State Highway fund will be allocated to the LSCF. Assuming at least \$20.0 million is either diverted or from the off-the-top appropriations, State Highway Fund expenditures are reduced by \$13.0 million each year (65% of the HUTF moneys).

Local Government Impact

Under the bill, at least \$7.0 million in HUTF revenue (35% of HUTF moneys) otherwise allocated to cities and counties will be used for the activities supported by the LSCF.

State Appropriations

The bill adjusts the FY 2010-11 Long Bill for the Department of Revenue to appropriate \$17,258,525 from the Licensing Services Cash Fund and \$2,702,602 from the Highway Users Tax Fund. Additionally, the General Fund appropriation to the Department of Revenue is reduced by \$19,961,127.

Departments Contacted

Revenue Transportation Local Affairs JBC Staff